



28th June 2017

To: The Directors
Beneficial Insurance Limited

From: Peter Davies
Appointed Actuary

Re: Beneficial Insurance Limited (“BIL”): Report as at 31st March 2017 under Sections 77 and 78 of the Insurance (Prudential Supervision) Act 2010

You have asked me to prepare this report in terms of the above sections of the Act, and I would like to comment further as follows:

1. I have reviewed the actuarial information included in the audited accounts for BIL as at 31st March 2017. “Actuarial information” includes the following:
 - claim provisions and unexpired risk / unearned premium provisions;
 - solvency calculations in terms of the RBNZ Solvency Standard;
 - balance sheet and other information allowed for in the calculation of the company’s solvency position; and
 - disclosures regarding the methodology and assumptions used for calculating claim provisions, unexpired risk provisions, and other disclosures.
2. No limitations have been placed on my work.
3. I am independent with respect to BIL as defined under professional standard ISA (NZ) 620 of the External Reporting Board.
4. I have been provided with all information that I have requested in order to carry out this review.

5. In my view the actuarial information contained in the financial statements has been appropriately included, and the actuarial information used in the preparation of the financial statements has been appropriately used.
6. As at 31st March 2017, BIL's solvency position under the RBNZ Solvency Standard for Non-Life Insurance was as follows:

	March 2017	March 2016
Solvency capital	6,213,699	5,153,569
Calculated minimum capital requirement	1,787,166	1,708,482
Surplus on calculated minimum capital requirement	4,426,533	3,445,087
Solvency coverage ratio on calculated margin:	347.7%	301.6%
Overall minimum capital requirement per standard	3,000,000	3,000,000
Surplus on overall minimum capital requirement	3,213,699	2,153,569
Solvency coverage ratio on overall margin	207.1%	171.8%

The solvency coverage ratio has improved appreciably over the year, and sits comfortably above the overall minimum capital requirement.

Assuming that the Company's business plans are realised and claims occur as projected, the Company is projected to exceed the minimum RBNZ requirement at all times over the next three years.

I would be very happy to answer any queries concerning this report.

Yours sincerely



Peter Davies B.Bus.Sc., FIA, FNZSA
Appointed Actuary



BENEFICIAL
INSURANCE LTD

Beneficial Insurance Limited

Annual Financial Statements

For the year ended 31 March 2017

Contents

Company Directory.....	3
Statement of Responsibility.....	4
Statement of Comprehensive Income.....	5
Statement of Financial Position.....	6
Statement of Changes in Equity.....	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Report.....	29

COMPANY DIRECTORY

Date of Incorporation	20 March 2002
Nature of Business	The Company is an insurance provider by way of Consumer Credit Indemnity, Guaranteed Finance Protection, Mechanical Breakdown, and Pet Insurance.
Registered Office	Level 3, 445 Karangahape Road Newton Auckland 1010
Company Number	Beneficial Insurance Limited - 1196170
Directors	Stephen R Tietjens (Chairman) Anthony S Radisich Grant W McCurrach
Auditors	RSM Hayes Audit PO Box 9588 Newmarket, Auckland 1149
Appointed Actuary	Davies Financial and Actuarial Limited PO Box 35-258 Browns Bay Auckland New Zealand
Solicitors	Glaister Ennor PO Box 63 Auckland 1140
Bankers	Westpac New Zealand Limited Otahuhu, Auckland
Shareholder	Beneficial Holdings Limited
Place of Business	Level 3, 445 Karangahape Road Newton Auckland 1010
Tax Accountants	nsaTax Limited P O Box 3697 Auckland 1140
Consulting Business Advisors	Christmas Gouwland Basrur Consulting Limited Auckland PO Box 106 090 Auckland 1143

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The independent external auditor, RSM Hayes Audit, has audited the financial statements and their report is attached.

The Directors are also responsible for the systems of internal control and risk management. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial statements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year ended 31 March 2017.

The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern in the foreseeable future.

In the opinion of the Directors:

- the Statement of Comprehensive Income is drawn up so as to present fairly, in all material respects, the results of operations of the Company for the year ended 31 March 2017;
- the Statement of Financial Position is drawn up so as to present fairly, in all material respects, the state of affairs of the Company as at 31 March 2017;
- the Statement of Cash Flows is drawn up so as to present fairly, in all material respects, the cash flows of the Company for the year ended 31 March 2017; and,
- there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

Signed on behalf of the Board by:



Stephen R Tietjens

Director

7 July 2017



Grant W McCurrach

Director

7 July 2017

Statement of Comprehensive Income		Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
for the year ended 31 March 2017			
	notes		
Insurance Income	5	7,501,281	5,910,499
Insurance Expense and Related Charges		(3,397,481)	(2,737,646)
Net Insurance Income		4,103,800	3,172,853
Finance income - Finance receivable	12	81,078	96,563
Finance income - other		330,876	204,017
Total Operating Income		4,515,754	3,473,433
Employee Benefits Expense		(1,219,763)	(1,115,255)
Operating Lease Expenses		(245,014)	(160,637)
Depreciation	14	(36,646)	(42,129)
Profit/(Loss) on Sale of Fixed Assets		-	-
Auditors remuneration - fees for audit of financial statements		(57,000)	(64,000)
Auditors remuneration - fees for other compliance services		-	-
Auditors remuneration - fees for agreed upon procedures		(3,000)	(3,000)
Other Operating Expenses		(1,625,692)	(1,026,890)
Total Expenses		(3,187,115)	(2,411,911)
Profit/(Loss) before Income Tax		1,328,639	1,061,522
Income Tax (expense)/credit	6	81,494	22,585
Profit/(Loss) after Income Tax		1,410,133	1,084,107
Other Comprehensive Income		-	-
Total Comprehensive Income for the year attributable to the Equity holder		1,410,133	1,084,107

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

Statement of Financial Position		Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
as at 31 March 2017	notes		
Assets			
Cash and Cash Equivalents	9	137,356	52,323
Short Term Investments	10	5,650,000	3,950,000
Insurance Premiums Receivables		4,248,339	2,998,675
Finance Receivables	12	1,857,192	2,217,750
Long Term Investments	11	500,000	-
Other Assets		155,472	156,613
Current Tax Asset		86,247	31,312
Property and Equipment	14	103,542	83,793
Deferred Acquisition Costs	13	217,500	427,503
Total Assets		12,955,648	9,917,969
Liabilities			
Trade and other payables		875,781	649,220
Finance Lease Liability	17	86,831	75,776
Deferred Tax Liabilities	8	24,914	106,408
Provision for Insurance Claims	16	501,683	435,934
Insurance Premiums in Advance		4,902,740	3,497,065
Total Liabilities		6,391,949	4,764,403
Net Assets		6,563,699	5,153,566
Equity			
Retained Earnings		5,888,699	4,478,566
Other Contributed Equity		675,000	675,000
Total Equity		6,563,699	5,153,566

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

Statement of Changes in Equity for the year ended 31 March 2017	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
Share Capital Balance as at 1 April 2015 1 Ordinary Share Balance as at 31 March 2016 Balance as at 1 April 2016 Balance as at 31 March 2017	- - - - -	- - - - -
Other Contributed Equity Balance at 1 April 2015 Balance at 31 March 2016 Balance as at 1 April 2016 Balance as at 31 March 2017	- - 675,000 675,000	- - 675,000 675,000
Retained Earnings / (Accumulated Losses) Balance as at 1 April 2015 Total comprehensive income Balance as at 31 March 2016 Balance as at 1 April 2016 Total comprehensive income Balance as at 31 March 2017	- - - 4,478,566 1,410,133 5,888,699	- - - 3,394,459 1,084,107 4,478,566 4,478,566
Equity Balance as at 1 April 2015 Total comprehensive income Capital contribution Balance as at 31 March 2016 Balance as at 1 April 2016 Total comprehensive income Balance as at 31 March 2017 Total Equity at the end of the period	- - - 5,153,566 1,410,133 6,563,699 6,563,699	- - - 3,394,459 1,084,107 675,000 5,153,566 5,153,566 5,153,566

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

Statement of Cash Flows for the year ended 31 March 2017	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
Cash Flow from Operating Activities Receipts from Customers (Fee and Insurance Income) Interest Received Other income received Payments to Suppliers and Employees Tax Paid Net Cash inflow(outflow) from Operating Activities	7,658,433 166,474 153,643 (5,969,507) (159,937) 1,849,106	6,712,270 80,324 77,351 (5,661,503) (696,557) 511,885
Cash Flows from Investing Activities Sale of Property Plant and Equipment Purchase of Property, Plant and Equipment Receipts from Financial Receivable Term Deposits Sale of Government Bonds Net Cash(used in)/ generated by Investing Activities	- (56,395) 441,636 (2,200,000) - (1,814,759)	- (97,988) 489,430 (2,350,000) 500,000 (1,458,558)
Cash Flows from Financing Activities Lease financing Capital Contributions Net Cash inflow/(outflow) from Financing Activities Net increase/(decrease) in Cash and Cash Equivalents Cash and Cash Equivalents at beginning of period Cash and Cash Equivalents at end of period	50,686 - 50,686 85,033 52,323 137,356	97,987 675,000 772,987 (173,686) 226,009 52,323

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

note 1 General Information

The reporting entity is Beneficial Insurance Limited (the "Company"). It is profit orientated, incorporated and domiciled in New Zealand.

The Company's primary activity is providing insurance by way of Consumer Credit Indemnity ("CCI"), Guaranteed Finance Protection ("GFP"), Mechanical Breakdown("MBI"), and Pet Insurance. The registered office is disclosed on page 3.

These financial statements were approved for issue by the Board of Directors on 7 July 2017.

note 2 Statement of Compliance and Basis of Preparation

BASIS OF PREPARATION

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

The Company is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements also comply where relevant, with the Insurance (Prudential Supervision) Act 2010 and associated regulations. The financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the accompanying notes.

PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are presented in accordance with NZ IAS 1 *Presentation of Financial Statements*. The Company has elected to present the Statement of Comprehensive Income in one statement. The Statement of Comprehensive Income discloses the analysis of expenses under the function of expense method. This clarifies expenses according to their function as part of cost of insurance sales, operating or as administration activities.

The Statement of Financial Position presentation discloses assets and liabilities in order of liquidity.

FUNCTIONAL AND PRESENTATION CURRENCY

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

note 3 Summary of Accounting Policies

OVERALL CONSIDERATION

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

REVENUE

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

- Rendering of services comprise supplying Consumer Credit Indemnity Insurance, Guaranteed Finance Protection Insurance, Mechanical Breakdown Insurance, and Pet Insurance protection.
- Gross premium is recognised from the attachment date for all indemnity insurance policies issued.

OTHER INCOME

Other income comprises of interest received from bank deposits. This is recognised as accrued.

OPERATING EXPENSES

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

CLAIMS EXPENSE

- CCI, GFP, MBI, and Pet insurance claims which arise during the reporting period and are settled during the same period are expensed in the Statement of Comprehensive Income.
- CCI, GFP, MBI, and Pet insurance claims which arise during the reporting period but which are not settled at the reporting date are recognised based on the present value of expected future payments.
- CCI, GFP, MBI, and Pet insurance claims incurred but not yet reported (IBNR) are recognised by way of an estimation made by a Registered Actuary and is based upon historical claims data.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

For financial instruments traded in active markets, the quoted market prices or dealer price quotations 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 the reporting date. Financial assets and financial liabilities are measured subsequently as described below.

FINANCIAL ASSETS

For the purpose of subsequent measurement, financial assets other than those designated as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held to maturity investments; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less allowance for impairment. The Company's cash, cash equivalents, finance receivables, and other receivables (other than prepayments) fall into this category of financial assets.

Finance receivables and other receivables are considered for impairment when there is objective evidence that the Company will not be able to collect all expected amounts, and having regard to the Company's credit risk assessments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for

which the hedge accounting requirements apply. The Company did not have any financial assets designated into this category.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held to-maturity if the Company has the intention and ability to hold them until maturity.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company did not have any financial assets designated into this category.

FINANCIAL LIABILITIES

The Company's financial liabilities include loans and borrowings and trade and other payables. All financial liabilities are measured subsequently at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

INCOME TAX

Income tax expenses comprise current and deferred tax. Current tax is the tax payable to Inland Revenue on taxable profit for the period using existing tax rates that have been enacted or substantially enacted by the end of the reporting period. Deferred tax is calculated using the liability method on temporary differences between the carrying amount of assets and liabilities and their tax basis.

Deferred tax assets and liabilities are carried at the tax rates expected to apply when the assets are recovered or liabilities settled and they are not discounted. Deferred tax assets and liabilities are offset only when the company has a right and intention to set off current tax assets and liabilities from the same tax authority. Deferred tax assets and liabilities are carried on the basis that the Company expects future profits to exceed and reversal of existing temporary differences.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is provided on leasehold improvements, computers and software, office furniture and equipment and motor vehicles. Depreciation is recognised in the Statement of Comprehensive Income to write off the cost of an item of property, plant and equipment, less any residual value, and is calculated using the diminishing value method to allocate the cost of assets over their expected useful life, at the following rates:

Asset	Depreciation Rate
Leasehold Improvements	12.0%
Furniture and Fittings	15.6%
Office Furniture and Equipment	36.6% - 80.4%
Motor Vehicles	36.0%



RSM

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

SHORT-TERM EMPLOYEE BENEFITS

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

EQUITY, RESERVES AND DIVIDENDS

Share capital represents the nominal value of one share that has been issued. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Retained earnings include all current and prior period retained profits and losses. All transactions with the owner of the company including other capital commitments are recorded separately within equity. Dividend income is recognised on the date that the dividend is declared.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

PROVISION FOR OUTSTANDING CLAIMS

The Provision for Outstanding Claims includes a provision for the cost of claims incurred but not yet reported to the company at the reporting date.

The Company's process for establishing the outstanding claims provision involves consultation with the appointed actuary. This process includes a bi-annual and annual review and calculation of provision for claims by Peter Davies who is a fully accredited member of the New Zealand Society of Actuaries.

Financial assumptions used to determine the outstanding claims provision are as follows:

- (i) Discount Rate - The outstanding claims liability represents payments that will be made in the future, discounted to reflect the time value of money effectively recognising that the asset held to back insurance liabilities will earn a return during that period. Discount rates are based on gross yields to maturity of NZ Government bonds of appropriate terms at each reporting date.
- (ii) Future settlement patterns and weighted average term to settlement - The weighted average term to settlement is an aggregate figure for all classes of business based on expected claims development patterns which are in turn derived from an analysis of historical claim patterns.
- (iii) Assumed loss ratios - Assumed loss ratios were determined from a consideration of observed loss ratios for historical loss quarters.
- (iv) Risk Margin - The overall risk margin is determined allowing for diversification between classes of business and the relative uncertainty of the outstanding claims estimates for each class. The assumptions regarding uncertainty for each class are applied to the net central estimates and the results are aggregated, allowing for diversification, in order to arrive at an overall net provision that is intended to provide a probability of sufficiency of 75 per cent.
- (v) Expense allowance - An estimate of outstanding claims liabilities will typically incorporate an allowance for the future cost of administering the claims.

At each reporting date, an assessment is made of whether the recognised insurance liabilities are adequate, net of Deferred Acquisition Costs, by using an existing liability adequacy test in accordance with NZ GAAP. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, are used. A number of valuation methods are applied, including discounted cash flows.

Non-life insurance contract liabilities include the outstanding claims provision, and the provision for unearned premium. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

UNEARNED PREMIUMS

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed in accordance with NZ GAAP to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in profit or loss within the Statement of Comprehensive Income by setting up a provision for premium deficiency.

INSURANCE CONTRACTS – PRODUCT CLASSIFICATION

Insurance contracts are those contracts when the Company has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

DEFERRED ACQUISITION COSTS

Acquisition Costs are associated with Insurance and Indemnity Contracts. Brokerage and other acquisition costs associated with policies written on behalf of the Company are deferred and recognised over the life of the policy in accordance with the incidence of risk expected under the policy.

Those direct costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred. Subsequent to initial recognition, the deferred acquisition costs for Pet insurance are amortised over the expected life of the contracts as a constant percentage of expected premiums.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

An impairment assessment is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the Statement of Comprehensive Income. Deferred Acquisition Costs are derecognised when the related contracts are either settled or disposed of.

LIABILITY ADEQUACY TEST

Deferred Acquisition Costs are also considered in the liability adequacy test for each reporting date. The test is to ensure unearned premiums net of Deferred Acquisition Costs are sufficient to meet future claims. This test is prepared by the Company's appointed actuary.

INSURANCE RECEIVABLES

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the Statement of Comprehensive Income.

UNEARNED PREMIUMS

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

CHANGE IN ACCOUNTING POLICIES

There have been no significant changes in accounting policies during the current period. Accounting policies have been applied on a basis consistent with prior periods.

STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 April 2017 or later periods.

(i) Standards and Interpretations early adopted by the Company

The Company has not early adopted any new accounting standards and IFRIC interpretations in the current financial year.

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

At the reporting date, the following relevant Standards and Interpretations were in issue but not yet effective and have not been applied in preparing these financial statements. The Company is currently assessing the impact of these standards on the financial statements, including the impact on presentation and disclosure:

NZ IFRS 9 *Financial Instruments* (effective for accounting periods beginning on or after 1 January 2018) introduces a new classification and measurement regime for financial assets and liabilities. It requires financial assets to be classified into two measurement categories, being those measured as at fair value and those measured at amortised cost. The determination is made when the instruments are initially recognised. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. Management is in the process of undertaking a full assessment of the impact of this standard.

NZ IFRS 15 *Revenue from Contracts with Customers* is effective for balance dates beginning on or after 1 January 2018. The standard provides requirements for accounting for all contracts with customers, with some exemptions. Specific exemptions include lease contracts, insurance contracts, and financial instruments. The standard will replace all current accounting pronouncements on revenue. Management has determined that this standard is unlikely to have a material impact as their revenue is predominantly from insurance contracts and financial instruments.

NZ IFRS 16 *Leases* is effective for accounting periods beginning on or after 1 January 2019. The standard eliminates the distinction between operating and finance leases for lessees and will result in lessees bringing most leases onto their balance sheet, with the exception of certain short-term leases and leases of low-value assets. There are minimal changes from the current NZ IAS 17 requirements for lessors. Management is yet to perform a full assessment of the impact of this standard. However, a liability reflecting the discounted value of the lease commitment set out in note 17 is likely to be recognised on the statement of financial position.

NZ IFRS 17 *Insurance Contracts* is effective for accounting periods beginning on or after 1 January 2021. The standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of the standard is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The standard can be applied retrospectively unless impracticable, in which case entities have the option of using either the modified retrospective approach or the fair value approach. Management is yet to perform a full assessment of the impact of the standard.

Other Standards and Interpretations in issue at the reporting date but not yet effective are not expected to have an impact on the financial statements of the Group in the period of initial application.

There are no other NZ IFRS or NZ IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

note 4 Insurance Contracts and Financial Assets - Risk Management Policies and Procedures

INSURANCE ACTUARIAL ASSUMPTIONS AND METHODS

Methods

Significant estimates and judgements are made by the Company's approved actuary to arrive at certain key liability amounts disclosed in the financial statements. These estimates are determined by a qualified and experienced practitioner with reference to historical data and reasoned expectations of future events. These estimates are then critically reviewed by the Directors. The key areas in which critical estimates and judgements are applied are described below.

Central Estimate of Outstanding Claims Liabilities

The estimation of outstanding liabilities is based largely on the assumption that past experience is an appropriate predictor of the future and involves a variety of actuarial techniques that analyse experience, trends and other relevant factors. The process commences with the actuarial projection of the future claim payments for claims incurred up to the reporting date. Each class of business is examined separately and some or all of the following will be considered for each class in projecting future claim payments:

- (i) Exposure details, including earned premiums and policy limits.
- (ii) Claim frequencies and average claim sizes.
- (iii) The legislative framework, legal and court environments and social and economic factors that may impact upon each class of business (Pet Insurance, CCI, GFP, and MBI).
- (iv) Historical and likely future trends in standard inflationary pressures relating to commodity prices and wages.
- (v) Historical and likely future trends on inflationary pressures in addition to price or wage inflation, termed superimposed inflation.
- (vi) Historical and likely future trends of expenses associated with managing claims to finalisation.
- (vii) Historical and likely future trends of recoveries from sources such as subrogation and third party actions.
- (viii) Insurer specific, relevant industry data and more general economic data utilised in the estimation process.

Projected future claim payments and associated claim handling costs are discounted to a present value as required using appropriate risk free discount rates. A projection of future claims payments, both gross and net of reinsurance and other recoveries is undertaken.

In selecting valuation methodologies, actuarial methods are applied to project future claim payments. This assists in providing a greater understanding of the trends inherent in the past data. The projections obtained from various methods also assist in setting the range of possible outcomes. The most appropriate method, or even a blend of methods, is selected taking into account the characteristics of the class of business and the extent of the development of each past incident period.

Risk Margins

As an estimate of future outcomes, the net central estimate of outstanding claims liability is subject to uncertainty. Uncertainty is examined for each class of business and expressed as the volatility of the net central estimate. The volatility for each class of business was derived after consideration of stochastic modelling and benchmarking to industry analysis.

Assumptions

[illegible]

Insurance Maturity Analysis						
as at 31 March 2017	0 to 6 Months	7 to 12 Months	13 to 24 Months	25 to 60 Months	Over 60 Months	Total
Insurance Assets						
Deferred Acquisition Cost	132,239	85,261	-	-	-	217,500
Insurance Liabilities						
Provision for claims	501,683	-	-	-	-	501,683
Unexpired risk premium	-	-	-	-	-	-
Unearned premium liabilities	2,633,326	1,797,815	180,288	291,311	-	4,902,739
	3,135,009	1,797,815	180,288	291,311	-	5,404,422
as at 31 March 2016	0 to 6 Months	7 to 12 Months	13 to 24 Months	25 to 60 Months	Over 60 Months	Total
Insurance Assets						
Deferred acquisition cost	194,840	210,679	6,538	15,446	-	427,503
Insurance Liabilities						
Provision for claims	435,934	-	-	-	-	435,934
Unexpired risk premium	-	-	-	-	-	-
Unearned premium liabilities	1,593,834	1,723,399	53,482	126,350	-	3,497,065
	2,029,768	1,723,399	53,482	126,350	-	3,932,999

FINANCE RECEIVABLE

The key assumptions and judgements made regarding the impairment of finance receivable are disclosed in note 10.

FINANCIAL RISK

- (i) Interest rate risk. The Company is exposed to interest rate risk arising on interest bearing assets. The Company manages some of its exposure to this risk by holding the majority of such assets on short term maturities. Management considers there is no interest rate risk on the finance receivable as the rate is fixed.
- (ii) Credit risk. The credit risk on financial assets of the Company is generally the carrying amount, net of any provisions for doubtful debts. The Company does not expect any counter parties to fail to meet their obligation and therefore does not require collateral or other security to support credit risk exposures. The credit risk on financial receivables is that expected cash flows do not recover their carrying value. The Company manages this risk through the establishment, monitoring and reporting of and against collection targets.
- (iii) Market risk. The Company is exposed to market risk including fair value, interest risk and price risk. Market risks arise from short term deposits which are exposed to general and specific market movements. The market risks that the Company primarily faces are interest rate risk, due to the nature of its investments and liabilities.
- (iv) Liquidity risk. The Company is exposed to daily calls on its available cash resources from the policy claims. Liquidity risk is the risk that payment of obligations may not be met in a timely manner at a reasonable cost. The Company manages this risk by considering forward cash requirements in unison with its overall cash management position.

FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value reflects the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arms length transaction. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

Financial instruments measured at fair value are categorised under a three level hierarchy as outlined below:

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

The company has assessed the carrying amounts of its financial instruments and concluded the above categorisation is not applicable as it has no financial assets carried at fair value.

The methodology and assumptions used in determining fair values for disclosure purposes are as follows:

- Cash and cash equivalents
The carrying amount of cash and cash equivalents is an approximation of fair value as they are short term in nature or are receivable on demand.
- Finance receivable
The fair value of finance receivables is estimated by discounting the future expected cash flows at a risk adjusted rate. The carrying amount of the finance receivable is \$1,857,192 whereas the fair value, represented by the discounted future expected cash flows, is estimated to be \$1,881,675.
- Insurance receivables
The carrying amount of insurance receivables is an approximation of fair value as they are short term in nature.
- Payables
The carrying amount of payables is an approximation of fair value as they are short term in nature.

note 5 Revenue

Revenue from operations may be analysed for the following reporting periods presented:

Revenue	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
for the period ended		
Earned Premiums - Pet Insurance	7,268,043	5,836,658
Earned Premiums - Autolife	109,137	-
Earned Premiums - CCI	91,661	51,960
Earned Premiums - GFP	32,440	21,881
Total Insurance Income	7,501,281	5,910,499

The Company is structured on a nationwide basis with all its activity being undertaken in New Zealand. The Chief Executive is considered to be the chief operating decision maker in terms of NZIFRS8 "Operating Segments" and all the activities undertaken by the company are aggregated into a single reporting segment. There are no transactions with a single external customer that amount to 10% or more of the Company's revenue.

note 6 Income Tax

The relationship between the expected tax expense based on the domestic effective tax rate of the Company at 28% (2016: 28%) and the reported tax expense in the Statement of Comprehensive Income can be reconciled as follows:

Income Tax	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
for the period ended		
Current Tax	-	-
Deferred Tax	(81,494)	102,415
Adjustment to prior years	-	(125,000)
Tax Expense / (Credit)	(81,494)	(22,585)
Profit before Tax	1,328,639	1,061,522
Taxation at Statutory tax rate 28%	372,019	297,226
Tax loss offset with related entities	(453,513)	(194,811)
Adjustment to prior periods	-	(125,000)
Income Tax rebate / expense	(81,494)	(22,585)

Tax losses held by commonly controlled related entities are available for use by the Company and has utilised \$453,513 of tax losses in the current year (2016: \$194,811). The tax losses have no expiry date but are subject to shareholder continuity requirements being met from the time the tax losses arose until their utilisation. They are also subject to approval of the Inland revenue Department.

The company made a subvention payment of \$105,000 in October 2016 to a related company; Broadlands Finance Limited.

note 7 Imputation Credit Account

Imputation Credit Account	Beneficial Insurance Limited	Beneficial Insurance Limited
for the period ended	31 March 2017	31 March 2016
Balance at beginning of year	536,541	505,229
UOMI from tax settlements	324,189	-
Resident Withholding Tax	54,937	31,312
Imputation credits available for use in subsequent reporting periods	915,667	536,541

note 8 Deferred Tax Liability

The non-current balance comprises temporary difference attributable to:

Deferred Tax Liability	Beneficial Insurance Limited	Beneficial Insurance Limited
as at	31 March 2017	31 March 2016
Employee Benefits	12,914	7,925
Deferred Acquisition Costs	(60,900)	(119,701)
Other Provisions	23,072	5,368
Tax Losses	-	-
	(24,914)	(106,408)
Movements:		
Opening Balance	(106,408)	(3,993)
Movement in Deferred Tax	81,494	(102,415)

note 9 Cash and Cash Equivalents

Cash and cash equivalents are all current and include the following components:

Cash and Cash Equivalents	Beneficial Insurance Limited	Beneficial Insurance Limited
as at	31 March 2017	31 March 2016
Cash at Bank and in hand	137,356	52,323
Cash at Bank and in hand	137,356	52,323

note 10 Short Term Investments

All short term investments are bank deposits with Westpac, Kiwibank, and Bank of New Zealand with maturity dates within 12 months of balance date:

Short term investments as at	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
Bank deposits		
Maturing 0 - 3 months of balance date	1,750,000	500,000
Maturing 4 - 6 months of balance date	1,800,000	1,050,000
Maturing 7 - 9 months of balance date	2,100,000	1,800,000
Maturing 10 -12 months of balance date	-	600,000
Total bank deposits	5,650,000	3,950,000

The above term deposits all had original maturities exceeding three months

note 11 Long Term Investments

All long term investments are bank deposits with Westpac, and Bank of New Zealand with maturity dates within 13 - 24 months of balance date:

Long term investments as at	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
Bank deposits		
Maturing 12-18 months of balance date	200,000	-
Maturing 19-24 months of balance date	300,000	-
Total bank deposits	500,000	-

The above term deposits all had original maturities exceeding twelve months

note 12 Finance Receivable

Finance Receivables as at	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
Total Finance Receivables	1,857,192	2,217,750

The finance receivable comprises the right to collect cash flows as security holder on a number of consumer loans. This right was acquired from Broadlands Finance Limited (BFL), a related entity, on 30 March 2012.

BFL agreed to lend up to \$20,000,000 to MRL Finance Limited (now known as Mordarth Limited) (MRL) under a Master Assignment and Facility Agreement dated 21 August 2006. Under the facility agreement, MRL assigned

certain qualifying customer loans to Broadlands as security for periodic advances of the loan. The repayment of advances and payment of interest was guaranteed by the principals of MRL (guarantors). Under a General Security Agreement dated 29 March 2006, MRL granted BFL a security interest over all its present and after acquired property (which included the customer loans) as security for the loan. Following default by MRL, BFL filed court proceedings against the guarantors for the repayment of the loan and payment of interest in early 2008. These proceedings were eventually discontinued after one of the guarantors was adjudicated bankrupt in August 2008.

BFL assigned its rights and interest in the MRL loan and supporting securities to the Company under an agreement relating to the transfer of certain assets dated 30 March 2012. The General Security Agreement provides collection rights on the customer loans to the security holder. As owner of these rights, the Company continues to collect the amounts payable under the customer loans.

The Company considers financial risk on these loans. The consideration paid for the finance receivable originally acquired of \$3.7 million comprised gross receivable of \$12.7 million with a discount for credit losses of \$9.0 million.

The Company separately performs a sensitivity review of the underlying portfolio of loans. The impairment assessment involves grouping loans according to instalment payment frequency and their legal status (such as court judgements and attachment orders). A present value technique has been applied to the expected cash flows using a risk adjusted discount rate.

Based on the above assumptions the recoverable amount of the finance receivable was determined to be \$1,881,675.

- A change of one percent in forecast collections at the reporting date would have increased or decreased the recoverable amount of the finance receivable by \$18,817
- A change of 0.5% in the discount rate applied would have increased or decreased the fair value of the finance receivable by \$27,410

note 13 Deferred Acquisition Costs

Deferred Acquisition Costs for the period ended	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
Deferred Acquisition Costs at the beginning of the year	427,503	572,640
Acquisition Costs Deferred	-	-
Amortisation charged to Statement of Comprehensive Income	(210,003)	(145,137)
Deferred Acquisition Costs at end of the year	217,500	427,503

note 14 Property and Equipment

as at 31 March 2017	Furniture & fittings	Leasehold improvements	Office & computer	Motor vehicles	Total
Cost					
At Beginning of Year	3,000	8,663	118,566	46,689	176,918
Additions	3,570		3,094	49,731	56,395
Disposals					-
	6,570	8,663	121,660	96,420	233,313
Depreciation					
At Beginning of Year	1,915	4,810	66,939	19,461	93,125
Charge for the year	987	462	25,309	9,888	36,646
Eliminated on Disposals					-
At End of Year	2,902	5,272	92,248	29,349	129,771
Net Book Value at End of Year	3,668	3,391	29,412	67,071	103,542
At Beginning of Year	1,085	3,853	51,627	27,228	83,793

as at 31 March 2016	Furniture & fittings	Leasehold improvements	Office & computer	Motor vehicles	Total
Cost					
At Beginning of Year	3,000	8,663	39,236	28,031	78,930
Additions	-	-	79,330	18,658	97,988
Disposals	-	-	-	-	-
	3,000	8,663	118,566	46,689	176,918
Depreciation					
At Beginning of Year	1,715	4,285	32,942	12,055	50,997
Charge for the year	200	525	33,997	7,406	42,128
Eliminated on Disposals	-	-	-	-	-
At End of Year	1,915	4,810	66,939	19,461	93,125
Net Book Value at End of Year	1,085	3,853	51,627	27,228	83,793
At Beginning of Year	1,285	4,378	4,294	15,976	25,933

There were no impairment losses for the Company for the year ended 31 March 2017 (2016: \$nil).

Beneficial Insurance Limited
2017

note 15 Categories of Financial Assets and Liabilities

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

Categories of Financial Assets and Liabilities for the period ended	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
Financial assets		
Loans and receivables :		
Cash and Cash Equivalents	137,356	52,323
Insurance Premium Receivables	4,248,339	2,998,675
Finance Receivables	1,857,192	2,217,750
Held to maturity:		
Short term investments	5,650,000	3,950,000
Long term investments	500,000	-
	12,392,887	9,218,748
Financial Liabilities		
Other Amortised Cost:		
Payables	294,389	225,773
Provision for Insurance Claims	501,683	435,934
Insurance Premiums in Advance	4,902,740	3,497,065
	5,698,812	4,158,772

The fair value of the above financial assets and liabilities is deemed to approximate their fair value other than for the finance receivables which have a fair value of \$1,881,675 (2016: \$2,281,585).

note 16 Provision for Insurance Claims

Provision for Insurance for the period ended	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
Provision for Claims	501,683	435,934
Provision for Unexpired Risk Premium	-	-
Provision for Claims at end of the year	501,683	435,934

As per note 4, the provision for claims is expected to be payable within one year.

note 17 Commitments

The company has entered into operating leases for its premises, with a lease term of four years. The Company has the option to lease for an additional term of four years. Future minimum rentals payable under the non-cancellable operating leases are as follows:

Capital Commitments	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
Within one year	268,448	245,014
After one year but not more than five years	313,189	530,864
More than five years	-	-
	581,637	775,878

Finance lease Liability

The Company has hire purchase contracts for its computer equipment and motor vehicles purchased during the year. Future minimum lease payments under financial leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

Finance Lease Liability	Beneficial Insurance 31 March 2017		Beneficial Insurance 31 March 2016	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	55,557	46,814	44,996	37882
After one year but not more than five years	44,036	40,017	38,085	37894
More than five years	-	-	-	-
Total minimum Lease payments	99,593	86,831	83,081	75,776

note 18 Contingencies

There are no contingent assets or liabilities at the reporting date (March 2016: \$Nil).

note 19 Related Party Transactions

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

The amounts receivable / (payable) are unsecured and no guarantees are in place. No interest is charged on amounts owing between related entities. No balances receivable are impaired as at 31 March 2017 (2016: \$Nil).

RELATED PARTY TRANSACTIONS				
2017	Relationship	Type	Transaction	Balance Receivable / (Payable)
Purchase of goods/services				
Broadlands Finance Limited	Common Ownership	Management fee	81,077	
Broadlands Finance Limited	Common Ownership	Other shared services	135,057	4,904
Broadlands Finance Limited	Common Ownership	Rent	(168,381)	
Executive Trustees Limited	Common Ownership	Rent	281,766	
NatWest Finance Limited	Common Ownership	Leases	47,299	(86,831)
Broadlands Finance Limited	Common Ownership	Commission CCI,GFP,MBI	123,029	
Penrose Enterprises Limited	Common Ownership	Commission MBI	34,152	
Subvention payment				
Broadlands Finance Limited	Common Ownership		105,000	
Funds collected by a related party and refunded				
Broadlands Finance Limited	Common Ownership	CCI, GFP, MBI premiums	248,154	
Penrose Enterprises Limited	Common Ownership	CCI, GFP, MBI premiums	43,001	823
Broadlands Finance Limited	Common Ownership	Finance Receivable	56,823	655
2016	Relationship	Type	Transaction	Balance Receivable / (Payable)
Broadlands Finance Limited	Common Ownership	Management fee	96,563	
Broadlands Finance Limited	Common Ownership	Other shared services	217,922	3,227
Broadlands Finance Limited	Common Ownership	Rent	(28,862)	
Executive Trustees Limited	Common Ownership	Rent	125,828	
NatWest Finance Limited	Common Ownership	Vehicle Leases	36,810	(75,776)
Broadlands Finance Limited	Common Ownership	Commission CCI/GFP	67,915	
Broadlands Finance Limited	Common Ownership	CCI/GFP Premiums	135,830	
Broadlands Finance Limited	Common Ownership	Finance Receivable	32,820	-

Directors Remuneration-Short term benefits only		
	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
S. R. Tietjens	36,000	30,000
A. S. Radisich	-	-
G. W. McCurrach	36,000	30,000
D. C. Whyte	-	36,000
	72,000	96,000

Employee Remuneration-Short term benefits only		
	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
Employee Remuneration	1,219,763	1,115,255

note 20 Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities

Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities		
for the period ended	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
Net Profit (Loss) after tax	1,410,133	1,084,107
Less income from Finance receivable	(81,078)	(96,563)
Add Non-Cash Items		
Depreciation	36,646	42,129
(Profit)/Loss on Sales of Asset	-	-
Add movements in other working capital items		
(increase)/decrease in insurance receivables	(1,249,664)	(656,801)
(increase)/decrease in deferred tax asset	(81,494)	102,415
(increase)/decrease in other assets	1,141	(53,076)
(increase)/decrease in deferred acquisition costs	210,003	145,137
increase/(decrease) in Insurance premiums in advance	1,405,675	658,298
increase/(decrease) in current tax liabilities	(54,935)	(821,557)
increase/(decrease) in provisions	65,749	53,465
(Decrease) / increase in Accounts Payable and Accruals	186,930	54,331
Cash Inflow from operating activities	1,849,106	511,885

note 21 Beneficial Licensing under the Insurance Prudential Supervision Act 2010

On 16 September 2016 credit rating agency, AM Best re-affirmed the company's Financial Strength Rating at B+ outlook upgraded to Positive.

Solvency Standard

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

Solvency Capital		
as at	Beneficial Insurance Limited 31 March 2017	Beneficial Insurance Limited 31 March 2016
Actual Solvency Capital	6,213,699	5,153,566
Minimum Solvency Capital calculated under the standard	1,787,166	1,708,482
Minimum Solvency Capital requirement	3,000,000	3,000,000
Solvency Margin	3,213,699	2,153,566
Solvency Ratio	207%	172%

note 22 Capital Management

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

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

Outside the solvency requirements described in note 21 above, there are no externally imposed financial covenants arrangements that must be observed.

There has been no change in the Company's management of capital during the years ended 31 March 2016 and 31 March 2017.

note 23 Subsequent Events

At a meeting of Directors on 30 March 2017, directors approved a dividend to be based on the results for the year ended 31 March 2017. On 27 April the Directors resolved to pay a full and final dividend of \$350,000 and signed the solvency certificate. The dividend was paid on 27 April 2017.

The Directors are not aware of any other matters or circumstances since the end of the reporting period, not, otherwise dealt with in the financial statements that have significantly or may significantly affect the operations of the Company (2016: none).

Independent Auditor's Report

To the shareholder of Beneficial Insurance Limited

RSM Hayes Audit

PO Box 9588
Newmarket, Auckland 1149
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Newmarket, Auckland 1023

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Opinion

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

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the financial statements on pages 5 to 28 present fairly, in all material respects, the financial position of the company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our firm has provided non-audit services to the company in relation to the agreed upon procedures performed on goods and services tax. The provision of this service has not impaired our independence as auditor of the company. Except in this regard, and other than in our capacity as auditor we have no relationship with, or interests in, the company.

Other information

The directors, are responsible for the other information. The other information comprises the Company Directory and Statement of Responsibility report on pages 3 to 4 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible, on behalf of the company, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible on behalf of the company for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page6.aspx

Who we report to

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

The engagement partner on the audit resulting in this independent auditor's report is Aravinda Ramanathan.



RSM Hayes Audit
Auckland

12 July 2017