BANCORP

ANNUAL REPORT **2015**

Bancorp Wealth Management New Zealand Limited

For the financial year ended 30 June 2015

INDEX TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

COMPANY DIRECTORY

Company Number:	2199093
Nature of Business:	Private banking, investment and fund management
Issued Capital:	9,999,599 ordinary shares (fully paid)
Directors:	Craig Bernard Brownie Nigel David Parker Spratt Peter Murray Kirk
Registered Office:	Level 11, 191 Queen Street, Auckland, 1140, New Zealand
Address for Service:	Level 11, 191 Queen Street, Auckland, 1140, New Zealand
Auditors:	Staples Rodway Level 9, 45 Queen Street Auckland, 1010, New Zealand
Banker:	Westpac Banking Corporation Level 6, 16 Takutai Square Auckland, 1010, New Zealand
Solicitors:	Buddle Findlay, Auckland PwC Tower, 188 Quay Street Auckland, 1010, New Zealand
Listing:	ISIN: NZBWME0001S2 / WKN: A1KCZL Ticker symbol: BW6
Website:	www.bancorp.co.nz

COMPANY OVERVIEW

OVERVIEW

Bancorp's consolidated financial highlights are set out below.

- Total Revenue circa $23.5 million
- Total Assets circa $77 million
- Shareholders' total equity circa $21.4m
- Group Interest Net profit After Tax attributable to parent of circa $2.9m

INTRODUCTORY REMARKS FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

The past financial year 2014/2015 was disappointing. Following the sale of Auckland Airbus we expected reduced earnings until such time as we have reinvested the profit from sale and obtained earnings growth in new areas. At this time most of the reinvestment has been into Boston Marks which has underperformed. We plan on new investment in the 2016 year as well as continuing to support Boston Marks. The areas of growth we are pursuing at the moment are in the aircraft financing sector where we have entered an exciting new joint venture with Oceania Aviation Limited, New Zealand’s leading helicopter sales and engineering business.

Our intention is to grow that aircraft financing book to in excess of NZ$50 million within 3 years and will concentrate on New Zealand domestic aircraft financing as well as continuing offshore financing through our wholly owned aircraft financier, Aviation Capital Limited.

The Company maintained its dividend policy paying out a total of NZ5.0 cents per share and the Board expects to continue to pay dividends in the coming year within its policy guidelines as long as profitability allows.

The Board is very conscious that there has been limited liquidity in the stock in the last 12 months. Whilst we are pleased that our loyal shareholders are not looking to sell their stock a lack of liquidity does make it difficult for shareholders to evaluate an accurate price for stock and the ability to buy or sell.

We expect to fully invest or allocate the remainder of our funds from the sale of Auckland Airbus Express within the 2016 financial year. This will give us the opportunity to raise further capital for growth investment. A capital raising would be undertaken with shareholder liquidity in mind and therefore likely involve a more widely distributed issue of shares. It is very hard to be specific on these matters, as we must balance shareholder return and value as well as liquidity when considering raising capital, so will not be rushed into any sub optimal decisions.

Yours Sincerely,

Craig Brownie

MANAGING DIRECTOR'S REPORT

The business operations now comprise two key areas – aviation and private banking. We discuss each in turn below.

AVIATION

Boston Marks remains the world's leading independent specialist aviation insurance broker and our largest Investment. However, it has suffered from a continued decline in global aviation insurance premiums. Whilst New Zealand and Australia have continued to perform, the UK in particular has suffered from being a high cost centre with limited control over its revenue generation. This has been addressed in several ways:

- A restructure of operations in the UK
- The addition of a new CEO and changes to senior management structure
- Realignment of our global premium placement arrangements to include a broader offering to underwriters including Line Slips and Binders

It is our view that these changes will see Boston Marks performing positively again in 2016 and back positive growth in the 2017 full financial year.

On the positive the Boston Marks operations remain leading in their field and focused on growing returns as well as maintaining market share. The new initiatives being put in place do not only reduce costs but increase margins and long term value of the business.

Our other key focus in aviation at this stage is aviation finance. Our specialist subsidiary, Aviation Capital Limited, has traditionally focused on offshore financing of fixed wing aircraft. This has been profitable to date and we will continue to seek out niche opportunities in this area for profitable lending.

In the 2016 year, Aviation Capital will begin funding a joint venture with Oceania Aviation Limited. Oceania is New Zealand's leading helicopter and small fixed wing sales, maintenance and engineering operation. The joint venture with Oceania, along with Boston Marks' New Zealand client base gives us extensive access to the domestic aircraft financing market.

Our aim is to grow the joint venture to in excess of NZ$50m within 3 years providing a meaningful addition to the group's bottom line.

ABOVE: Part of the Cessna 172 fleet the Aviation Capital Oceania Joint venture has financed for New Zealand's leading flight school, CTC.

MANAGING DIRECTOR'S REPORT

PRIVATE BANKING

BANCORP WEALTH MANAGEMENT

Our private banking client base continues to grow with ongoing commitment from Japanese investors, intermediaries and licenced advisers.

The high quality personal service the private banking team offers clients is second to none and its unique offerings are well sought after.

Whilst New Zealand remains with one of the highest interest rates in the OECD the country should remain an attractive investment destination.

The private banking market is continuing to grow globally but is of course subject to more and more regulatory compliance. Some of which is rightly for the protection and benefit of customers whilst some is also for the benefit of the relevant Government.

As a consequence the private banking market requires a level of scale for an organisation to be able to provide the clients with the service they deserve and to manage the compliance administration.

DIVIDENDS

The Company paid an interim dividend and a final dividend in 2015 and the Board expects to maintain this payment policy going forward as long as cash flow and profitability allow.

Although the Profit for 2015 was adversely affected by reduce earnings, having no Auckland Airbus and a poor result from Boston Marks, the Board considered it could maintain the dividend at the same level as the previous year.

FINANCIAL RESULTS

FINANCIAL RESULTS

The financial year to 30 June 2015 has seen Bancorp achieve a group interest net profit after tax profit of around NZ$2.9 million (2014 - NZ$4.7m). The key influences on net profit were:

- Loss of earnings previously contributed by Auckland Airbus Limited
- A poor performance from Boston Marks
- Foreign exchange variations

The financial summary for the year compared with 2014 is set out below.

Consolidated	2014 NZ$' million	2015 NZ$' million
Total Assets	68.6	77.5
Total Revenue	25.3	23.4
NPAT	Group interest 4.7	Group interest 2.9
Dividends	5.0 cps	5.0cps
Shareholder equity	21	21.4

The group's cash and cash equivalents on hand at 30 June were $13.9 million.

INSURANCE BROKING MARKET

Aviation insurance premiums remain at all time lows even though claims remain relatively high. The absence of major air accidents and a continued slow global economy with low interest rates indicate that there will not be any major upward pressure on rates in the near term.

As insurance brokers tend to receive their income based on commission, the lower the premiums the lower the cash amount of commission even though actual percentage commission rates may not have changed.

Globally there has been continued consolidation in the insurance broker market, with AJ Gallagher completing 27 acquisitions by the end of their 3rd quarter. We see continued pressure on the larger global brokers to continue to acquire business through acquisition of smaller firms.

Similarly on the insurance front we have seen major insurance companies beginning to merge and take over each other in an attempt to reduce costs and grow revenue. The most notable of these was the GBP2.5b takeover of Lloyds of London's Catlin by US based XL.

THE BANCORP SHARES

Liquidity in the Bancorp shares continues to be an issue for some shareholders. Many loyal shareholders are not selling shares and there is a very thin market for those who do wish to trade. We have a focus on improving liquidity for shareholders in the next 12 months. We are working on several ways to achieve this:

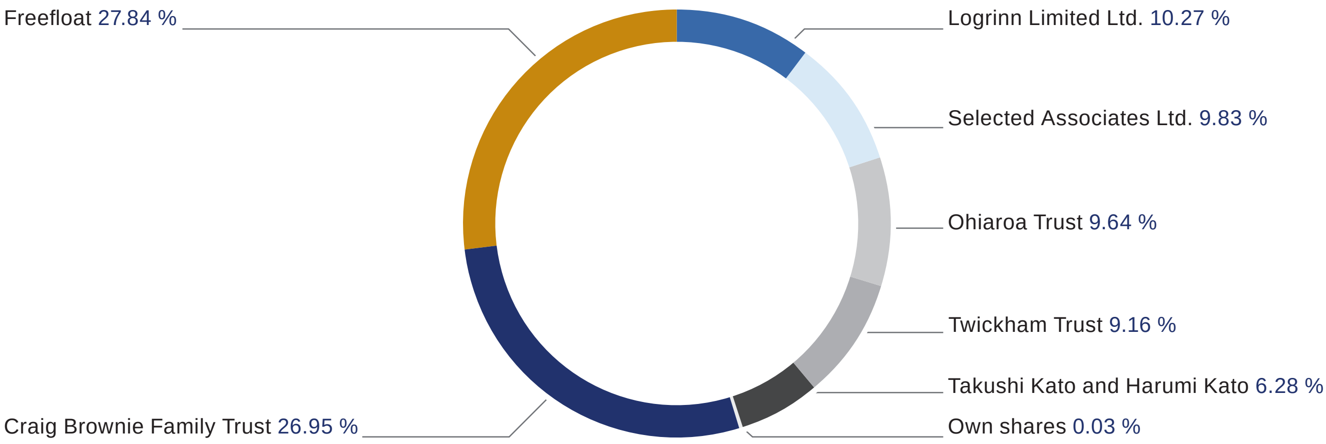
- A new capital raising in the first half of 2016 provided we have the acquisition to warrant this;
- Reviewing mergers with other similar companies that have greater shareholder bases and higher liquidity;
- Restructure of the group to focus the listed business on aviation and the private banking business on private ownership.

We will keep shareholders and the market informed of our progress in this area.

INVESTOR RELATIONS

SHAREHOLDER STRUCTURE

The Bancorp Wealth Management New Zealand shareholder structure is largely owner-dominated with a 26.95 percent owner's share. A further approximately 45 percent is held by long-term financial and strategic investors. The free float currently makes up around 28 percent.



SHARE INFORMATION

ISIN	NZBWME0001S2
Number of shares	9,999,599
Share Capital	19,888,777
First day / price	16 April 2014 / EUR 4.20

Specialist	Renell Wertpapierhandelsbank AG
Designated Sponsor	Renell Wertpapierhandelsbank AG
Listing Partner	GFEI Aktiengesellschaft
Market segment	Open Market / Entry Standard

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

The Directors are pleased to present the financial statements for the 30 June 2015 year.

Bancorp Wealth Management New Zealand Limited.

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED
DIRECTORS' ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

Directors' interest

There were no entries recorded in the interests register for the year.

Directors remuneration:

Directors remuneration paid during the year or due and payable as follows:

	2015	2014
Craig Brownie - salary	$300,000	$300,000
Nigel Spratt - directors fees	$146,050	$82,800
Craig Brownie - directors fees	$38,500	$0

Executive employee remuneration:

The number of employees, who are not directors, whose remuneration and benefits exceeded $100,000 were as follows:

Remuneration band	Group	
	2015	2014
$100,001 - $110,000	5	4
$110,001 - $120,000	1	1
$120,001 - $130,000	4	5
$130,001 - $140,000	0	2
$140,001 - $150,000	3	7
$150,001 - $160,000	1	6
$160,001 - $170,000	1	3
$170,001 - $180,000	3	1
$180,001 - $190,000	2	3
$200,001 - $210,000	2	2
$210,001 - $220,000	0	2
$240,001 - $250,000	1	0
$290,001 - $300,000	1	0
$300,001 - $310,000	2	1

Donations:

There were no donations made to charitable organisations during the year (2014: $Nil).

Auditors:

The following amounts were paid to the auditors of the Company during the year in respect of audit fees and tax fees, no other amounts were payable to the auditors:

	2015	2014
Staples Rodway, Auckland	$275,121	$215,805
Subsidiary Auditors	$147,565	$130,237

Insurance:

During the year the Company paid insurance premiums on contracts insuring all Directors of the Company for liability and costs permitted to be insured against in accordance with s162 of the Companies Act 1993 and the Company's constitution.

General:

There has been no change in the principal activities of the Company during the period under review. In the directors opinion the results for the year ended 30 June 2015 and the state of the Company's affairs are considered satisfactory.

The Directors approve and issue the Annual Report and Financial Statements of Bancorp Wealth Management New Zealand Limited and it's Subsidiaries for the year ended 30 June 2015.

For and on behalf of the Board of Directors, dated 12 February 2016.

Director
Craig B. Brownie

Director
Nigel D.P. Spratt

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staplesrodway
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bancorp Wealth Management New Zealand Limited and its subsidiaries (together the 'Group') on pages 6 to 67, which comprise the consolidated statement of financial position of the Group as at 30 June 2015, the consolidated statement of comprehensive income, and consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Group's preparation and fair presentation of the consolidated financial statements that give a true and fair view of the matters to which they relate 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Other than in our capacity as auditor, our firm carries out other assignments for the Group in the area of taxation advice. The provision of these services has not impaired our independence. The firm has no other relationship with, or interests in, the Group.

staplesrodway
CHARTERED ACCOUNTANTS

Basis for Qualified Opinion

Insufficient evidence in regard to the investment in Avro Insurance Managers Limited

The Group's investment in Avro Insurance Managers Limited, a New Zealand incorporated associate, accounted for by the equity method, is carried at $725,918 on the statement of financial position as at 30 June 2015 and the Group's share of Avro Insurance Managers Limited's net profit of $383 is included in the Group's results for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Group's investment in Avro Insurance Managers Limited as at 30 June 2015 and the share of Avro Insurance Managers Limited's net loss for the year then ended. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements on pages 6 to 67 present fairly, in all material respects, the financial position of the Group as at 30 June 2015, and its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Staples Rodway

STAPLES RODWAY AUCKLAND
AUCKLAND

12 February 2016

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
Continuing operations			
Revenue			
Finance income	(5)	2,811,424	2,907,345
Fee income	(5)	31,658	199,305
Brokerage income	(5)	13,926,860	18,570,033
Other income	(6)	6,707,561	3,715,505
Total revenue		23,477,503	25,392,188
Expenses			
Finance expenses	(7)	(2,319,554)	(1,888,737)
Fee expenses	(7)	(1,038,170)	(2,296,386)
Administrative expenses	(8)	(19,351,366)	(19,388,691)
Other expenses	(9)	(37,541)	(1,788,874)
Total expenses		(22,746,631)	(25,362,688)
Operating profit before share of profit in associates		**730,872**	**29,500**
Share of profit in associates	(21)	199,492	222,087
Net profit/(loss) after share of profit in associates and before income taxation expense		**930,364**	**251,587**
Taxation (expense)/benefit	(10)	(154,989)	395,928
Net profit/(loss) after taxation expense for the year from continuing operations		**775,375**	**647,515**
Discontinued operations			
Profit/(loss) for the year from discontinued operations (attributable to owners of the parent)	(38)	(157,112)	2,501,100
Profit for the year		**618,263**	**3,148,616**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Movement in foreign currency translation reserve	(13)	185,392	(452,904)
Total other comprehensive income for the year		185,392	(452,904)
Total comprehensive income for the year		**$803,655**	**$2,695,712**
Net profit/(loss) after income taxation expense attributable to:			
- Owners of the parent		2,932,689	4,773,456
- Non-controlling interest		(2,314,425)	(1,624,841)
		$618,264	**$3,148,615**
Total comprehensive income attributable to:			
- Owners of the parent		3,118,081	4,320,552
- Non-controlling interest		(2,314,425)	(1,624,841)
		$803,656	**$2,695,711**
Total comprehensive income for the year attributable to equity shareholders arises from:			
- Continuing operations		960,767	194,611
- Discontinued operations	(38)	(157,112)	2,501,100
		$803,656	**$2,695,711**
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year:			
Basic and diluted earnings per share			
From continuing operations	(11)	$0.08	$0.21
From discontinued operations	(11)	($0.02)	$0.23
From profit for the year		$0.06	$0.44

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Share Capital	Retained Earnings	Other Reserves	Total	Non-controlling Interest	Total Equity
		Attributable to owners of the parent					
Balance at 1 July 2013		19,888,777	(8,941,201)	(130,901)	10,816,675	7,207,027	18,023,702
Comprehensive income							
Net profit/(loss) for the year		-	4,773,456	-	4,773,456	(1,624,841)	3,148,615
Other comprehensive income							
Movement in foreign currency translation reserve		-	-	(452,904)	(452,904)	-	(452,904)
Total comprehensive income		-	4,773,456	(452,904)	4,320,552	(1,624,841)	2,695,711
Transactions with owners							
Issue of share capital - shareholders	(12)	108,195	-	-	108,195	-	108,195
Movement in non-controlling interest	(14)	-	-	-	-	937,500	937,500
Dividend paid - shareholders	(12)	-	(248,994)	-	(248,994)	-	(248,994)
Dividend paid - non-controlling interest	(14)	-	-	-	-	(489,775)	(489,775)
Total transactions with owners		108,195	(248,994)	-	(140,799)	447,725	306,926
Balance at 30 June 2014		**$19,996,972**	**($4,416,739)**	**($583,805)**	**$14,996,428**	**$6,029,911**	**$21,026,339**

	Note	Share Capital	Retained Earnings	Other Reserves	Total	Non-controlling Interest	Total Equity
		Attributable to owners of the parent					
Balance at 1 July 2014		19,996,972	(4,416,739)	(583,805)	$14,996,428	$6,029,911	$21,026,339
Comprehensive income							
Net profit/(loss) for the year		-	2,932,689	-	2,932,689	(2,314,425)	618,264
Other comprehensive income							
Movement in foreign currency translation reserve		-	-	185,392	185,392	-	185,392
Total comprehensive income		-	2,932,689	185,392	3,118,081	(2,314,425)	803,656
Transactions with owners							
Issue of share capital - non-controlling interest	(14)	-	-	-	-	3,992,298	3,992,298
Share repurchase	(12)	(1,481,162)	-	-	(1,481,162)	-	(1,481,162)
Movement in non-controlling interest	(14)	-	(3,858,888)	-	(3,858,888)	1,837,622	(2,021,267)
Dividend paid - shareholders	(12)	-	(747,806)	-	(747,806)	-	(747,806)
Dividend paid - non-controlling interest	(14)					(124,000)	(124,000)
Total transactions with owners		(1,481,162)	(4,606,694)	-	(6,087,856)	5,705,920	(381,936)
Balance at 30 June 2015		**$18,515,810**	**(6,090,744)**	**($398,413)**	**$12,026,653**	**$9,421,406**	**$21,448,059**

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	2015	2014
Shareholders equity			
Share capital	(12)	18,515,810	19,996,972
Retained earnings		(6,090,744)	(4,416,739)
Other reserves	(13)	(398,413)	(583,805)
Non-controlling interests	(14)	9,421,406	6,029,911
Total shareholders equity		**$21,448,059**	**$21,026,339**
Assets			
Cash and cash equivalents	(15)	13,984,962	5,482,070
Trade, other receivables and prepayments	(16)	9,053,120	24,382,401
Other financial assets	(17)	32,836	33,826
Finance receivables	(18)	34,988,677	16,737,998
Related party receivables	(27)	637,603	2,468,905
Plant and equipment	(19)	140,019	186,554
Intangible assets and goodwill	(20)	16,777,033	17,340,372
Investments in associates	(21)	1,894,217	2,018,433
Total assets		**$77,508,467**	**$68,650,559**
Liabilities			
Trade, other payables and accruals	(23)	6,589,660	4,318,547
Related party payables	(27)	1,809,108	3,914,839
Investor deposits	(25)	27,018,096	23,498,661
Taxation payable		812,071	893,313
Borrowings	(26)	19,730,438	14,891,659
Deferred taxation liability	(10)	101,035	107,200
Total liabilities		**56,060,408**	**47,624,219**
Total net assets		**$21,448,059**	**$21,026,339**

For and on behalf of the Board of Directors, dated 12 February 2016

Director

Director

The attached notes form an integral part of and are to be read in conjunction with these financial statements.

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
Cashflows from operating activities			
Cash was provided from:			
Cash receipts from customers		15,178,456	28,795,504
Interest received		2,811,425	2,907,345
Other cash receipts		3,769,848	2,282,659
Cash was applied to:			
Cash payments to suppliers and employees		(17,779,333)	(5,536,969)
Interest paid		(2,376,855)	(2,194,686)
Other cash payments		(1,030,831)	(22,917,970)
Net cashflows from operating activities	(30)	**572,710**	**3,335,883**
Cashflows from investing activities			
Cash was provided from:			
Disposal of investment properties		-	380,665
Disposal of other financial assets		990	2,350
Disposal of Auckland Airbus Business		18,274,125	-
Cash was applied to:			
Purchase of property, plant and equipment		(53,083)	(48,636)
Net movement in finance receivables		(18,114,465)	(3,022,672)
Acquisition of non-controlling interests	(14)	(2,021,267)	-
Purchase of intangible assets	(20)	(3,450)	(249,389)
Net cash flows from investing activities		**(1,917,150)**	**(2,937,682)**
Cashflows from financing activities			
Cash was provided from:			
Net movement in borrowings		4,838,779	-
Proceeds from the issue of share capital - shareholders	(12)	-	108,195
Proceeds from the issue of share capital - non controlling interest	(14)	3,992,298	937,500
Net movement in investor deposits		3,519,435	1,651,866
Cash was applied to:			
Payment of dividend - controlling interest	(12)	(747,806)	(248,994)
Payment of dividend - non controlling interest	(14)	(124,000)	(489,775)
Share repurchase - treasury stock	(12)	(1,481,162)	-
Net proceeds to related parties borrowings		(150,213)	(769,750)
Net movement in borrowings		-	(1,504,360)
Net cashflows from financing activities		**$ 9,847,331**	**(315,318)**
Net cash flows		8,502,892	82,883
Cash and cash equivalents at the beginning of the period		5,482,070	5,399,187
Cash and cash equivalents at the end of the period	(15)	**$13,984,962**	**$5,482,070**

1 REPORTING ENTITY

Bancorp Wealth Management New Zealand Limited ('the Company') is incorporated and domiciled in New Zealand, and registered under the Companies Act 1993.

Bancorp Wealth Management New Zealand Limited is a reporting entity for the purposes of the Financial Reporting Act 2013.

The financial statements of Bancorp Wealth Management New Zealand Limited ('the Company') and Subsidiaries (collectively referred to as 'the Group') have been prepared in accordance with the Financial Reporting Act 1993 and the Companies Act 2013.

For the purpose of complying with generally accepted accounting practice in New Zealand, the Group is a for-profit entity.

The principal activity of the Group is that of private banking, investment and fund management.

The financial statements were authorised for issue by the directors on 12 February 2016.

2 BASIS OF PREPARATION OF THE FINANCIAL REPORT

Compliance with IFRS

These financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS'), and they therefore comply with IFRS as defined in International Accounting Standard 1: Presentation of Financial Statements. They have been prepared in accordance with the Financial Reporting Act 2013, which requires compliance with New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to International Financial Reporting Standards as appropriate for profit-oriented entities.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

Presentation

All assets and liabilities in the Statement of Financial Position have been presented based on liquidity as it is deemed more relevant in understanding the Group's financial position.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis for consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls the entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If there is a deficit (i.e. a bargain purchase), the deficit is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(a) Basis for consolidation - *continued*

(iii) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Business combinations of commonly controlled entities

Business combinations involving entities or businesses under common control are those in which all of the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination.

Assets and liabilities assumed in business combinations of commonly controlled entities are measured initially at acquisition date at the book values of the acquired assets and liabilities. Any difference between the cost of acquisition and the book values of the assets and liabilities acquired is recorded directly in equity against retained earnings.

(v) Associates and joint ventures

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint control is the contractually agreed sharing of control over an entity or economic activity, and exists only when the strategic financial and operating decisions relating to the entity or economic activity require the unanimous consent of the shareholders (in the case of an entity) or the parties sharing control (in the case of an economic activity). Investments in associates and joint arrangements are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition. The group’s investment in associates/joint arrangements includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group’s share of post-acquisition profit or loss is recognised in profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate/joint arrangements.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to ‘share of profit/(loss) of an associate/joint arrangements in the statement of comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(a) Basis for consolidation - *continued*

(v) Associates and joint ventures - *continued*

Profits and losses resulting from upstream and downstream transactions between the Group and its associate/joint arrangements are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates/joint arrangements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates/joint arrangements have been changed where necessary to ensure consistency with the policies adopted by the group.

Any dilution gains and losses arising in investments in associates/joint arrangements are recognised in the statement of comprehensive income.

(vi) Non-controlling interest

Where the losses applicable to a non-controlling interest exceed the non-controlling interest in the subsidiary's equity, the excess and any further losses applicable to the non-controlling interest, are allocated against the majority interest except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interest until the non-controlling interest's share of losses previously absorbed by the majority has been recovered.

(b) New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

(i) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2015:

- Annual Improvements to IFRSs – 2010-2012 Cycle and 2011 – 2013 Cycle

- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

The adoption of the improvements made in the 2012-2012 Cycle has required additional disclosures in our segment note. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

The Group also elected to adopt the following two amendments early:

- Annual Improvements to IFRSs 2012-2014 Cycle, and

- Disclosure Initiative: Amendments to IAS 1.

As these amendments merely clarify the existing requirements, they do not affect the group's accounting policies or any of the disclosures.

No other new standards, amendments and interpretations to existing standards mandatory to the first time for the financial year beginning 1 July 2014 have been adopted by the Group in preparing these financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(b) New and amended standards and interpretations - *continued*

(ii) **New and amended standards, and interpretations mandatory for first time adoption for the financial year beginning 1 July 2014 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)**

There are a number of new and amended standards, and interpretations mandatory for first time adoption for the financial year beginning 1 July 2014 but not currently relevant to the Group in preparing these financial statements. These new and amended standards and interpretations are not expected to have an impact on the Group's financial statements.

(iii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2014 and not early adopted by the Group

The following new standards, amendments and interpretations issued but not effective for the Group’s accounting period beginning 1 July 2014, but the Group has not early adopted them.

NZ IFRS 9 Financial Instruments

- Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using NZIFRS 9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Chapter 6 Hedge Accounting supersedes the general hedge accounting requirements in NZ IAS39 Financial Instruments: Recognition and Measurement, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from IAS 39 are as follows:

- to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under NZ IAS 39);
- Changes in the accounting for the time value of options, the forward element of a forward contract and foreign- currency basis spreads designated as hedging.
- modification of the requirements for effectiveness testing (including removal of the 'brightline' effectiveness test that offset for hedging must be in the range 80-125%)

Revised disclosures about an entity's hedge accounting have also been added to IFRS 7 Financial Instruments: Disclosures.

Impairment of assets is now based on the expected losses in NZ IFRS 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument.)

The effective date is annual reporting periods beginning on or after 1 January 2018.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(b) New and amended standards and interpretations - *continued*

(iii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2014 and not early adopted by the Group *- continued*

The group is yet to assess NZ IFRS 9's full impact and intends to adopt NZIFRS 9 no later than the accounting period beginning on or after 1 January 2018.

NZ IFRS 15 Revenue from Contracts with Customers

NZ IFRS 15 introduces a five step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. The five step approach is as follows:

- Step 1: Identify the contracts with the customer;
- Step 2: Identify the separate performance obligations
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price
- Step 5: Recognise revenue when a performance obligation is satisfied

NZ IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The effective date is annual reporting periods beginning on or after 1 January 2018

The Group is yet to assess NZ IFRS 15's full impact and intends to adopt NZ IFRS 15 no later than the accounting period beginning on or after 1 January 2018.

The changes in revenue recognition requirements in NZ IFRS 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of NZ IFRS 15 has not yet been quantified.

- There are a number of other new standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2014 and not early adopted by the Group in preparing these financial statements. These other new standards, amendments and interpretations are not expected to have an impact on the Group's financial statements.

(c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in New Zealand dollars (NZD), which is the Group's presentation currency. All financial information has been rounded to the nearest dollar.

(d) Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(d) Foreign currency - *continued*

The results and financial position of the Group entity that has a functional currency different from the presentation currency is translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position item presented are translated at the closing rate at the date of the statement of financial position;

- Income and expenses for each statement of comprehensive income item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

(e) Goods and services tax (GST)

All revenue and expense transactions and cashflows are recorded exclusive of GST and other value added taxes. Assets and liabilities are similarly stated exclusive of GST, with the exception of receivables and payables, which are stated with GST included.

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- *Interest income*

  Interest income recognised in profit or loss as it accrues, using the effective interest method (also refer significant accounting policy (h) below).

- *Brokerage and establishment fees*

  Brokerage and establishment fees are recognised over the term of the financial asset to which they relate.

  Revenue from the brokerage of insurance coverage are recognised when it is probable that the Group will be compensated for services rendered and the amount of consideration for such services can be reliably measured. This is deemed to be the renewal date of the underlying insurance.

  An allowance is made for anticipated lapses and cancellations based on historical lapses and cancellations

  Unearned revenue is recorded on the statement of financial position as deferred income and subsequently recognised through profit or loss when the services are rendered.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(f) Revenue - *continued*

- *Rental revenue*

  Rental revenue in relation of operating leases on the Group's investment properties is recognised in profit or loss in the statement of comprehensive income on a straight-line basis over the term of the lease.

- *Dividend revenue*

  Dividend revenue is recognised when the right to receive a dividend has been established.

- *Auckland Airbus revenue*

  Auckland Airbus revenue comprises cash sales revenue and advertising revenue.

  Cash sales revenue represents amounts charged for the carriage of persons and is recognised at the time of sale.

  Advertising revenue is recognised on a straight line basis over the term of the contract.

(g) Expenses

Expenses are recognised as incurred in profit or loss on an accrual basis. The following specific recognition criteria must also be met before expenses are recognised:

- *Interest expense and borrowing costs*

  Interest expense and borrowing costs are recognised in profit or loss as they accrue, using the effective interest method (also refer significant accounting policy (h) below).

- *Brokerage and establishment fees*

  Brokerage and establishment fees are recognised over the term of the financial liability to which they relate.

(h) Interest income and interest expense.

Interest income and interest expense are recognised in profit or loss as they accrue, using the effective interest method.

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or liability. The application of the method has the effect of recognising income and expense on the financial asset or liability evenly in proportion to the amount outstanding over the period to maturity or repayment.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(i) Income tax

Income tax on net profit for the period comprises current and deferred tax. Income tax is recognised in profit or loss except when it relates to items recognised outside profit or loss (equity or other comprehensive income), in which case it is also recognised outside profit or loss.

Current income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

(j) Financial instruments

Basis of recognition and measurement

The Group classifies financial instruments into one of the following categories at initial recognition: financial assets or liabilities at fair value through profit or loss, available for sale, loans and receivables, held to maturity, and financial liabilities measured at amortised cost.

Some of these categories require measurement at fair value. Where available, quoted market prices are used as a measure of fair value. Where quoted market prices do not exist, fair values are estimated using present value or other market accepted valuation techniques, using methods and assumptions that are based on market conditions and risks existing as at balance date.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Group's contractual rights to the cash flows expire or if the Group transfers them without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognised if the company's obligations specified in the contract are extinguished.

Financial assets

Purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(j) Financial instruments - *continued*

Financial assets - *continued*

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income, except for foreign exchange movements on monetary assets, which are recognised in profit or loss. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired.

If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the financial asset acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss

(i) Financial assets at fair value through profit or loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

The Group has not classified any financial assets in this category.

(ii) Available for sale financial assets

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss. Certain shares held by the Group are classified as available for sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the available for sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available for sale revaluation reserve is included in the profit or loss for the period.

The Group has not classified any financial assets in this category.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable.

Assets in this category are measured at amortised cost using the effective interest method less any impairment losses.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

Financial assets - *continued*

(iii) Loans and receivables - *continued*

The Group's loans and receivables comprise cash and cash equivalents, trade and other receivables, related party receivables and finance receivables.

(iv) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

The Group has not classified any financial assets in this category.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. When a financial asset carried at amortised cost is uncollectible, it is written off against the allowance account. A financial asset carried at amortised cost is deemed to be uncollectible upon notification of insolvency of the debtor or upon receipt of similar evidence that the Group will be unable to collect the trade receivable. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed. Subsequent recoveries of financial asset carried at amortised cost previously written off are credited against the allowance account.

Financial liabilities

In respect of available-for-sale debt instruments, the loss is reversed through profit or loss. In respect of available-for-sale equity instruments, impairment losses are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated as a separate component of equity in the available-for-sale revaluation reserve.

(i) Financial liabilities at fair value through profit or loss

This category has two sub categories: financial liabilities held for trading, and those designated at fair value through profit or loss at inception. A financial liability is classified in this category if acquired principally for the purpose of paying in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Liabilities in this category are classified as current liabilities if they are either held for trading or are expected to be realised within 12 months of the balance date.

The Group has not classified any financial liabilities in this category.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

Financial liabilities - *continued*

(ii) Other financial liabilities

This category includes all financial liabilities other than those designated as fair value through profit or loss.

Other financial liabilities are recognised initially at fair value, net of transaction costs incurred. Other financial liabilities are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the other financial liabilities using the effective interest method.

The Group's other financial liabilities comprise trade and other payables, related party balances, investor deposits and borrowings.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown in current liabilities on the statement of financial position.

(l) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered objective evidence of impairment.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and the reversal is recognised in profit or loss against the allowance account.

Subsequent recoveries of amounts written off are recognised in profit or loss.

(m) Finance receivables

Finance receivables are initially recognised at fair value including transaction costs that are directly attributable to the issue of the advance. They are subsequently measured at amortised cost using the effective interest method, less any impairment loss.

Past due assets: A financial asset on which a counterparty has failed to make a payment when contractually due and is not a restructured asset or impaired asset.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(m) Finance receivables - *continued*

The classes of impaired assets are:

- Restructured assets: A restructured asset is any asset for which the original terms have been changed to grant the counterparty a concession that would not otherwise have been available, due to the counterparty's difficulties in complying with the original terms, the revised terms of the facility are not comparable with the terms of new facilities with comparable risks; and the yield on the asset following restructuring is equal to, or greater than, the institution's average cost of funds, or a loss is not otherwise expected to be incurred.

- Financial assets acquired through the enforcement of security: The Group does not acquire assets through the enforcement of security. Where repossession of security occurs the assets remain owned by the borrower and any realisation proceeds are applied immediately to the outstanding debt.

- Other impaired assets: An impaired asset is an asset for which an impairment loss has been recognised, but is not a restructured asset or a financial asset acquired through the enforcement of security.

Impairment of finance receivables:

- Finance receivables are regularly reviewed for impairment loss. Credit impairment provisions are raised for receivables that are known to be impaired. Finance receivables are impaired and impairment losses incurred if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the loan and that loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the individual finance receivable or the collective portfolio of finance receivables.

- The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:
  - delinquency in contractual payments of principal or interest;
  - initiation of bankruptcy proceedings; and
  - deterioration in the value of collateral.

- Impairment is assessed initially for assets that are individually significant. Impairment is then collectively assessed for assets that are not individually significant.

  Where an asset is determined to not be individually impaired, is included in a group of assets with similar risk characteristics and collectively tested with that group for impairment. The amount of impairment recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

  The provision for credit impairment is deducted from finance receivables in the statement of financial position and the movement in the provision for the reporting period is reflected in profit or loss as an impaired asset expense.

  When a finance receivable is uncollectible, it is written off against the related provision for finance receivable impairment. Subsequent recoveries of amounts previously written off are taken through profit or loss.

Where impairment losses recognised in previous periods are subsequently decreased or no longer exist, such impairments are reversed through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(n) Investments in equity securities

Investments in equity instruments (other than investments in subsidiaries) are valued at their fair value. Where investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

(o) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

(p) Borrowings and investor deposits

Borrowings and investor deposits are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings or deposits using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(r) Employee benefits

Liabilities for employee entitlements are carried at the present value of the estimated future cash flows.

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(r) Employee benefits - *continued*

Long service leave
The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Superannuation plans
The Group pays contributions to superannuation plans, such as Kiwisaver. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(s) Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and if applicable less any accumulated impairment losses. All assets are depreciated over their useful lives.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts. The recoverable amount is the higher of fair value less costs to sell and value in use.

Initial recognition
Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs
Subsequent costs are added to the carrying amount of an item of plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation
Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each part of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The depreciation rates used for each class of assets are:

Class of plant and equipment	*Depreciation Rate*	*Depreciation Basis*
Furniture & fittings	15.00%	Diminishing Value
Leasehold improvements	20.00%	Diminishing Value
Office equipment	12.5%-60.0%	Diminishing Value
Coaches	5.50%	Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(t) Intangible assets

Goodwill
Goodwill arises on the acquisition of subsidiaries, associates and joint arrangements and represents the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the Group's interest in net identifiable assets acquired, liabilities assumed and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives of 3 to 5 years. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

Customer related intangible assets
Contract related intangible assets are initially recorded at their purchase price and amortised on a straight line basis over their contractual life, taking into account any residual values. Customer relationship related intangible assets are initially recorded at their purchase price and as their useful life cannot be reliably estimated, are subject to an annual impairment test. All customer related intangible assets balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer written off.
The Group's customer related intangible assets include purchased contracts and non-contractual customer relationships.

(u) Impairment of non-financial assets

Intangible and tangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Intangible assets not yet available for use are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(v) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

(i) Operating leases where the Group is the lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged through profit and loss on a straight-line basis over the period of the lease.

(ii) Operating leases where the Group is the lessor
Property leased out under operating leases is included in investment property in the statement of financial position. Lease income is recognised over the term of the lease on a straight-line basis.

Finance Leases
Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

When the leased asset is subject to a sale and lease back arrangement and the lease meets the definition of a finance lease, in substance the arrangement is a loan secured over the leased asset. In this situation the arrangement is classified as a loan and is included within finance receivables.

(w) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets (or disposal group) in available for immediate sale in its present condition, and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

(x) Share capital

Share capital is classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(y) Distributions

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

(z) Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach.

Cash and cash equivalents includes cash on hand, cash held at call with banks 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.

Cash flows from finance receivables, related party receivables and payables, investor deposits and borrowings have been netted to provide meaningful disclosure to better reflect the activities of the Group. For cash flows relating to finance receivables and investor deposits to reflect the activities of the borrower or depositor, respectively. For related party receivables and payables and borrowings to reflect the activities of party providing the funding.

The following are the definitions of the terms used in the statement of cash flows:

Operating activities
Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities
Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, intangible assets, finance receivables and of investments. Investments can include securities not falling within the definition of cash.

Financing activities
Financing activities are those activities that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash. Dividends paid (if any) in relation to the capital structure are included in financing activities.

(a) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors, as they make all key strategic resource allocation decisions (such as those concerning acquisition, divestment and significant capital expenditure) and assess the performance of the operating segments of the Group.

(ab) Changes in accounting policies

Other than the adoption of new and amended standards and interpretations as outlined in ‘basis of preparation of financial report’ of Note 3 (b), there were no other changes in accounting policies.

(ac) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

4 CRITICAL ACCOUNTING ESTIMATES/JUDGEMENTS

These financial statements comply with NZ GAAP and International Financial Reporting Standards In the application of NZ IFRS, the Board of Directors and management are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from the estimates, judgments and assumptions made by the Board of Directors and management.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

In particular, information about significant areas of estimation uncertainty that have the most significant effect on the amount recognised in the financial statements is outlined below:

(i) Accounting for plant and equipment and finite-life intangible assets

At each reporting date, the useful lives and residual values of plant and equipment and finite-life intangible assets are reviewed. Assessing the appropriateness of useful life and residual value estimates of plant and equipment and finite-life intangible assets requires a number of factors to be considered such as the condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset. Refer also notes 19 and 20.

(ii) Current and deferred income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. Refer also note 10.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest forecasts of future earnings of the Group. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. Refer also note 10.

(iii) Impairment of trade, finance and other receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables, financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics and adjusted as necessary on the basis of current observable data to reflect the effect of current conditions. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. Refer also notes 16 and 18.

4 CRITICAL ACCOUNTING ESTIMATES/JUDGEMENTS - *continued*

(iv) Impairment of goodwill and indefinite life intangible assets

The recoverability of the carrying value of goodwill and indefinite life intangible assets is assessed at least annually to ensure that it is not impaired. With respect to goodwill, this assessment generally requires management to estimate future cash flows to be generated by the related investment or cash-generating unit (CGU), which entails making judgements, including the determination of the CGU's themselves, the expected rate of growth of revenues, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows. Refer also note 20. With respect to other indefinite life intangible assets, this assessment requires management to compare current year trading volumes for those customers with those trading volumes on acquisition dates. Any non-temporary reduction in trading volumes will result in an impairment of the carrying value of the intangible relating to that particular customer. Refer also note 20.

(v) Classification of Boston Marks Holdings Limited as a subsidiary

The Group has classified Boston Marks Holdings Limited (‘BMHL’) as a Group subsidiary. BMHL has been consolidated into the group as the control of the company lies with the Group, despite only the holding 49.91% (2014: 49.91%) of the shares at balance date (refer note 14 and 28).

With effect from 1 July 2012 PM Equities Limited (who hold the remaining 51.08% (2014: 51.08%) ownership interest in BMHL) issued BMG Management Limited ('BML') with an option to acquire a further 35% of the issued capital of BMHL at any time for the fair value of those shares. The option had a term of 18 months, meaning the option was to expire on 31 December 2013 if not exercised before that date, subsequent to this, the option was rolled over twice for a further 12 months. The new expiry date is 31 December 2016 (2014: 31 December 2015).

Accordingly, BML's 49.91% (2014: 49.91%) holding of BMHL shares and BML's option to acquire a further 35% holding of BMHL's shares gives BML the current and potential voting rights equal to 75%. 75% is the percentage required for significant decisions requiring shareholder approval included in the BMH shareholder agreement. As the current and potential voting rights that BML has in BMHL enables BML to unilaterally direct the relevant activities of BMHL, BML has control over BMHL.

5 OPERATING REVENUE

	Note	2015	2014
Interest income			
- Interest income - bank		648,733	177,154
- Interest income - other		2,162,691	2,730,191
Brokerage and establishment fee income		43	2,294
Other fee income		31,615	197,011
Insurance brokerage income		13,926,860	18,570,033
Total operating revenue		**$16,769,942**	**$21,676,683**

6 OTHER REVENUE

	Note	2015	2014
Foreign exchange fee income		25,954	31,027
Foreign exchange gains		1,806,932	-
Dividend income		335	465
Gain on disposal of Airbus Express Business Operation	(29)	3,774,125	3,517,422
Insurance Proceeds		420,381	-
Other non-operating revenue		679,834	166,591
Total other revenue		**$6,707,561**	**$3,715,505**

7 OPERATING EXPENSES

	Note	2015	2014
Interest expense			
- Interest expense - bank		956,601	509,312
- Interest expense - other		1,356,263	1,244,118
- Interest expense - related party		6,690	135,307
Brokerage and establishment fee expense		1,004,410	2,162,984
Other fees charged		33,760	133,402
Total operating expenses		**$3,357,724**	**$4,185,123**

8 ADMINISTRATIVE EXPENSES

	Note	2015	2014
Auditors remuneration:			
Staples Rodway, Auckland New Zealand - Audit of fincancial statements		270,981	206,030
Staples Rodway, Auckland New Zealand - Tax compliance services		4,140	9,775
Fees paid to other auditors of Group			
Neville Cowan, Wellington, New Zealand - Audit of fincancial statements		-	8,000
BDO, Wellington, New Zealand - Audit of fincancial statements		21,855	-
BDO, Sunshine Coast, Australia - Audit of fincancial statements		39,631	45,369
Moore Stephens LLP, London, UK - Audit of fincancial statements		41,314	41,037
Castellon & Company, PL, Florida, USA - Audit of fincancial statements		40,637	31,942
Barrett & Partners, Port Vila, Vanuatu - Audit of fincancial statements		4,128	3,889
Total auditors remuneration		**$422,686**	**$346,042**
Depreciation expense on plant & equipment:			
- Furniture and fittings	(19)	311	238
- Leasehold Improvements	(19)	30,942	30,710
- Office equipment	(19)	68,365	137,410
- Coaches	(19)	-	116,376
Total depreciation expense on plant & equipment		**$99,618**	**$284,733**
Amortisation and impairment expense:			
- Computer software	(20)	998	914
- Customer related intangible assets - Boston Marks	(20)	98,190	434,864
- Customer related intangible assets - Auckland Airbus	(20)	-	57,300
- Goodwill Impairment - Boston Marks	(20)	467,600	-
Total amortisation expense		**$566,788**	**$493,078**
Rental and lease expense:			
- Rent expense		1,016,656	894,438
Total rental and lease expense		**$1,016,656**	**$894,438**
Directors fees			
- Directors fees	(27)	272,126	184,506
Total directors fees		**$272,126**	**$184,506**
Impairment and bad debts expense:			
- Finance receivables bad debts		-	460,717
- Trade receivables bad debts		278,858	(2,198)
- Movement in finance receivables impairment provision	(18)	(415,072)	(928,429)
Total impairment and bad debts expense		**($136,214)**	**($469,910)**
Employee benefits expense:			
- Salaries and wages		10,041,196	9,757,223
- Other employee benefits		626,484	612,637
Total employee benefits expense		**$10,667,680**	**$10,369,860**

9 OTHER EXPENSES

	Note	2015	2014
Foreign exchange loss		37,541	1,302,482
Loss on disposal of property, plant and equipment	(29)	-	486,392
Total other expenses		**$37,541**	**$1,788,874**

10 TAXATION

(a) Income tax

	Note	2015	2014
Net profit for the year before tax from continuing operations		930,365	251,587
Net profit for the year before tax from discontinued operations		4,868	2,501,100
Total net profit for the year before tax		935,233	2,752,687
Income taxation at prevailing tax rates		523,840	1,003,483
Prior period adjustments		(48,094)	(28,519)
Non-deductible expenses		280,685	323,343
Non-assessable income		(1,097,512)	(1,841,469)
Temporary differences not recognised		453,160	579,307
Movement in temporary differences recognised		-	378,381
Utilisation of prior period unrecognised tax losses		(215,578)	(601,832)
Overseas tax losses not recognised		684,920	-
Group tax loss offset		(264,452)	(208,622)
		$316,969	**($395,928)**
Tax expense relating to discontinued operations	(38)	161,979	-
Tax expense relating to continuing operations		154,989	(395,928)
Current tax expense		**$316,969**	**($395,928)**
Current tax expense		-	260,469
Deferred tax expense:			
- Origination and reversal of temporary differences		913,347	(278,075)
- Recognition of tax losses		(596,378)	(378,322)
Taxation expense per the statement of comprehensive income		**$316,969**	**($395,928)**

(b) Deferred tax

Deferred tax assets and liabilities are recognised to the extent that the realisation of the related benefit / outflow through future taxable income/expense is probable.

The Group did not recognise a deferred income tax asset in the current year (2014: $579,307) in respect of losses (2014: $2,068,954) that can be carried forward against future taxable income. The ability to utilise these tax losses depends on the generation of sufficient assessable income, and the statutory requirements for shareholder continuity being met.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority.

10 TAXATION - *continued*

(b) Deferred tax - *continued*

	Note	2015	2014
Deferred tax assets:			
To be recovered within 12 months		734,972	447,399
To be recovered after more than 12 months		-	-
		734,972	447,399
Deferred tax liabilities:			
To be recovered within 12 months		(836,007)	(554,599)
To be recovered after more than 12 months		-	-
		(836,007)	(554,599)
Net deferred tax asset/(liability)		**($101,035)**	**($107,200)**

The gross movement on the deferred income tax account is as follows:

Group	Accelerated Depreciation	Accelerated Amortisation	Receivables Impairment Provisions	Other Provisions	Tax Losses	Total
Balance at 1 July 2013	(4,286)	(142,630)	(689,254)	72,573	-	(763,597)
Charged to profit and loss	(18,150)	22,078	277,643	(3,496)	378,322	656,397
Balance at 30 June 2014	**(22,436)**	**(120,552)**	**(411,611)**	**69,077**	**378,322**	**($107,200)**
Charged to profit and loss	19,602	73,600	(374,610)	69,517	218,056	6,165
Balance at 30 June 2015	**($2,834)**	**($46,952)**	**($786,221)**	**$138,594**	**$596,378**	**($101,035)**

(c) Imputation credit account

	2015	2014
Balance at the beginning of the year	449,411	149,591
New Zealand tax payments	332,106	298,342
New Zealand tax refunds	(33,958)	(14,950)
Imputation Credits attached to Dividends received	311,333	1,741
RWT paid	111,445	14,653
Imputation Credits attached to Dividends paid	(456,637)	-
Other debits	4,312	34
	$718,012	**$449,411**

11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit /(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is equal to basic earnings per share as there are no outstanding convertible instruments, share options or warrants on issue. The earnings per share for profit /(loss) attributable to the equity holders of the Company and Group for the year is as follows:

	2015	2014
Profit after tax attributable to the equity holders from continuing operations	775,376	2,272,356
Profit/(loss) after tax attributable to the equity holders from discontinued operations	(157,112)	2,501,100
Weighted average number of ordinary shares on issue	9,999,599	10,624,571
Basic and diluted earnings per share from continuing operations ($ per share)	0.08	0.21
Basic and diluted earnings per share from discontinued operations ($ per share)	(0.02)	0.23
From Profit after tax for the year	**0.06**	**0.45**

12 EQUITY

Share capital

	Notes	Number of Ordinary Shares	Value $
On issue at 1 July 2013		11,317,899	19,888,777
Issue of share capital	(i)	11,704	58,520
Issue of share capital	(ii)	9,955	49,675
Share Consolidation	(iii)	(1,339,959)	-
On issue at 30 June 2014		**9,999,599**	**$19,996,972**
Treasury stock			
On issue 1 July 2014		-	-
Share re-purchase	(iv)	(238,854)	(1,481,162)
On issue at 30 June 2015		**(238,854)**	**($1,481,162)**
Total share capital 30 June 2015		**9,760,745**	**$18,515,810**

All ordinary shares issued are authorised, fully paid, have no par value and have equal voting rights. The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regards to the Company's residual assets. There are no unissued authorised ordinary shares on issue.
Movements in share capital:

(i) On 19 September 2013, the Company issued an additional 11,704 shares for a consideration of $58,520.

(ii) On 22 November 2013, the Company issued an additional 9,955 shares for a consideration of $49,675.

(iii) On 23 December 2013, the Company undertook a pro-rata share cancellation of its ordinary shares issued resulting in a reduction of ordinary shares issued.

(iv) On 2 June 2015 the company undertook to repurchase 238,854 of its own shares for a consideration of $1,481,162.

During the year, a final dividend of $0.20 per share totalling $497,816 was paid to shareholders (2014:Nil).

During the year, an interim dividend of $0.25 per share totalling $249,990 was paid to shareholders (2014: $0.22 per share totalling $248,994).

13 OTHER RESERVES

Other reserves consist of:	2015	2014
Foreign currency translation reserve	(398,413)	(583,805)
	($398,413)	**($583,805)**

Foreign currency translation reserve:

Balance at the beginning of the year	(583,805)	(130,901)
Movement during the year	185,392	(452,904)
Balance at the end of the year	**($398,413)**	**($583,805)**

14 NON-CONTROLLING INTERESTS

Non-controlling interests within the Group arise from situations where the Group controls a subsidiary, but does not hold 100% of the issued share capital of these subsidiaries. At reporting date, the Group's investments in the following subsidiaries gave rise to non-controlling interests.

	2015	2014
Non-controlling interests consist of:		
Aviation Capital Limited	824,964	417,165
BMG Management Limited	(224,734)	5,276
Boston Marks Holdings Limited	8,777,737	5,607,469
Castlerock First Capital Limited	43,438	-
	$9,421,406	**$6,029,911**

Aviation Capital Limited

	2015	2014
Balance at the beginning of the year	417,165	247,217
Share of dividend paid	(124,000)	-
Share of movements through profit and loss	531,799	169,948
	$824,964	**$417,165**

Non-controlling interests hold 25% (2014:25%) ownership in Aviation Capital Limited as such the Group holds 75% (2014:75%) ownership in Aviation Capital Limited. These non-controlling interests are held by Trusts controlled by the Directors of the Company, as described in notes 25 and 30. The consideration paid by these Trusts to acquire these non-controlling interests totalled $25 (2014:$25).

BMG Management Limited

	2015	2014
Balance at the beginning of the year	5,276	5,276
Share of movements through profit and loss	(230,010)	-
	($224,734)	**$5,276**

Non-controlling interests hold 25% (2014:25%) ownership in BMG Management Limited as such the Group holds 75% (2014:75%) ownership in BMG Management Limited. These non-controlling interests are held by Trusts controlled by the Directors of the Company, as described in notes 25 and 30. The consideration paid by these Trusts to acquire these non-controlling interests totalled $25 (2014:$25).

Boston Marks Holdings Limited

	Notes	2015	2014
Balance at the beginning of the year		5,607,470	6,954,534
Issue of ordinary share capital in Boston Marks Holdings Limited to non-controlling interests		3,961,523	937,500
Share of movements through profit and loss		(2,628,877)	(1,794,789)
Movement in non-controlling interest	(22) (iv)	1,837,622	-
Share of dividends /distributions for the year		-	(489,775)
		$8,777,737	**$5,607,470**

Non-controlling interests hold 50.09% (2014: 60%) of the issued capital of Boston Marks Holdings Limited and as such the Group holds 49.91% (2014: 40%) of the issued capital of Boston Marks Holdings Limited. Boston Marks Holdings Limited has been consolidated into the group as the control of the company lies with the Group, despite only holding 49.91% (2014: 40%) of the shares at balance date (refer note 28).

14 NON-CONTROLLING INTERESTS - *continued*

During the prior year, Boston Marks Holdings Limited issued additional ordinary shares of 4,473,333 for total consideration of $3,355,000. BMG Management Limited purchased 3,233,333 shares for $2,417,500 and the non-controlling interest purchased the remaining 1,250,000 shares for $937,500 (refer note 21). As a result BML increased its shareholding in BMHL by 9.91% to 49.91% (refer note 21).

During the current year, Boston Marks Holdings Limited issued additional ordinary shares of 8,324,712 for total consideration of $7,908,477. BMG Management Limited purchased 4,154,867 shares for $3,946,954 and the non-controlling interest purchased the remaining 4,169,845 shares for $3,961,523 (refer note 21). This share purchase did not result in a shareholding percentage increase, as the shares issued were in proportion to current shareholding.

Castlerock First Capital Limited

	2015	2014
Balance at the beginning of the year	-	-
Issue of share capital	30,775	-
Share of movements through profit and loss	12,663	-
	$43,438	**-**

Non-controlling interests hold 25% (2014: 0%) of the issued capital of Castlerock First Capital Limited and as such the Group holds 75% (2014: 100%) of the issued capital of Castlerock First Capital Limited. These non-controlling interests are held by Trusts controlled by the Directors of the Company, as described in notes 22 and 27. The consideration paid by these Trusts to acquire these non-controlling interests totalled $30,775 (2014:$0).

15 CASH AND CASH EQUIVALENTS

	2015	2014
Cash on hand	-	224
Cash on hand- on call	8,343,277	4,338,347
Cash on hand- on deposit	5,641,685	1,143,499
	$13,984,962	**$5,482,070**

The effective interest rates on short term bank deposits were between 0% - 4.65% (2014: 0% - 4.2%).

16 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2015	2014
Trade receivables	595,341	1,120,632
Commissions receivable	7,351,338	5,021,114
Net trade receivables	7,946,679	6,141,746
Other receivables	514,858	732,829
Amount receivable for the sale of Airbus Express Business (refer note 29)	-	14,500,000
Prepayments	478,224	73,082
Accrued Income	113,359	2,934,744
Total current trade and other receivables and prepayments	**$9,053,120**	**$24,382,401**

16 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS - *continued*

All trade and other receivables are not secured by any collateral or credit enhancement.

Gross receivables for which impairment has been recognised:

Group

Gross receivables:	Note	Individually Impaired 2015	Individually Impaired 2014	Collectively Impaired 2015	Collectively Impaired 2014
Balance at the beginning of the year		-	-	-	-
Additions/(deletions) during the year		-	-	-	-
Balance at the end of the year		**-**	**-**	**-**	**-**

Provision for impairment:	Note	Individual Impairment 2015	Individual Impairment 2014	Collective Impairment 2015	Collective Impairment 2014
Balance at the beginning of the year		-	-	-	-
Decrease/(increase) through profit or loss during the year	(8)	-	-	-	-
Balance at the end of the year		**-**	**-**	**-**	**-**

17 OTHER FINANCIAL ASSETS

	2015	2014
Available for sale equity instruments:		
Other	32,836	33,826
	$32,836	**$33,826**

The group holds small parcels of shares in companies listed on the Australian stock exchange.

18 FINANCE RECEIVABLES

	2015	2014
Mortgages	8,077,641	3,709,895
Resturctured mortgages	9,235,572	9,322,766
Other	13,520,275	-
Vendor financing	1,712,599	1,690,964
Sale and lease back arrangement, where the lease meets the definition of a finance lease	4,907,965	4,894,820
Gross finance receivables	37,454,052	19,618,445
Provision for impairment	(2,465,375)	(2,880,447)
Net finance receivables	**$34,988,677**	**$16,737,998**

Mortgages: These are mortgage finance receivables that bear interest ranging from 6.75% per annum to 10.45% per annum (2014: 7.25% per annum to 10.45% per annum). These finance receivables are either: interest only loans with interest repayable monthly and principal repayable on maturity; or principal and interest loans with monthly and principal and interest repayable until maturity. These finance receivables are secured by first ranking registered mortgages, with varying repayment dates due within 24 months of reporting date.

During the year the Group acquired a portfolio of mortgage finance receivables with a carrying value of $4.9m for $4.2m. As there is no active market for assets of this nature, the $0.7m gain arising upon acquisition was deferred on acquisition date and subsequently recognised through profit and loss over the weighted average expected term to maturity of the portfolio of mortgage finance receivables acquired on a straight-line basis. At 30 June 2015, the unamortised deferred gain was $0.6m.

18 FINANCE RECEIVABLES *- continued*

Restructured mortgages: There are mortgage finance receivables that bear interest at inception at 10.5% to 15% per annum (2014: 10.5% to 17%). These finance receivables are capitalised interest loans with interest and principal repayable upon maturity. There are three (2014: three) loans included within this balance. These finance receivables are secured by first ranking registered mortgages, with repayment due within 6 to 12 months of reporting date.

Other: During the year the Group entered into a finance receivable funding arrangement with a telecommunications company in respect of mobile devices purchased by the telecommunications company's customers under an interest free financing arrangement offered by the telecommunications company. This finance receivable bears interest at 11.2% per annum, with principal and interest instalments repayable monthly until maturity. This loan book acts as security for the Westpac Bank (CFCL) borrowing facility described in Note 26.

Vendor financing: This vendor financing finance receivable was provided to the purchaser of East & Partners Pty Ltd (previously a Group subsidiary) by the Group. This finance receivable is interest free. This finance receivable is secured by first ranking registered security over the shares in East & Partners Pty Ltd, with monthly principal repayable until maturity, due within 12 months of reporting date.

Sales and lease back arrangements: These are sale and lease back arrangement finance receivables where the leases entered into by the Group met the definition of a finance lease. These finance leases bear interest ranging from 20% per annum to 30% per annum (2014: 20% per annum to 30% per annum). These finance receivables are principal and interest. These finance receivables are secured by first ranking registered security over the leased assets, with varying repayment dates due within 36 months of reporting date.

Gross finance receivables for which impairment has been recognised:

	Note	Individually Impaired 2015	Individually Impaired 2014	Collectively Impaired 2015	Collectively Impaired 2014
Gross finance receivables:					
Balance at the beginning of the year		10,810,836	8,754,265	-	-
Additions/(deletions) during the year		137,336	2,056,571	-	-
Balance at the end of the year		**$10,948,172**	**$10,810,836**	**-**	**-**

	Note	Individual Impairment 2015	Individual Impairment 2014	Collective Impairment 2015	Collective Impairment 2014
Provision for impairment:					
Balance at the beginning of the year		(2,880,447)	(3,808,876)	-	-
Decrease/(increase) through profit or loss during the year	(8)	415,072	928,429	-	-
Balance at the end of the year		**($2,465,375)**	**($2,880,447)**	**-**	**-**

Gross finance receivables for which impairment has been recognised relate to the restructured finance receivables only. All other financial receivables are not impaired.

19 PLANT AND EQUIPMENT

(a) Carrying values of property, plant and equipment

	Cost	Accumulated Depreciation	Carrying Value	Depreciation Expense
2015				
Furniture and fittings	3,916	(1,007)	2,909	311
Leasehold improvements	182,048	(154,741)	27,308	30,942
Office equipment	593,707	(483,905)	109,802	68,365
	$779,671	**(639,653)**	**$140,019**	**$99,618**
2014				
Furniture and fittings	2,460	(695)	1,765	238
Leasehold improvements	152,092	(99,493)	52,599	30,710
Office equipment	565,501	(433,310)	132,191	137,409
Coaches	-	-	-	116,376
	$720,053	**($533,498)**	**$186,554**	**$284,733**

19 PLANT AND EQUIPMENT *- continued*

(b) Movements in the carrying values of plant and equipment

	Note	**Furniture and fittings**	**Office equipment**	**Coaches**	**Leasehold Improvements**	**Total**
Balance at 1 July 2014		475	284,298	1,916,144	84,096	2,285,013
Disposed of through the sale of Airbus Express Bus Operation	(29)	-	(73,208)	(1,799,768)	-	(1,872,976)
Additions		1,528	58,511	-	(787)	59,252
Depreciation		(238)	(137,409)	(116,376)	(30,710)	(284,733)
Balance at 30 June 2014		**$1,765**	**$132,191**	**-**	**$52,599**	**$186,554**
Additions/(Disposals)		1,455	45,976	-	5,651	53,082
Depreciation		(311)	(68,365)	-	(30,942)	(99,618)
Balance at 30 June 2015		**$2,909**	**$109,802**	**-**	**$27,308**	**$140,019**

20 INTANGIBLE ASSETS AND GOODWILL

(a) Carrying values of intangible assets

2015	**Cost**	**Accumulated Amortisation /Impairment**	**Carrying Value**	**Amortisation /Impairment Expense**
Computer software	53,895	(50,164)	3,731	998
Customer related intangible assets - Boston Marks	1,810,012	(533,054)	1,276,958	98,190
Goodwill	15,963,944	(467,600)	15,496,344	467,600
	$17,827,851	**($1,050,818)**	**$16,777,033**	**$566,788**

2014				
Computer software	50,445	(49,165)	1,280	914
Customer related intangible assets - Boston Marks	1,810,012	(434,864)	1,375,148	434,864
Customer related intangible assets - Auckland Airbus	-	-	-	57,300
Goodwill	15,963,944	-	15,963,944	-
	$17,824,401	**($484,029)**	**$17,340,372**	**$493,078**

Details of certain intangible asset balances and transactions:

On 20 June 2014, Auckland Airbus Limited ('AAL') sold the Airbus Express business operation, plant and equipment and intangible assets. The sale was settled on 8 August 2014. Refer to notes 29 and 38.

(b) Movements in the carrying values of intangible assets

	Note	**Computer software**	**Goodwill**	**Customer related intangible assets**	**Total**
Balance at 1 July 2013		12,808	25,047,538	2,130,323	27,190,669
Disposal of Airbus Express business		(10,614)	(9,332,983)	(263,011)	(9,606,608)
Acquisition of Strathearn Insurance Register	(28)	-	249,389	-	249,389
Amortisation	(8)	(914)	-	(492,164)	(493,078)
Balance at 30 June 2014		**$1,280**	**$15,963,944**	**$1,375,148**	**$17,340,372**
Balance at 1 July 2014		1,280	15,963,944	1,375,148	17,340,372
Acquisition of Agros Financial Database		3,450	-	-	3,450
Amortisation/impairment	(8)	(998)	(467,600)	(98,190)	(566,788)
Balance at 30 June 2015		**$3,732**	**$15,496,344**	**$1,276,958**	**$16,777,033**

20 INTANGIBLE ASSETS AND GOODWILL - *continued*

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following individual cash-generating units:

	2015	2014
Aviation insurance brokerage services	15,496,344	15,963,944
	$15,496,344	**$15,963,944**

Aviation insurance brokerage services

Goodwill allocated to aviation insurance brokerage services arose as a result of the Group's acquisition of the Boston Marks business operations, a group of entities providing aviation insurance brokerage services. The aviation insurance brokerage services cash generating unit is part of the asset management operating segment.

The recoverable amount of goodwill as at reporting date is determined based on fair value less cost to sell calculations using market revenue and EBIT multiples, and forecast revenue and EBIT to calculate a valuation using each of the multiples. The valuation derived from each multiple is then averaged to derive the recoverable amount. The fair value measurement of the cash-generating unit is categorised as a level 2 measurement of the fair value hierarchy.

The market multiples have been determined with reference to publically available information on entities in the same industry of a comparable size. The revenue and EBIT forecasts used in the calculations are based on estimates for the 2016 year.

	2015	2014
Multiple		
- Revenue (times)	2	2
- EBIT (times)	6	6

During the year ended 30 June 2015, the goodwill allocated to aviation insurance brokerage services has been impaired by $467,600. The impairment has resulted from a reduction in the performance of the aviation insurance business.

The recoverable amount of the aviation insurance brokerage services cash-generating unit, based on its fair value less cost to sell, is $33,373,934 at reporting date. Management believes that there are no reasonably possible changes in any of the above key assumptions that would cause the carrying value of the goodwill to be higher than its recoverable amount.

21 INVESTMENTS IN ASSOCIATES

	2015	2014
The following amounts represent the Group’s investment in associates:		
Balance at the beginning of the year	2,018,433	2,093,414
Foreign currency translation movement attributed to BMG Aviation Limited Investment	(124,599)	(87,308)
Further Advance to Avro Insurance Managers Limited	-	5,802
Share of Avro Insurance Managers Limited profit/loss for the year	383	6,525
Share of BMG Aviation Limited profit for the year	199,109	215,562
BMG Aviation Limited dividend received during the year	(199,109)	(215,562)
Balance at the end of the year	**$1,894,217**	**$2,018,433**

21 INVESTMENTS IN ASSOCIATES AND JOINT CONTROLLED ENTITIES - *continued*

The Group's share of the results of its principal investments in associates, and its aggregated assets (including goodwill) and liabilities, are as follows:

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/ (Loss)	% interest held
2015						
Avro Insurance Managers Ltd	New Zealand	816,436	171,098	215,124	766	50%
BMG Aviation Limited	Canada	4,007,322	521,154	1,305,714	597,327	33%
		$4,823,758	**$692,252**	**$1,520,838**	**$598,093**	
2014						
Avro Insurance Managers Ltd	New Zealand	2,075,705	573,091	622,424	13,050	50%
BMG Aviation Limited	Canada	5,040,804	682,284	1,430,203	646,685	33%
		$7,116,509	**$1,255,375**	**$2,052,627**	**$659,735**	

Avro Insurance Managers Limited ('AIML') investment

On 1 July 2012, as a result of BML acquiring control of BMHL (refer above), the Group acquired BMHL's ultimate associate company, Avro Insurance Managers Limited ('AIML'). The balance date of AIML is 31 May.

The company provides aviation insurance broking services.

BMG Aviation Limited ('BAL') investment

On 1 July 2012, as a result of BML acquiring control of BMHL (refer above), the Group acquired BMHL's ultimate associate company, BMG Aviation Limited ('BAL'). The balance date of BAL is 30 June.

The company provides aviation insurance broking services.

22 INVESTMENT IN UNLISTED SUBSIDIARIES

	Note	Nature of Business	2015 Effective Ownership %	2014 Effective Ownership %
The subsidiary companies of Bancorp Wealth Management New Zealand Limited are:				
Bancorp Wealth Management Limited		Finance	100%	100%
Bancorp Capital Limited		Finance	100%	100%
The subsidiary companies of Bancorp Wealth Management Limited are:				
Bancorp Credit Cards Limited (BCCL)		Credit Card Services	100%	100%
Bancorp Fixed Income Limited (BFIL)		Non-trading	100%	100%
Bancorp Income Choice Limited (BICL)		Finance	100%	100%
Bancorp New Zealand Nominees Limited (BNZNL)		Finance	100%	100%
Select Associates Limited (SAL)		Trustee Services	100%	100%
Ban Corp Holdings PLC (BCHPLC)		Non-trading	100%	100%
The subsidiary companies of Bancorp Capital Limited are:				
Auckland Airbus Holdings Limited (AAHL)		Transport	100%	100%
Aviation Capital Limited (ACL)	(i)	Investment	75%	75%
Bancorp Proprietary Property Limited (BPPL)	(i)	Non-trading	75%	75%
BMG Management Limited (BML)	(i)	Administration Services	75%	75%
Castlerock First Capital Limited (CFCL)	(iii)	Finance	75%	100%
Boston Marks Holdings Limited (BMHL)	(ii)	Insurance broking	49.91%	49.91%
The subsidiary companies of Boston Marks Holdings Limited are:				
- Boston Marks Swiss Holdings Limited (BMSHL)		Non-trading holding	100%	88%
- Boston Marks International Limited (BMIL) (formerly M & R Holdings Limited)	(iv)	Non-trading holding	94%	100%
- Boston Marks Insurance Brokers NZ Limited (BMIBNZL)	(iv)	Insurance broking	94%	100%
- Boston Marks Australia Pty Limited (BMAPTYL)	(iv)	Non-trading holding	94%	100%
- BMG Unit Trust (BMGUT)		Insurance broking	64%	64%
- Boston Marks Insurance Co Limited (BMICL)		Insurance broking	100%	100%
- BM Canada Holdings Limited (BMCHL)	(iv)	Non-trading holding	100%	100%
- BMG Aviation Pty Limited (BMGAPTYL)	(iv)	Non-trading holding	82%	64%
- Boston Marks Group Limited (BMGL)	(iv)	Insurance broking	94%	45%
- Norman Butcher and Jones Investments Limited (NBJIL)	(iv)	Non-trading holding	94%	43%
- Boston Marks Insurance Brokers (London) Limited	(iv)	Insurance broking	94%	43%
- Boston Marks Insurance LLC (BMILLC)	(iv)	Insurance broking	94%	45%
- Combo Holdings Ltd (CHL)		Non-trading holding	80%	80%
- Co Insurance Ltd (CIL)		Non-trading holding	64%	64%
- Aviation Co-Operating Underwriters Pacific Ltd (AVCOOP)		Non-trading holding	45%	45%
- Vancouver Aviation Cooperating Underwriters Ltd (VACOUL)		Non-trading holding	22%	22%
- Pan Pacific Premium Funds (PPPF)		Non-trading holding	45%	45%
- Norman Butcher and Jones Holdings (NZ) Limited (NBJNZL)		Non-trading holding	100%	100%

The abbreviations used for the Companies above are used in subsequent notes to refer to the transactions and balances of the Companies they relate to.

22 INVESTMENT IN UNLISTED SUBSIDIARIES - *continued*

Details of the movements in Group unlisted subsidiaries:

(i) As at 30 June 2015 and 30 June 2014, the balance of the 25% ownership in these companies is held by Trusts controlled by Craig Brownie and Nigel Spratt, the Directors of the Company (refer note 14). 20% ownership held by a Trust controlled by Craig Brownie and 5% ownership held by a Trust controlled by Nigel Spratt. The consideration paid by these Trusts for their share of ownership was $20 and $5, respectively.

(ii) On 1 July 2012 the Group acquired a controlling interest in Boston Marks Holdings Limited ('BMHL') (refer note 31). As a result BML's investment in BMHL is no longer an investment in a jointly controlled entity but an investment in a subsidiary. During the 2014 year, Boston Marks Holdings Limited ('BMHL') issued additional ordinary shares of 4,473,333 for total consideration of $3,335,000. BMG Management Limited ('BML') purchased 3,233,333 shares for $2,417,500 and the non-controlling interest purchased the remaining 1,250,000 shares for $937,500 (refer note 14). As a result BML increased its shareholding in BMHL by 9.91% to 49.91%.

(iii) On 27 May 2015, 25% ownership of this company was transferred to Trusts controlled by Craig Brownie and Nigel Spratt, the Directors of the Company (refer note 14). 20% ownership is held by a Trust controlled by Craig Brownie and 5% ownership is held by a Trust controlled by Nigel Spratt. The consideration paid by these Trusts for their share of ownership was $24,620 and $6,155, respectively.

(iv) On 1 July 2014, Group companies under Boston Marks Holdings Limited were restructured, which resulted in changes in ownership percentages of Boston Marks Holdings Limited's subsidiary entities.
Below is a summary of the transactions that occurred on 1 July 2014:

- Boston Marks International Limited acquired a 23% shareholding in BMG Aviation Pty Limited from non-controlling interests for AUD $1,196,835 increasing the Group's shareholding to 87.0%.
- The 64.0% ownership interest in BMG Aviation Pty Limited was transferred from Boston Marks Australia Pty Limited for AUD $1,956,351.
- The 100.0% ownership interest in Boston Marks Insurance LLC was transferred from Boston Marks Group Limited to Boston Marks International Limited for no consideration.
- Non-controlling interests in Boston Marks Group Limited of 20.0% were acquired by Boston Marks International Limited through an issue of 4.2% non-controlling interest in Boston Marks International Limited.
- Other non-controlling interests of 29.0% in Boston Marks Group Limited were acquired by Boston Marks International Limited for no consideration.
- The remaining 51.0% interest in Boston Marks Group Limited held by Boston Marks Swiss Holdings Limited was transferred to Boston Marks International Limited for no consideration.
- Non-controlling interests of 8.8% in Boston Marks Swiss Holdings Limited was acquired by Boston Marks Holdings Limited through an issue of 1.0% non-controlling interest in Boston Marks International Limited.
- The 5.3% ownership interest in Boston Marks Swiss Holdings Limited held by Aviation and Marine Underwriting Agency Limited (previously Aviation Co-operating Underwriters Pacific Limited) was acquired by Boston Marks Holdings Limited by issuing 0.6% ownership in Boston Marks International Limited to Aviation and Marine Underwriting Agency Limited.
- The non-controlling interest of 5.0% in Norman Butcher and Jones Ltd was acquired for GBP 5,000 by Boston Marks Group Limited.

The result of the above transactions is an effective ownership interest in Boston Marks International Ltd by Boston Marks Holdings Limited of 94.2%.
The movements in non-controlling interests described above have resulted in a $1,837,622 loss transfer from non-controlling interests to retained earnings.

All subsidiaries have a balance date of 30 June, except for Boston Marks Canada Holdings Limited, which has a balance date of 31 December.

All subsidiaries are incorporated in New Zealand with the exception of the following:

- Boston Marks Australia Pty Limited, BMG Unit Trust and BMG Aviation Pty Limited which are incorporated and domiciled in Australia;
- Boston Marks Canada Holdings Limited, BMG Aviation Limited, Vancouver Aviation Cooperating Underwriters Ltd and Avro Insurance Managers Limited which are incorporated and domiciled in Canada;
- Boston Marks Insurance Limited, which is incorporated and domiciled in Vanuatu;
- Norman Butcher and Jones Investments Limited and Boston Marks Insurance Brokers (London) Limited which are incorporated and domiciled in the United Kingdom;
- Boston Marks Insurance LLC which is incorporated and domiciled in the United States of America.

The above Group companies transact with one another. Transactions entered into include funding, the receipt and/or payment of interest, brokerage and establishment fees, management fees, other fees, expense re-charges and the utilisation of Group tax losses. These transactions eliminate upon consolidation of the Group.

23 TRADE, OTHER PAYABLES AND ACCRUALS

	Note	2015	2014
Trade payables		623,714	754,040
Accruals		3,202,601	1,069,011
Employee benefits	(24)	20,330	81,021
Other payables		2,743,015	2,414,474
		$6,589,660	**$4,318,547**

24 EMPLOYEE BENEFITS

	Note	2015	2014
Leave provision	(23)	20,330	81,021
		$20,330	**$81,021**

25 INVESTOR DEPOSITS

	2015	2014
Deposits	27,018,096	23,498,661
	$27,018,096	**$23,498,661**

Deposits

Individual investor deposits incur interest at rates ranging from 1.25% per annum to 5.5% per annum (2014:1.25% per annum to 7.5% per annum) and are unsecured with varying maturity dates due within 0 to 24 months (2014: 0 to 24 months) of reporting date.

Investors deposits include $9,051,801 (2014:$10,190,906) from investors who are shareholders of the Group.

Maturity Profile:

The following maturity profile of investor deposits is based on their contractual maturity. For the maturity profile of investor deposits as at the end of the reporting period based on contractual undiscounted cashflows (including interest payment computed using contractual rates or, if floating based on the rate at the end of the reporting period) refer to note 36 (iii).

2015	**0-6 Months**	**7-12 Months**	**13-24 Months**	**25-60 Months**	**Total**
Deposits	16,831,484	8,226,784	1,437,403	522,425	27,018,096
	$16,831,484	**$8,226,784**	**$1,437,403**	**522,425**	**$27,018,096**

2014	**0-6 Months**	**7-12 Months**	**13-24 Months**	**25-60 Months**	**Total**
Deposits	10,079,283	5,088,661	8,330,717	-	23,498,661
	$10,079,283	**$5,088,661**	**$8,330,717**	**-**	**$23,498,661**

26 BORROWINGS

		2015	2014
ASB Bank Limited Revolving credit facility (AAL)	(i)	-	2,225,000
ASB Bank Limited Asset finance term loan (AAL)	(ii)	-	1,528,093
Bank of New Zealand Term loan (AVCOOP)	(iii)	79,861	271,528
Bank of New Zealand Term loan (BMIBNZL)	(iv)	4,388,050	5,432,830
Bank of New Zealand Term loan (BMIBNZL)	(v)	1,713,749	2,006,139
Bank of New Zealand Term loan (BMGL)	(vi)	1,823,993	2,810,865
Bank of New Zealand OD facility (BMIBNZL)	(vii)	190,779	211,230
Arden and Renae Hill Vendor loan (BMCHL)	(viii)	262,006	405,973
Westpac Bank facility (CFCL)	(ix)	11,272,000	-
		$19,730,438	**$14,891,659**

26 BORROWINGS - *continued*

The loan advances from ASB Bank Limited comprise the following facilities:

(i) The first facility is a revolving credit facility. This facility was repaid in full from proceeds received from the sale of the Auckland Airbus Limited business.

(ii) The second facility is an asset finance term loan. This facility was repaid in full from proceeds received from the sale of the Auckland Airbus Limited business.

The loan advances from Bank of New Zealand comprise the following facilities:

(iii) The first facility is a term loan for the purchase of shareholding in NBJ Investments Limited and the purchase of Avro Insurance Managers Limited. The facility is secured by way of personal guarantees by shareholders and over all present and after acquired property of Aviation Co-operating Underwriters Pacific Limited. This loan incurs interest at between 7.41% - 7.92% per annum, has a repayment date of 25 October 2015 and has a limit of $575,000. The loan shall be repaid by way of monthly principal and interest instalments. Monthly principal instalment total $15,972. The loan was fully repaid after balance date.

(iv) The second facility is a term loan. This facility incurs interest at 2% above the BNZ committed advance facility rate per annum (2015:6.4%, 2014:5.57% - 5.83%) and has a repayment date of 30 November 2019. The Group is required to repay each drawing on the last day of the interest period, to which the Group needs to pay $295,000 each quarter. The Group is also required to comply with several financial covenants, to which none were breached during the year.

The security for the bank facility is as follows:

1.0 First ranking and only composite general security deed and cross guarantee from each NZ Obligor in favour of the Lender.
2.0 First ranking general security deed from Boston Marks (Australia) Pty Ltd in favour of the Lender.
3.0 First ranking general security deed from BMG Aviation Pty Ltd. (in its own capacity as BMG Trustee) in favour of the Lender.
4.0 Specific Security Deed in relation to 100% of the shares in Boston Marks Holdings Limited granted by PM Equities Limited and BMG Management Limited in favour of the Lender.
5.0 Share Charge in relation to 100% of the shares in Boston Marks (Australia) Pty. Ltd. granted by Damian Hooper, Boston Marks Group Limited and EHL Pty Ltd. in favour of the Lender.
6.0 Cross guarantee from the Australian Obligors in favour of the Lender.

(v) The third facility is a foreign currency borrowing facility. This facility incurs interest at 4.89% per annum (2014:5.57% - 5.83% per annum) and has a repayment date of 30 October 2019. The Group is required to repay each drawing on the last day of the interest period, to which the Group needs to pay AU$89,550 each quarter. The Group is also required to comply with several financial covenants, to which none were breached during the year.

The security for the bank facility is as follows:

1.0 First ranking and only composite general security deed and cross guarantee from each NZ Obligor in favour of the Lender.
2.0 First ranking general security deed from Boston Marks (Australia) Pty Ltd in favour of the Lender.
3.0 First ranking general security deed from BMG Aviation Pty Ltd. (in its own capacity as BMG Trustee) in favour of the Lender.
4.0 Specific Security Deed in relation to 100% of the shares in Boston Marks Holdings Limited granted by PM Equities Limited and BMG Management Limited in favour of the Lender.
5.0 Share Charge in relation to 100% of the shares in Boston Marks (Australia) Pty Ltd. granted by Damian Hooper, Boston Marks Group Limited and EHL Pty Ltd. in favour of the Lender.
6.0 Cross guarantee from the Australian Obligors in favour of the Lender.

26 BORROWINGS - *continued*

(vi) The fourth facility is made up of three loans, the first of which is a working capital facility and can be drawn in either NZD, GBP or USD currencies. The facility incurs interest at 3.25% - 6.30% per annum (2014:1.25% - 2.00% per annum, plus a margin of 2.00% for the first six months). This loan was fully repaid in January 2016 and replaced with two new loans of US$480,000 and GBP275,351. The loan is interest only and due to be fully repaid on 30 October 2019.

The security for this bank loan is as follows:

1.0 First ranking general security agreement granting the Bank a security interest to all present and after acquired property of Boston Marks Group Limited.

2.0 Unlimited inter-company guarantee between:
Boston Marks Insurance Brokers NZ Limited
Boston Marks Holdings Limited
Boston Marks International Limited
Boston Marks Group Limited
Boston Marks Swiss Holdings Limited
Norman Butcher and Jones Investments Limited
Norman Butcher and Jones Investments (NZ) Limited
Boston Marks Insurance Brokers Limited
Boston Marks LLC

3.0 First ranking general security agreement granting the Bank a security interest in all present and after acquired property of Boston Marks Swiss Holdings Limited, Boston Marks Group Limited and Norman Butcher and Jones Holdings (NZ) Limited.

(vii) The fifth facility is an overdraft facility. This facility incurs interest at 6.4% per annum (2014:4.25% per annum) and has a limit of $200,000. The facility is unsecured and repayable on demand.

(viii) The vendor loan from Arden & Renae Hill is unsecured and repayable by Boston Marks Canada Holdings Limited from 25% of insurance commissions received by Boston Marks Canada Holdings Limited, on behalf of the Group. The loan is interest free and repayble on demand.

(ix) The Westpac facility is an asset finance term loan and is secured by a General Security Agreement over Castlerock First Capital Limited (refer note 18 which describes the finance receivables portfolio acquired by Castlerock First Capital Limited in the current year). This loan incurs interest at 5.71% per annum (2014: Not Applicable) and has a repayment date of 15 April 2017. The loan shall be repaid by way of monthly principal and interest instalments. Monthly principal instalment total $574,230.

During the current and prior year the Group complied with all externally imposed capital and financial requirements to which it is subject as a result of entering into the above borrowings.

26 BORROWINGS - *continued*

Maturity profile:

The following maturity profile of borrowings is based on their contractual maturity. For the maturity profile of borrowings as at the end of the reporting period based on contractual undiscounted cashflows (including interest payment computed using contractual rates or, if floating based on the rate at the end of the reporting period) refer to note 32 (iii).

2015

	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
Bank of New Zealand Term loan (AVCOOP)	79,861	-	-	-	79,861
Bank of New Zealand Term loan (BMIBNZL)	590,000	590,000	1,180,000	2,028,050	4,388,050
Bank of New Zealand Term loan (BMIBNZL)	200,464	200,464	400,928	911,893	1,713,749
Bank of New Zealand Term loan (BMGL)	190,779	-	-	-	190,779
Bank of New Zealand OD facility (BMIBNZL)	1,823,993	-	-	-	1,823,993
Arden and Renae Hill Vendor loan (BMCHL)	262,006	-	-	-	262,006
Westpac Bank (CFCL)	3,676,512	3,445,378	4,150,110	-	11,272,000
	$6,823,615	**$4,235,842**	**$5,731,038**	**$2,939,943**	**$19,730,438**

2014

	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
ASB Bank Limited Revolving credit facility (AAL)	2,225,000	-	-	-	2,225,000
ASB Bank Limited Asset finance term loan (AAL)	1,528,093	-	-	-	1,528,093
Bank of New Zealand Term loan (AVCOOP)	95,832	95,833	79,863	-	271,528
Bank of New Zealand Term loan (BMIBNZL)	750,000	750,000	1,500,000	2,432,830	5,432,830
Bank of New Zealand Term loan (BMIBNZL)	750,000	750,000	506,139	-	2,006,139
Bank of New Zealand Term loan (BMGL)	211,230	-	-	-	211,230
Bank of New Zealand OD facility (BMIBNZL)	850,000	400,000	650,000	910,865	2,810,865
Arden and Renae Hill Vendor loan (BMCHL)	405,973	-	-	-	405,973
Westpac Bank (CFCL)	**$6,816,128**	**$1,995,833**	**$2,736,002**	**$3,343,695**	**$14,891,658**

27 RELATED PARTY BALANCES, TRANSACTIONS AND DISCLOSURES

Ultimate controlling party/parties:

As at 30 June 2015, there were a large number of New Zealand and overseas domiciled shareholders meaning the Group has no ultimate controlling party. (2014: no ultimate controlling parties.)

Related party balances and transactions:

	Note	2015	2014
Receivables:			
BMG Aviation Limited - Canada		279,541	214,608
PM Equities Limited	(xv)	116,166	937,500
Damian Hooper	(i)	-	1,316,797
Bancorp New Zealand Limited	(iii)	62	-
Reinaldo Irrigaro	(xxiv)	211,059	-
Spratt Family Trust	(x)	6,155	-
Cory Brownie Family Trust	(x)	24,620	-
		$637,603	**$2,468,905**

27 RELATED PARTY BALANCES, TRANSACTIONS AND DISCLOSURES - *continued*

	Note	2015	2014
Payables:			
Atawhai Trust	(xiv)	(257,865)	(257,865)
PJ McLaughlan	(xv)	(119,736)	(1,235,016)
Bill Beard	(xvi)	(142,337)	(142,337)
Fraser and Sonia MacAndrew	(xvii)	(142,337)	(142,337)
BUT EHL Pty Limited	(xviii)	(136,390)	(469,216)
Bancorp New Zealand Limited	(iii)	-	(29)
Bancorp Corporate Finance Limited	(ii)	(40,764)	(42,442)
Bancorp Treasury Services Limited	(iv)	(1,505)	(2,535)
Insurance Premium Finance Limited	(xiii)	-	(1,000,000)
Howard Murray Vendor Loan	(xxiii)	(412,091)	(623,062)
Harper Trust	(xxiv)	(40,579)	-
Damien Hooper	(i)	(515,504)	-
		($1,809,108)	**($3,914,839)**

No related party balances were impaired, written off or forgiven during the year. (2014: None)

	Note	2015	2014
Non-controlling interest balances:			
Attributable to the Cory Brownie Trust, controlled by Craig Brownie:			
Aviation Capital Limited	(viii)	659,972	333,732
BMG Management Limited	(ix)	(179,787)	4,221
Castlerock First Capital Limited	(x)	34,751	-
Attributable to the Spratt Family Trust, controlled by Nigel Spratt:			
Aviation Capital Limited	(viii)	164,993	83,433
BMG Management Limited	(ix)	(44,947)	1,055
Castlerock First Capital Limited	(x)	8,688	-
		$643,670	**$422,441**

	Note	2015	2014
Transactions:			
Service charges:			
Bancorp New Zealand Limited	(iii)	310	317
Bancorp Corporate Finance Limited	(ii)	770,740	545,831
Bancorp Treasury Services Limited	(iv)	13,730	19,667
Damian Hooper - interest income	(i)	-	171,818
Insurance Premium Finance Limited - interest	(xiii)	-	(135,307)
PM Equities Limited - management fees paid	(xii)	(444,000)	(444,000)
PM Equities Limited - interest	(xii)	(28,197)	(177,477)
Directors remuneration and fees:			
Craig Brownie - salary (BWML)	(v)	300,000	300,000
Nigel Spratt - directors fees (BWML)	(vi)	82,800	82,800
Kerry Waddell - directors fees (AAHL)	(vii)	10,000	9,996
Patrick McLaughlan – directors fees (BMIL)	(xi)	576	543
Ian Duff - consulting fees (BMIL)	(xxvii)	293,819	262,833
Peter Kirk - directors fees (BWMNZL)	(xix)	12,000	12,000
David Harrison - directors fees (AVCOOP)	(xx)	36,000	38,667
Brian McDonald - directors fees (AVCOOP)	(xxi)	19,500	20,250
Neil Kain - directors fees (AVCOOP)	(xxii)	19,500	20,250
Craig Brownie - director fees (BMHL)	(xxv)	38,500	-
Nigel Spratt - director fees (BMHL)	(xxvi)	63,250	-

27 RELATED PARTY BALANCES, TRANSACTIONS AND DISCLOSURES - *continued*

Share of non-controlling interest profit/(loss):

Attributable to the Cory Brownie Trust, controlled by Craig Brownie:			
- Aviation Capital Limited	(viii)	425,439	135,958
- BMG Management Limited	(ix)	(184,008)	-
- Castlerock First Capital Limited	(x)	10,131	-
Attributable to the Spratt Family Trust, controlled by Nigel Spratt:			
- Aviation Capital Limited	(viii)	106,360	30,497
- BMG Management Limited	(ix)	(46,002)	-
- Castlerock First Capital Limited	(x)	2,533	-

Details of related party balances and transactions:

(i) Damien Hooper was a shareholder of BMG Aviation Limited. Balances are unsecured and repayable on demand. In 2014, interest of $171,818 was accrued on the closing balance owed (2015: $Nil). The interest rate used was 15%. During the current financial year Damien Hooper sold his share of BMG Aviation Ltd to Boston Marks Group Limited and his loan was written off against the investment. It was agreed between both parties to pay the remaining funds due in two instalments and no interest be charged.

(ii) Bancorp Corporate Finance Limited is a related party by virtue of common directorship. Balances are unsecured, non-interest bearing and repayable on demand. Transactions during the year related to corporate finance charges for work performed.

(iii) Bancorp New Zealand Limited is a related party by virtue of common directorship. Balances are unsecured, non-interest bearing and repayable on demand. Transactions during the year related to on-charges of office costs.

(iv) Bancorp Treasury Services Limited is a related party by virtue of common directorship. Balances are unsecured, non-interest bearing and repayable on demand. Transactions during the year related to treasury services charges for work performed.

(v) Craig Brownie is a director of the Companies. Craig was paid a $300,000 (2014: $300,000) salary during the year as the sole key management personnel for the Company.

(vi) Nigel Spratt was paid $82,800 (2014: $82,800) in directors fees during the year from Bancorp Wealth Management Limited.

(vii) Kerry Waddell is a director of a company within the Group. She resigned on 20 August 2014. She was paid $10,000 (2014: $9,996) in directors fees.

(viii) As at 30 June 2015 and 30 June 2014, 25% ownership in Aviation Capital Limited is held by Trusts controlled by Craig Brownie and Nigel Spratt, the Directors of the Company (refer Note 14 and 22). Related party non-controlling interests are made up as follows: 20% ownership held by a Trust controlled by Craig Brownie and 5% ownership held by a Trust controlled by Nigel Spratt. The consideration paid by these Trusts for their share of ownership was $20 and $5, respectively. There are no other terms and conditions attached to these transactions and balances.

(ix) As at 30 June 2015 and 30 June 2014, 25% ownership in BMG Management Limited is held by Trusts controlled by Craig Brownie and Nigel Spratt, the Directors of the Company (refer note 14 and 22). Related party non-controlling interests are made up as follows: 20% ownership held by a Trust controlled by Craig Brownie and 5% ownership held by a Trust controlled by Nigel Spratt. The consideration paid by these Trusts for their share of ownership was $20 and $5, respectively. There are no other terms and conditions attached to these transactions and balances.

(x) As at 30 June 2015 25% ownership of Castlerock First Capital Limited is held by Trusts controlled by Craig Brownie and Nigel Spratt, the Directors of the Company (refer note 14 and 22). Related party non-controlling interests are made up as follows: 20% ownership held by a Trust controlled by Craig Brownie and 5% ownership held by a Trust controlled by Nigel Spratt. The consideration paid by these Trusts for their share of ownership was $24,620 and $6,155, respectively. There are no other terms and conditions attached to these transactions and balances.

(xi) Patrick McLaughlan was paid $576 (2014: $543) in directors fees during the year.

(xii) PM Equities Limited is a shareholder of a company within the Group. Balances are unsecured and repayable on demand. Interest is charged at a rate of 4% per annum.

(xiii) Insurance Premium Finance Limited is a shareholder of a company within the Group. Balances are unsecured, non-interest bearing and repayable on demand.

(xiv) Atawhai Trust is a shareholder of a company within the Group. Balances are unsecured, non-interest bearing and repayable on demand.

(xv) Patrick McLaughlan is a shareholder of a company within the Group. Balances are unsecured, non-interest bearing and repayable on demand. Insurance Premium Finance Limited and PM Equities Limited are companies ultimately owned and controlled by Patrick McLaughlan. The short term loan from Insurance Premium Finance Limited has a 14.15% per annum interest rate and is repayable on demand. This facility is unsecured.

27 RELATED PARTY BALANCES, TRANSACTIONS AND DISCLOSURES - *continued*

(xvi) Bill Beard is a shareholder of a company within the Group. Balances are unsecured, non-interest bearing and repayable on demand.

(xvii) Fraser and Sonia MacAndrew is a shareholder of a company within the Group. Balances are unsecured, non-interest bearing and repayable on demand.

(xviii) BUT EHL Pty Limited is a shareholder of a company within the Group. Balances are unsecured, non-interest bearing and repayable on demand.

(xix) Peter Kirk is a director of a company within the Group and was paid $12,000 (2014: $12,000) in directors fees.

(xx) David Harrison is a director of a company within the Group and was paid $36,000 (2014: $38,667) in directors fees.

(xxi) Brian McDonald is a director of a company within the Group and was paid $19,500 (2014: $20,250) in directors fees.

(xxii) Neil Kain was paid $19,500 (2014: $20,250) in directors fees during the year.

(xxiii) The vendor loan from Howard Murray is non-interest bearing, repayable on demand and unsecured.

(xxiv) Reinaldo Irrigaro is a shareholder of a company with the Group. The loan to Reinaldo Irrigaro will accrue interest at 3% per annum on the advances. Any advances advanced to Reinaldo Irrigaro together with all the accrued interest shall be repayable on 30 September 2018.

(xxv) Craig Brownie is a director of a company within the Group and was paid $38,500 (2014:$0) in directors fees.

(xxvi) Nigel Spratt is a director of a company within the Group and was paid $63,250 (2014:$0) in directors fees.

(xxvii) Ian Duff is a director of a company within the Group and was paid $293,819 (2014:$262,833) in consulting fees.

No provisions are held against receivables are from related parties (2014: $nil)

Group companies transact with one another. Transactions entered into include funding, the receipt and/or payment of interest, brokerage and establishment fees, management fees, other fees, expense re-charges and the utilisation of Group tax losses. These transactions eliminate on consolidation of the Group.

Other related party disclosures:

Key management personnel

Key management includes directors of the Company and Group companies. The compensation paid or payable to key management for employee services is shown below:

	Group	
	2015	2014
Salaries and short-term employee benefits	300,000	300,000
Directors Fees	180,376	184,506
Total	**$480,376**	**$484,506**

28 BUSINESS COMBINATIONS

Acquisition of Boston Marks Holdings Limited business operation

As at 30 June 2012, BMG Management Limited ('BML') a wholly owned subsidiary of the Group, had a 20% interest in Boston Marks Holdings Limited ('BMHL'). BML had joint control over the BMHL and as such the Group's investment in BMHL was classified as an investment in a jointly controlled entity. (refer note 22)

On 1 July 2012, BML exercised an option to acquire a further 20% interest in BMHL at a price of $2,839,733. As a result of holding 40% of the shares in BMHL, the Group appointed Company directors Craig Brownie and Nigel Spratt as directors on the Board of BMHL (with the other positions being held by representatives of the majority shareholders). Furthermore with effect from 1 July 2012 PM Equities Limited (who hold the remaining 60% ownership interest in BMHL) issued BML with an option to acquire a further 35% of the issued capital of BMHL at any time for the fair value of those shares. The option had a term of 18 months, meaning the option was to expire on 31 December 2013 if not exercised before that date. Subsequent to this, the option was rolled over for a further 12 months. The new expiry date is 31 December 2016.

Accordingly, BML's 40% holding of BMHL shares and BML's option to acquire a further 35% holding of BMHL's shares gives BML the current and potential voting rights equal to 75%. 75% is the percentage required for significant decisions requiring shareholder approval included in the BMH shareholder agreement. As the current and potential voting rights that BML has in BMHL enables BML to unilaterally direct the relevant activities of BMHL, BML has control over BMHL from 1 July 2012. As a result, BML's investment in BMHL is no longer an investment in a jointly controlled entity but an investment in a subsidiary (refer note 22).

The following table summarises the consideration paid by BML for the Boston Marks Holdings Limited business the fair value of the assets acquired and debt assumed at the acquisition date under the sale and purchase agreement.

Consideration as at 1 July 2013:

Cash paid	2,839,733
Acquisition-date fair value of the previously held equity interest	2,839,733
Total consideration transferred	5,679,466
Acquisition-date fair value of non-controlling interests	8,519,199
Total consideration	**$14,198,665**

Recognised amounts of identifiable assets acquired and liabilities assumed:

Cash and cash equivalents	403,457
Trade, other receivables and prepayments	8,738,248
Other financial assets	3,826
Related party receivables	353,730
Property, plant and equipment	413,922
Intangible assets – computer software	21,010
Intangible assets – key customer relationships	1,810,012
Investments in associates	2,058,177
Trade and other payables	(5,524,787)
Taxation Liability	(232,727)
Deferred Taxation	(654,848)
Related party payables	-
Borrowings	(8,905,910)
Goodwill on consolidation	15,714,555
Total identifiable net assets	**$14,198,665**

Acquisition-related costs have been charged to administrative expenses in the consolidated statement of comprehensive income for the year ended 30 June 2013.

28 BUSINESS COMBINATIONS - *continued*

The consolidated statement of comprehensive income includes sales revenue and net profit for the year ended 30 June 2013 of $19,441,906 and $2,886,873 respectively from this entity.

During the 2014 year, BML purchased a further 9.91% shareholding of BMHL for consideration of $3,355,000. As a result of this purchase, BML now owns a total of 7,233,333 shares in Boston Marks Holdings Limited (an increase of 3,233,333 shares) giving BML 49.91% ownership of the company and its subsidiaries.

During the 2015 year, Boston Marks Holdings issued a further 8,324,712 shares for consideration of $0.95 per share, 49.91% of which were issued to BML for total consideration of $3,947,121.

Acquisition of the Strathearn Insurance register

On 30 January 2014, a group subsidiary, BMG Unit Trust (refer note 23) acquired the Strathearn insurance register for total consideration of $249,389 payable in cash. The goodwill arising on acquisition was $249,389. (refer note 20).

29 DISPOSAL OF BUSINESS

On 20 June 2014, Auckland Airbus Limited ('AAL') sold the Airbus Express business operation, plant and equipment and intangible assets for $14,500,000 cash ($13,500,000 payable upon settlement and $1,000,000 by 5 December 2014) and $4,000,000 contingent on the purchaser obtaining regulatory approval. (Refer notes 16 and 38)

Consideration as at 30 June 2014:	$18,500,000
Recognised amounts of identifiable assets sold:	
Furniture, Fittings & Coaches	1,386,584
Intangible Assets - Contracts	263,011
Goodwill on consideration	16,850,405
	$18,500,000

Analysis of assets sold

	Carrying Value	Consideration	Gain/(Loss) on disposal
Furniture, Fittings & Coaches	1,872,976	1,386,584	(486,392)
Intangible Assets - Contracts	263,011	263,011	-
Goodwill	9,332,986	16,850,405	7,517,419
	11,468,973	18,500,000	
Less: Contingent Asset			(4,000,000)
Gain on Sale			**$3,517,419**

The loss on disposal of Furniture, Fittings & Coaches is included in non-operating expenses in the consolidated statement of comprehensive income (note 9).

The net gain on disposal of business of $3,517,419 (after accounting for the contingent asset of $4,000,000) is included in non-operating revenue in the consolidated statement of comprehensive income (note 6).

Consideration received during Year Ended 30 June 2015

As described above the final settlement consideration was contingent on the purchaser obtaining regulatory approval to operate the Airbus Express business. The required regulatory approval was obtained by the purchaser on 5 August 2014, at which point the final settlement amount became due and payable on 17 November 2014. The group recovered cash settlement of $4,000,000 net of settlement adjustments of $225,875.

Analysis of Settlement	Note	
Contingent Asset		4,000,000
Less: Settlement Adjustment		(225,875)
Gain on Sale	(6)	**$3,774,125**

30 RECONCILIATION OF NET PROFIT / (LOSS) AFTER TAXATION TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2015	2014
Profit / (loss) after tax		618,264	3,148,614
Add/(less) non-cash items:			
Depreciation	(8)	99,618	284,733
Amortisation	(8)	566,788	493,078
Bad debts	(8)	278,858	458,519
Net movement in finance receivables impairment provision	(8)	(415,072)	(928,429)
Movement in trade receivables impairment provision		-	(2,750)
Share of profit associates	(21)	(199,492)	(222,087)
Movement in foreign currency translation reserve	(13)	185,392	(452,904)
Loss on disposal of property plant & equipment	(19)	-	486,392
Gain on disposal of Airbus Express operation	(29)	(3,774,125)	(3,517,422)
Add / (less) movements in working capital items:			
Decrease / (increase) in trade receivables and other receivables		1,028,773	2,739,104
(Decrease) / increase in taxation		(87,408)	(450,460)
(Decrease) / increase in trade and other payables and accruals		2,271,114	1,299,495
Net cashflows from operating activities		**$572,710**	**$3,335,883**

31 FINANCIAL ASSETS AND LIABILITIES

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 (j) to the financial statements.

Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities:

	2015	2014
Financial assets:		
Available for sale financial assets:		
- Other financial assets	32,836	33,826
Loans and receivables:		
- Cash and cash equivalents	13,984,962	5,482,070
- Trade receivables and other receivables	8,461,537	21,374,575
- Related party receivables	637,603	2,468,905
- Finance receivables	34,988,677	16,737,998
	$58,105,615	**$46,097,374**
Financial liabilities:		
Financial liabilities at amortised cost:		
- Trade payables and other payables	3,387,058	3,249,536
- Related party payables	1,809,108	3,914,839
- Investor deposits	27,018,096	23,498,661
- Borrowings	19,730,438	14,891,659
	$51,944,700	**$45,554,695**

32 FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks. The financial risks arise from the business activities of the Group. The specific financial risks that the Group is exposed to are discussed below.

(i) Market risk

Foreign currency risk

Foreign currency risk is the risk to earnings arising from movements in foreign exchange rates. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's net exposures to foreign currencies in New Zealand dollars at reporting date are as follows:

	2015	2014
United States dollar (USD)	170,012	259,590
Japanese yen (JPY)	185	44
Australian dollar (AUD)	467,912	494,439
Great British pound (GBP)	422,867	480,127
Vanuatuan vatu (VUV)	91,252	103,379
Hong Kong dollar (HKD)	183	101
Euro (EURO)	139	19
	$1,152,550	**$1,337,699**

Sensitivity analysis

A 1% strengthening/weakening of the New Zealand dollar against the United States dollar, Japanese yen, Australian dollar, the United Kingdom pound, the Vanuatuan vatu, the Hong Kong dollar and the Euro as at reporting date would have the following impact on profit/(loss) and equity. This assumes that all other variables remain constant.

	Profit or loss		Equity	
2015	**1% decrease**	**1% increase**	**1% decrease**	**1% increase**
United States dollar (USD)	(1,700)	1,700	(1,224)	1,224
Japanese yen (JPY)	(2)	2	(1)	1
Australian dollar (AUD)	(4,679)	4,679	(3,369)	3,369
Great British pound (GBP)	(4,229)	4,229	(3,044)	3,044
Vanuatuan vatu (VUV)	(913)	913	(657)	657
Hong Kong dollar (HKD)	(2)	2	(1)	1
Euro (EURO)	(1)	1	(1)	1
	($11,526)	**$11,526**	**($8,297)**	**$8,297**
2014				
United States dollar (USD)	(2,596)	2,596	(1,869)	1,869
Japanese yen (JPY)	(1)	1	(1)	1
Australian dollar (AUD)	(4,944)	4,944	(3,560)	3,560
Great British pound (GBP)	(4,801)	4,801	(3,457)	3,457
Vanuatuan vatu (VUV)	(1,034)	1,034	(744)	744
Hong Kong dollar (HKD)	(1)	1	(1)	1
Euro (EURO)	(1)	1	(1)	1
	($13,378)	**$13,378**	**($9,633)**	**$9,633**

32 FINANCIAL RISK MANAGEMENT - *continued*

(i) Market risk - *continued*

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing borrowings. The Group's policy is to obtain the most favourable interest rate available. Interest rates on finance receivables and investor deposits are fixed for their term at the time they were issued.

The Group's interest rate exposures at reporting date are as follows:

	Weighted average interest rate	Interest bearing	Non-Interest bearing	Total
2015				
Financial assets:				
Cash and cash equivalents	2.33%	13,984,962	-	13,984,962
Trade, other receivables	n/a	-	8,461,537	8,461,537
Related party receivables	7.00%	327,225	310,378	637,603
Financial receivables	10.19%	37,454,052	-	37,454,052
		$51,766,239	**$8,771,915**	**$60,538,154**
Financial liabilities:				
Trade and other payables	n/a	-	3,387,058	3,387,058
Investor deposits	5.10%	27,018,096	-	27,018,096
Related party payables	n/a	-	1,809,108	1,809,108
Borrowings	5.57%	19,730,438	-	19,730,438
		$46,748,534	**$5,196,166**	**$51,944,700**
2014				
Financial assets:				
Cash and cash equivalents	2.17%	5,481,846	224	5,482,069
Trade, other receivables	n/a	-	22,862,645	22,862,645
Related party receivables	15.00%	2,468,905	-	2,468,905
Finance receivables	10.19%	17,927,481	-	17,927,481
		$25,878,232	**$22,862,869**	**$48,741,100**
Financial liabilities:				
Trade and other payables	n/a	-	3,249,536	3,249,536
Investor deposits	5.47%	23,498,661	-	23,498,661
Related party payables	n/a	-	3,914,839	3,914,839
Borrowings	4.83%	14,891,659	-	14,891,659
		$38,390,320	**$7,164,375**	**$45,554,695**

Sensitivity analysis

A 1% strengthening/weakening of interest rates as at reporting date would have following impact on profit/(loss) and equity. This assumes that all other variables remain constant.

32 FINANCIAL RISK MANAGEMENT *- continued*

(i) Market risk *- continued*

Interest rate risk *- continued*

	Profit or loss		Equity	
	1% decrease	1% increase	1% decrease	1% increase
2015				
Financial assets:				
Cash and cash equivalents	(139,850)	139,850	(97,895)	97,895
Related party receivables	(3,272)	3,272	(2,291)	2,291
Finance receivables	(374,541)	374,541	(262,178)	262,178
	($517,663)	**$517,663**	**($362,364)**	**$362,364**
Financial liabilities:				
Investor deposits	270,181	(270,181)	189,127	(189,127)
Borrowings	197,304	(197,304)	138,113	(138,113)
	$467,485	**($467,485)**	**$327,240**	**($327,240)**
Net Impact	**($50,178)**	**$50,178**	**($35,124)**	**$35,124**
2014				
Financial assets:				
Cash and cash equivalents	(54,818)	54,818	(38,873)	38,373
Related party receivable	(24,689)	24,689	(17,282)	17,282
Finance receivables	(179,275)	179,275	(125,492)	125,492
	($258,782)	**$258,782**	**($181,647)**	**$181,147**
Financial liabilities:				
Investor deposits	234,987	(234,987)	164,491	(164,491)
Borrowings	148,917	(148,917)	104,242	(104,242)
	$383,904	**($383,904)**	**$268,733**	**($268,733)**
Net Impact	**$125,122**	**($125,122)**	**$87,086**	**($87,586)**

Equity price risk

Equity price risk is the risk to earnings or capital arising from movements in changes in the price of equities. Equity price risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group is exposed to changes in the price of equities listed on both New Zealand and international stock exchanges, as well as derivatives or unlisted equities where value is determined with reference to an equity market index, or comparable transactions in a listed exchange. The Group's exposures to equities at reporting date are as follows:

	2015	2014
Other shares	32,836	33,826
	$32,836	**$33,826**

32 FINANCIAL RISK MANAGEMENT *- continued*

(i) Market risk *- continued*

Equity price risk *- continued*

<u>Sensitivity analysis</u>

A 1% strengthening/weakening of the price of equities as at reporting date would have the following impact on profit/(loss) and equity. This assumes that all other variables remain constant.

	Profit or loss		Equity	
	1% decrease	1% increase	1% decrease	1% increase
2015				
Other shares	(328)	328	(253)	253
	($328)	**$328**	**($253)**	**$253**
2014				
Other shares	(338)	338	(260)	260
	($338)	**$338**	**($260)**	**$260**

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting arises mainly from cash at bank, trade and other receivables, finance receivables and related party receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of finance, trade and other receivables and related party receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

The Group's maximum gross credit exposures at reporting date are as follows:

	2015	2014
Cash at bank	13,984,962	5,482,846
Trade and other receivables	8,461,537	22,862,645
Finance receivables	37,454,052	17,927,481
Related party receivables	637,603	2,468,905
	$60,538,154	**$48,741,877**

<u>Analysis of credit exposures and impairment</u>

The analysis of the Group's credit exposures and impairment as at reporting date is as follows:

2015	Gross amount	Individual impairment	Collective impairment	Carrying value
Trade and other receivables	8,461,537	-	-	8,461,537
Finance receivables	37,454,052	(2,465,375)	-	34,988,677
Related party receivables	637,603	-	-	637,603
	$46,553,193	**($2,465,375)**	**-**	**$44,087,818**

2014	Gross amount	Individual impairment	Collective impairment	Carrying value
Trade and other receivables	22,862,645	-	-	22,862,645
Finance receivables	17,927,481	(2,677,553)	-	15,249,928
Related party receivables	2,468,905	-	-	2,468,905
	$43,259,031	**($2,677,553)**	**-**	**$40,581,478**

32 FINANCIAL RISK MANAGEMENT - *continued*

(ii) Credit risk - *continued*

Trade receivables are not secured by any collateral or credit enhancement. At reporting date, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments (refer also note 16).

A portion of other receivables are not secured by any collateral or credit enhancement. At reporting date, no other receivables were impaired. Refer to note 16 for information on the securities held against the portion of the other receivables that are secured.

Finance receivables are secured by way of first registered mortgages over the financed property, or under a sale and lease back arrangement whereby ownership of the leased asset reverts to the Group on the event of default of the party of the lease. At reporting date, finance receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments (refer also note 18).

Related party receivables are not secured by any collateral or credit enhancement (refer also note 27). At reporting date, no related party receivables were impaired.

Ageing analysis

2015

	Neither past due nor impaired	1-30 days	30-60 days	60-90 days	Over 90 days	Total
Trade receivables	-	674,601	644,587	612,612	6,014,880	7,946,679
Other receivables	514,858	-	-	-	-	514,858
Finance receivables	26,489,158	-	-	-	8,499,519	34,988,677
Related party receivables	637,603	-	-	-	-	637,603
	$27,641,619	**$674,601**	**$644,587**	**$612,612**	**$14,514,399**	**$44,087,818**

2014

	Neither past due nor impaired	1-30 days	30-60 days	60-90 days	Over 90 days	Total
Trade receivables	-	906,659	186,857	356,247	4,691,984	6,141,747
Other receivables	15,232,829	-	-	-	-	15,232,829
Finance receivables	8,604,715	-	-	-	8,133,283	16,737,998
Related party receivables	2,468,905	-	-	-	-	2,468,905
	$26,306,449	**$906,659**	**$186,857**	**356,247**	**12,825,267**	**$40,581,479**

(iii) Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations as they fall due. Liquidity risk arises mainly from general funding and business activities. The Group monitors its liquidity position on a continuous basis and plans its operating activities to ensure a balanced liquidity position. The Group practices prudent risk management by maintaining sufficient cash balances and if required, securing funding facilities secured over the assets of the Group as and when required. If necessary the Group will build up cash reserves to meet longer term liabilities.

32 FINANCIAL RISK MANAGEMENT - *continued*

(iii) Liquidity risk - *continued*

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rate at the end of the reporting period):

	Carrying amount	Total	0-6 Months	7-12 Months	13-24 Months	25-60 Months
2015						
Trade payables	623,714	623,714	623,714	-	-	-
Other payables	2,743,015	2,743,015	2,743,015	-	-	-
Investor deposits	27,018,096	27,018,096	17,314,538	7,695,943	1,485,835	521,780
Borrowings	19,730,438	20,739,144	6,997,488	4,358,079	6,024,000	3,359,577
Related party payables	1,809,108	1,809,108	1,809,108	-	-	-
	$51,924,371	**$52,933,077**	**$29,487,863**	**$12,054,022**	**$7,509,835**	**$3,881,357**
2014						
Trade payables	754,040	754,040	754,040	-	-	-
Other payables	2,414,474	2,414,474	2,414,474	-	-	-
Investor deposits	23,498,661	25,069,483	11,012,653	5,465,975	8,590,855	-
Borrowings	14,891,659	15,749,133	6,987,657	2,047,659	2,874,787	3,839,031
Related party payables	3,914,839	3,914,839	3,914,839	-	-	-
	$45,473,673	**$47,901,969**	**$25,083,663**	**$7,513,634**	**$11,465,642**	**$3,839,031**

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on expected undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rate at the end of the reporting period):

	Carrying amount	Total	0-6 Months	7-12 Months	13-24 Months	25-60 Months
2015						
Trade payables	623,714	623,714	623,714	-	-	-
Other payables	2,743,015	2,743,015	2,743,015			
Investor deposits	27,018,096	27,018,096	746,154	746,154	24,967,899	1,966,830
Borrowings	19,730,438	20,739,144	6,997,488	4,358,079	6,024,000	3,359,577
Related party payables	1,809,108	1,809,108	1,809,108	-	-	-
	$51,924,371	**$52,933,077**	**$12,919,479**	**$5,104,233**	**$30,991,899**	**$5,326,408**
2014						
Trade payables	754,040	754,040	754,040	-	-	-
Other payables	2,414,474	2,414,474	2,414,474	-	-	-
Investor deposits	23,498,661	25,069,483	11,012,653	5,465,975	8,590,855	-
Borrowings	14,891,659	15,749,134	6,987,657	2,047,659	2,874,787	3,839,031
Related party payables	3,914,839	3,914,839	3,914,839	-	-	-
	$45,473,673	**$47,901,970**	**$25,083,663**	**$7,513,634**	**$11,465,642**	**$3,839,031**

33 FAIR VALUE DISCLOSURES

The estimated fair value of the Group's financial assets and liabilities are noted below.

Fair value estimates

The carrying value of all financial assets and liabilities not measured at fair value approximates their fair values as they are either short term in nature or rate insensitive.

Cash and cash equivalents
- These assets are short term in nature and the carrying value is equivalent to their fair value.

Trade, related party and other receivables
- These assets are short term in nature and are reviewed for impairment; the carrying value approximates their fair value.

Finance receivables
- These assets have fixed interest rates. Fair value is estimated using a discounted cashflow model, based on the orginial effective interest rate after making allowances for impairment, the carrying value approximates their fair value.

Trade, related party and other payables
- These liabilities are short term in nature; the carrying value approximates their fair value.

Investor deposits
- Investor deposits have fixed interest rates. Fair value is estimated using a discounted cash flow model based on a current market interest rate for similar products; the carrying value approximates their fair value.

Borrowings
- Borrowings have fixed and floating interest rates. Fair value is estimated using a discounted cash flow model based on a current market interest rate for similar products; the carrying value approximates their fair value.

	Carrying value	Fair value
2015		
Financial assets:		
Available for sale financial assets:		
- Other financial assets	32,836	32,836
Loans and receivables:		
- Cash and cash equivalents	13,984,962	13,984,962
- Trade, other receivables	8,461,537	8,461,537
- Related party receivables	637,603	637,603
- Finance receivables	34,988,677	34,988,677
	$58,105,615	**$58,105,615**
Financial liabilities:		
Financial liabilities at amortised cost:		
- Trade and other payables	3,387,058	3,387,058
- Related party payables	1,809,108	1,809,108
- Investor deposits	27,018,096	27,018,096
- Borrowings	19,730,438	19,730,438
	$51,944,700	**$51,944,700**
2014		
Financial assets:		
Available for sale financial assets:		
- Other financial assets	33,826	33,826
Loans and receivables:		
- Cash and cash equivalents	5,482,070	5,482,070
- Trade, other receivables	22,862,645	22,862,645
- Related party receivables	2,468,905	2,468,905
- Finance receivables	15,249,928	15,249,928
	$46,097,374	**$46,097,374**

33 FAIR VALUE DISCLOSURES *- continued*

	Carrying value	Fair value
Financial liabilities:		
Financial liabilities at amortised cost:		
- Trade and other payables	3,249,536	3,249,536
- Related party payables	3,914,839	3,914,839
- Investor deposits	23,498,661	23,498,661
- Borrowings	14,891,659	14,891,659
	$45,554,695	**$45,554,695**

Fair value hierarchy

NZ IFRS 13 specifies a hierarchy of valuation measurements based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, New Zealand Stock Exchange) and exchanges traded derivatives like futures (for example, Nasdaq, S&P 500).

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of over the counter derivative contracts, traded loans and issued structured debt. The sources of input parameters for yield curves or counterparty credit risk are Bloomberg or Reuters.

Level 3: Inputs for asset and liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Available for sale financial assets:	32,836	-	-	32,836
- Other	**$32,836**	**-**	**-**	**$32,836**

2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Available for sale financial assets:	33,826	-	-	33,826
- Other	**$33,826**	**-**	**-**	**$33,826**

35 CAPITAL RISK MANAGEMENT

The Group considers its capital to comprise its ordinary share capital and accumulated retained earnings.

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Directors will balance the overall capital structure through the issue of new debt or the redemption of existing debt.

During the current and prior year the Group complied with all externally imposed capital requirements to which it is subject to, which require certain Group companies.

The Group's overall strategy remains unchanged from that of the prior year.

36 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors, as they make all key strategic resource allocation decisions (such as those concerning acquisition, divestment and significant capital expenditure).

The Group is organised into three reportable operating segments.

- Corporate
  The operations of this segment include provision of administration function services and the issuing of funding to other operating segments.
- Private banking
  The operations of this segment include the provision of private banking, trustee services and funds management services to external investors. This segment also invests funds in the asset management operating segment for the purposes of generating returns.
- Asset management
  The operations of this segment include investing funds in finance receivables, equity securities, investment properties and business operations for the purposes of generating returns.

Each Group operating segment is operated as a discrete business unit and transactions between segments. The eliminations arise from transactions between the Group segments and are predominantly interest income and expense, commission/brokerage income and expense and administration and operating expense charges.

36 OPERATING SEGMENTS *- continued*

Segment analysis

2015	**Corporate**	**Private banking**	**Asset management**	**Eliminations**	**Total**
External revenue	78,415	1,514,249	22,764,566	-	24,357,230
Inter-segment revenue	10,482,000	229,448	11,686,356	(22,397,803)	-
Total	**$10,560,415**	**$1,743,697**	**$34,450,922**	**($22,397,803)**	**$24,357,230**
Net segment profit/(loss) before taxation	10,328,394	145,177	11,577,661	(21,115,999)	935,232
Tax (expense)/benefit	-	-	(316,968)	-	(316,968)
Net profit/(loss) after taxation	**$10,328,394**	**$145,177**	**$11,260,693**	**($21,115,999)**	**$618,264**
Interest income	78,415	1,505,399	2,399,415	(1,171,804)	2,811,425
Interest expense	-	(809,422)	(2,739,237)	1,171,804	(2,376,855)
Depreciation	-	(2,163)	(97,455)	-	(99,618)
Amortisation and impairment expense	-	(998)	(565,790)	-	(566,788)
Other material non-cash items:					
- Bad debts expense - finance receivables	-	-	(278,858)	-	(278,858)
- Bad debts expense - trade receivables	-	-	-	-	-
- Impairment provision - finance receivables	-	(11,625)	-	-	(11,625)
Assets					
Total segment assets	19,336,735	17,346,078	74,008,497	(33,182,843)	77,508,468
Additions to non-current assets other than financial instruments:					
- Property, plant and equipment			53,082	-	53,082
- Intangible assets	-	-	-	-	-
Liabilities					
Total segment liabilities	(11,500)	(20,049,487)	(35,999,321)	(100)	(56,060,409)

36 OPERATING SEGMENTS - *continued*

Segment analysis

2014	**Corporate**	**Private banking**	**Asset management**	**Eliminations**	**Total**
External revenue	25,804	1,078,017	34,110,710	-	35,214,531
Inter-segment revenue	255,425	391,161	1,589,836	(2,236,422)	-
Total	**$281,229**	**$1,469,178**	**$35,700,546**	**($2,236,422)**	**$35,214,531**
Net segment profit/(loss) before taxation	15,502	678,867	3,048,835	(990,517)	2,752,687
Taxation expense/(benefit)	-	-	395,928	-	395,928
Net profit/(loss) after taxation	**$15,502**	**$678,867**	**$3,444,763**	**($990,517)**	**$3,148,615**
Interest income	26,229	1,454,398	1,934,367	(507,649)	2,907,345
Interest expense	-	(755,700)	(1,946,636)	507,649	(2,194,687)
Depreciation	-	(2,220)	(282,513)	-	(284,733)
Amortisation	-	(914)	(492,164)	-	(493,078)
Other material non-cash items:					
- Bad debts expense - finance receivables	-	(460,717)	-	-	(460,717)
- Bad debts expense - trade receivables	-	-	2,198	-	2,198
- Impairment provision - finance receivables	-	1,281,433	(353,004)	-	928,429
Assets					
Total segment assets	14,524,386	13,103,199	71,611,141	(30,588,166)	68,650,560
Additions to non-current assets other than financial instruments:					
- Property, plant and equipment	-	-	59,252	-	59,252
- Intangible assets	-	-	249,389	-	249,389
Liabilities					
Total segment liabilities	(10,950)	(16,443,447)	(31,169,722)	(100)	(47,624,219)

36 OPERATING SEGMENTS - *continued*

2015

Segment analysis

	New Zealand	Australia	United Kingdom	North America	Total
Revenue	14,019,957	4,290,849	5,007,578	1,038,846	24,357,230
Net segment profit/(loss) before taxation	4,342,085	589,039	(3,259,376)	(739,218)	932,530
Taxation (expense)/benefit	(331,273)	(267,677)	(188,120)	472,804	(314,266)
Net profit/(loss) after taxation	**$4,010,812**	**$321,362**	**($3,447,496)**	**-$266,414**	**$618,264**
Interest income	2,770,571	56,923	15,588	-	2,843,083
Interest expense	(2,141,584)	(218,078)	(17,193)	-	(2,376,855)
Depreciation	(26,206)	(6,232)	(60,996)	(6,184)	(99,618)
Amortisation	(99,188)			(467,600)	(566,788)
Other material non-cash items:					
- Bad debts expense - finance receivables	-	-	-	-	-
- Bad debts expense - trade receivables	-	-	(278,858)	-	(278,858)
- Impairment provision - finance receivables	415,072	-	-	-	415,072
Assets					
Total segment assets	62,782,598	6,794,855	2,196,723	5,734,292	77,508,468
Additions to non-current assets other than financial instruments:					
- Property, plant and equipment	47,431		5,651		53,082
- Intangible assets	-	-	-	-	-
Liabilities					
Total segment liabilities	(52,286,179)	(2,584,794)	(1,054,515)	(134,921)	(56,060,409)

36 OPERATING SEGMENTS - *continued*

2014

Segment analysis

	New Zealand	Australia	United Kingdom	North America	Total
Revenue	20,533,831	4,396,674	6,797,654	3,486,373	35,214,532
Net segment profit/(loss) before taxation	3,070,763	1,567,697	(1,480,203)	(405,571)	2,752,686
Taxation expense/(benefit)	(245,237)	(26,480)	261,328	406,317	395,928
Net profit/(loss) after taxation	**$2,825,526**	**$1,541,217**	**($1,218,875)**	**$746**	**$3,148,614**
Interest income	2,845,944	58,377	296	2,727	2,907,344
Interest expense	(2,113,316)	(23,663)	(57,707)	-	(2,194,686)
Depreciation	(211,038)	(833)	(67,190)	(5,672)	(284,733)
Amortisation	(493,078)	-	-	-	(493,078)
Other material non-cash items:					
- Bad debts expense - finance receivables	(460,717)	-	-	-	(460,717)
- Bad debts expense - trade receivables	-	-	2,198	-	2,198
- Impairment provision - finance receivables	928,429	-	-	-	928,429
Assets					
Total segment assets	53,414,294	5,849,204	2,810,256	6,576,806	68,650,560
Additions to non-current assets other than					
- Property, plant and equipment	47,702	-	11,550	-	59,252
- Intangible assets	249,389	-	-	-	249,389
Liabilities					
Total segment liabilities	(43,467,589)	(2,372,077)	(869,692)	(914,861)	(47,624,219)

Information about major customers

None of the Group's operating segments place any reliance on a single major customer amounting to 10% or more of the applicable segments revenue.

37 COMMITMENTS

Operating Leases

The group leases property, plant & equipment under operating lease contracts. The term of these contracts varies between 1 and 5 years.

Minimum lease payments due under operating leases are as follows:

	Group 2015	2014
Payable		
- Less than one year	919,341	630,791
- Between one and five years	2,124,412	1,157,145
	$3,043,753	**$1,787,936**

38 DISCONTINUED OPERATIONS

The Airbus Express Business Operations was sold on 20 June 2014 (refer note 29). Below is an analysis of the result of this discontinued operation.

	Note	2015	2014
Revenue		879,727	9,822,343
Expenses		(874,859)	(7,321,243)
Profit before tax of discontinued operations		4,868	2,501,100
Income tax expense	(10)	(161,979)	-
Profit/(Loss) for the year after tax of discontinued operations		**($157,112)**	**$2,501,100**

39 CONTINGENCIES

There are no material contingent liabilities at reporting date (2014: Nil).

40 SUBSEQUENT EVENTS

There are no material subsequent events that require disclosure at reporting date.

Financial calendar

31 March 2016	Interim results released
26 February 2016	2015 Annual General Meeting
30 June 2016	Financial year end

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