

Allianz New Zealand Limited

Financial Statements for year ended
31 December 2014

Allianz New Zealand Limited

Financial statements for the year ended 31 December 2014

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Allianz New Zealand Limited

Directors' Report

The Directors present their report together with the financial statements of Allianz New Zealand Limited for the year ended 31 December 2014 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

David Hosking
Jonathon Poole (resigned 22 August 2014)
Bruce Watters (resigned 31 December 2014)
Eugene Elisara (appointed 1 January 2015)

Principal Activities

The principal activity of Allianz New Zealand Limited during the course of the reporting year has been the operation of a service company providing services to AAIL and providing management and administrative services to related companies.

Events after Balance Date

There have been no matters or circumstances that have arisen in the interval between 31 December 2014 and the date of this report which, in the opinion of the Directors, have significantly affected, or may significantly affect in subsequent reporting periods, the operations of the Company, the results of those operations or the state of affairs of the Company except as otherwise disclosed in this report.

Results

The profit after income tax of the Company attributable to members for the year ended 31 December 2014 amounted to \$5,040,000 (2013: \$6,777,000).

Directors' Benefits


During the year ended 31 December 2014 and in the interval between 31 December 2014 and the date of this report, no Director has received, or has become entitled to receive, any benefit (other than a benefit included in the aggregate amount of emoluments paid or due and payable, to the Director, by reason of a contract made by the Company or any entity controlled by the Company or a body corporate that is related to the Company, with the Director or with an entity in which the Director has a substantial financial interest.

Registered Office

Level 1, Grant Thornton Building, 152 Fanshawe Street, Auckland 1010, New Zealand.

Directors' Report (continued)

Signed in accordance with a resolution of the Directors of Allianz New Zealand Limited.



Eugene Elisara
Director



David Hosking
Director

30 March 2015



Independent auditor's report

To the shareholders of Allianz New Zealand Limited

Report on the financial statements

We have audited the accompanying financial statements of Allianz New Zealand Limited ("the Company") on pages 6 to 25. The financial statements comprise the statement of financial position as at 31 December 2014, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 internal control relevant to the company's preparation of the 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the 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 we have no relationship with, or interests in, the Company.



Opinion

In our opinion the financial statements on pages 6 to 25:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company as at 31 December 2014 and of its financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Allianz New Zealand Limited as far as appears from our examination of those records.

KPMG

30 March 2015
Sydney

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	NOTE	2014 \$'000	2013 \$'000
Continuing operations			
Premium funding revenue		17,638	10,664
Management fee revenue	4	8,212	10,131
Investment income	5	2,092	4,723
Other income		65	106
Total revenue from continuing operations		28,007	25,624
Premium funding expenses		(10,881)	(5,987)
General and administration expenses	6	(7,876)	(9,161)
Results from operating activities		9,250	10,476
Finance costs	7	(2,704)	(2,170)
Profit Before Income Tax		6,546	8,306
Income tax expense	10	(1,506)	(2,096)
Profit after tax from continuing operations		5,040	6,210
Discontinued operation			
Profit from discontinued operation, net of tax		-	567
Profit for the year, net of tax		5,040	6,777
Total comprehensive income for the year, net of tax		5,040	6,777

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the Financial Statements set out on pages 11 to 25.

Statement of Financial Position

As at 31 December 2014

	NOTE	2014 \$'000	2013 \$'000
Current Assets			
Cash	11	1,600	3,543
Loans and receivables	12	88,183	71,238
Other receivables	14	5,224	2,771
Amounts due from related parties	18	30,030	25,661
Total Current Assets		125,037	103,213
Non-Current Assets			
Financial assets at fair value through profit and Loss	13	47	47
Property, plant and equipment	15	114	286
Deferred tax asset	10	472	773
Total Non-Current Assets		633	1,106
TOTAL ASSETS		125,670	104,319
Current Liabilities			
Amounts due to related parties	18	73,667	58,401
Other current liabilities	16	4,083	3,037
Total Current Liabilities		77,750	61,438
Non-Current Liabilities			
Other non current liabilities	16	13	14
Total Non-Current Liabilities		13	14
TOTAL LIABILITIES		77,763	61,452
EQUITY		47,907	42,867
TOTAL EQUITY AND LIABILITIES		125,670	104,319

The Statement of Financial Position is to be read in conjunction with the notes to the Financial Statements set out on pages 11 to 25.

Statement of Changes in Equity

For the year ended 31 December 2014

	Issued share capital	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000
2014			
At 1 January 2014	38,500	4,367	42,867
Profit for the year	-	5,040	5,040
Total comprehensive income for the year	-	5,040	5,040
At 31 December 2014	38,500	9,407	47,907

	Issued share capital	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000
2013			
At 1 January 2013	38,500	(2,410)	36,090
Loss for the year	-	6,777	6,777
Total comprehensive income for the year	-	6,777	6,777
At 31 December 2013	38,500	4,367	42,867

The Statement of Changes in Equity is to be read in conjunction with the notes to the Financial Statements set out on pages 11 to 25.

Statement Cash Flows

For the year ended 31 December 2014

	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Cash outflows from discontinued operations		-	(2,911)
Premium funding revenue		693	12,757
Premium funding expense		(10,881)	(5,987)
Other income (paid)/received		(833)	10,640
Income taxes (paid)/received		(1,206)	1,898
Interest Paid		(2,704)	(2,170)
Investment Income		2,092	4,723
Amounts received from/(paid to) related parties		10,896	(18,202)
Net cash (outflow)/inflow from operating activities	9 (b)	(1,943)	748
Cash flows from investing activities			
Transfer of net liabilities at fair value to Allianz Australia Insurance Ltd, net of cash transferred		-	(86,284)
Net cash (outflow) from investing activities		-	(86,284)
Net decrease in cash		(1,943)	(85,536)
Cash at the beginning of the year		3,543	89,079
Cash at the end of the year	9 (a)	1,600	3,543

The Statement of Cash Flows is to be read in conjunction with the notes to the Financial Statements set out on pages 11 to 25.

Notes to the Financial Statements

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Notes to the Financial Statements

For the year ended 31 December 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Allianz New Zealand Limited (the "Company") is a company incorporated and domiciled in New Zealand. The address of the Company's registered office is Level 1, Grant Thornton Building, 152 Fanshawe Street, Auckland 1010, New Zealand.

The Company operates as a service company providing services to Allianz Australia Insurance Limited and provides management and administrative services to related companies. The Company is based in Auckland.

The financial statements of the Company as at and for the year ended 31 December 2014. The financial statements were authorised for issue by the directors at the date of this report.

With the agreement of the shareholders, Allianz New Zealand Limited has taken advantage of reporting concessions available to it under section 211(3) of the Companies Act 1993.

(b) Basis of Preparation

(i) Statement of compliance

With the implementation of the Insurance (Prudential Supervision) Act 2010 all general insurance entities carrying on insurance business in New Zealand are required to be licensed by the Reserve Bank of New Zealand. The company was granted a provisional license on 23 February 2012. This licence was cancelled on 7th September 2013 and the company was no longer licenced to be a general insurer. In addition the company cancelled all of its life policies on 15 July 2013. As a result of being a licensed Insurer with effect from 1 January 2013 the Company has been classified as an issuer under the Financial Reporting Act 1993 and has no longer adopted differential reporting exemptions available under the *Framework for Differential Reporting* for entities applying New Zealand equivalents to IFRS.

These financial statements have been prepared in accordance with and comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards as appropriate for profit oriented entities. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993, and the Insurance (Prudential Supervision) Act 2010.

(ii) Basis of Measurement

The financial statements are presented in New Zealand Dollars (NZD) which is the functional currency of the entity and comprise the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows, summary of significant accounting policies and notes to the financial statements. Unless otherwise indicated, amounts are rounded to the nearest thousand.

The financial statements are prepared on a historical cost basis, as modified by certain exceptions noted in the financial statements, with the principal exception being the measurement of financial assets designated at fair value through profit and loss and the measurement of the outstanding claims liability and related reinsurance recoveries as set out below.

(iii) Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The Company makes estimates and assumptions in respect to certain key assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(c) Investment revenue

Investment revenue includes income from investments and interest income from loans and receivables and is brought to account on an effective interest rate method. Investment revenue includes all realised and unrealised gains and losses (refer (e) below).

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Receivables

Receivables include loans and receivables, unclosed premiums and other receivables provided to or due from third parties. Other receivables are carried at amortised cost, except where collection is doubtful, an impairment loss is recognised. Loans and receivables represent finance provided to external parties principally for insurance premiums and statutory charges and include interest due. Interest due is earned to provide a constant yield over the term of the loan. Unearned interest is included within unearned income. Due to the short term nature of other receivables held, its carrying amount approximates its fair value.

(e) Investments

All investment assets are to be recorded at fair value with movements being recognised in the statement of profit or loss and other comprehensive income. Purchases and sales of financial assets are accounted for at settlement.

(f) Taxation

The income tax expense or revenue for the period is the total of the current period's taxable income based on the national income tax rate in New Zealand plus/minus prior years under/over provisions and plus/minus movements in the deferred tax balance except where the movement in deferred tax is attributable to a movement in reserves. Deferred tax is provided in full using the liability method.

Movements in deferred tax are attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements and any unused tax losses or credits. Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities are settled, based on the national income tax rate in New Zealand. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either the accounting profit or loss or taxable profit or loss.

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

The income tax expense or revenue attributable to amounts recognised directly in equity is also recognised directly in equity. The associated current or deferred tax balances are recognised in these accounts.

(i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except where the amount of GST incurred is not recoverable from the Inland Revenue Department ("IRD"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of IRD included as part of current receivables and payables in the statement of financial position.

(g) Foreign currencies

Transactions and balances

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

(h) Leased assets

Payments made under operating leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognised as a liability and then recognised in the statement of profit or loss and other comprehensive income over the lease term as an integral part of the total lease expense. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, Plant and Equipment

The cost of purchased property plant and equipment is the value of the consideration paid to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

(i) Depreciation

Depreciation is charged on a straight line basis so as to write off the cost of the property, plant and equipment to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:

Office equipment, furniture and fittings	5 years
Computer Equipment	4 years
Leasehold Improvements	8 years

(j) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long term service benefits

A liability for long term service benefits is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market determined risk-adjusted discount rates with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(k) Accounts payable and accruals

These amounts represent liabilities for goods and services provided to the Company prior to the end of the reporting period, which are unpaid. Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Due to the short term nature of accruals held, its carrying amount approximates its fair value.

(l) Impairment

Loans and receivables are assessed monthly for impairment and are impaired after 90 days of falling due. Loans and receivables are written off once the company is certain that they are not collectable.

(m) Cash

Cash is defined as cash at bank, on hand, bank overdrafts and cash equivalents, with an original maturity of 90 days or less. Cash equivalents include highly liquid investments such as short term deposits & bank accepted bills of exchange.

(n) Provisions

An accrual is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(o) Premium funding revenue

Premium funding revenue includes interest on loans issued to policyholders and is brought to account on an accruals basis.

(p) Management fee revenue

Management fee revenue includes reimbursement for expenses incurred for claims handling, administration and acquisition expenses. In addition a 7.5% management fee is charged. Management fee revenue is brought to account on an accruals basis.

(q) Finance costs

Finance costs represent interest charged on funds borrowed for the premium funding business and is brought to account on an accruals basis.

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management program is based on the defined risk appetite of the Company. Further, the Company seeks to optimize the risk/return profile of its assets and liabilities taking into account market fluctuations. The Company does not invest in equities, but mostly fixed interest bank bills, corporate bonds and it holds a short term money market account. The Company regularly monitors the performance and compliance of the investment portfolio. The Company's exposure to credit risk, liquidity risk and market risk are detailed below:

(a) Credit risk

Credit risk is the risk of loss from a counterparty failing to meet their obligations. The Company's credit risk arises predominantly from investment activities and dealings with intermediaries. The maximum exposure to credit risk is the fair value of individual financial assets.

Management limits fixed income credit risk by setting high requirements on the creditworthiness of debtors and by diversifying investments.

Loans and receivables from the Hunter Premium Funding operations have a minimal credit risk associated given that payments from policy holders are received up front and any subsequent non-payment results in cancellation of the policy.

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to S&P's credit ratings of the counterparties. AAA is the highest possible rating. As at 31 December 2014 the Company holds no investments which were rated lower than AA-.

	AAA	AA+	A+	BBB+	Not rated	Total
		AA	A	BBB		
		AA-	A-	BBB-		
	\$000	\$000	\$000	\$000	\$000	\$000
2014						
Cash	-	1,600	-	-	-	1,600
Investment in Corporate bonds	-	47	-	-	-	47
Loans and Receivables	-	-	-	-	88,183	88,183
Other receivables	-	1,391	-	-	3,833	5,224
Total	-	3,038	-	-	92,016	95,054
2013						
Cash	-	3,543	-	-	-	3,543
Investment in Corporate bonds	-	47	-	-	-	47
Loans and Receivables	-	-	-	-	71,238	71,238
Other receivables	-	55	-	-	2,716	2,771
Total	-	3,645	-	-	73,954	77,599

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

The Company has processes in place to monitor and forecast the liquidity position. The Company aims to maintain sufficient funds at all times to meet the needs of the Company's operations. Hunter Premium Funding New Zealand has a lending cap of \$25 million issued to external customers and this is monitored for collateral purposes against the net assets of the company on a daily basis. In addition to treasury cash held for working capital requirements, the Company may hold additional liquid, short term money market securities as required to ensure there are sufficient funds available to meet obligations. The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal carrying balances, as the impact of discounting is not significant.

At 31 December 2014	Maturing in:					Total
	1 Year or Less \$000	1 to 3 Years \$000	3 to 5 Years \$000	Over 5 Years \$000	No Term \$000	
Financial Assets						
Cash	1,600	-	-	-	-	1,600
Loans and Receivables	88,183	-	-	-	-	88,183
Financial assets designated at Fair Value through P&L	-	47	-	-	-	47
Other receivables	5,224	-	-	-	-	5,224
Total Financial Assets	95,007	47	-	-	-	95,054
Financial Liabilities						
Other Liabilities	4,083	13	-	-	-	4,096
Total Financial Liabilities	4,083	13	-	-	-	4,096

At 31 December 2013	Maturing in:					Total
	1 Year or Less \$000	1 to 3 Years \$000	3 to 5 Years \$000	Over 5 Years \$000	No Term \$000	
Financial Assets						
Cash	3,543	-	-	-	-	3,543
Loans and Receivables	71,238	-	-	-	-	71,238
Financial assets designated at Fair Value through P&L	-	47	-	-	-	47
Other receivables	2,771	-	-	-	-	2,771
Total Financial Assets	77,552	47	-	-	-	77,599
Financial Liabilities						
Other Liabilities	3,036	14	-	-	-	3,050
Total Financial Liabilities	3,036	14	-	-	-	3,050

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

Market risk is the risk that changes in market pricing will affect the Company's income or carrying value of the Company's financial assets.

(i) Foreign currency risk exposures

The Company has receivables and payables that are denominated in a currency other than the New Zealand Dollar. The Company does not have any mechanisms in place to cover the exposure to foreign currency risk, as the amounts involved are not significant.

(ii) Price risk

The Company does not hold any securities that expose the Company to price risk, or commodity price risk.

(iii) Interest rate risk

The exposure to interest rate risk results from the holding of financial assets in the normal course of business. Fixed interest rate assets create exposure to fair value interest rate risk which is market risk. Financial assets with floating interest rates create exposure to cash flow interest rate risk. The entity holds several banking facilities. Each of these is monitored daily.

(iv) Summarised sensitivity analysis

The following table summarises the impact of increases/decreases in interest rates on the Company's post-tax profit for the year and on equity. The analysis is based on the assumption that the movement in interest rates had increased/decreased by 1% with all other variables held constant and all the equity instruments moved in line with the index.

	Carrying amount \$000	Interest rate risk	
		-1% Profit/Equity \$000	1% Profit/Equity \$000
2014			
Financial assets - interest bearing			
Cash	1,600	(12)	12
Investment in fixed interest securities	47	-	-
Total Financial Assets	1,647	(12)	12
2013			
Financial assets - interest bearing			
Cash	3,543	(25)	25
Investment in fixed interest securities	47	-	-
Total financial assets	3,590	(25)	25

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

3. CAPITAL MANAGEMENT STRATEGY

Currently there are no externally imposed restrictions on the Company in terms of minimum capital.

The Company's General insurance business was transferred to Allianz Australia Insurance Limited effective 1 January 2013 following which Allianz Australia Insurance Limited will operate as a branch in New Zealand and is subject to Australian Prudential Regulation Authority (APRA) and Reserve Bank of New Zealand (RBNZ) capital requirements.

The Company is not currently rated.

4. MANAGEMENT FEE REVENUE

Reimbursement of expenses relating to claims handling, administration and acquisition functions where services rendered on behalf of Allianz Australia Insurance Limited - New Zealand Branch. In addition a 7.5% management fee was charged to the NZ Branch as a mark up to provide an additional guaranteed income source to the company.

5. INVESTMENT INCOME

	2014	2013
	\$'000	\$'000
Interest on government stock*	32	15
Other interest	1,084	1,289
Realised gains on revaluation of foreign currency demoninated balances	976	3,419
Investment income	2,092	4,723

*Balance of interest on New Zealand Government bonds held with Public Trust, that were disposed of in November 2013, were released to the statement of profit or loss and other comprehensive income in 2014.

6. GENERAL AND ADMINISTRATION EXPENSES

	2014	2013
	\$'000	\$'000
Employee benefits	3,918	4,811
Operating lease expenses	488	551
I.T costs	875	1,141
Depreciation expense	162	157
Admin expenses	2,433	2,501
Total general and administration expenses	7,876	9,161

7. FINANCE COSTS

	2014	2013
	\$'000	\$'000
Hunter Premium Funding - Loan Interest	2,704	2,170
	2,704	2,170

8. AUDITOR'S REMUNERATION

	2014	2013
	\$	\$
Audit of financial statements	25,000	25,000
	25,000	25,000

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

9. RECONCILIATION OF CASHFLOWS FROM OPERATING ACTIVITIES

	Note	2014 \$000	2013 \$000
(a) Cash reconciliation			
Cash at bank	11	1,600	3,543
		1,600	3,543
(b) Reconciliation of profit after income tax to net cash inflows from operating activities			
Profit for the year		5,040	6,777
Discontinued operations		-	(2,788)
Decrease in deferred tax assets		301	4,120
Increase/(decrease) in amounts due to related companies		10,896	(18,202)
Increase/(decrease) in other liabilities		1,047	(1,081)
Depreciation and amortisation		171	138
(Increase)/decrease in loans receivable		(16,945)	2,093
(Increase)/decrease in other receivables		(2,453)	9,691
Net cash (outflow)/inflow from operating activities		(1,943)	748

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

10. INCOME TAX (EXPENSE)/BENEFIT

	2014 \$'000	2013 \$'000
(i) Income tax expense		
Current tax expense	(1,205)	(3,404)
Movement in deferred tax balance	(301)	1,308
Total recognised income tax expense	(1,506)	(2,096)
(ii) Reconciliation of effective tax rate		
Profit before tax	6,546	8,308
Income tax at 28%	(1,833)	(2,326)
Non-deductible expenses	(4)	(11)
Tax expense transferred to related entity for nil consideration	99	241
Prior period adjustment	232	-
Total income tax expense	(1,506)	(2,096)
(iii) Deferred tax asset		
Employee entitlements	264	242
Deferred acquisition costs	-	-
Provision for doubtful debts	487	487
Lease incentive liability	13	35
Accounting carrying value of fixed assets	(115)	(286)
Audit fees accrual	785	25
Tax base of fixed assets	253	808
	1,687	1,311
Less: Deferred tax on carried forward losses	-	406
Deferred tax asset	472	773

The prior year adjustment of the Company relates to the utilisation of tax losses not previously brought to account.

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

11. CASH

	2014	2013
	\$'000	\$'000
Cash at bank	1,600	3,543
Total Cash	1,600	3,543

12. LOANS AND RECEIVABLES

	2014	2013
	\$'000	\$'000
Loans and receivables	93,377	74,336
Less: unearned income	(4,707)	(2,611)
	88,670	71,725
Less: provision for doubtful debt	(487)	(487)
Total loans and receivables	88,183	71,238

13. ACCOUNTING CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

2014	Total	Loans and receivables	Fair value through profit and loss
Financial assets	\$000	\$000	\$000
Cash	1,600	1,600	-
Amounts due from related parties	30,030	30,030	-
Investment in fixed interest securities	47	-	47
Other receivables	5,224	5,224	-
Loans and receivables	88,183	88,183	-
	125,084	125,037	47

	Total	Financial liabilities at amortised cost	Fair value through profit and loss
	\$000	\$000	\$000
Financial liabilities			
Amounts due to related parties	73,667	73,667	-
Other liabilities	4,096	4,096	-
	77,763	77,763	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

13. ACCOUNTING CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

2013	Total	Loans and receivables	Fair value through profit and loss
Financial Assets	\$000	\$000	\$000
Cash	3,543	3,543	-
Amounts due from related parties	25,661	25,661	-
Investment in fixed interest securities	47	-	47
Other receivables	2,771	2,771	-
Loans and receivables	71,238	71,238	-
	103,260	103,213	47

	Total	Financial liabilities at amortised cost	Fair value through profit and loss
Financial Liabilities	\$000	\$000	\$000
Amounts due to related parties	58,402	58,402	-
Other liabilities	3,050	3,050	-
	61,452	61,452	-

(a) Determination of fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- 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).

2014	Level 1	Level 2	Level 3	Total
Financial assets designated as fair value through profit and loss:	\$000	\$000	\$000	\$000
Fixed interest securities	-	47	-	47
Total financial assets	-	47	-	47

2013	Level 1	Level 2	Level 3	Total
Financial assets designated as fair value through profit and loss:	\$000	\$000	\$000	\$000
Fixed interest securities	-	47	-	47
Total financial assets	-	47	-	47

Within the level 2 category are financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions; assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers are valued using the vendors' proprietary models whereby the assumptions are market observable.

Non market observable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

No investments have been categorised as level 1 or 3 as at 31 December 2014 (2013: Nil)

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

14. OTHER RECEIVABLES

	2014	2013
	\$'000	\$'000
GST receivable	166	128
Sundry debtors	3,522	1,814
Prepayments	1,536	829
Total other receivables	5,224	2,771

15. PROPERTY, PLANT AND EQUIPMENT

	2014			2013		
	Accumulated		Net book	Accumulated		Net book
	Cost	Dep'n	value	Cost	Dep'n	value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Office equipment, furniture and fittings	24	(23)	1	24	(21)	3
Leasehold improvements	1,148	(1,058)	90	1,148	(915)	233
Computer equipment	120	(97)	23	120	(70)	50
Total Fixed Assets	1,292	(1,178)	114	1,292	(1,006)	286

Reconciliations

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

	Office equipment, furniture and fittings	Leasehold improvements	Computer equipment
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the year	3	233	50
Additions	-	-	-
Depreciation	(2)	(143)	(27)
Carrying amount at the end of the year	1	90	23

16. OTHER LIABILITIES

	2014	2013
	\$'000	\$'000
Current Liabilities		
Sundry creditors and accruals	3,817	2,773
Employee entitlements	266	242
Lease incentive	-	22
Total other current liabilities	4,083	3,037
Non Current Liabilities		
Lease incentive	13	14
Total other non current liabilities	13	14
Total other liabilities	4,096	3,050

17. PAID IN SHARE CAPITAL

	2014	2013
	\$'000	\$'000
Balance at 1 January	38,500	38,500
Increase during the year	-	-
Balance as at 31 December	38,500	38,500

The company has 43,099,596 (2013: 43,099,596) ordinary fully paid shares. All shares have equal voting rights.

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

18. RELATED PARTIES

- (a) The key management personnel of the Company consisted of the Directors of the Company.
- (b) The names of each person holding the position of Director of the Company during or since the end of the reporting period are David Hosking, Jonathan Poole (resigned 22 August 2014), Bruce Watters (resigned 31 December 2014) and Eugene Elisara (appointed 1 January 2015).
- (c) The Company is a wholly owned controlled entity of Allianz Australia Limited. The Ultimate parent is Allianz SE, incorporated in Germany.
- (d) A number of Directors of the Company, or their Director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The terms and conditions of the transactions with Directors and their Director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

- (e) The relationship between Allianz New Zealand Ltd and its related parties is summarised in the table below:

Related Party	Relationship to Allianz New Zealand Limited
Allianz Australia Limited	Parent company of Allianz New Zealand Limited, a company incorporated in Australia.
Allianz Australia Insurance Limited	100% owned subsidiary of Allianz Australia Limited.
Allianz Australia Services Limited	100% owned subsidiary of Allianz Australia Limited.
Allianz SE	Ultimate parent entity of Allianz Australia Limited.

- (f) The following types of transactions have arisen between the Company and related entities:
- Loan advances;
 - Loan repayments;
 - Fees for funds management;
 - Expenses incurred on their behalf and recharged;
 - Transfer of insurance liabilities; and
 - Fees for claims management .

- (g) The Company had the following transactions with related parties during the year:

	2014	2013
	\$	\$
Outgoings		
Allianz Australia Insurance Limited in relation to interest on funds borrowed for the premium funding business	2,704,000	2,170,000
Allianz Australia Insurance Limited - New Zealand Branch - cash transferred	-	86,284,000
Income		
Allianz Australia Insurance Limited - New Zealand Branch for expenses incurred on their behalf, including a margin of 7.5% mark up on those expenses.	8,212,000	10,131,000
Allianz Australia Insurance Limited - New Zealand Branch - consideration for transfer of insurance assets and liabilities	-	450,000
Allianz Australia Insurance Limited - New Zealand Branch - net insurance liabilities transferred	-	86,284,000

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

18. RELATED PARTIES (CONTINUED)

The amounts are unsecured and repayable on demand. The terms and conditions of the transactions with related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related parties on an arm's length basis.

(h) Balances with related parties as at 31 December 2014

	2014	2013
	\$	\$
Amounts due from related parties		
Commission due from Euler Hermes Trade Credit Ltd	2,144	163,497
Allianz Australia Insurance Limited - NZ Branch	29,703,905	25,497,903
Primacy New Zealand Management Limited	323,825	-
Total amounts due from related parties	30,029,874	25,661,400
Amounts due to related parties		
Loans due to Allianz Australia Insurance Limited	61,696,399	47,992,001
Management fees due to Club Marine Limited in respect of services provided	697,246	680,690
Sundry Creditors for shared services due to Allianz Australia Services Limited	11,273,268	9,728,176
Total amounts due to related parties	73,666,912	58,400,867

(i) Transactions with key management personnel:

	2014	2013
	\$	\$
Total benefits paid, payable, or otherwise provided by the Entity in relation to the key management personnel.	701,251	495,120
Short term employee benefits	675,032	459,820
Post employment benefits	26,219	35,300

19. CONTINGENT LIABILITIES

The Company has no contingent liabilities at 31 December 2014 (2013: Nil).

20. CAPITAL COMMITMENTS

The Company has no commitments for future capital expenditure at 31 December 2014 (2013: Nil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

21. OPERATING LEASE COMMITMENTS

	2014	2013
	\$'000	\$'000
Obligations payable after balance date on non cancellable operating leases are as follows:		
Not later than one year	407	703
Later than one year and not later than 5 years	143	551
Later than 5 years	-	-
Total Lease Commitments	550	1,254

The Company leases premises, motor vehicles, plant and equipment. Operating leases held over properties give the Company the right to renew the lease subject to a re-calculation of the lease rental. There are no renewal options, or options to purchase in respect of operating leases of motor vehicles and plant and equipment.

22. EVENTS SUBSEQUENT TO BALANCE DATE

There are no events subsequent to the balance date that would have a material effect on the Company's financial statements at 31 December 2014.