BANCORP

Annual Report 2014

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED

FOR THE YEAR ENDED 30 JUNE 2014

Bancorp Wealth Management New Zealand Limited
Annual Report 2014

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Bancorp Wealth Management New Zealand Limited
Company Directory

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

OVERVIEW

Overview

Bancorp's consolidated financial highlights are set out below.

- Operating Revenue (excl. discontinued business) increased to $21,676,683
- Total Assets increased to $68,650,560
- Shareholders' total equity increased to $21,045,436
- Group Interest Net profit After Tax increased to $4,781,094
- Earnings per share are 25cps
- Final dividend payment was made representing 5cps and increase of 11%

INTRODUCTORY REMARKS FROM THE CHAIRMAN

Dear shareholders,

The past financial year 2013/2014 was just as exciting as the one before it and two significant milestones stood out: the launch of our company on the stock market and the successful ongoing strategic focus of the company on the aviation insurance segment.

Let's look at the events in more detail. After some 8 months of intensive preparation the Bancorp Wealth Management New Zealand Limited shares were included in trading in the "entry standard" segment of the Frankfurt Stock Exchange on the 16th April 2014. Bancorp thus became the first New Zealand company in this segment. At present stock exchange turnover of our shares remains very low. This is because of the still low levels of awareness of our company and because of investors' general reluctance to invest in foreign small caps. Despite the cautious stock exchange trading we firmly believe that we will be able to increase the awareness and the attractiveness of our shares significantly and with long-term effect in the coming months by continuing with our successful corporate development strategy.

The operating activities of our company in the 2013/2014 financial year were once again extremely pleasing. The strategic direction we have adopted – the focus on the aviation insurance segment – was successfully pursued. We were able to significantly increase our share in the insurance broker Boston Marks in a two-stage process. Having already increased our share in that company in December 2013 to 40 percent, as of July 2014 we hold a 49.91 percent share. Now we are looking to absorb through acquisitions smaller insurance brokers whose main business is aviation insurance, to integrate them into our structure, and to have their business volume handled by our subsidiary company Boston Marks in London. The resulting volume bundling provides margin benefits which will have an extremely positive effect on the results. We have also identified business areas which are not in line with the strategy but which can be lucratively sold on. As part of these structural measures, shortly after the end of the reporting period we sold Auckland Airbus and made a profit of NZ$ 2.5 million. The effects thereof will be seen only in the next semi-annual report.

The generally positive trend is also reflected in the financial figures. In the reporting period we were able to increase the group's consolidated operating revenue from NZ$ 21.5 million to NZ$ 21.6 million. The net result for the reporting period is NZ$4.78 million which is an increase of 4.0 percent compared with the same period in the previous year. This pleasing performance saw us distribute a portion of the profits to our shareholders, just as we did in the previous year. The dividend for the 2013/2014 financial year is NZ$ 5.0 cents and it is thus around 11 percent higher than the previous year's. In addition, in September 2014 we launched a share buyback programme to buy back up to three percent of the outstanding shares.

INTRODUCTORY REMARKS FROM THE CHAIRMAN

Our prospects for the future look good. Essentially we will be pursuing the strategy already embarked upon – the focus on the aviation segment. In the coming year we are targeting turnover and earnings development at least comparable with this year's development, however this will depend on acquisitions developments and the increase of insurance premiums in the aviation business.

Yours Sincerely,

Craig Brownie

REPORT TO SHAREHOLDERS

Managing Director's Report

Public listing on the Frankfurt Entry Standard Board was achieved this year with the first day of public trading 16 April 2014. The listing was a compliance listing with no new capital being raised. The shares have been thinly traded since that time and in the later part of 2014 we expect to see improved trading.

The company has continued to do well but restructuring has been required in the Boston Marks business to ensure it is back on track in 2015. The aviation insurance market continues to be challenging as global aviation premiums remain low. However, we see this as a good opportunity to acquire further aviation insurance brokers and their businesses in a touch market environment.

We continue to remain focused on insurance broking and supporting Boston Marks' growth; as such, we agreed to sell the Auckland Airbus transport business which resulted in a positive gain on sale, and a significant increase in available cash on hand.

Currency had an impact on our results this year, more than before as the NZD/USD ended June 2013 at around 0.77 and ended in June 2014 at around 0.84. The growth in the NZD vs USD impacts our aircraft leasing business and our Boston Marks business as aircraft are typically bought and sold and insured in USD. Whilst we take a practical approach to hedging our actual exposure this does not apply to the translation risk we have when preparing our financial accounts In NZD.

I discuss each division below.

Aviation

The aviation business covers 3 main areas at present.

- Insurance,
- aircraft leasing and
- airport transport.

Boston Marks is the world's leading independent specialist aviation insurance broker. In the 2014 year Bancorp increased its equity stake in the Boston Marks group to 49.9%.

Boston Marks' London has been a Lloyd's broker for over 40 years and we remain a leading participant in the Lloyds aviation insurance market. We employ around 30 staff full time in London where we place around half our global aviation insurance risk.

The world aviation insurance market is currently referred to as "soft" meaning that insurance premiums are low relative to historical premium rates. This is partly driven by the amount of insurers participating in the sector given the good safety record over the last 3 years in particular despite the terrible events with two Malaysian Airlines aircraft.

Boston Marks has over 5,000 clients in around 30 countries and is actively seeking to acquire other brokers and grow its client base. We anticipate further investment in Boston Marks in 2014/5 to assist with its growth ambitions.

Aviation Capital

Aviation Capital Limited is our aircraft owning and leasing division. We focus on leasing aircraft to difficult jurisdictions and manage our risk using insurance arranged by Boston Marks.

The portfolio performed well in 2014 but its result was affected by the NZD translation in our end of year accounts. Aviation Capital's aircraft are bought and sold in USD and lease rental is received in USD.

A new PAC-XSTOL P750 being completed for delivery to Aviation Capital in October 2014

AIRBUS EXPRESS

The Airbus Express continued as a star growth asset along with strong cash flows and increased passenger numbers. However, as indicated last year, we are seeking to focus the group down to the core business of insurance broking.

We were approached by a local operator to purchase Airbus Express in 2014. After a period of negotiation and due diligence a transaction was agreed upon. The sale will result in reduced revenue and earnings in the 2015 year which we plan to make up with growth coming from Boston Marks.

Private Banking

Bancorp Wealth Management

Our Japanese client's investment base continues to provide us with opportunity to grow our group. The products offered are flexible and simple to understand and follow. The main investment options revolve around fixed income whilst providing access to funds through a cash passport and debit card.

Personalise service for high net worth individuals is very broad and covers anything from home office services to immigration and residency assistance.

New Zealand remains an attractive investment and migration destination to Japan and the world.

Dividends

Shareholders received a full year dividend of NZD5.0cps. The dividend was paid in a single instalment this year. The 5.0cps represents an increase of around 11% above last year's dividend payout. The Board's intention is to maintain a dividend policy of around 10%-15% of net profit after tax, subject to available cash resources. In the 2015 financial year we expect to resume the payment of an interim dividend as well as a final dividend.

Whilst ongoing investment in Boston Marks will continue to grow that company we do not see it producing significant cash to Bancorp in the next few years. Our cash returns will come from Aviation Capital and the Private Banking business. However, we foresee continuing to be able to meet our dividend guidance going forward.

REPORT TO SHAREHOLDERS

Review of Strategy

The group strategy remains focused on being a global insurance broking specialist with a base in New Zealand.

The growing region of Asia is a unique growth opportunity for us. Asia Pacific is the fastest and largest growing aviation market in the world according Boeing and Airbus and their forecast aircraft sales to the region. When we exclude countries such as China, Japan and India – who have either developed in country insurance or are developing such, ASEAN has a population of around 630 million. This region is a target for our aviation business growth as much of the aviation insurance or re-insurance uses or will use the Lloyds market.

Boston Marks is already the market leader in New Zealand and Australia and growing its presence in Indonesia, Thailand, Myanmar and further afield.

The fact we have a New Zealand and London base means we are well received throughout the ASEAN region.

The sale of Auckland Airbus has enabled us to narrow our business focus to aviation and private banking. The private banking element is very New Zealand focused albeit with global customers whereas the aviation business is Asia Pacific and beyond.

Strategic Initiatives

In 2014 we increased our shareholding in Boston Marks to 49.9% and sold our Airbus Express transport operations.

Boston Marks has made progress on acquisition discussions and opened a Perth operation in Australia with two new senior broking executives.

We expect to open representative offices in Singapore and Myanmar in 2015 as well as building on existing and new Asia operations.

REPORT TO SHAREHOLDERS

Financial Results

The financial year to 30 June 2014 has seen Bancorp achieve a group interest net profit after tax profit of NZ$4,781,094 (2013 -NZ$4,597,220). The key influences on net profit were:

- Increasing our shareholding in Boston Marks
- Foreign exchange variations
- Sale of Airbus Express

Losses in the UK operations of Boston Marks meant our consolidated (including minorities) net profit was reduced compared to 2013 but when minority interests were taken out to reflect Bancorp's group interest net profit we achieved an increase on 2013 of around 4.0%.

The financial summary for the year compared with 2013 is set out below.

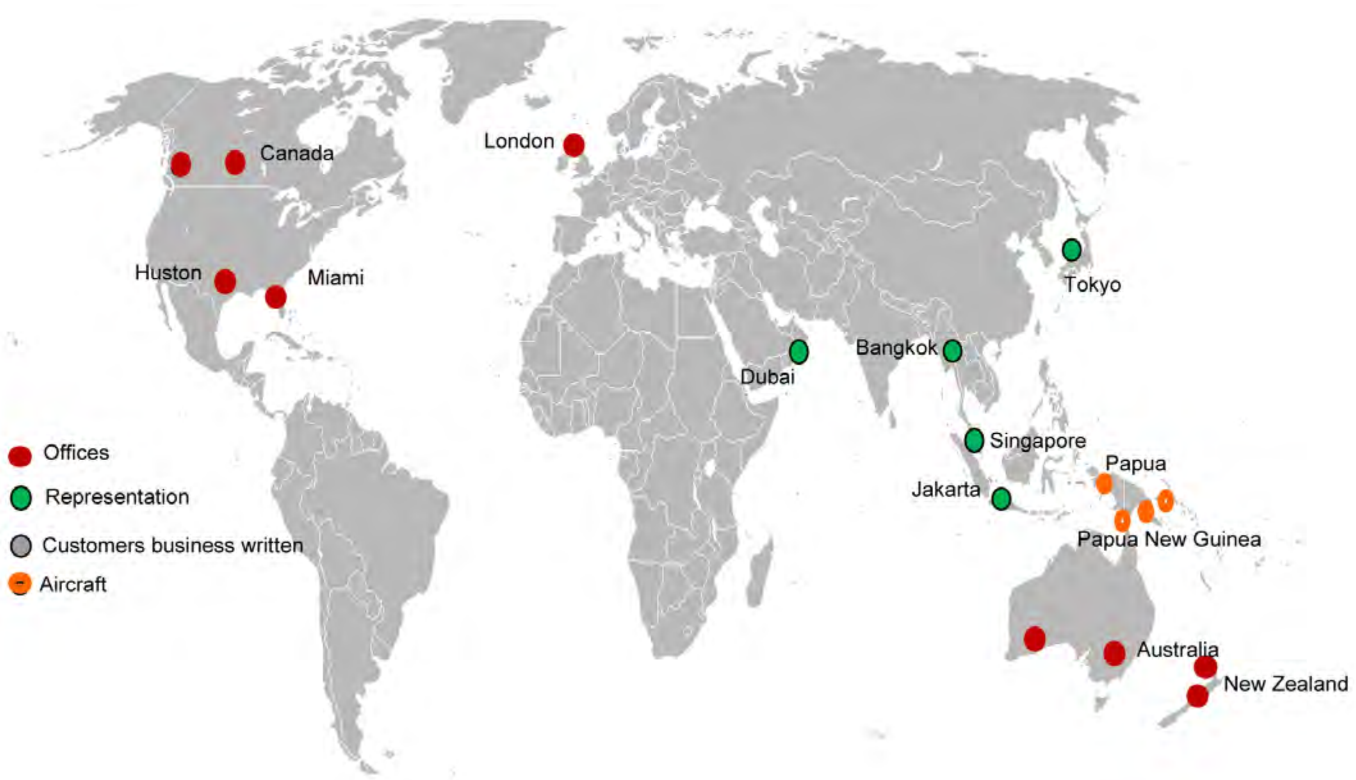
Consolidated	2014 NZ$	2013 NZ$
Total Assets	68,650,560	64,676,050
Operating Income (excl. discontinued)	21,676,683	21,593,300
NPAT	Group interest $4,781,094	Group interest $4,597,220
EPS	0.25	0.74
Dividends	5.0 cps	4.5 cps
Shareholder equity	21,026,339	18,023,702

The group's cash and cash equivalents on hand at 30 June were $5,482,070.

A final dividend was paid in September and we expect to undertake an interim and final dividend in 2015.

REPORT TO SHAREHOLDERS

Global Positioning



The Bancorp group is a global business operated from a New Zealand base.

Our businesses are focused on aviation with aviation related revenue making up 94% of group income (excludes Airbus Express sold in 2014 year).

We are currently the No.1 independent aviation insurance broking specialist in New Zealand and Australia in general aviation. We plan on extending this leading position to Indonesia and Myanmar in the 2015 year.

In addition, we continue to instigate new initiatives in the US and Thailand.

New Zealand Outlook

The New Zealand elections in September 2014 re-elected the incumbent National Government with an even greater majority. This will bring continued stability to the New Zealand economy and international investment views towards the country.

The economy is benefiting from a broad-based economic expansion and many economists are predicting a continued 3% or more growth in GDP over the next 2-3 years[1]. Real GDP grew 3.3% in the year to March 2014.[2]

The outlook for farm-gate prices remains solid for most primary sectors. Dairy prices are expected to come back from highs of 2014 but remain a strong driver of the economy and if the NZD comes back from highs against the USD a positive impact will result to the pocket of exporters.

The Christchurch rebuild continues, and will do so for some years, generating significant job opportunities. This means a trend to increased employment opportunities will continue and unemployment for the next 2 years should continue to trend downwards.[3] The unemployment rate is expected to drop to around 5% by March 2015 and further to 4.8% in 2016.[4]

The Government recorded a surplus in 2014 and is forecasting a surplus of around $372 million in 2015 which is in line with Standard & Poor's and Moody's Service expectations suggesting a continued Sovereign rating of Aaa (stable outlook – foreign and domestic currency) from Moody's and AA Standard & Poor's (Stable outlook –foreign currency) and AA+ (stable outlook – domestic currency).

Inflation is expected to drift higher over the next couple of years but remain within the Reserve Bank band of 1%-3% long term. The strengthening domestic market and stronger NZD tends to put pressure consumer spending

The Reserve Bank uses interest rates to help it manage its inflation targets but with higher interest rates comes a higher NZD with possible flow impact to export competitiveness. The Official Cash Rate is currently sitting at 3.50%[5] "*It is prudent to undertake a period of monitoring and assessment before considering further policy adjustment. Nevertheless, we expect some further policy tightening will be necessary to keep future average inflation near the 2 percent target mid-point and ensure that the economic expansion can be sustained.*"[6]

[1] ANZ Economics Outlook, März 2014
[2] New Zealand Treasury Economic Outlook, 19. August 2014
[3] Ministry of Business, Innovation & Employment: Short term employment prospects: 2014-2016
[4] Ibid
[5] Reserve Bank Policy Statement, 11. September 2014
[6] Ibid

Insurance Broking market

Airline Insurance Market outlook 2014 by AON states the following headline numbers for the industry:

- Average lead hull and liability premium fell 10%
- Average fleet values grew by 9%
- Forecast passenger numbers grew by 7%
- Total lead hull and liability premium, was US$1.4 billion
- Total incurred claims were US$903 million
- Total incurred claims including estimate for minor losses were US$1.5 billion.

A rationale financier would look at the above statistic and conclude that if total premium was US$1.5 billion and total claims were US$1.5 billion someone is losing money! As brokers our income is largely commission driven so a reduction in premium (average 10% above) we will prima facie lead to a reduction in brokerage.

One would hope to conclude that a sector that continues to pay out more than it earns is inevitably going to have to increase what it charges, i.e. premiums.

However, the market remains full of over capacity with underwriters continuing to seek diversity in their portfolio by taking on aviation risk. Although claims including minor losses exceeded premium there were recorded for the purpose of the report 35 incidents and 153 fatalities in 2013 compared with a long term average of 69 and 583 respectively.[7] The Malaysian Airlines Flight MH370 and MH 17 are not included in the figures for 2013 quoted by AON.

We see continued “softness” in the insurance market leading to continued low premiums and a flow on effect to broker commission revenues.

During this period we seek good opportunity to grow by acquisition and strategic alliance allowing us as a global company to provide opportunities to clients through domestic insurance markets, global insurers and the Lloyds’ market.

[7] AON Airline Insurance / Market outlook 2014.

Governance Report

As a formally listed company on the Frankfurt Entry Standard we must abide by its Governance rules.

Entry Standard is based on the rules of the Open Market (Regulated Unofficial Market), but it features additional requirements. For investors, this means increased transparency and more information. Companies contained in the Entry Standard have to publish an audited annual and management report on their website within six months after the official reporting period, as well as an interim report. Moreover, they are required to immediately publish any news or circumstances significant to the valuation of the share and or company.

Shares in Entry Standard are insider securities and are thus monitored by the German Federal Financial Supervisory Authority (BaFin) with regard to the rules on insider trading and market abuse. Price determination is monitored by the Market Supervisory Authority (HÜSt).

It is the regulatory equivalent of the United Kingdom AIM/Alternative Investment Market and in France (Alternext).

The rules require:

- Publication on the company's website of any material development relating to the company and facts which could affect the stock price.
- Release audited consolidated financial statements for the year and group management report (national GAAP/HGB or IFRS) no later than six months after the end of the reporting period and publication of the annual report on the company's website.
- Provide annually updated company profile and investor diary on the company's website.
- Provide an interim report within three months of the first half of every financial year on the company's website.

We are required to have a designated Sponsor and Listing partner:

Renell Bank
Spezialist & Listing-Sponsor

GFEI Aktiengesellschaft
Listing-Partner

Although there is no requirement for independent directors, Bancorp has appointed Mr. Peter Kirk as independent director and Chairman of our Audit and Remunerations committees.

INVESTOR RELATIONS

General capital market trends

In 2013 the German share index (DAX) recorded another very pleasing performance. While in the first half of the year the leading index rose only 4.6 percent from 7,612 to 7,959 points, in the second half of the year in particular the trend was distinctly positive and at the year's end it closed with a handsome gain of 25.5 percent or 1,940 points to reach 9,552 points. In the first half of 2014 the DAX index recorded an increase – from a starting figure of 9,552 points at the end of 2013 – of around 3 percent to reach 9,833 points.

The Entry All Share Index, in which Bancorp Wealth Management New Zealand Limited is also listed, had only limited success in replicating the DAX's performance in 2013. This is also attributable to the still muted investor interest in small caps. The second-line index rose 4.2 percent over the year period from 358 to 373 points. In the first half of 2014 the Entry All Share Performance Index gained a little over 0.7 percent to reach 823 points (end of 2013: 818 points).

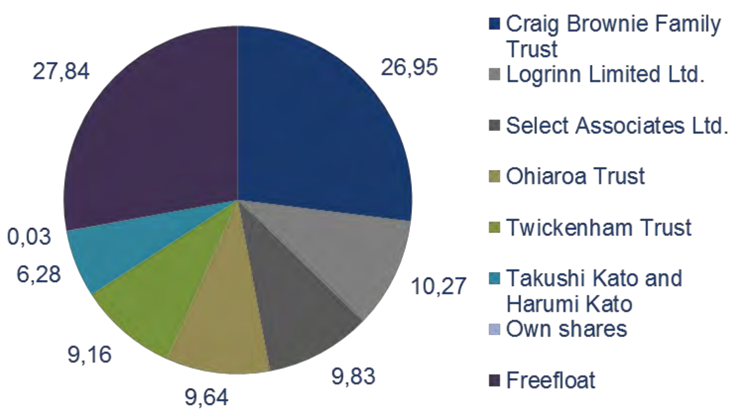
During the period of geopolitical uncertainty in Eastern Ukraine and with the resulting negative effects for the global economy brought about by the economic sanctions, both the DAX and the Entry All Share Performance Index fell in July and August, closing at the end of August with 9,470 and 809 points respectively.

The Bancorp shares

Shares in Bancorp Wealth Management New Zealand could be traded in the Entry Standard segment of the Frankfurt Stock Exchange for the first time on 16th April 2014. A total of 9,999,599 registered shares were included in trading. The initial price was fixed at 4.20 euros, which corresponded to a market capitalisation of around 42 million euros. Trading volumes currently remain low. A total of 12,014 shares have been traded since the listing. At the time the report was compiled (October 2014) the share price was 3.19 euros.

Shareholder structure

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



Expansion of capital market activities

In 2014 and subsequent years we intend to significantly increase the capital market presence of our group of companies and make ourselves much better known to investors and interested parties. That is why we have decided that as well as meeting the Entry Standard follow-up obligations we will realise additional investor and media roadshows in Germany and Europe in order to continually introduce our company and its sales and earnings potential to investment professionals. For private shareholders we have set up a comprehensive website at www.bancorp.co.nz. With respect to investor relations we make all capital market-relevant information available to investors and interested parties. We also have a German-speaking investor relations department.

Share information

ISIN	NZBWME0001S2	**Specialist**	Renell Wertpapierhandelsbank
Number of shares	9,999,599	**Designated Sponsor**	Renell Wertpapierhandelsbank
Share capital	19,888,777	**Listing Partner**	GFEI Aktiengesellschaft
First traiding day / price	XX.XX	**Market segment**	Open Market / Entry Standard

Dividend increased 11.1 percent to NZ$ 5.0 cents

Following the close of the 2013/2014 financial year in August 2014 we announced the payout of a dividend of NZ$ 5.0 cents. This is an increase of 11.1 percent compared with the previous year's dividend. We also intend to continue to allow our shareholders to share in the company's success in the future.

Share buyback programme launched in September 2014

In addition to the dividend payout, Bancorp management decided to reduce the number of shares outstanding through a share buyback programme. Under the buyback programme, which will be completed within twelve months, up to three percent of the outstanding shares will be bought back.

FINANCIAL STATEMENTS

Financial Statements

The Directors are pleased to present the financial statements for the 30 June 2014 year..

Bancorp Wealth Management New Zealand Limited.

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BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED

DIRECTORS' ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Company Number:	2199093
Nature of Business:	Private banking, investment and fund management
Issued Capital:	9,999,599 ordinary shares (fully paid)
Directors:	Craig Bernard Brownie Nigel David Parker Spratt
Registered Office:	Level 11, 191 Queen Street, Auckland, New Zealand
Address for Service	Level 11, 191 Queen Street, Auckland, New Zealand
Auditors:	Staples Rodway Level 9, 45 Queen Street, Auckland, New Zealand
Banker:	Westpac Banking Corporation
Solicitors	Buddle Findlay, Auckland

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED

DIRECTORS' ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Directors' interest

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

Directors remuneration:

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

	2014	2013
Craig Brownie - salary	$300,000	$250,000
Nigel Spratt - directors fees	$82,800	$82,800

Executive employee remuneration:

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

Remuneration band	Group		Parent	
	2014	2013	2014	2013
$100,001 - $110,000	4	4	-	-
$110,001 - $120,000	1	1	-	-
$120,001 - $130,000	5	5	-	-
$130,001 - $140,000	2	2	-	-
$140,001 - $150,000	7	10	-	-
$150,001 - $160,000	6	6	-	-
$160,001 - $170,000	3	4	-	-
$170,001 - $180,000	1	1	-	-
$180,001 - $190,000	3	2	-	-
$200,001 - $210,000	2	2	-	-
$210,001 - $220,000	2	2	-	-
$240,001 - $250,000	0	1	-	-
$300,001 - $310,000	1	-	-	-

Donations:

There were no donations made to charitable organisations during the year (2013: $Nil).

Auditors:

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

	2014	2013
Staples Rodway, Auckland	$206,030	$110,145
Subsidiary Auditors	$130,237	$93,842

Insurance:

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

General:

There has been no change in the principal activities of the Company during the period under review. In the directors opinion the results for the year ended 30 June 2014 and the state of the Company's affairs are considered satisfactory.

The Directors approve and issue the Annual Report and Financial Statements of Bancorp Wealth Management New Zealand Limited and it's Subsidiaries for the year ended 30 June 2014.

For and on behalf of the Board of Directors, dated 14 November 2014

Director
Craig B. Brownie

Director
Nigel D.P. Spratt

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staplesrodway
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED

Report on the Financial Statements

We have audited the financial statements of Bancorp Wealth Management New Zealand Limited ('the Company') and its Subsidiaries (together the 'Group') on pages 6 to 73, which comprise the Statements of Financial Position of the Company and Group as at 30 June 2014, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Company and Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of consolidated financial statements in accordance with International Financial Reporting Standards and 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 controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or Group.

Opinion

In our opinion, the financial statements on pages 6 to 73:

- comply with International Financial Reporting Standards and they therefore comply with IFRS as defined in International Accounting Standard 1: *Presentation of Financial Statements*;
- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the financial position of the Company and Group as at 30 June 2014 and of their financial performance and cash flows for the year then ended.

staplesrodway
CHARTERED ACCOUNTANTS

Report on Other Legal and Regulatory Requirements

We also report in accordance with sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2013:

i. we have obtained all the information and explanations that we have required; and

ii. in our opinion, proper accounting records have been kept by the Company and Group as far as appears from our examination of those records.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of Bancorp Wealth Management New Zealand Limited for the year ended 30 June 2014 included on Bancorp Wealth Management New Zealand Limited's website. Bancorp Wealth Management New Zealand Limited's Board of Directors is responsible for the maintenance and integrity of Bancorp Wealth Management New Zealand Limited's website. We have not been engaged to report on the integrity of Bancorp Wealth Management New Zealand Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to / from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 14 November 2014 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Staples Rodway

STAPLES RODWAY AUCKLAND
CHARTERED ACCOUNTANTS
AUCKLAND

14 November 2014

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Continuing operations					
Revenue					
Operating income	(5)	21,676,683	21,593,300	26,229	36,878
Other income	(6)	3,715,505	9,960,053	255,000	9,248,915
Total revenue		25,392,188	31,553,353	281,229	9,285,793
Expenses					
Operating expenses	(7)	(4,185,123)	(6,163,065)	(1,625)	(73,873)
Administrative expenses	(8)	(19,388,691)	(16,088,468)	(264,102)	(177,804)
Other expenses	(9)	(1,788,874)	(4,203,654)	-	-
Total expenses		(25,362,688)	(26,455,187)	(265,727)	(251,677)
Operating profit/(loss) before share of profit in associates and jointly controlled entities		**29,500**	**5,098,166**	**15,502**	**9,034,116**
Share of profit in associates and jointly controlled entities	(23)	222,087	253,627	-	-
Net profit/(loss) after share of profit in associates and jointly controlled entities and before income taxation expense		**251,587**	**5,351,793**	**15,502**	**9,034,116**
Taxation (expense)/benefit	(10)	395,928	(746,869)	-	-
Net profit/(loss) after taxation expense for the year from continuing operations		**647,515**	**4,604,924**	**15,502**	**9,034,116**
Discontinued operations					
Profit for the year from discontinued operations (attributable to owners of the parent)	(41)	2,501,100	1,746,314	-	-
Profit for the year		**3,148,615**	**6,351,238**	**15,502**	**9,034,116**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Movement in foreign currency translation reserve	(13)	(452,904)	(130,901)	-	-
Total other comprehensive income for the year		(452,904)	(130,901)	-	-
Total comprehensive income for the year		**$2,695,711**	**$6,220,337**	**$15,502**	**$9,034,116**
Net profit/(loss) after income taxation expense attributable to:					
- Owners of the parent		4,773,456	4,597,219		
- Non-controlling interest		(1,624,841)	1,754,019		
		$3,148,615	**$6,351,238**		
Total comprehensive income attributable to:					
- Owners of the parent		4,320,552	4,466,318		
- Non-controlling interest		(1,624,841)	1,754,019		
		$2,695,711	**$6,220,337**		
Total comprehensive income for the year attributable to equity shareholders arises from:					
- Continuing operations		194,611	4,474,023		
- Discontinued operations	(41)	2,501,100	1,746,314		
		$2,695,711	**$6,220,337**		
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year:					
Basic earnings per share					
From continuing operations	(11)	$0.02	$0.53	-	$1.07
From discontinued operations	(11)	$0.23	$0.21	-	$0.00
From profit for the year		$0.25	$0.74	-	$1.07
Diluted earnings per share					
From continuing operations	(11)	$0.02	$0.53	-	$1.07
From discontinued operations	(11)	$0.23	$0.21	-	$0.00
From profit for the year		$0.25	$0.74	-	$1.07

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

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

Group	Note	Attributable to owners of the parent Share Capital	Retained Earnings	Other Reserves	Total	Non-controlling Interest	Total Equity
Balance at 1 July 2012		18,542,413	(13,285,420)	-	5,256,993	230,598	5,487,591
Comprehensive income							
Net profit/(loss) for the year		-	4,597,219	-	4,597,219	1,754,019	6,351,238
Other comprehensive income							
Movement in foreign currency translation reserve		-	-	(130,901)	(130,901)	-	(130,901)
Total comprehensive income		-	4,597,219	(130,901)	4,466,318	1,754,019	6,220,337
Transactions with owners							
Issue of share capital - shareholders	(12)	1,346,364	-	-	1,346,364	-	1,346,364
Movement in non-controlling interest	(14)	-	-	-	-	5,527,049	5,527,049
Dividend paid - shareholders	(12)	-	(253,000)	-	(253,000)	-	(253,000)
Dividend paid - non-controlling interest	(14)	-	-	-	-	(304,639)	(304,639)
Total transactions with owners		1,346,364	(253,000)	-	1,093,364	5,222,410	6,315,774
Balance at 30 June 2013		**$19,888,777**	**($8,941,201)**	**($130,901)**	**$10,816,675**	**$7,207,027**	**$18,023,702**

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

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

Parent	Note	Share Capital	Retained Earnings	Other Reserves	Total
Balance at 1 July 2012		18,542,413	(97,079)	-	18,445,334
Comprehensive income					
Net profit/(loss) for the year		-	9,034,116	-	9,034,116
Other comprehensive income		-	-	-	-
Total comprehensive income		-	9,034,116	-	9,034,116
Transactions with owners					
Issue of share capital	(12)	1,346,364	-	-	1,346,364
Dividend paid	(12)	-	(253,000)	-	(253,000)
Total transactions with owners		1,346,364	(253,000)	-	1,093,364
Balance at 30 June 2013		**$19,888,777**	**$8,684,037**	**-**	**$28,572,814**

	Note	Share Capital	Retained Earnings	Other Reserves	Total
Balance at 1 July 2013		19,888,777	8,684,037	-	28,572,814
Comprehensive income					
Net profit/(loss) for the year			15,502	-	15,502
Other comprehensive income		-	-	-	-
Total comprehensive income		-	15,502	-	15,502
Transactions with owners					
Issue of share capital	(12)	108,195	-	-	108,195
Dividend paid	(12)	-	(248,994)	-	(248,994)
Total transactions with owners		108,195	(248,994)	-	(140,799)
Balance at 30 June 2014		**$19,996,972**	**$8,450,545**	**-**	**$28,447,517**

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

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2014

		Group		Parent	
	Note	2014	2013	2014	2013
Shareholders equity					
Share capital	(12)	19,996,972	19,888,777	19,996,972	19,888,777
Retained earnings		(4,416,739)	(8,941,201)	8,450,545	8,684,037
Other reserves	(13)	(583,805)	(130,901)	-	-
Non-controlling interest	(14)	6,029,911	7,207,027	-	-
Total shareholders equity		**$21,026,339**	**$18,023,702**	**$28,447,517**	**$28,572,814**
Assets					
Cash and cash equivalents	(15)	5,482,070	5,399,187	470,427	942,806
Trade, other receivables and prepayments	(16)	25,870,471	12,780,083	5,785	7,864
Other financial assets	(18)	33,826	36,176	-	-
Finance receivables	(19)	15,249,928	13,247,614	-	-
Related party receivables	(30)	2,468,905	1,643,893	14,417,792	14,672,792
Plant and equipment	(20)	186,554	2,285,013	-	-
Intangible assets and goodwill	(21)	17,340,372	27,190,670	-	-
Investments in associates and joint controlled entities	(23)	2,018,433	2,093,414	-	-
Investments in unlisted subsidiaries	(24)/(25)	-	-	14,048,173	14,048,173
Total assets		**$68,650,558**	**$64,676,050**	**$28,942,178**	**$29,671,635**
Liabilities					
Trade, other payables and accruals	(26)	4,318,547	3,024,001	10,950	-
Related party payables	(30)	3,914,839	3,934,558	483,711	1,098,821
Investor deposits	(28)	23,498,661	21,846,795	-	-
Taxation payable		893,313	687,378	-	-
Deferred taxation liability	(10)	107,200	763,597	-	-
Borrowings	(29)	14,891,659	16,396,019	-	-
Total liabilities		**47,624,219**	**46,652,348**	**494,661**	**1,098,821**
Total net assets		**$21,026,339**	**$18,023,702**	**$28,447,517**	**$28,572,814**

For and on behalf of the Board of Directors, dated 14 November 2014.

Director

Director

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

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

		Group		Parent	
	Note	2014	2013	2014	2013
Cashflows from operating activities					
Cash was provided from:					
Cash receipts from customers		28,795,504	28,055,663	-	-
Interest received		2,907,345	1,365,247	15,502	36,878
Other cash receipts		794,589	536,616	14,296	22,778
Cash was applied to:					
Cash payments to suppliers and employees		(5,536,969)	(5,698,174)	(1,268)	(251,677)
Interest paid		(2,194,686)	(2,246,800)	-	-
Other cash payments		(22,917,970)	(22,737,367)	-	-
Net cashflows from operating activities	(33)	**1,847,813**	**(724,815)**	**28,530**	**(192,021)**
Cashflows from investing activities					
Cash was provided from:					
Disposal of investment properties		380,665	2,350,578	-	-
Disposal of other finanical assets		2,350	-	-	-
Disposal of property, plant and equipment		-	35,679	-	-
Cash was applied to:					
Purchase of property, plant and equipment		(48,636)	-	-	-
Purchase of other financial assets		-	(32,350)	-	-
Acquisition of subsidiary	(31)	-	(2,839,733)	-	-
Net movement in finance receivables		(1,534,602)	(5,194,567)	-	-
Acquisition of non-controlling interests	(14)	-	(2,992,150)	-	-
Purchase of intangible assets	(21)	(249,389)	-	-	-
Net cash flows from investing activities		**(1,449,612)**	**(8,672,543)**	**-**	**-**
Cashflows from financing activities					
Cash was provided from:					
Net proceeds from related parties borrowings		-	4,282,162	-	-
Net movement in borrowings		-	1,520,764	-	-
Proceeds from the issue of share capital - shareholders	(12)	108,195	1,346,364	108,195	1,346,364
Proceeds from the issue of share capital - non controlling interest	(14)	937,500	-	-	-
Net movement in investor deposits		1,651,866	3,184,929	-	-
Cash was applied to:					
Payment of dividend - controlling interest	(12)	(248,994)	(253,000)	(248,994)	(253,000)
Payment of dividend - non controlling interest	(14)	(489,775)	(304,639)	-	-
Net proceeds to related parties borrowings		(769,750)	-	(360,110)	(1,846,662)
Net movement in borrowings		(1,504,360)	-	-	-
Net cashflows from financing activities		**(315,318)**	**9,776,580**	**(500,909)**	**(753,298)**
Net cash flows		82,883	379,222	(472,379)	(945,319)
Cash and cash equivalents at the beginning of the period		5,399,187	4,616,508	942,806	1,888,125
Cash and cash equivalents received on purchase of subsidiaries	(31)	-	403,457	-	-
Cash and cash equivalents at the end of the period	(15)	**$5,482,070**	**$5,399,187**	**$470,427**	**$942,806**

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

1 REPORTING ENTITY

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

Bancorp Wealth Management New Zealand Limited is a reporting entity for the purposes of the Financial Reporting Act 1993.

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

For the purpose of complying with generally accepted accounting practice in New Zealand, the Company and Group are for-profit entities.

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

The financial statements were authorised for issue by the directors on 14 November 2014.

2 BASIS OF PREPARATION OF THE FINANCIAL REPORT

Compliance with IFRS

These financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS'), and they therefore comply with IFRS as defined in International Accounting Standard 1: Presentation of Financial Statements. They have been prepared in accordance with the Financial Reporting Act 1993, which requires compliance with New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to International Financial Reporting Standards as appropriate for profit-oriented entities.

Historical cost convention

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

Presentation

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

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis for consolidation

(i) Subsidiaries

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

(ii) Transactions with non-controlling interests

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

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(a) Basis for consolidation - *continued*

(iii) Disposal of subsidiaries

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

(iv) Business combinations of commonly controlled entities

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

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

(v) Associates and joint ventures

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(v) Associates and joint ventures *- continued*

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

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

(vi) Non-controlling interest

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

(vii) Joint arrangements

Joint operation

The Group's interests in joint operations are accounted for by proportionate consolidation. The Group combines its share of the joint operations' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint operation that is attributable to the other parties. The Group does not recognise its share of profits or losses from the joint operation that result from the Group's purchase of assets from the joint operation until it re-sells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(b) New and amended standards and interpretations

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

(i) New and amended standards adopted by the Group

- NZ IFRS 10, 'Consolidated Financial Statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of NZ IFRS 10 has not resulted in the identification of any additional subsidiaries or the deconsolidation of any entities previously accounted for as subsidiaries.

- NZ IFRS 11, 'Joint Arrangements' overhauls the accounting treatment for accounting for jointly controlled entities (joint ventures), jointly controlled operations and jointly controlled assets (collectively now referred to as joint arrangements). NZ IFRS 11 replaces NZ IAS 31 – Interests in Joint Ventures (NZ IAS 31) effective for annual periods beginning on or after 1 January 2013. The adoption of this standard has had a disclosure impact on the Group's financial statements only.

- NZ IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The adoption of this standard has had a disclosure impact on the Group's financial statements only.

- NZ IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across NZ IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within NZ IFRSs. The adoption of this standard has had a disclosure impact on the Group's financial statements only.

- NZ IAS 1, 'Presentation of financial statements', amendments to this standard requires the separation of items presented in other comprehensive income into two groups, based on whether they may be reclassified through profit and loss in future or not. The adoption of this standard has had a presentation impact on the Group's financial statements only.

- No other new standards, amendments and interpretations to existing standards mandatory to the first time for the financial year beginning 1 July 2013 have been adopted by the Group in preparing these financial statements.

***(ii)* New and amended standards, and interpretations mandatory for first time adoption for the financial year beginning 1 July 2013 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)**

There are a number of new and amended standards, and interpretations mandatory for first time adoption for the financial year beginning 1 July 2013 but not currently relevant to the Group in preparing these financial statements. These new and amended standards and interpretations are not expected to have an impact on the Group's financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

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

(iii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2013 and not early adopted by the Group

The following new standards, amendments and interpretations issued but not effective for the Group's accounting period beginning 1 July 2013, but the Group has not early adopted them.

- NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. NZ IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch. NZ IFRS 9 now includes revised hedge accounting requirements. The Group is yet to assess NZ IFRS 9's full impact and intends to adopt NZ IFRS 9 no later than the accounting period beginning on or after 1 January 2017.
- There are a number of other new standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2013 and not early adopted by the Group in preparing these financial statements. These other new standards, amendments and interpretations are not expected to have an impact on the Group's financial statements.

(c) Functional and presentation currency

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

(d) Foreign currency

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

<u>*Group*</u>

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

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(d) Foreign currency - *continued*

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

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

(e) Goods and services tax (GST)

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

(f) Revenue

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

- *Interest income*

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

- *Brokerage and establishment fees*

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

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

  An allowance is made for anticipated lapses and cancellations.

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

- *Rental revenue*

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

- *Dividend revenue*

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

- *Auckland Airbus revenue*

  Auckland Airbus revenue comprises cash sales revenue and advertising revenue.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(g) Expenses

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

- *Interest expense and borrowing costs*

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

- *Brokerage and establishment fees*

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

(h) Interest income and interest expense.

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

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

(i) Income tax

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(j) Financial instruments

Basis of recognition and measurement

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

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

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

Financial assets

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(j) Financial instruments - *continued*

Financial assets - *continued*

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

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

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

(ii) Available for sale financial assets

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

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

(iii) Loans and receivables

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

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

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

(iv) Held to maturity investments

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

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

Impairment of financial assets

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

Financial assets - *continued*

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

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

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

Financial liabilities

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

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

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

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

(ii) Other financial liabilities

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(k) Cash and cash equivalents

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

(l) Trade and other receivables

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

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

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

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

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

(m) Finance receivables

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

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

The classes of impaired assets are:

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(m) Finance receivables - *continued*

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

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

Impairment of finance receivables:

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

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

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

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

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

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

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

(n) Investments in subsidiaries

Investments in subsidiary companies are valued at cost less impairment. The carrying amount of the investments in subsidiary companies is reviewed at each reporting date to determine if there is any evidence of impairment.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(o) Investments in equity securities

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

(p) Trade and other payables

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

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

q) Borrowings and investor deposits

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

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

(r) Provisions

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

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

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

(s) Employee benefits

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

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(s) Employee benefits - *continued*

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

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

(t) Plant and equipment

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

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

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

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

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

The depreciation rates used for each class of assets are:

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

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(u) Intangible assets

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

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

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

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

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

The Group's customer related intangible assets include purchased contracts and non-contractual customer relationships.

Non-compete agreements
Non-compete agreement intangible assets are initially recorded at their purchase price and amortised on a straight line basis over their contractual life, taking into account any residual values. Non-compete agreement related intangible assets are initially recorded at their purchase price and as their useful life cannot be reliably estimated are subject to an annual impairment test. All Non-compete agreement related intangible assets balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer written off.

(v) Impairment of non-financial assets

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(w) Leases

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

Operating leases

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

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

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

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

(x) Non-current assets held for sale

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

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

(y) Share capital

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

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

3 SIGNIFICANT ACCOUNTING POLICIES - continued

(z) Distributions

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

(aa) Statement of Cash Flows

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

Cash and cash equivalents includes cash on hand, cash held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

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

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

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

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

(ab) Operating segments

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

(ac) Changes in accounting policies

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

(ad) Comparatives

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

4 CRITICAL ACCOUNTING ESTIMATES/JUDGEMENTS

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

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

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

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

(i) Accounting for plant and equipment and finite-life intangible assets
At each reporting date, the useful lives and residual values of plant and equipment and finite-life intangible assets are reviewed. Assessing the appropriateness of useful life and residual value estimates of plant and equipment and finite-life intangible assets requires a number of factors to be considered such as the condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset. Refer also notes 20 and 21.

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

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

(iii) Impairment of trade, finance and other receivables
An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables, excluding cash and cash equivalents, financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics and adjusted as necessary on the basis of current observable data to reflect the effect of current conditions. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. Refer also notes 16 and 19.

4 CRITICAL ACCOUNTING ESTIMATES/JUDGEMENTS *- continued*

(iv) Impairment of goodwill and indefinite life intangible assets

The recoverability of the carrying value of goodwill and indefinite life intangible assets is assessed at least annually to ensure that it is not impaired. With respect to goodwill, this assessment generally requires management to estimate future cash flows to be generated by the related investment or cash-generating unit (CGU), which entails making judgements, including the determination of the CGU's themselves, the expected rate of growth of revenues, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows. Refer also note 21. With respect to other indefinite life intangible assets, this assessment requires management to compare current year trading volumes for those customers with those trading volumes on acquisition dates. Any non-temporary reduction in trading volumes will result in an impairment of the carrying value of the intangible relating to that particular customer. Refer also note 21.

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

The Group has classified Boston Marks Holdings Limited (‘BMHL’) as a Group subsidiary. BMHL has been consolidated into the group as the control of the company lies with the Group, despite only the holding 49.91% (2013: 40%) of the shares at balance date (refer note 14 and 31).

With effect from 1 July 2012 PM Equities Limited (who hold the remaining 51.08% (2013: 60%) ownership interest in BMHL) issued BMG Management Limited ('BML') with an option to acquire a further 35% of the issued capital of BMHL at any time for the fair value of those shares. The option had a term of 18 months, meaning the option was to expire on 31 December 2013 if not exercised before that date, subsequent to this, the option was rolled over twice for a further 12 months. The new expiry date is 31 December 2015 (2013: 31 December 2014).

Accordingly, BML's 49.91% (2013: 40%) holding of BMHL shares and BML's option to acquire a further 35% holding of BMHL's shares gives BML the current and potential voting rights equal to 75%. 75% is the percentage required for significant decisions requiring shareholder approval included in the BMH shareholder agreement. As the current and potential voting rights that BML has in BMHL enables BML to unilaterally direct the relevant activities of BMHL, BML has control over BMHL.

5 OPERATING REVENUE

	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Interest income					
- Interest income - bank		177,154	220,508	25,804	-
- Interest income - related party	(30)	-	-	425	1,164
- Interest income - other		2,730,191	1,835,663	-	35,714
Brokerage and establishment fee income		2,294	1,590	-	-
Other fee income		197,011	66,673	-	-
Rental income		-	26,960	-	-
Insurance brokerage income		18,570,033	19,441,906	-	-
Total operating revenue		**21,676,683**	**$21,593,300**	**$26,229**	**$36,878**

6 OTHER REVENUE

	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Foreign exchange fee income		31,027	19,229	-	-
Foreign exchange gains		-	265,914	-	-
Dividend income		465	320	-	-
Gain on extinguishment of Ban Corp Holdings Plc related party payable	(31)	-	9,248,915	-	9,248,915
Gain on disposal of non-compete deed	(21)	-	64,385	-	-
Gain on disposal of Airbus Express Business Operation	(32)	3,517,422	-		
Gain on disposal of Investment Properties	(40)	-	35,000	-	-
Other non-operating revenue		166,591	326,290	255,000	-
Total other revenue		**$3,715,505**	**$9,960,053**	**$255,000**	**$9,248,915**

7 OPERATING EXPENSES

	Group 2014	Group 2013	Parent 2014	Parent 2013
Interest expense				
- Interest expense - bank	509,312	147,835	-	-
- Interest expense - other	1,244,118	1,692,303	-	-
- Interest expense - related party	135,307	209,182	-	-
Brokerage and establishment fee expense	2,162,984	3,604,021	1,625	73,873
Other fees charged	133,402	509,724	-	-
Total operating expenses	**$4,185,123**	**$6,163,065**	**$1,625**	**$73,873**

8 ADMINISTRATIVE EXPENSES

	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Auditors remuneration:					
Audit of financial statements					
Staples Rodway, Auckland New Zealand	(i)	206,030	81,643	-	-
Fees paid to other auditors of Group					
Neville Cowan, Wellington, New Zealand	(i)	8,000	7,500	-	-
BDO, Sunshine Coast, Australia	(i)	45,369	4,993	-	-
Moore Stephens LLP, London, UK	(i)	41,037	33,727	-	-
Castellon & Company, PL, Florida, USA	(i)	31,942	43,616	-	-
Barrett & Partners, Port Vila, Vanuatu	(i)	3,889	4,005	-	-
Total auditors remuneration		**336,267**	**175,484**	**-**	**-**

(i) The audit fee includes the fees for the annual audit of the financial statements.

	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Depreciation expense on plant & equipment:					
- Furniture and fittings	(20)	238	84	-	-
- Leasehold Improvements	(20)	30,710	30,248	-	-
- Office equipment	(20)	137,410	213,198	-	-
- Coaches	(20)	116,376	116,376	-	-
Total depreciation expense on plant & equipment		**$284,733**	**$359,906**	**-**	**-**
Amortisation expense:					
- Computer software	(21)	914	19,383	-	-
- Purchased contracts - Boston Marks	(21)	434,864	-	-	-
- Purchased contracts - Auckland Airbus	(21)	57,300	57,297	-	-
Total amortisation expense		**$493,078**	**$76,679**	**-**	**-**
Rental and lease expense:					
- Rent expense		894,438	749,202	-	-
Total rental and lease expense		**$894,438**	**$749,202**	**-**	**-**
Directors fees					
- Directors fees	(30)	184,506	193,515	-	-
Total directors fees		**$184,506**	**$193,515**	**-**	**-**
Impairment and bad debts expense:					
- Movement in trade receivables impairment provision	(16)	-	(54,549)	-	-
- Finance receivables bad debts		460,717	205,776	-	-
- Trade receivables bad debts		(2,198)	1,383	-	-
- Movement in finance receivables impairment provision	(19)	(928,429)	2,307,145	-	-
Total impairment and bad debts expense		**($469,910)**	**$2,459,755**	**-**	**-**
Employee benefits expense:					
- Salaries and wages		9,757,223	10,183,508	-	-
- Other employee benefits		612,637	585,409	-	-
Total employee benefits expense		**$10,369,860**	**$10,768,917**	**-**	**-**

9 OTHER EXPENSES

	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Foreign exchange loss		1,302,482	-	-	-
Loss on acquisition of Ban Corp Plc	(31)	-	3,663,096	-	-
Loss on acquisition of Boston Marks Holdings Limited	(23)	-	540,558	-	-
Loss on disposal of property, plant and equipment	(32)	486,392	-	-	-
Total other expenses		**$1,788,874**	**$4,203,654**	**-**	**-**

10 TAXATION

(a) Income tax

	Group 2014	Group 2013	Parent 2014	Parent 2013
Net profit for the year before tax from continuing operations	251,587	5,351,793	15,502	9,034,116
Net profit for the year before tax from discontinued operations	2,501,100	1,746,314	-	-
Total net profit for the year before tax	2,752,687	7,098,107	15,502	9,034,116
Income taxation at prevailing tax rates	1,003,483	2,099,620	4,341	2,529,552
Prior period adjustments	(28,519)	-	-	-
Non-deductible expenses	323,343	1,981,866	69,439	49,618
Non-assessable income	(1,841,469)	(3,625,836)	-	(2,589,696)
Temporary differences not recognised	579,307	-	-	-
Movement in temporary differences recognised	378,381	555,512	-	-
Utilisation of prior period unrecognised tax losses	(601,832)	-	-	-
Group tax loss offset	(208,622)	(264,293)	(73,780)	10,526
	($395,928)	**$746,869**	**-**	**-**
Current tax expense	260,469	(16,728)	-	-
Deferred tax expense:				
- Origination and reversal of temporary differences	(278,075)	763,597	-	-
- Recognition of tax losses	(378,322)	-	-	-
Taxation expense per the statement of comprehensive income	**($395,928)**	**$746,869**	**-**	**-**

b) Deferred tax

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

The Group did not recognise deferred income tax assets of $579,307(2013: $610,358) in respect of losses amounting to $2,068,954 (2013: $2,179,850) that can be carried forward against future taxable income. The ability to utilise these tax losses depends on the generation of sufficient assessable income, and the statutory requirements for shareholder continuity being met.

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

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

10 TAXATION - *continued*

b) Deferred tax - *continued*

	Group 2014	Group 2013	Parent 2014	Parent 2013
Deferred tax assets:				
To be recovered within 12 months	447,399	72,573	-	-
To be recovered after more than 12 months	-	-	-	-
	447,399	72,573	-	-
Deferred tax liabilities:				
To be recovered within 12 months	(554,599)	(836,170)	-	-
To be recovered after more than 12 months	-	-	-	-
	(554,599)	(836,170)	-	-
Net deferred tax asset/(liability)	**($107,200)**	**($763,597)**	**-**	**-**

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

Group

	Accelerated Depreciation	Accelerated Amortisation	Receivables Impairment Provisions	Other Provisions	Tax Losses	Total
Balance at 1 July 2012	-	-	-	-	-	-
Acquired through acquisition of Boston Marks Holdings Limited	(865)	(105,275)	(101,945)	-	-	(208,085)
Charged to profit and loss	(3,421)	(37,355)	(587,309)	72,573	-	(555,512)
Balance at 30 June 2013	**($4,286)**	**($142,630)**	**($689,254)**	**$72,573**	**-**	**($763,597)**
Charged to profit and loss	(18,150)	22,078	277,643	(3,496)	378,322	656,397
Balance at 30 June 2014	**($22,436)**	**($120,552)**	**($411,611)**	**$69,077**	**$378,322**	**($107,200)**

Parent

	Accelerated Depreciation	Accelerated Amortisation	Receivables Impairment Provisions	Other Provisions	Tax Losses	Total
Balance at 1 July 2012	-	-	-	-	-	-
Charged to profit and loss	-	-	-	-	-	-
Balance at 30 June 2013	**-**	**-**	**-**	**-**	**-**	**-**
Charged to profit and loss	-	-	-	-	-	-
Balance at 30 June 2014	**-**	**-**	**-**	**-**	**-**	**-**

(c) Imputation credit account

	Group 2014	Group 2013	Parent 2014	Parent 2013
Balance at the beginning of the year	149,591	39,930	6,597	30,541
Acquired through the acquisition of Boston Marks Holdings Limited	-	245,503	-	-
New Zealand tax payments	298,342	148,727	-	6,597
New Zealand tax refunds	(14,950)	(41,569)	(5,429)	(30,541)
Imputation Credits attached to Dividends received	1,741	136	-	-
RWT paid	14,653	21,308	4,516	-
Imputation Credits attached to Dividends paid	-	(264,444)	-	-
Other debits	34	-	-	-
	$449,411	**$149,591**	**$5,684**	**$6,597**

11 EARNINGS PER SHARE

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

	Group		Parent	
	2014	2013	2014	2013
Profit attributable to the equity holders from continuing operations	194,611	4,474,023	15,502	9,034,116
Profit attributable to the equity holders from discontinued operations	2,501,100	1,746,314	-	-
Weighted average number of ordinary shares on issue	10,624,571	8,468,654	11,333,097	8,468,654
Basic earnings per share from continuing operations ($ per share)	0.02	0.53	-	1.07
Basic earnings per share from discontinued operations ($ per share)	0.23	0.21	-	-
From Profit for the year	**0.25**	**0.74**	**-**	**1.07**
Diluted earnings per share from continuing operations ($ per share)	0.02	0.53	-	1.07
Diluted earnings per share from discontinued operations ($ per share)	0.23	0.21	-	-
From Profit for the year	**0.25**	**0.74**	**-**	**1.07**

12 EQUITY

Share capital

	Notes	Number of Ordinary Shares	Value $
On issue at 1 July 2012		8,037,222	18,542,413
Issue of share capital	(i)	-	1
Issue of share capital	(ii)	3,280,677	1,346,363
On issue at 30 June 2013		**11,317,899**	**$19,888,777**
Issue of share capital	(iii)	11,704	58,520
Issue of share capital	(iv)	9,955	49,675
Share Consolidation	(v)	(1,339,959)	-
On issue at 30 June 2014		**9,999,599**	**$19,996,972**

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

(i) On 20 December 2012, the directors elected to have Bancorp Wealth Management New Zealand Limited as the parent company of the group and by doing this, acquired all the shares in Ban Corp Holdings PLC, making this now a 100% subsidiary of Bancorp Wealth Management New Zealand Limited. (Refer to note 25 for details of prior group relationships.) This transactions resulted in an increase in share capital of 1 share for the value of $1.

(ii) On 13 May 2013, the Company issued an additional 3,280,677 shares for a consideration of $1,346,363 after accounting for registration fees relating to the share purchase of $243,133.

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

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

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

During the year, an interim dividend of $.022 per share totalling $248,994 was paid to shareholders (2013: $.023 per share totalling $253,000).

13 OTHER RESERVES

Other reserves consist of:	Group 2014	Group 2013	Parent 2014	Parent 2013
Foreign currency translation reserve	(583,805)	(130,901)	-	-
	($583,805)	**($130,901)**	**$ -**	**$ -**

Foreign currency translation reserve:

	Group 2014	Group 2013	Parent 2014	Parent 2013
Balance at the beginning of the year	(130,901)	-	-	-
Movement during the year	(452,904)	(130,901)	-	-
Balance at the end of the year	**($583,805)**	**($130,901)**	**$ -**	**$ -**

14 NON-CONTROLLING INTERESTS

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

Non-controlling interests consist of:	Group 2014	Group 2013
Aviation Capital Limited	417,165	247,217
BMG Management Limited	5,276	5,276
Boston Marks Holdings Limited	5,607,469	6,954,534
	$6,029,911	**$7,207,027**

Aviation Capital Limited

	2014	2013
Balance at the beginning of the year	247,217	94,732
Issue of share capital	-	-
Share of movements through profit and loss	169,948	152,485
	$417,165	**$247,217**

Non-controlling interests hold 25% (2013:25%) ownership in Aviation Capital Limited as such the Group holds 75% (2013:75%) ownership in Aviation Capital Limited. These non-controlling interests are held by Trusts controlled by the Directors of the Company, as described in notes 25 and 30. The consideration paid by these Trusts to acquire these non-controlling interests totalled $25 (2013:$25).

BMG Management Limited

	2014	2013
Balance at the beginning of the year	5,276	135,866
Issue of share capital	-	-
Share of movements through profit and loss	-	(130,590)
	$5,276	**$5,276**

Non-controlling interests hold 25% (2013:25%) ownership in BMG Management Limited as such the Group holds 75% (2013:75%) ownership in BMG Management Limited. These non-controlling interests are held by Trusts controlled by the Directors of the Company, as described in notes 25 and 30. The consideration paid by these Trusts to acquire these non-controlling interests totalled $25 (2013:$25).

14 NON-CONTROLLING INTERESTS - *continued*

Non-controlling interests consist of:

	Group 2014	Group 2013
Balance at the beginning of the year	6,954,534	-
Acquisition date fair value of non-controlling interests	-	8,519,199
Issue of ordinary share capital in Boston Marks Holdings Limited to non-controlling interests	937,500	-
Share of movements through profit and loss	(1,794,789)	1,732,124
Acquisition by the Group of shares held by non-controlling interests	-	(2,992,150)
Share of dividends /distributions for the year	(489,775)	(304,639)
	$5,607,469	**$6,954,534**

Non-controlling interests hold 50.09% (2013: 60%) of the issued capital of Boston Marks Holdings Limited and as such the Group holds 49.91% (2013: 40%) of the issued capital of Boston Marks Holdings Limited. Boston Marks Holdings Limited has been consolidated into the group as the control of the company lies with the Group, despite only holding 49.91% (2013: 40%) of the shares at balance date (refer note 31).

During the prior year, non-controlling interests arose upon the acquisition of Boston Marks Holdings Limited ('BMHL') (refer note 31), subsequent to which the Group acquired a further 15% of the units in BMG Unit Trust (a Group subsidiary of 'BMHL, refer note 25) for $2,992,150 (AUD $2,400,000) from the non-controlling interest of BMG Unit Trust.

During the year, Boston Marks Holdings Limited ('BMHL') issued additional ordinary shares of 4,473,333 for total consideration of $3,355,000. BMG Management Limited ('BML') purchased 3,233,333 shares for $2,417,500 and the non-controlling interest purchased the remaining 1,250,000 shares for $937,500 (refer note 25). As a result BML increased its shareholding in BMHL by 9.91% to 49.91% (refer note 25).

15 CASH AND CASH EQUIVALENTS

	Group 2014	Group 2013	Parent 2014	Parent 2013
Cash on hand	224	62,065	-	-
Cash on hand- on call	4,338,347	4,767,794	1,627	2,984
Cash on hand- on deposit	1,143,499	569,328	468,800	939,822
	$5,482,070	**$5,399,187**	**$470,427**	**$942,806**

The effective interest rates on short term bank deposits were between 0% - 4.2% (2013: 0% - 4.3%).

16 TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	Group 2014	Group 2013	Parent 2014	Parent 2013
Trade receivables	1,120,632	632,967	-	-
Commissions receivable	5,021,114	9,083,186	-	-
Net trade receivables	6,141,746	9,716,153	-	-
Other receivables	732,829	494,096	5,785	7,864
Amounts receivable from Paul Dowling for the sale of East and Partners Pty Limited	1,488,070	898,615	-	-
Amount receivable for the sale of Airbus Express Business (refer note 32)	14,500,000	-	-	-
Prepayments	73,082	391,939	-	-
Accrued Income	2,934,744	-	-	-
Amounts receivable from sale of investment properties	-	380,665	-	-
Total Current	25,870,471	11,881,468	5,785	7,864
Non-current				
Deferred consideration receivable from Paul Dowling for the sale of East and Partners Pty Limited	-	898,615	-	-
Total non-current	-	898,615	-	-
	$25,870,471	**$12,780,083**	**$5,785**	**$7,864**

All trade and other receivables are not secured by any collateral or credit enhancement, except for the amount owing from Paul Dowling, which is secured over the shares held in the company. The amount owing from Paul Dowling is receivable within the next 12 months. Interest is receivable on demand. As at reporting date, no interest had been charged.

16 TRADE, OTHER RECEIVABLES AND PREPAYMENTS - *continued*

Gross receivables for which impairment has been recognised:

Group

Gross receivables:	Note	Individually Impaired 2014	Individually Impaired 2013	Collectively Impaired 2014	Collectively Impaired 2013
Balance at the beginning of the year		-	(54,549)	-	-
Additions/(deletions) during the year		-	54,549	-	-
Balance at the end of the year		**-**	**-**	**-**	**-**

Provision for impairment:	Note	Individual Impairment 2014	Individual Impairment 2013	Collective Impairment 2014	Collective Impairment 2013
Balance at the beginning of the year		-	(54,549)	-	-
Decrease/(increase) through profit or loss during the year	(8)	-	54,549	-	-
Balance at the end of the year		**-**	**-**	**-**	**-**

17 NON-CURRENT ASSETS HELD FOR SALE

	Group 2014	Group 2013	Parent 2014	Parent 2013
Investment properties held for sale				
Movements in non-current assets held for sale:				
Balance at the beginning of the year	-	365,000	-	-
Disposals of investment properties held for sale during the year	-	(365,000)	-	-
Net change in fair value of investment properties held for sale during the year	-	-	-	-
Balance at the end of the year	**-**	**-**	**-**	**-**

18 OTHER FINANCIAL ASSETS

	Group 2014	Group 2013	Parent 2014	Parent 2013
Available for sale equity instruments:				
Other	33,826	36,176	-	-
	$33,826	**$36,176**	**-**	**-**

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

19 FINANCE RECEIVABLES

	Group 2014	Group 2013	Parent 2014	Parent 2013
Principal and interest	3,709,895	4,207,787	-	-
Restructured	9,322,766	8,754,265	-	-
Sale and lease back arrangement, where the lease meets the definition of a finance lease	4,894,820	3,891,545	-	-
Gross finance receivables	17,927,481	16,853,597	-	-
Provision for impairment	(2,677,553)	(3,605,982)		
Net finance receivables	**$15,249,928**	**$13,247,614**	**-**	**-**

Principal and interest finance receivables bear interest ranging from 7.25% per annum to 10.45% per annum (2013: 7.25% per annum to 10.45% per annum). These finance receivables are interest only loans with interest repayable monthly and principal repayable on maturity. These are secured by first ranking registered mortgages, with varying repayment dates due within 12 months of reporting date.

Restructured finance receivables bear interest at inception at 10.5% to 17% per annum (2013: 10.5% to 17%). These finance receivables are capitalised interest loans with interest and principal repayable upon maturity. There are three (2013: three) loans included within this balance. These are secured by first ranking registered mortgages, with repayment due within 6 to 12 months of reporting date.

As described in note 22 the Aviation Capital Limited and SPIA Limited JV have invested in a joint operation, being the purchase and lease back of an aerial mapping aircraft. As this leased asset is subject to a sale and lease back arrangement, and the lease meets the definition of a finance lease, in substance the arrangement is a loan secured over the leased asset. As such this arrangement is classified as a loan and is included within finance receivables. The effective interest rate applicable to this arrangement is 22.59% to 28.71% per annum. (2013: 22.59% to 28.71%)

Gross finance receivables for which impairment has been recognised:

Group	Note	Individually Impaired 2014	Individually Impaired 2013	Collectively Impaired 2014	Collectively Impaired 2013
Gross finance receivables:					
Balance at the beginning of the year		8,754,265	2,053,183	-	-
Additions/(deletions) during the year		568,501	6,701,082	-	-
Balance at the end of the year		**$9,322,766**	**$8,754,265**	**-**	**-**

	Note	Individual Impairment 2014	Individual Impairment 2013	Collective Impairment 2014	Collective Impairment 2013
Provision for impairment:					
Balance at the beginning of the year		(3,605,982)	(1,298,837)	-	-
Decrease/(increase) through profit or loss during the year	(8)	928,429	(2,307,145)	-	-
Balance at the end of the year		**($2,677,553)**	**($3,605,982)**	**-**	**-**

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

20 PLANT AND EQUIPMENT

(a) Carrying values of property, plant and equipment

Group	Cost	Accumulated Depreciation	Carrying Value	Depreciation Expense
2014				
Furniture and fittings	2,460	(695)	1,765	238
Leasehold improvements	152,092	(99,493)	52,599	30,710
Office equipment	565,501	(433,310)	132,191	137,409
Coaches	-	-	-	116,376
	$720,053	**($533,498)**	**$186,554**	**$284,733**
2013				
Furniture and fittings	934	(459)	475	84
Leasehold improvements	154,068	(69,972)	84,096	30,248
Office equipment	941,529	(657,231)	284,298	213,198
Coaches	2,129,500	(213,356)	1,916,144	116,376
	$3,226,031	**($941,018)**	**$2,285,013**	**$359,906**

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

Group	Note	Furniture and fittings	Office equipment	Coaches	Leashold Improvements	Total
Balance at 1 July 2012		559	212,578	2,032,520	-	2,245,657
Acquired through the acquisition of Boston Marks Holdings Limited		-	282,627		114,344	396,971
Additions			2,291	-	-	2,291
Depreciation		(84)	(213,198)	(116,376)	(30,248)	(359,906)
Balance at 30 June 2013		**$475**	**$284,298**	**$1,916,144**	**$84,096**	**$2,285,013**
Additions/(Disposals)		1,528	58,511	-	(787)	59,252
Depreciation		(238)	(137,409)	(116,376)	(30,710)	(284,733)
Disposed of through the sale of Airbus Express Business Operation	(32)	-	(73,208)	(1,799,768)	-	(1,872,976)
Balance at 30 June 2014		**$1,765**	**$132,191**	**-**	**$52,599**	**$186,554**

21 INTANGIBLE ASSETS AND GOODWILL

(a) Carrying values of intangible assets

Group	Cost	Accumulated Amortisation /Impairment	Carrying Value	Amortisation /Impairment Expense
2014				
Computer software	50,445	(49,165)	1,280	914
Customer related intangible assets - Boston Marks	1,810,012	(434,864)	1,375,148	434,864
Customer related intangible assets - Auckland Airbus	-	-	-	57,300
Goodwill	15,963,944	-	15,963,944	-
	$17,824,401	**($484,029)**	**$17,340,372**	**$493,078**
2013				
Computer software	118,276	(105,468)	12,808	19,382
Customer related intangible assets - Boston Marks	1,810,012	-	1,810,012	57,297
Customer related intangible assets - Auckland Airbus	685,407	(365,096)	320,311	-
Goodwill	25,047,539	-	25,047,539	-
	$27,661,234	**($470,564)**	**$27,190,670**	**$76,679**

21 INTANGIBLE ASSETS - *continued*

Details of certain intangible asset balances and transactions:

On 20 June 2014, Auckland Airbus Limited ('AAL') sold the Airbus Express business operation, plant and equipment and intangible assets. The sale was settled on 8 August 2014. Refer to notes 32 and 41.

(b) Movements in the carrying values of intangible assets

Group

	Note	Non Compete deed	Computer software	Goodwill	Customer related intangible assets	Total
Balance at 1 July 2012		4,585,454	32,190	9,332,983	377,608	14,328,235
Disposals *		(4,585,454)	-	-	-	(4,585,454)
Acquired through the acquisition of subsidiary company Boston Marks Holdings Limited	(31)	-	-	15,714,555	1,810,012	17,524,567
Amortisation	(8)	-	(19,382)	-	(57,297)	(76,679)
Balance at 30 June 2013		-	$12,808	$25,047,538	$2,130,323	$27,190,670
Balance at 1 July 2013		-	12,808	25,047,538	2,130,323	27,190,670
Disposal of Airbus Express business		-	(10,614)	(9,332,983)	(263,011)	(9,606,608)
Acquisition of Strathearn Insurance Register	(31)	-	-	249,389	-	249,389
Amortisation	(8)	-	(914)	-	(492,164)	(493,078)
Balance at 30 June 2014		-	$1,280	$15,963,944	$1,375,148	$17,340,372

* During the 30 June 2012 as part of the aquisition of the East and Partners business operation the Group entered into a non-compete deed with the vendor, whereby the vendor was restricted from directly or indirectly participating in the business of providing the financial analytics of businesses (in particular undertaking market research on corporate and investment banking including research, analysis, and customer insight on institutional corporate and business banking markets worldwide). During the year ended 30 June 2013, the vendor repurchased the non-compete deed at its carrying value.

Allocation of goodwill to cash-generating units

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

	Group		Parent	
	2014	2013	2014	2013
Airport transport sales	-	9,332,983	-	-
Aviation insurance brokerage services	15,963,944	15,714,555	-	-
	$15,963,944	$25,047,538	-	-

The recoverable amount of goodwill as at reporting date is determined based on fair value less cost to sell calculations using discounted cash flow projections based on financial budgets approved by management covering a period of five years. The growth rates reflect the long-term average growth rates for the product and service lines and industries of the cash generating unit.

	Growth Rates		Discount rates	
	2014	2013	2014	2013
Aviation insurance brokerage services	11.0%	13.9%	20%	20%

Aviation insurance brokerage services

Goodwill allocated to aviation insurance brokerage services arose as a result of the Group's acquisition of the Boston Marks business operations.

21 INTANGIBLE ASSETS - *continued*

Management's key assumptions for the aviation insurance brokerage services unit include stable profit margins, which have been determined based on past experience in this market. The Group's management believes that this is the best available input for forecasting this market. Goodwill impairment testing is on a value in use basis (i.e. fair value less cost to sell) using cashflow projections.

Management believes that there are no reasonably possible changes in any of the above key assumptions that would cause the carrying value of the goodwill to be materially lower than its recoverable amount. Goodwill impairment testing is on a value in use basis (i.e. fair value less cost to sell).

22 INVESTMENTS IN JOINT ARRANGEMENTS

Aviation Capital Limited joint operation investment

The unincorporated joint operation 'Aviation Capital Limited and SPIA Limited JV' was formed on 26 October 2010 by Group company, Aviation Capital Limited (50% share) (refer note 25) and external company, SPIA Limited (50% share), resident in New Zealand and has a balance date of 31 March. Aviation Capital Limited and SPIA Limited JV joint operation, has invested in a joint operation, being the purchase and lease back of an aerial mapping aircraft. As this leased asset is subject to a sale and lease back arrangement, the lease meets the definition of a finance lease, in substance the arrangement is a loan secured over the leased asset. This arrangement is classified as a loan and is included within finance receivables (refer note 19).

The following amounts represent the Group's 50% share of the assets and liabilities, and revenue and expenses of the Aviation Capital Limited and SPIA Limited JV joint operation, as included in the consolidated statements of financial position and consolidated statements of comprehensive income:

	Group	
	2014	2013
Revenues and expenses		
Operating revenues	50,771	204,996
Operating expenses	(750)	(3,460)
Non-operating revenues	1,121	-
Net profit before taxation expense for the year	51,142	201,536
Income tax expense	-	-
Net profit after taxation expense for the year	51,142	201,536
Other comprehensive income	-	-
Total comprehensive income	**$51,142**	**$201,536**

	Group	
Assets and liabilities	2014	2013
Assets		
Cash and cash equivalents	-	7,208
Trade and other receivables	-	288,473
Finance receivables	-	690,842
Total assets	-	986,523
Liablilties		
Trade and other payables	-	167,966
Total liabilities	-	167,966
Net assets	**-**	**$818,557**

On 9 September 2013, Aviation Capital Limited ('ACL') purchased SPIA Limited's share of the Aviation Capital Limited and SPIA Limited JV joint operation. The joint operation arrangement ceased effective 30 August 2013.

There are no contingent liabilities relating to the Group's interest in the Aviation Capital Limited and SPIA Limited JV joint operation, and no contingent liabilities of the operation itself. (2013: None)

23 INVESTMENTS IN ASSOCIATES AND JOINT CONTROLLED ENTITIES

	Note	Group 2014	2013
The following amounts represent the Group's investment in associates and jointly controlled entity:			
Balance at the beginning of the year		2,093,414	3,380,291
Loss on acquisition of a further investment in jointly controlled entity BMHL	(9)	-	(540,558)
Transfer to investment in associate entity BMHL to investment in subsidiary	(31)	-	(2,839,733)
Investment in jointly controlled entities Wholesale Insurance Services Limited, Avro Insurance Managers Limited and BMG Aviation Limited as a result of the transfer of the BMHL to an investment in subsidiary	(31)	-	2,058,177
Foreign currency translation movement attributed to BMG Aviation Limited Investment		(87,308)	-
Further Advance to Avro Insurance Managers Limited		5,802	-
Share of Wholesale Insurance Services Limited loss for the year		(935)	(3,475)
Share of Avro Insurance Managers Limited profit for the year		7,460	38,712
Share of BMG Aviation Limited profit for the year		215,562	218,390
Share of BMG Aviation Limited dividend for the year		(215,562)	(218,390)
Balance at the end of the year		**$2,018,433**	**$2,093,414**

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

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/ (Loss)	% interest held
2014						
Wholesale Insurance Services Limited	New Zealand	57,860	32,265	55,446	(935)	50%
Avro Insurance Managers Ltd	New Zealand	1,037,853	286,546	311,212	7,460	50%
BMG Aviation Limited	Canada	1,680,268	227,428	476,734	215,562	33%
		$2,775,981	**$546,239**	**$843,392**	**$222,087**	
2013						
Wholesale Insurance Services Limited	New Zealand	76,328	49,798	53,278	(3,475)	50%
Avro Insurance Managers Ltd	New Zealand	819,004	235,836	276,215	38,712	50%
BMG Aviation Limited	Canada	1,145,637	196,606	398,318	218,390	33%
		$2,040,969	**$482,240**	**$727,811**	**$253,627**	

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

Wholesale Insurance Services Limited ('WISL') investment

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

The company provides aviation insurance broking services.

Avro Insurance Managers Limited ('AIML') investment

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

The company provides aviation insurance broking services.

BMG Aviation Limited ('BAL') investment

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

The company provides aviation insurance broking services.

24 INVESTMENTS IN UNLISTED SUBSIDIARIES - PARENT

Bancorp Wealth Management New Zealand Limited has the following investments in subsidiary companies.

	Parent	
	2014	2013
Bancorp Wealth Management Limited	14,048,073	14,048,073
Bancorp Capital Limited	100	100
	$14,048,173	$14,048,173

Bancorp Wealth Management Limited and Bancorp Capital Limited are companies incorporated and domiciled in New Zealand. The balance date of each company is 30 June.

Bancorp Wealth Management New Zealand Limited owns 100% (2013:100%) of the shares of Bancorp Wealth Management Limited and hold 100% (2013:100%) of the voting power.

Bancorp Wealth Management New Zealand Limited owns 100% (2013:0%) of the shares of Bancorp Capital Limited and hold 100% (2013:0%) of the voting power.

25 INVESTMENT IN UNLISTED SUBSIDIARIES - GROUP

	Note	Nature of Business	Group 2014 Ownership %	Group 2013 Ownership %
The subsidiary companies of Bancorp Wealth Management Limited are:				
Bancorp Credit Cards Limited (BCCL)		Credit Card Services	100%	100%
Bancorp Fixed Income Limited (BFIL)		Non-trading	100%	100%
Bancorp Income Choice Limited (BICL)		Finance	100%	100%
Bancorp New Zealand Nominees Limited (BNZNL)		Finance	100%	100%
Select Associates Limited (SAL)		Trustee Services	100%	100%
Ban Corp Holdings PLC (BCHPLC)		Non-trading	100%	100%
The subsidiary companies of Bancorp Capital Limited are:				
Auckland Airbus Limited (AAL)		Transport	100%	100%
Aviation Capital Limited (ACL)	(i)	Investment	75%	75%
Bancorp Proprietary Property Limited (BPPL)		Property Investment	75%	75%
BMG Management Limited (BML)	(i)	Administration Services	75%	75%
Long Term Property Holdings Limited (LTPHL)		Property Investment	100%	100%
Boston Marks Holdings Limited (BMHL)	(ii)	Insurance broking	49.91%	40%
The subsidiary companies of Boston Marks Holdings Limited are:				
- Boston Marks Swiss Holdings Limited (BMSHL)		Non-trading holding	88%	91%
- M & R Holdings Limited (MRHL)		Non-trading holding	100%	100%
- Boston Marks Insurance Brokers NZ Limited (BMIBNZL)		Insurance broking	100%	100%
- Boston Marks Australia Pty Limited (BMAPTYL)		Non-trading holding	100%	100%
- BMG Unit Trust (BMGUT)		Insurance broking	64%	64%
- Boston Marks Insurance Limited (BMIL)		Insurance broking	100%	100%
- BM Canada Holdings Limited (BMCHL)		Non-trading holding	100%	100%
- BMG Aviation Pty Limited (BMGAPTYL)		Non-trading holding	100%	100%
- Boston Marks Group Limited (BMGL)		Insurance broking	51%	60%
- Norman Butcher and Jones Investments Limited (NBJIL)		Non-trading holding	95%	100%
- Boston Marks Insurance Brokers (London) Limited (BMIBL)		Insurance broking	100%	100%
- Boston Marks Insurance LLC (BMILLC)		Insurance broking	100%	100%
- Combo Holdings Ltd (CHL)		Non-trading holding	80%	80%
- Co Insurance Ltd (CIL)		Non-trading holding	80%	80%
- Aviation Co-Operating Underwriters Pacific Ltd (AVCOOP)		Non-trading holding	70%	70%
- Vancouver Aviation Cooperating Underwriters Ltd (VACOUL)		Non-trading holding	100%	100%
- Pan Pacific Premium Funds (PPPF)		Non-trading holding	100%	100%
- Norman Butcher and Jones Holdings (NZ) Limited (NBJNZL)		Non-trading holding	100%	100%

25 INVESTMENT IN UNLISTED SUBSIDIARIES - GROUP *- continued*

Details of the movements in Group unlisted subsidiaries:

(i) As at 30 June 2014 and 30 June 2013, the balance of the 25% ownership in these companies is held by Trusts controlled by Craig Brownie and Nigel Spratt, the Directors of the Company (refer note 14). 20% ownership held by a Trust controlled by Craig Brownie and 5% ownership held by a Trust controlled by Nigel Spratt. The consideration paid by these Trusts for their share of ownership was $20 and $5, respectively.

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

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

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

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

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

26 TRADE, OTHER PAYABLES AND ACCRUALS

	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Trade Creditors		754,040	709,159	-	-
Accruals		1,069,011	1,473,498	10,950	-
Employee benefits	(27)	81,021	79,492	-	-
Other payables		2,414,474	761,852	-	-
		$4,318,547	**$3,024,001**	**$10,950**	**-**

27 EMPLOYEE BENEFITS

	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Leave provision	(26)	81,021	79,492	-	-
		$81,021	**$79,492**	**-**	**-**

28 INVESTOR DEPOSITS

	Group		Parent	
	2014	2013	2014	2013
Deposits	23,498,661	21,846,795	-	-
	$23,498,661	$21,846,795	-	-

Deposits

Individual investor deposits incur interest at rates ranging from 1.25% per annum to 7.50% per annum (2013: 1.25% per annum to 6.25% per annum) and are unsecured with varying maturity dates due within 0 to 24 months (2013: 0 to 24 months) of reporting date.

Maturity Profile:
The following maturity profile of investor deposits is based on their contractual maturity. For the maturity profile of investor deposits as at the end of the reporting period based on contractual undiscounted cashflows (including interest payment computed using contractual rates or, if floating based on the rate at the end of the reporting period) refer to note 35 (iii).

Group

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

Group

2013	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
Deposits	14,576,225	5,218,980	2,051,590	-	21,846,795
	$14,576,225	$5,218,980	$2,051,590	-	$21,846,795

29 BORROWINGS

		Group		Parent	
		2014	2013	2014	2013
ASB Bank Limited Revolving credit facility (AAL)	(i)	2,225,000	3,225,000	-	-
ASB Bank Limited Asset finance term loan (AAL)	(ii)	1,528,093	1,773,609	-	-
Bank of New Zealand Term loan (AVCOOP)	(iii)	271,528	463,194	-	-
Bank of New Zealand Term loan (BMIBNZL)	(iv)	5,432,830	6,477,610	-	-
Bank of New Zealand Term loan (BMIBNZL)	(v)	2,006,139	2,772,313	-	-
Bank of New Zealand Term loan (BMGL)	(vi)	2,810,865	-	-	-
Bank of New Zealand OD facility (BMIBNZL)	(vii)	211,230	189,305	-	-
National Westminster Bank Term loan (BMIBL)	(viii)	-	341,618	-	-
R.I.A. Ventures Holdings Vendor loan (BMHL)	(ix)	-	620,315	-	-
Arden and Renae Hill Vendor loan (BMCHL)	(x)	405,973	333,055	-	-
S8 Holdings Limited (BMIBNZL)	(xii)	-	200,000	-	-
		$14,891,659	$16,396,019	-	-

Refer to Note 25 for full names of Companies listed above.

29 BORROWINGS - *continued*

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

(i) The first facility is a revolving credit facility. This facility incurs interest at 5.75% per annum (being a total of the Bill Rate plus a Margin of 3.00% per annum), has a repayment date of 28 May 2016 and has a limit of $4,500,000. Security was granted over the personal, real and other property of Auckland Airbus Limited and a cross guarantee provided over the assets of all of Auckland Airbus Limited's subsequent subsidiaries. Subsequent to balance date, the loan was repaid in full from proceeds received from the sale of the Auckland Airbus Limited business.

(ii) The second facility is an asset finance term loan. This loan incurs interest at 5.75% per annum (being a total of the Bill Rate plus a Margin of 3.00% per annum), has a repayment date of 15 September 2016 and has a limit of $2,026,000. Security was granted over the personal, real and other property of Auckland Airbus Limited (specifically, the coaches owned by Auckland Airbus Limited, refer note 20) and a cross guarantee provided over the assets of all of Auckland Airbus Limited's subsequent subsidiaries. Subsequent to balance date, the loan was repaid in full from proceeds received from the sale of the Auckland Airbus Limited business.

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

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

(iv) The second facility is a term loan. This facility incurs interest at 5.57% - 5.83% per annum and has a repayment date of 30 November 2015. The Group is required to repay each drawing on the last day of the interest period, to which the Group needs to pay $375,000 each quarter. The Group is also required to comply with several financial covenants, to which none were breached during the year.

The security for the bank facility is as follows:

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

(v) The third facility is a term loan. This facility incurs interest at 5.57% - 5.83% per annum and has a repayment date of 30 November 2015. The Group is required to repay each drawing on the last day of the interest period, to which the Group needs to pay $375,000 each quarter. The Group is also required to comply with several financial covenants, to which none were breached during the year.

The security for the bank facility is as follows:

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

29 BORROWINGS - *continued*

(vi) The fourth facility is made up of two loans, the first of which is a working capital facility and can be drawn in either NZD, GBP or USD currencies. The facility incurs interest at 1.25% - 2.00% per annum, plus a margin of 2.00% for the first six months. The loan is interest only for the first six months. After this date, the facility will amortise by a principapl repayment of $125,000 plus interest per quarter. Full repayment is four years from drawdown date. (Drawdown was December 2013).

The second loan incurs interest at 1.25% - 2.00% per annum, plus a margin of 2.00% for the first six months. $600,000 of the loan is required to be paid off by 31 December 2014, which a further $150,000 due by 31 May 2015 and $150,000 due by 30 September 2015. Full repayment date is 30 June 2016.

The security for this bank loan is as follows:

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

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

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

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

(viii) The loan advance from National Westminster Bank was repaid in full during the 2014 financial year.

(ix) The vendor loan from R.I.A. Ventures Holdings LLC was repaid in full during the 2014 finanical year.

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

(xi) The short term loan from S8 Holdings Limited was repaid in full during the 2014 financial year.

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

29 BORROWINGS - *continued*

Maturity profile:

The following maturity profile of borrowings is based on their contractual maturity. For the maturity profile of borrowings as at the end of the reporting period based on contractual undiscounted cashflows (including interest payment computed using contractual rates or, if floating based on the rate at the end of the reporting period) refer to note 35 (iii).

2014

	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
ASB Bank Limited Revolving credit	2,225,000	-	-	-	2,225,000
ASB Bank Limited Asset finance loan	1,528,093	-	-	-	1,528,093
Bank of New Zealand Term loan	95,832	95,833	79,863	-	271,528
Bank of New Zealand Term loan	750,000	750,000	1,500,000	2,432,830	5,432,830
Bank of New Zealand Term loan	750,000	750,000	506,139	-	2,006,139
Bank of New Zealand Overdraft facility	211,230	-	-	-	211,230
Bank of New Zealand Term loan	850,000	400,000	650,000	910,865	2,810,865
Arden and Renae Hill – Vendor loan	405,973	-	-	-	405,973
	$6,816,129	**$1,995,833**	**$2,736,002**	**$3,343,695**	**$14,891,659**

2013

	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
ASB Bank Limited Revolving credit	500,000	500,000	1,000,000	1,225,000	3,225,000
ASB Bank Limited Asset finance loan	272,863	272,863	545,726	682,157	1,773,609
Bank of New Zealand Term loan	95,833	95,833	191,667	79,861	463,194
Bank of New Zealand Term loan	750,000	750,000	1,500,000	3,477,610	6,477,610
Bank of New Zealand Term loan	750,000	750,000	1,272,313	-	2,772,313
Bank of New Zealand Overdraft facility	189,305	-	-	-	189,305
National Westminster Bank Term loan	48,567	48,567	97,134	147,350	341,618
R.I.A. Ventures Holdings LLC Vendor Loan	620,315	-	-	-	620,315
Arden and Renae Hill – Vendor loan	333,055	-	-	-	333,055
S8 Holdings Limited – Short term loan	200,000	-	-	-	200,000
	$3,759,938	**$2,417,263**	**$4,606,840**	**$5,611,978**	**$16,396,019**

30 RELATED PARTY BALANCES, TRANSACTIONS AND DISCLOSURES

Ultimate controlling party/parties:

As at 30 June 2014, there were a large number of New Zealand and overseas domiciled shareholders meaning the group has no ultimate controlling party. (2013: no ultimate controlling parties.)

Related party balances and transactions:

		Group		Parent	
	Note	2014	2013	2014	2013
Receivables:					
Bancorp Capital Limited	(ii)	-	-	14,417,792	14,172,792
Bancorp New Zealand Nominees Ltd	(xii)	-	-	-	500,000
BMG Aviation Limited - Canada		214,608	-	-	-
PM Equities Limited	(xvii)	937,500	-	-	-
Damian Hooper	(iii)	1,316,797	1,643,893	-	-
		$2,468,905	**$1,643,893**	**$14,417,792**	**$14,672,792**

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

		Group		Parent	
		2014	2013	2014	2013
Payables:					
Bancorp Wealth Management Limited	(i)	-	-	(483,711)	(1,098,821)
PM Equities Limited	(xiv)	-	(1,030,364)	-	-
Atawhai Trust	(xvi)	(257,865)	(264,015)	-	-
PJ McLaughlan	(xvii)	(1,235,016)	(105,891)	-	-
Bill Beard	(xviii)	(142,337)	(146,436)	-	-
Fraser and Sonia MacAndrew	(xix)	(142,337)	(146,436)	-	-
BUT EHL Pty Limited	(xx)	(469,216)	(409,302)	-	-
Bancorp New Zealand Limited	(v)	(29)	(28)	-	-
Bancorp Corporate Finance Limited	(iv)	(42,442)	(38,519)	-	-
Bancorp Treasury Services Limited	(vi)	(2,535)	(722)	-	-
Insurance Premium Finance Limited	(xvii)	(1,000,000)	(907,575)		
Howard Murray Vendor Loan	(xxv)	(623,062)	(885,270)		
		($3,914,839)	**($3,934,558)**	**($483,711)**	**($1,098,821)**

No related party balances were impaired, written off or forgiven during the year. (2013: None)

		Group		Parent	
	Note	2014	2013	2014	2013
Non-controlling interest balances:					
Attributable to the Cory Brownie Trust, controlled by Craig Brownie:					
Aviation Capital Limited	(x)	333,732	197,774	-	-
BMG Management Limited	(xi)	4,221	4,221	-	-
Attributable to the Spratt Family Trust, controlled by Nigel Spratt:					
Aviation Capital Limited	(x)	83,433	49,443	-	-
BMG Management Limited	(xi)	1,055	1,055	-	-
		$422,441	**$252,493**	**-**	**-**

		Group		Parent	
	Note	2014	2013	2014	2013
Transactions:					
Service charges:					
Bancorp New Zealand Limited	(v)	317	750	-	-
Bancorp Corporate Finance Limited	(iv)	545,831	511,393	-	-
Bancorp Treasury Services Limited	(vi)	19,667	19,174	-	-
Bancorp New Zealand Nominees Limited	(xii)	-	-	425	1,164
Damian Hooper - interest income	(iii)	171,818	-	-	-
Insurance Premium Finance Limited - interest	(xvii)	(135,307)	-	-	-
PM Equities Limited - management fees paid	(xvii)	(444,000)	(440,000)	-	-
Directors remuneration and fees:					
Craig Brownie - salary (BWML)	(vii)	300,000	250,000	-	-
Nigel Spratt - directors fees (BWML)	(viii)	82,800	82,800	-	-
Kerry Waddell - directors fees (AAL)	(ix)	9,996	9,996	-	-
Patrick McLaughlan – directors fees (BMIL)	(xiii)	543	719	-	-
Peter Kirk - directors fees (BWMNZL)	(xxi)	12,000	-	-	-
David Harrison - directors fees (AVCOOP)	(xxii)	38,667	52,000	-	-
Brian McDonald - directors fees (AVCOOP)	(xxiii)	20,250	24,000	-	-
Neil Kain - directors fees (AVCOOP)	(xxiv)	20,250	24,000	-	-
Share of non-controlling interest profit/(loss):					
Attributable to the Cory Brownie Trust, controlled by Craig Brownie:					
- Aviation Capital Limited	(x)	135,958	121,988	-	-
- BMG Management Limited	(xi)	-	(104,472)	-	-
Attributable to the Spratt Family Trust, controlled by Nigel Spratt:					
- Aviation Capital Limited	(x)	30,497	30,497	-	-
- BMG Management Limited	(xi)	-	(26,118)	-	-

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

Details of related party balances and transactions:

(i) Bancorp Wealth Management Limited is a subsidiary of the Company. Balances are unsecured, non-interest bearing and repayable on demand.

(ii) Bancorp Capital Limited is a subsidiary of the Company. Balances are unsecured, non-interest bearing and repayable on demand.

(iii) Up until 1 July 2012, Boston Marks Holdings Limited was a company which the Group has joint control over. On 1 July 2012, the Group company, BMG Management Limited, acquired control of Boston Marks Holdings Limited and as of that date, Boston Marks Holdings Limited became a subsidiary of the Group (refer note 32). The balance is owed from a shareholder (Damian Hooper) of one of the subsidiaries of the Group. Balances are unsecured and repayable on demand. In 2014, interest of $171,818 was accrued on the closing balance owed. The interest rate used was 15%.

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

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

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

(vii) Craig Brownie is a director of the Company. Craig was paid a $300,000 (2013: $250,000) salary during the year as the sole key management employee for the Company.

(viii) Nigel Spratt was paid $82,800 (2013: $82,800) in directors fees during the year.

(ix) Kerry Waddell is a director of a company within the Group and was paid $9,996 (2013: $9,996) in directors fees.

(x) As at 30 June 2014 and 30 June 2013, 25% ownership in Aviation Capital Limited is held by Trusts controlled by Craig Brownie and Nigel Spratt, the Directors of the Company (refer Note 14 and 26). Related party non-controlling interests are made up as follows: 20% ownership held by a Trust controlled by Craig Brownie and 5% ownership held by a Trust controlled by Nigel Spratt. The consideration paid by these Trusts for their share of ownership was $20 and $5, respectively. There are no other terms and conditions attached to these transactions and balances.

(xi) As at 30 June 2013 and 30 June 2014, 25% ownership in BMG Management Limited is held by Trusts controlled by Craig Brownie and Nigel Spratt, the Directors of the Company (refer note 14 and 26). Related party non-controlling interests are made up as follows: 20% ownership held by a Trust controlled by Craig Brownie and 5% ownership held by a Trust controlled by Nigel Spratt. The consideration paid by these Trusts for their share of ownership was $20 and $5, respectively. There are no other terms and conditions attached to these transactions and balances.

(xii) Bancorp New Zealand Nominees Limited is a subsidiary of the Company. Balances are unsecured, non-interest bearing and repayable on demand. Interest was charged by the Parent Company on balances outstanding at a rate of 5%. The loan was settled in full on 16 July 2013.

(xiii) Regent Limited was paid $543 (2013: $719) in directors fees during the year.

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

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

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

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

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

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

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

(xxi) Peter Kirk is a director of a company within the Group and was paid $12,000 (2013: $nil) in directors fees.

(xxii) David Harrison is a director of a company within the Group and was paid $38,667 (2013: $52,000) in directors fees.

(xxiii) Brian McDonald is a director of a company within the Group and was paid $20,250 (2013: $24,000) in directors fees.

(xxiv) Neil Kain was paid $20,250 (2013: $24,000) in directors fees during the year.

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

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

No provisions are held against receivables are from related parties (2013: $nil)

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

Other related party disclosures:

Key management personnel

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

	Group		Parent	
	2014	2013	2014	2013
Salaries and short-term employee benefits	300,000	250,000	-	-
Directors Fees	184,506	193,515	-	-
Total	**$484,506**	**$443,515**	**-**	**-**

Transfers of shareholdings in Group companies

During the year ended 30 June 2014 no transfers of shareholdings in Group companies took place.(2013:no transfers)

31 BUSINESS COMBINATIONS

Acquisition of Boston Marks Holdings Limited business operation

As at 30 June 2012, BMG Management Limited ('BML') a wholly owned subsidiary of the Group, had a 20% interest in Boston Marks Holdings Limited ('BMHL'). BML had joint control over the BMHL and as such the Group's investment in BMHL was classified as an investment in a jointly controlled entity. (refer note 23)

On 1 July 2012, BML exercised an option to acquire a further 20% interest in BMHL at a price of $2,839,733. As a result of holding 40% of the shares in BMHL, the Group appointed Company directors Craig Brownie and Nigel Spratt as directors on the Board of BMHL (with the other positions being held by representatives of the majority shareholders). Furthermore with effect from 1 July 2012 PM Equities Limited (who hold the remaining 60% ownership interest in BMHL) issued BML with an option to acquire a further 35% of the issued capital of BMHL at any time for the fair value of those shares. The option had a term of 18 months, meaning the option was to expire on 31 December 2013 if not exercised before that date. Subsequent to this, the option was rolled over for a further 12 months. The new expiry date is 31 December 2014.

Accordingly, BML's 40% holding of BMHL shares and BML's option to acquire a further 35% holding of BMHL's shares gives BML the current and potential voting rights equal to 75%. 75% is the percentage required for significant decisions requiring shareholder approval included in the BMH shareholder agreement. As the current and potential voting rights that BML has in BMHL enables BML to unilaterally direct the relevant activities of BMHL, BML has control over BMHL from 1 July 2012. As a result, BML's investment in BMHL is no longer an investment in a jointly controlled entity but an investment in a subsidiary (refer note 25).

31 BUSINESS COMBINATIONS - *continued*

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

Consideration as at 1 July 2013:

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

Recognised amounts of identifiable assets acquired and liabilities assumed:

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

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

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

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

Acquisition of Ban Corp Holdings Plc listed holding company

On 20 December 2012 all external shareholders of Ban Corp Holdings Plc, a company incorporated in the United Kingdom and the former ultimate holding company of the Group, agreed to exchange their shares in Ban Corp Holdings Plc for shares in the Company on a simple pro-rata basis, after adjusting for those shares held by entities within the Group. As a result of the exchange of shares, Ban Corp Holdings Plc became a subsidiary of the Company from that date.

At the time of the share transfer, the Company had an amount payable to Ban Corp Holdings Plc of $9,248,915, while members of the Group held an investment in Ban Corp Holdings Plc shares with a carrying value of $3,663,096. As a result of the transaction, the related party payable was extinguished, resulting in the gain disclosed in Note 6 of these financial statements. As the Ban Corp Holdings Plc shares formerly held by the Group were excluded from the share transfer transaction, the shares had no value, resulting in the loss on acquisition shown in Note 9.

31 BUSINESS COMBINATIONS - *continued*

Acquisition of the Strathearn Insurance register

On 30 January 2014, Group subsidiary, BMG Unit Trust (refer note 25) acquired the Strathearn insurance register for total consideration of $249,389 payable in cash. The goodwill arising on acquisition was $249,389. (refer note 21)

32 DISPOSAL OF BUSINESS

On 20 June 2014, Auckland Airbus Limited ('AAL') sold the Airbus Express business operation, plant and equipment and intangible assets for $14,500,000 cash ($13,500,000 payable upon settlement and $1,000,000 by 5 December 2014) and $4,000,000 contingent on the purchaser obtaining regulatory approval. (Refer notes 16 and 42)

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

Analysis of assets sold

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

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

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

At balance date, there was no cash inflow for this sale. The sale proceeds of $14,500,000 are recognised in accounts receivable (note 16).

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

	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Profit / (loss) after tax		3,148,614	6,351,239	15,502	9,034,116
Add/(less) non-cash items:					
Depreciation	(8)	284,733	359,906	-	-
Amortisation	(8)	493,078	76,680	-	-
Bad debts	(8)	458,519	207,159	-	-
Capitalised interest		-	(693,970)	-	-
Net movement in finance receivables impairment provision	(8)	(928,429)	2,307,145	-	-
Movement in trade receivables impairment provision		(2,750)	-	-	-
Loss / (gain) on disposal of Group subsidiaries	(9),(31)	-	3,663,096	-	-
Loss/ (gain) on disposal of investment properties		-	(35,000)	-	-
Share of profit from jointly controlled entity	(23)	(222,087)	(253,627)	-	-
Gain on extinguishment of Ban Corp Holdings Plc related party payable	(6)	-	(9,248,915)	-	(9,248,915)
Loss on disposal of related party	(9)	-	540,557	-	-
Gain on disposal of deed of non compete		-	(64,385)	-	-
Movement in foreign currency translation reserve	(13)	(452,904)	-	-	-
Loss on disposal of property plant & equipment	(20)	486,392	-	-	-
Gain on disposal of Airbus Express operation	(32)	(3,517,422)	-	-	-
Add / (less) working capital items disposed of/acquired on sale/purchase of Group subsidiaries:					
Less/(add) trade receivables and other receivables		-	8,738,248	-	22,778
Add/(less) trade and other payables and accruals		-	(5,524,797)	-	-
Add/(less) taxation		-	(654,848)	-	-
Add / (less) movements in working capital items:					
Decrease / (increase) in trade receivables and other receivables		1,251,034	(9,043,496)	2,079	-
(Decrease)/ increase in taxation		(450,460)	687,377	-	-
(Decrease) / increase in trade and other payables and accruals		1,299,495	1,862,816	10,950	-
Net cashflows from operating activities		**$ 1,847,813**	**($724,815)**	**$28,530**	**($192,021)**

34 FINANCIAL ASSETS AND LIABILITIES

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

Categories of financial assets and liabilities

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

	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Financial assets:					
Available for sale financial assets:					
- Other financial assets		33,826	36,176	-	-
Loans and receivables:					
- Cash and cash equivalents		5,482,070	5,399,187	470,427	942,806
- Trade receivables and other receivables		22,862,645	12,388,144	5,785	7,962
- Related party receivables		2,468,905	1,643,893	14,417,792	14,672,792
- Finance receivables		15,249,928	13,247,614	-	-
		$46,097,373	**$32,715,014**	**$14,894,004**	**$15,623,560**
Financial liabilities:					
Financial liabilities at amortised cost:					
- Trade payables and other payables		3,249,536	1,550,503	10,950	-
- Related party payables		3,914,839	2,149,288	483,711	1,098,821
- Investor deposits		23,498,661	21,846,795	-	-
- Borrowings		14,891,659	18,181,289	-	-
		$45,554,695	**$43,727,875**	**$494,661**	**$1,098,821**

35 FINANCIAL RISK MANAGEMENT

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

(i) Market risk

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

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

	Group 2014	Group 2013	Parent 2014	Parent 2013
United States dollar (USD)	259,590	446,966	-	-
Japanese yen (JPY)	44	49	-	-
Australian dollar (AUD)	494,439	227,753	-	-
Great British pound (GBP)	480,127	1,158,307	-	-
Vanuatuan vatu (VUV)	103,379	14,059	-	-
Hong Kong dollar (HKD)	101	16	-	-
Euro (EURO)	19	17,807	-	-
	$1,337,699	**$1,864,957**	**-**	**-**

35 FINANCIAL RISK MANAGEMENT - *continued*

(i) Market risk - *continued*

Sensitivity analysis

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

	Profit or loss		Equity	
	1%	1%	1%	1%
2014	decrease	increase	decrease	increase
United States dollar (USD)	(2,596)	2,596	(1,869)	1,869
Japanese yen (JPY)	(1)	1	(1)	1
Australian dollar (AUD)	(4,944)	4,944	(3,560)	3,560
Great British pound (GBP)	(4,801)	4,801	(3,457)	3,457
Vanuatuan vatu (VUV)	(1,034)	1,034	(744)	744
Hong Kong dollar (HKD)	(1)	1	(1)	1
Euro (EURO)	(1)	1	(1)	1
	($13,378)	**$13,378**	**($9,633)**	**$9,633**
2013				
United States dollar (USD)	(4,470)	4,470	(3,218)	3,218
Japanese yen (JPY)	(1)	1	-	-
Australian dollar (AUD)	(2,278)	2,278	(1,640)	1,640
Great British pound (GBP)	(11,583)	11,583	(8,340)	8,340
Vanuatuan vatu (VUV)	(141)	141	(101)	101
Hong Kong dollar (HKD)	(1)	1	-	-
Euro (EURO)	(178)	178	(128)	128
	($18,652)	**$18,652**	**($13,427)**	**$13,427**

Interest rate risk

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

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

Group

	Weighted average interest rate	Interest bearing	Non-Interest bearing	Total
2014				
Financial assets:				
Cash and cash equivalents	2.17%	5,481,846	224	5,482,069
Trade, other receivables	n/a	-	22,862,645	22,862,645
Related party receivables	15.00%	2,468,905	-	2,468,905
Financial receivables	10.19%	17,927,481	-	17,927,481
		$25,878,232	**$22,862,868**	**$48,741,100**
Financial liabilities:				
Trade and other payables	n/a	-	3,249,536	3,249,536
Investor deposits	5.47%	23,498,661	-	23,498,661
Related party payables	n/a	-	3,914,839	3,914,839
Borrowings	4.83%	14,891,659	-	14,891,659
		$38,390,320	**$7,164,375**	**$45,554,695**

35 **FINANCIAL RISK MANAGEMENT** - *continued*

(i) **Market risk** - *continued*

Interest rate risk - *continued*

	Weighted average interest rate	Interest bearing	Non-Interest bearing	Total
2013				
Financial assets:				
Cash and cash equivalents	2.17%	5,337,122	62,065	5,399,187
Trade, other receivables	n/a	-	12,388,144	12,388,144
Related party receivables	n/a	-	1,643,893	1,643,893
Finance receivables	10.19%	16,853,596	-	16,853,596
		$22,190,718	**$14,094,102**	**$36,284,820**
Financial liabilities:				
Trade and other payables	n/a	-	1,471,011	1,471,011
Investor deposits	5.47%	21,846,795	-	21,846,795
Related party payables	n/a		2,149,288	2,149,288
Borrowings	4.83%	18,181,289	-	18,181,289
		$40,028,084	**$3,620,299**	**$43,648,383**

Parent

	Weighted average interest rate	Interest bearing	Non-Interest bearing	Total
2014				
Financial assets:				
Cash and cash equivalents	3.74%	470,427	-	470,427
Trade, other receivables	n/a	-	5,785	5,785
Related party receivables	n/a	-	14,417,792	14,417,792
		$470,427	**$14,423,577**	**$14,894,004**
Financial liabilities:				
Trade and other payables	n/a	-	10,950	10,950
Related party payables	n/a	-	483,711	483,711
		-	**$494,661**	**$494,661**
2013				
Financial assets:				
Cash and cash equivalents	3.74%	942,806	-	942,806
Trade, other receivables	n/a	-	7,864	7,864
Related party receivables	n/a	-	14,672,792	14,672,792
		$942,806	**$14,680,656**	**$15,623,462**
Financial liabilities:				
Related party payables	n/a	-	1,098,821	1,098,821
		-	**$1,098,821**	**$1,098,821**

Sensitivity analysis

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

35 FINANCIAL RISK MANAGEMENT - *continued*

(i) Market risk - *continued*

Interest rate risk - *continued*

Group

	Profit or loss		Equity	
	1% decrease	1% increase	1% decrease	1% increase
2014				
Financial assets:				
Cash and cash equivalents	(54,818)	54,818	(38,373)	38,373
Related party receivables	(24,689)	24,689	(17,282)	17,282
Finance receivables	(179,275)	179,275	(125,492)	125,492
	($258,782)	**$258,782**	**($181,147)**	**$181,147**
Financial liabilities:				
Investor deposits	234,987	(234,987)	164,491	(164,491)
Borrowings	148,917	(148,917)	104,242	(104,242)
	383,904	**($383,902)**	**268,733**	**($268,733)**
Net Impact	**$125,122**	**($125,120)**	**$87,586**	**($87,586)**
2013				
Financial assets:				
Cash and cash equivalents	(53,371)	53,371	(37,360)	37,360
Finance receivables	(168,536)	168,536	(117,975)	117,975
	($221,907)	**$221,907**	**($155,335)**	**$155,335**
Financial liabilities:				
Investor deposits	218,476	(218,476)	152,928	(152,928)
Borrowings	181,813	(181,813)	127,269	(127,269)
	$400,289	**($400,289)**	**$280,197**	**($280,197)**
Net Impact	**$178,382**	**($178,382)**	**$124,862**	**($124,862)**

Parent

	Profit or loss		Equity	
	1% decrease	1% increase	1% decrease	1% increase
2014				
Financial assets:				
Cash and cash equivalents	(4,704)	4,704	(3,293)	3,293
	($4,704)	**$4,704**	**($3,293)**	**$3,293**
Financial liabilities:				
Related party payables	-	-	-	-
	-	**-**	**-**	**-**
Net Impact	**($4,704)**	**$4,704**	**($3,293)**	**$3,293**
2013				
Financial assets:				
Cash and cash equivalents	(9,428)	9,428	(6,600)	6,600
	($9,428)	**$9,428**	**($6,600)**	**$6,600**
Financial liabilities:				
Related party payables	-	-	-	-
	-	**-**	**-**	**-**
Net Impact	**($9,428)**	**$9,428**	**($6,600)**	**$6,600**

35 FINANCIAL RISK MANAGEMENT - *continued*

(i) Market risk - *continued*

Equity price risk

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

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

	Group		Parent	
	2014	**2013**	**2014**	**2013**
Other shares	33,826	36,176	-	-
	$33,826	**$36,176**	**-**	**-**

Sensitivity analysis

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

Group

	Profit or loss		Equity	
	1% decrease	**1% increase**	**1% decrease**	**1% increase**
2014				
Other shares	(338)	338	(260)	260
	($338)	**$338**	**($260)**	**$260**
2013				
Other shares	(362)	362	(261)	261
	($362)	**$362**	**($261)**	**$261**

(ii) Credit risk

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

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

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

	Group		Parent	
	2014	**2013**	**2014**	**2013**
Cash at bank	5,481,846	5,337,123	470,427	942,806
Trade and other receivables	22,862,645	12,388,144	5,785	7,864
Finance receivables	17,927,481	16,853,596	-	-
Related party receivables	2,468,905	1,643,893	14,417,792	14,672,792
	$48,740,877	**$36,222,756**	**$14,894,004**	**$15,623,462**

35 FINANCIAL RISK MANAGEMENT - *continued*

(ii) Credit risk - *continued*

Analysis of credit exposures and impairment

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

Group

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

Group

2013	Gross amount	Individual impairment	Collective impairment	Carrying value
Trade and other receivables	12,388,144	-	-	12,388,144
Finance receivables	16,853,690	(3,605,982)	-	13,247,708
Related party receivables	1,643,893	-	-	1,643,893
	$30,885,727	**($3,605,982)**	**-**	**$27,279,745**

Parent

2014	Gross amount	Individual impairment	Collective impairment	Carrying value
Other receivables	5,785	-	-	5,785
Related party receivables	14,417,792	-	-	14,417,792
	$14,423,577	**-**	**-**	**$14,423,577**

Group

2013	Gross amount	Individual impairment	Collective impairment	Carrying value
Other receivables	7,864	-	-	7,864
Related party receivables	14,672,792	-	-	14,672,792
	$14,680,656	**-**	**-**	**$14,680,656**

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

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

Finance receivables are secured by way of first registered mortgages over the financed property, or under a sale and lease back arrangement whereby ownership of the leased asset reverts to the Group on the event of default of the party of the lease. At reporting date, finance receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments (refer also note 19).

Related party receivables are not secured by any collateral or credit enhancement (refer also note 30). At reporting date, no related party receivables were impaired.

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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35 FINANCIAL RISK MANAGEMENT - *continued*

(ii) Credit risk - *continued*

Ageing analysis

Group
2014

	Neither past due nor impaired	1-30 days	30-60 days	60-90 days	Over 90 days	Total
Trade receivables	6,141,746	906,659	186,857	356,247	4,691,984	6,141,747
Other receivables	16,720,899	19,655,643	-	-	-	19,655,643
Finance receivables	15,249,928	15,249,928	-	-	-	15,249,928
Related party receivables	2,468,905	2,468,905	-	-	-	2,468,905
	$40,581,478	**$38,281,135**	**$186,857**	**$356,247**	**$4,691,984**	**$43,516,223**

2013

	Neither past due nor impaired	1-30 days	30-60 days	60-90 days	Over 90 days	Total
Trade receivables	9,716,153	9,693,411	22,742	-	-	9,716,153
Other receivables	2,671,991	2,671,991	-	-	-	2,671,991
Finance receivables	13,247,708	13,247,708	-	-	-	13,247,708
Related party receivables	1,643,893	1,643,893	-	-	-	1,643,893
	$27,279,745	**$27,257,003**	**$22,742**	**-**	**-**	**$27,279,745**

Parent
2014

	Neither past due nor impaired	1-30 days	30-60 days	60-90 days	Over 90 days	Total
Other receivables	5,785	5,785	-	-	-	5,785
Related party receivables	14,417,792	14,417,792	-	-	-	14,417,792
	$14,423,578	**$14,423,577**	**-**	**-**	**-**	**$14,423,577**

2013

	Neither past due nor impaired	1-30 days	30-60 days	60-90 days	Over 90 days	Total
Other receivables	7,864	7,864	-	-	-	7,864
Related party receivables	14,672,792	14,672,792	-	-	-	14,672,792
	$14,680,656	**$14,680,656**	**-**	**-**	**-**	**$14,680,656**

(iii) Liquidity risk

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

35 FINANCIAL RISK MANAGEMENT - *continued*

(iii) Liquidity risk - *continued*

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

Group

	Carrying amount	Total	0-6 Months	7-12 Months	13-24 Months	25-60 Months
2014						
Trade payables	754,040	754,040	754,040	-	-	-
Other payables	2,414,474	2,414,474	2,414,474	-	-	-
Investor deposits	23,498,661	25,069,483	11,012,653	5,465,975	8,590,855	-
Borrowings	14,891,659	15,749,134	6,987,657	2,047,659	2,874,787	3,839,031
Related party payables	3,914,839	3,914,839	3,914,839	-	-	-
	$45,473,673	**$47,901,970**	**$25,083,663**	**$7,513,634**	**$11,465,642**	**$3,839,031**
2013						
Trade payables	709,159	709,159	709,159	-	-	-
Other payables	761,851	761,851	761,851	-	-	-
Investor deposits	21,846,795	22,518,399	15,049,054	5,343,204	2,126,141	-
Borrowings	16,396,019	17,745,457	3,832,538	2,485,840	4,868,468	6,558,611
Related party payables	3,934,558	3,934,558	3,934,558	-	-	-
	$43,648,382	**$45,669,424**	**$24,287,160**	**$7,829,044**	**$6,994,609**	**$6,558,611**

Parent

	Carrying amount	Total	0-6 Months	7-12 Months	13-24 Months	25-60 Months
2014						
Trade payables	10,950	10,950	10,950	-	-	-
Related party payables	483,711	483,711	483,711	-	-	-
	$494,661	**$494,661**	**$494,661**	**-**	**-**	**-**
2013						
Related party payables	1,098,821	1,098,821	1,098,821	-	-	-
	$1,098,821	**$1,098,821**	**$1,098,821**	**-**	**-**	**-**

35 FINANCIAL RISK MANAGEMENT - *continued*

(iii) Liquidity risk - *continued*

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

Group

	Carrying amount	Total	0-6 Months	7-12 Months	13-24 Months	25-60 Months
2014						
Trade payables	754,040	754,040	754,040	-	-	-
Other payables	2,414,474	2,414,474	2,414,474	-	-	-
Investor deposits	23,498,661	25,449,277	658,425	658,425	15,801,710	8,330,717
Borrowings	14,891,659	15,749,135	6,987,657	2,047,659	2,874,787	3,839,031
Related party payables	3,914,839	3,914,839	3,914,839	-	-	-
	$45,473,673	**$48,281,765**	**$14,729,435**	**$2,706,084**	**$18,676,497**	**$12,169,748**
2013						
Trade payables	709,159	709,159	709,159	-	-	-
Other payables	761,851	761,851	761,851	-	-	-
Investor deposits	21,846,795	23,643,592	615,807	597,876	20,378,319	2,051,590
Borrowings	16,396,019	17,745,456	3,832,538	2,485,840	4,868,468	6,558,611
Related party payables	3,934,558	3,934,558	3,934,558	-	-	-
	$43,648,382	**$46,794,616**	**$9,853,913**	**$3,083,716**	**$25,246,787**	**$8,610,201**

Parent

	Carrying amount	Total	0-6 Months	7-12 Months	13-24 Months	25-60 Months
2014						
Trade payables	10,950	10,950	10,950	-	-	-
Related party payables	483,711	483,711	483,711	-	-	-
	$494,661	**$494,661**	**$494,661**	**-**	**-**	**-**
2013						
Related party payables	1,098,821	1,098,821	1,098,821	-	-	-
	$1,098,821	**$1,098,821**	**$1,098,821**	**-**	**-**	**-**

36 FAIR VALUE DISCLOSURES

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

Fair value estimates

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

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

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

Finance receivables
- These liabilities are short term in nature and the carrying value approximates their fair value.

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

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

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

	Group		Parent	
	Carrying value	Fair value	Carrying value	Fair value
2014				
Financial assets:				
Available for sale financial assets:				
- Other financial assets	33,826	33,826	-	-
Loans and receivables:				
- Cash and cash equivalents	5,482,070	5,482,070	470,427	470,427
- Trade, other receivables	22,862,645	22,862,645	5,785	5,785
- Related party receivables	2,468,905	2,468,905	14,417,792	14,417,792
- Finance receivables	15,249,928	15,249,928	-	-
	$46,097,373	**$46,097,373**	**$14,894,004**	**$14,894,004**
Financial liabilities:				
Financial liabilities at amortised cost:				
- Trade and other payables	3,249,536	3,249,536	10,950	10,950
- Related party payables	3,914,839	3,914,839	483,711	483,711
- Investor deposits	23,498,661	23,498,661	-	-
- Borrowings	14,891,659	14,891,659	-	-
	$45,554,695	**$45,554,695**	**$494,661**	**$494,661**

36 FAIR VALUE DISCLOSURES *- continued*

	Group		Parent	
	Carrying value	Fair value	Carrying value	Fair value
2013				
Financial assets:				
Available for sale financial assets:				
- Other financial assets	36,176	36,176	-	-
Loans and receivables:				
- Cash and cash equivalents	5,399,187	5,399,187	942,806	942,806
- Trade, other receivables	12,388,144	12,388,144	7,864	7,864
- Related party receivables	1,643,893	1,643,893	14,672,792	14,672,792
- Finance receivables	13,247,614	13,247,614	-	-
	$32,715,014	**$32,715,014**	**$15,623,462**	**$15,623,462**
Financial liabilities:				
Financial liabilities at amortised cost:				
- Trade and other payables	1,550,503	1,550,503	-	-
- Related party payables	3,934,558	3,934,558	1,098,821	1,098,821
- Investor deposits	21,846,795	21,846,795	-	-
- Borrowings	16,396,019	16,396,019	-	-
	$43,727,875	**$43,727,875**	**$1,098,821**	**$1,098,821**

Fair value hierarchy

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

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

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

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

36 FAIR VALUE DISCLOSURES - *continued*

Fair value hierarchy - continued

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

Group

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

2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Available for sale financial assets:				
- Other	36,176	-	-	36,176
	$36,176	**-**	**-**	**$36,176**

37 CAPITAL RISK MANAGEMENT

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

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

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

During the current and prior year the Group complied with all externally imposed capital requirements to which it is subject to, which require certain Group companies, currently Auckland Airbus Limited to maintain specified levels of equity.

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

38 OPERATING SEGMENTS

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

The Group is organised into three reportable operating segments.

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

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

38 OPERATING SEGMENTS - *continued*

Segment analysis

2014	Corporate	Private banking	Asset management	Eliminations	Total
External revenue	25,804	1,078,017	34,110,710	-	35,214,532
Inter-segment revenue	255,425	391,161	1,589,836	(2,236,422)	-
Total	**$281,229**	**$1,469,179**	**$35,700,546**	**($2,236,422)**	**$35,214,532**
Net segment profit/(loss) before taxation	15,502	678,867	3,048,835	(990,517)	2,752,687
Tax (expense)/benefit	-	-	395,928	-	395,928
Net profit/(loss) after taxation	**$15,502**	**$678,867**	**$3,444,763**	**($990,517)**	**$3,148,615**
Interest income	26,229	1,454,398	1,934,367	(507,649)	2,907,345
Interest expense	-	(755,700)	(1,946,636)	507,649	(2,194,687)
Depreciation	-	(2,220)	(282,513)	-	(284,733)
Amortisation	-	(914)	(492,164)	-	(493,078)
Other material non-cash items:					
- Bad debts expense - finance receivables	-	(460,717)	-	-	(460,717)
- Bad debts expense - trade receiveables	-	-	2,198	-	2,198
- Impairment provision - finance receivables	-	1,281,433	(353,004)		928,429
Assets					
Total segment assets	14,524,386	13,103,199	71,611,141	(30,588,166)	68,650,560
Additions to non-current assets other than financial instruments:					
- Property, plant and equipment	-	-	59,252	-	59,252
- Intangible assets	-	-	249,389	-	249,389
Liabilities					
Total segment liabilities	(10,950)	(16,443,447)	(31,169,722)	(100)	(47,624,219)

38 OPERATING SEGMENTS - *continued*

Segment analysis

2013	Corporate	Private banking	Asset management	Eliminations	Total
External revenue	9,284,629	1,190,504	30,261,346	-	40,736,479
Inter-segment revenue	1,165	272,671	109,049	(382,885)	-
Total	**$9,285,794**	**$1,463,175**	**$30,370,395**	**($382,885)**	**$40,736,479**
Net segment profit/(loss) before taxation	9,034,115	(2,298,348)	362,341	-	7,098,108
Taxation expense/(benefit)	-	-	(746,869)	-	(746,869)
Net profit/(loss) after taxation	**$9,034,115**	**($2,298,348)**	**($384,528)**	**-**	**$6,351,239**
Interest income	36,879	1,276,717	1,005,460	(262,885)	2,056,171
Interest expense	-	(711,744)	(1,981,194)	262,885	(2,430,053)
Depreciation	-	(3,664)	(356,241)	-	(359,905)
Amortisation	-	(1,028)	(75,652)	-	(76,680)
Other material non-cash items:					
- Bad debts expense - finance receivables	-	-	(205,776)	-	(205,776)
- Bad debts expense - trade receivables	-	-	(1,383)	-	(1,383)
- Impairment provision - finance receivables	-	(2,483,319)	176,174	-	(2,307,145)
Assets					
Total segment assets	14,998,942	11,259,199	74,850,222	(36,432,313)	64,676,050
Additions to non-current assets other than financial instruments:					
- Property, plant and equipment	-	-	41,887	-	41,887
- Intangible assets	-	-	17,524,567	-	17,524,567
Liabilities					
Total segment liabilities	(100)	(14,850,381)	(31,801,866)		(46,652,347)

38 OPERATING SEGMENTS - *continued*

2014

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

38 OPERATING SEGMENTS - *continued*

2013

	New Zealand	Australia	United Kingdom	North America	Total
Revenue	25,409,409	4,657,448	7,524,208	3,145,414	40,736,479
Net segment profit/(loss) before taxation	2,336,012	1,818,480	1,273,699	1,669,917	7,098,108
Taxation expense/(benefit)	-	-	(746,869)	-	(746,869)
Net profit/(loss) after taxation	**$2,336,012**	**$1,818,480**	**$526,830**	**$1,669,917**	**$6,351,239**
Interest income	1,916,438	95,516	44,217	-	2,056,171
Interest expense	(2,563,744)	(17,004)	(44,528)	195,223	(2,430,053)
Depreciation	(257,862)	(27,510)	(70,516)	(4,018)	(359,906)
Amortisation	(76,680)	-	-	-	(76,680)
Other material non-cash items:					
- Bad debts expense - finance receivables	(205,776)	-	-	-	(205,776)
- Bad debts expense - trade receivables				(1,383)	(1,383)
- Impairment provision - finance receivables	(2,307,145)	-	-	-	(2,307,145)
Assets					
Total segment assets	50,850,595	6,344,971	4,916,479	2,564,005	64,676,050
Additions to non-current assets other than					
- Property, plant and equipment	4,441	3,572	4,517	29,357	41,887
- Intangible assets	13,581,889	3,742,089	-	200,590	17,524,568
Liabilities					
Total segment liabilities	(41,845,865)	(2,539,384)	(1,125,483)	(1,141,615)	(46,652,347)

Information about major customers

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

39 COMMITMENTS

Operating Leases

Minimum lease payments due under operating leases are as follows:

	Group 2014	Group 2013	Parent 2014	Parent 2013
Payable				
- Less than one year	630,791	1,455,479	-	-
- Between one and five years	1,157,145	4,224,484	-	-
- More than five years	-	129,245	-	-
	$1,787,936	**$5,809,208**	**-**	**-**

40 INVESTMENT PROPERTIES

Investment properties include real estate and commercial properties in New Zealand held by the Group, which are held to earn rents and for capital appreciation purposes.

During the year ended 30 June 2013, the remaining one property was sold for $400,000.

(a) Reconciliation of net profit generated from investment properties

	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
Rental income derived from investment properties		-	15,000	-	-
Direct operating expenses (including repairs and maintenance) generating rental income		-	(49,050)	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income		-	(41,127)	-	-
Change in fair value of investment properties		-	-	-	-
Gain/(loss) on sale investment properties	(6)	-	35,000	-	-
Net profit/(loss) arising from investment properties		**-**	**($40,177)**	**-**	**-**

The Group have no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

41 DISCONTINUED OPERATIONS

The Airbus Express Business Operations was sold on 20 June 2014 (refer note 32). Below is an analysis of the result of this discontinued operation.

	2014	2013
Revenue	9,822,343	9,183,126
Expenses	(7,321,243)	(7,436,812)
Profit before tax of discontinued operations	2,501,100	1,746,314
Income Tax	-	-
Profit for the year after tax of discontinued operations	**$2,501,100**	**$1,746,314**

42 CONTINGENCIES

There are no material contingent liabilities at reporting date (2013: Nil).

At reporting date, the Group has recognised a contingent asset of $4,000,000 relating to the sale of the Auckland Airbus Limited business. Refer to note 32 for more details regarding this transaction. (2013: Nil).

43 SUBSEQUENT EVENTS

Subsequent to reporting date on 8 August 2014 the Airbus Express business operation sale settled (refer notes 21 and 32).

Subsequent to reporting date, a dividend of $.044 per share ($499,980 in total) was declared and paid.

BANCORP

Financial calendar

1 December 2014 - 2014 Annual General Meeting

23 March 2015 - Interim results released

27 March 2015 - Interim dividend record date

31 March 2015 - Interim dividend payment date

30 June 2015 - Financial year end

28 August 2015 - Final dividend announced and final dividend record date

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