DPL INSURANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2024

DPL INSURANCE LIMITED
Index to the annual report for the year ended 31 March 2024

DPL INSURANCE LIMITED
Directors' report for the year ended 31 March 2024

The directors present the annual report of DPL Insurance Limited for the year ended 31 March 2024.

There are certain matters that the shareholders can determine need not be disclosed in the annual report. The shareholders have unanimously agreed, under section 211(3) of the Companies Act 1993, to take advantage of that concession. The shareholders have agreed to limit the annual report to the following:

- Completed and signed financial statements
- Audit report

Signed for and on behalf of the Board of Directors:

Signed by:	Signed by:
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Director	Director

Date: 29 July 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DPL Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DPL Insurance Limited ('the Company') on pages 9 to 32, which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Our report is made solely to the Shareholders of the Company. Our audit work has been undertaken so that we might state to the Shareholders of the Company those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders of the Company as a body, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor and provider of other assurance services we have no relationship with, or interests in, DPL Insurance Limited. The provision of these other assurance services has not impaired our independence.

In addition to this, principals and employees of our firm deal with Turners Automotive Group Limited (Parent of DPL Insurance Limited) or any of its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Group. This has not impaired our independence.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
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Impairment of Goodwill and Other Indefinite Life Intangible Assets

As disclosed in Note 5 of the Company's financial statements, the Company has goodwill of $11.8m and brand assets of $21.5m.

Goodwill and brand were significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the measurement of the recoverable amount for the purpose of the required annual impairment test. The measurement of a recoverable amount includes the assessment and calculation of its 'value-in-use'.

Management completed its annual impairment test for the cash-generating unit ('GCU') as at 31 March 2024.

The annual impairment test involved complex and subjective estimation and judgement by Management on the future performance of the CGU, discount rates applied to the future cash flow forecasts and future market and economic conditions.

Management engaged an external valuation expert to assist in the annual impairment testing of the CGU.

Management's expert has used a free cash flow to equity approach.

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Our audit procedures among others included:

- Understanding and evaluating the Company's internal controls relevant to the accounting estimates used to determine the recoverable value of the Company's CGU.
- Evaluating Management's determination of the Company's CGU based on our understanding of the nature of the Company's business and the economic environment in which the segments operate. We have also analysed the internal reporting of the Company to assess how the CGU was monitored and reported.
- Challenging Management's assumptions and estimates used to determine the recoverable value of its indefinite life intangible assets, including those relating to forecast revenue, cost, capital expenditure and discount rates, by adjusting for future events and corroborating the key market related assumptions to external data in accordance with NZ IAS 36 *Impairment of Assets*.
  Procedures included:
  - Evaluating the logic of the 'value-in-use' calculations supporting Management's annual impairment test and testing the mathematical accuracy of these calculations;
  - Evaluating Management's process regarding the preparation and review of forecasts;
  - Comparing forecasts used in the 'value-in-use' model to Board approved forecasts;
  - Evaluating the historical accuracy of the Company's forecasting to actual historical performance;
  - Challenging and evaluating the forecast growth assumptions;
  - Evaluating the inputs to the calculation of the discount rates applied;
  - Engaging our own internal valuation expert to evaluate the logic of the value-in-use calculation and the inputs to the calculation of the discount rates applied;
  - Evaluating the forecasts, inputs and any underlying assumptions with a view to identifying Management bias;
  - Evaluating Management's sensitivity analysis for reasonably possible changes in key assumptions; and
  - Performing our own sensitivity analyses for reasonably possible changes in key assumptions, the two main assumptions being: the discount rate and forecast growth assumptions.
- Evaluating the related disclosures (including the material accounting policy information and accounting estimates) about indefinite life intangible assets, and the risks attached to them which are included in the Company's financial statements.

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<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
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Valuation and Completeness of Insurance Contract Liabilities

As disclosed in Note 7 of the Company's financial statements, the Company has insurance contract liabilities of $60.1m.

The Company's insurance contract liabilities were significant to our audit due to the size of the liabilities and the subjectivity, complexity and uncertainty inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain.

Management engaged an external actuarial expert to estimate the insurance contract liabilities as at 31 March 2024. This expert also assisted the Company with its adoption and transition to NZ IFRS 17 *Insurance Contracts*, including updating the relevant accounting policies and estimates.

On transition, effective 1 April 2022, the adoption of NZ IFRS 17 did affect the statement of financial position at the beginning (1 April 2022) and end of the preceding period (31 March 2023), or the statement of comprehensive income for the year ended 31 March 2023. The prior period insurance service expenses and results, and insurance contract liabilities have been restated along with presentation and disclosures included in the Company's financial statements have been updated to align with the requirements of NZ IFRS 17.

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Our audit procedures among others included:

- Understanding and evaluating the Company's internal controls relevant to the accounting estimates used to determine the valuation of the Company's insurance contract liabilities.
- Evaluating the design and operating effectiveness of the key controls over insurance contract origination, ongoing administration, claims management, and reporting and the integrity of the related data.
- Understanding and evaluating the Company's adoption of and transition to NZ IFRS 17 (which included understanding and evaluating the Company's implementation process, adequacy of their systems and controls, and the accuracy and completeness of their insurance contract measurements on adoption).
- Evaluating the competence, capabilities, objectivity and expertise of Management's external actuarial expert and the appropriateness of the expert's work as audit evidence for the relevant assertions.
- Agreeing the data provided to Management's external actuarial expert to the Company's records.
- Engaging our own actuarial expert to assist in understanding and evaluating:
  - the work and findings of the Company's external actuarial expert engaged by Management (which includes the Company's adoption of and transition to NZ IFRS 17 and the accuracy and completeness of insurance contract measurements on adoption); and
  - the Company's actuarial methods and assumptions and in challenging the appropriateness of actuarial methods and assumptions used by Management.
- Evaluating the selection of methods and assumptions with a view to identify Management bias.
- Evaluating the related disclosures (including the material accounting policy information and accounting estimates) about insurance contract liabilities, and the risks attached to them which are included in the Company's financial statements, including evaluating disclosures relating to the Company's adoption of NZ IFRS 17 effective 1 April 2022 and the restated comparative financial information.

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Key Audit Matter	How our audit addressed the key audit matter
Valuation of Investment Properties As disclosed in Note 4 of the Company's financial statements, the Company has investment properties totalling $32.7m. Investment properties were significant to our audit due to the size of the asset and the subjectivity, complexity and uncertainty inherent in estimating the fair value of the investment properties. Management engaged independent external valuers ('the Valuers') to determine the fair value of the Company's investment properties as at 31 March 2024. The Valuers performed their work in accordance with the International Valuation Standards and the Australia and New Zealand Valuation and Property Standards, NZ IFRS 13 *Fair Value Measurement* and NZ IAS 40 *Investment Property*.	Our audit procedures among others included: • Understanding and evaluating the Company's internal controls relevant to the accounting estimates used to determine the fair value of the Company's investment properties. • Reading the external valuation reports for the Company's investment properties as at 31 March 2024 and applying professional scepticism throughout testing and discussions with the Valuers. • Confirming that the valuation approach for the properties is in accordance with NZ IFRS 13 and NZ IAS 40, and suitable for determining the fair value of the Company's investment properties at 31 March 2024. • Evaluating the competence, capabilities, objectivity and expertise of Management's external valuation experts and the appropriateness of the expert's work as audit evidence for the relevant assertions. • Agreeing property related data provided by Management to the Valuers to the Company's records. • Engaging our own property valuation expert to assist in understanding and evaluating: o the work and findings of the Company's external valuation experts engaged by Management; and o the Company's valuation methods and assumptions to assist us in challenging the appropriateness of valuation methods and assumptions used by Management. • Evaluating the selection of valuation methods and assumptions with a view to identifying Management bias. • Evaluating the related disclosures (including the material accounting policy information and accounting estimates) about the investment properties which are included in the Company's financial statements.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent fairly the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is S N Patel.

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUCKLAND

Auckland, New Zealand

29 July 2024

DPL Insurance Limited

Statement of comprehensive income for the year ended 31 March 2024

	Note	2024 $'000	Restated 2023 $'000
Insurance revenue	2.2	39,737	39,308
Insurance expenses *	2.2	(33,147)	(32,693)
Net revenue from reinsurance contracts.	2.2	743	808
Insurance service result		7,333	7,423
Net finance expenses from insurance contracts	2.2	(175)	(175)
Other income	2.2	6,856	5,100
Profit before tax		14,014	12,348
Income tax expense *	9.1	(4,017)	(3,543)
Profit for the year		9,997	8,805

* Restatements due to the adoption of NZ IFRS 17, 'Insurance Contracts'

The accompanying notes from part of these financial statements

DPL Insurance Limited
Statement of changes in equity for the year ended 31 March 2024

	Note	Share Capital $'000	Retained Earnings $'000	Total $'000
Balance 31 March 2022		46,350	29,097	75,447
Adjustments on initial application of NZ IFRS 17, 'Insurance Contracts', net of tax *	1.1	-	(1,754)	(1,754)
Restated balance at 1 April 2022		46,350	27,343	73,693
Total Comprehensive Income attributable to shareholders		-	8,805	8,805
Dividends Paid		-	(13,500)	(13,500)
Balance at 31 March 2023		**46,350**	**22,648**	**68,998**
Total Comprehensive Income attributable to shareholders		-	9,997	9,997
Dividends Paid		-	(8,000)	(8,000)
Balance at 31 March 2024		**46,350**	**24,645**	**70,995**

* Restatements due to the adoption of NZ IFRS 17, 'Insurance Contracts'

DPL Insurance Limited

Statement of financial position as at 31 March 2024

	Note	2024	Restated 2023	Restated 1 April 2022
		$'000	$'000	$'000
ASSETS				
Cash and cash equivalents		2,060	2,007	1,526
Financial assets at fair value through profit or loss	3	69,483	66,655	70,199
Trade receivables	9.2	2,129	2,584	2,351
Other receivables*	9.3	6,504	4,770	2,850
Reverse annuity mortgages	9.4	2,489	2,925	3,242
Investment properties	4	32,700	33,080	33,300
Property, plant & equipment		203	255	354
Right of Use Asset		573	765	956
Intangible assets	5	34,812	35,479	36,128
Total assets		150,953	148,520	150,906
LIABILITIES				
Other payables	9.5	4,373	4,728	3,937
Contract liabilities		261	223	213
Deferred taxation*	9.1	5,655	5,822	5,792
Tax payable		1,531	1,214	290
Lease Liability	9.6	815	1,043	1,252
Life investment contract liabilities	6	7,188	7,042	8,153
Insurance contract liabilities*	7.3	60,135	59,450	57,576
Total liabilities		79,958	79,522	77,213
SHAREHOLDER'S EQUITY				
Share capital	8.1	46,350	46,350	46,350
Retained earnings*		24,645	22,648	27,343
Total Shareholder's equity		70,995	68,998	73,693
Total shareholder's equity and liabilities		150,953	148,520	150,906

Signed by:
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Director

Signed by:
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Director

Date: 29 July 2024

* Restatements due to the adoption of NZ IFRS 17, 'Insurance Contracts'

The accompanying notes from part of these financial statements

DPL Insurance Limited
Statement of cash flows for the year ended 31 March 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from policyholders and customers		45,283	44,495
Interest Received		1,620	1,091
Withdrawals and Claims Paid		(22,685)	(22,789)
Interest Expense on Lease Liabilities		(50)	(61)
Other Expenses Paid		(9,979)	(9,481)
Tax paid		(4,014)	(2,585)
Net cash inflow from operating activities	9.8	10,175	10,670
Cash flows from investing activities			
Proceeds from Investments		240	510
Proceeds from Reverse annuity mortgages		673	572
Proceeds from sale of Property, Plant and Equipment		3	49
Purchase of Investment Property		(33)	40
Cash invested in term deposits (net movement)		(2,625)	2,590
Purchase of Property, Plant and Equipment		(125)	(106)
Purchase of Intangible Assets		-	(74)
Net cash outflow from investing activities		(1,867)	3,581
Cash flows from financing activities			
Principal elements of lease payments		(255)	(270)
Dividends Paid		(8,000)	(13,500)
Net cash outflow from financing activities		(8,255)	(13,770)
Net movement in cash and cash equivalents		53	481
Add Opening cash and cash equivalents		2,007	1,526
Closing cash and cash equivalents		2,060	2,007
Represented by:			
Bank balances		2,060	2,007
Closing cash and cash equivalents		2,060	2,007

The accompanying notes from part of these financial statements

1. GENERAL INFORMATION

1.1 Basis of Preparation

Reporting Entity
The financial statements are for DPL Insurance Limited (‘the Company’), a wholly owned subsidiary of Turners Automotive Group Limited (‘parent company’).

The principal activity of the Company is that of a general and life insurer.

Statutory Basis and Statement of Compliance
The Company is incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993 and is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Conducts Act 2013 and the Insurance (Prudential Supervision) Act 2010.

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for for-profit entities. These financial statements also comply with International Financial Reporting Standards ('IFRS'). The Company is a Tier 1 for-profit entity in accordance with XRB A1 Application of the Accounting Standards Framework.

The statement of financial position for the Company is presented on the liquidity basis where the assets and liabilities are presented in the order of their liquidity. Due to the nature of the Company’s activities presentation on the liquidity basis gives a clearer representation of the financial position of the Company.

Functional and Presentation Currency
These financial statements are presented in New Zealand Dollars ($) which is the Company's functional currency. All values are rounded to the nearest thousand ($000), except when otherwise indicated.

Basis of measurement
The financial statements have been prepared under the historical cost convention, as modified by revaluations for certain classes of assets and liabilities to fair value and life insurance contract liabilities and related assets to net present value as described in the accounting policies.

Key Accounting Estimates and Judgements
The Board and management are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are described in the following notes:
- Fair value measurement (note 1.2.1);
- Impairment of goodwill and corporate brands (note 5); and
- Liabilities arising under insurance contracts (note 7).

New and Amended Accounting Standards and Interpretations
All mandatory new and amended standards and interpretations have been adopted in the current year. The new and amended standards and interpretations that have had an impact on the Company have been described below. The Company has not early adopted any new standards, amendments or interpretations to existing standards that are not yet effective.

Insurance Contracts
The Company has adopted NZ IFRS 17, ‘Insurance Contracts’, retrospectively from 1 April 2023 and has restated certain comparative amounts, the retrospective restatement does not have a material effect on the information in the statement of financial position at the beginning of the preceding period.

NZ IFRS 17, “Insurance Contracts’, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measure groups of contracts based on the Company’s estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM).

Under NZ IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The Company measures the funeral plan and annuity insurance life contracts based on the Company’s estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM).

For all other insurance products, the Company uses the Premium Allocation Approach (‘PAA’) to simplify the measurement of groups of contracts when the Company reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the result of applying the accounting policies described above.

Under NZ IFRS 17, only directly attributable insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

The change in accounting policy only relates to the insurance segment and has affected the following items in the Statement of financial position:

	1 April 2022 $'000
Increase in Other receivables	180
Increase in Insurance contract liabilities	2561
Decrease in deferred tax impact	627
Decrease in Retained earnings	1,754

Climate-Related Disclosures
The XRB issued its first climate disclosure standards in December 2022. The standards are effective for annual reporting periods beginning on or after 1 January 2023. These disclosures do not form part of the financial statements but are rather contained in a separate standalone climate statement. These standards affect entities known as Climate Reporting Entities ('CREs'), including:

- Large, listed companies with a market capitalisation of more than $60 million;
- Listed issuers of quoted debt securities with a combined face value of quoted debt exceeding $60 million;
- Large, licensed insurers, registered banks, credit unions, building societies and managers of investment schemes with more than $1 billion in assets;
- Some Crown financial institutions (via letters of expectation).

CREs will be required to prepare an annual climate statement that discloses information about the effects of climate change on their business or any fund they manage. They will need to obtain independent assurance about the part of the climate statement that relates to the disclosure of greenhouse gas (GHG) emissions, generally in the second year of reporting.

The new Climate Standards issued are:

- **Aotearoa New Zealand Climate Standard 1: Climate related Disclosures (NZ CS 1)**
  This standard requires disclosures explaining how the entity manages its climate-related risks and opportunities. The disclosure requirements cover four key areas (Governance, Strategy, Risk Management and Metrics and Targets). Entities must obtain assurance over the GHG emissions disclosures.
- **Aotearoa New Zealand Climate Standard 2: Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2**)
  This standard provides optional disclosure exemptions that entities may apply during the first few periods of climate reporting.
- **Aotearoa New Zealand Climate Standard 3: General Requirements for Climate-related Disclosures (NZ CS 3)**
  This standard includes the principles for climate-related disclosures (such as relevance, accuracy, and verifiability), general requirements for how the information is disclosed, and guidance on topics such as materiality and estimation uncertainty.

The Company does not meet the requirements of a CRE. The Company's parent company meets the requirements of a CRE as it is a large, listed company with a market capitalisation of more than $60 million. The parent's climate statement as at 31 March 2024 will be released before 31 July 2024. Independent assurance about the part of the Parent's climate statement that relates to the disclosure of GHG emissions will not be obtained in the first year in line with the assurance requirements of NZ CS 1.

Disclosure of Accounting Policies (Amendments to NZ IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2)
Entities are now required to disclose their 'material' accounting policies instead of 'significant' accounting policies. The Company has adopted this new standard for the financial reporting period beginning 1 April 2023. The adoption of this new standard did not have a financial impact on the Company's financial statements but has resulted in the updating of accounting policies disclosed in the Company's financial statements.

Definition of Accounting Estimates (Amendments to NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)
The Company has adopted this new standard for the financial reporting period beginning 1 April 2023. The adoption of this new standard did not have a financial impact on the Company's financial statements, or the accounting estimates disclosed in the Company's financial statements.

1.2 Accounting Policies Information
Material accounting policies which are relevant to understanding the financial statements are disclosed in each of the applicable notes. They have been applied on a consistent basis across all periods presented in these financial statements.

One other relevant policy is provided as follows:

1.2.1 Fair Value Measurement

Accounting policy information
For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Input to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

Level 1 the fair value is calculated using quoted prices in active markets.
Level 2 the fair value is estimated using inputs other than quoted prices in level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices).
Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Further information about assumptions made in measuring fair values is included in note 10.5.

1.3 Climate Change Risk

The Company recognizes that climate change poses potential risks to its operations and financial performance. The Company is committed to monitoring and reporting on climate related risks and opportunities in its financial statements and other public disclosures. The Company acknowledges that climate change is an ongoing and evolving issue and will continue to take appropriate steps to identify and manage potential impacts on its operations, financial performance and assets.

DPL INSURANCE LIMITED

Notes to the financial statements for the year ended 31 March 2024

2. Operating performance

2.1 Revenue and expense

Accounting policy information

(i) Insurance Contracts

Premium income and acquisition costs

Revenue on funeral plan and annuity insurance life contracts for each year includes the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

Other insurance contracts revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the passage of time.

2.2 Analysis insurance revenue and expenses by segment

2024 $'000	Life Not measured under PAA	Life Measured under PAA	Consumer Measured under PAA	Total
Insurance revenue	1,380	5,363	32,994	39,737
Claims expense	(531)	(3,068)	(18,297)	(21,896)
Other insurance expenses	(528)	(1,186)	(9,537)	(11,251)
Insurance result	321	1,109	5,160	6,590
Insurance finance result	(175)	-	-	(175)
Reinsurance expense	(260)	(354)	-	(614)
Reinsurance recovery	142	1,215	-	1,357
	(118)	861	-	743
Net underwriting result	28	1,970	5,160	7,158

2023 - restated $'000	Life Not measured under PAA	Life Measured under PAA	Consumer Measured under PAA	Total
Insurance revenue	1,579	5,449	32,280	39,308
Claims expense	(491)	(3,031)	(18,927)	(22,449)
Other insurance expenses	(587)	(1,065)	(8,592)	(10,244)
Insurance result	501	1,353	4,761	6,615
Insurance finance result	(175)	-	-	(175)
Reinsurance expense	(252)	(350)	-	(602)
Reinsurance recovery	78	1,332	-	1,410
	(174)	982	-	808
Net underwriting result	152	2,335	4,761	7,248

2.3 Other income

	2024 $'000	2023 $'000
Interest received	3,505	2,139
Rental Income	1,523	1,476
Commission and other fees	2,241	1,745
Fair value loss on revaluation of investment properties	(413)	(260)
	6,856	5,100

2.4 Expenses

	2024 $'000	2023 $'000
Remuneration of Auditors		
- Fees for audit of the financial statements	142	130
- Fees for audit of the solvency return	12	11
Depreciation	366	348
Amortisation on agent relationships	520	520
Amortisation on other intangibles	147	206
Provision for impairment on trade receivables and reverse mortgages	55	37
Directors Fees	77	41

3. Financial assets at fair value through profit or loss

3.1 Accounting policy information

Financial assets are classified at initial recognition as at fair value through profit or loss if they are held for trading purposes or designated as such upon initial recognition. Initial measurement is at fair value, which includes transaction costs directly attributable to the acquisition.

Financial assets at FVTPL are subsequently measured at fair value. Fair value is determined using quoted market prices in active markets, if available. If quoted market prices are not available, fair value is determined using valuation techniques, including discounted cash flow models and recent transaction prices for similar instruments.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the asset is transferred, and the transfer qualifies for derecognition under applicable accounting standards. Any gains or losses on derecognition are recognized in profit or loss.

Financial assets at FVTPL are assessed for impairment at each reporting date. An impairment loss is recognized in profit or loss if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition. Impairment losses recognized in prior periods are reversed if the reasons for the impairment have ceased to exist or have decreased.

3.2 Financial assets at fair value through profit or loss

	2024 $'000	2023 $'000
Term deposits	61,975	59,350
Investment in unitised funds	7,508	7,305
	69,483	66,655
Investments in unitised funds comprise:		
Cash/deposits	1,083	933
Fixed interest securities-New Zealand and overseas	1,679	1,678
New Zealand and international equities	3,067	3,103
New Zealand and international property securities	1,679	1,591
	7,508	7,305
Investments with external investment managers		
ANZ Investments	7,508	7,305
	7,508	7,305

Investments in unlisted units are denominated in NZD and represent the investments of the life investment contracts liabilities (Refer note 6).

4. Investment properties

4.1 Accounting policy information

Investment Property is held for capital appreciation and comprises of land and improvements.

Investment Property is initially recognised at cost and subsequently carried at fair value. The fair value of investment properties is determined by a qualified independent external valuer.

Any gains or losses arising from a change in fair value of the investment property is recognised in profit or loss. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

4.2 Investment properties

	2024 $'000	2023 $'000
Investment Properties	32,700	33,080
Movement in carrying amounts		
Opening balance	33,080	33,300
Additions	33	40
Disposals	-	-
Net change in fair value	(413)	(260)
Closing balance	32,700	33,080

The investment properties were valued on 31st March 2023 by Property Institute of New Zealand registered valuers, CVAS (NZ) and CVAS (CHC) (trading as Colliers International) and Bayleys Valuations Limited. The valuers are external independent registered professionals, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Valuation techniques used to derive level 3 fair value:

160 Roscommon Road
Fair values have been determined using the following methodologies:
(i) Contract Capitalisation Approach
(ii) Market Capitalisation Approach
(iii) Discounted Cash Flow Approach

The current terms of the lease is 10 years, with two rights of renewal of 5 years each as at February 2018. Rent reviews are carried out at fixed intervals and are based on CPI and market rental rates. As of 31 March 2024, the property was occupied by Turners Group NZ Limited.

The market capitalisation approach method was the most reflective in valuing the property (2023: market capitalisation approach)

9 John Seddon Drive
Fair values have been determined using the following methodologies:
(i) Income Capitalisation Approach
(ii) Discounted Cash Flow Approach

The current terms of the lease for 9 John Seddon Drive, Porirua is 12 years, with three rights of renewal of 6 years each as at November 2018. Rent reviews are carried out at fixed intervals and are based on CPI and market rental rates. As of 31 March 2024, the property was occupied by Turners Group NZ Limited.

The income capitalisation and discounted cash flow approach methods were the most reflective in valuing the property (2023: income capitalisation and discounted cash flow approach)

2 Walton Street / 1 Maunu Road
Fair values have been determined using the following methodologies:
(i) Contract Capitalisation Approach
(ii) Market Capitalisation Approach
(iii) Discounted Cash Flow Approach

The current terms of the lease for 2 Walton Street / 1 Maunu Road, Whangarei is 12 years, with three rights of renewal of 6 years each as at July 2019. Rent reviews are carried out at fixed intervals and are based on CPI and market rental rates. As of 31 March 2024, the property was occupied by Turners Group NZ Limited.

The discounted cash flow approach method was the most reflective in valuing the property (2023: discounted cash flow approach)

106 Francella Street
Fair values have been determined using the following methodologies:
(i) Market Capitalisation Approach
(ii) Discounted Cash Flow Approach

The current terms of the lease is 10 years, with three rights of renewal of 5 years each as at November 2020. Rent reviews are carried out at fixed intervals and are based on CPI and market rental rates. As of 31 March 2024, the property was occupied by Turners Group NZ Limited.

The market capitalisation and discounted cash flow approach methods were the most reflective in valuing the property (2023: market capitalisation and discounted cash flow approach)

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Notes to the financial statements for the year ended 31 March 2024

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

2024	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value**
160 Roscommon Road	Contract Capitalisation Approach	Inter-relationship between key unobservable inputs and fair value	The higher the capitalisation rate, the lower the fair value
	Market Capitalisation Approach	Market capitalisation rate - 4.63%	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate - 6.63%; Terminal capitalisation rate - 4.88%; Internal rate of return (including capex) - 6.59%	The higher the discount rate and the terminal capitalisation rate, the lower the fair value
9 John Seddon Drive	Income Capitalisation Approach	Income capitalisation rate - 6.50%	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate - 8.00%; Terminal yield - 7.00%	The higher the discount rate and the terminal yield, the lower the fair value
2 Walton Street / 1 Maunu Road	Market Capitalisation Approach	Market capitalisation rate - 5.75%	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate - 8.00%; Terminal capitalisation rate - 6.00%; Internal rate of return (including capex) - 7.92%	The higher the discount rate and the terminal capitalisation rate, the lower the fair value
106 Francella Street	Market Capitalisation Approach	Market capitalisation rate - 7.25%	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate - 8.00%; Terminal capitalisation rate - 8.25%; Internal rate of return (including capex) - 7.97%	The higher the discount rate and the terminal capitalisation rate, the lower the fair value

2023	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
160 Roscommon Road	Contract Capitalisation Approach	Inter-relationship between key unobservable inputs and fair value	The higher the capitalisation rate, the lower the fair value
	Market Capitalisation Approach	Market capitalisation rate - 4.50%	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate - 6.50%; Terminal capitalisation rate - 4.75%; Internal rate of return (including capex) - 6.50%	The higher the discount rate and the terminal capitalisation rate, the lower the fair value
9 John Seddon Drive	Income Capitalisation Approach	Income capitalisation rate - 6.25%	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate - 7.50%; Terminal yield - 6.75%	The higher the discount rate and the terminal yield, the lower the fair value
2 Walton Street / 1 Maunu Road	Market Capitalisation Approach	Market capitalisation rate - 5.50%	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate - 7.50%; Terminal capitalisation rate - 5.75%; Internal rate of return (including capex) - 7.61%	The higher the discount rate and the terminal capitalisation rate, the lower the fair value
106 Francella Street	Market Capitalisation Approach	Market capitalisation rate - 6.75%	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate - 7.75%; Terminal capitalisation rate - 7.50%; Internal rate of return (including capex) - 7.74%	The higher the discount rate and the terminal capitalisation rate, the lower the fair value

No direct operating expenses, other than council rates, have been incurred on the investment property. There are no restrictions on the disposal or the remittance of proceeds on disposal.

Rental Income Commitments	2024 $'000	2023 $'000
Not later than 1 year	1,597	1,518
1-2 years	1,633	1,548
2-5 years	4,591	4,774
5+ years	2,413	3,549
	10,234	11,389

5. Intangible assets

5.1 Accounting policy information

Intangible assets comprise goodwill, acquired separable corporate brands, acquired customer relationships and computer software. Goodwill and corporate brands are indefinite life intangibles subject to annual impairment testing.

Corporate brands and customer relationships acquired as part of a business combination are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company.

Goodwill and corporate brands are allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill and corporate brands arose, identified according to operating segment.

Corporate relationship assets are amortised on the straight-line basis over the expected life (10 years) of the relationship and are recognised in the statement of financial position at cost less accumulated amortisation and impairment losses.

Computer software is recognised in the statement of financial position at cost less accumulated amortisation and impairment losses.

Direct costs associated with the purchase and installation of software licences and the development of software for internal use are capitalised where project success is probable, and the capitalisation criteria is met. Cost associated with planning and evaluating computer software and maintaining a system after implementation are expensed. Computer software costs are amortised on a diminishing value basis (rate of 50%) or on a straight-line basis (one to five years).

DPL INSURANCE LIMITED
Notes to the financial statements for the year ended 31 March 2024

5.2 Key accounting estimates and judgements

	2024 $'000	2023 $'000
Brand		
Closing carrying amount	21,500	21,500
Goodwill		
Closing carrying amount	11,752	11,752
Software		
Cost	1,550	1,476
Accumulated amortisation	(1,403)	(1,200)
Opening carrying amount	147	276
Additions	-	74
Disposals and transfers	-	1
Amortisation	(147)	(205)
Closing carrying amount	-	146
Cost	1,550	1,550
Accumulated amortisation	(1,550)	(1,403)
Closing carrying amount	-	147
Corporate relationships		
Cost	5,421	5,421
Accumulated amortisation	(3,341)	(2,821)
Opening carrying amount	2,080	2,600
Additions	-	-
Amortisation	(520)	(521)
Closing carrying amount	(520)	(521)
Cost	5,421	5,421
Accumulated amortisation	(3,861)	(3,341)
Closing carrying amount	1,560	2,080
Total intangible assets carrying amount	34,812	35,479

The Company is considered a single CGU. Goodwill primarily relates to growth expectations, expected future profitability and the substantial skill and expertise of the work force of the cash generating unit. Management have assessed that there is no foreseeable limit to the period of time over which the goodwill and brand is expected to generate net cash inflows for the CGU, and as such goodwill and brand have been assessed as having an indefinite useful life.

The recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated long term growth rates stated below. The cash flows are free cash flows to equity (2023: free cash flows to the firm). The growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the CGU operates. The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows.

Key Assumptions:

Sales, price and operating cost assumptions where based on the Management's best estimate of the range of economic conditions the Company is likely to experience during the forecast period. The forecasts covers a period of a minimum of 5 years. Annual capital expenditure and the expected cash costs was based on historical experience.

	Year 2	Year 3	Year 4	Year 5
2024 Forecasted growth rates (%)	3.9	10.1	11.1	10.5
2023 Forecasted growth rates (%)	(12.5)	4.0	7.9	8.9

	2024	**2023**
Long-term growth rate	2.05%	2.05%
Pre-tax discount rate	12.30%	12.80%

The long-term growth rate is the weighted average growth rate used to extrapolate cash flows beyond the forecast period and is based on the current implied inflation rates and does not exceed the long-term average growth rate for the products, industries, or country or countries in which the CGU operates. The discount rate was established by considering the specific attributes and size of the CGU.

In assessing the impairment of the goodwill and brand value in the CGU, a sensitivity analysis for reasonably possible changes in key assumptions was performed. This included increasing and reducing the terminal growth rate by 0.25% (2023: 0.25%) and increasing and decreasing the discount rate by 1.00% (2023: 1.10%).

The reasonably possible change in rate did not cause any impairment in the CGU.

6. Life investment contract liabilities

6.1 Accounting policy information

Life investment contracts are deposits received from policyholders which are then invested on behalf of the policyholders and recognised as Financial assets at fair value through profit or loss. No premium income is recognised as revenue. Fees deducted from members' accounts are accounted for as fee income.

The asset allocation for investment linked policies is decided by the Policy Holder

	2024 $'000	**2023 $'000**
Opening balance	7,042	8,153
Recognised in profit or loss	394	(631)
Contributions	1,021	1,177
Withdrawals	(1,113)	(1,481)
Fees	(156)	(176)
Closing balance	7,188	7,042
Expected to be realise in more than 12 months	7,188	7,042

7. Insurance contract liabilities

7.1 Accounting policy information

Insurance contracts are those contracts that transfer significant insurance risk and are accounted for in accordance with the requirements of NZ IFRS 17 Insurance Contracts. The Company issues the following insurance contracts:

- Long-term insurance contracts with fixed and guaranteed terms, these contracts insure events associated with human life (for example, death) over a long duration;
- Temporary life insurance contracts covering death disablement, disability and redundancy risks; and
- Short term motor vehicle contracts covering mechanical breakdown risks.

The Company classifies insurance contracts into the following categories:

- Life - not measured under PAA (funeral plans, annuity products and participation fund)
- Life - measured under PAA (all other life products)
- Consumer – measured under PAA (mechanical breakdown and GAP products)

Insurance contracts are initially recognised at the earliest of the beginning of the coverage period of the contract, the date when the first payment from the policyholder becomes due, or on the date the contract is onerous. At initial recognition, the Company identifies and recognises homogeneous groups of insurance policies and determines the contractual service margin ('CSM'), which represents the unearned profit the Company will recognise as it provides services. Contracts are onerous if the total fulfillment cash flows exceed the carrying amount on the liability for remaining coverage.

Measurement – Contracts not measured under the Premium Allocation Approach (PAA)
Subsequent to initial recognition, the Company will adjust the CSM for changes in estimates of future cash flows related to future service, time value of money and risk adjustments. Insurance revenue is recognised for the insurance services provided during the period and a loss recognised immediately in profit or loss if a group of contracts are considered onerous. This approach is applied to funeral plans and annuity insurance products.

Measurement – Contracts measured under the PAA
PAA is a simplified model that recognizes insurance revenue of the coverage period in a way that reflects the insurance services provided. The Company uses PAA for the measurement of groups of contracts when the Company reasonably expects the measurement of the liability for remaining coverage for the group of contracts does not differ materially from the result of applying the accounting policies described under Measurement – Contracts not measured under PAA.

Derecognition
The Company derecognises a contract when the specified obligations in the contract expire, are discharged or cancelled.

Presentation
Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts are presented on a net basis; therefore, balances such as insurance receivables and payables are no longer presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are also presented in the same line item as the related portfolios of contracts.

7.2 Key accounting estimates and judgements

The Company makes several key estimates and judgments due to the inherent uncertainty and complexity of insurance contracts. These estimates and judgments significantly impact the measurement, recognition, and disclosure of insurance contract liabilities and revenue. The Company engages an independent actuary to calculate the insurance contract liabilities.

Contracts not measured under PAA
Key estimates and judgements, include but are not limited to, estimation of future cash flows, selection of appropriate discount rates, selection of appropriate models and techniques to quantifying risk adjustment for non-financial risk, determining CSM, determining onerous contracts, determining the quantity of benefits provided under a contract which affect the allocation of CSM over the coverage period, estimating the impact of reinsurance contracts and changes in assumptions, including but not limited to, mortality rates, morbidity rates lapse rates, expense levels, inflation rates and policyholder behaviour.

Contacts measured under PAA
Key estimates and judgements include assessing eligibility for the PAA, estimating future cash flows and incurred claims, selecting discount rates, identifying onerous contracts, and determining the pattern of revenue recognition.

7.3 Insurance contract liabilities and assets

	Assets		Liabilities	
		Restated		Restated
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Asset/(liability) for remaining coverage				
Life risk - not measured under PAA	903	964	5,526	5,973
Life risk - measured under PAA	-	-	5,668	5,705
Consumer - measured under PAA	-	-	41,263	40,585
Asset/liability for incurred claims				
Life risk - not measured under PAA	217	223	448	395
Life risk - measured under PAA	1,733	1,737	3,429	3,199
Consumer - measured under PAA	-	-	3,801	3,592
	2,853	2,924	60,135	59,449

Analysis by measurement component - asset/liability for remaining coverage not measured under the PAA

Value of fulfilment cash-flows	124	290	1,738	1,960
Risk adjustment	189	166	2,635	2,803
CSM	590	508	1,153	1,210
	903	964	5,526	5,973

Movement in asset/liability for remaining coverage not measured under the PAA

Opening balance	964	1,050	5,973	6,329
Expected revenue in year	197	200	747	798
Expected expense in year	(99)	(92)	(997)	(765)
Release of CSM	(46)	(50)	(149)	(209)
Insurance finance result	41	39	216	214
Expected closing balance	1,057	1,147	5,790	6,367
Experience movement	(87)	(12)	48	378
Change in assumptions	(60)	(153)	(309)	(764)
New business contracts recognised	(7)	(18)	(3)	(8)
Closing balance	903	964	5,526	5,973

Expected recognition of CSM (number of years expected until recognised)

	Insurance contract assets		Insurance contact liabilities	
	2024	2023	2024	2023
1	35	30	104	109
2	35	30	92	97
3	35	30	92	97
4	30	25	81	85
5	30	25	69	73
6 - 9	112	97	231	242
10+	313	271	484	507
	590	508	1,153	1,210

8. SHAREHOLDER EQUITY

8.1 Share capital

	2024 '000	2023 '000
Number of ordinary shares		
Opening balance	46,350	46,350
Total authorised and issued share capital	46,350	46,350
Dollar value of ordinary shares	**$'000**	**$'000**
Opening balance	46,350	46,350
Total authorised and issued share capital	46,350	46,350

All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

A $8.0m dividend was declared and paid in 2024 (2023: $13.50m).

In addition to the above dividend, after year end the directors recommended paying a dividend of $5m (2023: nil)

Capital management
The Company's capital includes share capital and retained earnings. The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders return is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.
The allocation of capital between its specific business operations and activities is primarily driven by optimisation of the return on the capital allocated. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

8.2 Solvency calculation
In terms of the Insurance (Prudential Supervision) Act 2010, effective from 1 April 2023, DPL Insurance Limited is required to maintain a solvency margin, in accordance with the “Interim Solvency Standard 2023” issued 1 October 2022 (as updated from time to time) of at least $0. Effective from 1 April 2023, DPL Insurance Limited is required to maintain a solvency margin in respect of every Statutory Fund, in accordance with the “Interim Solvency Standard 2023” issued 1 October 2022 (as updated from time to time) of at least $0.

	2024 $'000	Restated 2023 $'000
Actual solvency capital	80,234	82,571
Calculated minimum solvency capital	51,395	54,632
Solvency margin on calculated minimum solvency capital	28,839	27,939
Solvency ratio on calculated minimum solvency capital (times)	1.56	1.51
Non-life insurance		
Actual solvency capital	70,311	69,052
Calculated minimum solvency capital	46,915	45,577
Solvency margin on calculated minimum requirement	23,396	23,475
Solvency ratio	1.50	1.52

Life insurance	2024 $'000	Restated 2023 $'000
Actual solvency capital	9,923	13,519
Calculated minimum solvency capital	5,818	9,055
Solvency margin on calculated minimum requirement	4,105	4,464
Solvency ratio	1.71	1.49

8.3 Financial strength rating

The Insurance (Prudential Supervision) Act 2010 requires all licensed insurers to have a current Financial Strength Rating, given by an approved rating entity. DPL Insurance Limited has been issued a Financial Strength Rating of B++ (Good) and an Issuer Credit Rating of bbb (Good), with the outlook assigned to both ratings as 'Positive' by A.M. Best. The rating was issued by A.M. Best on 18 August 2023.

A++, A+ Superior
A, A- Excellent
B++,B+ Good
B, B- Fair
C++, C+ Marginal
C, C- Weak
D Poor
E Under Regular Supervision
F In liquidation
S Suspended

Investment Grade
aaa (Exceptional)
aa (Superior)
a (Excellent)
bbb (Good)

Non-Investment Grade
bb (Fair)
b (Marginal)
ccc, cc (Weak)
c (Poor)
rs (Regulatory Supervision/Liquidation)

9. Other disclosures

9.1 Income tax

	2024 $'000	2023 $'000
Profit before taxation	14,014	12,348
Income tax using the Company’s domestic tax rate 28% (2022: 28%)	3,924	3,457
The tax effect of non-assessable income for tax purposes	93	85
Prior year adjustment	-	1
Taxation expense	4,017	3,543
Comprising:		
Current	4,193	3,529
Deferred	(167)	30
Prior year adjustment	(9)	(16)
	4,017	3,543

Income tax losses on policyholder base	2024 $'000	2023 $'000
Opening balance	4,692	4,723
Current year loss	(260)	(87)
Imputation credits converted to losses	48	56
Closing Balance	4,480	4,692

The policyholder taxation losses are only available to be offset against future policyholder income.

Deferred taxation

The movement on the deferred tax account is as follows:	2024 $'000	2023 $'000
Opening balance liability	(5,822)	(5,792)
Charge to profit or loss	167	(30)
Closing Balance liability	(5,655)	(5,822)

The charge to profit or loss is attributable to the following items:		
Insurance deductible reserves	(121)	(123)
Provisions and accruals	297	179
Prior year adjustment	(9)	(86)
	167	(30)

Deferred tax relates to the following:		
Deferred tax assets:		
Lease liability	228	292
Provisions and accruals	734	702
Total deferred tax asset	962	994
Deferred tax liabilities:		
Brand	6,020	6,020
Customer relationships	437	582
Right of use asset	160	214
	6,617	6,816
Net deferred tax liabilities	5,655	5,822

9.2 Trade receivables

	2024 $'000	2023 $'000
Trade Receivables	2,465	2,918
Provision for impairment	(336)	(334)
	2,129	2,584

9.3 Other receivables

	2024 $'000	Restated 2023 $'000
Insurance contract assets	2,853	2,924
Other receivables and prepayments	3,651	1,846
	6,504	4,770

9.4 Reverse annuity mortgages

	2024 $'000	2023 $'000
Reverse Annuity Mortgages (unencumbered)	2,728	3,107
Provision for impairment	(239)	(182)
	2,489	2,925
Current	-	350
Non-current	2,489	2,575
	2,489	2,925
Movement in provision for impairment		
Opening Balance	182	150
Impairment charge / (release) through profit or loss	57	32
Closing Balance	239	182

9.5 Other payables

	2024 $'000	2023 $'000
Related party payable	2	55
Other payables and accruals	4,371	4,674
	4,373	4,729

9.6 Lease Liabilities

	2024 $'000	2023 $'000
Lease Liability	815	1,252
Current	228	228
Non-Current	587	815
	815	1,043

Lease liabilities have an incremental borrowing rate of 5.54% (2023: 5.54%) with a maturity of 3 years (2023: 4 years).

Interest expense in profit or loss	50	61

9.7 Transactions with related parties

Related Party	Relationship
Turners Automotive Group Limited	Parent
Turners Group NZ Limited	Common controlled entity
Turners Property Holdings Limited	Common controlled entity
Turners Finance Limited	Common controlled entity
Turners Fleet Limited	Common controlled entity
Turners Staff Share Plan Trustees Limited	Common controlled entity
Carly NZ Limited	Common controlled entity
EC Credit Control (NZ) Limited	Common controlled entity
EC Credit Control (Aust) Pty Limited	Common controlled entity
Estate Management Services Limited	Common controlled entity
Payment Management Services Limited	Common controlled entity
Oxford Finance Limited	Common controlled entity

Related party balances	2024 $'000	2023 $'000
Payable / (Receivable) as follows:		
Turners Automotive Group Limited	2	55
Balances within Trade Receivables and Other Receivables		
Oxford Finance Limited	-	(26)
Turners Group NZ Limited	(571)	(703)
Balances within Other Payables		
Turners Group NZ Limited	157	480
Oxford Finance Limited	344	406

All related party loans are repayable on demand and bear no interest. No related party debts have been forgiven or written off during the year.

Related Party Transactions
During the year, Turners Automotive Group Limited paid certain expenses on behalf of the Company. These have been recharged in their entirety.

Turners Group NZ Limited earned a distribution fee of $311,000 (2023: $290,000) in relation to the sale of insurance policies. During the year, Turners Group NZ Limited also paid certain expenses on behalf of the Company. These have been recharged in their entirety.

Oxford Finance Limited paid a claims handling fee of $242,000 (2023: $241,000) in relation to the processing of payment waiver claims.

Turners Group NZ Limited and Oxford Finance sold insurance policies and the related party balances reflect the amount due at year end for these sales.

The Company leased investment properties to Turners Group NZ Limited located at 160 Roscommon Road, Wiri, 9 John Seddon Drive, Porirua, 2-16 Walton Street, Whangarei and 106 Francella Street, Christchurch. The Company received rental income during the year totaling $1,523,000 (2023: $1,476,000).

DPL INSURANCE LIMITED

Notes to the financial statements for the year ended 31 March 2024

Key management personnel compensation
The key management personnel are the Directors of the Company and the Group General Manager. Compensation of key management personnel for the years ended 31 March 2024 and 31 March 2023 was as follows;

	Short-term benefits $'000	Other long-term benefits $'000	Share-based payments $'000	Total $'000
Year ended 31 March 2024	403	11	2	416
Year ended 31 March 2023	384	10	12	406

9.8 Cash flow reconciliations

	2024 $'000	Restated 2023 $'000
Profit after taxation	9,997	8,805
Add/(less) non-cash items:		
Non-cash movement in reverse mortgages	(291)	(286)
Net unrealised (gains)/losses on investments	(573)	444
Policyholder liabilities	1,032	374
Provision for impairment	56	(30)
Depreciation and Amortisation Expense	1,033	1,073
Fair value loss / (gain) on investment property	413	260
Add/(less) movements in working capital items:		
Receivables	(1,352)	136
Other payables	(140)	(124)
Add/(less) Working Capital items treated as investing activities	-	(1)
Add Working Capital items treated as financing activities	-	19
Net cash outflow from operating activities	10,175	10,670

Reconciliation of liabilities arising from financing activities
The table below details changes in the Company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Company's statement of cash flows as cash flows from financing activities.

	Lease liabilities 2024 $'000	2,023 $'000
Opening balance	1,043	1,252
Changes from financing cash flows	(278)	(270)
Other changes		
Profit	-	-
Interest paid	(50)	(61)
Interest expense	50	61
Non-cash lease movements	50	61
Closing balance	815	1,043

10. Risk management

10.1 Credit risk

Credit risk is the risk that a counterparty will cause a financial loss for the Company by failing to meet its contractual obligations.

Financial instruments which potentially subject the Company to credit risk principally consist of cash and cash equivalents, financial assets at fair value through profit or loss, trade debtors, reverse mortgages and other receivables. The Company's cash and cash equivalents are placed with high credit quality institutions.

To manage the credit risk on trade receivables management assesses the credit quality of trade customers, considering their financial position, past experience and other factors. Individual risk limits are set based on these assessments. The use of credit limits by trade customers is regularly monitored by management.

The Company no longer originates reverse mortgages but is managing its legacy book. The principal collateral type for reverse mortgages are mortgages over residential property. Management reviews the loan-to-value ratios regularly to identify any potential losses.

Maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position which is net of any provision for impairment. The likely loss on commitments, is less than the total unused commitment, as most commitments to extend credit are contingent on customers maintaining specific credit standards.

The credit risk exposure below does not consider the fair value of any collateral, in the event of counterparties failing to meet their contractual obligation.

For life investment linked contracts the investments credit risk is appropriate for each product and the risk is borne by the policy holder. There is no significant risk assumed by the Company.

10.2 Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities as they fall due.

The Company maintains sufficient funds to meet its commitments based on historical and forecasted cash flow requirements. Management actively manages the lending and borrowing portfolios to ensure the net exposure to liquidity risk is minimised. The exposure is reviewed on an ongoing basis from daily procedures to monthly reporting as part of the Company's liquidity management process. The management process includes:
- day to day funding, managed by monitoring future cash flows to ensure that requirements can be met

Monitoring and reporting take the form of cash flow measurement and projections, these include:
- day to day funding requirements;
- on a weekly basis, projecting the requirements for each of the next 4 weeks;
- on a monthly basis, projecting the requirements for each of the next 12 months

The weekly projections are reported to the Board.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2024	**0-6**	**6-12**	**12-24**	**24-60**	**60+**	
$'000	**Months**	**Months**	**Months**	**Months**	**Months**	**Total**
Financial liabilities						
Advances from related parties	2	-	-	-	-	2
Other Payables	2,326	-	-	-	-	2,326
Lease Liability	143	143	294	302	-	882
	2,471	143	294	302	-	3,210

2023	**0-6**	**6-12**	**12-24**	**24-60**	**60+**	
$'000	**Months**	**Months**	**Months**	**Months**	**Months**	**Total**
Financial liabilities						
Advances from related parties	55	-	-	-	-	55
Other Payables	2,854	-	-	-	-	2,854
Lease Liability	139	139	286	595	-	1,159
	3,048	139	286	595	-	4,068

10.3 Market risk
Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments.

10.3.1 Life investment liabilities
The market risk on life investment liabilities is transferred to the policy holder. The Company earns fees on investment linked policies that are based on the amount of assets invested and it may receive lower fees should markets fall. The asset allocation for investment linked policies is decided by the Policy Holder. Refer to note 3.2 for information on the investments in unitised funds that back the life investment liabilities

10.3.2 Interest rate risk

2024 ($'000)	Carrying amount	-1% profit	-1% equity	+1% profit	+1% equity
Financial assets					
Cash and cash equivalents	2,060	(21)	(15)	21	15
Financial assets at fair value through profit or loss	69,483	(695)	(500)	695	500
Reverse annuity mortgages	2,489	(25)	(18)	25	18
Insurance assets					
Insurance contract asset	903	(143)	(103)	135	97
Insurance liabilities					
Insurance contract liabilities	5,526	445	320	(420)	(303)
Total increase / (decrease)		(439)	(316)	456	327

2023 ($'000)	Carrying amount	-1% profit	-1% equity	+1% profit	+1% equity
Financial assets					
Cash and cash equivalents	2,007	(20)	(14)	20	14
Financial assets at fair value through profit or loss	66,655	(667)	(480)	667	480
Reverse annuity mortgages	2,925	(29)	(21)	29	21
Insurance assets					
Insurance contract asset	964	(209)	(151)	198	142
Insurance liabilities					
Insurance contract liabilities	5,973	495	356	(468)	(337)
Total increase / (decrease)		(430)	(310)	446	320

10.4 Insurance risk

Insurance risk is the risk of financial loss in the insurance business due to the uncertainty of future events and claims. The Company manages this risk through various strategies to ensure the Company can meet its obligations to policyholders while maintaining financial stability and profitability.

Life insurance
Life risk management activities involve managing risks concerned with the pricing, acceptance and management of the mortality, and longevity risks accepted from policyholders. These risks are controlled using underwriting procedures and adequate premium rates and policy charges, all of which are approved by the Actuary. Tight controls are also maintained over claims management practices to ensure the correct and timely payment of insurance claims.

Non-life insurance
Non-life risk management activities include prudent underwriting, pricing, and management of risk, together with claims management, reserving and investment management. The objective of these disciplines is to enhance the financial performance of the insurance operations and to ensure sound business practices are in place for underwriting risks and claims management.

Claims
Variations in claim levels will affect reported profit and equity. The impact may be magnified if the variation leads to a change in actuarial assumptions which cannot be absorbed within the present value of planned margins for a group of related products. Insurance risk may arise through the reassessment of the incidence of claims, the trend of future claims and the effect of unforeseen events, such as epidemics. Insurance risk is controlled by ensuring underwriting standards adequately identify potential risk, retaining the right to amend premiums on risk policies where appropriate and purchasing reinsurance. The experience of the Company’s life insurance business is reviewed regularly.

DPL INSURANCE LIMITED
Notes to the financial statements for the year ended 31 March 2024

The table below illustrates how changes in key assumptions would impact the reported profit and liabilities of the Company:

Change in key assumptions ($'000)	**Effect on life risk contract assets**	**Effect on life risk contract liabilities**	**Effect on future profit**
2024			
Increase in expenses of 10%	-	13	(13)
Decrease in expenses of 10%	-	(13)	13
Increase in mortality by 10%	(5)	(27)	22
Decrease in mortality by 10%	5	27	(22)
Increase in cancellation rates by 10%	(12)	(25)	13
Decrease in cancellation rates by 10%	12	25	(13)
2023			
Increase in expenses of 10%	-	25	(25)
Decrease in expenses of 10%	-	(25)	25
Increase in mortality by 10%	50	(29)	79
Decrease in mortality by 10%	(49)	29	(78)
Increase in cancellation rates by 10%	6	(21)	27
Decrease in cancellation rates by 10%	(6)	21	(27)

10.5 Fair value of financial assets and liabilities not carried at fair value

2024 **$'000**	**Carrying Amount**	**Fair Value**
Financial assets		
Reverse mortgages	2,489	2,835

2023 **$'000**	**Carrying Amount**	**Fair Value**
Financial assets		
Reverse mortgages	2,925	3,289

10.6 Assets and liabilities carried at fair value

The fair value of assets and liabilities carried at fair value as well as the methods used to calculate fair value are summarised in the table below.

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using inputs other than quoted prices in level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices).

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

2024 **$'000**	**Level 1**	**Level 2**	**Level 3**	**Total**
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss - term investment	61,975	-	-	61,975
Financial assets at fair value through profit or loss - life investment	-	7,508	-	7,508
Investment Property	-	-	32,700	32,700
	61,975	7,508	32,700	102,183

2023 **$'000**	**Level 1**	**Level 2**	**Level 3**	**Total**
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss - term investment	59,350	-	-	59,350
Financial assets at fair value through profit or loss - life investment	-	7,305	-	7,305
Investment Property	-	-	33,080	33,080
	59,350	7,305	33,080	99,735

Financial assets at fair value through profit or loss - term investment
Term investments are recognised at fair value based on the quoted bid market price.

Financial assets at fair value through profit or loss - life investment
The financial assets in this category asset back life investment contract liabilities and are investments in managed funds. The fair value of the investments in the managed funds are determined by reference to published exit prices, being the redemption price established by the on market price quoted by the fund manager, ANZ Investments Limited (refer note 3.2).

Investment Property
The fair value of investment properties was determined by independent registered valuers using a number of methodologies (refer note 4.2).

This is a level 3 fair value measurement and the key unobservable assumption used in determining the consideration is detailed in Note 4.2.

The movement in this fair value hierarchy level 3 asset is disclosed in Note 10.6.

For all investment properties, an increase/decrease in the discount rate of 0.25% decreases/increases the fair value by $0.1m to $0.3m.

During the year there were no movements of fair value assets or liabilities between the different levels of fair value hierarchy.

11. Commitments and contingent liabilities

The company has no contingent liabilities at reporting date (2023: Nil)

12. Events subsequent to reporting date

2024
No significant events have occurred after balance date.

2023
No significant events have occurred after balance date.

Davies Financial and Actuarial Limited

26th July 2024

To: The Directors
DPL Insurance Limited

From: Peter Davies
Appointed Actuary

Re: DPL Insurance Limited: Report as at 31st March 2024 under Sections 77 and 78 of the Insurance (Prudential Supervision) Act 2010

You have asked me to prepare this report in terms of the above sections of the Act, and I would like to comment further as follows:

1. I have reviewed the actuarial information included in the audited accounts for DPL Insurance Limited as at 31st March 2024. "Actuarial information" includes the following:

    - policy liabilities;
    - solvency calculations in terms of the RBNZ Solvency Standards;
    - balance sheet and other information allowed for in the calculation of the company's solvency position; and
    - disclosures regarding the methodology and assumptions used for calculating policy liabilities, and other disclosures.

2. No limitations have been placed on my work.

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3. I am independent with respect to DPL Insurance Limited as defined under professional standard ISA (NZ) 620 of the External Reporting Board.

4. I have been provided with all information that I have requested in order to carry out this review.

5. In my view the actuarial information contained in the financial statements has been appropriately included, and the actuarial information used in the preparation of the financial statements has been appropriately used.

6. DPL Insurance Limited exceeded the minimum capital requirement of the RBNZ Interim Solvency Standard as at 31st March 2024.

   I have prepared a set of projections of the Company's Statutory and Shareholder Funds for the next four years, based on current valuation assumptions and on management business plans and projected expense levels. The Statutory Fund includes the Company's life insurance business, and the Shareholder Fund includes the Company's non-life insurance business. These projections indicate that both Funds, and the Company as a whole, are currently solvent, and are expected to meet the RBNZ minimum solvency requirements at all times over this period.

I would be very happy to answer any queries concerning this report.

Yours sincerely

Peter

Peter Davies B.Bus.Sc., FIA, FNZSA
Appointed Actuary

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