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BROADLANDS

Broadlands Finance Limited

Consolidated Financial Statements

For the year ended 31 March 2011

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2011

Contents

TABLE OF CONTENTS

COMPANY DIRECTORY

Date of Incorporation	25 January 1995
Nature of Business	The Company is involved in Consumer Finance, Vehicle Finance, Business Finance and Property Finance. Its subsidiaries are involved in Insurance by way of Consumer Credit Indemnity, Guaranteed Finance Protection and pet insurance and wholesale funding to selected New Zealand companies.
Registered Office	Level 3, 445 Karangahape Road Newton Auckland 1010
Company Number(s)	Broadlands Finance Limited – 662530 Beneficial Insurance Limited – 1196170 Vehicle Funding Limited - 2075463
Directors	Nigel P Smith (Chairman) Anthony S Radisich Timothy I M Storey Rudi Kats (Resigned 25 January 2011)
Auditors	Grant Thornton New Zealand Audit Partnership PO Box 1961 Auckland
Bankers	Westpac Bank Limited Otahuhu, Auckland
Shareholder	Anthony S Radisich
Trustees	Trustees Executors Limited Level 12 45 Queen Street Auckland
Consulting Actuary	Davies Financial and Actuarial Limited P O Box 35-258 Browns Bay Auckland
Tax Accounts	nsaTax Limited The College of Law Building Level 6, 3 City Road P O Box 3697 Auckland 1140
Consulting Accountants	KPMG, Auckland PO Box 1584 Auckland
Solicitors	Bell Gully PO Box 1291 Wellington 6140

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the consolidated financial statements and related information. The independent external auditor, Grant Thornton, 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 2011.

The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Company and its subsidiaries ("Charging Group") will not remain a going concern in the foreseeable future.

In the opinion of the Directors:

- the Consolidated Statement of Comprehensive Income is drawn up so as to give a true and fair view of the results of operations of the Charging Group for the year ended 31 March 2011;

- the Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Charging Group as at 31 March 2011; and

There are no reasons to believe that the Charging Group will not be able to pay its debts as and when they fall due.

Signed on behalf of the Board by:

Director
30 June 2011

Director

BROADLANDS

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	CHARGING GROUP for the year to 31 March 2011 $	CHARGING GROUP for the year to 31 March 2010 $	COMPANY for the year to 31 March 2011	COMPANY for the year to 31 March 2010
Interest and similar income		6,883,652	7,418,281	6,883,564	7,418,183
Interest expense and related charges		(2,245,074)	(2,367,789)	(2,245,074)	(2,372,577)
Net interest income	7	**4,638,578**	**5,050,492**	**4,638,490**	**5,045,606**
Fee and commission income		680,261	1,155,402	680,261	1,156,032
Fee and commission expense		(59,641)	(75,654)	(59,641)	(75,654)
Net fee and commission income	8	**620,620**	**1,079,748**	**620,620**	**1,080,378**
Insurance income		1,688,474	2,537,764	-	-
Insurance expense and related charges		(1,177,984)	(999,868)	-	-
Net insurance income	9	**510,490**	**1,537,896**	-	-
Other income		311,216	326,712	198,429	269,194
Other operating income		**311,216**	**326,712**	**198,429**	**269,194**
Total operating income		**6,080,904**	**7,994,848**	**5,457,539**	**6,395,178**
Employee benefits expense		(1,893,159)	(2,047,196)	(1,349,247)	(1,578,662)
Net impairment loss on financial assets	13	2,675,472	(6,353,757)	2,675,472	(6,353,757)
Lease expenses	18	(271,465)	(332,378)	(202,765)	(263,449)
Depreciation	17	(83,973)	(99,402)	(69,654)	(86,765)
Gain/(loss) on sale of fixed assets		(58,340)	851	(63,802)	87
Audit fees	10	(230,702)	(235,943)	(184,202)	(149,883)
Directors' fees	26	(102,375)	(101,250)	(102,375)	(101,250)
Other operating expenses	10	(1,607,889)	(1,465,874)	(803,289)	(950,796)
Total expenses		**(1,572,432)**	**(10,634,949)**	**(99,862)**	**(9,484,475)**
Profit/(Loss) before income tax		**4,508,472**	**(2,640,101)**	**5,357,677**	**(3,089,297)**
Income tax rebate/(expense)	11	(1,923,110)	789,569	(2,263,016)	925,092
Profit/(Loss) for the period attributable to the shareholder		**2,585,363**	**(1,850,532)**	**3,094,661**	**(2,164,205)**
Other Comprehensive Income for the period		-	-	-	-
Total Comprehensive Income for the period attributable to the shareholder		**2,585,363**	**(1,850,532)**	**3,094,661**	**(2,164,205)**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

GROUP:	Share Capital (Note 21) $	Retained earnings $	Total Equity $
Balance at 1 April 2009	**14,000,000**	**2,931,128**	**16,931,128**
Profit/(Loss) for the year	-	(1,850,532)	(1,850,532)
Total Comprehensive Income for the year ended 31 March 2010	**-**	**(1,850,532)**	**(1,850,532)**
Balance at 31 March 2010	**14,000,000**	**1,080,596**	**15,080,596**
Balance at 1 April 2010	**14,000,000**	**1,080,596**	**15,080,596**
Profit/(Loss) for the period	-	2,585,363	2,585,363
Total Comprehensive Income for the year ended 31 March 2011	**-**	2,585,363	2,585,363
Balance at 31 March 2011	**14,000,000**	**3,665,959**	**17,665,959**
COMPANY:			
Balance at 1 April 2009	**14,000,000**	**1,309,222**	**15,309,222**
Profit/(Loss) for the year	-	(2,164,205)	(2,164,205)
Total Comprehensive Income for the year ended 31 March 2010	-	**(2,164,205)**	**(2,164,205)**
Balance at 31 March 2010	**14,000,000**	**(854,983)**	**13,145,017**
Balance at 1 April 2010	**14,000,000**	**(854,983)**	**13,145,017**
Profit/(Loss) for the period	-	3,094,661	3,094,661
Total Comprehensive Income for the year ended 31 March 2011	**-**	3,094,661	3,094,661
Balance at 31 March 2011	**14,000,000**	**2,239,678**	**16,239,678**

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

STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

		CHARGING GROUP		COMPANY	
	Notes	as at 31 March 2011 $	as at 31 March 2010 $	as at 31 March 2011 $	as at 31 March 2010 $
ASSETS					
Cash and cash equivalents	12	528,504	1,245,160	497,847	1,238,410
Net finance contract receivables	13	26,314,957	23,427,794	26,314,957	23,427,794
Loans to related parties	26	-	-	51,123	13,637
Held to maturity financial assets	16	510,000	510,000	-	-
Other assets	14	1,037,962	507,551	262,597	49,768
Plant and equipment	17	163,449	303,160	139,590	263,106
Deferred acquisition costs	16	368,967	723,321	-	-
Goodwill	15	7,416,751	7,416,751	-	-
Investment in subsidiaries	20	-	-	9,300,000	9,300,000
Deferred tax asset	11	1,517,914	3,639,016	1,517,914	3,584,784
Total assets		**37,858,504**	**37,772,753**	**38,084,028**	**37,877,499**
Liabilities					
Payables	19	620,931	694,658	345,606	561,107
Current tax liabilities		(370,817)	559,226	(188,151)	(1,580)
Provision for insurance claims	3 & 16	155,810	169,000	-	-
Interest bearing financial liabilities	23	12,575,896	15,038,259	12,575,896	15,038,259
Loans from related parties	23	6,059,778	5,200,000	9,110,999	9,134,696
Insurance premiums in advance	16	1,150,947	1,031,014	-	-
Total liabilities		20,192,545	**22,692,157**	21,844,350	**24,732,482**
NET ASSETS		17,665,959	**15,080,596**	**16,239,678**	**13,145,017**
EQUITY					
Share capital	21	14,000,000	14,000,000	14,000,000	14,000,000
Retained earnings	21	3,665,959	1,080,596	2,239,678	(854,983)
TOTAL EQUITY		**17,665,959**	**15,080,596**	**16,239,678**	**13,145,017**

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

STATEMENT OF CASH FLOW

For the year ended 31 March 2011

	Notes	CHARGING GROUP		COMPANY	
		for the year to 31 March 2011	for the year to 31 March 2010	for the year to 31 March 2011	for the year to 31 March 2010
		$	$	$	$
Cash flow from operating activities					
Receipts from customers (Fee, Insurance and Other Income)		2,269,471	2,868,572	665,859	1,397,765
Interest received		3,955,232	5,785,045	3,955,144	5,784,946
Payments to suppliers and employees		(5,075,778)	(4,871,107)	(2,917,018)	(3,030,795)
Interest paid		(2,245,074)	(2,367,789)	(2,245,074)	(2,372,577)
Tax paid		(732,050)	(1,108,648)	(382,717)	(844,513)
Net movement in financial receivables		2,716,729	(2,169,844)	2,716,729	(2,169,844)
Net cash (outflow)/inflow from operating activities	22	**888,530**	**(1,863,771)**	**1,792,922**	**(1,235,018)**
Cash flows from investing activities					
Sale of Plant & equipment		-	11,039	-	150
Purchase of Plant & equipment		(2,601)	(158,058)	(9,939)	(101,092)
Net Cash (outflow)/inflow generated by investing activities		**(2,601)**	**(147,019)**	**(9,939)**	**(100,942)**
Cash flows from financing activities					
Net movement in Debentures		(2,462,363)	(123,269)	(2,462,364)	(123,269)
Proceeds/(Payment) of loans from related parties		859,778	(65,494)	(61,182)	(735,930)
Net cash (outflow)/inflow from financing activities		**(1,602,585)**	**(188,763)**	**(2,523,546)**	**(859,199)**
Net increase/(decrease) in cash and cash equivalents		**(716,656)**	**(2,199,553)**	**(740,563)**	**(2,195,159)**
Cash and cash equivalents at beginning of period		1,245,160	3,444,713	1,238,410	3,433,569
Cash and cash equivalents at end of period	12	**528,504**	**1,245,160**	**497,847**	**1,238,410**

1. REPORTING ENTITY

The consolidated financial statements are for the Charging Group comprising ultimate parent company Broadlands Finance Limited (the "Company"), and subsidiaries Beneficial Insurance Limited and Vehicle Funding Limited (the "Charging Group").

The Company and the Charging Group are profit oriented entities. The Charging Group provides financial and insurance services in New Zealand. The Company is a limited liability company incorporated and domiciled in New Zealand, and registered under the Companies Act 1993. The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. The Company is also an issuer in terms of the Securities Act 1978.

These financial statements on pages 5 to 49 were approved for issue by the Board of Directors on 30 June 2011. The Company has the power to amend and reissue financial statements.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other interpretations as appropriate to profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements are for the years ended 31 March 2011 and 31 March 2010.

These financial statements have been prepared under the historical cost convention.

The financial statements are presented in New Zealand Dollars ("NZD"), which is the functional currency presentation of the Company and the Charging Group. The amounts in the financial statements have been rounded off to the nearest dollar.

The Company is involved in Consumer Finance, Vehicle Finance, Business Finance, and Property Finance. Its subsidiaries were involved in insurance by way of Consumer Credit Indemnity ("CCI"), Guaranteed Finance Protection ("GFP") and pet insurance and wholesale funding to selected New Zealand motor vehicle dealers.
The preparation of the 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 and Charging Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of the Company and its charging subsidiaries as at 31 March 2011. The Company and its subsidiaries together are referred to in these financial statements as the Charging Group.

Charging subsidiaries are all entities over which the Company has the power to govern the financial and operating policies.

Charging subsidiaries are fully consolidated from the date on which control is transferred to the Company. For the Charging Group, intercompany transactions, balances and unrealised gains on transactions between Charging Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of both the subsidiaries are consistent with the policies adopted by the Company.

OPERATING SEGMENTS

The Charging Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board of Directors based on the manner in which the services are managed, whether financial services or insurance. Discrete financial information about each of these operating businesses is reported to the Board of Directors on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the services provided, as these are the sources of the Charging Group's major risks and have the most effect on the rates of return.

Types of Services

(i) Broadlands Finance - Financial Services

Broadlands Finance Limited ("Broadlands" or "the Company") has specialised in providing hire purchase finance, personal loans and property finance to customers who fall outside the lending criteria of the banks and other major lending institutions. Its principal activities involve the provision of finance for the purchase of consumer goods and motor vehicles in the upper half of the North Island, and a small amount of commercial and property mortgage finance.

(ii) Beneficial Insurance – Insurance products

Beneficial Insurance Limited ("BIL") provides consumer credit indemnity cover to limit the Company's' exposure to the redundancy, sickness, injury or death of its clients. Premiums are included by Broadlands in the loans to its clients. BIL also provides insurance for veterinarian expenses in respect of family pets as part of its Pet-n-Sur product. BIL has been carrying on its activities since its incorporation in March 2002.

(iii) Vehicle Funding – Wholesale funding and vehicle trading

Vehicle Funding Limited is a registered vehicle trader and provides funding to motor vehicle importers.

INTEREST INCOME AND EXPENSE

Interest income and expenses are recognised in the Statement of Comprehensive Income for all financial assets and financial liabilities measured at amortised cost using the effective interest method. The effective interest method allocates the interest income or expense over the life of the contract, or when appropriate, a shorter period using the effective interest rate.

The effective interest rate is the discount rate at which the present value of the future cash flows equals the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate the Charging Group estimates the future cash flows considering all the contractual terms of the contract but does not include future credit losses. The calculation of the effective interest rate includes all fees, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss, being the original effective rate on the contract.

DIVIDEND AND FEE INCOME

Dividend income is recognised in the Statement of Comprehensive Income when the shareholder's right to receive payment is established.

Yield related fees for finance receivables are accrued to income over the term of the loan using the effective interest method. Fees not included in the effective interest calculation are recognised on an accrual basis when the service has been provided.

INCOME FROM INSURANCE AND INDEMNITY CONTRACTS

Income from insurance and indemnity contracts comprises amounts charged to the policyholders or insurers, excluding taxes collected on behalf of third parties. The earned portion of premiums received and receivable is recognised as revenue. Premium is earned from the date of attachment of risk over the indemnity period or period of the contract in accordance with the pattern of the incidence of risk expected under the policy.

The receivables book is analysed periodically and progressively and is amortised into loans and receivables which are carried at amortised cost.

INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. An exception is made for certain temporary differences arising from the initial recognition of an asset or 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 accounting profit or loss or taxable profit or loss.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

GOODS AND SERVICES TAX

The financial statements have been prepared so that all components are stated exclusive of GST except where the GST is not recoverable from the Inland Revenue Department ("IRD"). In these circumstances the GST component is recognised as part of the underlying item. Trade and other receivables and payables are stated GST inclusive. The net amount of GST recoverable from or payable to the IRD is included within these categories. All amounts are shown inclusive of Goods and Services Tax ("GST").

Tax paid in the cash flow statement includes GST.

LEASES

Leases in terms of which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Leases that transfer to the Charging Group substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred, are classified as finance leases. At the commencement of the lease term, the Charging Group recognises finance leases as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance expense is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Charging Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated at each reporting date.

An impairment loss is recognised for the amount by which the asset or its cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating unit). Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

INVESTMENT IN SUBSIDIARIES

In the Company's separate financial statements, investment in subsidiaries is stated at cost less any impairment losses.

CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short term and highly liquid investments with original maturities of three months or less. The net movements in finance contract receivables and secured debentures are disclosed for the purposes of the cash flow statement.

FINANCIAL ASSETS

Financial assets of the Company are classified as loans and receivables as the loan book of the Company was not acquired for the purpose of selling or as held to maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition.

Loans and receivables

Loans and receivables are initially measured at fair value plus directly attributable transaction costs.Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when money, goods or services are provided directly to a debtor with no intention of trading the receivable. Loans and receivables are included in receivables in the Statement of Financial Position and are measured at amortised cost, using the effective interest method, less impairment losses.

Held to Maturity Financial Assets

The held to maturity financial asset is New Zealand Government Stock which is carried at amortised cost because there is no intention to sell this asset in the foreseeable future. The Charging Group intends to realise this investment through future cash flows comprising interest payments and redemption/roll-over of the principal at its contractual maturity date.

ASSET QUALITY DEFINITIONS

Loans are assessed for quality periodically. When the quality of a loan is classified as Past Due or Impaired, it is the entire balance of that loan that is classified as such, not just the Past Due or Impaired portion.

Past Due Assets

Past Due assets are those loans and advances receivable on which payment of principal or interest is contractually past due 1 day or more.

90 day past due assets

An asset is 90 days past due when it has not been operated by the counterparty within its key terms for at least 90 days and which is not a restructured asset, other individually impaired asset, or a financial asset acquired through enforcement of security.

Impaired Assets
The Charging Group classifies impaired assets into one of three categories:

Restructured assets
Restructured assets are those loans and advances where:

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

Financial Assets acquired through enforcement of security
Financial assets acquired through the enforcement of security are any financial assets which are legally owned as a result of the enforcement of security.

The Charging Group had no financial assets acquired through the enforcement of security as at 31 March 2011 (March 2010: NIL).
Other Impaired Assets

Other impaired assets are financial assets that are individually determined to be impaired at reporting date, but that are not classified as restructured assets or financial assets acquired through the enforcement of security.

IMPAIRMENT

Impairment of Loans and Advances
Losses for impaired loans are recognised immediately when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment losses are calculated on individual loans and loans assessed collectively. Losses expected from future events no matter how likely, are not recognised.

Individually assessed loans
At each balance date, the Charging Group assesses on a case by case basis whether there is any objective evidence that a loan is impaired. This procedure is applied to all customer accounts that are considered individually significant. In determining individual impairment allowances on these loans, many factors are considered, including the following:

- Current security values
- Solvency of the borrower and guarantor
- Payment history on the account

Impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate, and comparing the resultant present value with the loans current carrying amount. Any loss is charged in the Statement of Comprehensive Income. The carrying amount of impaired loans on the Statement of Financial Position is reduced through use of an allowance account.

Collectively assessed loans
Loans that have been individually assessed but no objective evidence of impairment existed, and loans that are not considered individually significant, are pooled into similar credit risk groups. These groups are then assessed for impairment based on historical loss experience of assets with similar risk characteristics. The historical loss experience is adjusted for the impact of current observable data.

Loan write offs
Loans are normally written off, either in part or in full, when there is no realistic prospect of recovery of these amounts in a timely manner.

PLANT AND EQUIPMENT

Plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical Cost includes the purchase price and directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Where material parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of property and equipment. The assets' residual values, depreciation methods and useful lives are reviewed and adjusted as appropriate at each reporting date.
Subsequent costs are added to the carrying amount of an item of plant and equipment or recognised as a separate asset, as appropriate, when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Charging Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

Gains or losses arising on the disposal of plant and equipment are determined as the difference between sales proceeds and carrying amount of the asset and are recognised in the Statement of Comprehensive Income.

The Charging Group distinguishes finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased asset from the lessor to the lessee, from operating leases, under which the lessor effectively retains all such risks and benefits. Where the Charging Group acquires non-current assets by using a finance lease, the present value of future minimum lease payments is disclosed as equipment under finance lease at the beginning of the lease term. Capitalised lease payments are amortised on a diminishing value basis over the term of the lease. A corresponding liability is also established and each lease payment is allocated between the liability and finance charges.

Depreciation

Depreciation is calculated using the diminishing value method to allocate the cost of assets over their estimated useful lives, for the current and prior period as follows:

Motor Vehicles	36.0%
Furniture & Fittings	9.6% - 39.6%
Office Equipment	9.0% - 80.4%
Leasehold Improvements	11.0 - 21.6%
Leased Assets	36.0 - 50.0%

INTANGIBLE ASSETS

Goodwill is measured at cost less accumulated impairment losses.

INSURANCE

Acquisition Costs
Acquisition costs incurred in obtaining insurance contracts are deferred and recognised as assets where they can be reliably measured and where it is probable that they will give rise to revenue that will be recognised in the Statement of Comprehensive Income in subsequent reporting periods.

Deferred acquisition costs are amortised systematically in accordance with the expected pattern of the incidence of risk under the insurance contracts to which they relate. This pattern of amortisation corresponds to the earning pattern of the corresponding premium revenue.

Unearned Premium
Unearned premium is calculated based on the term of the risk which closely approximates the pattern of risks underwritten.

At each reporting date, the adequacy of the unearned premium liability is assessed on a net of reinsurance basis against the present value of the expected future cash flows relating to potential future claims in respect of the relevant insurance contracts, plus an additional risk margin to reflect the inherent uncertainty of the central estimate. The assessment is carried out on each portfolio of contracts that are broadly similar and managed together as a single portfolio. If the unearned premium liability, less related intangible assets and deferred acquisition costs, is deficient, then the resulting deficiency is recognized in the Statement of Comprehensive Income of the Charging Group.

Outstanding Claims Liability
The liability for outstanding claims is measured as the central estimate of the present value of expected future claims payments plus a risk margin. The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not reported ("IBNR"), claims incurred but not enough reported ("IBNER"), and estimated claims handling costs.

A risk margin is applied to the central estimate, net of reinsurance and other recoveries, to reflect the inherent uncertainty in the central estimate. This risk margin increases the probability that the net liability is adequate to a minimum of 85 per cent.

FINANCIAL LIABILITIES

Trade and Other Payables
Trade and other payables are stated at amortised cost and using the effective interest rate method.

Interest Bearing Borrowings
Interest bearing borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently at amortised cost using the effective interest method.

EMPLOYEE BENEFITS

Wages and salaries, annual leave and sick leave
Liabilities for wages, salaries and annual leave accruing to employees and expected to be settled within twelve months of the reporting date are recognised and measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis. The cost of sick leave is expensed in the period in which it occurs.

PROVISIONS

Provisions are recognised when the Company and Charging Group have a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THAT ARE NOT YET EFFECTIVE

The group and company have adopted the following new and amended NZ IFRSs as of 1 April 2009:

NZ IFRS 7 Financial Instruments: Disclosures (effective from 1 July 2011)

This standard incorporates many of the disclosure requirements previously in NZ IAS 32 Financial Instruments: Presentation. The standard applies to risks arising from all financial instruments. The standard requires disclosure of:

a) The significance of financial instruments for an entity's financial position and performance.

b) Qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the entity's use of financial instruments and the exposures to risks they create.

Management is still assessing the impact of this standard on the charging group.

NZ IFRS 8: Operating Segments - NZ IFRS 8 replaces NZ IAS 14: Segment Reporting

It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. Comparatives for 2010 have been restated. Furthermore, the Group has early adopted the amendment to NZ IFRS 8 (effective 1 January 2010) that clarifies that entities only need to disclose information about segment assets if that information is regularly reviewed by the chief operating decision maker."

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group and company:

NZ IFRS 9 Financial Instruments (effective from 1 January 2013).

This standard is part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard applies to financial assets, their classification and measurement. All financial assets are required to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially recorded at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs and measured at amortised cost or fair value. Management is still assessing the impact of this standard on the Charging Group.

Annual Improvements 2010

The Accounting Standards review Board has issued improvements for International Financial Reporting Standards 2010. Most of these amendments become effective in annual periods beginning on or after 1 January 2011. These amendments are not expected to have a significant impact on the Group's financial statements.

3. PROVISION FOR INSURANCE CLAIMS

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011	for the year to 31 March 2010	for the year to 31 March 2011	For the year to 31 March 2010
Brought forward balances	169,000	128,000	-	-
Additional claims provision	-	41,000	-	-
Utilisation	(13,190)	-	-	-
As at period end	155,810	169,000	-	-

The provision for insurance claims was calculated on 10 June 2011 by Peter Davies, an actuary who is a fully accredited member of the New Zealand Society of Actuaries. His reports on the liabilities required to be taken up at all the reporting dates above were unqualified. The provisions for insurance claims have been derived based on the following assumptions:

For the pet insurance business, the claim administration allowance is estimated to be 15% (2010: 15%) of outstanding claims. A loss ratio of 50% (2010: 53%) is used based on the pet insurance products available in New Zealand. A 10% (2010: 10%) 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% (2010: 15%) of outstanding claims. A loss ratio is estimated to be 1.8% (2010: 11%) based on historical financial performance of products. A 50% (2010: 50%) risk margin is maintained so as to achieve a 75% likelihood of sufficiency.
Note 9 Provides details of claims paid out during the period. Also refer to Note 16.

As at the reporting date, there was no requirement for BIL to have a credit rating. For the purpose of financial soundness the company has Government Stock of $510,000 as required by the Insurance Companies' Deposit Act 1953.

4. FINANCIAL RISK MANAGEMENT

The principal financial risks faced by the Charging Group and Company are credit risk, liquidity risk and interest rate risk, which are described in the remainder of this note. Since all the Charging Group and Company's activities are conducted in New Zealand and denominated in NZ Dollars, there is no exposure to currency risk.

This note presents information about the Charging Group and Company's exposure to each of the above risks, the Charging Group and Company's objectives, policies and processes for measuring and managing risk, and the Charging Group and Company's management of capital.

Risk Management Programme
The Board of Directors has overall responsibility for the establishment, oversight and on-going compliance of the Charging Group and Company's risk management programme. The Company's Risk Management Programme has been approved by the Trustee. The Charging Group and Company's risk management policies are established to identify and analyse the risks faced by the Charging Group and Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies also minimise any potential adverse effects of the risks it faces on financial performance. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products, services offered and emerging best practice.

(a) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Charging Group and Company are exposed to the effects of fluctuations in the prevailing levels of market interest rates on its cash flow risks relating to its financial instruments.

The Charging Group and Company manage interest rate risk in a number of ways as follows:

(i) Interest rate risk management process

The management team reviews market interest rates being charged and adjusts its own rates accordingly for both Debentures and Loan Receivables in order to maintain expected internal rates of return. Where rates become unfavourable management seeks to reduce levels of debt.

(ii) Concentrations of interest rate exposure and maturities

Management endeavour to match the Charging Group and Company's term of borrowings against the profile of maturing assets. Where shortfalls are identified they are met from existing lines of credit. Borrowings issued at variable rates expose the Charging Group and Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Charging Group and Company to fair value interest rate risk.

The table below summarises the Charging Group and Company's exposure to interest rate risks. It includes the Charging Group and Company's financial instruments at carrying amounts, categorised by the earlier of their contractual re-pricing or maturity dates. Instalments overdue are based on expected payment dates. Further to this, it summarises the maturity profiles of the assets and liabilities in question.

Interest Rate Gap

31/03/2011 – The Charging Group	Weighted average effective int. rate	$ Instalments overdue/ On Call	$ 0 to 6 months	$ 7 to 12 months	$ 13 to 24 months	$ 25 to 60 months	$ Over 60 months	$ Total
Financial assets								
Cash and cash equivalents	**2.14%**	528,504	-	-	-	-	-	**528,504**
Receivables:								
- Finance receivables (per note 13)	**19.67%**	15,753,335	3,255,137	949,875	1,225,350	2,150,466	2,980,793	**26,314,956**
Government Stock	**6.00%**	-	-	510,000		-	-	**510,000**
		16,281,839	**3,255,137**	**1,459,875**	**1,225,350**	**2,150,466**	**2,980,793**	**27,353,460**
Financial liabilities								
Interest bearing liabilities								
-Debentures (On Call)	**2.50%**	57,450	-	-	-	-	-	**57,450**
-Debentures (Fixed Term)	**8.90%**	-	7,137,996	1,638,463	2,936,191	805,796	-	**12,518,446**
Loans from related parties	**15%**	-	-	-	1,050,000	3,100,000	1,050,000	**5,200,000**
Loans from related parties	**0%**	309,878	-	-	-	549,900	-	**859,778**
		367,328	**7,137,996**	**1,638,463**	**3,986,191**	**4,455,696**	**1,050,000**	**18,635,674**
Effective interest rate re-pricing gap		**15,914,511**	**(3,882,859)**	**(178,588)**	**(2,760,841)**	**(2,305,230)**	**1,930,793**	**8,717,786**

31/03/2010 – The Charging Group	Weighted average effective int. rate	Instalments overdue/ On Call $	0 to 6 months $	7 to 12 months $	13 to 24 months $	25 to 60 months $	Over 60 months $	Total $
Financial assets								
Cash and cash equivalents	**3.29%**	1,245,160	-	-	-	-	-	**1,245,160**
Receivables:								
- Finance receivables (per note 13)	**21.51%**	9,766,691	3,268,801	1,574,513	5,266,233	2,784,285	767,271	**23,427,794**
Government Stock	**6.00%**	-	-	-	510,000	-	-	**510,000**
		11,011,851	**3,268,801**	**1,574,513**	**5,776,233**	**2,784,285**	**767,271**	**25,182,954**
Financial liabilities								
Interest bearing liabilities								
-Debentures (On Call)	**2.50%**	94,788	-	-	-	-	-	**94,788**
-Debentures (Fixed Term)	**8.34%**	-	7,434,748	3,252,744	2,351,278	1,904,701	-	**14,943,471**
Loans from related parties	**15.00%**	-	-	-	1,050,000	2,100,000	2,050,000	**5,200,000**
		94,788	**7,434,748**	**3,252,744**	**3,401,278**	**4,004,701**	**2,050,000**	**20,238,259**
Effective interest rate re-pricing gap		**10,917,063**	**(4,165,947)**	**(1,678,231)**	**2,374,955**	**(1,220,416)**	**(1,282,729)**	**4,944,695**

31/03/2011 – The Company	Weighted average effective int. rate	Instalments overdue/ On Call $	0 to 6 months $	7 to 12 months $	13 to 24 months $	25 to 60 months $	Over 60 months $	Total $
Financial assets								
Cash and cash equivalents	**2.26%**	497,847	-	-	-	-	-	**497,847**
Receivables:								
- Finance receivables (per note 13)	**19.67%**	15,753,335	3,255,137	949,875	1,225,350	2,150,466	2,980,793	**26,314,956**
		16,251,182	**3,255,137**	**949,875**	**1,225,350**	**2,150,466**	**2,980,793**	**26,812,803**
Financial liabilities								
Interest bearing liabilities								
-Debentures (On Call)	**2.50%**	57,450	-	-	-	-	-	**57,450**
-Debentures (Fixed Term)	**8.90%**	-	7,137,996	1,638,463	2,936,191	805,796	-	**12,518,446**
Loans from related parties	**15.0%**	-	-	-	1,050,000	3,100,000	1,050,000	**5,200,000**
Loans from related parties	**0%**	309,878	-	-	-	549,900	-	**859,778**
		367,328	**7,137,996**	**1,638,463**	**3,986,191**	**4,455,696**	**1,050,000**	**18,635,674**
Effective interest rate re-pricing gap		**15,883,854**	**(3,882,859)**	**(688,588)**	**(2,760,841)**	**(2,305,230)**	**1,930,793**	**8,177,129**

31/03/2010 – The Company	Weighted average effective int. rate	$ Instalments overdue/ On Call	$ 0 to 6 months	$ 7 to 12 months	$ 13 to 24 months	$ 25 to 60 months	$ Over 60 months	$ Total
Financial assets								
Cash and cash equivalents	3.31%	1,238,410	-	-	-	-	-	**1,238,410**
Receivables:								
- Finance receivables (per note 13)	21.51%	9,766,691	3,268,801	1,574,513	5,266,233	2,784,285	767,271	**23,427,794**
		11,005,101	**3,268,801**	**1,574,513**	**5,266,233**	**2,784,285**	**767,271**	**24,666,204**
Financial liabilities								
Interest bearing liabilities								
-Debentures (On Call)	2.50%	94,788	-	-	-	-	-	**94,788**
-Debentures (Fixed Term)	8.34%	-	7,434,748	3,252,744	2,351,278	1,904,701	-	**14,943,471**
Loans from related parties	15.00%	-	-	-	1,050,000	2,100,000	2,050,000	**5,200,000**
		94,788	**7,434,748**	**3,252,744**	**3,401,278**	**4,004,701**	**2,050,000**	**20,238,259**
Effective interest rate re-pricing gap		**10,910,313**	**(4,165,947)**	**(1,678,231)**	**1,864,955**	**(1,220,416)**	**(1,282,729)**	**4,427,945**

(iii) Interest rate sensitivity analysis

The interest bearing financial assets and financial liabilities of the Charging Group are not subject to interest rate changes and alterations as they are contractually fixed. An exception to this is the cash that is held on call. As all significant interest rates are fixed, no sensitivity analysis has been prepared, as fluctuations are not expected to impact the Statement of Comprehensive Income of the Charging Group and Company. See above for interest rates.

(b) Liquidity Risk

Liquidity risk is the risk that the Charging Group and Company will encounter difficulty in meeting payment obligations associated with its financial liabilities when they fall due. It includes the risk that the Charging Group and Company may have insufficient liquid funds, or may not be able to raise sufficient funds at short notice, to meet its payment obligations associated with financial liabilities when they fall due. This situation can arise if there is a significant mismatch of its financial assets and financial liabilities.

(i) Liquidity risk management process

The Charging Group and Company manages liquidity risk in a number of ways as follows:

- The management team reviews cash flow forecast information in order to ensure contractual cash outflows can be met from current resources, facilities and expected cash inflows. This is done on a daily basis. These forecasts are reviewed and approved by the Board who has put in place loan and other facilities to address any potential liquidity gap. Refer to the contractual and expected cash flows in note 4 (c) (iii).
- The Charging Group and Company has the following funding from a related party Timberton Investments Limited ("Timberton"), a company wholly owned by Anthony Radisich the sole shareholder of Broadlands Finance Limited; a $6,059,778 loan and $5,911,379 in debentures. The loan is unsecured and the debentures rank equally in regard to maturity with other debenture holders. In order to manage liquidity the $6,059,778 loan has been split into 5 loans with staggered maturity dates. Refer to note 26 for details. The Directors do not guarantee the Debenture Stock.
- The Charging Group also relies on financial support from shareholder Anthony Radisich for the foreseeable 12 months from the date of issue of these financial statements.

- The intercompany loan between the Company and its subsidiary, Beneficial Insurance Limited, has been subordinated.

(ii)Concentrations of liquidity exposure

Sources of liquidity are regularly reviewed by management to maintain an appropriate diversification by provider, product and term. The Charging Group's sources of funds are equity, related party borrowings and secured debenture stocks. Refer to note 4 (c) (iii) for maturity profile.

The table below details the debenture funding split by geographic region:

	CHARGING GROUP		COMPANY	
	31 March 2011	**31 March 2010**	31 March 2011	**31 March 2010**
Auckland	73%	**55%**	73%	**55%**
Waikato/Bay of Plenty	9%	**14%**	9%	**14%**
Rest of New Zealand and International	18%	**31%**	18%	**31%**
	100%	**100%**	**100%**	**100%**

NEW ZEALAND DEPOSIT GUARANTEE SCHEME

Broadlands had a guarantee (the "Guarantee") under the New Zealand deposit guarantee scheme. In broad terms, this means that the Crown guaranteed the payment of principal and interest on the Debenture Stock (up to $1 million for each eligible investor) if Broadlands was not, for any reason, able to pay those amounts. The Guarantee for Broadlands expired on 12 October 2010; from this date no debentures in issue are guaranteed by the Crown.

Further information about the New Zealand deposit guarantee scheme is available, free of charge and at all reasonable times, on the Internet site maintained by, or on behalf of, the Treasury (being www.treasury.govt.nz). In addition, the most recent audited statement of financial position of the Crown is available, free of charge, and at all reasonable times, on the internet site maintained by, or on behalf of, the Treasury.

(c) Credit Risk

Credit risk is the risk of financial loss to the Charging Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Charging Group's loans and advances to customers.

(i) Credit risk management process

The Charging Group manages credit risk in a number of ways as follows:

In the normal course of business, the Charging Group and Company are exposed to credit risk from finance contract receivables. Security for such receivables is generally the motor vehicles, property or other assets acquired with the proceeds of the loan. Security interests over motor vehicles and other assets are registered on the Personal Property Securities Register. Security interests over the real property are generally registered as mortgages under the Land Transfer Act 1952. Every application for loans is subject to a credit verification and approval process. It is impracticable to estimate the fair value of collateral on loans for motor vehicles and consumer goods.

Other financial instruments subject to credit risk include bank balances (cash and cash equivalents). This risk is mitigated through the placement of these funds with Westpac bank which is a registered bank in New Zealand and is rated AA by Standard & Poor's.

***(ii)* Concentrations of credit exposure**

The Charging Group and Company has provided funding to customers of certain retail outlets. As at 31 March 2011, the total funding provided by the Charging Group to customers of such retail outlets was $6,657,211 (March 2010: $7,038,240). These funds were subject to recourse to the retailer in the event of non-payment by the customers.

Of the total finance contract receivables 77% in dollar value are for motor vehicle / personal loans, 3% are for property loans, 11% are for commercial loans and 9% relate to wholesale loans.

The six largest loans comprise 11.71% of the Gross Finance Receivables (March 2010: 12.78%).

Counterparty concentrations of receivables

The Charging Group and Company had no exposure to counterparties (except for the bank) which exceeded 10% of shareholder's equity. However, there are recourse agreements with retailers which represents $6,657,211 of the gross loans outstanding (March 2010: $7,038,240). The recourse arrangements are secured by personal guarantees and other assets which have been assigned to the Charging Group during the year ended 31 March 2011. These recourse ledgers represent 15,591 individual loans with an average balance outstanding at 31 March 2011 of $1,694 for Charging Group and Company.

Economic and industry concentrations of receivables

The Charging Group is exposed to economic and industry sector risk.

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
% of Book				
Motor Vehicles/Personal	77%	75%	77%	75%
Property	3%	4%	3%	4%
Commercial/Wholesale	20%	21%	20%	21%
	100%	100%	100%	100%
No of Loans	2689	3742	2689	3742
Average Loan Value	$11,780	$9,448	$11,780	$9,448

Geographic concentrations of receivables

The table below details the geographic split of receivables:

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Auckland	65%	65%	65%	65%
Waikato/Bay of Plenty	19%	20%	19%	20%
Rest of New Zealand	16%	15%	16%	15%
	100%	100%	100%	100%

(iii) Contractual Cash Flows before collateral held or other credit enhancements

The table below analyses the Charging Group's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the undiscounted contractual cash flows and differ from the net carrying amounts as reported in the Statement of Financial Position owing to interest to be incurred in subsequent periods, and therefore do not reflect any expected loss rates. Contractual cash flows differ from the expected cash flows and its maturity dates owing to management's estimates of the expected average life of the finance receivables based on historical experience and asset quality of the ledger. These estimates are reviewed and revised where necessary at each financial reporting date.

31/03/2011 The Charging Group	$ Instalments Overdue/ On Call	$ 0 to 6 months	$ 7 to 12 months	$ 13 to 24 months	$ 25 to 60 months	$ Over 60 months	$ Total	$ Carrying Amount
Financial Assets								
Cash and cash equivalents	528,504	-	-	-	-	-	**528,504**	**528,504**
Receivables:								
- Finance receivables	21,077,546	4,355,287	1,270,908	1,639,486	2,877,267	3,988,222	**35,208,716**	**26,314,956**
Government Stock		15,300	513,856	-			**529,156**	**510,000**
Other financial assets	-	1,037,963	-	-	-	-	**1,037,963**	**1,037,963**
	21,606,050	**5,408,550**	**1,784,764**	**1,639,486**	**2,877,267**	**3,988,222**	**37,304,339**	**28,391,423**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	57,450	7,287,090	1,672,686	2,997,520	822,627	-	**12,837,373**	**12,575,896**
Payables	-	620,931	-	-	-	-	**620,931**	**620,931**
Loans from related parties	309,878	391,068	388,932	1,761,000	5,004,503	1,141,911	**8,997,292**	**6,059,778**
	367,328	**8,299,089**	**2,061,618**	**4,758,520**	**5,827,130**	**1,141,911**	**22,455,596**	**19,256,605**
Net Contractual Cash Flow Gap	**21,238,722**	**(2,890,539)**	**(276,854)**	**(3,119,034)**	**(2,949,863)**	**2,846,311**	**14,848,743**	**9,134,818**

31/03/2010 The Charging Group	$ Instalments Overdue/ On Call	$ 0 to 6 months	$ 7 to 12 months	$ 13 to 24 months	$ 25 to 60 months	$ Over 60 months	$ Total	$ Carrying Amount
Financial Assets								
Cash and cash equivalents	1,245,160	-	-	-	-	-	**1,245,160**	**1,245,160**
Receivables:								
- Finance receivables	16,154,799	5,406,829	2,604,356	8,710,722	2,836,991	1,269,120	**36,982,817**	**23,427,794**
Government Stock	-	15,300	15,300	540,600	-	-	**571,200**	**510,000**
Other financial assets	-	507,551	-	-	-	-	**507,551**	**507,551**
	17,399,959	**5,929,680**	**2,619,656**	**9,251,322**	**2,836,991**	**1,269,120**	**39,306,728**	**25,690,505**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	94,788	7,982,522	3,492,398	2,524,514	2,045,035	-	**16,139,257**	**15,038,259**
Payables	-	694,658	-	-	-	-	**694,658**	**694,658**
Loans from related parties	-	390,000	390,000	1,672,500	3,022,500	2,050,000	**7,525,000**	**5,200,000**
	94,788	**9,067,180**	**3,882,398**	**4,197,014**	**5,067,535**	**2,050,000**	**24,358,915**	**20,932,917**
Net Contractual Cash Flow Gap	**17,305,171**	**(3,137,500)**	**(1,262,742)**	**5,054,308**	**(2,230,544)**	**(780,880)**	**14,947,813**	**4,757,588**

31/03/2011

The Company	**$ Instalments Overdue/ On Call**	**$ 0 to 6 months**	**$ 7 to 12 months**	**$ 13 to 24 months**	**$ 25 to 60 months**	**$ Over 60 months**	**$ Total**	**$ Carrying Amount**
Financial Assets								
Cash and cash equivalents	497,847	-	-	-	-	-	**497,847**	**497,847**
Receivables:								
- Net Finance receivables	21,077,546	4,355,287	1,270,908	1,639,486	2,877,267	3,988,222	**35,208,716**	**26,314,956**
- Related party receivables	-	51,123	-	-	-	-	**51,123**	**51,123**
Other financial assets	-	262,599	-	-	-	-	**262,599**	**262,599**
	21,575,393	**4,669,009**	**1,270,908**	**1,639,486**	**2,877,267**	**3,988,222**	**36,020,285**	**27,126,525**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	57,450	7,287,090	1,672,686	2,997,520	822,627	-	12,837,373	12,575,896
Payables	-	345,606	-	-	-	-	345,606	345,606
Loans from related parties	3,361,098	390,000	390,000	1,672,500	4,122,400	1,050,000	10,985,999	9,110,999
	3,418,548	**8,022,696**	**2,062,686**	**4,670,020**	**4,945,027**	**1,050,000**	**24,168,978**	**22,032,501**
Net Contractual Cash Flow Gap	**18,156,845**	**(3,353,687)**	**(791,778)**	**(3,030,534)**	**(2,067,760)**	**2,938,222**	**11,851,307**	**5,094,024**

31/03/2010

The Company	**$ Instalments Overdue/ On Call**	**$ 0 to 6 months**	**$ 7 to 12 months**	**$ 13 to 24 months**	**$ 25 to 60 months**	**$ Over 60 months**	**$ Total**	**$ Carrying Amount**
Financial Assets								
Cash and cash equivalents	1,238,410	-	-	-	-	-	**1,238,410**	**1,238,410**
Receivables:								
- Net Finance receivables	16,154,799	5,406,829	2,604,356	8,710,722	2,836,991	1,269,120	**36,982,817**	**23,427,794**
- Related party receivables	-	13,637	-	-	-	-	**13,637**	**13,637**
Other financial assets	-	49,768	-	-	-	-	**49,768**	**49,768**
	17,393,209	**5,470,234**	**2,604,356**	**8,710,722**	**2,836,991**	**1,269,120**	**38,284,632**	**24,729,609**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	94,788	7,982,522	3,492,398	2,524,514	2,045,035	-	**16,139,257**	**15,038,259**
Payables	-	561,106	-	-	-	-	**561,106**	**561,106**
Loans from related parties	3,934,696	390,000	390,000	1,672,500	3,022,500	2,050,000	**11,459,696**	**9,134,696**
	4,029,484	**8,933,628**	**3,882,398**	**4,197,014**	**5,067,535**	**2,050,000**	**28,160,059**	**24,734,061**
Net Contractual Cash Flow Gap	**13,363,725**	**(3,463,394)**	**(1,278,042)**	**4,513,708**	**(2,230,544)**	**(780,880)**	**10,124,573**	**(4,452)**

(iv) Expected Cash Flows before collateral held or other credit enhancements

The table below analyses the Charging Group's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the expected maturity date. The amounts disclosed in the table are the undiscounted expected cash flows and differ from the net carrying amounts as reported in the balance sheet owing to interest to be incurred in subsequent periods, and are net of impairment allowances as they reflect projected loss rates.

31/03/2011

The Charging Group	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
	On Call	**0 to 6 months**	**7 to 12 Months**	**13 to 24 months**	**25 to 60 months**	**Over 60 Months**	**Total**	**Carrying Amount**
Financial Assets								
Cash and cash equivalents	528,504	-	-	-	-	-	**528,504**	**528,504**
Receivables:								
- Finance receivables	-	6,347,450	5,137,323	9,338,084	19,798,198	2,526,990	**43,148,045**	**27,320,199**
Government Stock	-	15,300	15,300	513,825	-	-	**544,425**	**510,000**
Other financial assets	-	1,037,963	-	-	-	-	**1,037,963**	**1,037,963**
	528,504	**7,400,713**	**5,152,623**	**9,851,909**	**19,798,198**	**2,526,990**	**45,258,937**	**29,396,666**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	57,450	1,442,389	2,149,797	8,847,520	822,627	-	**13,319,783**	**12,575,896**
Payables	-	620,931	-	-	-	-	**620,931**	**620,931**
Loans from related parties	309,878	391,068	388,932	1,761,000	5,003,603	1,141,911	**8,996,392**	**6,059,778**
	367,328	**2,454,388**	**2,538,729**	**10,608,520**	**5,826,230**	**1,141,911**	**22,937,106**	**19,256,605**
Net Expected Cash Flow Gap	**161,176**	**4,946,325**	**2,613,894**	**(756,611)**	**13,971,968**	**1,385,079**	**22,321,831**	**10,140,061**

31/03/2010

The Charging Group	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
	On Call	**0 to 6 months**	**7 to 12 Months**	**13 to 24 months**	**25 to 60 months**	**Over 60 Months**	**Total**	**Carrying Amount**
Financial Assets								
Cash and cash equivalents	1,245,160	-	-	-	-	-	**1,245,160**	**1,245,160**
Receivables:								
- Finance receivables	-	8,378,940	6,418,257	12,719,644	19,775,178	5,092,528	**52,384,547**	**23,427,794**
Government Stock	-	15,300	15,300	30,600	91,800	540,600	**693,600**	**510,000**
Other financial assets	-	507,551	-	-	-	-	**507,551**	**507,551**
	1,245,160	**8,901,791**	**6,433,557**	**12,750,244**	**19,866,978**	**5,633,128**	**54,830,858**	**25,690,505**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	94,788	7,982,522	3,492,398	2,524,514	2,045,035	-	**16,139,257**	**15,038,259**
Payables	-	694,658	-	-	-	-	**694,658**	**694,658**
Loans from related parties	-	390,000	390,000	780,000	2,340,000	5,200,000	**9,100,000**	**5,200,000**
	94,788	**9,067,180**	**3,882,398**	**3,304,514**	**4,385,035**	**5,200,000**	**25,933,915**	**20,932,917**
Net Expected Cash Flow Gap	**1,150,372**	**(165,389)**	**2,551,159**	**9,445,730**	**15,481,943**	**433,128**	**28,896,943**	**4,757,588**

31/03/2011

The Company	**$ On Call**	**$ 0 to 6 months**	**$ 7 to 12 Months**	**$ 13 to 24 months**	**$ 25 to 60 months**	**$ Over 60 months**	**$ Total**	**$ Carrying Amount**
Financial Assets								
Cash and cash equivalents	497,847	-	-	-	-	-	**497,847**	**497,847**
Receivables:								
- Finance receivables	-	6,347,450	5,137,323	9,338,084	19,798,198	2,526,990	**43,148,045**	**26,314,956**
- Related party receivables	-	51,123	-	-	-	-	**51,123**	**51,123**
Other financial assets	-	262,599	-	-	-	-	**262,599**	**262,599**
	497,847	**6,661,172**	**5,137,323**	**9,338,084**	**19,798,198**	**2,526,990**	**43,959,614**	**27,126,525**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	57,450	1,442,389	2,149,797	8,847,520	822,627	-	**13,319,783**	**12,575,896**
Payables	-	345,606	-	-	-	-	**345,606**	**345,606**
Loans from related parties	309,878	391,068	388,932	1,761,000	8,054,824	1,141,911	**12,047,613**	**9,110,999**
	367,328	**2,179,063**	**2,538,729**	**10,608,520**	**8,877,451**	**1,141,911**	**25,713,002**	**22,032,501**
Net Expected Cash Flow Gap	**130,519**	**4,482,109**	**2,598,594**	**(1,270,436)**	**10,920,747**	**1,385,079**	**18,246,612**	**5,094,024**

31/03/2010

The Company	**$ On Call**	**$ 0 to 6 months**	**$ 7 to 12 months**	**$ 13 to 24 months**	**$ 25 to 60 months**	**$ Over 60 months**	**$ Total**	**$ Carrying Amount**
Financial Assets								
Cash and cash equivalents	1,238,410	-	-	-	-	-	**1,238,410**	**1,238,410**
Receivables:								
- Finance receivables	-	8,378,940	6,418,257	12,719,644	19,775,178	5,092,528	**52,384,547**	**23,427,794**
- Related party receivables	-	13,637	-	-	-	-	**13,637**	**13,637**
Other financial assets	-	49,768	-	-	-	-	**49,768**	**49,768**
	1,238,410	**8,442,345**	**6,418,257**	**12,719,644**	**19,775,178**	**5,092,528**	**53,686,362**	**24,729,609**
Financial Liabilities								
Interest bearing liabilities:								
- Debentures	94,788	7,982,522	3,492,398	2,524,514	2,045,035	-	**16,139,257**	**15,038,259**
Payables	-	561,107	-	-	-	-	**561,107**	**561,107**
Loans from related parties	-	390,000	390,000	780,000	2,340,000	5,200,000	**9,100,000**	**5,200,000**
	94,788	**8,933,629**	**3,882,398**	**3,304,514**	**4,385,035**	**5,200,000**	**25,800,364**	**20,799,366**
Net Expected Cash Flow Gap	**1,143,622**	**(491,284)**	**2,535,859**	**9,415,130**	**15,390,143**	**(107,472)**	**27,885,998**	**3,930,243**

(v) Receivables renegotiated

The carrying amount of receivables that would otherwise be past due or impaired whose terms have been renegotiated at 31 March 2011 was $1,006,209 (31 March 2010: $1,467,680).

(vi) Impaired receivables

For details of impaired receivables refer to Note 13.

Fair Value estimation

The fair value of financial liabilities and financial assets is estimated by discounting the future expected cash flows at the current market effective interest rate applicable to the Charging Group for similar instruments. The fair values of the Group's financial assets and liabilities are considered to be approximately their carrying values net of impairments.

(d) Capital management

The Charging Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder return is also recognised and the Charging Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

	CHARGING GROUP	
	31 March 2011	31 March 2010
Capital	$	$
Tier one capital		
Share capital	14,000,000	14,000,000
Retained earnings	3,665,959	1,080,596
Total tier one capital	**17,665,959**	**15,080,596**
Tier two		
Unsecured Related Party Loan Debt *	6,059,778	5,200,000
Total tier two	**6,059,778**	**5,200,000**
Total capital and subordinated unsecured debt	**23,725,737**	**20,280,596**
Capital Adequacy Ratios		
Tier one capital expressed as percentage of Total Assets	47%	**40%**
Total capital and subordinated unsecured debt expressed as percentage of Total Assets	63%	**54%**

* The unsecured related party loan debt is ranking behind debentures and *pari-passu* with other unsecured, unsubordinated indebtedness.

(e) Trust Deed Covenants and Compliance

The Charging Group's borrowing activities are governed by a Trust Deed dated 26 April 2001 as amended and restated on 29 November 2010, a Deed of Modification dated 3 October 2002, and the Supplemental Deeds dated 11 April 2005 and 7 September 2009 between the Charging Group and the Trustee for the Debenture Holders, Trustee Executors Limited.

The following details the Charging Group's compliance with the financial covenants contained in clause 5 of the Debenture Trust Deed.

	CHARGING GROUP	
	31 March 2011	31 March 2010
	$	$
Total Liabilities Ratio - (Clause 5.1(a))		
Total Tangible Assets (TTA)	28,923,839	26,716,986
Total Liabilities	20,192,545	22,692,157
Excess of TTA over Liabilities	**8,731,294**	**4,024,829**
Liabilities as percentage of TTA - Not to exceed 89%	70%	**85%**
Stock and Prior Charges Ratio - (Clause 5.1 (b))		
Principal Amount of Stock	12,575,896	15,038,259
Total Contingent Liabilities secured by Stock	Nil	Nil
Principal amount of Prior Charges	Nil	Nil
Total Debentures (1)	12,575,896	**15,038,259**
95% Total Readily Realisable Investments	502,079	1,182,902
90% Total Secured Receivables	23,683,460	21,085,014
85% of Total Unsecured Receivables	882,269	431,418
60% of Other Total Tangible Assets	625,450	921,889
Total Attributable Assets (2)	**25,693,258**	**23,621,223**
Excess of 2 over 1	**13,117,362**	**8,582,964**

Total Contingent Liabilities Ratio - (Clause 5.1(c))		
150% Shareholders' Funds (excluding intangible assets)	13,096,941	**6,037,244**
Total Contingent Liabilities	Nil	**Nil**
Excess of Shareholders' Funds over Total Contingent Liabilities	13,096,941	**6,037,244**
Prior Charges Limitation - (Clause 5.1(d))		
2% of Total Tangible Assets	578,477	**534,340**
Prior Charges	Nil	**Nil**
Excess of 2% of TTA over Prior Charges	**578,477**	**534,340**
Related Party Exposure Ratio – (Clause 5.1 (f))	NIL	n/a
Minimum Capital Ratio – (Clause 5.1 (e))	22.23%	**n/a**
Liquid Assets - (Clause 5.1 (g))		
Liquid Assets	528,504	**n/a**
Outstanding Stock	12,575,896	**n/a**
(1) divided by (2) x 100 - Minimum 3.5% of outstanding stock (5% from 1/12/11)	4.2%	**n/a**
Particulars of Related Party Transactions		
Business Loans from Related Parties:		
Timberton Limited	6,059,778	5,200,000
Debenture Stock Invested by Related Parties:		
Executive Trustees Ltd	-	-
Timberton Investments Ltd	5,911,379	2,318,000

The company breached a non-financial reporting covenant in respect of the 31 March 2010 audited financial statements in that it did not provide these statements to its trustee by 30 June 2010. This breach was remedied on 20 August 2010.

5. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Management discusses with the Board the development, selection and disclosure of the Charging Group's critical accounting policies and estimates and the application of these policies and estimates.

Estimates and judgements 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.

The Charging Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

(1) The Charging Group has assessed goodwill arising from the acquisition of Beneficial Insurance for impairment. This assessment was performed using discounted forecast cash flows for that business. The key assumptions are listed in Note 15.

(2) Impairment allowances for finance receivables are calculated on individually significant loans and loans assessed collectively. Losses expected from future events, no matter how likely, are not recognised. Management regularly review and adjust the methodology and assumptions for impairment testing as improved analysis becomes available to minimise any differences between loss estimates and actual loss experienced. Refer to Note 13 for details of the impairment allowances.

(3) The Deferred Tax benefit of temporary differences have been recognised as they are expected to reverse in the foreseeable future and that taxable profits are expected to be available against which the temporary differences can reverse. Refer to note 11 for further details.

(4) Outstanding claims liabilities in respect of insurance policies written. Refer to Note 16 for further details.

6. SEGMENT INFORMATION

For the year to 31 march 2011	Broadlands Finance Limited $	Beneficial Insurance Limited $	Vehicle Funding Limited $	Total $
Revenue				
Revenue from external customers	7,762,253	1,747,109	54,241	9,563,603
Total segment revenue	**7,762,253**	**1,747,109**	**54,241**	**9,563,603**
Segment net profit after tax	**3,158,462**	**(515,833)**	**1,073**	**2,643,702**
Interest revenue	6,883,564	88	-	6,883,652
Interest expense	(2,245,074)	-	-	(2,245,074)
Depreciation	(69,654)	(14,319)	-	(83,973)
Impairment charge for credit losses and write offs	2,667,827	-	-	2,667,827
Recovery of amounts previously written off	7,645	-	-	7,645
Income tax expense	(2,263,011)	340,382	(481)	(1,923,110)
Segment operating assets	**36,514,991**	**2,449,993**	**57,859**	**39,022,843**
Goodwill	9,300,000	-	-	9,300,000
Capital expenditure	23,273	4,862	-	28,135
Deferred tax assets	1,517,914	-	-	1,517,914
Government Stock	-	510,000	-	510,000
Deferred acquisition costs	-	368,967	-	368,967
Segment operating liabilities	**22,032,501**	**273,370**	**53,078**	**22,358,949**

For the year to 31 March 2010	Broadlands Finance Limited $	Beneficial Insurance Limited $	Vehicle Funding Limited $	Total $
Revenue				
Revenue from external customers	8,843,409	2,568,351	26,400	11,438,160
Total segment revenue	**8,843,409**	**2,568,351**	**26,400**	**11,438,160**
Segment net profit after tax	**(2,164,291)**	**310,664**	**2,244**	**(1,851,383)**
Interest revenue	7,418,183	99	-	7,418,281
Interest expense	(2,372,577)	4,788	-	(2,367,789)
Depreciation	(86,765)	(12,637)	-	(99,402)
Impairment charge for credit losses and write offs	(6,374,485)	-	-	(6,374,485)
Recovery of amounts previously written off	20,728	-	-	20,728
Income tax expense	925,092	(134,540)	(983)	789,569
Segment operating assets	**34,279,078**	**4,919,520**	**29,763**	**39,228,361**
Goodwill	9,300,000	-	-	9,300,000
Capital expenditure	101,092	56,966	-	158,058
Deferred tax assets	3,584,784	54,232	-	3,639,016
Government Stock	-	510,000	-	510,000
Deferred acquisition costs	-	723,321	-	723,321
Segment operating liabilities	**24,734,061**	**120,654**	**26,535**	**24,881,250**

(a) Segment revenue reconciliation to Statement of Comprehensive Income

	CHARGING GROUP	
	for the year to 31 March 2011 $	for the year to 31 March 2010 $
Segment revenue reconciliation to Statement of Comprehensive Income		
Total segment revenue	9,563,603	11,438,160
Total revenue per Statement of Comprehensive Income	**9,563,603**	**11,438,160**

(b) Segment net profit after tax reconciliation to Statement of Comprehensive Income

The Board of Directors meet on a monthly basis to assess the performance of each segment by analyzing the segment's net profit after tax. A segment's net profit after tax excludes non-operating income and expenses such as dividends received, fair value gains and losses, gains and losses on disposal of assets these are generating. Income tax expenses are calculated as 30% (2010: 30%) of the segment's net profit before tax adjusted for permanent differences.

	CHARGING GROUP	
	for the year to 31 March 2011	for the year to 31 March 2010
Reconciliation of segment net profit after tax to net profit/loss before tax:	$	$
Segment net profit after tax	2,643,702	(1,851,383)
Net gain on disposal of plant and equipment	(58,339)	851
Net profit after tax from Statement of Comprehensive Income	2,585,363	(1,850,532)

(c) Segment assets reconciliation to Statement of Financial Position

In assessing the segment performance on a monthly basis, the Board of Directors analyse the segment results as described above and its relationship to segment assets. Segment assets are those operating assets of the entity that the Board of Directors views as directly attributing to the performance of the segment. These assets include the cash and cash equivalents, net finance contract receivables, held to maturity financial assets, other assets, plant and equipment and investments in subsidiaries and exclude loans to related parties, deferred acquisition costs and deferred tax assets.

	CHARGING GROUP	
	for the year to 31 March 2011	for the year to 31 March 2010
Segment operating assets	39,022,843	39,228,361
Intersegment eliminations	(3,051,220)	(5,817,945)
Deferred tax assets	1,517,914	3,639,016
Deferred acquisition costs	368,967	723,321
Total assets per Statement of Financial Position	37,858,504	37,772,753

(d) Segment liabilities reconciliation to Statement of Financial Position

Segment liabilities include trade and other payables and debt. The charging group has a centralised finance function that is responsible for raising debt and capital for the entire operations. Each entity or business uses this central function to invest excess cash or obtain funding for its operations. The Board of Directors review the level of debt for each segment in the monthly meetings.

	CHARGING GROUP	
	for the year to 31 March 2011	for the year to 31 March 2010
Reconciliation of segment liabilities to total liabilities:		
Segment operating liabilities	22,358,948	24,881,250
Intersegment eliminations	(3,102,343)	(3,948,333)
Income tax payable	(370,817)	559,226
Provisions	155,810	169,000
Insurance premiums in advance	1,150,947	1,031,014
Total liabilities per Statement of Financial Position	20,192,545	22,692,157

7. NET INTEREST INCOME

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011 $	for the year to 31 March 2010 $	for the year to 31 March 2011 $	for the year to 31 March 2010 $
Interest and similar income				
(for financial assets not at fair value though profit or loss)				
Finance receivables				
Interest Income (not impaired)	1,280,908	3,193,591	1,280,908	3,193,591
Interest Income (impaired)	2,724,876	2,541,856	2,724,876	2,541,856
Imputed Interest Income	2,863,878	1,636,859	2,863,878	1,636,859
Total Interest Income	6,869,662	7,372,306	6,869,662	7,372,306
Bank deposits	13,990	45,950	13,902	45,877
Other Interest Income	-	25	-	-
	6,883,652	7,418,281	6,883,564	7,418,183
Interest and similar expense (at amortised cost)				
Interest - bank overdraft	-	(295)	-	(295)
Interest - debentures	(1,156,132)	(1,329,735)	(1,156,132)	(1,329,735)
Interest - related party borrowings	(781,857)	(774,518)	(781,857)	(771,829)
Direct expenses - Finance receivables	(307,085)	(263,241)	(307,085)	(270,718)
	(2,245,074)	(2,367,789)	(2,245,074)	(2,372,577)
Net interest income	4,638,578	5,050,492	4,638,490	5,045,606

Interest income includes imputed interest income on impaired assets. A corresponding charge has been recognised under the 'Impairment Expense' line in the Statement of Comprehensive Income.

8. NET FEE AND COMMISSION INCOME

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011 $	for the year to 31 March 2010 $	for the year to 31 March 2011 $	for the year to 31 March 2010 $
Fee and commission income				
Credit related fees and commissions				
- External	680,261	1,155,402	680,261	1,156,032
	680,261	1,155,402	680,261	1,156,032
Fee and commission expense				
Other fees paid	(59,641)	(75,654)	(59,641)	(75,654)
	(59,641)	(75,654)	(59,641)	(75,654)
Net fee and commission income	620,620	1,079,748	620,620	1,080,378

9. NET INSURANCE INCOME

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011 $	for the year to 31 March 2010 $	for the year to 31 March 2011 $	for the year to 31 March 2010 $
Insurance income				
Insurance/Indemnity premium	1,688,474	2,537,764	-	-
	1,688,474	2,537,764	-	-
Insurance expenses and related charges				
Insurance/Indemnity claims	(799,490)	(830,348)	-	-
Acquisition cost Incurred	(378,494)	(169,520)	-	-
	(1,177,984)	(999,868)	-	-
Net insurance income	510,490	1,537,896	-	-

10. OTHER OPERATING

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011 $	**for the year to 31 March 2010 $**	for the year to 31 March 2011 $	**for the year to 31 March 2010 $**
Accounting Fees	(57,421)	**(19,831)**	(43,693)	**(16,315)**
Advertising	(159,293)	**(110,366)**	(7,233)	-
Computer	(101,034)	**(106,848)**	(47,146)	**(79,173)**
Motor Vehicle & Travel	(96,299)	**(142,001)**	(62,271)	**(104,865)**
Telephone	(189,346)	**(215,525)**	(152,041)	**(180,887)**
Office, Printing & Postage	(221,708)	**(259,315)**	(131,539)	**(155,851)**
Other Expenses not detailed above	(782,788)	**(611,988)**	(359,366)	**(413,705)**
Total Other Expenses	**(1,607,889)**	**(1,465,874)**	**(803,289)**	**(950,796)**
Audit fees	(230,702)		(184,202)	
- Previous Auditors	109,879	**(235,943)**	109,879	**(149,883)**
- Current Auditors	120,823	-	120,823	-
Other assurance services performed by auditor	-	**(18,736)**	-	**(16,656)**
Total fees paid to auditors	**(230,702)**	**(254,679)**	**(184,202)**	**(166,539)**

11. TAXATION

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011 $	**for the year to 31 March 2010 $**	for the year to 31 March 2011 $	**for the year to 31 March 2010 $**
(a) Income tax expense				
Current tax	(197,992)	**313,402**	196,146	**165,558**
Deferred tax	2,121,102	**(1,102,971)**	2,066,870	**(1,090,650)**
	1,923,110	**(789,569)**	**2,263,016**	**(925,092)**
(b) Reconciliation of income tax expense				
Profit before income tax	4,508,472	**(2,640,101)**	5,357,677	**(3,089,296)**
Taxation at the statutory tax rate of 30%	1,352,542	**(792,030)**	1,607,303	**(926,789)**
Effect of changes in tax rates	108,422		108,422	
Permanent Differences	43,694	**2,461**	4,252	**1,697**
Income Tax Expense	**1,923,110**	**(789,569)**	**2,263,016**	**(925,092)**
(c) Imputation credit account				
Balance at beginning of period	2,369,234	**1,260,166**	2,080,500	**1,225,570**
Imputation credits attached to dividends received	422	**420**	422	**420**
Income tax paid during period	425,405	**1,108,568**	60,000	**844,468**
Resident withholding tax received	12	**80**	(20)	**42**
Transfers and other adjustments	911,226-	-	77,5,492	-
	3,706,299	**2,369,234**	**2,906,394**	**2,070,500**

On 20 May 2010, the New Zealand Government announced a change in the corporate tax rate from 30% to 28% for the 2011/12 tax year. This materially affects deferred tax in these financial statements and has been taken into account in calculating deferred tax at 31 March 2011.

	CHARGING GROUP		COMPANY	
	31 March 2011 $	**31 March 2010 $**	31 March 2011 $	**31 March 2010 $**
(d) Deferred tax assets				
The balance comprises temporary differences at 28% attributable to:				
Impairment allowance	1,496,999	**3,553,362**	1,496,999	**3,553,362**
Employee benefits	20,915	**34,954**	20,915	**31,422**
Other Provisions	-	**50,700**	-	-
Net deferred tax assets	**1,517,914**	**3,639,016**	**1,517,914**	**3,584,784**
Movements:				
Opening balance	3,639,016	**2,536,045**	3,584,784	**2,494,134**
Credited to income statement	(2,121,102)	**1,102,971**	(2,066,870)	**1,090,650**
	1,517,914	**3,639,016**	**1,517,914**	**3,584,784**
Other	**6,294**	-	**13,403**	-
Benefit of tax loss not recognised	**343,931**	-	**343,931**	-
Adjustments to prior periods	**68,227**	-	**185,705**	-

Obtaining the benefits of the deferred tax assets is dependent upon deriving sufficient assessable income (as forecast by the directors) and complying with relevant tax legislation.

12. CASH AND CASH EQUIVALENTS

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Cash at bank	528,504	1,245,160	497,847	1,238,410
Cash on hand	-	-	-	-
Cash and cash equivalents	**528,504**	**1,245,160**	**497,847**	**1,238,410**

13. RECEIVABLES

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Gross Finance Contract Receivables	31,677,407	35,352,900	31,677,407	35,352,900
Allowance for unearned interest	(16,024)	(80,566)	(16,024)	(80,566)
Allowance for impairment	(5,346,426)	(11,844,540)	(5,346,426)	(11,844,540)
Net Finance Contract Receivables	**26,314,957**	**23,427,794**	**26,314,957**	**23,427,794**

The Charging Group provides finance to customers primarily for purchase of motor vehicles, consumer goods and commercial and property loans. Gross Finance Contract Receivables are summarised as follows:

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Not past due and not impaired	9,776,457	12,156,977	9,776,457	12,156,977
Individually past due but not impaired	655,748	-	655,748	-
Collectively past due but not impaired	10,005,288	2,878,091	10,005,288	2,878,091
Individually past due and impaired	1,714,844	-	1,714,844	-
Collectively past due and impaired	9,525,070	20,317,832	9,525,070	20,317,832
Allowance for unearned interest	(16,024)	(80,566)	(16,024)	(80,566)
Allowance for impairment	(5,346,426)	(11,844,540)	(5,346,426)	(11,844,540)
Total	**26,314,957**	**23,427,794**	**26,314,957**	**23,427,794**

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
The aging is as follows:				
1 to 30 Days	412,825	-	412,825	-
31 to 89 Days	242,923	-	242,923	-
90 Days Plus	-	-	-	-
Individually past due but not impaired	**655,748**	-	**655,748**	-
1 to 30 Days	9,207,975	1,101,000	9,207,975	1,101,000
31 to 89 Days	797,314	1,777,091	797,314	1,777,091
90 Days Plus	-	-	-	-
Collectively past due but not impaired	**10,005,289**	**2,878,091**	**10,005,289**	**2,878,091**
1 to 30 Days	108,300	-	108,300	-
31 to 89 Days	289,076	-	289,076	-
90 Days Plus	1,317,468	-	1,317,468	-
Individually past due and impaired	**1,714,844**	-	**1,714,844**	-
1 to 30 Days	-	-	-	-
31 to 89 Days	-	-	-	-
90 Days Plus	9,525,070	20,317,832	9,525,070	20,317,832
Collectively past due and impaired	**9,525,070**	**20,317,832**	**9,525,070**	**20,317,832**
Individually Impaired	(1,520,646)	-	(1,520,646)	-
Collectively Impaired	(3,825,780)	(11,844,540)	(3,825,780)	(11,844,540)
Total Allowance for impairment	**(5,346,426)**	**(11,844,540)**	**(5,346,426)**	**(11,844,540)**

The table below shows a reconciliation of the movement in the allowance for impairment of finance receivables which are determined to be impaired. The table also includes the Bad Debts written off.

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Balance of Impairment Allowance at beginning of period	(11,844,540)	(8,232,091)	(11,844,540)	(8,232,091)
(Increase)/decrease in Impairment Allowance	6,498,114	(3,612,449)	6,498,114	(3,612,449)
Balance of Impairment Allowance of at end of period	**(5,346,426)**	**(11,844,540)**	**(5,346,426)**	**(11,844,540)**
Movement in Impairment Allowance	6,498,114	(3,612,449)	6,498,114	(3,612,449)
Receivables written off during the period	(966,409)	(1,125,177)	(966,409)	(1,125,177)
Imputed Interest written off during the period	(2,863,878)	(1,636,859)	(2,863,878)	(1,636,859)
Receivables recovered during the period	7,645	20,729	7,645	20,729
Net Impairment gain/(loss) on financial assets	**2,675,472**	**(6,353,757)**	**2,675,472**	**(6,353,757)**

The creation and release of the allowance for impaired receivables has been included in "impairment charge for credit losses" in the Statement of Comprehensive Income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The impairment allowance represents the difference between the carrying value of the finance receivables and their estimated present value. The assessment for the level of impairment is based on management's credit provisioning policy which has been prepared in accordance with the requirements of NZ IAS 39.

14. OTHER ASSETS

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Prepayments and other Receivables	1,037,962	507,551	262,597	49,768

All of the assets included in "Other assets" are current assets

15. GOODWILL

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Balance at beginning of period	7,416,751	7,416,751	-	-
Impairment (loss)	-	-	-	-
Balance at end of period	**7,416,751**	**7,416,751**	-	-

The following key assumptions have been made:
Management prepared an assessment of the goodwill arising from the investment in the subsidiary, Beneficial Insurance Limited, using a discounted cash flow methodology.

- The intangible assets have been assigned to one cash generating unit – Beneficial Insurance Limited.
- Insurance and indemnity claims continue at the same % as experienced in the last 12 months.
- The forecast cash flows were discounted at a pre-tax rate in the range from 21.6% to 20.9%.
- The Pet-n-Sur business growth rates are based on prior year trends.
- The growth rates assumed for the BFL loan book are 40% for the periods ending 31 March 2012 and 2013, and 30% for 2014 and 20% for the remaining periods and the uptake of insurance on this book continues at historic levels.
- The projections are representative of conditions prevalent on the date of this report and the BIL business is capable of achieving the projected financial performance.
- A terminal growth rate of 2.5% for calculating the continuing value of the BIL business.
- BIL's operating costs for 2011 are assumed to be $1.4M and growing at 3% thereafter until 2016. BIL's Management consider this level of expenditure to be appropriate for operating the BIL business as envisaged. This level of expenditure reflects a consideration of actual costs incurred in the period ended 31 March 2011, one off expenses incurred which will not be required in the future, cost efficiencies achieved and consideration of expenditure which would be required for operating the BIL business as planned. Substantial analysis has been undertaken by BFL and BIL Management for this purpose. We have assumed operating costs to be at this level in the cash flow projections for 2012 to 2017.
- There will be no change in the current arrangements for funding between BFL and BIL.
- There will be no changes in the legal environment for either BFL or BIL. However, it is noted that the Insurance (Prudential Supervision) Act will come into force during the next accounting period. There will be no significant changes to BIL's ability to achieve its objectives in respect of these new statutory requirements.
- The operating cost assumptions are reasonable and achievable.
- The Directors have performed a sensitivity analysis over the goodwill impairment model and have provided for a probability of achievement adjustment in its forecasted cash flows.
- The fair market value of the BIL business is assessed to be in the range of $8.0M and $8.5M corresponding to discount and growth rate combinations: 21.6%; 3% and 20.69% with terminal growth rate ranges of 3% to 2.5%.

16. INSURANCE ASSETS

INSURANCE ASSETS

	CHARGING GROUP	
	31 March 2011	31 March 2010
	$	$
Deferred acquisition costs at end of the period	368,967	723,321
Government stock	510,000	510,000
	878,967	**1,233,321**
Deferred acquisition costs analysis		
Deferred acquisition costs at beginning of the period	723,321	875,486
Acquisition cost deferred	92,490	618,221
Amortisation charged to profit or loss	(446,844)	(770,386)
Deferred acquisition costs as at end of the period	**368,967**	**723,321**
Current / Non - Current Split		
Current Portion of Deferred acquisition costs at end of period	359,098	618,221
Current Portion of Government Bond	510,000	-
Non-Current Portion of Deferred acquisition costs at end of period	9,869	105,100
Non-Current Portion of Government stock	-	510,000
	878,967	**1,233,321**

Actuarial Assumptions and Methods

Methods

Significant estimates and judgements are made by BIL'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. 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 developments are 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) Historical trends in the incidence and development of the number of claims reported, claim payments and reported incurred costs.
(ii) Exposure details, including earned premiums and policy limits.
(iii) Claim frequencies and average claim sizes.
(iv) The legislative framework, legal and court environments and social and economic factors that may impact upon each class of business.
(v) Historical and likely future trends in standard inflationary pressures relating to commodity prices and wages.
(vi) Historical and likely future trends on inflationary pressures in addition to price or wage inflation, termed superimposed inflation.
(vii) Historical and likely future trends of expenses associated with managing claims to finalisation.
(viii) Historical and likely future trends of recoveries from sources such as subrogation and third party actions.
(ix) 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 credited member of the New Zealand Society of Actuaries. (Refer to note 3 in respect of the assumptions that were used in his assessment of the claims provisions and note 9 for details of claims paid during the period).
The valuations included in the reported results are calculated using assumptions including:

(i) Discount Rate - Because the outstanding claims liability represents payments that will be made in the future, they are discounted to reflect the time value of money effectively recognising that the assets 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 as at 30 September 2010.
(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 claims 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.

Insurance contracts-risk management policies and procedures
The financial condition and operation of the Charging Group are affected by a number of key risks including insurance risk, interest rate risk, currency risk, credit risk, market risk, liquidity risk, financial risk, compliance risk, fiscal risk and operational risk. Notes on the Charging Group'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 Charging Group 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 Charging Group. 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 insurance risk
The Charging Group's exposure is diversified across classes of business with risk spread across New Zealand.

Financial Risk

(i) Interest rate risk. The Charging Group is exposed to interest rate risk arising on interest bearing assets. The Charging Group manages some of its exposure to this risk by holding the majority of such assets on short term maturities.
(ii) Credit risk. The credit risk on financial assets of the Charging Group is generally the carrying amount, net of any provisions for doubtful debts. Credit risk exposures are calculated regularly and compared to authorised credit limits before further transactions are undertaken with each counter party. The Charging Group 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.
(iii) Market risk. The Charging Group is exposed to market risk including fair value, interest risk and price risk. Market risks arise from open positions in interest rate products which are exposed to general and specific market movements. The market risks that the Charging Group primarily faces are interest rate risk, due to the nature of its investments and liabilities.

(iv) Liquidity risk. The Charging Group 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 Charging Group manages this risk by considering potential daily calls in unison with its overall cash management position.

Unexpired risk liability

The Liability Adequacy Test ("LAT") has identified an unexpired risk liability in a portfolio of contracts with broadly similar risks that are managed together. The liability has resulted in a write down of deferred acquisition costs of $446,844 (March 2010: $263,576).

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% (March 2010: 85%) probability of adequacy.

Insurance Maturity Analysis

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

31/03/2011 – The Charging Group	$ 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	**83,608**	**275,490**	**6,061**	**3,808**	**-**	**368,967**
Insurance Liabilities						
Provision for claims	155,810	-	-	-	-	**155,810**
Unearned premium liabilities	260,879	859,201	18,988	11,879	-	1,150,947
	416,689	**859,201**	**18,988**	**11,879**	**-**	**1,306,757**

31/03/2010 – The Charging Group	$ 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	**460,570**	**157,651**	**105,100**	**-**	**-**	**723,321**
Insurance Liabilities						
Provision for claims	169,000	-	-	-	-	**169,000**
Unearned premium liabilities	172,351	605,171	236,487	17,005	-	**1,031,014**
	341,351	**605,171**	**236,487**	**17,005**	**-**	**1,200,014**

17. PLANT AND EQUIPMENT

31 March 2011	**Leasehold improvements $**	**Furniture & fittings $**	**Office equipment $**	**Motor vehicles $**	**Total $**
CHARGING GROUP:					
COST					
At beginning of period	142,160	198,459	395,943	106,937	**843,499**
Additions	-	3,000	5,355	19,780	**28,135**
Disposals	(77,530)	-	(253,967)	(48,949)	**(380,446)**
	64,630	**201,459**	**147,331**	**77,768**	**491,188**
ACCUMULATED DEPRECIATION					
At beginning of period	64,720	136,071	304,503	35,046	**540,337**
Charge for the period	6,999	11,400	40,014	25,560	**83,973**
Eliminated on disposals	(43,207)	-	(221,548)	(31,819)	**(296,574)**
	28,512	**147,471**	**122,969**	**28,787**	**327,737**
NET BOOK VALUE					
At 31 March 2011	**36,118**	**53,988**	**24,362**	**48,981**	**163,449**
At 1 April 2010	77,440	62,388	91,440	71,891	303,160

31 March 2010					
CHARGING GROUP:					
COST					
At beginning of period	129,561	195,815	353,099	18,500	**696,975**
Additions	12,599	2,644	44,254	98,561	**158,058**
Disposals	-	-	(1,410)	(10,124)	**(11,534)**
	142,160	**198,459**	**395,943**	**106,937**	**843,499**
ACCUMULATED DEPRECIATION					
At beginning of period	55,085	123,065	253,464	10,670	**442,284**
Charge for the period	9,635	13,005	52,386	24,376	**99,402**
Eliminated on disposals	-	-	(1,347)	-	**(1,347)**
	64,720	**136,070**	**304,503**	**35,046**	**540,339**
NET BOOK VALUE					
At 31 March 2010	**77,440**	**62,389**	**91,440**	**71,891**	**303,160**
At 1 April 2009	74,476	72,750	99,635	7,830	**254,691**

31 March 2011	**Leasehold improvements $**	**Furniture & fittings $**	**Office equipment $**	**Motor vehicles $**	**Total $**
COMPANY:					
COST					
At beginning of period	133,496	198,459	372,288	71,177	**775,420**
Additions	-	-	3,493	19,780	**23,273**
Disposals	(77,530)	-	(253,967)	(32,500)	**(363,997)**
	55,966	**198,459**	**121,814**	**58,457**	**434,696**
ACCUMULATED DEPRECIATION					
At beginning of period	64,354	136,070	285,753	26,137	**512,314**
Charge for the period	6,003	10,932	36,825	15,894	**69,654**
Eliminated on disposals	(43,207)	-	(221,548)	(22,107)	**(286,862)**
	27,150	**147,002**	**101,030**	**19,924**	**295,106**
NET BOOK VALUE					
At 31 March 2011	**28,816**	**51,457**	**20,784**	**38,533**	**139,590**
At 1 April 2010	69,142	62,389	86,534	45,040	**263,106**

31 March 2010	Leasehold improvements	Furniture & fittings	Office equipment	Motor vehicles	Total
	$	$	$	$	$
COMPANY:					
COST					
At beginning of period	129,561	195,815	331,862	18,500	**675,738**
Additions	3,935	2,644	41,836	52,677	**101,092**
Disposals	-	-	(1,410)	-	**(1,410)**
	133,496	**198,459**	**372,288**	**71,177**	**775,420**
ACCUMULATED DEPRECIATION					
At beginning of period	55,085	123,065	238,076	10,670	**426,896**
Charge for the period	9,269	13,005	49,024	15,467	**86,765**
Eliminated on disposals	-	-	(1,347)	-	**(1,347)**
	64,354	**136,070**	**285,753**	**26,137**	**512,314**
NET BOOK VALUE					
At 31 March 2010	**69,142**	**62,389**	**86,535**	**45,040**	**263,106**
At 1 April 2009	74,476	72,750	93,786	7,830	**248,842**

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Vehicles and office equipment includes the following amounts where the group is a lessee under a finance lease:				
Cost - capitalised finance leases	203,426	207,536	184,116	183,972
Accumulated depreciation	145,352	(104,055)	136,489	(97,706)
Net book value	**58,074**	**103,481**	**47,627**	**86,266**

18. COMMITMENTS

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
The Charging Group has no known material capital commitments	NIL	NIL	NIL	NIL
Operating leases				
Minimum lease payments paid under operating expenses recognised as an expense in the period	271,465	332,378	202,765	263,449
Within one year	100,390	298,648	100,390	280,378
Later than one year but not later than five years	54,368	144,152	54,368	144,152
Later than five years	-	-	-	-
Commitments not recognised in financial statements	**154,758**	**442,800**	**154,758**	**424,530**

19. PAYABLES

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Trade payables	146,834	118,145	114,688	93,305
Accrued expenses	130,572	194,501	80,590	127,198
Employee related accruals	120,324	127,172	95,949	112,228
Withholding tax payable	27,107	61,914	27,107	61,914
GST (refund) payable	26,227	(9,805)	360	173
Financial lease liability	9,311	115,159	6,794	95,054
Other payables	160,556	87,572	20,117	71,235
	620,931	**694,658**	**345,605**	**561,107**

Financial leases

At the reporting date, the Charging Group had outstanding commitments under non - cancellable financial lease commitments which are due as follows:

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Within one year	42,735	103,238	42,735	92,886
Later than one year but not later than five years	57,911	10,247	57,911	7,659
Later than five years	-	-	-	-
Commitments recognised in financial statements	100,646	113,485	100,646	100,545

The average interest rate on the financial leases is 10.60% (March 2010: 10.60%). The security to the lessor for the financial leases is limited to the value of the assets (2011: $58,074, 2010: $80,895).

20. INVESTMENT IN SUBSIDIARIES

The consolidated financial statement incorporates the assets, liabilities and results of Beneficial Insurance Limited, a 100% subsidiary incorporated in New Zealand which deals in Insurance activities. The investment in the subsidiary has been stated at cost. During the current financial year, the subsidiary, Vehicle Funding Limited, operated as a vehicle trading business. This subsidiary is 100% owned and is incorporated in New Zealand.

	GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Investment	-	-	9,300,000	9,300,000
Impairment losses	-	-	-	-
12,738 ordinary shares	-	-	9,300,000	9,300,000

21. SHARE CAPITAL

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Issued and fully paid				
12,738 ordinary shares	14,000,000	14,000,000	14,000,000	14,000,000

Ordinary Shares

At 31 March 2011, the authorised and paid up share capital comprised 12,738 ordinary shares (2010: 12,738). In the last financial year there was no new issue of shares or buybacks.

Retained Earnings

This comprises the cumulative results of the Company and its subsidiaries net of taxation. The movements in retained earnings are detailed in the "Statement of Changes in Equity".

Dividends

The Directors do not recommend payment of a dividend in the current period (March 2010: $Nil).

22. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	CHARGING GROUP		COMPANY	
	for the period to 31 March 2011	for the period to 31 March 2010	for the period to 31 March 2011	for period to 31 March 2010
	$	$	$	$
Net (Loss)/Profit after tax	2,585,363	(1,850,532)	3,094,661	(2,164,205)
Add Non-Cash Items				
Depreciation	83,973	99,402	69,654	86,765
Profit/Loss on Sales of Asset	58,339	(851)	63,801	(87)
Impairment of receivables	(2,675,471)	5,332,455	(2,675,471)	5,332,455
Decrease / (increase) in deferred tax	2,121,102	(1,102,971)	2,066,870	(1,090,650)
Add movements in other working capital items				
(Decrease)/ increase in tax payable	(930,043)	(795,246)	(186,571)	(678,955)
Decrease /(increase) in Accounts receivable	(387,750)	(2,886,193)	(424,522)	(2,809,238)
(Decrease) / increase in Accounts Payable and Accruals	33,017	(659,835)	(215,500)	88,897
	888,530	(1,863,771)	1,792,922	(1,235,018)

23. INTEREST BEARING LIABILITIES

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Secured				
Debentures	12,575,896	15,038,259	12,575,896	15,038,259
Total secured interest bearing borrowings	12,575,896	15,038,259	12,575,896	15,038,259
Unsecured				
Loan from related party (note 26)	6,059,778	5,200,000	9,110,999	9,134,696
	6,059,778	5,200,000	9,110,999	9,134,696
Total interest bearing liabilities	18,635,674	20,238,259	21,686,895	24,172,955

(a) Assets pledged as security

Under the Debenture trust deed all assets of the charging group are pledged against the first ranking general security interest in favour of the Trustee.

(b) Debentures

Debenture stock which is issued on the basis that it is repayable on demand may be repaid by the Company at any time. Other debenture stock is issued on terms ranging from 3 months to 5 years and is repayable on the maturity date.

(c) Current/Non-Current

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Current/Non-current				
Current borrowings	8,833,909	10,727,707	8,833,909	10,727,707
Non-current borrowings	9,801,765	9,510,552	12,852,985	9,510,552
	18,635,674	20,238,259	21,686,894	24,172,955

(d) Priority of Claims

In the event that the Charging Group was liquidated or ceased trading Debentures rank first as to the priority of claims over the Charging Group's assets. The subordinated loan from the related party ranks behind these secured interest bearing liabilities.

24. CURRENT AND TERM AGGREGRATES

	CHARGING GROUP		COMPANY	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	$	$	$	$
Aggregate Current Assets	13,081,840	16,580,508	12,296,342	16,035,607
Aggregate Non-Current Assets	24,776,664	21,192,245	25,787,686	21,841,892
Aggregate Current Liabilities	5,050,567	13,044,366	4,775,242	12,910,814
Aggregate Non-Current Liabilities	15,141,978	7,837,791	17,069,108	11,821,667

25. SUBSEQUENT EVENTS

The following events have occurred subsequent to the reporting date:

(a) The New Zealand Deposit Guarantee Scheme expired on 12 October 2010. Broadlands had no default events since the reporting date; consequently no claims have been made in terms of this guarantee and no claims are payable in the future.

(b) On 29 November 2010, the Company amended its Trust Deed in order to comply with the capital ratio, related party exposure and liquidity requirements. The Trust Deed provides that the Company and each of the Charging Subsidiaries covenants with the Trustee that they will not permit:

- the Company's capital ratio to be less than 9%;
- the Company's aggregate related party exposure ratio to exceed 15%; or
- the liquid assets of the Charging Group, for the period from 1 December 2010 to 30 November 2011, to be less than 3.5% of the aggregate principal amount of Stock outstanding and, thereafter, 5%.

(c) On 25 February 2010, the Company was assigned a BB- long term issuer credit rating from approved rating agency Standard & Poor's, with negative outlook. The Company's short term credit rating is B. By announcement dated 8 December 2010, Standard & Poor's lowered the Company's long-term issuer credit rating from BB- to B. The outlook on the rating remains as negative. Standard & Poor's affirmed the Company's short term credit rating as B.

(d) On 15 June 2011, Timberton Investments Limited, a related party, agreed to the re-scheduling of the loan repayment that was due on 31 October 2011. This loan repayment is now due on 31 October 2016.

(e) On 15 June 2011, Tim Storey, a Director of Broadlands Finance Limited, was appointed as a Director of Beneficial Insurance Limited.

There were no subsequent events requiring disclosure or measurement changes to the financial statements in the March 2010 and March 2011 accounts.

26. RELATED PARTY TRANSACTIONS

(a) Controlling Party

The Charging Group's immediate and ultimate controlling party is the sole shareholder, Anthony S Radisich, an individual ordinarily resident in New Zealand. Anthony Radisich does not guarantee the Debenture Stock.

(b) Directors Remuneration – Short term benefits only

	CHARGING GROUP		COMPANY	
	31 March 2011	**31 March 2010**	**31 March 2011**	**31 March 2010**
	$	**$**	**$**	**$**
A. Radisich	-	-	-	-
N. Smith	51,188	50,625	51,188	50,625
T. Storey	51,188	50,625	51,188	50,625
R. Kats (Resigned 25/01/11)	-	-	-	-
	102,376	**101,250**	102,376	**101,250**

(c) Key management and personnel compensation

Key management personnel compensation for the year ended 31 March 2011 and the year ended 31 March 2010 are set out below. The key management personnel are all the directors of the Company and the Senior Management with the greatest authority for the strategic direction and management of the Company and the Charging Group.

Key management personnel compensation for the period comprised:

	CHARGING GROUP		COMPANY	
	for the year to 31 March 2011	**for the year to 31 March 2010**	**for the year to 31 March 2011**	**for the year to 31 March 2010**
	$	**$**	**$**	**$**
Employee Remuneration	429,687	616,991	418,364	536,991

(d) Other transactions with key management personnel or entities relating to them

There were no other transactions with key management personnel or entities related to them, other than compensation, as set out above.

During the period the Charging Group entered into the following transactions with related parties which are entities owned or controlled by Anthony Radisich or the company.

				CHARGING GROUP		COMPANY	
	Country of incorporation	Relationship	Type of Service	**for the year to 31 March 2011**	**for the year to 31 March 2010**	**for the year to 31 March 2011**	**for the year to 31 March 2010**
				$	**$**	**$**	**$**
Purchase of goods/ services							
Executive Trustees Limited	New Zealand	Common ownership	Rent	239,846	272,229	160,650	194,684
Penrose Enterprises Limited	New Zealand	Common ownership	Vehicle Leasing	3,932	10,102	-	-
Natwest Finance Limited	New Zealand	Common ownership	Vehicle Financing	44,248	27,559	25,120	19,277
				288,026	**309,890**	**185,770**	**213,961**

Amounts due to related parties							
Current							
Timberton Investments Limited	New Zealand	Common ownership	Advance	1,359,878	-	1,359,878	-
Timberton Investments Limited	New Zealand	Common ownership	Debenture	5,911,379	**1,818,000**	5,911,379	**1,818,000**
Non-current							
Timberton Investments Limited	New Zealand	Common ownership	Advance	4,699,900	**5,200,000**	4,699,900	**5,200,000**
Beneficial Insurance Limited	New Zealand	Subsidiary	Advance	-	-	3,051,220	**3,934,696**
Timberton Investments Limited	New Zealand	Common ownership	Debenture	-	**500,000**	-	**500,000**
Total payable to Related Parties				**11,971,157**	**7,518,000**	**15,022,377**	**11,452,696**
Amounts due from related party							
Current							
Vehicle Funding Limited	New Zealand	Subsidiary	Receivable	-	-	51,123	**13,637**
				-	-	51,123	**13,637**

Timberton Investments Limited has charged the Company interest at 15% p.a. (March 2010: 15%) on the loan with a closing balance of $5,200,000 and 0% p.a. on the loan with a closing balance of $859,778. Timberton Investments Limited has the following maturity dates for the loans:

- $309,878 On Call
- $1,050,000 Maturing October 2011
- $1,050,000 Maturing October 2012
- $1,050,000 Maturing October 2013
- $2,050,000 Maturing October 2015
- $549,900 Maturing October 2015

On 15 June 2011, Timberton Investments changed the due date for the loan due on 31 October 2011 to 31 October 2016

Interest has been charged at an average rate of 8.5 % on the Debentures held by the related parties as at 31 March 2011. (March 2010: 7.2%).

These loans were unsecured as at 31 May 2011. The loan from Timberton to the Company is ranking behind debentures and pari passu with other unsecured, unsubordinated indebtedness.

The intercompany loan between the Company and its subsidiary, Beneficial Insurance Limited, has been subordinated.

No allowance for impairment has been raised in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

27. CONTINGENCIES

There were no known material contingent liabilities at 31 March 2011 (March 2010: $Nil).

28. NON-BANK DEPOSIT TAKERS ("NBDT") LEGISLATION

The Reserve Bank of New Zealand regulates deposit takers (known as non-bank deposit takers or NBDTs) in New Zealand for the purposes of promoting the maintenance of a sound and efficient financial system, and avoiding significant damage to the financial system that could result from the failure of a non-bank deposit taker.

Deposit takers are defined in the Reserve Bank of New Zealand Act 1989 ("the Act") as entities that offer debt securities to the public (as those terms are defined in the Securities Act 1978) in New Zealand and carry on the business of borrowing and lending money, or providing financial services (or both). The definition includes building societies and credit unions but excludes registered banks, amongst others. The Company meets this definition and is required to comply with the Part 5D of the Act.

Among the main items of Part 5D of the Act that are applicable to non-bank deposit takers are:

- Section 157I which requires non-bank deposit takers to have a long term issuer credit rating from either Fitch Ratings, Moody's Investors Service, or Standard & Poor's Rating Services;
- Section 157L which requires the governing body of the NBDT to include at least 2 independent directors, that the chairperson must not be an employee of the deposit taker or a related party and that, where the deposit taker is a subsidiary, the constitution must not include provisions allowing the directors to act otherwise than in the best interest of the NBDT;
- Section 157M which requires NBDTs to have a risk management programme which outlines how the NBDT identifies and manages its key risks and is approved by the Trustee;
- Section 157P which relates to minimum capital (not yet in force);
- Section 157S which relates to capital ratio requirements to be included in trust deeds;
- Section 157V which relates to requirements to be included in trust deeds regarding the maximum limit on exposures to related parties ; and
- Section 157Z which relates to liquidity requirements to be included in trust deeds.

The Company, as at 31 March 2011, complies with all of the requirements noted above. For example, the Company:

- has a risk management programme in place which has been approved by the Trustee;
- has two independent directors on its board and the chairperson is not an employee of the Company; and
- amended its Trust Deed in November 2010 to include provisions to comply with the capital ratio, related party exposure and liquidity requirements prescribed by the relevant regulations.

GrantThornton

Independent Auditor's Report

Audit

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To the Shareholder of Broadlands Finance Limited

Report on the Financial Statements

We have audited the parent and group financial statements of Broadlands Finance Limited on pages 5 to 49, which comprise the statement of financial position as at 31 March 2011, 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' Responsibilities

The Directors are responsible for the preparation of parent and group financial statements in accordance with generally accepted accounting practice in New Zealand and 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 Responsibilities

Our responsibility is to express an opinion on the parent and group 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 parent and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the parent and group 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 of 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 entity'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 parent and group 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 Broadlands Finance Limited.

Opinion

In our opinion, the financial statements on pages 5 to 49:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the parent and group as at 31 March 2011 and their financial performance and their cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

Per the Financial Reporting Act 1993:

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

Grant Thornton.

Grant Thornton New Zealand Audit Partnership
Auckland, New Zealand
30 June 2011