# CentrePort Captive Insurance Limited

**Financial Statements**
**for the financial year ended 30 June 2024**

**CentrePort Captive Insurance Limited**

Financial Statements
for the financial year ended 30 June 2024

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## Directors' report

The Board of Directors presents the Directors' report together with the financial statements of CentrePort Captive Insurance Limited (the Company) for the financial year ended 30 June 2024.

**Directors**
The Directors of the Company at the end of the financial year are:

Sophie Haslem
Lachlan John Campbell Johnstone
Jason John McDonald (appointed 2 April 2024)
Martin Paul Lewington (resigned 3 April 2024)

**Registered office**
2 Fryatt Quay
Pipitea
Wellington, 6011
New Zealand

**Auditor**
Deloitte Limited on behalf of the Auditor-General
Level 12
20 Customhouse Quay
Wellington, 6011
New Zealand

**Dividends**
During the financial year, the Company did not pay any dividends to the immediate holding company (CentrePort Limited).

**Principal activities**
The principal activities of the Company is to insure its parent (CentrePort Limited) and subsidiaries of the parent for the Material Damage and Business Interruption risk.

**Review of operations**
The net profit after income tax for the financial year ended 30 June 2024 was $1,317,168 (2023: $460,556).

**Events subsequent to reporting date**
On 1 July 2024, the Company renewed its policy to insure its Parent's (CentrePort Limited) $30 million Material Damage and Business Interruption policy for the earthquake risk and there was no reinsurance contract purchased for the financial year 2024/25. This subsequent event does not require adjustment to the amounts reflected in the 30 June 2024 financial statements or disclosures thereto.

This financial report of the Company was approved for issue by the Board on 25 September 2024. Signed in accordance with a resolution of the Directors.

**Director**

**Director**

**CentrePort Captive Insurance Limited**
**Statement of comprehensive income**
for the financial year ended 30 June 2024

| | Note | 30 June 2024 | 30 June 2023 |
|---|---|---|---|
| Insurance revenue | | 500,000 | - |
| Insurance service expense | | - | - |
| **Insurance service result** | | **500,000** | **-** |
| Investment Income | 4 | 1,330,571 | 705,611 |
| **Investment return** | | **1,330,571** | **705,611** |
| Other expenses | 3 | (69,508) | (65,951) |
| **Profit before income tax** | | **1,761,063** | **639,660** |
| Income tax expense | 5 | (493,607) | (179,104) |
| **Profit after income tax** | | **1,267,456** | **460,556** |
| **Other comprehensive income (OCI)** | | | |
| Movement in fair value reserve, after tax | 4 | 49,712 | - |
| **Other comprehensive income for the year** | | **49,712** | **-** |
| **Total comprehensive income for the year, net of tax** | | **1,317,168** | **460,556** |

The statement of comprehensive income is to be read in conjunction with the accompanying notes.

**CentrePort Captive Insurance Limited**
**Statement of financial position**
as at 30 June 2024

| | Note | 30 June 2024 | 30 June 2023 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 12.2 | 10,037,469 | 1,446,442 |
| Receivables and other assets | 6 | 220,166 | 334,843 |
| GWRC Commercial Paper | 15 | - | 18,960,054 |
| Investments in equity instruments | 17.7 | 1,202,719 | - |
| Investments in fixed-income investment securities | 17.7 | 19,623,065 | - |
| Loan to immediate holding company | 15 | - | 995,041 |
| **Total assets** | | 31,083,419 | 21,736,380 |
| | | | |
| **Liabilities** | | | |
| Trade and other payables | 8 | 30,591 | 22,000 |
| Insurance contract liabilities | 7 | - | - |
| Loan from immediate holding company | 15 | 170,802 | - |
| Current tax liabilities | 5 | 504,502 | 200,024 |
| **Total liabilities** | | 705,895 | 222,024 |
| **Net assets** | | **30,377,524** | **21,514,356** |
| | | | |
| **Equity** | | | |
| Share capital | 10 | 28,546,000 | 21,000,000 |
| Fair value reserve | | 49,712 | - |
| Retained earnings | | 1,781,812 | 514,356 |
| **Total equity** | | **30,377,524** | **21,514,356** |

The Board of Directors of CentrePort Captive Insurance Limited approved these financial statements issued on 25 September 2024.

For, and on behalf of the Board.

**Director** **Director**

The statement of financial position is to be read in conjunction with the accompanying notes.

**CentrePort Captive Insurance Limited**
**Statement of changes in equity**
for the financial year ended 30 June 2024

| | Note | Fair Value Reserve | Share Capital | Retained Earnings | Total |
|---|---|---|---|---|---|
| **Balance as at 1 July 2022** | | **-** | **1,000,000** | **53,800** | **1,053,800** |
| Profit for the financial year ended 30 June 2023, net of tax | | - | - | 460,556 | **460,556** |
| Other Comprehensive Income | | - | - | - | **-** |
| **Total comprehensive income for the financial year ended 30 June 2023** | | **-** | **-** | **460,556** | **460,556** |
| ***Transactions with owners*** | | | | | |
| Capital issued | | - | 20,000,000 | - | **20,000,000** |
| **Balance as at 30 June 2023** | | **-** | **21,000,000** | **514,356** | **21,514,356** |
| **Balances as at 1 July 2023** | | **-** | **21,000,000** | **514,356** | **21,514,356** |
| Profit for the financial year ended 30 June 2024, net of tax | | - | - | 1,267,456 | **1,267,456** |
| Changes in fair value of Investment securities (designated at FVOCI), net of tax | | 47,971 | - | - | **47,971** |
| Cumulative (gain)/loss transferred to profit and loss, net of tax | | 1,741 | - | - | **1,741** |
| **Total comprehensive income for the financial year ended 30 June 2024** | | **49,712** | **-** | **1,267,456** | **1,317,168** |
| ***Transactions with owners*** | | | | | |
| Capital issued | 10 | - | 7,546,000 | - | **7,546,000** |
| **Balance as at 30 June 2024** | | **49,712** | **28,546,000** | **1,781,812** | **30,377,524** |

The statement of changes in equity is to be read in conjunction with the accompanying notes.

**CentrePort Captive Insurance Limited**
**Statement of cash flows**
for the financial year ended 30 June 2024

| | Note | 30 June 2024 | 30 June 2023 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Insurance premiums received | | 500,000 | - |
| Operating expense paid | | (88,318) | (81,200) |
| Net movement in goods and services tax | | 79,859 | (1,221) |
| **Net cash from/(used in) from operating activities** | 12.1 | **491,541** | **(82,421)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Bank Interest received | | 34,645 | 21,564 |
| Investment income | | 1,405,411 | - |
| Purchase of GWRC Commercial Paper | | - | (18,567,420) |
| Maturity of GWRC Commercial Paper | | 18,960,054 | - |
| Purchase of JB Were Investments | | (20,939,989) | - |
| **Net cash used in investing activities** | | **(539,879)** | **(18,545,857)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Authorised capital received | | 7,546,000 | 20,000,000 |
| Loan from immediate holding company | | 5,214,365 | - |
| Loan to immediate holding company | | (4,121,000) | (1,010,959) |
| **Net cash from financing activities** | | **8,639,365** | **18,989,041** |
| | | | |
| **Net increase in cash and cash equivalents** | | 8,591,027 | 360,763 |
| | | | |
| Cash and cash equivalents at the beginning of the financial year | | 1,446,442 | 1,085,679 |
| **Cash and cash equivalents at the end of the financial year** | 12.2 | **10,037,469** | **1,446,442** |

The statement of cash flows is to be read in conjunction with the accompanying notes.

**CentrePort Captive Insurance Limited**
**Notes to the financial statements**

### 1. Reporting entity

CentrePort Captive Insurance Limited (the Company) is a company incorporated and domiciled in New Zealand under the Companies Act 1993. Its registered office is 2 Fryatt Quay, Pipitea, Wellington.

The financial statements of the Company as at and for the financial year ended 30 June 2024 were issued by the Board of Directors on 25 September 2024.

The Company is a profit oriented entity in the business of insuring the Material Damage and Business Interruption risk for its parent (CentrePort Limited) and subsidiaries of the parent.

### 2. Basis of preparation

The Company is a for-profit entity and the financial statements have been prepared on the historical cost basis unless the application of fair value measurements are required by the relevant accounting standards such as the measurement of financial instruments at fair value through other comprehensive income and the measurement of insurance contract assets and liabilities.

Material accounting policy applied in the preparation of these financial statements are set out in Note 17.

The reporting period was from 1 July 2023 to 30 June 2024.

These financial statements are presented in New Zealand functional and presentation currency.

These financial statements have been prepared on a going concern basis.

#### 2.1 Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the IFRS Accounting Standards (IFRS) and the New Zealand equivalents to IFRS Accounting Standards (NZ IFRS), and other applicable Financial Reporting Standards as appropriate for profit-oriented entities. The financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013, Financial Reporting Act 2013 and the Insurance (Prudential Supervision) Act 2010.

#### 2.2 New or amended standards which became mandatory and were adopted during the financial year

Other than the adoption of NZ IFRS 17 (see note 17.9), there have been no new or revised accounting standards, interpretations or amendments effective during the year which have a material impact on the Company's accounting policies or disclosures.

There are several other amendments and interpretations issued but not yet effective. These are not expected to have a material impact to the Company's financial statements.

#### 2.3 Comparative information

The amounts presented in the comparative information were prepared for the financial year ended 30 June 2023. Refer to note 17.9 for details of the impact on the comparative information due to the adoption of NZ IFRS 17 *Insurance Contracts* in the current year.

#### 2.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and amounts reported in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Where revisions are made to accounting estimates, any financial impact is recognised in the period in which the estimate is revised.

### 3. Other expenses

| | | 30 June 2024 | 30 June 2023 |
|---|---|---|---|
| Captive management fee | | 42,586 | 43,951 |
| Investment Manager Fee | | 14,437 | - |
| Actuarial fee | | 3,019 | 2,000 |
| Audit fee | | 9,466 | 20,000 |
| **Total Other expenses** | | **69,508** | **65,951** |

## 4. Financial Instruments

Financial instruments are transacted on a commercial basis to derive an interest yield with terms and conditions having due regard to the nature of the transaction and risks involved. All financial instruments are accounted for on settlement basis, expect for fixed income (debt) investment securities which are accounted for on contract date.

**Investment Income:**

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| Interest on Bank Deposit | 34,645 | 21,564 |
| Interest on GWRC Commercial Paper | 748,533 | 684,047 |
| Interest on Intercompany Loan | 187,557 | - |
| Interest on Fixed Income Securities | 230,550 | - |
| Interest on JB Were Cash Account | 120,463 | - |
| Dividend Income | 4,980 | - |
| Realised Gains on FX | 5,584 | - |
| Realised Losses on Sale of Fixed Income Securities | (1,741) | - |
| **Investment Income** | **1,330,571** | **705,611** |

**Change in Fair Value of Investment Securities (designated at OCI)**

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| Fixed Income Investment Securities | 39,068 | - |
| Equities | 21,539 | - |
| **Change in Fair Value of Investment Securities (designated at OCI)** | **60,607** | **-** |
| less : Tax impact | (10,895) | - |
| **Movement in Fair Value Reserve** | **49,712** | **-** |

**The Company holds the following financial instruments:**

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| **Financial assets** | | |
| Financial assets at amortised cost: | | |
| Cash and cash equivalents | 10,037,469 | 1,446,442 |
| Receivables and other assets | 169,182 | 291,414 |
| Loans to immediate holding company | - | 995,041 |
| Financial assets at FVPL: | | |
| GWRC Commercial paper | - | 18,960,054 |
| Financial assets at FVOCI: | | |
| Fixed Income Investment Securities | 19,623,065 | - |
| Equities | 1,202,719 | - |
| **Total Financial assets** | **31,032,435** | **21,692,951** |
| | | |
| **Financial liabilities** | | |
| Liabilities at amortised cost: | | |
| Trade and other payables | 30,591 | 22,000 |
| Loans from immediate holding company | 170,802 | - |
| **Total Financial liabilities** | **201,393** | **22,000** |

## 5. Income tax

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| **Income tax expense is represented by:** | | |
| Current tax expense | 493,607 | 179,104 |
| **Income tax expense** | **493,607** | **179,104** |
| | | |
| **Charged to Other Comprehensive Income** | | |
| Gain on investments | 10,895 | - |
| **Income tax expense** | **10,895** | **-** |
| | | |
| **Relationship between income tax and accounting surplus:** | | |
| Net surplus before tax | 1,761,063 | 639,660 |
| Income Taxation on the Surplus for the Year at 28% | 493,098 | 179,104 |
| Taxation Effect of: | | |
| - Permanent Adjustments | 509 | - |
| **Income tax expense** | **493,607** | **179,104** |
| | | |
| **Income tax liability** | | |
| Opening balance | 200,024 | 20,920 |
| Intercompany tax transfers | (179,104) | - |
| Prior year adjustment | (20,920) | - |
| Current year tax charge | 504,502 | 179,104 |
| **Current tax liabilities** | **504,502** | **200,024** |

**CentrePort Captive Insurance Limited**
**Notes to the financial statements (continued)**

### 6. Receivables and other assets

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| Accrued interest income | 169,182 | 291,414 |
| Goods and Service Tax asset | 1,321 | 6,180 |
| Prepaid Captive management fee | 49,663 | 37,249 |
| **Total receivables and other assets** | **220,166** | **334,843** |
| Current | 220,166 | 334,843 |
| Non-current | - | - |
| **Total receivables and other assets** | **220,166** | **334,843** |

### 7. Insurance Contracts

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Liabilities for remaining coverage (LRC) | Liabilities for incurred claims (LIC) | Total | Liabilities for remaining coverage (LRC) | Liabilities for incurred claims (LIC) | Total |
| **Insurance contracts** | | | | | | |
| Opening insurance contract asset | - | - | - | - | - | - |
| Opening insurance contract liability | - | - | - | - | - | - |
| **Net opening balance** | - | - | - | - | - | - |
| ***Changes in Statement of comprehensive income*** | | | | | | |
| **Insurance revenue** | | | | | | |
| Contracts | **(500,000)** | - | **(500,000)** | - | - | - |
| **Insurance services expenses** | | | | | | |
| Insurance services expenses | - | - | - | - | - | - |
| ***Cashflows for the year*** | | | | | | |
| Premiums received | 500,000 | - | **500,000** | - | - | - |
| Insurance services expenses | - | - | - | - | - | - |
| Claims paid | - | - | - | - | - | - |
| **Total cash flows** | **500,000** | - | **500,000** | - | - | - |
| **Net closing balance** | | | | | | |
| Closing insurance contract asset | - | - | - | - | - | - |
| Closing insurance contract liability | - | - | - | - | - | - |

No claims have been incurred for the period and no claims have been carried forward.

### 8. Trade and other payables

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| Accrued actuarial fee | 8,625 | 2,000 |
| Accrued audit fee | 21,966 | 20,000 |
| **Total payables and other liabilities** | **30,591** | **22,000** |
| Current | 30,591 | 22,000 |
| Non-current | - | - |
| **Total payables and other liabilities** | **30,591** | **22,000** |

### 9. Actuarial information

Peter Davies, of Davies Financial and Actuarial Limited, is the Company's Appointed Actuary. Mr. Davies is a Fellow of the New Zealand Society of Actuaries. Mr. Davies has no financial interest in the Company.

According to section 77(1) of the Insurance (Prudential Supervision) Act 2010 (IPSA) the Appointed Actuary must review the actuarial information in, or used in the preparation of, the financial statements.

The liability for incurred claims disclosed for the Company have been calculated in accordance with the New Zealand Society of Actuaries Professional Standard No. 30 "Valuations of General Insurance Claims".

The Appointed Actuary is satisfied that he has obtained all the information and explanations required. He is satisfied that the actuarial information has been used appropriately in the preparation of the financial statements and included appropriately in the financial statements.

In particular, the Appointed Actuary is satisfied as to the nature, sufficiency and accuracy of the data used to determine the liability for incurred claims. There were no qualifications contained in their respective actuarial advice.

### 10. Share capital

The Company has authorised capital of $28,546,000 (2023: $21,000,000) in respect of its issued shares. All shares are fully paid and rank equally. During the year, the Company issued 7,546,000 (2023: 20,000,000) shares at $1 per share. As at 30 June 2024, the Company had 28,546,000 (2023: 21,000,000) ordinary shares issued to its immediate holding company (CentrePort Limited).

### 11. Capital management

#### 11.1 Capital management policies and objectives

The capital management strategy of the Company is to optimise shareholder value, having regard to the need to hold sufficient capital to protect the interests of insureds, and comply with relevant regulatory requirements, by managing the level, mix and use of capital resources. The primary objective is to ensure there are sufficient capital resources to maintain and grow the business, in accordance with risk appetite.

The Company is a licensed insurance company in accordance with the Insurance (Prudential Supervision) Act 2010 (IPSA). The Company manages its capital in accordance with the requirements of IPSA and the Interim Solvency Standard (2023) issued by the Reserve Bank of New Zealand.

The Company is required to maintain a solvency capital of at least $1 million as per below, i.e. actual solvency capital as determined under the Solvency Standard should be at or above the minimum solvency capital level. The actual amount retained as minimum solvency capital and determined by the Directors of the Company as appropriate to ensure their financial soundness, and the basis for determining the amount are set out below.

The Company satisfied all externally imposed capital requirements which they were subject to during the financial year ended 30 June 2024.

The Company has embedded in their capital management framework the necessary tests to ensure continuous and full compliance with the Solvency Standard.

The Company and its Directors oversee capital computations and maintain optimal capital structure. In addition, the Company manages its required level of capital through analysis and optimisation of the reinsurance program, catastrophe exposure and investment strategy.

#### 11.2 Regulatory capital

Regulatory capital is made up of two components, actual solvency capital and minimum solvency capital with the difference representing the solvency margin. The calculation of the solvency margin for the Company is detailed below:

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| Actual solvency capital | 30,377,524 | 21,514,356 |
| Minimum solvency capital | 7,834,139 | 1,000,000 |
| Solvency margin | 22,543,385 | 22,514,356 |
| Solvency ratio | 3.88 | 21.51 |

## 12. Cash

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

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| **Profit for the financial period** | **1,267,456** | **460,556** |
| Less: Tax on the fair value adjustment (OCI) | (10,895) | **-** |
| **Profit for the financial period net of tax on fair value adjustment** | **1,256,561** | **460,556** |
| | | |
| **Net cash from investing activities** | | |
| Investment income | (1,330,571) | (705,611) |
| | | |
| **Change in assets and liabilities** | | |
| Increase in receivables and other assets | (7,555) | (32,290) |
| Increase in other liabilities | 8,591 | 15,820 |
| Increase in current tax liabilities | 304,478 | 179,105 |
| Decrease in intercompany loan due to repayment and GST | 260,037 | - |
| **Net cash from/ (used in) operating activities** | **491,541** | **(82,421)** |

### 12.2 Cash & Cash Equivalents

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| Cash at bank and in hand | 10,037,469 | 1,446,442 |
| **Total Cash & Cash Equivalents** | **10,037,469** | **1,446,442** |

## 13. Accounting Classification

The carrying amount of financial assets and liabilities shown in the statements of financial position are as follows:

| | Financial assets at fair value through OCI | Financial assets at fair value through PL | Financial assets at amortised cost | Financial liabilities at amortised cost | Carrying amount |
|---|---|---|---|---|---|
| **As at 30 June 2024** | | | | | |
| Cash and cash equivalents | - | - | 10,037,469 | - | **10,037,469** |
| Receivables and other assets | - | - | 169,182 | - | **169,182** |
| Investment in equity instruments at FVOCI | 1,202,719 | - | - | - | **1,202,719** |
| Investment in bonds at FVOCI | 19,623,065 | - | - | - | **19,623,065** |
| **Total financial assets** | **20,825,784** | **-** | **10,206,651** | **-** | **31,032,435** |
| Trade and other payables | - | - | - | (30,591) | **(30,591)** |
| Loan from immediate holding | - | - | - | (170,802) | **(170,802)** |
| **Total financial liabilities** | **-** | **-** | **-** | **(201,393)** | **(201,393)** |
| | | | | | |
| **As at 30 June 2023** | | | | | |
| Cash and cash equivalents | - | - | 1,446,442 | - | **1,446,442** |
| Receivables and other assets | - | - | 291,414 | - | **291,414** |
| GWRC Commercial Paper | - | 18,960,054 | - | - | **18,960,054** |
| Loan to immediate holding company | - | - | 995,041 | - | **995,041** |
| **Total financial assets** | **-** | **18,960,054** | **2,732,897** | **-** | **21,692,951** |
| Trade and other payables | - | - | - | (22,000) | **(22,000)** |
| **Total financial liabilities** | **-** | **-** | **-** | **(22,000)** | **(22,000)** |

## 14. Risk management

### 14.1 Risk management overview

The Company's Board has ultimate responsibility risk management and is assisted by the Directors in its oversight of material risk categories and adherence to Board approved risk appetite and risk policies.

The material risks managed by the Company include strategic, financial, insurance, and operational (including compliance) risks:

| Key risks | Definition |
|---|---|
| Strategic risk | The risk that the Company's business model or strategy is not viable due to external change and the risk of failed execution of the strategy. |
| Financial - Credit risk | The risk that the other party in an agreement will default / will not meet its contractual obligations in accordance with agreed terms. |
| Financial - Liquidity risk | The risk that the Company will be unable to service its cash flow obligations today or in the future. |
| Financial - Market/investment risk | The risk of unfavourable changes in foreign exchange rates, interest rates, equity prices, credit spreads, inflation, commodity prices, and market volatilities. |
| Financial - Asset and liability risk | The risk of adverse movements in the relative value of assets and liabilities due to changes in market factors (e.g. interest rates, inflation, FX), the variation in repricing profiles or from the different characteristics of the assets and liabilities. |
| Insurance risk | The risk that for any class of risk insured, the present value of actual claims payable will exceed the present value of actual premium revenues generated. This includes product design, pricing, reinsurance, underwriting, claims and reserving risks. |
| Operational risk | The risk of loss resulting from inadequate or failed internal processes and systems, errors by our people or from external events. This includes legal risk, but excludes strategic and reputational risks. |
| Compliance risk | Managing compliance risk ensures our legislative, regulatory and industry code obligations are met. Compliance risk must be considered as part of identifying and assessing operational risks. Compliance and operational risks management practices are embedded in the risk, obligations and controls assessment review process and the dynamic risk assessment process that supports the Company's objective to prevent and detect compliance breaches. |

### 14.2 Insurance risk management

**Policies and practices for mitigating insurance risk**

Controls are implemented to manage the following components of insurance risk:
- pricing, including pricing strategies, technical pricing and pricing adequacy reviews;
- processes that identify and respond to changes in the internal and external environment impacting insurance products; and
- underwriting, including processes to consider the actual exposure to particular risks or an event, monitoring of significant accumulation and concentration of risk, and guidelines around the utilisation of reinsurance in pricing and underwriting.

### 14.3 Credit risk

The Company is exposed to and manages the following key sources of credit risk:

| Key sources of credit | How are these managed |
|---|---|
| Premiums receivable | The premium receivable is only due from related entities as the Company is solely authorised to underwrite risks of its Parent and not authorised to underwrite any Third Party risks. The risk is considered low as the parent company has adequate liquidity levels. |
| Investments in financial instruments | Investments in financial instruments in the investment portfolios are held in accordance with the investment policy. 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. |

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Concentration of credit risk is managed by individual counterparty and by credit rating. The Company do not expect any counterparties to fail to meet their obligations given their credit ratings and therefore does not require collateral or other security to support credit risk exposures.

The carrying amount of the relevant asset classes in the statements of financial position represents the maximum amount of credit exposures.

**CentrePort Captive Insurance Limited**
**Notes to the financial statements (continued)**

**14. Risk management (continued)**
**14.3 Credit risk (continued)**

For investment securities management has established limits such that all fixed income investment securities must be
1. Managed Funds and ETFs can have up to 5% of debt securities that are credit rated below BBB or unrated.
2. Investment in Debt Securities below BBB allowed only if agreed by the CCIL Board.

**Cash at bank and short-term bank deposits**

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| "AA-" rated entities | 10,037,469 | 1,446,442 |

**Investments at FVPL - GWRC Commercial paper**

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| "AA" rated entities | - | 18,960,054 |

**Fixed Income Investments at FVOCI***

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| "AAA" rated entities | 3,032,893 | - |
| "AA" rated entities | 8,935,771 | - |
| "A" rated entities | 3,048,141 | - |
| "BBB" rated entities | 3,562,197 | - |
| Unrated entities | 668,906 | - |

"AA" rated entities: counterparties that have a long-term credit rating AA- or above
"A" rated entities: counterparties that have a long-term credit rating of A-, A or A+

"BBB" rated entities: counterparties that have a long-term credit rating of BBB-, BBB
*Excludes equities and global bonds funds

Ratings as published by rating agency *Standard & Poor*

**14.4 Liquidity risk**
To ensure payments are made when they fall due, the Company has the following key facilities and arrangements in place to mitigate liquidity risks:

- cash deposits are sufficient to meet day-to-day obligations;
- investment funds set aside can be realised to meet significant claims payment obligations;
- regularity of premiums received provides substantial liquidity to meet claims payments and associated expenses as they arise; and
- flexibility in investment strategies implemented for investment management to provide sufficient liquidity to meet claim payments as they fall due, based on actuarial assumptions.

The table below summarises the maturity profile of certain financial liabilities based on the remaining undiscounted contractual obligations.

| | Carrying amount | 1 year or less | 1 to 5 years | Total |
|---|---|---|---|---|
| **As at 30 June 2024** | | | | |
| Trade and other payables | 30,591 | 30,591 | - | **30,591** |
| Loan from immediate holding company | 170,802 | 170,802 | - | **170,802** |
| **Total** | **201,393** | **201,393** | **-** | **201,393** |
| | | | | |
| **As at 30 June 2023** | | | | |
| Trade and other payables | 22,000 | 22,000 | - | **22,000** |
| **Total** | **22,000** | **22,000** | **-** | **22,000** |

### 14.5 Market risk

The main source of market risk comes from the investment portfolios. The Company business has distinct investment portfolios, each with their own investment mandate. The investment mandates specify investment restrictions including but not limited to, asset class limits, authorised investments, duration limits, derivative restrictions, minimum credit ratings and counterparty credit limits.

#### a) Interest rate risk

Interest rate risk arises from the investments in fixed rate interest-bearing securities. Interest rates have an impact on the values of both assets and liabilities and the main sources of loss are adverse changes in the valuation of investments in interest-bearing securities and insurance contract assets/liabilities.

A change in the market value of investments in interest-bearing securities is immediately recognised in other comprehensive income. The insurance funds hold significant interest-bearing securities in support of corresponding insurance provisions and are invested in a manner consistent with the expected duration of claims payments.

Any assessment of the impact of changes in interest rates on investment income must include the offsetting adjustment to claims expense for changes in discount rates adopted in outstanding claims valuations.

This risk is managed by establishing investment portfolio mandates on the basis of the appropriate matching principles so as to ensure the impact on the operating result of changes in the general level of market interest rates is minimised.

At the reporting date, measurement of the cash and cash equivalents is not sensitive to movements in the interest rates and so a change in interest rates as at reporting date would have no impact on either profit or equity from the measurement of cash and cash equivalents for the current financial year.

#### b) Foreign exchange risk

The Company is exposed to foreign exchange risk as its equity instruments consists of investments purchased in foreign currency. Foreign currency risk is the risk that foreign currency denominated asset types and income cashflows will depreciate in NZD value, because of an adverse exchange rate movement. This risk is managed by setting a limitation on global bond and equity holdings and setting foreign exchange hedging limits. The investment manager(s) will manage these risks within the prescribed limits.

#### c) Equity price risks

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified on the balance sheet as fair value through other comprehensive income. 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.

#### d) Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the Company's assets and liabilities at the reporting date and stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 0.5% (2023: 0.5%) increase or decrease represents management's assessment of the possible change in the interest rates.

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk and foreign exchange risk:

| | Interest rate risk | | | | |
|---|---|---|---|---|---|
| | | -0.50% | | 0.50% | |
| | Carrying amount | Profit | Equity | Profit | Equity |
| **As at 30 June 2024** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 10,037,469 | (50,187) | (50,187) | 50,187 | 50,187 |
| Receivables and other assets | 169,182 | - | - | - | - |
| Investments in bonds at FVOCI | 19,623,065 | - | (98,115) | - | 98,115 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 30,591 | - | - | - | - |
| Loan from immediate holding company | 170,802 | (854) | (854) | 854 | 854 |
| **Total increase/(decrease)** | | **(51,041)** | **(149,156)** | **51,041** | **149,156** |

**14.5 Market risk**
**d) Sensitivity analysis (continued)**

| | Interest rate risk | | | | |
|---|---|---|---|---|---|
| | | -0.50% | | 0.50% | |
| | Carrying amount | Profit | Equity | Profit | Equity |
| **As at 30 June 2023** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 1,446,442 | (7,232) | (7,232) | 7,232 | 7,232 |
| Receivables and other assets | 291,414 | - | - | - | - |
| GWRC Commercial Paper | 18,960,054 | (94,800) | (94,800) | 94,800 | 94,800 |
| Loan to immediate holding company | 995,041 | (4,975) | (4,975) | 4,975 | 4,975 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 22,000 | - | - | - | - |
| **Total increase/(decrease)** | | **(107,008)** | **(107,008)** | **107,008** | **107,008** |

**15. Related parties**
**15.1 Controlling entities**
CentrePort Captive Insurance Limited is a wholly owned subsidiary of CentrePort Limited. The ultimate holding entity is Greater Wellington Regional Council, a regional council of New Zealand. All members of Greater Wellington Regional Council are considered to be related parties of the Company.

During the year, insurance premiums of $500,000 (2023: nil) were received from the Company's parent - CentrePort Limited. These premiums relate to the period 1 July 2023 to 30 June 2024.

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| Insurance revenue earned | 500,000 | - |
| **Total insurance revenue earned** | **500,000** | **-** |

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| **Amount receivable from:** | | |
| Immediate holding company - CentrePort Limited | - | 995,041 |
| GWRC Commercial Paper | - | 18,960,054 |
| **Amount payable to:** | | |
| Immediate holding company - CentrePort Limited | 170,802 | - |
| **Total amount receivable from/payable to immediate holding company** | **170,802** | **19,955,095** |

The balance with CentrePort Limited is unsecured, interest bearing and repayable on demand.
The GWRC Commercial Paper matured on 24 March 2024 for $20.0 million including interest.

**16. Auditor's remuneration**

| | 30 June 2024 | 30 June 2023 |
|---|---|---|
| During the financial year the auditor of the Company was paid for the following services: | | |
| Audit of financial statements of the Company | 21,500 | 15,000 |
| Other assurance services - solvency return | 5,000 | 5,000 |
| **Total auditor's remuneration** | **26,500** | **20,000** |

## 17. Summary of Material Accounting Policy Information

The material policy information set out below have been applied in preparing these financial statements for the year ended 30 June 2024 and the comparative information presented in these financial statements.

### 17.1 Revenue and expense recognition

#### a) Insurance revenue

Insurance revenue comprises premiums charged to policyholders. Premiums exclude applicable levies and charges such as fire service levies and earthquake commissions collected on behalf of third parties, and are recognised net of goods and services tax. Premiums are first recognised as a liability for remaining coverage, and then recognised as revenue in accordance with the passage of time over the period of the insurance policy, which is one year.

#### b) Insurance service expense

Insurance service expenses arising from insurance contracts are recognised in the statement of comprehensive income as they are incurred. They comprise of incurred claims and other directly attributable expenses.

#### b(i)) Directly attributable expenses

Directly attributable expenses (DAE) are the operating expenses relating directly to the fulfilment of the current contract, which are included in the measurement of an insurance contract and included in the insurance service result.

#### c) Investment revenue

Interest income on financial assets or liabilities at amortised cost is recognised in profit or loss using the effective interest method. Interest income and expense on financial assets or liabilities at fair value are recognised in profit or loss when earned or incurred.

### 17.2 Income tax

Income tax payable on profits, based on New Zealand applicable tax law, is recognised as an expense in the period in which profits arise.

Deferred income tax is provided in full and is recognised on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The tax effect of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Where an item, which gives rise to a temporary difference, is recognised in or against equity, the deferred tax is also recognised in or against equity.

### 17.3 Goods and services tax

Revenue, expenses, assets and liabilities are recognised net of the recoverable amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or the amount of expense.

Net earned premium is net of the GST component of premium. Receivables and payables are stated inclusive of GST where applicable. The net amount of GST recoverable from, or payable to, the tax authority is included as an asset or liability in the statements of financial position.

### 17.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand subject to an insignificant risk of changes in value.

## 17. Summary of Material Accounting Policy Information(continued)

### 17.5 Receivables and other assets

Amounts due from receivables are initially recognised at fair value, being the amounts receivable. They are subsequently measured at amortised cost, using the effective interest method, less any impairment losses. Any impairment charge is recognised in the profit or loss.

The expected credit loss impairment model is introduced by NZ IFRS 9 that broadens the information that the Company is required to consider when determining its expectations of impairment. The impairment accounting expresses the amount receivables and other assets' expected credit loss as the projected present value of the estimated cash shortfalls over the expected life of the asset.

### 17.6 Payables and other liabilities

These amounts represent liabilities for goods and services provided to the Company prior to the end of the period, which are unpaid.

### 17.7 Financial assets and fair value measurement

The Company recognises and classifies its financial assets in accordance with NZ IFRS 9 which contains principal classification categories. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

**a) Financial assets at fair value through profit or loss ("FVPL"):**

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:
- It is classified as held for trading; or
- Upon initial recognition it is classified by the Company as at fair value through profit or loss.

Financial assets that are Solely Payments of Principal and Interest (SPPI) but managed on a fair value basis are classified at FVTPL.

Financial assets at FVTPL are initially recognised on the trade date at fair value. Transaction costs are recognised in the profit or loss as incurred. Subsequently, the assets are measured at fair value on each reporting date based on the quoted market price where available. Where a quoted price is not available one of the following valuation techniques are used to value the assets at reporting date: recent arm's length transactions, discounted cash flow analysis, option pricing models or other valuation techniques commonly used by market participants.

Fair value for the financial asset is determined as follows:
- GWRC Commercial Paper which is listed government securities - by reference to the quoted market price. Due to the short term nature of the investment, the carrying value of the commercial paper represents the fair value.

Movements in fair value are taken immediately to the profit or loss.

**b) Fair Value through other comprehensive income ("FVOCI")**

A financial asset that is measured at fair value through other comprehensive income is recognised and initially measured at fair value plus transaction costs that are held in a dual business model whose objective is achieved by both collecting contractual cashflows and selling the assets.

Included in this category are:
• Fixed Income and Equity Investment Securities held by the Company

These assets are subsequently held at fair value.

The fair value gains or losses accumulated are reported in other comprehensive income as changes of the "Fair Value Reserve". When a debt instrument is derecognised, the cumulative fair value gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. When an equity instrument is derecognised, there is no subsequent reclassification of the accumulated fair value gains or losses to the profit or loss. Interest revenue, dividends, foreign exchange gains and losses and impairment gains or losses, are recognised in profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in investment income and impairment expenses in other expenses.

**17. Summary of Material Accounting Policy Information(continued)**
**17.7 Financial assets and fair value measurement (continued)**
**Fair Value Valuation Methodology**
The fair value of Investment Securities recognised through OCI and the fair value is determined on a hierarchical basis that reflects the significance of the inputs used in making the measurements. The fair value hierarchy, as set out in NZ IFRS 13: Fair Value Measurement, is:
1. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The best evidence of fair value is a quoted market price in an active market. Therefore, where possible, fair value is based on quoted market prices.

Where a quoted market price is not available, management uses its judgement to select a variety of valuation models and makes assumptions depending on liquidity, pricing assumptions, future cash flow projections, market factors and other relevant risks at each reporting date. Changes in the assumptions used in the models could affect the reported fair value.

**Fair Value estimates**
Certain financial instruments are carried on the statement of financial performance at fair value. The best evidence is a quoted market price in an active market. Therefore, where possible, fair value is based on quoted market prices. The determination of fair value for financial assets and liabilities for which there is no market price requires the use of valuation techniques.

The table below shows the fair value of the Company's financial instruments measured at fair value on a recurring basis according to the fair value hierarchy.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **As at 30 June 2024** | | | | |
| Financial Assets: | | | | |
| Investment Securities at FVOCI | **20,447,994** | **377,790** | **-** | **20,825,784** |
| | | | | |
| **As at 30 June 2023** | | | | |
| Financial Assets: | | | | |
| Investment Securities at FVOCI | **-** | **-** | **-** | **-** |
| GWRC Commercial Paper | **18,960,054** | **-** | **-** | **18,960,054** |

**c) Derecognition of financial assets**
Financial assets are derecognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and all risk and rewards of ownership have been substantially transferred.

**d) General insurance activities**
Certain assets are assessed under NZ IFRS 17 Insurance Contracts (those assets that are held to back general insurance liabilities), and under NZ IFRS 9 (those assets not backing general insurance liabilities).

***Financial assets backing general insurance liabilities***
The assets of the Company are assessed under NZ IFRS 17 Insurance Contracts to be assets that are held to back general insurance liabilities.

The Company has designated financial assets held in portfolios intended to match the average duration of a corresponding insurance liability as assets backing general insurance liabilities. These financial assets include investment securities and are measured at fair value through other comprehensive income.

All investment securities held to back general insurance liabilities are highly liquid securities. Despite some of these securities having maturity dates beyond the next twelve months, as they are highly liquid in nature and can be traded on active market, they have been classified as current.

**17.8 Contributed capital**
**a) Ordinary shares**
Ordinary shares are recognised as equity.

**b) Dividends**
Provision is made for the amount of any dividend declared or determined by the Directors on or before the end of the financial year but not distributed at reporting date. Where a dividend is declared post reporting date but prior to the date of the issue of the financial reports, disclosure of the declaration is made in the financial statements but no provision is made.

### 17. Summary of Material Accounting Policy Information(continued)
### 17.9 Adoption of NZ IFRS 17 Insurance Contracts
### NZ IFRS 17 Insurance Contracts

NZ IFRS 17 *Insurance Contracts* (NZ IFRS 17) is a new accounting standard for all types of insurance contracts and replaces NZ IFRS 4 *Insurance Contracts* (NZ IFRS 4). NZ IFRS 17 is effective for the Company's financial statements for the period beginning from 1 July 2023.

**a) Transition**

NZ IFRS 17 is to be applied retrospectively to all insurance contracts on the transition date unless it is impractical to do so, in which case a modified retrospective or fair value approach may be applied.

The Company has applied the full retrospective approach for the insurance contract. There was no transitional impact to the Company's equity due to the fact that there was no insurance contract issued or reinsurance contract held during prior financial years.

**Changes to presentation and disclosure**

The line item descriptions in the Statement of Comprehensive Income have changed compared with last year. The changes to the disclosure and presentation from NZ IFRS 4 to NZ IFRS 17 are shown below:

**Statement of comprehensive income**

| ***NZ IFRS 4*** | **30 June 2023** |
|---|---|
| Premium revenue | - |
| Outwards reinsurance premium expense | - |
| **Net premium revenue** | - |
| | |
| Claims expense | - |
| Reinsurance and other recoveries revenue | - |
| **Net incurred claims** | - |
| | |
| Acquisition costs | - |
| Other underwriting expenses | - |
| **Underwriting expenses** | - |
| | |
| Reinsurance commission revenue | - |
| **Underwriting results** | - |
| | |
| Investment Income | 705,611 |
| **Insurance trading result** | **705,611** |
| | |
| Other income | - |
| Other expenses | (65,951) |
| **Profit before tax** | **639,660** |
| | |
| Income tax expense | (179,104) |
| **Profit after tax and total comprehensive income** | **460,556** |

| ***NZ IFRS 17*** | **30 June 2023** |
|---|---|
| Insurance revenue | - |
| Insurance service expense | **-** |
| **Insurance service result** | **-** |
| | |
| Investment Income | 705,611 |
| **Investment return** | **705,611** |
| | |
| Other expenses | (65,951) |
| **Profit before income tax** | **639,660** |
| | |
| Income tax expense | (179,104) |
| **Profit after income tax** | **460,556** |
| | |
| **Other comprehensive income (OCI)** | |
| Movement in fair value reserve, after tax | - |
| **Other comprehensive income for the year** | **-** |
| | |
| **Total comprehensive income for the year, net of tax** | **460,556** |

**17.9 Adoption of NZ IFRS 17 Insurance Contracts (continued)**
**Classification of assets and liabilities**
With the implementation of NZ IFRS 17, the Company has revisited its presentation in the statement of financial position. For the 30 June 2024 financial year, the Company has determined that the presentation based on order of liquidity provides information that is considered to be reliable and more relevant compared to the previous presentation whereby the assets and liabilities were split into current and non-current.

**b) Measurement of insurance contracts**
Insurance contracts are measured and presented separately, comprising the following:
- The liability for remaining coverage (LRC) representing coverage for contracts that will be provided after the balance date for insured events that have not yet occurred; and

- The liability for incurred claims (LIC) representing claims and expenses for insured events that have already occurred. The LIC relates to claims reported and claims not reported.

***Liability for Remaining Coverage (LRC)***
NZ IFRS 17 allows a simplified measurement model which is the Premium Allocation Approach (PAA) for insurance contracts with the coverage period of one year or less, or when the LRC under the PAA does not differ materially from that measured under the General Measurement Model (GMM).

The Company applies PAA to its insurance contract issued held as its coverage is for a period of 12 months.

For insurance contract issued, LRC is measured as the premium received less insurance revenue recognised and less the acquisition expense deferred.

When applying PAA, discounting LRC is not required if the time between providing the insurance service and the premium due date is no more than one year. The Company has chosen not to discount LRC for the contract measured under PAA as all policies have a coverage period of one year or less.

Acquisition costs relating to insurance contract issued to its parent and sister companies measured under PAA can either be immediately expensed or capitalised and amortised over the coverage period.

***Loss Component***
NZ IFRS 17 requires the identification of onerous contracts issued, with a loss component recognised on initial recognition of the contracts and added to LRC. Under PAA, the Company assumes that no contract issued is potentially onerous at initial recognition unless facts and circumstances indicate otherwise.

No contract has been assessed as onerous on the transition to NZ IFRS 17. This will be assessed on an ongoing basis as part of the

***Liability for Incurred Claims (LIC)***
LIC comprises estimates of future cash flows for claims incurred, adjusted to account for non-financial risks using risk adjustments. The Company has determined that the LIC does not need to be adjusted for the time value of money as any claims are expected to be settled within one year.

***Risk adjustment***
A risk adjustment is added to the discounted estimates of future cash flows to reflect the compensation the Company requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risks as the Company fulfils the insurance contract.
A 75% probability of adequacy is determined by the Appointed Actuary to calibrate the risk adjustment as at 30 June 2024, which is consistent with the probability of adequacy prescribed by the RBNZ to meeting the regulatory capital requirement.

***Discount rate***
Discount rate is required to reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. In applying the PAA, NZ IFRS 17 provides an exemption for the entity not to adjust future cash flows for the time value of money and the effect of financial risk, if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

***Level of aggregation***
The Company treats Material Damage and Business Interruption insurance products as a single portfolio of contracts given these are within the same product line, have similar risks and the term of the policies are short term.

**18. Subsequent events**
On 1 July 2024, the Company insured to its Parent (CentrePort Limited) a $30 million Material Damage and Business Interruption policy for the earthquake risk and there was no reinsurance contract purchased for the financial year 2024/25. This subsequent event does not require adjustment to the amounts reflected in the 30 June 2024 financial statements or disclosures thereto. (2023: On 1 July 2023, the Company insured its Parent (CentrePort Limited) $20 million Material Damage and Business Interruption policy for the earthquake risk and there was no reinsurance contract purchased for the financial year 2023/24. This subsequent event does not require adjustment to the amounts reflected in the 30 June 2023 financial statements or disclosures thereto.)

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDER OF CENTREPORT CAPTIVE INSURANCE LIMITED**

The Auditor-General is the auditor of CentrePort Captive Insurance Limited ('the Company'). The Auditor-General has appointed me, Hamish Anton, using the staff and resources of Deloitte Limited, 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 2 to 19, that comprise the statement of financial position as at 30 June 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 that include accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to IFRS Accounting Standards and IFRS Accounting Standards.

**Basis for our 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* 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 an other assurance engagement on the Company's annual solvency return to the Reserve Bank of New Zealand, which is compatible with those independence requirements. Other than the audit and the other assurance engagement on the solvency return, we have no relationship or interests with CentrePort Captive Insurance Limited.

**Key audit matter**

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 page 1, and 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.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwvise appears to be materially misstated. If, based on the work we have performed, 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 equivalents to IFRS Accounting Standards and IFRS Accounting 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 shareholders 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 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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 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.

Hamish Anton, Partner
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand
25 September 2024

Davies Financial and Actuarial Limited

19th September 2024

To: The Directors
CentrePort Captive Insurance Limited

From: Peter Davies
Appointed Actuary

**Re: CentrePort Captive Insurance Limited ("CCIL"): Report as at 30th June 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 CCIL as at 30th June 2024. "Actuarial information" includes the following:

   - claim provisions and unexpired risk / unearned premium provisions;
   - solvency calculations in terms of the RBNZ Interim Solvency Standard (2023);
   - 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.

3. I am independent with respect to CCIL 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.

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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. As at 30th June 2024, CCIL's solvency position under the RBNZ Interim Solvency Standard (2023) was as follows:

| | June 2024 | June 2023 |
|---|---|---|
| Solvency capital | 30,377,524 | 21,514,356 |
| Calculated minimum requirement: | 7,834,139 | 653,109 |
| Minimum requirement per Standard: | 1,000,000 | 1,000,000 |
| Solvency Margin: | 22,543,385 | 20,514,356 |
| Solvency Coverage Ratio: | 388% | 2151% |

The solvency coverage ratio has decreased from 2151% to 388%, arising primarily from writing MDBI cover during the year with no offsetting external reinsurance.

The Company is projected to exceed the minimum RBNZ requirement at all times over the next four years.

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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