

30th May 2016

To: The Directors
Beneficial Insurance Limited

From: Peter Davies
Appointed Actuary

**Re: Beneficial Insurance Limited ("BIL"): Report as at 31st
March 2016 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 2016. "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 2016, BIL's solvency position under the RBNZ Solvency Standard for Non-Life Insurance was as follows:

	March 2016	March 2015
Solvency capital	5,153,569	4,069,459
Calculated minimum capital requirement	1,708,482	1,754,089
Surplus on calculated minimum capital requirement	3,445,087	2,315,370
Solvency coverage ratio on calculated margin:	301.6%	232.0%
Overall minimum capital requirement per standard	3,000,000	3,000,000
Surplus on overall minimum capital requirement	2,153,569	1,069,459
Solvency coverage ratio on overall margin	171.8%	135.6%

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 2016

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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 (appointed 31/3/2015) David C Whyte (resigned 8/4/2016)
Parent Company	Beneficial Holdings Limited
Auditors	RSM Hayes Audit PO Box 76 261 Manukau City 2241
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 2016.

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 give a true and fair view of the results of operations of the Company for the year ended 31 March 2016;
- the Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2016; 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:



Anthony S Radisich
Director
3 June 2016



Stephen R Tietjens
Director
3 June 2016

Statement of Comprehensive Income		Beneficial Insurance Limited 31 March 2016	Beneficial Insurance Limited 31 March 2015
for the year ended 31 March 2016	notes		
Insurance Income	5	5,910,499	4,741,120
Insurance Claim expense and Related Charges		(2,737,646)	(2,376,378)
Net Insurance Income		3,172,853	2,364,742
Finance income - Finance receivable	11	96,563	112,281
Finance income - other		126,666	70,332
Other income		77,351	-
Other Operating Income		204,017	70,332
Total Operating Income		3,473,433	2,547,355
Employee Benefits Expense		(1,115,255)	(958,232)
Operating Lease Expenses		(160,637)	(88,818)
Depreciation	13	(42,128)	(11,935)
Profit/(Loss) on Sale of Property, Plant and Equipment		-	-
Audit Fees - financial statements		(64,000)	(50,210)
Audit Fees - special audits required by regulators		(3,000)	(3,000)
Other Operating Expenses		(1,026,891)	(1,293,383)
Total Expenses		(2,411,911)	(2,405,578)
Profit/(Loss) before Income Tax		1,061,522	141,777
Income Tax (expense)/credit	6	22,585	(210,655)
Profit/(Loss) after Income Tax		1,084,107	(68,878)
Other Comprehensive Income		-	-
Total Comprehensive Income for the year attributable to the Equity holder		1,084,107	(68,878)

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 2016	Beneficial Insurance Limited 31 March 2015
as at 31 March 2016	notes		
Assets			
Cash and Cash Equivalents	9	52,323	226,009
Short Term Investments	10	3,950,000	1,600,000
Insurance Premiums Receivables		2,998,675	2,341,874
Finance Receivables	11	2,217,750	2,610,617
Indemnity Assets		-	675,000
Other Receivables and prepayments		156,613	103,537
Government Stock - Bond		-	500,000
Property and Equipment	13	83,793	27,933
Deferred Acquisition Costs	12	427,503	572,640
Total Assets		9,886,657	8,657,610
Liabilities			
Payables		724,996	572,676
Current Tax Liability	6	(31,312)	790,245
Deferred Tax Liabilities	8	106,408	3,993
Provision for Insurance Claims	15	435,934	382,470
Insurance Premiums in Advance		3,497,065	2,838,767
Total Liabilities		4,733,091	4,588,151
Net Assets		5,153,566	4,069,459
Equity			
Retained Earnings		4,478,566	3,394,459
Other Contributed Equity		675,000	675,000
Total Equity		5,153,566	4,069,459

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

Statement of Changes in Equity		Beneficial Insurance Limited 31 March 2016	Beneficial Insurance Limited 31 March 2015
for the year ended 31 March 2016			
Share Capital			
Balance as at 1 April 2014			-
12,738 Ordinary Shares			-
			-
Balance as at 31 March 2015			-
Balance as at 1 April 2015		-	
Balance as at 31 March 2016		-	
Other Contributed Equity			
Balance at 1 April 2014			-
Capital contribution	6		675,000
Balance at 31 March 2015			675,000
Balance as at 1 April 2015		675,000	
Balance as at 31 March 2016		675,000	
Retained Earnings / (Accumulated Losses)			
Balance as at 1 April 2014			3,463,337
Total comprehensive income			(68,878)
Balance as at 31 March 2015			3,394,459
Balance as at 1 April 2015		3,394,459	
Total comprehensive income		1,084,107	
Balance as at 31 March 2016		4,478,566	
Equity			
Balance as at 1 April 2014			3,463,337
Total comprehensive income			(68,878)
Capital contribution	6		675,000
Balance as at 31 March 2015			4,069,459
Balance as at 1 April 2015		4,069,459	
Total comprehensive income		1,084,107	
Balance as at 31 March 2016		5,153,566	
Total Equity at the end of the period		5,153,566	3,394,459

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 2016	Beneficial Insurance Limited 31 March 2016	Beneficial Insurance Limited 31 March 2015
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	6,712,270 80,324 77,351 (5,661,503) (696,557) 511,885	4,774,528 30,021 - (3,935,031) (9,818) 859,700
Cash Flows from Investing Activities Sale of Property Plant and Equipment Purchase of Property, Plant and Equipment Receipts from Financial Receivables Short Term Deposits Sale of Government Bonds Net Cash(used in)/ generated by Investing Activities	- (97,988) 489,430 (2,350,000) 500,000 (1,458,558)	- (3,584) 542,338 (1,600,000) - (1,061,246)
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	97,987 675,000 772,987 (173,686) 226,009 52,323	- - - (201,546) 427,555 226,009

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 and incorporated and domiciled in New Zealand.

The Company's primary activity is providing insurance by way of Consumer Credit Indemnity, Guaranteed Finance Protection, Mechanical Breakdown, and Pet Insurance.

These financial statements were approved for issue by the Board of Directors on 3 June 2016.

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 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 ("CCI") and Guaranteed Finance Protection Insurance ("GFP"), Mechanical Breakdown Insurance ("MBI"), 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 claims historical 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%

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. The actuary based his provision on the following assumptions:

For the pet insurance business, the claim administration allowance is estimated to be 15% (2015: 15%) of outstanding claims. A loss ratio of 42% (2015: 47%) is used based on the pet insurance products available in New Zealand. A 5% (2015: 7%) risk margin is maintained so as to achieve a 75% likelihood of sufficiency.

For the CCI and GFP insurance business, the claim administration allowance is estimated to be 15% (2015: 15%) of outstanding claims. A nominal allowance for one unreported claim of \$1,500 was provided (2015: \$2,300) based on historical financial performance of these products. A 50% (2015: 50%) risk margin is maintained so as to achieve a 75% likelihood of sufficiency.

The MBI insurance business commenced in February 2016 and no claims had been received as at 31 March 2016 from the few policies sold. No provision at 31 March 2016 has been made.

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 and indirect 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 rate 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 2016 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

NZ IAS 1: Disclosure Initiative – Amendments to NZ IAS 1 (effective for annual periods beginning on or after 1 January 2016)

The amendments clarify existing NZ IAS 1 requirements that relate to materiality, order of the notes, subtotals, accounting policies and disaggregation.

The Company intends to adopt the amendment on its effective date and is currently assessing its full impact. This standard is not expected to significantly impact the Company.

NZ IAS 16 and NZ IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to NZ IAS 16 and NZ IAS 38 (effective for annual periods beginning on or after 1 January 2016))

NZ IAS 16 and NZ IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally

presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The Company intends to adopt the amendment on its effective date and is currently assessing its full impact. This standard is not expected to significantly impact the Company.

NZ IFRS 9: Financial instruments (effective for annual periods beginning on or after 1 January 2018)

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2015. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact. This standard is not expected to significantly impact the Company.

NZ IFRS 15: Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

NZ IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations.

The Company intends to adopt NZ IFRS 15 on its effective date and is currently assessing its full impact. This standard is not expected to significantly impact the Company.

NZ IFRS 16: Leases (effective for annual periods beginning on or after 1 January 2019)

NZ IFRS 16 is the new standard on the recognition, measurement, presentation and disclosure of leases. This standard replaces NZ IAS 17 and its related interpretations.

The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

NZ IFRS 16 requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under NZ IAS 17.

Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.

The Company is currently assessing its full impact.

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

The claims liabilities have been assessed by Peter Davies, an actuary who is a fully accredited member of the New Zealand Society of Actuaries. (Refer to note 3 in respect of the assumptions that were used in his assessment).

Insurance contracts-risk management policies and procedures

The financial condition and operation of the Company are affected by a number of key risks. These methodologies are consistent for both reporting periods. Notes on the Company's policies and procedures in respect of managing these risks are set out in this note.

Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The Company has an objective to control insurance risk thus reducing the volatility of operating profits. In addition to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, profits from

insurance business are affected by market factors, particularly competition and movements in asset values. Short term variability is, to some extent, a feature of insurance business.

Key aspects of the processes established to mitigate risks include:

- (i) The maintenance and use of sophisticated management information systems, which provide up to date, reliable data on the risks to which the business is exposed at any point in time.
- (ii) The use of actuarial models based on historical data to calculate premiums and monitor claim patterns.
- (iii) The management of assets and liabilities is closely monitored to attempt to match the expected pattern of claims payments with the maturity dates of assets.

Terms and conditions of insurance business

The terms and conditions attaching to insurance contracts affect the level of insurance risk accepted by the Company. The majority of direct insurance contracts written are entered into on a standard form. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements.

Concentration of risk

The Company's exposure is diversified in so far as its risk is spread across New Zealand.

UNEXPIRED RISK LIABILITY

The Liability Adequacy Test (LAT) identifies an unexpired risk liability in a portfolio of contracts with broadly similar risks that are managed together. The Actuary has determined from his review that the full unearned premium provision net of Deferred Acquisition Costs is recoverable and the provision meets the LAT prescribed by NZIFRS4 "Insurance Contracts". A provision at 31 March 2016 is therefore not required (March 2015: \$nil).

The LAT has identified a surplus for other portfolios of contracts that are subject to broadly similar risks that are managed together as a single portfolio.

The process of determining the overall risk margin, including the way in which diversification of risk has been allowed for. As with outstanding claims, the overall risk margin is intended to achieve a 75% probability of adequacy.

INSURANCE MATURITY ANALYSIS

The table below analyses the Company's insurance assets and insurance liabilities into relevant maturity groupings based on the expected maturity dates.

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
as at 31 March 2015	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	208,804	342,094	2,180	19,562	-	572,640
Insurance Liabilities						
Provision for claims	382,470	-	-	-	-	382,470
Unexpired risk premium	-	-	-	-	-	-
Unearned premium liabilities	1,035,111	1,695,874	10,806	96,976	-	2,838,767
	1,417,581	1,695,874	10,806	96,976	-	3,221,237

FINANCE RECEIVABLES

The key assumptions and judgements made regarding the impairment of finance receivables 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 \$2,217,750 whereas the fair value, represented by the discounted future expected cash flows, is estimated to be \$2,281,585.
- 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 2016	Beneficial Insurance Limited 31 March 2015
for the period ended		
Earned Premiums - CCI	51,960	49,101
Earned Premiums - Pet Insurance	5,836,658	4,678,560
Earned Premiums - GFP	21,881	13,459
Total Insurance Income	5,910,499	4,741,120

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% (2015: 28%) and the reported tax expense in the Statement of Comprehensive Income can be reconciled as follows:

Income Tax	Beneficial Insurance Limited 31 March 2016	Beneficial Insurance Limited 31 March 2015
for the period ended		
Current Tax	-	-
Deferred Tax	102,415	(141,345)
Tax Loss Offset	-	-
Adjustment to prior years	(125,000)	352,000
Tax Expense	(22,585)	210,655
Profit before Tax	1,061,522	141,777
Taxation at Statutory tax rate 28%	297,226	39,698
Tax loss offset related entities	(194,811)	(181,043)
Adjustment to prior periods	(125,000)	352,000
Other	-	-
Income Tax rebate / expense	(22,585)	210,655

Tax losses held by commonly controlled related entities are available for use by the Company and has utilised \$194,811 of tax losses in the current year (2015: \$181,043). 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 had a term liability of \$790,245 at 31 March 2015. The shareholder Beneficial Holdings Limited made a capital contribution of \$675,000 in March 2015, which was subsequently received in March 2016, to meet the cash flows relating to the settlement of the tax liability.

note 7 Imputation Credit Account

Imputation Credit Account	Beneficial Insurance Limited	Beneficial Insurance Limited
for the period ended	31 March 2016	31 March 2015
Balance at beginning of year	505,229	495,356
Resident Withholding Tax	31,312	9,873
Imputation credits available for use in subsequent reporting periods	536,541	505,229

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 2016	31 March 2015
Employee Benefits	7,925	7,547
Deferred Acquisition Costs	(119,701)	(160,339)
Other Provisions	5,368	148,799
Tax Losses	-	-
	(106,408)	(3,993)
Movements:		
Opening Balance	(3,993)	(145,338)
Movement in Deferred Tax	(102,415)	141,345

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 2016	31 March 2015
Cash at Bank and in hand	52,323	226,009
Cash at Bank and in hand	52,323	226,009

note 10 Short Term Investments

All short term investments are bank deposits with Westpac, with maturity dates within 12 months of balance date:

Short term investments as at	Beneficial Insurance Limited 31 March 2016	Beneficial Insurance Limited 31 March 2015
Bank deposits		
Maturing 0 - 3 months of balance date	500,000	700,000
Maturing 4 - 6 months of balance date	1,050,000	900,000
Maturing 7 - 9 months of balance date	1,800,000	-
Maturing 10 -12 months of balance date	600,000	-
Total bank deposits	3,950,000	1,600,000

The above term deposits all had original maturities exceeding three months.

note 11 Finance Receivables

Finance Receivables as at	Beneficial Insurance Limited 31 March 2016	Beneficial Insurance Limited 31 March 2015
Total Finance Receivables	2,217,750	2,610,617

The finance receivables comprise 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 receivables originally acquired of \$3.7 million comprised gross receivables 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 \$2,281,585.

- 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 \$22,816
- A change of 0.5% in the discount rate applied would have increased or decreased the recoverable amount of the finance receivable by \$37,510

note 12 Deferred Acquisition Costs

Deferred Acquisition Costs	Beneficial Insurance Limited 31 March 2016	Beneficial Insurance Limited 31 March 2015
for the period ended		
Deferred Acquisition Costs at the beginning of the year	572,640	599,442
Acquisition Costs Deferred	-	-
Amortisation charged to Statement of Comprehensive Income	(145,137)	(26,802)
Deferred Acquisition Costs at end of the year	427,503	572,640

note 13 Property and Equipment

Plant and Equipment					
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					
At Beginning of Year	1,085	3,853	51,627	27,228	83,793
	1,285	4,378	6,294	15,976	27,933

as at 31 March 2015	Furniture & fittings	Leasehold improvements	Office & computer	Motor vehicles	Total
Cost					
At Beginning of Year	3,000	8,663	35,652	28,031	75,346
Additions	-	-	3,584	-	3,584
Disposals	-	-	-	-	-
	3,000	8,663	39,236	28,031	78,930
Depreciation					
At Beginning of Year	1,478	3,688	28,689	5,208	39,063
Charge for the year	237	597	4,253	6,847	11,934
Eliminated on Disposals	-	-	-	-	-
At End of Year	1,715	4,285	32,942	12,055	50,997
Net Book Value at End of Year	1,285	4,378	6,294	15,976	27,933
At Beginning of Year	1,522	4,975	6,963	22,823	36,283

There were no impairment losses for the Company for the year ended 31 March 2016 (2015: \$nil).

note 14 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 2016	Beneficial Insurance Limited 31 March 2015
Financial assets		
Loans and receivables :		
Cash and Cash Equivalents	52,323	226,009
Insurance Premium receivables	2,998,675	2,341,874
Government Stock - Bond	-	500,000
Finance Receivables	2,217,750	2,610,617
Held to maturity:		
Short term investments	3,950,000	1,600,000
	9,218,748	7,278,500
Financial Liabilities		
Other Amortised Cost		
Payables	301,549	257,608
Provision for Insurance Claims	435,934	382,470
Insurance Premiums in Advance	3,497,065	2,838,767
	4,234,548	3,478,845

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 \$2,281,585 (2015: \$2,888,609).

note 15 Provision for Insurance Claims

Provision for Insurance for the period ended	Beneficial Insurance Limited 31 March 2016	Beneficial Insurance Limited 31 March 2015
Provision for Claims	435,934	382,470
Provision for Unexpired Risk Premium	-	-
Provision for Claims at end of the year	435,934	382,470

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

note 16 Commitments

The Company has hire purchase contracts for its computer equipment and motor vehicles purchased during the year. The Company's obligations under the hire purchase arrangements are secured by the financier's title to the respective assets. The company has also 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 lease payments under the hire purchase contracts and the non-cancellable operating leases are as follows:

	Beneficial Insurance 31 March 2016		Beneficial Insurance 31 March 2015	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Hire Purchase				
Within one year	45,956	45,956	10,656	10,656
After one year but not more than five years	43,751	43,751	-	-
More than five years	-	-	-	-
Operating leases				
Within one year	245,014	245,014	9,600	9,600
After one year but not more than five years	530,864	530,864	-	-
More than five years	-	-	-	-

note 17 Contingencies

There are no contingent assets or liabilities at the reporting date (March 2015: \$Nil).

note 18 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 2016 (2015: \$Nil).

RELATED PARTY TRANSACTIONS				
2016	Relationship	Type	Transaction	Balance Receivable / (Payable)
Purchase of goods/services				
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	Leases	36,810	(75,776)
Broadlands Finance Limited	Common Ownership	Commission CCI/GFP	67,915	
Funds collected by a related party and refunded				
Broadlands Finance Limited	Common Ownership	CCI/GFP Net Premiums	135,830	
Broadlands Finance Limited	Common Ownership	Finance Receivables	32,820	-
2015	Relationship	Type	Transaction	Balance Receivable / (Payable)
Broadlands Finance Limited	Common Ownership	Management fee	112,281	
Broadlands Finance Limited	Common Ownership	Other shared services	152,368	46,313
Broadlands Finance Limited	Common Ownership	Rent	69,618	
Executive Trustees Limited	Common Ownership	Rent	19,200	
NatWest Finance Limited	Common Ownership	Vehicle Leases	14,940	
Broadlands Finance Limited	Common Ownership	Commission CCI/GFP	56,841	
Broadlands Finance Limited	Common Ownership	CCI/GFP Premiums	111,109	
Broadlands Finance Limited	Common Ownership	Finance Receivables	23,139	382
Beneficial Holdings Limited	Shareholder	Indemnity		675,000

Directors Remuneration-Short term benefits only		
	Beneficial Insurance Limited 31 March 2016	Beneficial Insurance Limited 31 March 2015
S. R. Tietjens	30,000	21,300
A. S. Radisich	-	-
G. W. McCurrach	30,000	-
D. C. Whyte	36,000	6,000
	96,000	27,300

Employee Remuneration-Short term benefits only		
	Beneficial Insurance Limited 31 March 2016	Beneficial Insurance Limited 31 March 2015
Employee Remuneration	1,115,255	958,232

note 19 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 2016	Beneficial Insurance Limited 31 March 2015
Net Profit (Loss) after tax	1,084,107	(68,878)
Less income from Finance receivables	(96,563)	(112,281)
Add Non-Cash Items		
Depreciation	42,129	11,935
(Profit)/Loss on Sales of Asset	-	-
Add movements in other working capital items		
(increase)/decrease in insurance receivables	(656,801)	(622,916)
(increase)/decrease in deferred tax asset	102,415	(141,345)
(increase)/decrease in other assets	(53,076)	70,292
(increase)/decrease in deferred acquisition costs	145,137	26,802
increase/(decrease) in Insurance premiums in advance	658,298	586,032
increase/(decrease) in current tax liabilities	(821,557)	790,182
increase/(decrease) in provisions	53,465	67,470
(Decrease) / increase in Accounts Payable and Accruals	54,331	292,718
Cash Inflow from operating activities	511,885	900,011

note 20 Beneficial Licensing under the Insurance Prudential Supervision Act 2010

On 14 September 2015 credit rating agency, AM Best re-affirmed the company's credit rating at B+ (Good), outlook Stable.

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 2016	Beneficial Insurance Limited 31 March 2015
Actual Solvency Capital	5,153,566	3,394,459
Minimum Solvency Capital calculated under the standard	1,708,482	1,754,089
Minimum Solvency Capital requirement	3,000,000	3,000,000
Solvency Margin	2,153,566	394,459
Solvency Ratio	172%	113%

note 21 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 20 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 2015.

note 22 Subsequent Events

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 (2015: none).

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Independent Auditor's Report

To the Shareholder of Beneficial Insurance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Beneficial Insurance Limited on pages 5 to 28, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of 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 on behalf of the entity for the preparation and fair presentation of these 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.

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 entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Subject to certain restrictions, partners and employees of our firm may deal with Beneficial Insurance Limited on normal terms within the ordinary course of trading activities of the Company. Except in this regard, and other than in our capacity as auditor we have no relationship with, or interests in, Beneficial Insurance Limited.

Opinion

In our opinion, the financial statements on pages 5 to 28 present fairly, in all material respects, the financial position of Beneficial Insurance Limited as at 31 March 2016 and its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

RSM

9 June 2016

RSM Hayes Audit

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Independent Auditor's Report

To the Shareholder of Beneficial Insurance Limited

Report on the Solvency Return

We have audited the solvency return of Beneficial Insurance Limited for compliance with the solvency standard for non-life insurance businesses as at 31 March 2016.

Directors' Responsibility for the Financial Statements

The directors are responsible for compliance with the solvency standard for non-life insurance businesses.

Auditor's Responsibility

Our responsibility is to express an opinion on Beneficial Insurance Limited's compliance with the solvency standard for non-life insurance business, in all material respects. We conducted our audit in accordance with SAE 3100 to provide reasonable assurance that Beneficial Insurance Limited has complied with the solvency standard for non-life businesses issued by the Reserve Bank of New Zealand in December 2014.


Use of Report

This report has been prepared solely for management and directors of Beneficial Insurance Limited and for purposes of the Reserve Bank of New Zealand in accordance with the solvency standard for non-life insurance businesses. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than management and directors of Beneficial Insurance Limited, or for any purpose other than that for which it was prepared.

Other than in our capacity as auditor we have no relationship with, or interests in, Beneficial Insurance Limited.

Opinion

In our opinion, Beneficial Insurance Limited has complied, in all material respects, with the solvency standard for non-life businesses requirements as at 31 March 2016.



9 June 2016