



# ANNUAL REPORT 2022

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## ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

Your Directors have pleasure in submitting the 62nd Annual Report of the affairs of the Company (formerly New Zealand Local Government Insurance Corporation Ltd trading as Civic Assurance) for the year ended 31 December 2022, which is to be presented at the Annual General Meeting of Members in June 2023.

Directors operate under a Charter which outlines the specific role and responsibilities of the Board. Each Director must be assessed as being fit and proper in accordance with Civic's Fit and Proper Policy and at least two Directors must be independent, being neither a member or an employee of a local authority. The Directors are all subject to Civic's Code of Ethics. The Board has a Risk and Audit Committee which is governed by its own Charter and is responsible for maintaining the Board's risk management processes and policies, including ensuring compliance with regulatory and legal standards.

### 1. PERFORMANCE

Civic's before-tax profit in 2022 was \$142,232.

This compares unfavourably to the forecasted before-tax surplus of \$243,512 as set out in the 2022 Statement of Intent.

This decreased profit is primarily due to receiving lower than anticipated administration fees from the superannuation schemes as a result of investment market losses over the year.

### 2. OPERATIONS

#### *Administration Services*

Fees in 2022 from providing services to LAPP, Riskpool, the SuperEasy Superannuation Scheme and the SuperEasy KiwiSaver Superannuation Scheme were \$2,904,682 (2021: \$3,100,598).

#### *Investment Revenue*

Income from investments was \$266,148 (2021: \$116,935).

#### *Sponsorship and Support for the Sector*

Civic continues as a sponsor of Taituarā – Local Government Professionals Aotearoa (previously known as SOLGM – Society of Local Government Managers) events both at a regional and national level.

### 3. ASSOCIATED ENTITIES

#### *Local Government Superannuation Trustee Limited*

Local Government Superannuation Trustee Limited (LGST) is a 100% subsidiary of Civic and is the trustee to the SuperEasy and SuperEasy KiwiSaver Superannuation Schemes.

Both Schemes are administered by Civic and are registered with the Financial Markets Authority. Director appointments to LGST are made by Local Government New Zealand (two), Civic (one), Council of Trade Unions (one), Taituarā (one) and one, who must be a Licensed Independent Trustee, by the LGST Board.

The Schemes feature low member charges and simple administration for councils. The Schemes offer an 'Automatic Fund', in which each member's risk exposure is gradually and automatically switched from growth assets to income assets as the member gets older. The SuperEasy website is [www.supereasy.co.nz](http://www.supereasy.co.nz).

The Schemes have a combined membership of over 11,000, with funds under management as at December 2022 of \$496 million (December 2021 \$530 million). Of the councils that have a preferred provider for KiwiSaver, 69 out of 73 (94%) have appointed Civic. The investments of the funds are managed by Harbour Asset Management Limited and ANZ New Zealand Investments Limited.

#### *LAPP Disaster Fund*

LAPP is a charitable trust that was set up by LGNZ and Civic in 1993 to assist with the reinstatement of lost or damaged local government underground infrastructure. LAPP's membership is 23. LAPP's website is: [www.lappfund.co.nz](http://www.lappfund.co.nz). Civic is the administration and fund manager for LAPP.

LAPP is currently managing Marlborough District Council's claim that resulted from the severe flood damage that hit the Marlborough region in July 2021. At the time of writing it is unknown how much this claim will be, but it will be well within LAPP's ability to pay, providing the benefit of full cover for all of the flood damaged assets registered with LAPP.

## DIRECTORS' REPORT

### *Riskpool / Civic Liability Pool (CLP)*

Riskpool provides public liability and professional indemnity cover for councils and has done so since 1997. Riskpool is a mutual liability fund governed by a trust deed and can call on its member councils for financial support. CLP is similar to Riskpool but has no facility for calls. With reducing council support for Riskpool, it became increasingly difficult to offer competitively priced cover and risk management services. Consequently Riskpool/CLP decided to cease providing cover from 1 July 2017 and is now in run-off mode. Riskpool members have been advised that a final call will be made when Riskpool is wound up.

Local Government Mutual Funds Trustee Limited (LGMFT) is the trustee of Riskpool and CLP. Civic is the Fund Manager and Scheme Manager for Riskpool and Administration Manager for CLP.

Civic has entered into arm's length, secured loan facility agreements on commercial terms with LGMFT to enable Riskpool to manage its cashflows.

#### 4. DIRECTORS

As at 31 December 2022 there were five directors: John Melville, Jo Miller, Nicola Mills, Basil Morrison, and Craig Stevenson.

#### *Director attendances at Board meetings held in 2022:*

John Melville	6 / 6
Jo Miller	5 / 6
Nicola Mills	5 / 6
Basil Morrison	5 / 6
Craig Stevenson	6 / 6

### *Section 139 of the Companies Act 1993*

All Civic directors are directors of LGMFT except Basil Morrison who resigned from LGMFT in March 2019 to ensure that one Civic director was independent of LGMFT.

There are no other notices required under section 139 of the Companies Act 1993 except for Directors' remuneration. Changes to the Directors' fee pool are approved by shareholders at an AGM. The Board determines the allocation per Director based on the duties of the individual Director. The Director fees for subsidiary companies are set by the Civic Board.

For the year ended 31 December 2022, Directors' remuneration was:

John Melville	\$32,319
Jo Miller	\$16,159
Nicola Mills	\$19,968
Basil Morrison	\$16,159
Craig Stevenson	\$16,159
	<b>\$100,764</b>

In addition, the following Directors received fees in relation to their directorships of Riskpool or LGST:

John Melville	(Riskpool)	\$16,620
Jo Miller	(Riskpool & LGST)	\$11,260
Nicola Mills	(Riskpool)	\$8,010
Basil Morrison	(LGST)	\$13,713
Craig Stevenson	(Riskpool)	\$8,310
		<b>\$57,913</b>

**DIRECTORS' REPORT****Interests Register**

Directors' interests are tabled at the beginning of each Board meeting. Directorship and other disclosures as at 31 December 2022 were:

John Melville	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance with the LGMFT.
Jo Miller	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance the LGMFT; Member of SuperEasy KiwiSaver Superannuation Scheme; Chief Executive of Hutt City Council; Vice President of Taituarā Executive Council; Board Member Hutt Valley Chamber of Commerce.
Nicola Mills	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd, a party to agreement for finance with LGMFT, Board Member of Sport Waitakere; General Manager Financial & Business Performance at Auckland Council.
Basil Morrison	Chair of Local Government Superannuation Trustee Ltd; Basil J Morrison & Associates Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Trustee of Civic Property Pool; Trustee of the Martha Trust; Trustee of Hauraki Railtrail Charitable Trust; Waitangi Tribunal Member; Independent Hearings Commissioner for Auckland Council; Honorary Consul for Uganda; Thames-Coromandel District Council Hearings Panel; Waikato Regional Council Hearings Commissioner; NZ Freshwater Commissioner; Accredited Commissioner – RMA.
Craig Stevenson	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance with the LGMFT; Member of Local Government Superannuation Scheme and SuperEasy KiwiSaver Superannuation Scheme; Trustee of Ratanui Trust.

The Company provides Directors and officers with, and pays the premiums for, Directors' and Officers' liability insurance to the full extent allowed for in accordance with the requirements of the Companies Act 1993. The renewal of the Company's Directors' and Officers' liability insurance was entered in the Interests Register pursuant to sections 162 and 163 of the Companies Act 1993. The insurance does not cover liabilities arising from criminal actions or deliberate and reckless acts or omissions by the Directors. The cover includes indemnity of costs and expenses incurred in defending an action that falls within the scope of the indemnity.

**Use of Information**

Directors, individually or collectively, may obtain independent professional advice relating to any matters concerning the Company's business or in relation to the discharge of the Director's responsibilities. Subject to approval of the Chair the Company will reimburse the Director(s) some or all of the reasonable costs of the advice. During the reporting period, no Director has sought leave to obtain such advice.

**Loans to Directors**

No loans or advances have been made to Directors, their spouses or dependants, or to related parties during the year.

**5. EMPLOYEE REMUNERATION**

Detailed below is the number of employees who received remuneration of \$100,000 or more in their capacity as employees during the year ended 31 December 2022.

Remuneration	Number of Employees
\$100,000 – \$110,000	1
\$110,000 – \$120,000	1
\$150,000 – \$160,000	1
\$230,000 – \$240,000	1

The above remuneration includes Company contributions to employees' superannuation (KiwiSaver and other), medical insurances and discretionary bonus payments.

## DIRECTORS' REPORT

### 6. AUDIT AND RISK MANAGEMENT

Pursuant to Section 15 of the Public Audit Act 2001 the Company's auditor is the Auditor General who has appointed Hamish Anton using the staff and resources of Deloitte Limited to carry out the audit on his behalf.

The Risk and Audit Committee comprises the full Board. Nicola Mills was appointed Chair of this committee on 17 June 2022. The Committee met five times in 2022: the Auditor attended two of those meetings and at one of those meetings proceedings took place without management present.

### 7. DONATIONS

No donations have been made during the year by any Company in the Group (2021: \$0).

### 8. STAFF

The Directors sincerely thank the staff - Charlie Howe, Glenn Watkin, Ian Brown, Sylvia Jackson, Ivy Liang, Lisa Lummis, Jen McGahan, Chathuri Mendis, Tim Sole and Sue Tong - for their work and support during the year.



John Melville **Chair**  
March 2023

***DIRECTORS***

John Melville (Chair)  
Johanna Miller  
Nicola Mills  
Basil Morrison CNZM JP  
Craig Stevenson

***EXECUTIVE OFFICERS***

**Chief Executive** : Charlie Howe  
**Chief Financial Officer** : Glenn Watkin

COMPANY REGISTRATION NO: 13271

***AUDITORS***

The Auditor General, who has appointed Hamish Anton, Deloitte Limited to carry out the audit on his behalf

***BANKERS***

ANZ Banking Group (New Zealand) Limited

***LEGAL ADVISERS***

Dentons Kensington Swan

***REGISTERED OFFICE***

Level 7, Civic Chambers, 116 Lambton Quay, Wellington 6011

***POSTAL ADDRESS***

Civic Financial Services Ltd, PO Box 5521, Wellington 6140

***OTHER CONTACT DETAILS***

Telephone: (04) 978 1250

Email: [admin@civicfs.co.nz](mailto:admin@civicfs.co.nz)

Website: [www.civicfs.co.nz](http://www.civicfs.co.nz)

The Company is a participant in the Insurance & Financial Services Ombudsman Scheme (Inc)  
Participant Number 2000427

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF CIVIC FINANCIAL SERVICES LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Auditor-General is the auditor of Civic Financial Services Limited and its subsidiaries (the 'Group'). The Auditor-General has appointed me, Hamish Anton, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements of the Group on his behalf.

#### OPINION

We have audited the consolidated financial statements of the Group on pages 10 to 32, that comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information.

In our opinion, the consolidated financial statements of the Group:

- present fairly, in all material respects:
  - its financial position as at 31 December 2022; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

Our audit was completed on 17 March 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the consolidated financial statements, we comment on other information and we explain our independence.

#### BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

#### RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible on behalf of the Group for preparing consolidated financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.



## INDEPENDENT AUDITOR'S REPORT

In preparing the consolidated financial statements, the Board of Directors is responsible, on behalf of the Group, for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Companies Act.

### RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these consolidated financial statements.

We did not evaluate the security and controls over the electronic publication of the consolidated financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

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

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

Our responsibilities arise from the Public Audit Act 2001.

## INDEPENDENT AUDITOR'S REPORT

### INDEPENDENCE

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as the auditor, we have no relationship with, or interests in, the Group.



**Hamish Anton**  
**Deloitte Limited**  
On behalf of the Auditor-General  
Wellington, New Zealand

# Statement of Accounts

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
<b>REVENUE</b>			
Administration Fees	17	2,904,682	3,100,598
Interest Income	4	266,148	116,935
Other Income		487	775
<b>Total Revenue</b>		<b>3,171,317</b>	<b>3,218,308</b>
<b>EXPENDITURE</b>			
Audit Fee	14		
Statutory Audit of the Financial Statements		52,367	41,580
Other Fees Paid to Auditors for Assurance Services		28,750	30,368
Other Fees Paid to Auditors for Entities Administered by Civic		72,049	62,116
Depreciation	7	20,101	18,169
Amortisation	7	68,859	12,047
Directors' Remuneration	3	100,764	100,901
Interest Expense		-	12,264
Other Expenses	6	1,702,942	1,617,381
Employee Remuneration	3	954,251	797,637
Superannuation Subsidies		29,001	23,677
<b>Total Expenditure</b>		<b>3,029,085</b>	<b>2,716,141</b>
<b>Surplus Before Taxation</b>		<b>142,232</b>	<b>502,167</b>
Taxation Expense	10	1,165,613	141,639
<b>TOTAL COMPREHENSIVE SURPLUS AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	15	<b>(1,023,381)</b>	<b>360,528</b>

This statement is to be read in conjunction with the notes on pages 14 to 32.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
<b>SHAREHOLDERS' EQUITY</b>			
<b>Issued and Paid-Up Ordinary Shares</b>			
Ordinary Shares fully paid up	15	10,763,506	10,763,506
Retained Earnings	15	(604,487)	418,894
<b>TOTAL EQUITY</b>		<b>10,159,019</b>	<b>11,182,400</b>
Represented By:			
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents		522,056	335,363
Term Deposits		4,556,993	5,914,564
Accrued Interest Receivable		61,354	21,349
Sundry Debtors and Prepayments	12	494,001	649,448
Loan Receivable	13	3,799,963	2,408,002
<b>Total Current Assets</b>		<b>9,434,367</b>	<b>9,328,726</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	7	42,730	46,297
Intangible Assets (Software)	7	91,826	158,838
Deferred Tax Asset	10	1,043,193	2,208,806
<b>Total Non Current Assets</b>		<b>1,177,749</b>	<b>2,413,941</b>
<b>TOTAL ASSETS</b>		<b>10,612,116</b>	<b>11,742,667</b>
<b>CURRENT LIABILITIES</b>			
Sundry Creditors and Accrued Charges	12	325,568	412,593
Accrued Holiday Pay		87,863	88,752
CLP / Riskpool Admin Fee Reserve		39,666	52,530
<b>Total Current Liabilities</b>		<b>453,097</b>	<b>553,875</b>
<b>NON-CURRENT LIABILITIES</b>			
CLP / Riskpool Admin Fee Reserve		-	6,392
<b>Total Non Current Liabilities</b>		<b>-</b>	<b>6,392</b>
<b>TOTAL LIABILITIES</b>		<b>453,097</b>	<b>560,267</b>
<b>EXCESS OF ASSETS OVER LIABILITIES</b>		<b>10,159,019</b>	<b>11,182,400</b>

For and on behalf of the Directors



JOHN MELVILLE Chair 17 March 2023



BASIL MORRISON Director 17 March 2023

This statement is to be read in conjunction with the notes on pages 14 to 32.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
<b>OPENING EQUITY</b>		11,182,400	10,821,872
Total Comprehensive Surplus Net of Tax		(1,023,381)	360,528
Dividend Payment		-	-
Ordinary Shares issued during the year	15	-	-
<b>CLOSING EQUITY</b>		<b>10,159,019</b>	<b>11,182,400</b>

This statement is to be read in conjunction with the notes on pages 14 to 32.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Administration Fees Received		3,006,916	3,028,083
Other Income		487	775
		3,007,403	3,028,858
<b>Cash was applied to:</b>			
Payments to Suppliers and Employees		2,919,194	2,639,025
		2,919,194	2,639,025
<b>Net Cash Flow from Operating Activities</b>	<b>11</b>	<b>88,209</b>	<b>389,833</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Investment Income		74,063	45,648
Term Deposits		1,864,564	85,000
Loans Repaid from Related Parties		501,500	2,271,655
		2,440,127	2,402,303
<b>Cash was applied to:</b>			
Term Deposits		506,993	1,264,564
Purchase of Property, Plant and Equipment		18,637	35,738
Loans Issued to Related Parties		1,816,013	2,026,299
		2,341,643	3,326,601
<b>Net Cash Flow from / (used in) Investing Activities</b>		<b>98,484</b>	<b>(924, 298)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Loan Interest Received		-	330
		-	330
<b>Cash was applied to:</b>			
Interest Paid		-	12,264
		-	12,264
<b>Net Cash Flow (used in) / from Financing Activities</b>		<b>-</b>	<b>(11,934)</b>
Net Increase / (Decrease) in Cash Held		186,693	(546,398)
Opening Cash Balance as at 1 January		335,363	881,761
<b>Closing Cash Balance as at 31 December</b>		<b>522,056</b>	<b>335,363</b>
<b>Being:</b>			
<b>Cash &amp; Cash Equivalents</b>		<b>522,056</b>	<b>335,363</b>

This statement is to be read in conjunction with the notes on pages 14 to 32.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

### NOTE 1 REPORTING ENTITY

The reporting entity is Civic Financial Services Ltd (the "Company"). The Group comprises the Company and its subsidiaries listed in note 2 (b). The Group provides financial services principally for New Zealand local government.

#### Statement of Compliance

The Group is a Tier 2 Public Sector Public Benefit Entity and the financial statements have been prepared in accordance with and comply with Tier 2 Public Sector Public Benefit Entity (PBE) Standards.

### NOTE 2 STATEMENT OF ACCOUNTING POLICIES

#### General Accounting Policies

The measurement and reporting of profits on a historical cost basis have been followed by the Group, except for specific policies as described below. The reporting currency is New Zealand dollars.

#### Critical Judgements and Estimates in Applying the Accounting Policies

In the application of the PBE Standards the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These are based on historical experience and other various factors and are reviewed on an ongoing basis.

The Directors believe that, as at the date of these financial statements, there are no significant sources of estimation uncertainty that have not been disclosed in these notes. The most significant judgements, estimates and assumptions made in the preparation of these financial statements are in respect of the recognition of the deferred tax asset (Note 10).

#### Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of surplus and financial position have been applied. Further particular accounting policies are contained in the relevant notes to the financial statements.

##### (a) Consolidation of Subsidiaries

The Group financial statements incorporate the financial statements of the Company and its subsidiaries. All inter-company transactions, balances and unrealised profits are eliminated on consolidation.

##### (b) Investment in Subsidiaries

At 31 December 2022 the Company had three wholly owned subsidiaries which are all incorporated in New Zealand. Two of these, Local Government Superannuation Trustee Limited and SuperEasy Limited with balance dates of 31 December and Local Government Mutual Funds Trustee Limited (LGMFTL) with its balance date of 30 June did not have any significant assets, liabilities, revenue or expenses during the years ended 31 December 2021 and 31 December 2022.

LGMFTL is the trustee of New Zealand Mutual Liability Riskpool ("Riskpool") and Civic Liability Pool ("CLP"). The Company provides administrative services to Riskpool and CLP.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 2 STATEMENT OF ACCOUNTING POLICIES** CONTINUED**(c) Administration Fees**

Administration fees are recognised at the agreed amounts based on time and expenses incurred. Administration fees collected during the year that will be utilised in future periods are held within the administration fee reserve on the Statement of Financial Position, until the point in time where administration services have been provided.

**(d) Employee Benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

**(e) Basis of Measuring Other Income and Expenses**

Income and expenses are accounted for on an accruals basis. All revenue is exchange revenue.

**(f) Changes in Accounting Policies**

There have been no material changes in the accounting policies during the year. All policies have been applied on a basis consistent with those used in the prior year.

**NOTE 3 KEY MANAGEMENT PERSONNEL**

The compensation of the Directors and executives, being the key management personnel of the Group, is set out below.

	2022	2021	2022	2021
	Number		\$	\$
<b>Short term employee benefits</b>				
Executive Management Personnel	4	4	569,107	506,726
Directors	5	5	100,764	100,901
			<b>669,871</b>	<b>607,627</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

### NOTE 4 FINANCIAL INSTRUMENTS

Accounting Policies:

#### i) **Classification and Measurement**

Financial instruments are transacted on a commercial basis to derive an interest yield / cost with the terms and conditions having due regard to the nature of the transaction and the risks involved. Financial instruments are recognised and accounted for on a settlement date basis.

##### **Loans and Receivables**

Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate.

##### **Bank and Cash Equivalents**

Bank and cash equivalents are measured at amortised cost using the effective interest rate.

##### **Financial Liabilities**

Financial liabilities include Sundry Creditors, Accrued Charges and Subordinated Debt. Financial liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, liabilities are measured at amortised cost.

#### ii) **Offsetting Financial Instruments**

Financial assets and liabilities are not offset as there is no legally enforceable right to set-off.

#### iii) **Asset Quality**

##### **Impairment of Financial Assets**

Financial assets measured at amortised cost are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such condition exists, the asset's recoverable amount is estimated and provision is made for the difference between the carrying amount and the recoverable amount.

As at the date of these Financial Statements, no such evidence of impairment exists.

#### iv) **Fair Value of Financial Instruments**

Fair value measurements recognised in the Statement of Financial Position

Financial instruments are categorised into 3 levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### v) **Derivatives**

The Group do not use any derivative financial instruments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 4 FINANCIAL INSTRUMENTS** CONTINUED**(1) Income Relating to Financial Assets**

	2022 \$	2021 \$
<b>Loans</b>		
Interest Received – Loans	152,081	65,334
<b>Cash &amp; Cash Equivalents</b>		
Interest Received – Short Term Deposits	114,067	51,601
<b>Total Interest Income</b>	<b>266,148</b>	<b>116,935</b>

**(2) Financial Assets and Liabilities**

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their market value, which for these assets and liabilities is also considered to be fair value.

The Subordinated Debt is measured at amortised cost which is considered to be fair value.

All fixed interest investments were managed around a 90 day duration and carry a minimum Standard and Poors credit rating of "A" or equivalent.

Loans are secured against Riskpool's future contributions and repayable with six months notice (refer to Note 13).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 4 FINANCIAL INSTRUMENTS** CONTINUED**(2) Financial Assets and Liabilities** continued*Carrying value of Financial Assets and Financial Liabilities*

	2022 \$	2021 \$
<b>Financial Asset: Loans and Receivables</b>		
Sundry Debtors	416,660	537,894
Loans	3,799,963	2,408,002
<b>Total Loans and Receivables</b>	<b>4,216,623</b>	<b>2,945,896</b>
<b>Financial Asset: Amortised Cost</b>		
Cash & Cash Equivalents	522,056	335,363
Term Deposits	4,556,993	5,914,564
<b>Total Financial Assets: Amortised Cost</b>	<b>5,079,049</b>	<b>6,249,927</b>
<b>Financial Liability: Amortised Cost</b>		
Sundry Creditors & Accrued Charges	325,568	412,593
<b>Total Financial Liabilities: Amortised Cost</b>	<b>325,568</b>	<b>412,593</b>

**(3) Financial Risk – Structure and Management**

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern. The Group's overall strategy is reviewed annually and remains unchanged.

Financial instruments which potentially subject the Group to a concentration of credit risk consist principally of cash, debtors and interest bearing deposits. The Group has no debt liability instruments.

Apart from security against Riskpool's future contributions, the Group does not require collateral or other security to support financial instruments with credit risk. As such, no collateral exists for any of the investments held by the Group. The maximum credit risk exposure is the carrying amount of the individual debtor and investment balances.

The Group has placed interest bearing deposits and funds to be managed with financial institutions and limits its amount of credit exposure to any one such institution.

**(a) Market Risk**

All financial assets and liabilities are New Zealand Dollar based and are recorded at amortised cost, therefore changes in interest rates and foreign currency values do not impact on their carrying value.

**(b) Carrying Amount and Fair Value**

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTE 4 FINANCIAL INSTRUMENTS CONTINUED

## (3) Financial Risk – Structure and Management continued

## (c) Liquidity Risk

Liquidity Risk is the risk that the Group will encounter difficulties in raising funds at short notice to meet commitments associated with financial instruments. Management of liquidity risk is designed to ensure that the Group has the ability to meet financial obligations as they fall due.

The following tables include an analysis of the contractual undiscounted cash flows relating to the Group's financial assets and liabilities categorised by the maturity dates.

Maturity Analysis as at 31 December 2022						
	Interest Rate Spread %	Within 6 months \$	6 to 12 months \$	1 to 2 years \$	2 to 5 years \$	Total \$
<b>Assets</b>						
Cash & Cash Equivalents	0% to 2.85%	522,056	-	-	-	522,056
Term Deposits & Accrued Interest	2.5% to 5.05%	4,618,347	-	-	-	4,618,347
Other Receivables	n/a	416,660	-	-	-	416,660
Loans	3.47% to 6.53%	3,799,963	-	-	-	3,799,963
<b>Total Financial Assets</b>		<b>9,357,026</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,357,026</b>
<b>Liabilities</b>						
Sundry Creditors & Accrued Expenses	n/a	325,568	-	-	-	325,568
<b>Total Financial Liabilities</b>		<b>325,568</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325,568</b>
Maturity Analysis as at 31 December 2021						
	Interest Rate Spread %	Within 6 months \$	6 to 12 months \$	1 to 2 years \$	2 to 5 years \$	Total \$
<b>Assets</b>						
Cash & Cash Equivalents	0% to 0.15%	335,363	-	-	-	335,363
Term Deposits & Accrued Interest	0.8% to 1.7%	3,732,341	2,203,572	-	-	5,935,913
Other Receivables	n/a	537,894	-	-	-	537,894
Loans	2.93% to 3.28%	2,408,002	-	-	-	2,408,002
<b>Total Financial Assets</b>		<b>7,013,600</b>	<b>2,203,572</b>	<b>-</b>	<b>-</b>	<b>9,217,172</b>
<b>Liabilities</b>						
Sundry Creditors & Accrued Expenses	n/a	412,593	-	-	-	412,593
<b>Total Financial Liabilities</b>		<b>412,593</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>412,593</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 4 FINANCIAL INSTRUMENTS** CONTINUED**(3) Financial Risk – Structure and Management** continued**(d) Credit Risk**

All investments are in the form of cash held at registered banks and loans. The registered banks have a credit rating of "A" or better. Loans are with Riskpool (refer to Note 13).

**(i) Exposure to Credit Risk**

	2022 \$	2021 \$
Cash & Cash Equivalents	522,056	335,363
Term Deposits & Accrued Interest	4,618,347	5,935,913
Other Receivables	416,660	537,894
Loans	3,799,963	2,408,002
<b>Total</b>	<b>9,357,026</b>	<b>9,217,172</b>

**(ii) Concentration of Credit Exposure**

94% of the Company's credit exposure is in the form of cash and term deposits held with registered banks and loans to Riskpool.

**NOTE 5 OPERATING LEASE COMMITMENTS**

	2022 \$	2021 \$
<b>Operating Lease Expense Commitments:</b>		
not later than one year	71,733	70,763
later than one year but not later than five years	115,482	184,629
later than five years	-	-
	<b>187,215</b>	<b>255,392</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 6 OTHER EXPENSES**

	2022 \$	2021 \$
Compliance Costs	176,876	77,324
Consultants	134,789	115,200
Legal Fees	58,142	109,289
Other Expenses	1,333,136	1,315,568
<b>Total</b>	<b>1,702,942</b>	<b>1,617,381</b>

**NOTE 7 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS****Accounting Policy:**

Assets are depreciated on a straight line basis at rates calculated to allocate the assets' cost, in equal instalments over their estimated useful lives which are assessed and regularly reviewed.

<b>Depreciation Rates</b>	
Office Furniture and Equipment	up to 17 years
Intangibles – Software	2.5 years

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 7** PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS CONTINUED

	2022 \$	2021 \$
<b>(a) Property, Plant and Equipment</b>		
Office Furniture and Equipment – cost	175,510	139,772
Plus Additions	16,789	35,738
Less Disposals	(7,779)	-
<b>Closing Value – cost</b>	<b>184,520</b>	<b>175,510</b>
Office Furniture and Equipment – Accumulated Depreciation	(129,213)	(111,044)
Less Depreciation Charge	(20,101)	(18,169)
Less Disposals	7,524	-
Closing Accumulated Depreciation	(141,790)	(129,213)
<b>Net Book Value</b>	<b>42,730</b>	<b>46,297</b>

The Total Comprehensive Surplus After Tax in the Statement of Comprehensive Income includes losses on disposal of fixed assets of \$255 (2021: \$nil).

	2022 \$	2021 \$
<b>(b) Intangible Assets</b>		
Software – cost	435,064	601,403
Plus Additions	1,847	-
Less Disposals	-	(166,339)
<b>Closing Value – cost</b>	<b>436,911</b>	<b>435,064</b>
Software – Accumulated Amortisation	(276,226)	(430,518)
Less Amortisation Charge	(68,859)	(12,047)
Less Disposals	-	166,339
Closing Accumulated Amortisation	(345,085)	(276,226)
<b>Net Book Value</b>	<b>91,826</b>	<b>158,838</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 8 ANALYSIS OF FINANCIAL ASSETS NOT IMPAIRED**

There are no financial assets that are impaired or past due at balance date (2021: \$nil).

**NOTE 9 CONTINGENT LIABILITIES**

There are no contingent liabilities (2021: \$nil).

**NOTE 10 TAXATION****Accounting Policies:****i) Current Tax**

*The current income tax expense charged against the profit for the year is the estimated liability in respect of the taxable profit. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets are offset only when there is a legally enforceable right to set off the recognised amounts, and an intention to settle on a net basis.*

**ii) Deferred Tax**

*The liability method of accounting for deferred taxation is applied on a comprehensive balance sheet basis in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base of those items.*

*Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.*

*Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.*

*Significant judgements, estimates and assumptions are made in respect of the recognition of the deferred tax asset. It is recognised that the deferred tax asset will be utilised over a relatively long time period. The Entity expects to remain profitable and have a steady income stream over the medium to long term, matching its low margin long dated products.*

**iii) Goods and Services Tax (GST)**

*Revenue, expenses, assets and liabilities are recognised net of the amount of GST except:*

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority the GST is recognised as part of the cost of the acquisition of the assets or as part of the expense item as applicable.*
- Receivables and payables, which are stated with the amount of GST included.*

*The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 10 TAXATION** CONTINUED**(a) Income tax recognised in the Statement of Comprehensive Income**

	2022 \$	2021 \$
<b>Tax expense comprises:</b>		
Current tax expense	40,265	-
Adjustments recognised in the current year in relation to the current tax of prior years	86	-
Deferred tax relating to temporary differences	1,125,262	141,639
<b>Total tax expense</b>	<b>1,165,613</b>	<b>141,639</b>
<b>Attributable to:</b>		
Continuing operations	1,165,613	141,639
	<b>1,165,613</b>	<b>141,639</b>

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2022 \$	2021 \$
Surplus before tax	142,232	502,167
Income tax calculated at 28%	39,825	140,607
Tax effect of permanent differences	440	1,032
Derecognition of tax losses	1,125,262	-
Prior Period Adjustment	86	-
<b>Income Tax Expense</b>	<b>1,165,613</b>	<b>141,639</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTE 10 TAXATION CONTINUED

## (b) Current tax assets and liabilities

	2022	2021
	\$	\$
Tax refund receivable	-	-
	-	-

## (c) Deferred tax balances

	2022	2021
	\$	\$
<b>Deferred tax assets comprise:</b>		
Temporary differences and tax losses	1,042,939	2,208,172
	1,042,939	2,208,172
<b>Deferred tax liabilities comprise:</b>		
Temporary differences	255	634
	255	634
<b>Net Deferred Tax balance</b>	<b>1,043,193</b>	<b>2,208,806</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 10 TAXATION** CONTINUED**(c) Deferred tax balances continued**

Gross taxable and deductible temporary differences for the Group arise from the following:

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Prior Period Adjustment \$	Closing Balance \$
2022	Property and equipment	2,269	(1,051)	-	914
		<b>2,269</b>	<b>(1,051)</b>	-	<b>914</b>
2021	Employee entitlements	84,452	(4,216)	-	80,236
	Losses carried forward	7,801,875	(4,157,331)	-	3,644,544
2022		<b>7,886,328</b>	<b>(4,161,547)</b>	-	<b>3,724,781</b>
	<b>Attributable to:</b>				
	Continuing operations	7,888,597	(4,162,598)	-	3,725,995
	Total	7,888,597	(4,162,598)	-	3,725,995
	Tax effect at 28%	2,208,806	(1,165,527)	-	1,043,193
2021	Property and equipment	2,987	(718)	-	2,269
		<b>2,987</b>	<b>(718)</b>	-	<b>2,269</b>
2020	Employee entitlements	62,036	22,416	-	84,452
	Losses carried forward	8,329,428	(527,552)	-	7,801,875
2021		<b>8,391,464</b>	<b>(505,136)</b>	-	<b>7,886,328</b>
	<b>Attributable to:</b>				
	Continuing operations	8,394,451	(505,854)	-	7,888,597
	Total	8,394,451	(505,854)	-	7,888,597
	Tax effect at 28%	2,350,445	(141,639)	-	2,208,806

No liability has been recognised in respect of the undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The deferred tax asset relating to tax losses carried forward has been recognised as the financial forecasts anticipate the Group maintaining sufficient profitability in future financial years to utilise these losses (refer Note 20). The deferred tax asset does not include unrecognised tax losses of \$4,091,540 (unrecognised deferred tax asset effect at 28% of \$1,145,631).

**(d) Imputation Credit Account**

	2022 \$	2021 \$
<b>Closing Balance</b>	<b>1,593,490</b>	<b>1,593,490</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES****Accounting Policy:**

*The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Income. The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to, the taxation authority is classified as operating cash flow.*

**The following are definitions of the terms used in the Statement of Cash Flows:**

- *Bank comprises cash on hand and demand deposits.*
- *Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of Cash and which are subject to insignificant risk of changes in value.*
- *Cash flows are inflows and outflows of cash and cash equivalents.*
- *Operating activities are the principal revenue producing activities of the entity and other activities that are not investing or financing activities.*
- *Investing activities are the acquisition and disposal of long-term assets.*
- *Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES** CONTINUED

	2022 \$	2021 \$
<b>Total Comprehensive Surplus</b>	(1,023,381)	360,528
<b>Add/(less) non cash items</b>		
Loan Interest	(152,079)	(65,003)
Depreciation	20,101	18,169
Amortisation	68,859	12,047
Movement in CLP/ Riskpool Admin Fee Reserve	(19,256)	(19,257)
Movement in Deferred Tax Asset	1,165,613	141,639
Net change in fair value of investment property	-	-
	1,083,238	87,596
<b>Add/(less) movements in other working capital items</b>		
Sundry Debtors, Prepayments and Accrued Interest	115,442	(129,232)
Sundry Creditors and Accrued Charges	(87,913)	104,657
Tax Refund Due	-	-
	27,529	(24,576)
Add/(Less) Items Classified as Investing Activity	(73,809)	(45,979)
Add/(Less) Items Classified as Financing Activity	74,632	12,264
<b>Net Cash Flow from Operating Activities</b>	<b>88,209</b>	<b>389,833</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTE 12 SUNDRY DEBTORS AND CREDITORS

## (a) Sundry Debtors and Prepayments

	2022 \$	2021 \$
Sundry Debtors	416,658	537,894
Prepayments	77,343	109,000
GST Receivable	-	2,554
<b>Sundry Debtors and Prepayments</b>	<b>494,001</b>	<b>649,448</b>

## (b) Sundry Creditors and Accrued Charges

	2022 \$	2021 \$
Sundry Creditors and Accrued Charges	322,630	337,961
Related Party Loan Payable to CLP	-	74,632
GST Payable	2,938	-
<b>Sundry Creditors and Accrued Charges</b>	<b>325,568</b>	<b>412,593</b>

## NOTE 13 LOANS

*Loan Receivable*

Local Government Mutual Funds Trustee Limited is the trustee of Riskpool and Civic Liability Pool (CLP). The Company provides administrative services to Riskpool and CLP.

**Related Party Loans Receivable**

	2022 \$	2021 \$
Riskpool	3,799,963	2,408,002
Civic Liability Pool	-	-
<b>Total Related Party Loans Receivable</b>	<b>3,799,963</b>	<b>2,408,002</b>

Secured loan agreements between the Company and Local Government Mutual Funds Trustee Limited on behalf of Riskpool were entered into in February 2017, August 2017 and again in November 2018 to assist with Riskpool's cashflow. The amounts made available under the 2017 agreements were reduced in 2018 to provide facilities of \$2,250,000 each (2017: \$3,000,000) and under the terms of the loans the interest rate is set as BKBM plus a margin. The November 2018 agreement provided a loan facility of \$4,000,000, which was repaid in full in August 2019 (and is no longer available). Under the terms of the loan agreement the interest rate is set at the ANZ Bank lending rate plus a margin. Riskpool may repay the loans and any interest at any time without penalty. The Company may require repayment of the loans (including all interest) in full or in part at any time with six months' notice. Either party may terminate the agreements on six months' notice or any other such period that both parties agree to. On termination, the loan outstanding and any interest due to the date of repayment must be paid within the period of notice. The loan outstanding at 31 December 2022 is \$3,779,963 (2021: \$2,408,002). Interest received by the Company relating to the loans for the year to 31 December 2022 was \$152,081 (2021: \$65,334).

The Company and Local Government Mutual Funds Trustee Limited on behalf of CLP have an agreement whereby the Company funds any claims payable for CLP under the Trust Deed, without charge to the Trust, which will be reimbursed by CLP in respect of any such claim payments when CLP receives the applicable reinsurance payments on the claims. The loan outstanding at 31 December 2022 is \$nil (2021: \$nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 14 AUDIT FEES**

A breakdown of the fees paid to the auditors is below:

	2022 \$	2021 \$
<b>Statutory Audit of the Financial Statements</b>		
Civic Financial Services	52,367	41,580
Civic Liability Pool	18,085	17,640
Local Government Superannuation Trustee	53,964	44,476
<b>Total Statutory Audit of the Financial Statements</b>	<b>124,416</b>	<b>103,697</b>
<b>Other Fees Paid to Auditors for Assurance Services</b>	<b>28,750</b>	<b>30,368</b>
<b>Other Fees Paid to Auditors for Tax Compliance</b>	<b>-</b>	<b>-</b>
<b>Total Fees Paid to the Auditors</b>	<b>153,166</b>	<b>134,065</b>

**NOTE 15 SHAREHOLDERS' EQUITY**

The Share Capital of the Group comprises solely authorised and issued ordinary shares with each share ranking equally in votes, dividends and surpluses. In 2021 there were no shares issued. There were no shares issued during 2022.

	2022 \$	2021 \$
<b>Retained Earnings</b>		
Opening Balance	418,894	58,366
Net Surplus After Taxation	(1,023,381)	360,528
Dividend Payment	-	-
<b>Closing balance</b>	<b>(604,487)</b>	<b>418,894</b>
<b>Shareholders Capital</b>		
Opening Balance	10,763,506	10,763,506
Ordinary Shares issued during the year	-	-
<b>Closing balance</b>	<b>10,763,506</b>	<b>10,763,506</b>
<b>Number of Ordinary Shares Fully Paid</b>	<b>11,249,364</b>	<b>11,249,364</b>
<b>Par Value per Share</b>	<b>\$0.90</b>	<b>\$0.99</b>
<b>Dividend Payment per Share</b>	<b>\$0.00</b>	<b>\$0.00</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTE 16 EQUITY RETAINED FOR FINANCIAL SOUNDNESS**

All shareholder equity is retained to ensure the financial soundness of the Group with cash being retained for cash flow purposes.

**NOTE 17 RELATED PARTIES**

The Company provided administration services to related parties during the year to NZ Local Authority Protection Programme (LAPP), NZ Mutual Liability Riskpool (Riskpool), Local Government Superannuation Trustee (Trustee of the Local Government Superannuation Scheme (LGSS) and SuperEasy KiwiSaver Superannuation Scheme (SKSS) and Civic Property Pool (CPP). There were no related party transactions with CPP in either of the last two years.

The income derived from the administration services as well as year end accounts receivable are detailed in the table below. Refer to Note 12 and Note 13 for the terms and information relating to loans with related parties.

**Administration Fees**

	2022 \$	2021 \$
LGSS & SKSS	2,425,046	2,606,612
LAPP	305,000	304,000
Riskpool	155,380	170,730
Civic Liability Pool	19,256	19,256
<b>Administration Fees from Related Parties</b>	<b>2,904,682</b>	<b>3,100,598</b>

**Accounts Receivable**

	2022 \$	2021 \$
LGSS & SKSS	416,355	537,516
LAPP	-	378
<b>Accounts Receivable from Related Parties</b>	<b>416,355</b>	<b>537,894</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

### NOTE 18 SUBSEQUENT EVENTS

On 17 March 2023 the Company entered into a further loan agreement to Riskpool, on the same terms as the previous agreements, providing a facility up to a maximum of \$2,500,000. This is considered a non-adjusting event.

There have been no other material events subsequent to 31 December 2022 that require adjustment to or disclosure in the financial statements.

### NOTE 19 CAPITAL COMMITMENTS

The Company has no capital commitments at balance date (2021: \$nil).

### NOTE 20 GOING CONCERN

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

The profitability of financial services supports the going concern assumption for Civic Financial Services Ltd as a whole. The deferred tax asset is reviewed regularly and at balance date against forecast profits and future business opportunities. The Directors believe that it is probable that sufficient taxable profits will be available in the future against which the unused tax losses can be utilised.



# CIVIC FINANCIAL SERVICES SHAREHOLDERS

## AS AT 31 DECEMBER 2022

SHAREHOLDER MEMBER	NO. OF SHARES		SHAREHOLDER MEMBER	NO. OF SHARES	
<b>CITY COUNCILS</b>			<b>DISTRICT COUNCILS (Cont'd)</b>		
Auckland	2,195,042	19.51%	Rangitikei	35,338	0.31%
Christchurch	1,417,704	12.60%	Rotorua	175,906	1.56%
Dunedin	470,966	4.19%	Ruapehu	56,666	0.50%
Hamilton	202,729	1.80%	South Taranaki	135,496	1.20%
Hutt	479,822	4.27%	South Waikato	42,374	0.38%
Invercargill	407,927	3.63%	South Wairarapa	53,930	0.48%
Napier	283,842	2.52%	Southland	13,715	0.12%
Nelson	95,543	0.85%	Stratford	65,608	0.58%
Palmerston North	411,737	3.66%	Tararua	99,972	0.89%
Porirua	140,146	1.25%	Tasman	65,584	0.58%
Tauranga	124,242	1.10%	Taupo	83,971	0.75%
Upper Hutt	51,209	0.46%	Thames-Coromandel	27,120	0.24%
Wellington	526,821	4.68%	Timaru	230,118	2.05%
<b>DISTRICT COUNCILS</b>			Waikato	41,070	0.37%
Ashburton	56,016	0.50%	Waimakariri	88,172	0.78%
Buller	27,698	0.25%	Waimate	30,458	0.27%
Carterton	23,642	0.21%	Waipa	149,082	1.33%
Central Hawke's Bay	28,580	0.25%	Wairoa	22,992	0.20%
Central Otago	91,238	0.81%	Waitaki	120,000	1.07%
Clutha	33,711	0.30%	Waitomo	16,940	0.15%
Far North	85,440	0.76%	Western Bay of Plenty	28,142	0.25%
Gisborne	99,404	0.88%	Westland	28,356	0.25%
Gore	54,589	0.49%	Whakatane	38,788	0.34%
Grey	33,742	0.30%	Whanganui	289,660	2.57%
Hastings	129,170	1.15%	Whangarei	63,524	0.56%
Hauraki	63,434	0.56%	<b>REGIONAL COUNCILS</b>		
Horowhenua	110,689	0.98%	Bay of Plenty	55,000	0.49%
Hurunui	14,000	0.12%	Canterbury	152,696	1.36%
Kaikoura	10,000	0.09%	Hawke's Bay	20,000	0.18%
Kaipara	13,629	0.12%	Horizons	2,000	0.02%
Kapiti Coast	15,060	0.13%	Southland	10,000	0.09%
Kawerau	31,161	0.28%	Taranaki	1,000	0.01%
Manawatu	203,964	1.81%	Waikato	22,000	0.20%
Marlborough	86,022	0.76%	Wellington	80,127	0.71%
Masterton	127,230	1.13%	<b>OTHER</b>		
Matamata-Piako	122,554	1.09%	TrustPower	137,251	1.22%
New Plymouth	441,456	3.92%	<b>Total Shares 11,249,364</b>		
Opotiki	20,000	0.18%			
Otorohanga	5,000	0.04%			
Queenstown-Lakes	31,149	0.28%			