

Beneficial

Beneficial Insurance Limited

Annual Report 2024

for the year ended 31 March 2024

Contents

Financial Statements for the year ended 31 March 2024

Statement of Profit or Loss and Total Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6

Corporate Governance and Disclosures

Statement of Responsibility for Financial Statements	20
Directors' Statement	21
Company Directory	22

Independent Auditor's Report 23

Notes to the financial statements

1 Summary of material accounting policy information	6	15 Provisions	10
2 Impact of amendments to NZ IFRS	7	16 Insurance contract disclosures	10
3 Insurance revenue	7	17 Asset for insurance acquisition cashflows	14
4 Insurance service expenses	8	18 Distributions to shareholder	14
5 Underwriting expenses	8	19 Contributed equity	14
6 Investment and other income	8	20 Insurance business disclosures	14
7 Remuneration of auditor	8	21 Financial instruments	14
8 Tax	8	22 Risk management	15
9 Cash and cash equivalents	9	23 Capital risk management	17
10 Reconciliation of profit after tax to cash inflow from operating activities	9	24 Right of use assets and lease liabilities	17
11 Portfolios of insurance contract assets and liabilities	9	25 Transactions with related parties	18
12 Insurance contract assets	9	26 Contingent liabilities	18
13 Property and equipment	9	27 Capital commitments	18
14 Payables	10	28 Subsequent events	18
		29 Changes in accounting policies	18

Beneficial Insurance Limited

Statement of Profit or Loss and Total Comprehensive Income

for the year ended 31 March 2024

S thousands	note	2024	2023 Restated
Insurance revenue	3	18,523	18,002
Insurance service expenses	4	(7,600)	(7,561)
Insurance service result from insurance contracts issued		10,923	10,441
Underwriting expenses	5	(5,042)	(4,341)
Investment and other income	6	1,124	628
Profit before tax		7,005	6,728
Tax expense	8	(1,966)	(1,887)
Profit after tax		5,039	4,841
Other comprehensive income		-	-
Total comprehensive income		5,039	4,841

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

Beneficial Insurance Limited

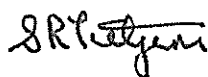
Statement of Financial Position

as at 31 March 2024

\$ thousands	note	March 2024	March 2023 Restated
Assets			
Cash and cash equivalents	9	703	290
Short term investments	21.2	16,402	16,150
Insurance contract assets	11	273	274
Other assets		449	364
Property and equipment	13	98	114
Right-of-use assets	24.1	1,304	1,662
Total assets		19,229	18,854
Liabilities			
Payables	14	620	631
Current tax liability		358	616
Lease liabilities	24.2	1,352	1,662
Provisions	15	227	199
Deferred tax liabilities	8	21	30
Insurance contract liabilities	11	2,070	2,374
Total liabilities		4,648	5,512
Net Assets		14,581	13,342
Equity			
Contributed equity	19	675	675
Retained earnings		13,906	12,667
Total equity		14,581	13,342

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

The financial statements were approved for issue by the Board on 26 July 2024.



Stephen R Tietjens
Chairman



Grant W McCurrach
Director

Beneficial Insurance Limited

Statement of Changes in Equity

for the year ended 31 March 2024

\$ thousands	note	Attributed to the owners of the company		
		Contributed Equity	Retained earnings	Total Equity
Year ended 31 March 2024				
At the beginning of the year		675	12,667	13,342
Comprehensive income				
Profit for the year		-	5,039	5,039
Total comprehensive income		-	5,039	5,039
Transactions with shareholder, recorded directly in equity				
Dividends	18	-	(3,800)	(3,800)
Total transactions with the shareholder		-	(3,800)	(3,800)
At the end of the year		675	13,906	14,581
Year ended 31 March 2023 Restated				
At the beginning of the year		675	11,827	12,502
Comprehensive income				
Profit for the year		-	4,841	4,841
Total comprehensive income		-	4,841	4,841
Transactions with shareholder, recorded directly in equity				
Dividends	18	-	(4,001)	(4,001)
Total transactions with the shareholder		-	(4,001)	(4,001)
At the end of the year		675	12,667	13,342

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

Beneficial Insurance Limited

Statement of Cash Flows

for the year ended 31 March 2024

\$ thousands	note	March 2024	March 2023 Restated
Cash flows from operating activities			
Premiums received		18,256	17,675
Interest received		806	336
Insurance services expenses		(7,641)	(7,463)
Underwriting expenses		(4,330)	(3,540)
Interest paid		(130)	(16)
Income tax paid		(2,098)	(1,852)
Net cash inflow from operating activities	10	4,863	5,140
Cash Flows from Investing Activities			
Sale of property and equipment		4	13
Purchase of property and equipment		(27)	(25)
Proceeds from short term investments		21,250	23,300
Payments for short term investments		(21,502)	(23,900)
Net cash inflow / (outflow) from investing activities		(275)	(612)
Cash Flows from Financing Activities			
Principal element of lease liabilities		(375)	(453)
Dividends paid	18	(3,800)	(4,001)
Net cash outflow from financing activities		(4,175)	(4,454)
Net increase (decrease) in cash and cash equivalents		413	74
Cash and cash equivalents at beginning of the year		290	216
Cash and cash equivalents at the end of the year		703	290

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

Notes to the Financial statements

for the year ended 31 March 2024

1. Summary of material accounting policy information

Entity reporting

The reporting entity is Beneficial Insurance Limited (the "Company"). The Company is for-profit, incorporated and domiciled in New Zealand. The Company's registered office is level 3, 445 Karangahape Road, Newton, Auckland.

The Company's primary activity is providing insurance by way of Pet Insurance, Consumer Credit Indemnity ("CCI"), Guaranteed Finance Protection ("GFP") and Mechanical Breakdown Insurance ("MBI"). The Company's parent entity is Beneficial Holdings Limited, a company incorporated in New Zealand.

Statutory base

The Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements also comply, where relevant, with the Insurance (Prudential Supervision) Act 2010 and associated regulations.

Basis of preparation

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Company is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate for for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013, Companies Act 1993, Financial Reporting Act 2013 and the Insurance (Prudential Supervision) Act 2010. The financial statements have been prepared on the historical cost basis unless the application of fair value measurement are required by the relevant accounting standards.

The preparation of financial statements in accordance with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in 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 are disclosed in the accompanying notes.

Presentation of financial statements

The financial statements are presented in accordance with NZ IAS 1 *Presentation of Financial Statements*. The Company has elected to present the Statement of Profit or Loss and Total Comprehensive Income in one statement. The Statement of Profit or Loss and Total Comprehensive Income discloses the analysis of expenses under the function of expense method. This clarifies expenses according to their function as part of cost of insurance revenue and underwriting activities. The Statement of Financial Position discloses assets and liabilities using the liquidity format of presentation.

Significant judgements, estimates and assumptions

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (addressed separately below), that the Directors have made in the process of applying the Company's accounting policies and that will have the most significant effect on the amounts recognised in financial statements:

- *Assessment of significance of insurance risk:* The Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. The assessment of whether additional amounts payable on the occurrence of an insured event are significant and whether there is any scenario with commercial substance in which the issuer has a possibility of a loss on a present value basis involves significant judgement and is performed at initial recognition on a contract-by-contract basis. The type of contracts where this judgement is required are those that transfer financial and insurance risk and result in the latter being the smaller benefit provided.

- *Identification of portfolios:* The Company defines a portfolio as insurance contracts subject to similar risks and managed together. Contracts within the same product line are expected to be in the same portfolio as they have similar risks and are managed together.

- *Level of aggregation:* The Company applies judgement when distinguishing between contracts that have no significant possibility of becoming onerous and other profitable contracts. The Company also applies judgement when distinguishing between portfolios of insurance contracts that have no significant possibility of becoming onerous.

- *Assessment of eligibility for Premium Allocation Approach (PAA):* All pet insurance contracts have a coverage period of one year and as such are eligible to apply the PAA.

For mechanical breakdown, guaranteed finance protection and consumer credit indemnity insurance contracts with a coverage period extending beyond one year, the Company elects to apply the PAA if at the inception of the group of insurance contracts, the Company reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Measurement Model as described in NZ IFRS 17 Insurance Contracts. The Directors have undertaken an assessment that confirms applying the PAA produces a measurement of the liability for remaining coverage that does not differ materially from the one that would be produced applying the General Measurement Model for mechanical breakdown, guaranteed finance protection and consumer credit indemnity insurance contracts.

- *Assessment of directly attributable cash flows:* The Company uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are amortised to profit or loss over a period of twelve months. When estimating fulfilment cash flows, the Company also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of insurance contracts.

Key sources of estimation uncertainty

The following are key estimations that the Directors have used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Insurance contract assets and liabilities

By applying NZ IFRS 17 to measurement of insurance contracts issued, the Company has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities:

- Future fulfilment cash flows.
- Risk adjustment for non-financial risk.

Technique for estimation of future fulfilment cash flows

In estimating future fulfilment cash flows included in the contract boundary, the Company's process involves consultation with the Appointed Actuary. This process includes a bi-annual and annual review and calculation of provision for claims by Peter Davies who is a Fellow of the New Zealand Society of Actuaries.

Actuarial process used an estimate of future fulfilment cash flows included in the contract boundary as follows:

- Assumed loss ratios - Assumed loss ratios were determined from a consideration of observed historical loss ratios.
- Risk margin - The risk margin was determined for each portfolio. The risk margin is determined after assessing the uncertainty in the central estimate of the outstanding claims estimate for each portfolio.
- Claims handling costs allowance - This allowance is determined after analysing claims related expenses incurred, adjusted for in the expected pattern of payment of claim handling expenses during the life of the claim.
- Future settlement patterns and weighted average term to settlement - The weighted average term to settlement is an aggregate figure for all classes of business based on expected claims development patterns which are in turn derived from an analysis of historical claim settlement patterns. It is expected that approximately 80% of the estimate of future fulfilment cash flows at the reporting date will be incurred within the following six months.
- Inflation and discounting - since the term of the liabilities is less than 12 months no allowance for inflation or discounting has been incorporated.

The key assumptions used in determining future fulfilment cash flows are as follows:

	2024	2023
Loss ratio	38%	38%
Claims handling expense ratio	12%	12%
Risk margin – Pet insurance	7%	7%
Risk margin – Other	50%	50%
Probability of sufficiency	90%	90%

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks such as lapse risk and expense risk. It measures the

degree of variability of expected future cash flows and the Company-specific price for bearing that risk and reflects the degree of the Company's risk aversion. The Company determines the risk adjustment for non-financial risk at the entity level and then allocates it to all the groups of insurance contracts. In estimating the risk adjustment, the Company uses the cost of capital method. The method looks at estimating the additional amount of capital required for the amount of uncertainty, and then estimating the expected cost of that capital over the period of the risk. The expected cost of capital is determined at 30% per annum applied to the present value amount of projected capital relating to non-financial risk, which is calculated at 90% confidence level (2023: 90%).

Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$), which is the Company's functional and presentation currency. All financial information is rounded to the nearest thousand dollars unless otherwise stated.

Comparatives

The financial statements are for the year ended 31 March 2024. Comparatives are for the year ended 31 March 2023 and have been restated in accordance with the commentary provided at note 29.

2. Impact of amendments to NZ IFRS

(i) New or amended accounting standards adopted during the financial year

The Company has adopted NZ IFRS 17 Insurance Contracts from 1 April 2022 and this standard has brought significant changes to the accounting for insurance. The comparative period has been restated. See note 16 for the Company's accounting policy for insurance contracts and note 29 for the effect of adopting NZ IFRS 17 in these financial statements.

(ii) Standards, amendments and interpretations to existing standards that are relevant to the Company, not yet effective and have not been early adopted by the Company

At the reporting date, the Directors consider there are no Standards and Interpretations in issue which are not yet effective that are likely to have a material impact on these financial statements, including the impact on presentation and disclosure.

3. Insurance revenue

\$ thousands	2024	2023 Restated
Contracts measured under the PAA		
Pet insurance	16,842	16,300
Mechanical breakdown, consumer credit and guaranteed finance protection insurance	1681	1702
Total insurance revenue	18,523	18,002

Insurance revenue comprises supplying pet insurance, consumer credit insurance, guaranteed finance protection and mechanical breakdown insurance.

Insurance revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Insurance revenue is recognised in accordance with the premium allocation approach (PAA). See note 16 for further commentary.

All insurance contracts have been entered into in New Zealand. All insurance contracts are non-participating.

4. Insurance service expenses

\$ thousands	Pet	Other	Total
March 2024			
Incurring claims and other incurred insurance service expenses	6,574	449	7,023
Changes that relate to past service – adjustment to the liability for incurred claims	(142)	-	(142)
Amortisation of insurance acquisition cash flows	554	165	719
Total insurance expenses	6,986	614	7,600

\$ thousands	Pet	Other	Total
March 2023 Restated			
Incurring claims and other incurred insurance service expenses	6,615	346	6,961
Changes that relate to past service – adjustment to the liability for incurred claims	(54)	-	(54)
Amortisation of insurance acquisition cash flows	504	160	664
Total insurance expenses	7,065	496	7,561

Insurance claims which arise during the reporting period and are settled during the same period are expensed in the Statement of Profit or Loss and Total Comprehensive Income.

Insurance claims which arise during the reporting period but which are not settled at the reporting date are recognised based on the present value of expected future payments.

Insurance claims incurred but not reported (IBNR) are recognised by way of an estimation made by the Company's Appointed Actuary and is based upon historical claims data adjusted for the addition of a risk margin and included at the reporting date in the liability for incurred claims.

5. Underwriting expenses

\$ thousands	note	2024	2023 Restated
Employee benefits expense		3,241	2,693
Depreciation		462	455
Finance costs		130	15
Remuneration of auditor	7	167	136
Non audit fees	7	-	-
Other operating expenses		1,042	1,042
Total		5,042	4,341

Employee benefits expense

Breakdown of employee benefits expense as follows:

\$ thousands	2024	2023 Restated
Wages and salaries	3,138	2,620
Other employee benefits	103	73
Total employee benefits	3,241	2,693

Short term employee benefits, including holiday entitlement, are current liabilities included in payables, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

6. Investment and other income

\$ thousands	2024	2023 Restated
Interest income	1,026	534
Other income	98	94
Total	1,124	628

Interest income comprises interest received from short term bank deposits.

7. Remuneration of auditor

\$ thousands	2024	2023 Restated
Audit of the financial statements	157	123
Other assurance services - solvency return	10	13
Non-audit services	-	-
Total	167	136

8. Tax

Income tax expense comprises current and deferred tax.

\$ thousands	2024	2023 Restated
Current tax	1,967	1,871
Deferred tax	(9)	16
Adjustment to prior years	8	-
Income tax expense	1,966	1,887

The relationship between the expected tax expense based on the domestic effective tax rate of the Company at 28% (2023: 28%) and the reported tax expense in the Statement of Profit or Loss and Total Comprehensive Income can be reconciled as follows:

\$ thousands	2024	2023 Restated
Profit before tax	7,005	6,728
Tax at statutory tax rate 28% (2023: 28%)	1,961	1,884
Adjustment to prior years	-	-
Other	5	3
Income tax expense	1,966	1,887

Deferred tax liability

\$ thousands	March 2024	March 2023 Restated
Balance at beginning of the period	30	14
Movement in deferred tax	(9)	16
Balance at end of the period	21	30

Comprising

	March 2024	March 2023 Restated
Employee benefits	(52)	(39)
Insurance acquisition costs	124	96
Lease liability net of Right-of-use assets	(13)	-
Other provisions	(38)	(27)
Balance at end of the period	21	30

Deferred tax assets and liabilities are carried at the tax rates expected to apply when the assets are recovered or liabilities settled and they are not discounted.

8. Tax (continued)

Imputation credit account		
\$ thousands	March 2024	March 2023
Balance at end of the period	2,511	2,449

GST

Receivables and payables are reported inclusive of GST (where applicable). The net GST payable to or recoverable from the tax authorities as at balance date is included as a payable or receivable in the Statement of Financial Position.

9. Cash and cash equivalents

\$ thousands	March 2024	March 2023
Cash on hand	1	1
Cash at bank	702	289
Cash at bank and in hand	703	290

Cash and cash equivalents are on-call funds with the Company's trading bank, Westpac, current / cheque accounts, and cash on hand.

10. Reconciliation of profit after tax to cash inflow from operating activities

\$ thousands	March 2024	March 2023 Restated
Net profit (loss) after tax	5,039	4,841
Add non-cash items		
Depreciation	39	51
Depreciation on Right-of-use assets	423	404
(Profit) loss on sales of assets	-	(6)
Add movements in other working capital items		
Insurance contract assets	1	(179)
Deferred tax asset	(9)	14
Other assets	(85)	(216)
Payables and accruals	(11)	141
Current tax liabilities	(258)	19
Provisions	28	(14)
Insurance contract liabilities	(304)	85
Cash inflow from operating activities	4,863	5,140

11. Portfolios of insurance contract assets and liabilities

The table below sets out the carrying amounts of portfolios of insurance contract assets and liabilities at the end of reporting date, per class of business:

\$ thousands	note	Pet	Other	Total
March 2024				
Insurance contract assets	12	158	115	273
Insurance contract liabilities	16	1,888	182	2,070
Net assets / (liabilities)		(1,730)	(67)	(1,797)
March 2023 Restated				
Insurance contract assets	12	185	89	274
Insurance contract liabilities	16	2,182	192	2,374
Net assets / (liabilities)		(1,997)	(103)	(2,100)

12. Insurance contract assets

Insurance contract assets relate to premiums due for remaining coverage that are due but have yet to be received by the Company at the reporting date. Ageing of insurance contract assets at the reporting date is noted as follows:

\$ thousands	not past due	0-3 mths	3-6 mths	6-12 mths	over 12 mths	Total
March 2024						
Premiums receivable	-	221	52	-	-	273
March 2023 Restated						
Premiums receivable	-	220	53	-	-	274

Insurance contract assets are stated inclusive of GST where applicable. Insurance contract assets are receivable within 12 months from the reporting date.

13. Property and equipment

\$ thousands	Furniture & fittings	Leasehold improvement	computers	Office & vehicles	Motor vehicles	Total
March 2024						
Cost						
Opening balance	24	52	307	44	427	
Additions	1	16	10	-	27	
Disposals	-	-	-	(9)	(9)	
Closing balance	25	68	317	35	445	
Accumulated depreciation						
Opening balance	(13)	(20)	(259)	(21)	(313)	
Depreciation	(2)	(5)	(25)	(7)	(39)	
Eliminated on Disposals	-	-	-	5	5	
Closing balance	(15)	(25)	(284)	(23)	(347)	
Closing balance						
At cost	25	68	317	35	445	
Accumulated depreciation	(15)	(25)	(284)	(23)	(347)	
Net book value	10	43	33	12	98	

\$ thousands	Furniture & fittings	Leasehold improvement	computers	Office & vehicles	Motor vehicles	Total
March 2023 Restated						
Cost						
Opening balance	24	47	292	56	419	
Additions	-	5	15	9	29	
Disposals	-	-	-	(21)	(21)	
Closing balance	24	52	307	44	427	
Accumulated depreciation						
Opening balance	(11)	(16)	(225)	(25)	(277)	
Depreciation	(2)	(4)	(34)	(11)	(51)	
Eliminated on Disposals	-	-	-	15	15	
Closing balance	(13)	(20)	(259)	(21)	(313)	
Closing balance						
At cost	24	52	307	44	427	
Accumulated depreciation	(13)	(20)	(259)	(21)	(313)	
Net book value	11	32	48	23	114	

13. Property and equipment (continued)

Depreciation is provided on leasehold improvements, computers and software, office furniture and equipment and motor vehicles, at the following rates.

Asset class	Method	Depreciation %
Leasehold Improvements	diminishing value	10% - 25%
Furniture and Fittings	diminishing value	13% - 25%
Office and computers	diminishing value	13% - 80%
Motor Vehicles	diminishing value	30%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

There were no impairment losses for the Company for the year ended 31 March 2024 (2023: \$nil).

14. Payables

\$ thousands	March 2023	
	March 2024	Restated
GST payable	292	295
Other payables	328	336
Payables	620	631

Other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Payables are due within 12 months from the reporting date.

15. Provisions

\$ thousands	March 2023	
	March 2024	Restated
Employee entitlements	227	199

Employee benefits comprise holiday pay entitlements in accordance with individual employment contracts. The provisions are expected to be settled within 12 months from the reporting date.

16. Insurance contract disclosures

The Company accounts for all insurance contracts applying the Premium Allocation Approach (PAA). For the classes of business that do not qualify for PAA, the Directors have undertaken an assessment that confirms applying the PAA produces a measurement of the liability for remaining coverage that does not differ materially from the one that would be produced applying the General Measurement Model. The Company holds no reinsurance for insurance contracts issued.

Key types of insurance contracts issued

The Company issues the following types of insurance contracts that are accounted for in accordance with NZ IFRS 17 Insurance Contracts:

Pet insurance policies:

These insurance contracts include a variety of cover options regarding comprehensive surgical and medical cover for pets. These insurance contracts are normally for a 12 month period and include a pre-agreed value of cover.

Mechanical breakdown insurance policies:

These insurance contracts include a variety of cover options regarding mechanical breakdown cover for motor vehicles. These insurance contracts are normally for a 12 to 36 month period and include a pre-agreed value of cover.

Guaranteed finance protection insurance policies:

These insurance contracts include a variety of cover options regarding a shortfall between insurance proceeds and the amount of finance owing on a vehicle that has been in an accident. These insurance contracts are normally for a 12 to 60 month period and include a pre-agreed value of cover.

Consumer credit indemnity insurance policies:

These insurance contracts include a variety of cover options regarding payment of loan obligations in the event of serious injury, sickness, unexpected unemployment, or even death. These insurance contracts are normally for a 12 to 48 month period and include a pre-agreed value of cover.

Level of aggregation

The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Three product lines have been identified, being pet insurance and mechanical breakdown, consumer credit and guaranteed finance protection insurance. The majority of insurance contracts within each product line have coverage periods of 12 months.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of NZ IFRS 17 Insurance Contracts are applied.

At initial recognition, the Company segregates contracts based on when they were issued. Groups of contracts are then further disaggregated as follows:

- Contracts that are onerous on initial recognition;
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; or
- Any remaining contracts.

The Company recognises groups of insurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts, subject to the 7 day free look period included within the insurance contract;
- The date when the first payment from a policyholder in the group becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received); or
- The date when a group of contracts becomes onerous.

Insurance contracts measured under the PAA

The Company applies the PAA to all insurance contracts. Applying the PAA, insurance revenue is measured at the amount allocated from the expected premium receipts excluding any investment component. The allocation is done on the basis of the passage of time.

At the end of each reporting period, the carrying amount of the group of insurance contracts will reflect a current estimate of the liability for remaining coverage as at that date together with a current estimate of the liability for incurred claims which includes a balance for insurance acquisition cash flows.

16. Insurance contract disclosures (continued)

On initial recognition of each group of insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Company has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received or premiums due to the Company for insurance contract services provided but not yet received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, then the Company recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The liability for incurred claims includes the Company's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the Company's liability to pay amounts the Company is obliged to pay the policyholder under the contract. The current estimate of the liability for incurred claims comprises the expected fulfilment cash flows related to current and past service allocated to each group of contracts at the reporting date.

The Company has determined that there is no significant financing component in its insurance contracts. The Company does not discount the liability for remaining coverage nor the liability for incurred claims to reflect the time value of money and financial risk for such insurance contracts.

Onerous contracts

The Company considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

On initial recognition, the onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not reallocated to another group, unless they are substantively modified.

On initial recognition of the group of onerous contracts, the Company calculates the difference between the carrying amount of the liability for remaining coverage and fulfilment cash flows relating to the remaining coverage of the group of onerous contracts. To the extent that fulfilment cash flows exceed the carrying amount of the liability for remaining coverage, the Company recognises a loss in profit or loss and an increase in the liability for remaining coverage.

A net outflow expected from a group of contracts determined to be onerous is considered to be the group's 'loss component'. It is initially calculated when the group is first considered to be onerous and is recognised at that date in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.

After the loss component is recognised, the Company allocates any subsequent changes in fulfilment cash flows of the liability for remaining coverage on a systematic basis between the loss component and the liability for remaining coverage excluding the loss component.

Contract boundaries

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices. The Company determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when the Company has the practical ability to reassess the risks of a particular policyholder and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk. If the boundary assessment is performed at a portfolio rather than individual contract level, the Company must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders. The Company's pricing must not take into account any risks beyond the next reassessment date. The vast majority of the Company's insurance contracts have a coverage period of twelve months and as such the Company considers that it has the practical ability to reassess the risks of policyholders on an annual basis.

In determining whether all risks have been reflected either in the premium or in the level of benefits, the Company considers all risks that policyholders would transfer had the Company issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the Company concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks it would assess when underwriting equivalent contracts on the renewal date for the remaining service. The assessment on the Company's practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions to price new contracts and repricing existing contracts.

16. Insurance contract disclosures (continued)

Pet Insurance

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for pet insurance contracts measured under PAA.

	Asset for insurance acquisition cash flows	Liability for remaining coverage	Liability for incurred claims		Total
			Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
\$ thousands					
March 2024					
Opening assets	(264)	-	-	-	(264)
Opening liabilities	-	1,157	1,213	76	2,446
Net opening balance	(264)	1,157	1,213	76	2,182
Changes in statement of profit or loss					
Insurance revenue	-	(15,842)	-	-	(15,842)
<i>Insurance service expenses</i>					
Incurred claims and other					
insurance service expenses	-	-	6,581	(7)	6,574
Adjustments to liabilities for					
incurred claims	-	-	(142)	-	(142)
Amortisation of insurance					
acquisition cash flows	554	-	-	-	554
Insurance service result	554	(15,842)	6,439	(7)	(9,856)
<i>Cash flows</i>					
Premiums received	-	15,742	-	-	15,742
Insurance acquisition					
cash flows	(632)	-	-	-	(632)
Claims and other insurance					
service expenses paid	-	-	(6,548)	-	(6,548)
Total cash flows	(632)	15,742	(6,548)	-	9,562
Net closing balance	(342)	1,057	1,104	69	1,888
Closing assets	(342)	-	-	-	(342)
Closing liabilities	-	1,057	1,104	69	2,230
Net closing balance	(342)	1,057	1,104	69	1,888

The liability for remaining coverage does not include a loss component.

	Asset for insurance acquisition cash flows	Liability for remaining coverage	Liability for incurred claims		Total
			Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
\$ thousands					
March 2023 Restated					
Opening assets	(280)	-	-	-	(280)
Opening liabilities	-	1,181	1,225	70	2,376
Net opening balance	(280)	1,181	1,225	70	2,096
Changes in statement of profit or loss					
Insurance revenue	-	(15,300)	-	-	(15,300)
<i>Insurance service expenses</i>					
Incurred claims and other					
insurance service expenses	-	-	6,609	6	6,615
Adjustments to liabilities for					
incurred claims	-	-	(54)	-	(54)
Amortisation of insurance					
acquisition cash flows	504	-	-	-	504
Insurance service result	504	(15,300)	6,555	6	(9,235)
<i>Cash flows</i>					
Premiums received	-	15,276	-	-	15,276
Insurance acquisition					
cash flows	(488)	-	-	-	(488)
Claims and other insurance					
service expenses paid	-	-	(6,467)	-	(6,467)
Total cash flows	(488)	15,276	(6,467)	-	9,321
Net closing balance	(264)	1,157	1,213	76	2,182
Closing assets	(264)	-	-	-	(264)
Closing liabilities	-	1,157	1,213	76	2,446
Net closing balance	(264)	1,157	1,213	76	2,182

The liability for remaining coverage does not include a loss component.

16. Insurance contract disclosures (continued)

Other Insurance

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for motor vehicle breakdown, consumer credit and guaranteed finance protection insurance contracts measured under PAA.

	Asset for insurance acquisition cash flows	Liability for remaining coverage	Liability for incurred claims		Total
			Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
<i>\$ thousands</i>					
March 2024					
Opening assets	(79)	-	-	-	(79)
Opening liabilities	-	234	25	12	271
Net opening balance	(79)	234	25	12	192
Changes in statement of profit or loss					
Insurance revenue	-	(1,681)	-	-	(1,681)
<i>Insurance service expenses</i>					
<i>Incurred claims and other</i>					
insurance service expenses	-	-	444	5	449
<i>Adjustments to liabilities for</i>					
<i>incurred claims</i>					
incurred claims	-	-	-	-	-
<i>Amortisation of insurance</i>					
<i>acquisition cash flows</i>					
acquisition cash flows	165	-	-	-	165
Insurance service result	165	(1,681)	444	5	(1,067)
<i>Cash flows</i>					
<i>Premiums received</i>					
Premiums received	-	1,680	-	-	1,680
<i>Insurance acquisition</i>					
<i>cash flows</i>					
cash flows	(188)	-	-	-	(188)
<i>Claims and other insurance</i>					
<i>service expenses paid</i>					
service expenses paid	-	-	(435)	-	(435)
Total cash flows	(188)	1,680	(435)	-	1,057
Net closing balance	(102)	233	34	17	192
Closing assets	(102)	-	-	-	(102)
Closing liabilities	-	233	34	17	284
Net closing balance	(102)	233	34	17	192

The liability for remaining coverage does not include a loss component.

	Asset for insurance acquisition cash flows	Liability for remaining coverage	Liability for incurred claims		Total
			Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
<i>\$ thousands</i>					
March 2023 Restated					
Opening assets	(83)	-	-	-	(83)
Opening liabilities	-	247	21	11	279
Net opening balance	(83)	247	21	11	196
Changes in statement of profit or loss					
Insurance revenue	-	(1,702)	-	-	(1,702)
<i>Insurance service expenses</i>					
<i>Incurred claims and other</i>					
insurance service expenses	-	-	345	1	346
<i>Adjustments to liabilities for</i>					
<i>incurred claims</i>					
incurred claims	-	-	-	-	-
<i>Amortisation of insurance</i>					
<i>acquisition cash flows</i>					
acquisition cash flows	160	-	-	-	160
Insurance service result	160	(1,702)	345	1	(1,206)
<i>Cash flows</i>					
<i>Premiums received</i>					
Premiums received	-	1,689	-	-	1,689
<i>Insurance acquisition</i>					
<i>cash flows</i>					
cash flows	(146)	-	-	-	(146)
<i>Claims and other insurance</i>					
<i>service expenses paid</i>					
service expenses paid	-	-	(341)	-	(341)
Total cash flows	(146)	1,689	(341)	-	1,202
Net closing balance	(79)	234	25	12	192
Closing assets	(79)	-	-	-	(79)
Closing liabilities	-	234	25	12	271
Net closing balance	(79)	234	25	12	192

The liability for remaining coverage does not include a loss component.

17. Asset for insurance acquisition cashflows

The following table shows the reconciliation from the opening to the closing balance for assets for insurance acquisition cash flows.

\$ thousands	Pet	Other	Total
March 2024			
Opening balance	264	79	343
Additions	632	188	820
Amount amortised during the period due to allocation to the related group of contracts	(554)	(165)	(719)
Impairment losses	-	-	-
Closing balance	342	102	444

\$ thousands	Pet	Other	Total
March 2023 Restated			
Opening balance	280	83	363
Additions	488	146	634
Amount amortised during the period due to allocation to the related group of contracts	(504)	(160)	(664)
Impairment losses	-	-	-
Closing balance	264	79	343

The following table shows the expected timing of derecognition of assets for insurance acquisition cash flows and included in the measurement of the group of insurance contracts they will be allocated to.

\$ thousands	Pet	Other	Total
Within one year	342	102	444
in 1-2 years	-	-	-
in 2-3 years	-	-	-
Beyond 4 years	-	-	-
31 March 2024	342	102	444

\$ thousands	Pet	Other	Total
Within one year	264	79	343
in 1-2 years	-	-	-
in 2-3 years	-	-	-
Beyond 4 years	-	-	-
31 March 2023 Restated	264	79	343

18. Distributions to shareholder

Directors declared and paid the following dividends to the shareholder; Beneficial Holdings Limited. The two independent directors signed the Solvency certificates.

\$ thousands		Dividend declared	value
Dividend	FY2024 interim	29/09/2023	2,000
Dividend	FY2024 final	28/03/2024	1,800
Total dividends to shareholder			3,800

The dividend paid in the prior year was \$4,001,000 (interim: \$1,850,000 and final: \$2,151,000).

19. Contributed equity

The Company does not have authorised capital or par value in respect of the one share issued. The share is fully paid. The share entitles the holder to dividends and the residual assets of the Company.

Contributed equity also includes capital contributions of \$675,000 by the shareholder in March 2016 to meet the cash flows relating to the settlement of an outstanding tax liability at the time.

20. Insurance business disclosures

20.1 Solvency Standard

Under Section 55 of the Insurance Prudential Supervision Act 2010, "IPSA", the Company is regulated by a Solvency Standard. Under this standard, Beneficial is required to maintain a Solvency Margin whereby the Company's Actual Solvency Capital must be in excess of the minimum Solvency Capital as defined under the standard. Beneficial's Appointed Actuary performs this calculation based on the Financial Statements.

\$ thousands	March 2024	March 2023 Restated
Actual solvency capital	17,747	16,872
Minimum solvency capital requirement	3,000	3,000
Solvency margin	14,747	13,872
Solvency ratio	592%	562%

The above solvency ratio is calculated based on the Interim Solvency Standard issued by the Reserve Bank of New Zealand on 1 January 2023. At 31 March 2023 the Company also filed its Insurer Solvency Return with the Reserve Bank of New Zealand. The Insurer Solvency Return was prepared based on calculations which pre-date the introduction of the Interim Solvency Standard and included a solvency ratio of 441%.

20.2 Credit rating

On 28 September 2023 credit rating agency, AM Best reaffirmed the Company's Financial Strength Rating at B++ (Good).

21. Financial instruments

\$ thousands	March 2024	March 2023 Restated
Financial assets - amortised cost		
Cash and cash equivalents	703	290
Short term investments	16,402	16,150
Insurance contract assets	273	274
Total financial assets - amortised cost	17,378	16,714

Financial Liabilities - amortised cost

Other amortised cost:		
Payables	328	336
Lease liabilities	1,352	1,662
Total financial liabilities - amortised cost	1,680	1,998

The carrying amounts approximate fair value.

21.1 Financial assets – under NZ IFRS 9

The Company classifies its financial assets in the following categories:

- Financial assets at fair value through other comprehensive income
- Measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Given all of the Company's financial assets have been held with a business model to collect contractual cash flows that represent solely payments of principal and interest all were measured at amortised cost.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The Company applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of the lifetime expected losses for all trade receivables. Given the low risk of default on other financial assets (primarily short-term deposits with financial institutions with a strong credit rating), other expected credit losses have been assessed to be immaterial.

21.2 Short term investments

Deposits are classified as at amortised cost under NZ IFRS 9.

	March 2024	March 2023
\$ thousands		
Bank deposits		
Maturity from balance date		
0 - 3 months	7,752	6,250
4 - 6 months	2,600	3,850
7 - 9 months	1,000	-
10 - 12 months	5,050	6,050
Total short term investments	16,402	16,150

All short-term investments are bank deposits with Westpac, TSB, BNZ, ASB and Kiwibank with maturity dates within 12 months of balance date.

22. Risk management

The financial condition and operational results of the Company are impacted by a number of risks:

- Financial – market risk, credit risk, financing and liquidity risk
- Non-financial – underwriting risk, compliance risk, operational risk

The Board's objective is to satisfactorily manage these risks in line with the Board approved Risk Management Policy. Procedures are in place to control, mitigate, and report on risks faced by the Company in a timely manner to the Board. Managers are responsible for understanding and managing their operational and compliance risks.

The Board is actively involved in reviewing the effectiveness and efficiency of management processes, risk management and financial controls to ensure adequate oversight and compliance. Assets are regularly monitored to ensure there are no material asset and liability mismatching issues and exposure to risks including liquidity and credit risks are maintained within acceptable limits.

22.1 Market risk

Market risk is the risk arising from adverse movements in equity market prices, exchange rates and interest rates or in related derivatives.

- Interest rate risk is the risk that the value of assets or liabilities will change because of changes in interest rates. The Company manages its exposure by holding predominately short-term deposits with the major NZ trading banks – refer note 21.2. An investment sub-committee of the Board regularly establishes and monitors concentration and maturities. Interest rates on the term deposits are fixed at inception and paid either quarterly or at maturity.
- The Company's assets and liabilities are denominated in NZ dollars, with only domestic operations, therefore is not exposed to exchange rate risk.
- Price risk arises from changes in the prices of equity instruments. The Company does not invest in equities so is not currently exposed to this risk.

22.2 Credit risk

Credit risk is the risk of loss arising from a party to a contract or transaction not being able to meet its obligations or defaulting on its commitments.

The Company is exposed to credit risk through its insurance contract assets, bank balances and term deposits.

There are otherwise very limited credit or other counterparty exposures. Arrears of insurance contract assets are closely monitored and reported on. Payment default will also result in the termination of the insurance contract with the policyholders, eliminating both the credit risk and insurance risk for the unpaid balance.

Cash deposits and investments are limited to banks with a minimum Standard and Poor's (S&P) A credit rating. The following table provides information regarding the S&P credit rating for cash deposits and investments.

	March 2024	March 2023
\$ thousands		
Standard and Poor's Credit Rating		
AA	9,755	10,390
A	7,350	6,050
Total	17,105	16,440

Concentration of risk

The Company's exposure is principally through the term deposits held with five major trading banks in New Zealand set out at note 21.2.

22.3 Underwriting risk

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk:

- Insurance risk: the risk transferred from the policyholder to the Company, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims
- Policyholder behaviour risk: the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk) or increase or reduce premiums
- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

22.3 Underwriting risk (continued)

Insurance risk

Insurance risk refers to the risk that claims arising are higher or lower than assumed in pricing due to bad experience, weakness in controls over underwriting or portfolio management, or claims management issues.

Initial claims determination is managed by experienced claims staff. The valuation of the liability for incurred claims is performed by Beneficial's Appointed Actuary using actuarial valuation models which include a risk margin for uncertainty.

The Directors set the Company's strategy for accepting and managing insurance risk. The Directors continuously reviews the Company's underwriting strategy in the light of evolving market pricing and loss conditions and as opportunities present themselves.

A key component of the management of insurance risk for the Company is a disciplined underwriting strategy that is focused on writing quality business. Product pricing is intended to incorporate appropriate premiums for each type of risk assumed by the Company.

Almost all insurance contracts issued by the Company are renewable annually. The ability to reprice contracts on renewal in response to changes in policyholder risk profiles, claims experience and market considerations is a significant mitigant to pricing insurance risk. Insurance contracts may also contain other features that constrain insurance risk – e.g. the use of deductibles, co-pay and capping on the maximum permitted loss for specific risks or events.

The Directors receive reporting with regard to the performance of insurance contracts, disaggregated between pet insurance and other insurance. This reporting includes the following information which assists with the management of insurance risk:

- average gross written premium per policy
- total number of policy written
- new policies written
- policies cancelled / closed
- number of claims paid
- average value of claims paid per claim
- total value of claims paid

This information is presented on a monthly basis and includes comparative data for the current preceding 23 months so that trends can be properly assessed and considered.

Policyholder behaviour risk

Policyholder behaviour risk is considered when designing products – e.g. by means of additional charges on the early surrender of contracts in order to recover acquisition cash flows. Retention is monitored and benchmarked against historical experience. From time to time, management may implement specific initiatives to improve retention.

Expense risk

Expense risk is managed through the annual budgeting process and regular expense analyses.

Concentrations of risk

The Company sells pet, mechanical breakdown, consumer credit and guaranteed finance protection insurance. Approximately 91% of the Company's total insurance revenue is earned through the sale of pet insurance. While a large component of the Company's business relates to the sale of pet insurance, this is spread over a number of policy holders where no policy holder would individually have annual premiums exceeding 1% of the Company's total insurance revenue. All of the Company's total insurance revenue is billed in New Zealand Dollars and almost all of the Company's policy holders are located in New Zealand.

Sensitivity analysis

The table below analyses how profit or loss / equity would have increased (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred.

\$ thousands	Impact on profit or loss / equity		
	Movement in assumption	March 2024	March 2023
Expected future claims development	+10%	(223)	(217)
	-10%	184	186

Claims development

The Company has not presented information with regard to the development of claims given uncertainty about the timing of claims payments is typically resolved within one year.

22.4 Financing and liquidity risk

Maturity analysis

\$ thousands	0-6 mths	7-12 mths	13-24 mths	25-60 mths	over 60 mths	Total
March 2024						
Financial assets						
Cash and equivalents	703	-	-	-	-	703
Short term investments	10,352	6,050	-	-	-	16,402
Insurance contract assets	273	-	-	-	-	273
	11,328	6,050	-	-	-	17,378
Financial liabilities						
Payables	328	-	-	-	-	328
Lease liabilities	259	259	517	505	-	1,540
	587	259	517	505	-	1,868
March 2023 Restated						
Financial assets						
Cash and equivalents	290	-	-	-	-	290
Short term investments	10,100	6,050	-	-	-	16,150
Insurance contract assets	274	-	-	-	-	274
	10,664	6,050	-	-	-	16,714
Financial liabilities						
Payables	336	-	-	-	-	336
Lease liabilities	246	246	492	983	-	1,967
	582	246	492	983	-	2,303

The above contractual cash flows for financial assets and financial liabilities of the Company have not been discounted.

Financing and liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due, because of a lack of liquid assets or access to funding on acceptable terms. All insurance contract liabilities are expected to be settled within twelve months of the reporting date. The carrying amount in the financial statements for insurance contract liabilities is considered to equal the amount that the Company would need to settle if payment were demanded. Given the availability of cash and cash equivalents and short term investments, the Directors consider these is sufficient liquidity for the Company to meet all insurance contract liabilities at the reporting date.

22.4 Financing and liquidity risk (continued)

The Company mitigates financing and liquidity risks by actively managing its operational risks. These include:

- The maintenance and use of sophisticated management information systems, which provide up to date, reliable data on the risks to which the business is exposed at any point in time.
- The use of actuarial models based on historical data to calculate premiums and monitor claim patterns.
- The management of assets and liabilities is closely monitored to match the expected pattern of liability payments with the maturity dates of assets.
- Terms and conditions of insurance contracts. The majority of direct insurance contracts written are entered into on a standard form. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements.
- Active claims management by analysing experience, trends and other relevant factors.

23. Capital risk management

The Company's capital includes its share capital and retained earnings.

The Company's policy is to maintain a strong capital base to ensure it continues to operate as a going concern, to maintain policyholder, supplier and market confidence and to sustain future development of the business. The Board regularly monitors current and future capital requirements and costs.

The Company also manages capital in accordance with the requirements of the Insurance (Prudential Supervision) Act 2010 and the solvency standard for non-life insurance businesses issued by the Reserve Bank of New Zealand.

Outside the solvency requirements detailed in note 20.1, there are no externally imposed financial covenants arrangements that must be observed.

There has been no change in the Company's management of capital during the years ended 31 March 2023 and 2024.

24. Right of use assets and lease liabilities

The Company is leasing office premises and the associated agreement matured on 31 March 2023.

On 25 May 2023 the Company renewed the lease for the office premises. The office premises are owned by Executive Trustees Limited, a related party. This lease has been recognised in the financial statements and the lease term has been assessed as the four years ended 31 March 2027.

During the year ended 31 March 2024 the Company has entered into a lease agreement for IT equipment.

24.1 Right-of-use assets

	March 2024	March 2023
\$ thousands		
Cost		
Opening balance	1,662	406
Additions	65	1,662
Other	-	(2)
Depreciation for the year	(423)	(404)
Closing balance	1,304	1,662

24.2 Lease liabilities

The maturity of the contractual undiscounted cashflows is as follows:

	March 2024	March 2023
\$ thousands		
Less than one year	517	492
One to five years	1,023	1,475
More than five years	-	-
Total undiscounted lease liabilities	1,540	1,967

The maturity of the lease liabilities included in the Statement of Financial Position is as follows:

	March 2024	March 2023
\$ thousands		
Less than one year - current	417	364
One to five years	935	1,298
More than five years	-	-
Total lease liabilities	1,352	1,662

24.3 Amounts recognised in the Statement of Profit or Loss and Total Comprehensive Income

	March 2024	March 2023
\$ thousands		
Depreciation on right to use assets	423	404
Interest on lease liabilities	130	16
Recognised in the statement of comprehensive income	553	420

24.4 Amounts recognised in the statement of cash flows

	March 2024	March 2023
\$ thousands		
Principal element of lease liabilities	375	453
Interest paid on lease liabilities	130	16
Total cash outflow for lease	505	469

24.5 Sublease

Within the shared services agreement (refer to note 25) the Company subleases part of the office premises to Broadlands Finance Limited, a related party. The leased payments are payable monthly and are reviewed on a two yearly basis depending on the office space leased by Broadlands Finance Limited. The Company has elected to classify the sublease as an operating lease, on the basis that Broadlands Finance Limited does not have the right to direct the use of the office space it is leasing. Shared services rent recharge income for the year ended 31 March 2024 was \$96,665 (2023: \$89,813) and is included in "Other income" in the Statement of Profit or Loss and Total Comprehensive Income.

	March 2024	March 2023
\$ thousands		
Within one year	97	-
one to two years	-	-
two to three years	-	-
Total	97	-

25. Transactions with related parties

\$ thousands	Transaction	March 2024		March 2023	
		Transaction value	Receivable (Payable)	Transaction value	Receivable (Payable)
Goods and services					
Broadlands Finance Limited	Shared services	364	36	310	25
	Insurance commission	(14)	-	(21)	-
Executive Trustees Limited	Rent	(492)	-	(473)	-
Penrose Enterprises Limited	Insurance commission	-	-	-	-
Funds collected and remitted from related parties					
Broadlands Finance Limited	Insurance premiums	57	-	74	-
Penrose Enterprises Limited	Insurance premiums	-	-	(4)	-
		(85)	36	(114)	25

The parent company of Beneficial Insurance Limited is Beneficial Holdings Limited, a company incorporated in New Zealand.

Broadlands Finance Limited, Executive Trustees Limited and Penrose Enterprises Limited are related to the Company by way of common shareholding.

On 1 October 2019 Beneficial Insurance Limited and Broadlands Finance Limited entered into a new shared services agreement which included the change of shared employees changing from being employed by Broadlands Finance Limited to Beneficial Insurance Limited. On 1 April 2023 the agreement was revised to incorporate changes in shared service costs. The shared services agreement includes rental and salary oncharge costs charged by Beneficial Insurance Limited to Broadlands Finance Limited and during the financial year ended 31 March 2024 these amounted to \$96,665 and \$169,353 respectively (2023: \$89,813 and \$135,362 respectively). The salary oncharge costs of \$169,353 have been offset against employee benefits expense within underwriting expense in the Statement of Profit or Loss and Total Comprehensive Income.

The amounts receivable / (payable) are unsecured and no guarantees are in place. No interest is charged on amounts owing between related entities. No receivables or payables are impaired as at 31 March 2024 (2023: \$Nil).

Directors remuneration

\$ thousands	March 2024	March 2023
S. R. Tietjens	60	60
T. S. Radisich	60	60
G. W. McCurrach	60	60
Total directors remuneration	180	180

Key management personnel remuneration

\$ thousands	March 2024	March 2023
Salaries and other short term benefits paid	212	213

26. Contingent liabilities

There are no contingent assets or liabilities at the reporting date (2023: \$Nil).

27. Capital commitments

There are no capital commitments at the reporting date (2023: \$Nil).

28. Subsequent events

On 1 May 2024, B Morrison was appointed a Director of the Company. The Directors are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in the financial statements that have significantly or may significantly affect the operations of the Company (2023: none).

29. Change in accounting policies

The Company has adopted NZ IFRS 17 Insurance Contracts from 1 April 2022 and this standard has brought significant changes to the accounting for insurance. The comparative period has been restated under the full retrospective approach. As at 1 April 2022 the Company has:

- identified, recognised and measured each group of insurance contracts as if NZ IFRS 17 had always applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if NZ IFRS 17 had always applied;
- derecognised any existing balances that would not exist had NZ IFRS 17 always applied; and
- recognised any resulting net difference in equity.

The effect of adopting NZ IFRS 17 is presented as follows:

\$ thousands	31-Mar-22 previously reported	Transition to NZ IFRS 17	31-Mar-22 Restated
Statement of Financial Position			
March 2022			
Assets			
Cash and cash equivalents	216	-	216
Short term investments	15,550	-	15,550
Insurance premiums receivable	(a) 8,306	(8,306)	-
Insurance contract asset	(a) -	95	95
Other assets	148	-	148
Deferred acquisition cost	(b) 190	(190)	-
Deferred tax asset	(c) 34	(34)	-
Property and equipment	142	-	142
Right-of-use assets	406	-	406
Total assets	24,992	(8,435)	16,557
Liabilities			
Payables	(b) 459	28	487
Current tax liability	597	-	597
Lease liabilities	453	-	453
Provisions	213	-	213
Deferred tax liability	(c) -	14	14
Insurance contract liability	(b) / (c) -	2,291	2,291
Outstanding claims liabilities	(b) 1,227	(1,227)	-
Unearned premium liabilities	(a) / (b) 9,666	(9,666)	-
Total liabilities	12,645	(8,560)	4,085
Net assets / Equity	(c) 12,377	125	12,502

29. Change in accounting policies (continued)

\$ thousands	31-Mar-23 previously reported	Transition to NZ IFRS 17	31-Mar-23 Restated
Statement of Financial Position			
March 2023			
Assets			
Cash and cash equivalents	290	-	290
Short term investments	16,150	-	16,150
Insurance premiums receivable (a)	8,836	(8,836)	-
Insurance contract asset (a)	-	274	274
Other assets	364	-	364
Deferred acquisition cost (a)	210	(210)	-
Deferred tax asset (c)	7	(7)	-
Property and equipment	114	-	114
Right-of-use assets	1,662	-	1,662
Total assets	27,633	(8,779)	18,854
Liabilities			
Payables (b)	569	62	631
Current tax liability	616	-	616
Lease liabilities	1,662	-	1,662
Provisions	199	-	199
Deferred tax liability (c)	-	30	30
Insurance contract liability (b) / (c)	-	2,374	2,374
Outstanding claims liabilities (b)	1,326	(1,326)	-
Unearned premium liabilities (a) / (b)	10,015	(10,015)	-
Total liabilities	14,367	(8,875)	5,512
Net assets / Equity (c)	13,246	96	13,342

Notes on transition adjustments:

- (a) The Company previously recognised insurance premiums receivable for the gross amounts due from customers at the reporting date. NZ IFRS 17 requires an entity to recognise an insurance contract asset to the extent that premiums for remaining coverage were due but yet to be received by the Company at the reporting date.
- (b) The Company previously recognised the following liabilities:
- An outstanding claims liability in respect of direct business and reinsurance business measured as the central estimate of the present value of the expected future payments for claims incurred with an additional risk margin to allow for the inherent uncertainty in the central estimate; and
 - An unearned premium liability in respect of premiums that had been invoiced to the customer but not yet recognised in profit or loss.

NZ IFRS 17 requires the carrying amount of a group of insurance contracts at the end of each reporting period shall be recognised as an insurance contract liability and represent the sum of:

- the liability for remaining coverage comprising the fulfilment cash flows related to future service allocated to the group of insurance contracts at that date and the contractual service margin of the group of insurance contracts at that date; and

- the liability for incurred claims, comprising the fulfilment cash flows related to past service allocated to the group of insurance contracts at that date.

- (c) The Company has accounted for insurance acquisition cash flows in accordance with the requirements of NZ IFRS 17.

\$ thousands	31-Mar-23 previously reported	Transition to NZ IFRS 17	31-Mar-23 Restated
Statement of Profit or Loss			
March 2023			
Revenue			
Gross earned premium (a)	18,002	(18,002)	-
Insurance revenue (a)	-	18,002	18,002
Expenditure			
Claims expense (b)	(6,459)	6,459	-
Acquisition costs (b)	(297)	297	-
Insurance service expenses (b)		(7,561)	(7,561)
Insurance service result from insurance			
contracts issued	11,246	(805)	10,441
Underwriting expenses (b)	(5,106)	765	(4,341)
Investment and other income	628	-	628
Profit before tax	6,768	(40)	6,728
Tax expense	(1,898)	11	(1,887)
Profit after tax	4,870	(29)	4,841

Notes on transition adjustments:

- (a) The Company previously recognised revenue for the provision of services arising from a group of insurance contracts as "gross earned premium". NZ IFRS 17 requires revenue recognised for the provision of services arising from a group of insurance contracts as "insurance revenue".
- (b) The Company previously presented expenditure associated with the provision of services arising from a group of insurance contracts between "claims expense", "acquisition costs" and "underwriting expenses". NZ IFRS 17 requires an entity shall present in profit or loss "insurance service expense" arising from a group of insurance contracts issued and this expense is represented as follows:
- incurred claims (excluding investment components) and other incurred insurance service expenses;
 - amortisation of insurance acquisition cash flows;
 - changes that relate to past service, i.e. changes in fulfilment cash flows relating to the liability for incurred claims; and
 - changes that relate to future service, i.e. losses on onerous groups of contracts and reversals of such losses.

The balance of expenses incurred by the Company which do not meet the definition of "insurance service expense" have been presented as "underwriting expenses".

Corporate governance and disclosures

Statement of responsibility for financial statements

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information.

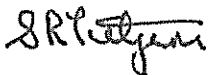
The Directors are also responsible for the systems of internal control and risk management. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial statements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year ended 31 March 2024.

In the opinion of the Directors:

- the Statement of Profit or Loss and Total Comprehensive Income is drawn up so as to present fairly, in all material respects, the results of operations of the Company for the year ended 31 March 2024;
- the Statement of Financial Position is drawn up so as to present fairly, in all material respects, the state of affairs of the Company as at 31 March 2024;
- the Statement of Cash Flows is drawn up so as to present fairly, in all material respects, the cash flows of the Company for the year ended 31 March 2024; and,
- there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

Signed on behalf of the Board by:

Dated: 26 July 2024



Stephen R Tietjens
Chairman



Grant W McCurrach
Director

Directors' statement

Annual report to the shareholder of Beneficial Insurance Limited for the year ended 31 March 2024

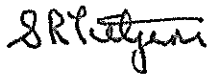
Pursuant to sections 208 and 209 of the Companies Act 1993, the directors present their annual report comprising these audited Financial Statements for the year ended 31 March 2024 and the independent auditor's report thereon.

This report is to be read in conjunction with the Financial Condition Report for the year ended 31 March 2024 from the Appointed Actuary.

With the agreement of the shareholder, the Company has taken advantage of reporting concessions available to it under section 211 (3) of the Companies Act 1993. The information required by paragraphs (a) and (e) to (j) of section 211 (1) of the Companies Act 1993 is therefore not disclosed.

Signed in accordance with a resolution of the directors:

Dated: 26 July 2024



Stephen R Tietjens
Director



Grant W McCurrach
Director

Company Directory

Date of Incorporation	20 March 2002
Nature of Business	The Company is an insurance provider of consumer credit indemnity, finance protection, mechanical breakdown, and pet insurance products.
Registered Office	Level 3, 445 Karangahape Road Newton Auckland 1010 PO Box 68-548 Wellesley Street, Auckland 1141
Company Number	1196170
Directors	Stephen R Tietjens (Chairman) Tony S Radisich Grant W McCurrach Bruce Morrison (appointed 1 May 2024)
Appointed Actuary	Davies Financial and Actuarial Limited PO Box 35-258 Browns Bay Auckland
Financial disputes resolution service	Insurance and Financial Services Ombudsman Scheme PO Box 10845 Wellington 6140
Solicitors	Glaister Ennor PO Box 63 Auckland 1140
Bankers	Westpac New Zealand Limited Otahuhu, Auckland
Shareholder	Beneficial Holdings Limited
Place of Business	Level 3, 445 Karangahape Road Newton Auckland 1010
Tax Accountants	nsaTax Limited P O Box 3697 Auckland 1140

Independent Auditor's Report

To the shareholder of Beneficial Insurance Limited

Opinion

We have audited the financial statements of Beneficial Insurance Limited (the Company), which comprise:

- the statement of financial position as at 31 March 2024;
- the statement of profit or loss and total comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flow for the year then ended; and
- the notes to the financial statements, which include material accounting policy information.

In our opinion, the financial statements on pages 2 to 19 present fairly, in all material respects, the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other services for the Company in the areas of assurance over the Company's solvency return. In addition, certain partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the Company. The provision of these other services and relationships have not impaired our independence as auditor of 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. The key audit matters identified below was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

Why we considered this to be a key audit matter
How our audit addressed the key audit matter
Valuation of insurance contract liabilities

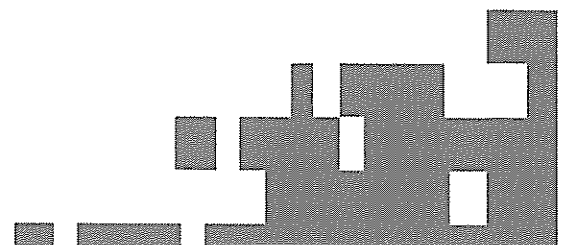
As disclosed in Note 11 of the Company's financial statements, the Company has insurance contract liabilities of \$2,070,000. The Company's insurance contract liabilities were significant to our audit due to the size of these balances, and the subjectivity, complexity, and uncertainty inherent in estimating the expected cash flows and profit margins, relevant to their determination.

Determining expected cash flows include estimates of future premiums, maintenance expenses, claims, and require the use of key assumptions including discontinuance rates and discount rates.

Management has engaged an external actuarial expert to estimate the Company's insurance contract liabilities as at 31 March 2024.

Our audit procedures among others included:

- Evaluating the design of the key controls over insurance contract origination, ongoing administration, claims management and reporting and the integrity of the related data;
- Understanding and evaluating the Company's internal controls relevant to the accounting estimates used to determine the valuation of the Company's insurance contract liabilities;
- Evaluating the competence, capabilities, objectivity and expertise of Management's external actuarial expert and the appropriateness of the expert's work for determining insurance contract liabilities;
- On a sample basis, agreeing the data provided to Management's external actuarial expert to the Company's records;
- Engaging our own actuarial expert to assist in understanding and evaluating:
 - the work and findings of the Company's external actuarial expert engaged by Management;
 - the Company's actuarial methods and assumptions to assist us in challenging the appropriateness of actuarial methods and assumptions used by Management;
 - evaluating the selection of methods and assumptions with a view to identify management bias; and
 - evaluating the related disclosures (including the accounting policies and accounting estimates) about insurance contract liabilities, and the risks attached to them, which are included in Notes 16 and 22.3 of the Company's financial statements.



Why we considered this to be a key audit matter
How our audit addressed the key audit matter
Adoption of NZ IFRS 17 Insurance Contracts

As disclosed in Note 29 of the Company's financial statements, effective 1 April 2022, the Company applied a new accounting standard NZ IFRS 17: Insurance Contracts ('NZ IFRS 17'). The adoption of NZ IFRS 17 was significant to our audit due to the subjectivity, complexity, and uncertainty inherent in determining the overall impact of the transition to NZ IFRS 17 on adoption, including:

- the determination of the applicability of the premium allocation approach (PAA) to the existing contracts;
- the use of the full retrospective approach in estimating the impact on transition;
- the identification of groups of contracts with similar risks which are managed together;
- The adoption of principles regarding:
 - the determination of contract boundaries;
 - the identification and assessment of onerous contracts; and
 - the determination of the risk adjustments for non-financial risks and discount rates.

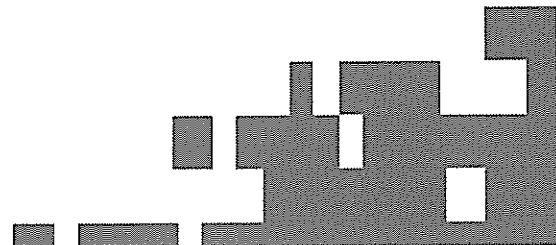
Management has engaged an external actuarial expert to assist the Company to determine the impact of the transition at 1 April 2022.

Our audit procedures among others included:

- Assessing the accounting policies, measurement models, and methodologies used against the requirements of NZ IFRS 17;
- Together with our external expert, assessing the analysis prepared by management to support the following:
 - the application of PAA to the portfolio of existing contracts;
 - the identification and group of contracts considered to be onerous on transition, and
 - the determination of the risk adjustments applied.
- Testing, on a sample basis, the key attributes of contract policy information to assess the groups used for valuation purposes,
- Together with our external expert:
 - Evaluating the methodology used in the determination of the risk adjustment for non-financial risk; and
 - Assessing the overall impact of the transition on net assets at 1 April 2022;
 - Evaluating the disclosures related to the change in accounting policies, which are included in Note 29 of the Company's financial statements.

Other matter

The financial statements of Beneficial Insurance Limited for the year ended 31 March 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 22 June 2023.



Other information

The Directors are responsible for the other information. The other information comprises the Statement of Responsibility for Financial Statements, Directors' Statement and Company Directory on pages 20 to 22 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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 identified above and, in doing so, 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 the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents 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 those charged with governance either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

Who we report to

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

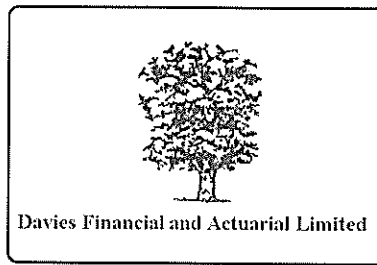
The engagement partner on the audit resulting in this independent auditor's report is Nigel de Frere.

RSM

RSM Hayes Audit
Auckland

26 July 2024





10th July 2024

To: The Directors
Beneficial Insurance Limited

From: Peter Davies
Appointed Actuary

Re: Beneficial Insurance Limited (“BIL”): 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 BIL as at 31st March 2024. “Actuarial information” includes the following:
 - claim provisions and unexpired risk / unearned premium provisions;
 - solvency calculations in terms of the RBNZ Solvency Standard;
 - 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 BIL 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. As at 31st March 2024, BIL's solvency position under the RBNZ Interim Solvency Standard (2023) was as follows:

	Mar 2024	March 2023
Solvency capital	17,746,059	16,274,746
Calculated minimum capital requirement (net of tax)	1,345,521	1,371,549
Surplus on calculated minimum capital requirement	16,400,538	14,369,817
Solvency coverage ratio on calculated margin:	1318.9%	854.3%
Overall minimum capital requirement per standard	3,000,000	3,000,000
Surplus on overall minimum capital requirement	14,746,059	13,274,746
Solvency coverage ratio on overall margin	591.5%	542.5%

The solvency coverage ratio has increased from 542% to 591%, arising from the strong level of after-tax profit for the year, net of a dividend of \$3.8m paid during the year.

Assuming that the Company's business plans are realised and claims occur as projected, 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 Davies B.Bus.Sc., FIA, FNZSA
Appointed Actuary