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Compagnie Française d'Assurance pour le Commerce Extérieur - New Zealand Branch

Annual report

for the year ended 31 December 2024

Docusign Envelope ID: 6CFF0A92-B292-46E8-AF53-0B80B3184BB3

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Corporate information

Company number
8222125

Directors

Cyrille Charbonnel	
Xavier Durand	
Oscar Villalonga Figueroa	
Katarzyna Kompowska	
Carine Pichon	
Bertrand de Prudhomme de la Boussiniere	
Matthias Rolf	
Pierre Vilalta	
Mary Varkados	
Ernesto de Martinis	(appointed: 20 November 2024)
Bogdan Nichisoiu	(appointed: 20 November 2024)
Marcin Ogulewicz	(appointed: 20 November 2024)
Cécile Paillard	(resigned: 30 August 2024)
Doris Kukla	(resigned: 20 November 2024)
Avelino Pereira	(resigned: 20 November 2024)

Principal place of business
c/- Hesketh Henry, Level 14, HSBC Tower
188 Quay Street
Auckland 1010
New Zealand

Auditor
Deloitte Touche Tohmatsu
Sydney, Australia

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Directors' report

For the year ended 31 December 2024

The board of directors present their annual report including the financial statements of the New Zealand operations of Compagnie Française d'Assurance pour le Commerce Extérieur ("the branch") for the year ended 31 December 2024 and the independent auditor's report.

Directors

The directors of Compagnie Française d'Assurance pour le Commerce Extérieur ("the company") at any time during or since the end of the financial year are disclosed on page 1.

Principal activities

The principal activity of the branch for the year ended 31 December 2024 was to provide trade credit insurance policies in New Zealand, directly to businesses or through broker organisations. There has been no change in the principal activities of the branch during the year.

Review of operations

Insurance service revenue for the year ended 31 December 2024 was $4,573,529. Profit for the year after tax was $485,014.

Significant changes in state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the branch during the year.

Events after balance date

There were no significant events after balance date.

Likely developments

No change is expected in the principal activities of the branch.

Environmental regulations

The branch's operations are not subject to any significant environmental regulations.

Directors' interests and benefits

During the financial year no director of the company has received, or become entitled to receive, any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements of the company) by reason of a contract made by the company, or a related entity with the director, or with a firm of which the director is a member, or with an entity in which the director has a substantial interest.

Indemnification and insurance of officers and auditors

Since the end of the previous financial year, the branch has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the company.

The company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 31 December 2024. Such insurance contracts insure persons who are or have been executive officers of the company against certain liability (subject to specific exclusions).

For and on behalf of the board:

DocuSigned by:
Carine Pichon
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Carine Pichon
24-Apr-2025 | 23:22 PDT

署名者:
Cyrille CHARBONNEL
3F4097B185744A0...

Cyrille Charbonnel
27-Apr-2025 | 09:07 CEST

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Statement of comprehensive income

For the year ended 31 December 2024

	Notes	2024 $	2023 $
Insurance service revenue	8.a	4,573,529	3,519,270
Insurance service expense	8.a	(1,983,017)	(1,848,702)
Insurance service result before reinsurance contracts held		2,590,512	1,670,568
Reinsurance premium expense	8.b	(1,573,272)	(1,310,828)
Reinsurance recoveries	8.b	86,275	656,081
Net expense from reinsurance contracts held		(1,486,997)	(654,747)
Insurance service result		1,103,515	1,015,821
Other revenue - fee income		426,244	304,461
Interest income		33,799	14,289
Insurance finance expense	8.a	(117,333)	(24,345)
Reinsurance finance income	8.b	54,197	11,226
Net insurance financial result		(63,136)	(13,119)
Operating expenses		(1,018,632)	(1,220,410)
Interest expense - leases	5	(615)	(1,692)
Profit before income tax	3	481,175	99,350
Income tax benefit/(expense)	6	3,839	(3,839)
Net profit for the year, attributable to head office		485,014	95,511
Other comprehensive income		-	-
Total comprehensive income, attributable to head office		485,014	95,511

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

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Statement of financial position

As at 31 December 2024

	Notes	2024 $	2023 $
Assets			
Current assets			
Cash at bank		5,999,354	5,192,422
Trade and other receivables	7	459,920	457,515
Reinsurance contract assets	8	725,246	873,901
Income tax receivable		7,210	1,098
		7,191,730	6,524,936
Non-current assets			
Right-of-use assets	5	14,853	9,904
		14,853	9,904
Total assets		7,206,583	6,534,840
Liabilities			
Current liabilities			
Employee benefit liabilities		31,324	1,625
Lease liabilities	5	9,380	9,288
Insurance contract liabilities	8	3,040,313	2,804,174
Accruals		386,460	466,816
		3,467,477	3,281,903
Non-current liabilities			
Lease liabilities	5	1,155	-
		1,155	-
Total liabilities		3,468,632	3,281,903
Net assets		3,737,951	3,252,937
Head office account			
Head office advances		4,000,000	4,000,000
Accumulated losses		(262,049)	(747,063)
Total head office account		3,737,951	3,252,937

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

For and on behalf of the board, who authorised the issue of these financial statements on _____ 2025:

DocuSigned by:
Carine Pichon
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Carine Pichon

署名者:
Cyrille CHARBONNEL
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Cyrille Charbonnel

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Statement of changes in head office account

For the year ended 31 December 2024

	Head office advances $	Accumulated losses $	Total head office account $
At 1 January 2023	4,000,000	(842,574)	3,157,426
Profit for the year	-	95,511	95,511
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	95,511	95,511
At 31 December 2023	4,000,000	(747,063)	3,252,937
At 1 January 2024	4,000,000	(747,063)	3,252,937
Profit for the year	-	485,014	485,014
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	485,014	485,014
At 31 December 2024	4,000,000	(262,049)	3,737,951

The above statement of changes in head office account should be read in conjunction with the accompanying notes.

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Statement of cash flows

For the year ended 31 December 2024

	2024 $	2023 $
Operating activities		
Premium and other revenue received, net of acquisition cash flows	4,985,001	4,631,619
Reinsurance premium, net of commission	(1,535,658)	(1,945,818)
Claims payments	(1,843,709)	(210,252)
Reinsurance recoveries	251,513	105,126
Interest received	33,799	14,289
Payments to suppliers and employees	(1,062,829)	(1,134,137)
Interest paid	(615)	(1,692)
Taxation paid	(2,273)	(4,937)
Net cash flows from operating activities	825,229	1,454,198
Net cash flows from/(used in) investing activities	-	-
Financing activities		
Repayment of lease liabilities	(18,297)	(17,559)
Net cash flows used in financing activities	(18,297)	(17,559)
Net increase in cash and cash equivalents	806,932	1,436,639
Cash and cash equivalents at 1 January	5,192,422	3,755,783
Cash and cash equivalents at 31 December	5,999,354	5,192,422

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

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Notes to the financial statements

For the year ended 31 December 2024

1. Corporate information

The financial statements of the New Zealand operations of Compagnie Française d'Assurance pour le Commerce Extérieur (the "branch") for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors.

Compagnie Française d'Assurance pour le Commerce Extérieur (the "company") is incorporated in France and is registered under the Companies Act 1993 on the overseas company register as a company carrying on business in New Zealand. The ultimate and immediate parent of the company is COFACE SA. COFACE SA and its subsidiaries collectively form “Coface Group".

The branch is part of the company. The assets of the branch are legally available for the satisfaction of debts of the entire company, not solely those appearing on the branch’s statement of financial position. The debts of the branch may result in claims against the entire company’s assets, not solely the assets presented on the branch’s statement of financial position. Any deficiency of the branch is supported by the company. The amount of funds retained, to ensure financial soundness of the branch, is managed at the company level and details of the solvency position are set out in note 11.

The principal activities of the branch are the provision of trade credit insurance policies in New Zealand, directly to businesses or through broker organisations. There has been no change in the principal activities of the branch during the year.

2. Accounting policies

a. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Financial Markets Conduct Act 2013. The branch is classified as an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. For the purpose of complying with NZ GAAP the branch is a for-profit entity.

The financial statements are presented in the branch's functional currency, New Zealand dollars, and all values are rounded to the nearest dollar, except when otherwise indicated.

b. Statement of compliance

The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

c. Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

d. Insurance contracts

Classification and aggregation

Groups of insurance contracts are determined by identifying portfolios of contracts which are subject to similar risks and managed together.

Each portfolio is then divided into annual cohorts (i.e. by year of issue), and between (i) a group of contracts that are onerous at initial recognition, (ii) a group of contracts that have no significant possibility of becoming onerous subsequently, and (iii) a group of the remaining contracts, that at initial recognition have a possibility of becoming onerous subsequently.

The branch has a single portfolio for trade-credit insurance.

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Notes to the financial statements

For the year ended 31 December 2024

2. Accounting policies (continued)

d. Insurance contracts (continued)

Recognition

A group of insurance contracts is recognised at the earlier of: the start of the coverage period; the due date of the first policyholder payment; or, for onerous contracts, as soon as the branch is committed. When each individual contract is recognised, it is either added to an existing group, or, if it does not qualify for inclusion in an existing group, forms a new group to which future contracts may be added.

The coverage period for trade-credit insurance is from the beginning of the insurance policy until the potential default due date by the debtor towards the policyholder, according to the maximum credit term indicated in the contract.

Measurement

The branch applies the premium allocation approach (PAA) for measurement of all insurance and reinsurance contracts, as the resulting measurement of the liability for remaining coverage would not differ materially from applying the general model of NZ IFRS 17.

The carrying amount of each group of insurance contracts is the sum of the liability for remaining coverage and the liability for incurred claims.

Under the PAA, the initial liability for remaining coverage is the premiums received by the branch at initial recognition, less insurance acquisition cash flows at that date, adjusted for any amount arising from deferred insurance acquisition cash flows. In subsequent periods the liability is increased for premiums received by the branch, amounts relating to amortisation of insurance acquisition cash flows recognised as an expense, and any adjustment to a significant financing component; and decreased for insurance acquisition cash flows paid, the amount recognised as insurance revenue for services provided, and any investment component paid or transferred to the liability for incurred claims.

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts, that are directly attributable to the relevant portfolio of insurance contracts (though may not be directly attributable to individual contracts or groups of contracts within the portfolio). These include acquisition fees paid to intermediaries (brokers, agents, ceding insurers) and other acquisition costs attributable to contracts. Insurance acquisition cash flows are allocated to relevant groups of insurance contracts and amortised over the coverage period of the related group. Insurance acquisition cash flows incurred before the commencement of the relevant group of insurance contracts are carried as an asset until the insurance contract liability is recognised, following which they are included within measurement of the liability for remaining coverage.

The liability for incurred claims comprises the discounted estimated future cash flows relating to incurred claims, including a risk adjustment.

If at any time before and during the coverage period a group of insurance contracts is or becomes onerous, an impairment loss is recognised with a corresponding loss component included in the liability for remaining coverage, for the difference between the estimated fulfilment cash flows relating to the remaining coverage of the group, and the carrying amount of liability for remaining coverage for that group.

Insurance contracts are derecognised when, and only when, the obligation specified in the insurance contract expires or is discharged or cancelled.

Reinsurance contracts held

Reinsurance contracts held are recognised at the beginning of the coverage period of the group of reinsurance contracts held, or at the initial recognition date of the related insurance contract if the reinsurance contract provided proportionate coverage.

Reinsurance contracts held are measured on the same basis as the insurance contracts issued (adapting to reflect the features of reinsurance contracts held that differ from insurance contracts issued, such as expenses rather than revenue). Where a group of insurance contracts covered by reinsurance contracts held is or becomes onerous, a loss-recovery component is included in the asset for remaining coverage, reflecting the portion of the losses on the onerous contracts expected to be recovered from the reinsurance contracts held.

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Notes to the financial statements

For the year ended 31 December 2024

2. Accounting policies (continued)

e. Financial instruments

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

All financial instruments are initially recognised at the fair value of the consideration received/transferred less, in the case of financial assets and liabilities not recorded at fair value through profit or loss, directly attributable transaction costs.

Subsequently the branch applies the following accounting policies for financial instruments:

Cash and cash equivalents

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

Financial assets at amortised cost

Financial assets at amortised cost consist of trade and other receivables (note 7). Trade receivables represent the right to an amount of unconditional consideration (i.e. only the passage of time is required before payment of the consideration is due). Contract assets are the right to consideration in exchange for goods or services transferred to the customer. If the branch performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned conditional consideration.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method, and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired, as well as through the amortisation process. These are included within current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Impairment of financial assets

An allowance for expected credit losses (ECLs) is recognised for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, a simplified approach is applied in calculating ECLs. Therefore, changes in credit risk are not tracked, instead a loss allowance is recognised based on lifetime ECLs at each balance date. The allowance is based upon observed historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities at amortised cost

Financial liabilities at amortised cost consist of employee benefit liabilities, lease liabilities (note 5) and accruals. Payables are recognised when the branch becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are not discounted given their short-term nature.

Financial liabilities at amortised cost are measured at amortised cost using the EIR method. Gains or losses are recognised in profit or loss when the liability is derecognised as well as through the EIR amortisation process. Financial liabilities are classified as current liabilities unless the branch has an unconditional right to defer settlement of the liabilities for at least 12 months after balance date.

f. Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment. Initial cost includes purchase consideration and those costs attributable to bringing the asset to the location and condition necessary for its intended use.

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Notes to the financial statements

For the year ended 31 December 2024

2. Accounting policies (continued)

f. Property, plant and equipment (continued)

Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying amount when such expenditure either increases the future economic benefits, or is necessarily incurred to enable future economic benefits to be obtained. The carrying amount of any replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation has been calculated on a straight line basis to write off the net cost of each asset over its expected useful life to its estimated residual value. The following depreciation rates have been applied:

Right-of-use assets - property	over lease term (2 years)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

g. Impairment of non-financial assets

Non-financial assets with a finite useful life are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Impaired non-financial assets are tested for possible reversal of the impairment whenever events or changes in circumstances indicate the impairment may have reversed.

h. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if the arrangement conveys a right to control the use of an identified asset or assets for a period of time in exchange for consideration.

At commencement of a lease, the branch recognises a right-of-use asset and a lease liability. The right-of-use asset is recognised at cost, being the initial measurement of the lease liability plus any lease payments made before the commencement date, any initial direct costs, and an estimate of costs to be incurred to remove or restore the asset at the end of the lease term, less any lease incentives received. The lease liability is initially measured at the present value of the remaining lease payments, discounted at the interest rate implicit in the lease, or the branch's incremental borrowing rate where the interest rate implicit in the lease cannot be readily determined.

Variable lease payments linked to an index or rate are included in calculation of the lease liability. When the index or rate changes, or there are other changes in lease payments such as a change in lease term, the lease liability is remeasured, with a corresponding change to the associated right-of-use asset. Variable lease payments not linked to an index or rate are recognised in profit or loss when incurred.

Interest on the lease liability is calculated using the EIR method and recognised as an expense in profit or loss.

Right-of-use assets and lease liabilities are not recognised for leases with a lease term of less than 12 months, or for leases of low-value assets. Payments on short-term leases or leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis over the lease term.

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Notes to the financial statements

For the year ended 31 December 2024

2. Accounting policies (continued)

i. Employee benefit liabilities

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of balance date, are recognised in respect of employees' services up to balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

Post-employment benefits

Contributions made for the benefit of eligible employees to defined contribution funds are recognised in the period they are incurred. The defined contribution funds receive fixed contributions from the branch, whose legal or constructive obligation is limited to those contributions only.

j. Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable.

Insurance service result

Insurance service revenue is the amount of expected premium receipts allocated to the period, net of taxes, cancellations/refunds, and any investment component.

Expected premium receipts are allocated to each period of insurance contract services on the basis of the passage of time, or on the basis of the expected timing of incurred insurance service expenses if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.

Insurance service expenses consist of incurred claims, amortisation of insurance acquisition cash flows (recognised on the basis of passage of time), changes in fulfilment cash flows and risk adjustments relating to the liability for incurred claims, and losses on onerous groups of such contracts (and reversals of such losses).

Reinsurance premium expense is the amount of expected reinsurance premium payments allocated to the period, on the same basis as the related insurance income, net of commissions that are not contingent on claims on the underlying contracts and any investment component. Reinsurance recoveries include incurred claims recovered (or recoverable) from the reinsurer, net of any commissions or other expenses that are contingent on claims on the underlying contracts. Reinsurance premium expense and reinsurance recoveries are recognised separately.

Insurance finance income or expense

Insurance finance income or expense comprises the change in the carrying amount of each group of insurance contracts arising from the effect of the time value of money (i.e. unwinding of discount) and the effect of financial risk and changes in financial risk.

Insurance finance income or expense is disaggregated between profit or loss and OCI. Insurance finance income or expense is recognised in profit or loss according to the discount rates initially applied for each group of insurance contracts. Differences between the valuation of the insurance contract liability (or asset) at initial discount rates and at current discount rates are recognised in OCI.

If a contract is derecognised as a result of a transfer to a third party or a contract modification, any accumulated OCI for that contract will be reclassified to profit or loss.

Fee income

Fee income is fees charged to clients for special limit requests, which are recognised at a point in time when the services are provided.

Interest income

Revenue is recognised as interest accrues using the EIR method.

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Notes to the financial statements

For the year ended 31 December 2024

2. Accounting policies (continued)

k. Income tax

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at balance date.

Deferred tax is calculated using the liability method on all temporary differences at balance date between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction which: is not a business combination; does not affect tax or accounting profit; and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised to the extent it is probable the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the branch's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax losses or credits.

Changes in deferred tax assets or liabilities are recognised in profit or loss, except where they relate to items that are recognised in OCI or directly in equity, in which case the related deferred tax is also recognised in OCI or equity, respectively.

The branch has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities relating to Pillar Two income taxes.

l. Other taxes

Revenues, expenses, assets, liabilities and cash flows are recognised net of goods and services tax (GST), except where GST incurred is not recoverable from the taxation authority, and receivables and payables which are stated GST inclusive.

m. Changes in accounting policies and disclosures

New and amended standards and interpretations

The branch applied for the first time the amendments to FRS 44, as described below. Several other amendments are effective for the first time for the year ended 31 December 2024, that do not have any impact on the branch’s financial statements.

Disclosure of Fees for Audit Firms’ Services – Amendments to FRS 44

The amendments to FRS 44 *New Zealand Additional Disclosures* extend the requirement for disclosure of fees incurred for services received from the branch’s audit or review firm, including a description of each service, using specified categories. The additional information is disclosed in note 4. The amendment has no impact on the recognition and measurement of amounts in current year or comparative information.

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Notes to the financial statements

For the year ended 31 December 2024

2. Accounting policies (continued)

n. Significant accounting judgements, estimates and assumptions

The preparation of the branch's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Insurance contract liabilities - estimates of future cash flows

Insurance contract liabilities are based upon estimates of future cash flows, incorporating all reasonable and supportable information that is available without undue cost or effort at balance date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Insurance contract liabilities - discount rates

Insurance contract liabilities are discounted using risk-free rates that are derived from the yields on sovereign risk securities (New Zealand government bonds) and relate to the term of the insurance liability cash flows. The single equivalent discount rate used is 3.96% (2023: 5.07%) for outstanding claims and 3.81% (2023: 4.91%) for future claims liability cash flows.

Insurance contract liabilities – risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation the branch requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts, and reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The risk adjustment for non-financial risk is determined using the confidence level technique, under which the probability distribution of the expected present value of future cash flows from insurance contracts is estimated at each balance date, and the risk adjustment for non-financial risk is calculated as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years.

The risk adjustment has been estimated using a confidence level (probability of sufficiency) of 75% (2023: 75%).

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Notes to the financial statements

For the year ended 31 December 2024

3. Profit before income tax

Profit before income tax includes the following specific expenses:

	2024 $	2023 $
Employee remuneration	648,721	414,504
Post-employment benefits	17,401	9,987
Depreciation expense	14,595	16,980
Net foreign exchange losses	2,688	43,380
Actuarial and legal charges	101,848	181,777

4. Auditor's remuneration

The auditor of the branch is Deloitte Touche Tohmatsu (Australia). Fees incurred for services received from Deloitte Touche Tohmatsu (including network firms) were:

	2024 $	2023 $
Audit of the financial statements	68,195	91,129
Total fees incurred for services provided by the audit firm	68,195	91,129

5. Leases

The branch leases property.

Profit before income tax includes the following expenses relating to leases.

	2024 $	2023 $
Depreciation expense of right-of-use assets	14,595	16,980
Interest expense on lease liabilities	615	1,692

The total cash outflow for leases during the year was $18,912 (2023: $19,251).

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5. Leases (continued)

Right-of-use assets - property

	2024 $	2023 $
Cost		
At 1 January	35,374	35,374
Additions	19,544	-
At 31 December	54,918	35,374
Depreciation and impairment		
At 1 January	25,470	8,490
Depreciation for the year	14,595	16,980
At 31 December	40,065	25,470
Net book value	14,853	9,904

Lease liabilities have a maturity date of June 2026 (2023: June 2024), with an effective interest rate of 1.86% (2023: 6.3%).

Lease liabilities are disclosed in the statement of financial position as follows:

	2024 $	2023 $
Current	9,380	9,288
Non-current	1,155	-
	10,535	9,288

6. Income tax

The major components of income tax (benefit)/expense are:

	2024 $	2023 $
Current income tax:		
Current income tax (benefit)/charge	(3,839)	3,839
Deferred tax:		
Origination and reversal of temporary differences	-	-
Income tax (benefit)/expense reported in the statement of comprehensive income	(3,839)	3,839

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6. Income tax (continued)

Reconciliation of income tax (benefit)/expense and accounting profit is as follows:

	2024	2023
	$	$
Accounting profit before income tax	481,175	99,350
At statutory income tax rate of 28% (2023: 28%)	134,729	27,818
Deferred tax asset not recognised	(58,317)	53,545
Future tax benefit not recognised	58,148	-
Utilisation of unrecognised tax losses	(138,399)	(82,562)
Other	-	5,038
Income tax (benefit)/expense	(3,839)	3,839

Deferred income tax

Deferred income tax relates to the following:

Statement of financial position	2024	2023
	$	$
Accruals and employee entitlements	53,573	67,756
Deferred acquisition costs	(43,097)	-
Right-of-use assets	(4,159)	(2,773)
Lease liabilities	2,950	2,601
Deferred tax asset not recognised	(9,267)	(67,584)
Net deferred tax assets/(liabilities)	-	-

Statement of comprehensive income	2024	2023
	$	$
Accruals and employee entitlements	14,183	(19,461)
Deferred acquisition costs	43,097	(34,245)
Right-of-use assets	1,386	(4,755)
Lease liabilities	(349)	4,916
Deferred tax asset not recognised	(58,317)	53,545
Deferred tax expense/(benefit)	-	-

Subject to approval by Inland Revenue, the branch has tax losses available to carry forward of $419,294 (2023: $211,621) with tax effects of $117,402 (2023: $59,254). No deferred tax asset has been recognised in respect of tax losses, due to the uncertainty of future taxable income.

The branch is not eligible for New Zealand imputation credits.

OECD Pillar Two Model Rules

New Zealand has enacted legislation implementing the Pillar Two model rules published by the OECD, but has a statutory income tax rate exceeding 15%, and has not implemented a qualified domestic minimum top-up tax. The rules are expected to apply to the branch from 1 January 2025. The branch does not expect the rules to have a material impact. Any impact arising from top-up taxes will be presented as current tax in the period when it is incurred.

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7. Trade and other receivables

	2024 $	2023 $
GST receivables	12,137	4,002
Other trade and other receivables	447,783	453,513
	459,920	457,515

The carrying amount of trade and other receivables is a reasonable approximation of fair value.

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8. Insurance contracts and reinsurance contracts held

a. Insurance contracts

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component $	Loss component $	Estimates of the present value of future cash flows $	Risk adjustment $	Total $
Net insurance contract liabilities as at 31 December 2023	887,603	-	1,277,714	638,857	2,804,174
Insurance revenue	(4,573,529)	-	-	-	(4,573,529)
Insurance service expenses					
Incurred claims and other expenses	-	-	2,464,155	307,679	2,771,834
Amortisation of insurance acquisition cash flows	497,039	-	-	-	497,039
Changes to liabilities for incurred claims	-	-	(735,928)	(549,928)	(1,285,856)
Insurance service result	(4,076,490)	-	1,728,227	(242,249)	(2,590,512)
Insurance finance expenses	-	-	79,378	37,955	117,333
Total changes in the statement of comprehensive income	(4,076,490)	-	1,807,605	(204,294)	(2,473,179)
Cash flows					
Premium received	5,234,584	-	-	-	5,234,584
Claims and other expenses paid	-	-	(1,843,709)	-	(1,843,709)
Insurance acquisition cash flows	(681,557)	-	-	-	(681,557)
Total cash flows	4,553,027	-	(1,843,709)	-	2,709,318
Net insurance contract liabilities as at 31 December 2024	1,364,140	-	1,241,610	434,563	3,040,313

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8. Insurance contracts and reinsurance contracts held (continued)

a. Insurance contracts (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	$	$	$	$	$
Net insurance contract (assets)/liabilities as at 31 December 2022	(790,114)	145,796	361,684	180,842	(101,792)
Insurance revenue	(3,519,270)	-	-	-	(3,519,270)
Insurance service expenses					
Incurred claims and other expenses	-	-	1,489,178	639,463	2,128,641
Amortisation of insurance acquisition cash flows	434,546	-	-	-	434,546
Losses/(reversal) on onerous contracts	-	(145,796)	-	-	(145,796)
Changes to liabilities for incurred claims	-	-	(379,126)	(189,563)	(568,689)
Insurance service result	(3,084,724)	(145,796)	1,110,052	449,900	(1,670,568)
Insurance finance expenses	-	-	16,230	8,115	24,345
Total changes in the statement of comprehensive income	(3,084,724)	(145,796)	1,126,282	458,015	(1,646,223)
Cash flows					
Premium received	5,217,890	-	-	-	5,217,890
Claims and other expenses paid	-	-	(210,252)	-	(210,252)
Insurance acquisition cash flows	(455,449)	-	-	-	(455,449)
Total cash flows	4,762,441	-	(210,252)	-	4,552,189
Net insurance contract liabilities as at 31 December 2023	887,603	-	1,277,714	638,857	2,804,174

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For the year ended 31 December 2024

8. Insurance contracts and reinsurance contracts held (continued)

b. Reinsurance contracts held

	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component $	Loss recovery component $	Estimates of the present value of future cash flows $	Risk adjustment $	Total $
Net reinsurance contract assets as at 31 December 2023	(11,372)	-	590,182	295,091	873,901
Allocation of reinsurance premiums	(1,573,272)	-	-	-	(1,573,272)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	528,246	142,119	670,365
Changes to amounts recoverable for incurred claims	-	-	(330,075)	(254,015)	(584,090)
Net income or expense from reinsurance contracts held	(1,573,272)	-	198,171	(111,896)	(1,486,997)
Reinsurance finance income	-	-	36,665	17,532	54,197
Total changes in the statement of comprehensive income	(1,573,272)	-	234,836	(94,364)	(1,432,800)
Cash flows					
Premium paid	1,535,658	-	-	-	1,535,658
Amounts received	-	-	(251,513)	-	(251,513)
Total cash flows	1,535,658	-	(251,513)	-	1,284,145
Net reinsurance contract assets as at 31 December 2024	(48,986)	-	573,505	200,727	725,246

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For the year ended 31 December 2024

8. Insurance contracts and reinsurance contracts held (continued)

b. Reinsurance contracts held (continued)

	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component $	Loss recovery component $	Estimates of the present value of future cash flows $	Risk adjustment $	Total $
Net reinsurance contract assets/(liabilities) as at 31 December 2022	(646,362)	72,898	166,796	83,398	(323,270)
Allocation of reinsurance premiums	(1,310,828)	-	-	-	(1,310,828)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	695,868	295,371	991,239
Loss-recovery on onerous underlying contracts and adjustments	-	(72,898)	-	-	(72,898)
Changes to amounts recoverable for incurred claims	-	-	(174,840)	(87,420)	(262,260)
Net income or expense from reinsurance contracts held	(1,310,828)	(72,898)	521,028	207,951	(654,747)
Reinsurance finance income	-	-	7,484	3,742	11,226
Total changes in the statement of comprehensive income	(1,310,828)	(72,898)	528,512	211,693	(643,521)
Cash flows					
Premium paid	1,945,818	-	-	-	1,945,818
Amounts received	-	-	(105,126)	-	(105,126)
Total cash flows	1,945,818	-	(105,126)	-	1,840,692
Net reinsurance contract assets as at 31 December 2023	(11,372)	-	590,182	295,091	873,901

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9. Related party disclosures

a. Ultimate parent

The ultimate and immediate parent of the company is COFACE SA, which is registered on Euronext Paris in France.

b. Transactions with related parties

Transactions with other group entities include reinsurance, underwriting fees and recharge of expenses for personnel, IT and management.

The following table provides the total amount of transactions which have been entered into with related parties. Movements in the head office account have been disclosed in the statement of changes in head office account.

		Reinsurance premium expense	Reinsurance recoveries	Recharges	Receivables	Reinsurance contract assets
		$	$	$	$	$
Ultimate parent	2024	-	-	866,102	-	-
	2023	-	-	100,082	-	-
Head office	2024	-	-	9,261	-	-
	2023	-	-	7,044	-	-
Other subsidiaries of ultimate parent	2024	1,573,272	86,275	-	42,927	725,246
	2023	1,310,828	656,081	491,126	111,087	873,901
	2024	1,573,272	86,275	875,363	42,927	725,246
	2023	1,310,828	656,081	598,252	111,087	873,901

Terms and conditions of transactions with related parties

Outstanding balances at year end are unsecured and settlement occurs in cash.

For the year ended 31 December 2024, the branch has not made any allowance for impairment losses relating to amounts owed by related parties (2023: $nil).

c. Key management remuneration

Key management personnel are employed and remunerated by other branches of the company, with no direct recharge to the branch for their services.

10. Insurance and financial risk

a. Insurance risk

Insurance contracts and reinsurance contracts held

The branch issues trade credit insurance contracts in New Zealand. Insurance contracts transfer risks to the insurer by indemnifying policy holders against adverse effects arising from the occurrence of specified certain events. Risk management activities can be separated into underwriting, claims management, reserving and investment. The objective of these risk management functions is to enhance the longer term financial performance of the overall insurance operations and to ensure capital and solvency requirements are met.

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10. Insurance and financial risk (continued)

a. Insurance risk (continued)

The frequency and severity of claims is affected by several factors. These include all factors that affect credit risk in general. The status of the economy is a major driver for frequency and severity of claims. Other key factors include specific events such as natural disasters and structural changes in the economy, which will vary over time. For trade credit insurance the behavior of customers may affect the frequency and severity of claims as well, through risks inherent to their business activities and their risk management practices.

These insurance risks are controlled by underwriting procedures and adequate premium rates and policy. The branch's business processes are designed to effectively manage the impact of many risk factors that affect frequency and severity of claims.

Acceptance of risk - Access to Coface Group's broad worldwide database of company information allows the branch to thoroughly analyse risk before acceptance. Analysis of risk considers a variety of factors including industry and financial strength.

Pricing - Years of experience enable the underwriters to calculate acceptable pricing and acceptable terms and conditions of cover.

Claims management - Claims are handled separately to the underwriting by the claims department. Settling authorities are delegated according to level of experience and to ensure adequate review of the claims assessment. Claims are managed to ensure timely and correct payment in accordance with policy conditions.

Reinsurance - Risks underwritten are reinsured in order to limit exposure to losses, stabilise earnings, protect capital resources and ensure efficient control and spread the risk underwritten. The company maintains quota-share reinsurance with Coface Re S.A. of Lausanne, Switzerland. The treaty covers lines of business, scope of cover, territorial scope and maximum exposure. The treaty for 2024 ceded 50% (2023: 50%), the Fitch credit rating for Coface Re S.A. is AA- (2022: AA-).

Investment management - To ensure liquidity, all investments are held in cash.

Concentration of insurance risk - The branch has an objective of minimizing the concentration of risk arising from the underwriting of insurance contracts and seeks to have a diverse portfolio of risk spread across industry sectors and financial strength, without becoming over concentrated to one sector. Analysis and monitoring of claims and credit limit data is done regularly to effectively deal with concentration by various sectors including industry, geographic location and customer. The process before approval of credit limits to customers takes into account the risks associated with these sectors.

The tables below show the evolution of Sector mix by NACE Code of the New Zealand Porfolio and the Debtor Risk Assessment (DRA) score categorizing financial strength of the risks underwriten.

	Sector mix	
	2024	**2023**
	%	**%**
2 - Agrofood	29.24	56.80
6 - Elect - IT	14.15	12.60
7 - Services	11.60	8.10
3 - Chemical Industry	10.58	6.70
5 - NS Trade	7.93	6.40
4 - Construction	8.68	4.50
9 - Misc + Empty	3.95	2.00
1 - Metal Industry	7.95	2.10
8 - Textile, Wood and Paper	5.92	0.07

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10. Insurance and financial risk (continued)

a. Insurance risk (continued)

	DRA category exposure				
Year	**Low**	**4**	**5**	**Good**	**High**
	%	**%**	**%**	**%**	**%**
2024	0.01	4.54	24.06	54.22	17.18
2023	0.00	4.20	16.70	49.80	29.30

Sensitivity analysis

The liability for incurred claims (LIC) is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity to legislative changes or uncertainty in the estimation process.

		2024 ($000)			
Assumption	**Change in assumption**	**Impact on profit before tax gross of reinsurance**	**Impact on profit before tax net of reinsurance**	**Impact on equity gross of reinsurance**	**Impact on equity net of reinsurance**
Baseline gross/net loss ratio for LIC	+10%	(183)	(85)	(132)	(61)
Baseline gross/net loss ratio for LIC	-10%	183	85	132	61
New $1m claim incurred	1000	(1,376)	(636)	(991)	(458)

		2023 ($000)			
Assumption	**Change in assumption**	**Impact on profit before tax gross of reinsurance**	**Impact on profit before tax net of reinsurance**	**Impact on equity gross of reinsurance**	**Impact on equity net of reinsurance**
Baseline gross/net loss ratio for LIC	+10%	(197)	(91)	(142)	(66)
Baseline gross/net loss ratio for LIC	-10%	197	91	142	66
New $1m claim incurred	1000	(1,482)	(684)	(1,067)	(493)

Claims development table

The following tables show the estimates of cumulative incurred claims for each successive incident year at each reporting date, together with cumulative payments to date.

As required by NZ IFRS 17, in setting claims provisions, the branch gives consideration to the probability and magnitude of future experiences being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

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10. Insurance and financial risk (continued)

a. Insurance risk (continued)

As at 31 December 2024

Gross liabilities for incurred claims ($000)

Accident year	2022	2023	2024	Total
At end of accident year	346	1,494	1,089	
One year later	-	870		
Gross estimates of the undiscounted amount of the claims	-	870	1,089	1,959
At end of accident year	-	(267)	(244)	
One year later	-	(532)		
Cumulative payments to date	-	(532)	(244)	(776)
Gross undiscounted liabilities for incurred claims	-	338	845	1,183
Effect of discounting	-	-		(35)
Total gross liabilities for incurred claims	-	-		1,148

Liabilities for incurred claims, net of reinsurance ($000)

Accident year	2022	2023	2024	Total
At end of accident year	173	747	544	
One year later	-	435		
Net estimates of the undiscounted amount of the claims	-	435	544	979
At end of accident year	-	(134)	(122)	
One year later	-	(266)		
Cumulative net payments to date	-	(266)	(122)	(388)
Net undiscounted liabilities for incurred claims	-	169	422	591
Effect of discounting	-	-		(17)
Total net liabilities for incurred claims	-	-		574

Total liabilites for incurred claims	Estimate of the present value of future cash flows	Claims handling	Risk adjustment	Total
Gross liabilities	1,148	95	435	1,678
Amounts recoverable from reinsurers	(574)	-	(201)	(775)
Total net liabilities	574	95	234	903

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10. Insurance and financial risk (continued)

a. Insurance risk (continued)

As at 31 December 2023

Gross liabilities for incurred claims ($000)

Accident year	2022	2023	Total
At end of accident year	346	1,494	
One year later	-		
Gross estimates of the undiscounted amount of the claims	-	1,494	1,494
At end of accident year	-	(267)	
One year later	-		
Cumulative payments to date	-	(267)	(267)
Gross undiscounted liabilities for incurred claims	-	1,226	1,226
Effect of discounting	-		(47)
Total gross liabilities for incurred claims	-		1,180

Liabilities for incurred claims, net of reinsurance ($000)

Accident year	2022	2023	Total
At end of accident year	173	747	
One year later	-		
Net estimates of the undiscounted amount of the claims	-	747	747
At end of accident year	-	(134)	
One year later	-		
Cumulative net payments to date	-	(134)	(134)
Net undiscounted liabilities for incurred claims	-	613	613
Effect of discounting	-		(23)
Total net liabilities for incurred claims	-		590

Total liabilites for incurred claims	Estimate of the present value of future cash flows	Claims handling	Risk adjustment	Total
Gross liabilities	1,180	97	639	1,916
Amounts recoverable from reinsurers	(590)	-	(295)	(885)
Total net liabilities	590	97	344	1,031

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10. Insurance and financial risk (continued)

b. Financial risk

i. Credit risk

Credit risk is the risk that one party to a financial instrument (including insurance contracts) will cause a financial loss for the other party by failing to discharge an obligation.

The branch’s assets subject to credit risk consist of cash at bank, trade and other receivables and reinsurance contract assets. The maximum exposure to credit risk is the carrying amount in the statement of financial position. The branch's policy is to hold financial assets as cash.

Cash is held with HSBC New Zealand, which has a Standard & Poor's long-term credit rating of AA- (2023: AA-).

Trade receivables primarily consist of amounts receivable from intermediaries.

Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default. The nature of the branch’s exposure to credit risk and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

ii. Liquidity risk

Liquidity risk is the risk that the branch will not be able to meet its cashflows as they fall due, because of a lack of liquid assets or access to funding on acceptable terms. To mitigate liquidity risk the branch maintains sufficient assets to ensure that it can meet its obligations and cash outflows on a timely basis.

Maturity analysis for insurance contract and reinsurance contract held liabilities

The contractual undiscounted cash flows for portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities are all expected to be paid within one year.

Maturity analysis for financial liabilities

The table below summarises the maturity profile of the branch's financial liabilities based on contractual undiscounted repayment obligations.

	2024		
	Up to 1 year	**1 - 2 years**	**Total**
	$	**$**	**$**
Lease liabilities	19,248	9,625	28,873

	2023		
	Up to 1 year	**1 - 2 years**	**Total**
	$	**$**	**$**
Lease liabilities	9,625	-	9,625

iii. Currency risk

Currency risk is the risk that the fair value of financial instruments (including insurance contracts) will fluctuate because of changes in foreign exchange rates.

The majority of the branch’s assets and liabilities are in New Zealand dollars, with limited exposure to other currencies. The branch has receivables denominated in US dollars.

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10. Insurance and financial risk (continued)

b. Financial risk (continued)

iii. Currency risk (continued)

The table below shows the impact on profit after tax and equity of reasonably possible variations in foreign currency exchange rates, assuming that all other variables are held constant.

	Change in exchange rate	2024	2023
		$	$
US dollar	+10%	54,564	98,734

A movement of exchange rate for US dollar by 10% in the opposite direction would have an equal and opposite effect.

iv. Interest rate risk

The branch has no significant exposure to interest rate risk.

11. Capital management

Solvency requirements

The branch has a license under the Insurance (Prudential Supervision) Act 2010 ("IPSA 2010"), and is subject to regulatory solvency requirements. In accordance with section 59 of IPSA 2010, the branch has an exemption from complying with New Zealand solvency standards, as the company is required to meet French regulatory solvency capital requirements as prescribed by the Autorité de contrôle prudentiel et de résolution (ACPR). The Coface Group complies with solvency capital requirements in each regulatory regime. The minimum solvency capital requirement for New Zealand under French law is outlined below. As at 31 December the company carried a positive solvency margin.

	2024	2023
	$	$
Actual solvency capital	4,864,696	4,525,402
Minimum solvency capital	(2,479,670)	(2,279,319)
Solvency margin	2,385,026	2,246,083

	2024	2023
	%	%
Solvency ratio	196	199

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12. Reconciliation of net profit for the year to net cash from operating activities

	2024 $	2023 $
Net profit for the year	485,014	95,511
Adjustments for non-cash items		
Depreciation of right-of-use assets	14,595	16,980
Changes in assets and liabilities		
Increase in trade and other receivables	(2,405)	(418,297)
Increase in income tax receivable	(6,112)	(1,098)
Decrease in insurance contract assets	-	101,792
Decrease/(increase) in reinsurance contract assets	148,655	(873,901)
Increase in insurance contract liabilities	236,139	2,804,174
Decrease in reinsurance contract liabilities	-	(323,270)
Increase/(decrease) in employee benefit liabilities	29,699	(3,797)
(Decrease)/increase in accruals	(80,356)	56,104
Net cash flows from operating activities	825,229	1,454,198

13. Commitments and contingencies

Commitments

The branch had no commitments at 31 December 2024 (2023: $nil).

Contingencies

There are no contingent assets or contingent liabilities at balance date which would have a material effect on the branch's financial statements at 31 December 2024 (2023: $nil).

14. Events after balance date

There have been no significant events occurring after balance date which may affect either the branch's operations or results of those operations or the branch's state of affairs (2023: none).

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15. Standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the branch's financial statements are disclosed below.

Lack of Exchangeability – Amendments to NZ IAS 21 and NZ IFRS 1

In November 2023, the New Zealand Accounting Standards Board (NZASB) issued amendments to NZ IAS 21 *The Effects of Changes in Foreign Exchange Rates* and NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards* to introduce a definition of when a currency is exchangeable. If a currency is not exchangeable, the amendments provide guidance on how to estimate a spot exchange rate, and specify disclosure requirements to enable users to understand how the lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual periods beginning on or after 1 January 2025. Early adoption is permitted but must be disclosed. The amendments are not expected to have a material impact on the branch's financial statements.

NZ IFRS 18 *Presentation and Disclosure in Financial Statements*

In May 2024, the NZASB issued NZ IFRS 18 *Presentation and Disclosure in Financial Statements*, which replaces NZ IAS 1 *Presentation of Financial Statements*. NZ IFRS 18 introduces new requirements for presentation within the statement of comprehensive income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of comprehensive income into one of five categories: operating, investing, financing, income taxes and discontinued operations, of which the first three are new.

The standard also requires disclosure of management-defined performance measures used in other public communications, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to NZ IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. There are also consequential amendments to several other standards.

NZ IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027. Earlier application is permitted but must be disclosed. NZ IFRS 18 will apply retrospectively.

The branch is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.