Unison Insurance Limited
Financial statements
for the year ended 31 March 2024

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Principal business	Unison Insurance Limited's principal activity is to act as a captive insurance company. The Company insures certain transmission and distribution assets of Unison Networks Limited. From time to time the Company also provides material damage and business interruption cover for Unison Networks Limited and its subsidiaries ('Unison Group') by obtaining reinsurance in the wholesale insurance market. Unison Insurance Limited is a wholly owned subsidiary of Unison Networks Limited.
Directors	Ken Sutherland (retired 12 Sept 2023) Jaun Park (appointed 12 Sept 2023) Brian Martin John Palairet
Registered office	1101 Omahu Road Hastings New Zealand
Auditor	Audit New Zealand, on behalf of the Auditor-General

Statement of comprehensive income

For the year ended 31 March 2024

	Notes	**2024 $'000**	2023 $'000
Insurance revenue	4	**845**	825
Claims expenses	4	**-**	-
Insurance Services result		**845**	825
Other income	5	**2,450**	668
Operating expenses	6	**(353)**	(442)
Profit before income tax		**2,942**	1,051
Income tax expense	12	**(386)**	(342)
Profit for the year		**2,556**	709
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
		-	-
		-	-
Items that may be subsequently reclassified to profit or loss:			
		-	-
		-	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**2,556**	709

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Unison Insurance Limited

Statement of financial position

As at 31 March 2024

	Notes	**2024 $'000**	2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**836**	605
Receivables	9	**37**	36
Reinsurance Contract Assets		**-**	-
Other financial assets	8	**1,500**	2,500
Investments	8	**-**	-
Total current assets		**2,373**	3,141
Non-current assets			
Other financial assets	8	**21,951**	18,507
Total non-current assets		**21,951**	18,507
Total assets		**24,324**	21,648
LIABILITIES			
Current liabilities			
Payables		**79**	46
Current tax liabilities		**211**	124
Total current liabilities		**290**	170
Total liabilities		**290**	170
Net assets		**24,034**	21,478
EQUITY			
Contributed equity	14	**8,700**	8,700
Retained earnings		**15,334**	12,778
Total equity		**24,034**	21,478

The Board of Directors of Unison Insurance Limited authorised these financial statements presented on pages 3 to 26 for issue on 27 June 2024.

Director

Director

The above statement of financial position should be read in conjunction with the accompanying notes

Unison Insurance Limited

Statement of changes in equity

For the year ended 31 March 2024

	Contributed equity $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 April 2023	8,700	12,778	21,478
Comprehensive income			
Profit or loss for the year	-	2,556	2,556
Other comprehensive income			
	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income	-	2,556	2,556
Balance as at 31 March 2024	8,700	15,334	24,034
Balance as at 1 April 2022	8,700	12,069	20,769
Comprehensive income			
Profit or loss for the year	-	709	709
Other comprehensive income			
	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income	-	709	709
Balance as at 31 March 2023	8,700	12,778	21,478

The above statement of changes in equity should be read in conjunction with the accompanying notes

Unison Insurance Limited

Statement of cash flows

For the year ended 31 March 2024

	Notes	**2024 $'000**	2023 $'000
Cash flows from operating activities			
Premiums received - Transmission & Distribution/Business Interruption		**845**	866
Payment to suppliers & employees		**(329)**	(292)
Income taxes paid		**(299)**	(846)
Net cash inflow / (outflow) from operating activities		**217**	(272)
Cash flows from investing activities			
Dividends received		**273**	225
Interest received from investments		**220**	121
Interest received from Parent		**475**	283
Repayment of investments		**2,500**	2,043
Purchase of investments		**(3,454)**	(6,784)
Net cash inflow / (outflow) from investing activities		**14**	(4,112)
Net increase / (decrease) in cash and cash equivalents		**231**	(4,384)
Cash and cash equivalents at the beginning of the financial year		**605**	4,989
Cash and cash equivalents at end of financial year	7	**836**	605

Reconciliation of profit after income tax to net cash inflow from operating activities

	2024 $'000	2023 $'000
Profit for the year	**2,556**	709
(Increase)/decrease in receivables	**1**	47
Increase/(decrease) in payables	**33**	(8)
Increase/(decrease) in income tax payable	**86**	(509)
Investment income (including Interest received, dividends and realised FX gains)	**(969)**	(669)
Fair value losses/(gains) on other financial assets at fair value through profit or loss	**(1,490)**	158
Net cash inflow from operating activities	**217**	(272)

The above statement of cash flows should be read in conjunction with the accompanying notes

1 About this report

These financial statements are for Unison Insurance Limited (‘the Company').

Unison Insurance Limited is a limited liability company incorporated and domiciled in New Zealand.

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting practice (GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable New Zealand Reporting Standards, as appropriate to Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

Unison Insurance Limited is a for-profit company for the purposes of complying with GAAP.

The Company is a FMC reporting entity for the purpose of the Financial Markets Conduct Act 2013 as it is a licensed insurer. Therefore these financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the New Zealand Companies Act 1993 .

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000).

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

(b) Notes to the financial statements

Information that is considered material and relevant to the users of these financial statements is included within the notes to the financial statements. The assessment of materiality and relevance includes qualitative as well as quantitative factors including the size and nature of the balance and if the balance is important in understanding the Company's current or future performance.

Information, including accounting policies, that is considered material and not listed with the notes to the accounts is included below.

(c) Standards issued but not yet effective and not early adopted

Certain new accounting standards and amendments have been issued that are not mandatory for the 31 March financial year and have not been early adopted by the Company. NZ IFRS 18 Presentation and Disclosure in Financial Statements, issued May 2024, may lead to differences in how some information is communicated in the financial statements, but otherwise the Company has assessed the new accounting standards and amendments are not likely to have a significant effect on its financial statements.

(d) New Standards adopted as at 1 April 2023

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 March 2023, except for the adoption of new standards effective as of 1 January 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

In these financial statements, the Company has applied NZ IFRS 17 Insurance Contracts (NZ IFRS 17) and Amendments to NZ IAS 1 – Disclosure of Accounting Policies for the first time.

Other than NZ IFRS 17, the adopted pronouncements did not have a material impact on these financial statements. The application of Amendments to NZ IAS 1 – Disclosure of Accounting Policies did not have any impact on the policies disclosed in the annual report.

NZ IFRS 17 Insurance Contracts and Restatement of comparative information

NZ IFRS 17 replaces NZ IFRS 4 Insurance Contracts (NZ IFRS 4) for annual periods commencing on or after 1 January 2023.

1 About this report (continued)

(d) New Standards adopted as at 1 April 2023 (continued)

As the Company insures certain transmission and distribution assets with a renewal date that matches financial year end, and has had no outstanding claims, there is very little restatement required to comparative information. Nonetheless, the Company has restated comparative information where required. The Company did not issue reinsurance contracts in the comparative period, however it did issue reinsurance contracts in relation to the Material Damage and Business Interruption (MD/BI) policy for the Unison Networks Limited and its subsidiaries (Unison Group) for year ending 31 March 2025. Although these contracts have a start date of 31 March 2024, the reinsurance and insurance premuims were not paid until May 2024. As such, these have not been recognised in the financial statements at balance date. Any claims under the Unison Group's MD/BI policy prior to 31 March 2024 (such as those arising from Cyclone Gabrielle) remain with the reinsurer at the time of the event that eventuated in a claim, and do not represent a liability of the Company.

The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

Due to the immaterial impact of the change, the Company has adopted the full retrospective transition approach under NZ IFRS 17. NZ IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company. Under NZ IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach, 'PAA'. The PAA simplifies the measurement of insurance contracts in comparison with the general model in NZ IFRS 17.

Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets;
- Portfolios of insurance and reinsurance contracts issued that are liabilities;
- Portfolios of reinsurance contracts held that are assets;
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the NZ IFRS 17 requirements.

The line item descriptions in the statement of comprehensive income have been amended from the prior year presentation. Previously, the Company reported the following line items:

- Premium income;
- Outward reinsurance expense (if the Company had issued reinsurance contracts in the comparative year or has incurred expense within the current year).

Instead, NZ IFRS 17 requires separate presentation of:

- Insurance revenue;
- Insurance service expenses;
- Insurance finance income or expenses;
- Net income or expenses from reinsurance contracts held.

The changes to the presentation and disclosure of the Statement of Comprehensive income from NZ IFRS 4 to NZ IFRS 17 are shown below, for illustrative purposes, noting that most line items are zero due to no reinsurance contracts being issued and no claims being made:

STATEMENT OF COMPREHENSIVE INCOME

NZ IFRS 4

1 About this report (continued)

(d) New Standards adopted as at 1 April 2023 (continued)

	2023 $'000	2022 $'000
Premium revenue	**825**	908
Outward reinsurance expense	**-**	-
Claim expenses	**-**	-
Net underwriting result	**825**	908
Other income	**668**	744
Operating expenses	**(442)**	(267)
Profit before income tax	**1,051**	1,385

NZ IFRS 17

	2023 $'000	2022 $'000
Insurance revenue	**825**	908
Insurance service expenses	**-**	-
Reinsurance expense	**-**	-
Ceding commission revenue	**-**	-
Net Insurance Service Result	**825**	908
Other income	**668**	744
Operating expenses	**(442)**	(267)
Profit before income tax	**1,051**	1,385

The change in presentation of current assets and current liabilities from NZ IFRS 4 to NZ IFRS 17 is shown below:

STATEMENT OF FINANCIAL POSITION

NZ IFRS 4

	2023 $'000	2022 $'000
Current Assets		
Cash and Cash Equivalents	605	4,989
Receivables	36	47
Other Financial Assets	2,500	-
Investments	-	-
Total Current Assets	**3,141**	**5,036**
Current Liabilities		
Payables	**46**	55
Current tax liabilities	**124**	633
Total Current Liabilities	**170**	**688**

NZ IFRS 17

	2023 $'000	2022 $'000
Current Assets		
Cash and Cash Equivalents	605	4,989
Receivables	36	47
Other Financial Assets	2,500	-
Investments	-	-
Reinsurance contract assets	-	-

1 About this report (continued)

(d) New Standards adopted as at 1 April 2023 (continued)

Total Current Assets	**3,141**	**5,036**
Current Liabilities		
Payables	**46**	55
Current tax liabilities	**124**	633
Reinsurance contract liabilities	**-**	-
Total Current Liabilities	**170**	**688**

Key types of Insurance Contracts Issued and Reinsurance Contracts held

The Company issues insurance contracts in the normal course of business, under which it accepts insurance risk from its policyholders in return for a premium. The Company issues insurance contracts and reinsurance contracts for the following:

- Transmission and Distribution Assets and Business Interruption insurance (TD/BI) contracts to Unison Networks Limited (UNL) and its subsidiaries for a limited cover for its transmission and distribution assets. These contracts have been in place for a number of years and are renewed annually.
- MD/BI contracts for UNL and its subsidiaries for cover across its property assets including buildings, plant & contents, and stock. These contracts are new and came into effect on 31 March 2024 at 4pm and have been put in place to provide cover for the year ending 31 March 2025. The contracts have the same terms as the Reinsurance Contracts held by the Company.
- Reinsurance contracts held with insurers on behalf of Unison Group for cover across its property assets including buildings, plant & contents, and stock. The contracts came into effect on 31 March 2024 at 4pm and have been put in place to provide cover for the year ending 31 March 2025. They have the same terms as the MD/BI contracts for UNL and its subsidiaries. Therefore there is no risk carried by the Company for the issuance of the MD/BI contracts.

Level of aggregation

NZ IFRS 17 requires a company to determine the appropriate level of aggregation. As the insured risk across all insurance contracts is very similar and managed together, the Company has determined that all of its insurance contracts should be aggregated at the same level in one portfolio.

The Company has determined that there are no onerous contracts at their inception / renewal at the end of the year to 31 March 2024.

Recognition

The Company recognises groups of insurance and reinsurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date.

Measurement - Premium Allocation Approach

Premium Allocation Approach (PAA) Eligibility

Subject to specified criteria, the PAA can be adopted as a simplified approach to the NZ IFRS 17 general model. Where the coverage period for MDBI insurance and reinsurance is one year or less it qualifies automatically for PAA. All contracts issued or held by the Company are for one year or less so qualify for PAA.

Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money.

Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC. All contracts issued or held by the Company are for one year or less so no adjustment is required.

1 About this report (continued)

(d) New Standards adopted as at 1 April 2023 (continued)

Liability for Incurred Claims, (LFIC) adjusted for time value of money.

For incurred claims that are expected to be paid out in less than one year, no adjustment is made for the time value of money. For all claims greater than one year, the LFIC is adjusted for the time value of money. As there are no claims in place, no liability exists.

Insurance and reinsurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds as the coverage period of each contract in the group is one year or less. Contracts are measured as the premium received or paid at initial recognition. As all contracts are for a year or less and are renewed at the start of each financial year, there is no revaluation requirement at the end of a reporting period. The cashflows for the insurance contracts that it issues and reinsurance contracts that it holds will be accounted for when incurred.

Insurance and reinsurance contracts - subsequent measurement

Premiums due to the Company for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the liability of remaining coverage (LRC). The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services in the period.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period.

(e) Critical judgements and estimations in applying accounting policies

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements include estimation of the fair value of financial assets based on observable inputs, as disclosed in notes 11 and 10.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors believe that, as at the date of these financial statements, there are no significant sources of estimation uncertainty that have not been disclosed in these financial statements.

(f) Foreign currency translation

Transactions in foreign currencies are translated at the New Zealand rate of exchange at the date of the transaction. At balance date foreign monetary assets and liabilities are translated at the closing rate, and exchange variances arising included in the statement of comprehensive income.

(g) Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

2 Capital adequacy

(a) Capital adequacy

The Reserve Bank of New Zealand (RBNZ) is the prudential regulator and supervisor of all insurers carrying on insurance business in New Zealand, and is responsible for administering the Insurance (Prudential Supervision) Act 2010.

2 Capital adequacy (continued)

As part of the supervision of insurers in New Zealand the RBNZ requires insurers to carry on business in a prudent manner, and to maintain financial resources appropriate for the size and nature of the business. Having sufficient capital to cover the risks of the business is a critical element in carrying on business in a prudent manner.

The Company's capital is its equity, which comprises contributed equity and retained earnings. Equity is represented by net assets. The Company manages its equity as a by-product of prudently managing revenues, expenses, assets and liabilities to ensure the Company effectively achieves its objectives and purposes, whilst remaining a going concern.

The Company regularly monitors the adequacy of its capital by monitoring its solvency margin in line with the requirements of the Insurance (Prudential Supervision) Act 2010. The Company has complied with these requirements to maintain solvency as per the solvency standards for a captive insurer, and filed the required solvency returns to the Reserve Bank of New Zealand.

(b) Capital adequacy ratios

The Insurance (Prudential Supervision) Act 2010 requires insurers to maintain solvency at all times. As a captive insurance company, the Company needs to maintain solvency as per the Solvency Standard for Captive Insurers. Based on this standard the Company's solvency status is:

	2024 $'000	2023 $'000
Actual solvency capital	**24,034**	21,478
Minimum solvency capital	**8,176**	7,177
Solvency margin	**15,857**	14,301
Solvency ratio	**294 %**	299 %

The Company has sufficient equity to meet solvency requirements over and above its policy liabilities. The Company reviews its compliance with the solvency requirements of the RBNZ on a monthly basis.

All shareholder equity is retained to ensure the financial soundness of the Company. The high level of liquidity in cash and fixed interest investments is retained for cash flow purposes.

3 Credit Rating

Unison Insurance Limited is not required to have a rating under section 60 (2) (c) of the Insurance (Prudential Supervision) Act 2010 as it is a captive insurer.

4 Insurance and Reinsurance Contracts

The breakdown of the insurance and reinsurance contracts held and issued, that are in an asset position and those in a liability position are set out below:

	2024		**2023**	
	Assets $'000	**Liabilities $'000**	**Assets $'000**	**Liabilities $'000**
Insurance contracts issued				
TD/BI insurance	-	-	-	-
Total Insurance contracts issued	-	-	-	-
Reinsurance contracts held				
Total Reinsurance contracts held	-	-	-	-

4 Insurance and Reinsurance Contracts (continued)

	Liabilities for remaining coverage	Liabilities for incurred claims	Total
Insurance contract liabilities as at 1 April 2023	**-**	**-**	-
Insurance Revenue - TD/BI	**(845)**	**-**	(845)
Insurance Revenue - MD/BI	**-**	**-**	-
Insurance services expenses			
Incurred Claims	**-**	**-**	-
Incurred Claims (recoverable)	**-**	**-**	-
Net insurance (revenue)/expense	**(845)**	**-**	(845)
Cash flows			
Premiums received - TD/BI	**845**	**-**	845
Premiums received - MD/BI	**-**	**-**	-
Contracts issued but premiums not recognised in income statement or cashflow			
Contracts issued - TD/BI	**-**	**-**	-
Contracts issued - MD/BI	**-**	**-**	-
Insurance contract liabilities as at 31 March 2024	**-**	**-**	-

	Liabilities for remaining coverage	Liabilities for incurred claims	Total
Insurance contract liabilities as at 1 April 2022	**-**	**-**	-
Insurance Revenue - TD/BI	**(825)**	**-**	(825)
Insurance Revenue - MD/BI	**-**	**-**	-
Insurance services expenses			
Incurred Claims	**-**	**-**	-
Incurred Claims (recoverable)	**-**	**-**	-
Net insurance (revenue)/expense	**(825)**	**-**	(825)
Cash flows			
Premiums received - TD/BI	**866**	**-**	866
Premiums received - MD/BI	**-**	**-**	-
Prior year adjustment - TD/BI	**(41)**	**-**	(41)
Contracts issued but premiums not recognised in income statement or cashflow			
Contracts issued - TD/BI	**-**	**-**	-
Contracts issued - MD/BI	**-**	**-**	-
Insurance contract liabilities as at 31 March 2023	**-**	**-**	-

Reconciliation of the net asset for reinsurance contracts held for remaining coverage and the amounts recoverable on incurred claims:

Reinsurance

The MD/BI contracts were newly issued for the Unison Group as at 31 March 2024 for a 12 month placement until 31 March 2025. The whole placement has a Loss Limit of $300 million on a declared value of $912.6 million. The premiums for these contracts were paid in May 2024 and are therefore not recognised in these financial statements.

5 Other income

	2024	2023
	$'000	$'000
Interest income	**695**	440
Dividend income	**274**	225
Fair value movement on investments	**1,490**	-
Realised FX gains / (loss)	**(9)**	3
Total other income	**2,450**	668

(i) Interest income

Interest income is recognised using the effective interest method.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

iii) *Fair value movement on investment*s

Fair value income is recognised using the movement in market rate of investments as at the reporting period compared to the prior year. All financial assets held at fair value through the profit and loss have been designated.

6 Expenses

	2024	2023
	$'000	$'000
Audit of the annual financial statements - Audit New Zealand	**36**	30
Audit of the annual solvency return - Audit New Zealand	**7**	7
Directors fees	**22**	18
Corporate management fees	**88**	88
Other expenses	**200**	141
Fair value movement on investments	**-**	158
	353	442

All financial assets held at fair value through the profit and loss have been designated.

7 Cash and cash equivalents

	2024	2023
	$'000	$'000
Cash at bank and in hand	**733**	450
NZD Trust Account	**20**	116
Foreign Currency Accounts	**83**	39
	836	605

(a) Risk exposure

The Company's exposure to interest rate and currency risk is discussed in note 10. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8 Other financial assets

	2024 $'000	2023 $'000
Current		
Term deposits	**1,500**	2,500
	2024 $'000	2023 $'000
Non-current		
Corporate bonds	**2,098**	1,600
Global Bond Funds	**1,295**	1,034
Equities	**11,858**	9,173
Term deposits	**-**	-
Related party receivable	**6,700**	6,700
	21,951	18,507

(i) Term deposits

Term deposits classified as other financial assets had a carrying value of $1,500,000 (31 March 2023: $2,500,000) with interest rates of between 5.61% and 6.5% (31 March 2023 between 4.07% and 5.7%) and mature between 6 May 2024 and 23 December 2024 (31 March 2023 between 29 June 2023 and 27 March 2024).

(ii) Corporate bonds

Corporate bonds classified as other financial assets at fair value through profit or loss had a carrying value of $2,098,135 (31 March 2023: $1,600,097) with interest rates of between 3.696% and 6.78% (31 March 2023: between 3.696% and 6.19%) and mature between 16 February 2027 and 19 November 2051 (31 March 2023: 16 February 2027 and 19 November 2051).

(iii) Global bonds

Global bonds classified as other financial assets at fair value through profit or loss with a carrying value of $1,294,911 (31 March 2023: $1,034,243) have values of between $0.865 and $42.51 per unit (31 March 2023: between $0.90 and $41.23 per unit). Management does not intend to dispose of these within 12 months of balance date.

(iv) Equities

Equities classified as other financial assets at fair value through the profit or loss with a carrying value of $11,857,641 (31 March 2023: $9,172,917) have share values of between $4.12 and $314.07 per share (31 March 2023: between $4.36 and $540.75 per share). Management does not intend to dispose of these within 12 months of balance date.

(v) Related party receivables

The related party loan receivable with the parent is callable on demand. It is not the Company's intention to demand repayment of the outstanding intercompany loan for a minimum period of 12 months from balance date. The Company may demand repayment of the outstanding intercompany loan if required to by a regulatory body and/or in order to ensure the Company remains solvent, or in the event of a natural disaster. The Company has the right to set off any monies owed by the Company to the Parent against the Loan, including the payment of insurance proceeds to the parent. There is no security over the loan.

The related party loan receivable with the parent has an interest rate calculated at the Bank Prime Lending Rate plus 1%,which is adjusted annually. For the year ending 31 March 2024 this equates to an interest rate of 7.07% (31 March 2023: 4.23%).

8 Other financial assets (continued)

(a) Amounts recognised in profit or loss

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'Other income' or 'Operating expenses' in the statement of comprehensive income.

	2024 $'000	2023 $'000
Fair value gains/(losses) on equity investments at fair value through profit or loss	**1,442**	(65)
Fair value gains/(losses) on debt instruments at fair value through profit or loss	**48**	(93)
	1,490	(158)

Accounting policy

Classification

The Company classifies all of its financial assets as 'at fair value through profit or loss' as they are available to back insurance liabilities. This meets the criteria of the standard to avoid an accounting mismatch. Assets in this category are classified as current assets if expected to be settled or sold within 12 months, otherwise they are classified as non-current.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date, being the date on which the Company commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the statement of comprehensive income in the period in which they arise.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Company is the closing market price.

9 Receivables

	2024 $'000	2023 $'000
Premium receivable	**-**	-
Deferred expenses	**-**	-
	-	-
Interest receivable	**37**	36

(a) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Company does not hold any collateral as security.

10 Financial risk management

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - foreign exchange	Equity investments that are denominated in a currency other than New Zealand dollars	Sensitivity analysis	Investment policy limits the Company's foreign currency exposure to a maximum of 30% of the Company's investment portfolio. The Company also holds cash denominated in Australian dollar, US dollar, British pound and Euro.
Market risk - security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification
Credit risk	Cash and cash equivalents and debt investments	Aging analysis Credit ratings	Diversification of bank deposits Investment guidelines for debt investments
Liquidity risk	Insurance claims	Solvency status	Maintain solvency as per the Solvency Standard for Captive Insurers

The Company has a comprehensive investment policy approved by the board of directors to manage the risks of financial instruments. The policy outlines the objectives and approach that the Company will adopt in the investment management process. The policy covers management of credit risk, interest rate risk, foreign exchange risk, liquidity, and operational risks.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The methods and assumptions used are that carrying amounts in the financial statements reflect the estimated fair value of the financial instruments including receivables, bank and investments, and accounts payable.

The Company holds the following financial instruments:

	2024 **$'000**	2023 $'000
Financial assets		
Cash and cash equivalents	**836**	605
Term deposits	**1,500**	2,500
Receivables	**-**	-
Interest receivables	**37**	36
NZ equity investments	**3,199**	2,971
Offshore equity investments	**8,659**	6,202
Corporate bonds	**2,098**	1,600
Global bond funds	**1,295**	1,034
Related party receivable	**6,700**	6,700
	24,324	21,648
Financial liabilities		
Trade and other payables	**79**	46
	79	46

(a) Market risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the value of the Company's assets and liabilities or revenues and expenditure will fluctuate due to changes in foreign exchange rates. Reinsurance is purchased in New Zealand dollars, irrespective of where the reinsurer is domiciled, and is effective from the same date and time as the Company writes the policy for its parent and accepts the insurance risk.

10 Financial risk management (continued)

The Company is exposed to currency risk as a result of equity investments that are denominated in a currency other than New Zealand dollars. The Company manages this risk through its comprehensive investment policy which limits the Company's foreign currency exposure to a maximum of 30% of the Company's investment portfolio. The Company also holds cash denominated in Australian dollar, US dollar, British pound and Euro.

The Company’s exposure to foreign currency risk at the reporting date converted to New Zealand dollar equivalents was as follows:

	Cash and cash equivalents		Other financial assets	
	2024	**2023**	2024	2023
	$'000	**$'000**	$'000	$'000
USD	**3**	**20**	4,196	3,012
AUD	**35**	**11**	3,488	2,550
EUR	**20**	**-**	696	388
GBP	**23**	**8**	279	252
JPY	**2**	**-**	-	-

Sensitivity

The Company is mainly exposed to movements in the United States dollar (USD), Australian dollar (AUD) and Euro (EUR). The following table details the Company's sensitivity to a 5 cent (31 March 2023: 5 cent) increase and decrease in the relevant foreign currencies against the New Zealand dollar. Given the volatility of the foreign markets a 5 cent change in foreign currency exchange rates is considered a reasonably possible change. The sensitivity analysis only includes unhedged foreign currency denominated investments (including cash and cash equivalents) held at balance date and adjusts their translation at the period end for a 5 cent (31 March 2023: 5 cent) change in foreign currency exchange rates. A positive number indicates an increase in profit and equity.

	Impact on post tax profit	
	2024	2023
	$'000	$'000
USD/NZD exchange rate - strengthening NZD	**(324)**	(224)
USD/NZD exchange rate - weakening NZD	**383**	263
AUD/NZD exchange rate - strengthening NZD	**(182)**	(130)
AUD/NZD exchange rate - weakening NZD	**203**	145
EUR/NZD exchange rate - strengthening NZD	**(60)**	(31)
EUR/NZD exchange rate - weakening NZD	**71**	37
GBP/NZD exchange rate - strengthening NZD	**(29)**	(23)
GBP/NZD exchange rate - weakening NZD	**35**	29

(ii) Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified in the statement of financial position as at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company's comprehensive investment policy.

10 Financial risk management (continued)

Sensitivity

The table below summarises the impact of increases / decreases of the equity indexes on the Company's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased / decreased by 5% (31 March 2023: 5%) with all other variables held constant and all the Company's equity instruments moved in perfect correlation with the index.

	Impact on post-tax profit	
	2024	2023
	$'000	$'000
NZ Equities	**115**	107
Offshore Equities	**312**	223

(iii) Interest rate risk

The Company's interest rate risk arises from investments in short term deposits and cash held in bank accounts. To manage its exposure to interest rate risk the Company diversifies its investment portfolio. Diversification of the investment portfolio is done in accordance with the limits set by the Company's comprehensive investment policy.

Sensitivity

At 31 March 2024, if interest rates had changed by +/-50 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been $45k higher/lower (31 March 2023: $45k), mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

Financial instruments which potentially subject the Company to credit risk principally consist of bank balances, term deposits, interest receivable, corporate bonds, global bonds and related party receivables. No collateral is held on these amounts (31 March 2023: nil).

The Company minimises its exposure to credit risk by: pre-qualifying the financial institutions or Brokers/Dealers with which the Company will do business (in principle larger investments and those with longer durations will be made in higher quality investments); and diversifying the investment portfolio so that potential losses on individual investments will be minimised (diversity of investments includes investments in different types of financial assets, and different geographical regions).

Other than the receivable with Unison Networks Limited, there are no significant concentrations of credit risk

An analysis of the credit quality of financial assets that are neither past due nor impaired is as follows:

	2024	2023
	$'000	$'000
Fair value through profit or loss		
Counterparties with external credit rating (S&P or Moody's):		
AA	**-**	-
AA-	**2,069**	3,906
A+	**2,832**	1,189
A	**-**	-
A-	**117**	52
BBB+	**63**	61
BBB	**189**	187
BB+	**248**	245
BB	**-**	-
Unrated	**240**	99
Loan to Parent	**6,700**	6,700
	12,458	12,439

10 Financial risk management (continued)

The related party receivable is neither past due nor impaired.

The maximum exposure to credit risk at the reporting date is the carrying amount of the investments.

(c) Liquidity risk

Liquidity risk represents the risk that the Company may not have the financial ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis. Overall the company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and ensure its investments are sufficiently liquid to cover potential shortfalls.

The investment portfolio must remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio consists largely of investments with active secondary or re-sale markets. Negotiable securities may be sold prior to their maturity to provide liquidity as needed for cash flow purposes.

(d) Financial instruments categories and fair value hierachy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted market prices – financial instruments with quoted prices for identical instruments in active markets.
- Level 2: Valuation techniques using observable inputs - financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3: Valuation techniques with significant non-observable inputs - financial instruments valued using models where one or more significant inputs are not observable.

The following table presents the Company's financial assets and liabilities that are measured at fair value at the end of the reporting period.

	Level 1	Level 2	Level 3	Total
31 March 2024				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	836	-	-	836
Term deposits	-	1,500	-	1,500
Interest receivable	37	-	-	37
Corporate bonds	2,098	-	-	2,098
Global bond funds	1,295	-	-	1,295
Equity investments	11,858	-	-	11,858
Loan to Parent	-	6,700	-	6,700
Total assets	16,124	8,200	-	24,324
31 March 2023				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	605	-	-	605
Interest receivable	36	-	-	36
Term Deposits	-	2,500	-	2,500
Corporate bonds	1,600	-	-	1,600
Global bond funds	1,034	-	-	1,034
Equity investments	9,173	-	-	9,173
Loan to Parent	-	6,700	-	6,700
Total assets	12,448	9,200	-	21,648

10 Financial risk management (continued)

The fair value of financial assets that are not traded in an active market (for example: term deposits and related party receivables) are determined by using valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

- Term deposits and their associated accrued interest are typically short term in nature and held with banks with credit ratings of A+ or better. As such the fair value of these financial assets is considered to be their face value.
- Related party receivables with the Parent are reviewed annually and the interest rate is reset at every financial year to market rates. As such the fair value of this financial asset is considered to be its face value.

There were no transfers between levels during the period.

All financial assets held at fair value through the profit and loss have been designated.

(e) Concentration Risk

For the reinsurance contracts held by the Company, concentration risk is managed by holding contracts with five insurance companies with credit ratings ranging from A to AA+.

11 Insurance contracts - risk management policies and procedures

The financial condition and operation of the Company are affected by a number of key risks including insurance risk, interest rate risk, currency risk, credit risk, market risk, liquidity risk, financial risk, compliance risk, fiscal risk and operational risk. Notes on the Company's policies and procedures in respect of managing these risks are set out in these accounts.

(a) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The Company, as the captive insurer and fully-owned subsidiary of Unison Networks Limited, is required to have in place an effective and fully functioning risk management programme. The Company has an objective to control insurance risk thus reducing the volatility of operating profits. In addition to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, profits from insurance business are affected by market factors, particularly reinsurance pricing and movements in asset values. Short-term variability is, to some extent, a feature of insurance business.

It is a requirement under the Insurance (Prudential Supervision) Act 2010 for any licensed insurer domiciled in New Zealand to produce a Risk Management Programme which is to be approved by the Reserve Bank of New Zealand (RBNZ). The purpose of the Risk Management Programme is to formalise, document and consolidate the risk management practices of the Company, to ensure compliance with sections 18, 34 and 73–75 of the Act. These Sections of the Act are administered by the Reserve Bank of New Zealand. The Company's Board and senior management have developed the Company's Risk Management Policy and strategies for managing risk. The programme is developed around:

- the generic and international Risk Management Standard, AS/NZS ISO 31000:2009; and

- the specific RBNZ requirements associated with licensed insurance companies domiciled in New Zealand.

The Company's Risk Management Programme has been developed to specifically meet the compliance needs of a Captive Insurance Company underwriting only their stakeholder's (i.e. the parent company's) risks. The programme has been developed to comply with the RBNZ's requirements as set out in the Act, and is reviewed on an annual basis.

The Company's Risk Management Programme has been approved by both the Board and RBNZ.

(b) Terms and conditions of insurance

The terms and conditions attaching to insurance contracts affect the level of insurance risk accepted by the Company. The Company is authorised to underwrite only the risks of the parent,Unison Networks Limited, and its subsidiaries.

11 Insurance contracts - risk management policies and procedures (continued)

The Material Damage Business Interruption (MDBI) risk for the Unison Group may be underwritten by Unison Insurance Limited . The Transmission and Distribution Policy (T&D Policy) is a MDBI policy and provides limited cover for electricity and fibre network assets of the Unison Group. The T&D Policy is structured to provide catastrophe cover in the event of an earthquake, storm, flood or volcanic eruption. Unison Insurance Limited does not obtain reinsurance for this policy, and therefore retains all the risk associated with this policy.

The Company's net retentions are subject to annual review and approval by the Board at the time of insurance/reinsurance renewal, and prior to the Unison Group's annual Insurance Programme being arranged.

Insurance and reinsurance contracts are entered into annually. At the time of entering into the contract changes in risk are taken into account and all terms and conditions are negotiable or, in the case of renewals, renegotiable.

For the 2023/24 year the Company wrote a Transmission & Distribution and Business Interruption policy for the period to 31 March 2024. At the very end of the year it also wrote the Material Damage and Business Interruption policy for the parent and its subsidiaries for the 2024/25 period. This, therefore, required reinsurance contracts to be entered into.

For the Transmission & Distribution and Business Interruption policy, the attachment of risk for insurance contracts written by the Company is 1 April of each insurance period. This had a gross written premium of $844,594.

For the Material Damage and Business Interruption Policy, the attachment of risk for the insurance contracts written by the company is 31 March (4pm NZ) for the 2024/25 period. This had a gross written premium of $1,962,288.

(c) Pricing

Basis - Policy pricing is based on market place quotes. This ensures that premiums are no better or worse than the retail market as the Company does not establish it.

Probability of an insurable event - the Company accepts the probabilities of the New Zealand retail insurance market.

(d) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The Company is authorised to underwrite only the risks of the Parent and its subsidiaries.

No reinsurance was purchased during the year.

Risk	Source of concentration	Risk management measures
Natural catastrophes	Properties concentrated in regions that are subject to: - Earthquakes - Storm - Flood - Volcanic eruption	The Company's underwriting strategy requires individual risk premiums to be differentiated in order to reflect the higher loss frequency in particular geographical areas. The Company has modelled aggregated risk by postcode using commercially available catastrophe models. The Company's exposure data across the portfolio encompasses all natural catastrophe risks. Based on the probable maximum loss per the models, the Company purchases catastrophe reinsurance cover where economically available. For the year ending 31 March 2024, the loss of damage caused by natural catastrophe to transmission and distribution assets is limited to $16 million of cover for a series of losses arising out of any one event for Material Damage and $4 million of cover for Business Interruption combined with a $10 million deductible held by Unison Networks Limited.

11 Insurance contracts - risk management policies and procedures (continued)

Larger than expected claims	Having a relatively high exposure to material damage and business interruption risks from the Group	The Company has mitigated these risks by retaining sufficient capital within the Company to meet the costs of a large claim. The Company has access to all the Stakeholder data so is in a privileged and well-informed position when determining its risk acceptance policy. For the Transmission & Distribution and Business Interruption policy, claims for the year ending 31 March 2024 year are limited to $16 million of cover for a series of losses arising out of any one event for Material Damage and $4 million of cover for Business Interruption combined with a $10 million deductible held by Unison Networks Limited.

(e) Claims management

It is the Company's policy to insure only its parent and subsidiaries of the parent. As a result, the potential for non-notified claims and for late reporting of claims is minimised. Nevertheless, it is the Company's policy to require that the claims reporting restrictions imposed by the Company's reinsurers are imported into the insurance policies issued by the Company.

Because of the limited size and specialist requirements of Unison Insurance Limited, a captive insurance adviser has been appointed to meet the Company's administrative needs. Claims are likely to be infrequent, and the Company uses a third party with claims handling experience to independently review and manage all claims.

(f) Liability adequacy test

The liability adequacy test is an assessment of whether the carrying amount of the recognised liabilities are adequate and is conducted at each reporting date. If current estimates of the expected future cash flows relating to future claims arising from the rights and obligations under current insurance contracts exceed the recognised liabilities then the recognised liabilities are deemed to be deficient. Any deficiency arising from the test is recognised in the Statement of Comprehensive Income, with the corresponding impact on the statement of financial position.

No liability adequacy test has been performed as there have been no claims made nor notified to it during the year.

(g) Credit risk

The credit rating of all participating reinsurers is monitored by the Company's Adviser who is responsible for warning the Board and management of changes to the credit ratings of any reinsurer involved in the Company's reinsurance programme. The reinsurer credit ratings are formally reviewed by the Board each year.

Financial assets and liabilities arising from insurance and reinsurance contracts are stated in the statement of financial position at the amount that best represents the maximum credit risk exposure at balance date.

Other than receivable with Unison Networks Limited, there are no significant concentrations of credit risk.

For the reinsurance contracts held by the Company, concentration risk is managed by holding contracts with five insurance companies with credit ratings ranging from A to AA+.

(h) Exposure risk

The company is exposed to the issuance of two insurance contracts, the T&D/BI for Unison Networks and the MD/BI policy for Unison Networks and its subsidiaries. The exposure to the MD/BI policy is mitigated by the reinsurance contracts to five insurers with matching terms to the insurance contracts.

The exposure to the TD/BI policy is mitigated by the policy having a $10m deductible and $20m limit, so the maximum exposure is sufficiently covered by the Company's balance sheet. The likelihood of the $10m deductible being exceeded is also highly unlikely and is for extreme catastrophic events. For example, the damage caused by Cyclone Gabrielle did not trigger the deductible.

12 Income tax expense

	2024 $'000	2023 $'000
(a) Income tax expense		
Current tax:		
Current tax on profits for the year	**427**	350
Prior period current tax adjustment	**(41)**	(8)
Income tax expense	**386**	342
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	**2,942**	1,051
Income tax @ 28%	**826**	294
Tax effects of:		
• Income subject to tax	**45**	-
• Income not subject to tax	**(456)**	14
• Expenses not deductible for tax purposes	**12**	42
• Prior period current tax adjustment	**(41)**	-
Imputation credits received	**-**	(8)
Income tax expense	**386**	342

There is no unrecognised deferred tax.

Accounting policy

The tax expense for the period includes components relating to current tax and deferred tax. Tax is recognised in the statement of financial performance, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the amount of income tax payable/(receivable) based on the taxable profit/(loss) for the current period, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

13 Imputation credits

The Parent imputation credit account includes Unison Insurance Limited as part of the Unison Consolidated Income Tax Group.

14 Contributed equity

	2024 Shares	2023 Shares	**2024 $'000**	2023 $'000
Ordinary shares				
Fully paid (no par value)	**8,700,000**	8,700,000	**8,700**	8,700

15 Related party transactions

(a) Group structure

The ultimate Parent entity within the Group is Unison Networks Limited.

Related parties include:

- Unison Networks Limited

- Other Group companies

(b) Key management and personnel compensation

The Company does not have any employees. The Parent provides financial and administrative functions to the Company for which the Company pays the Parent a corporate overhead charge. Key management personnel of the Company are all the directors and officers of the Company as they have the authority for the strategic direction and management of the Company.

No compensation is paid by the Company for key management personnel services other than directors fees. No compensation is paid by the Company for services provided by the Chairman, who is the Chief Executive of the Company's Parent; nor officers of the Company, who are executives of the Parent. Their compensation is included in the aggregated key management personnel disclosures of the Group's financial statements. It is not possible to make a reasonable estimate of compensation in relation to services as Chairman or officers of the Company so no compensation value has been included below.

(c) Directors remuneration

The names of persons who were directors of the company and their remuneration at any time during the financial year are as follows:

	2024	2023
	$	$
B Martin	**11,000**	9,000
J Palairet	**11,000**	9,000
K Sutherland (Chairman) (retired 12 Sept 2023)	**-**	-
J Park (Chairman) (appointed 12 Sept 2023)	**-**	-
	22,000	18,000

In 2024, $2,000 of directors remuneration relates to the backpay of fees for the prior year ($1,000 per director). The directors remuneration is all classed as short term employee remuneration.

Directors interests

There were no new interests declared.

(d) Transactions with related parties

The following transactions occurred with related parties:

	2024	2023
	$'000	$'000
(i) Sales of services:		
• Insurance premiums charged to Parent	**845**	866
•Prior year adjustment	**-**	(41)
	845	825

15 Related party transactions (continued)

	2024 $'000	2023 $'000
(ii) Purchases of services		
• Corporate overhead charges paid to Parent	**(88)**	(88)
(iii) Year-end balances arising from sales/purchases services		
Premium receivable from Parent	**-**	-
(iv) Loans to related parties		
Loans to key management of the company (and their families):		
• Loan receivable from/(payable to) Parent	**6,700**	6,700
• Interest received from Parent	**475**	283
	7,175	6,983

16 Contingent Liabilities and Commitments

As at 31 March 2024 the Company had no contingent liabilities nor capital commitments (31 March 2023: $Nil).

17 Events occuring after the reporting period

There were no subsequent events occuring after the reporting period.

Independent Auditor's Report

To the shareholders of Unison Insurance Limited

The Auditor-General is the auditor of Unison Insurance Limited (the Company). The Auditor-General has appointed me, Chris Webby, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Company on his behalf.

Opinion

We have audited the financial statements of the Company on pages 3 to 26, that comprise the statement of financial position as at 31 March 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the 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 the New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. 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 the Auditor-General's Auditing Standards, which incorporate Professional and Ethical Standard 1*: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition to the audit, we have carried out a limited assurance engagement in relation to the Company's annual solvency return as at 31 March 2024, which is compatible with the above independence requirements. Other than the audit and this engagement, we have no relationship with, or interests in, the Company.

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 period. We have determined that there are no key audit matters to communicate in our report.

Other information

The Directors are responsible on behalf of the Company for the other information. The other information comprises the information included on pages 1 to 2 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, we consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities 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 New Zealand equivalent to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of 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.

The Directors' responsibilities arise from the Financial Markets Conduct Act 2013.

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 the Auditor-General's Auditing Standards 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 the users taken on the basis of these financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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 Company'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 Company 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 the underlying transactions and events in a manner that achieves fair presentation.

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 period 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.
Our responsibilities arise from the Public Audit Act 2001.

Chris Webby
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
27 June 2024

Davies Financial and Actuarial Limited

20th June 2024

To: The Directors
Unison Insurance Limited

From: Peter Davies
Appointed Actuary

Re: Unison Insurance Limited ("the Company"): 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 the Company as at 31st March 2024. "Actuarial information" includes the following:

   - claim provisions and unexpired risk / unearned premium provisions;
   - 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 claim provisions, unexpired risk provisions, and other disclosures.

2. No limitations have been placed on my work.

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3. I am independent with respect to the Company 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.

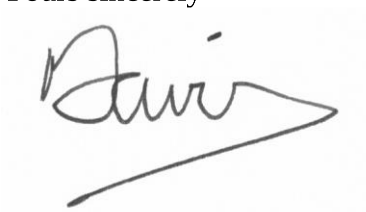
6. The Company's position as at 31st March 2024 under the RBNZ Interim Solvency Standard 2023 can be summarised as follows:

	31 Mar 2024	31 March 2023
Solvency capital:	24,033,526	21,477,373
Minimum capital requirement:	8,176,156	7,176,901
Solvency margin:	15,857,369	14,300,472
Solvency coverage ratio	294%	299%

The Company is projected to meet the requirements of this Standard at all times over the next four years.

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

Yours sincerely



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

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