genevaFINANCE

GENEVA FINANCE LIMITED

ANNUAL REPORT

MARCH 2016

ABOUT THE COMPANY

Geneva Finance Ltd (Geneva) is a 100% New Zealand-owned finance company that provides finance and financial services to the consumer credit markets. Geneva commenced business on 7 October 2002. The company's loans are originated through three distribution channels (Direct, Broker and Dealer), processed by the central sales desk and administered through a national operations centre located at Mt Wellington, Auckland.

Geneva's principal activity is to lend to individuals during the course of carrying on its finance company business. A proportion of that finance is for individuals whose personal lending and finance needs are not adequately catered for by trading banks and/or because of the specific nature of the borrowing requirement e.g. secured fixed-term personal asset financing such as vehicle or retail hire purchase finance.

The company provides hire purchase finance, and personal loans secured by registered security interests over personal assets such as motor vehicles, household goods (e.g. furniture and appliances), and mortgages of residential property. As at 31 March 2016, the Receivables Ledger was $84.7 million (prior to provisions for deferred revenue and doubtful debts and includes receivables held by the Geneva Warehouse A Trust and Prime Asset Trust gross receivables) spread over 9,030 loans, with an average loan size of $9,834. This represents a wide spread of risk due to the large number and relatively small size of each loan. The net book value as at 31 March 2016 after provisions for deferred revenue and doubtful debts was $54.6m.

The Geneva group of companies employs approximately 31 staff, based at its Mt Wellington Head office.

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HIGHLIGHTS AND SIGNIFICANT EVENTS

Profit increase

The after tax profit for the March 2016 year increased by 61% to $3.5m.

Ledger growth

The Group's gross receivable ledger grew by $12.6m (18%) to $84.7m at 31 March 2016. The growth was achieved while maintaining good asset quality and yields.

Funding

The receivable ledger growth was largely funded by the Group's securitization facility which grew to $37.1m, a 37% increase from the prior year.

Credit Rating

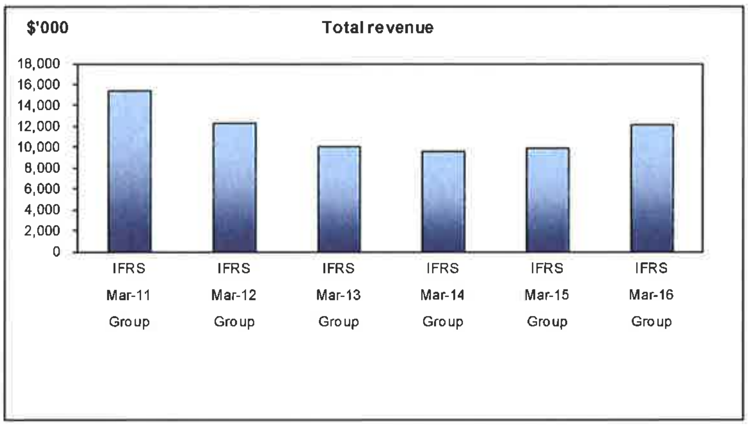
On 5 February 2016 the Company's subsidiary, Quest Insurance Group Limited, obtained a credit rating from AM Best. A Financial Strength Rating of B and Issuer Credit Rating of bb were issued, both on a stable outlook.

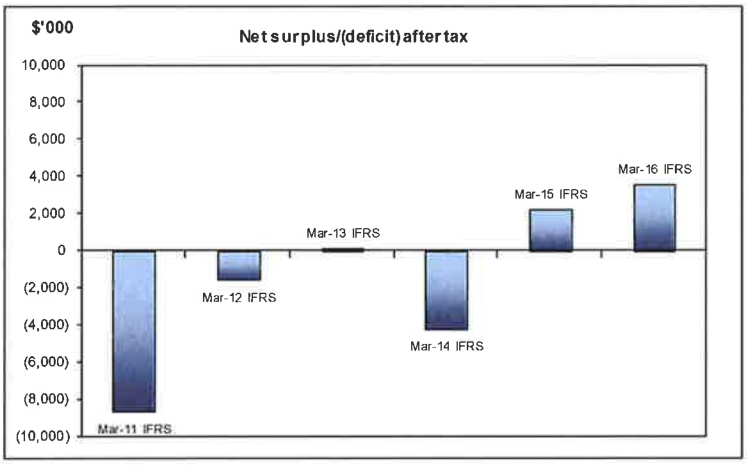
Events subsequent to balance date:

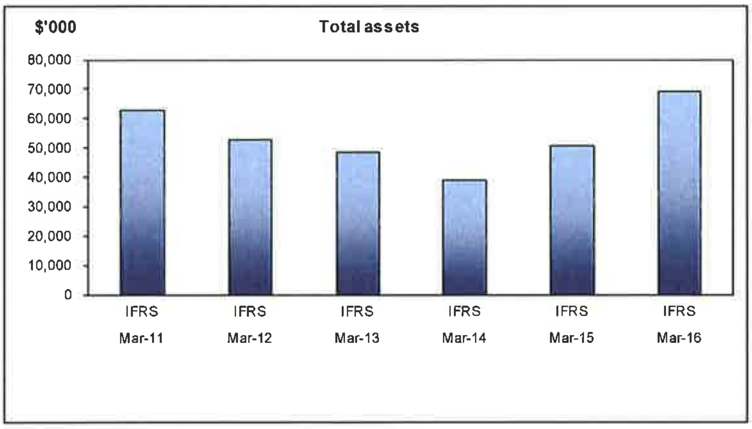
The Company changed its name back to Geneva Finance Limited on 27 June 2016. The Company completed a 7:1 share consolidation on 7th July 2016 with the company issued shares reducing to 70,435,275. On 11 July 2016 the Company declared a special dividend of 1.5 cents per share.

FINANCIAL SUMMARY

	Group	Group	Group	Group	Group	Group
	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
	$000	$000	$000	$000	$000	$000
Total revenue	15,509	12,396	10,107	9,648	9,917	12,230
Net surplus/(deficit) before tax	(6,183)	(1,577)	91	(4,197)	1,548	2,379
Net surplus/(deficit) after tax	(8,649)	(1,577)	91	(4,201)	2,194	3,529
Number of share on issue	169,287	224,699	280,872	280,872	483,041	493,041
Earnings/(loss) per ordinary share ($)	(0.107)	(0.009)	0.000	(0.015)	0.005	0.007
Total assets	63,062	53,093	48,633	39,288	50,792	69,628
Net assets	10,585	10,532	12,368	8,314	16,064	20,256
Total equity and shareholders' subordinated loans	10,585	10,532	12,368	8,314	16,064	20,256
Net assets per ordinary share (Dollars)	0.06	0.05	0.04	0.03	0.03	0.04
Net assets per share (Dollars) *	0.06	0.05	0.04	0.03	0.03	0.04
Return on shareholders equity			0.74%		13.66%	17.42%







CHAIRMAN'S REPORT

Dear Valued Shareholders

On behalf of the Board of Directors, it is a pleasure to present to you a report that reflects continuity of last year's profitable result. This has been achieved firstly by the diligent efforts of our staff and management team for which we sincerely thank them, and secondly a reasonably stable New Zealand economy. Both of these have enabled us to increase our quantity and quality of lending.

Our Bankers have continued to express positive confidence in your company by ensuring our credit facilities with them expand to accommodate this loan book growth. Also our major shareholder Federal Pacific Group has again provided valuable insight and advice at the Board table, for which we thank them.

The strong cash flows and profitability have enabled us to prepare the ground for enhanced growth in the 2016/17 financial year. Two examples of this are:

1. the allocation of substantial funding to upgrade our technological interface with car retailers, and our own direct clients
2. the decision taken to move our insurance company Quest from the small capped insurer category to a full insurance company requiring a minimum solvency of $5.0 million.

From these and other growth initiatives we expect the company and you, our shareholders to reap good benefits.

We are looking ahead confidently to 2016/17 when your Board expects to be able to reward your loyalty with an increase in the capital value of the company, give a dividend return on your investment, provide further diminishment of old ledger debts and continued improvement in sales growth and profitability.

We are grateful and thank full for your long years' of support to the company and so, it's a real source of pleasure to the Board and staff that we are now able to look forward to returning to you this year tangible evidence of that appreciation.

David Smale
Chairman

MANAGING DIRECTOR'S REPORT

Financial Result (12 months to 31st March 2016)

The after tax financial result for the year was a profit of $3.5m vs $2.2m in 2015.

Business Performance:

The group reported an after tax profit for the year of $3.5m (2015: $2.2m). Net profit before tax amounted to $2.4m (2015: $1.5m)

All trading operating segments of the group reported profits and performed as follows:

Geneva Financial Services (New Business Lending):

The improved profit (100% up from prior year) is a combined result of the growing receivables ledger book and maintaining good asset quality during the period. Lending increased by 26% on prior year volumes, resulted in the net receivable ledger growing to $48.8m, an increase of $13.3m (37%) on the prior year.

Quest Insurance Group (Insurance):

During February 16 this operation obtained an Issuer credit rating BB (outlook stable) from AM Best and was recapitalized to qualify as a full insurer. This has allowed Quest to exit the small insurer regime and the maximum $1.5m annual premium limit no longer applies. Consequently during the year the Company wrote $2.6m of premiums compared to $1.4m the prior year. Quest is now ideally placed to focus on premium growth for the coming year both externally and from within the Group.

Stellar Collections (Old Business Ledgers):

The Company reported a similar profit than the previous year. Though the key focus continues to focus on collecting the old receivables ledger previously owned by the parent, the Company is now actively pursuing third party distressed ledgers to add to its portfolio.

Pacific Rise (Property):

During the period the property investment was transferred to the insurance company (Quest) resulting in reduced dividend income earned by the Company for the period.

Parent Company (Geneva Finance, Corporate):

The Group has approximately $8.0m (tax effected) of tax losses available and has recognized additional $1.2m of deferred tax this period. Corporate and governance costs continued to be carried by the Parent Company.

Revenues:

Operating revenues comprise interest from receivables ledgers of $9.2m up $2.7m (+42%) on last year. Net insurance premium income of $1.4m down $0.1m (-8%) on last year reflects the accounting treatment where the higher premiums written referred to above are taken to profit over the life on the policy, not the month of origination. Other income of $1.7m down $0.3m (-14%) on last year is primarily a consequence of a lower dividend from the Groups investment in a property operation.

Operating Costs:

Group's total operating costs increased by 11% as a direct result of the growth in the lending activity, e.g. Commissions paid to introducers of the Group's lending and insurance products, during the year.

Balance Sheet:

The net receivables ledger increased to $55.3m (+30%) as a result of the increased lending. Term debt increased to $40.4m and includes an additional $3.4m facility secured from a major trading bank. The Group's equity to assets ratio which decreased to 29.1% from 31.6% in the prior year still remains conservative and positions the Group for further growth.

Executive share scheme:

During March 2016 all of the executive team exercised their share options issued in August 2015. A total of 10,000,000 new shares were issued.

Funding:

The securitization facility's annual review was completed in June 2015 and the facility was extended through to July 2017.

Other Borrowings comprise funding sourced from eligible professional investors and a 2 year banking term loan of $3.4m from a major trading bank.

Strategic Direction:

The Group remains committed to its core lending, insurance and debt collection activities, with the primary focus on the motor vehicle and consumer space. The profit improvement and conservative balance sheet ensures the Group is ideally placed for further growth opportunities, both organically or by way of acquisitions.

Summary and outlook:

This has been a pleasing year for the Group and we are highly satisfied with the results, which position us well for the future. The company is now delivering sustainable profits, and the outlook for the future is positive. The key focus is to maintain and build on the growth achieved to date to further enhance shareholder value."

Yours sincerely,

David O'Connell

Managing Director

BOARD PROFILES

David Smale (Non-executive Chairman)

David is a successful business man with 40 years experience in the establishment, and building of a number of businesses in the primary, horticultural and export sectors. As a result of Geneva's capital reconstruction, David has a shareholding in Geneva, accordingly he has a strong affinity with the position of all shareholders and is committed to see Geneva through the current challenges. David brings hands on, common sense, no nonsense approach to business management. David also serves on Geneva's Audit, Lending and Credit and Executive Remuneration Committees. David does not hold any other public company directorships.

David Gerard O'Connell (Managing Director)

David joined Geneva as the Chief Financial Officer in July 2006. He was appointed as Managing Director on 2 May 2008. He is a member of the NZ Institute of Chartered Accountants and has been an executive director of Geneva since June 2007. Over the last 20 years David has held senior management roles and directorships in major New Zealand companies and has been involved in a number of successful company turnaround situations. David holds a BCA from Victoria University, Wellington. David does not hold any other public company directorships.

Ronald Robin King (Robin)

Robin was the founder and director of the successful building services firm Robin King & Associates, which operated for more than 20 years and remained company accountant after selling out in 1997. He has extensive experience in investment and management, and has held directorships with a number of companies in both New Zealand and Australia. As a result of the capital reconstruction, Robin has a shareholding in Geneva, accordingly, he has a strong affinity with the position of all shareholders and is committed to see Geneva through the current challenges. Robin is chairman of the Audit Committee and also serves on the Executive Remuneration Committee. Robin does not hold any other public company directorships.

Alan Leighton Maiai Hutchison

Alan is the board representative of FedPac. Alan has acted as a company director since 1994 and currently holds directorships in New Zealand and a number of overseas companies including Ireland, Singapore, Australia, and Samoa. Alan holds a Bachelor of Commerce and a LLB from Auckland University and has been admitted as a barrister and solicitor to both the high court of New Zealand and Supreme Court of Samoa.

GOVERNANCE

The Board of Directors

The Board's primary responsibility is to formulate the strategic direction of the company, oversee the financial and operational controls of the business and manage appropriate risk management strategies and policies. The Board is also responsible for fostering the business culture, appointment and remuneration of senior executives, adoption of plans and policies, the approval of major transactions and review of the business risks.

Ethical Conduct

The Board is committed to behaving in an ethical manner at all times. This includes, but is not limited to: Disclosure of conflicts of interest, Disclosure of receipts of any gifts and/or entertainment, behaving fairly in all business dealings and employment contracts.

Selection and Role of Chairman

The Chairman is selected by the Board from the non-executive directors. The Chairman's role is to manage the board effectively, provide leadership and facilitate the Board's interaction with the Managing Director.

Board Membership

The Board currently consists of the (Non executive) Chairman David Smale, two Non-executive Directors Alan Hutchison and Robin King and one Executive Director David O'Connell.

Director Independence

Each of the directors has confirmed that they do not have any conflicts of interest in respect of their obligations as a director of GFNZ Group Limited. Should any conflict arise out of a particular transaction, the directors have undertaken that they will disclose such conflict of interest.

Nomination and Appointment of directors

The Board is responsible for identifying and recommending candidates. Directors may also be nominated by shareholders under Listing Rule 3.2.2. A director may be appointed by an ordinary resolution or the Board. A person so appointed as a director shall retire from office at the next annual meeting of the company, but shall be eligible for re-election at that meeting. One third of directors shall retire from office at the annual meeting of the company each year, but shall be eligible for reelection at that meeting. The directors to retire shall be those who have been longest in office since they were last elected or deemed elected.

Directors Meetings

In the normal course of events the directors meet to review the financial results at least once every 2 months, normally during the last week of the month. The exception to this being December and January each year where Board meetings are not normally scheduled. In addition the Board will meet on an ad hoc basis where it is considered necessary to discuss matters that need attention prior to a scheduled meeting.

Indemnification and Insurance of Directors and Officers

The Company has a policy of providing directors and senior officers' liability insurance. These policies are provided by QBE.

BOARD COMMITTEES

Audit Committee:

The role of the audit committee is to assist the board in carrying out its responsibilities under the Companies Act 1993 and the Financial Markets Conduct Act 2013, regarding accounting practices, policies and controls relative to the company's financial position and make appropriate enquiry into the audits of the company's financial statements. This responsibility includes providing the Board with additional assurance about the quality and reliability of the financial information issued publicly by the company. This committee compromises, as chairman Robin King and independent directors.

Remuneration Committee:

The Remuneration Committee comprises the non-executive directors. This committee meets annually to determine and approve the remuneration of the Managing Director and selected key executives.

Lending and Credit Committee

The Lending Committee reviews the lending and credit performance policies of the company. This committee plans to meet formally on a four monthly basis in the coming year. It is intended that this committee be comprised of the chairman and two independent directors.

Audit and Risk Management Committee

The Audit and Risk Management Committee oversees the insurance financial reporting, internal and external audits, the appointment of the approved auditor and approved actuary and assist the board in providing an objective, non-executive review of the effectiveness of the insurer's financial reporting and risk management and control processes. This committee meets twice a year.

Managing risk

The Board has overall responsibility for the company's system of risk management and internal control and has procedures in place, i.e. Risk Management Programme to provide effective control of the management and reporting structure. Part of this function is covered by the Lending and Credit Committee.

The financial statements are prepared with full supporting schedules providing analysis of all risk areas on a monthly basis. As set out above, the Board meets at least once every 2 months (excluding December and January) to formally review these reports and receive appropriate explanations from management.

All capital expenditure is controlled and monitored under a structured framework.

The Board maintains an overall view of the risk profile of the company and is responsible for the overall risk assessment processes.

Securities trading

The company has implemented a Securities Trading Policy for directors and staff. The policy follows the recommendations contained in the guidelines issued by the Listed Companies Association.

Disclosure

The company adheres to the NZAX policy of Continuous Disclosure requirements which govern the release of all material information that may affect the value of the company's shares. The Board and senior management team have processes in place to ensure that all material information flows up to the Managing Director to be viewed by the Board and disclosed where appropriate.

Auditor's independence

There is no relationship between the auditors and the company or any related person that could compromise the independence of the auditors. In addition to the audit, Staples Rodway was paid fees for other services (including taxation compliance services) totaling $38k

GENEVA FINANCE LIMITED
(Formerly known as GFNZ Group Limited)

AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

GENEVA FINANCE LIMITED
(Formerly known as GFNZ Group Limited)

CONSOLIDATED FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 31 MARCH 2016

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CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GENEVA FINANCE LIMITED (FORMERLY KNOWN AS GFNZ GROUP LIMITED)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Geneva Finance Limited (formerly known as GFNZ Group Limited) and its subsidiaries (together the 'Group') on pages 3 to 50, which comprise the consolidated statement of financial position of the Group as at 31 March 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 Group's preparation and fair presentation of the consolidated 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 Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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, our firm carries out other assignments for the Group in the area of taxation compliance. The provision of these services has not impaired our independence. The firm has no other relationship with, or interests in, the Group.

Opinion

In our opinion, the consolidated financial statements on pages 3 to 50 present fairly, in all material respects, the financial position of the Group as at 31 March 2016, and of its financial performance and its cash flows for the year then ended in accordance New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

staplesrodway
CHARTERED ACCOUNTANTS

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of Geneva Finance Limited (formerly known as GFNZ Group Limited) and its subsidiaries for the year ended 31 March 2016 included on Geneva Finance Limited's website. The Group's Board of Directors is responsible for the maintenance and integrity of Geneva Finance Limited's website. We have not been engaged to report on the integrity of Geneva Finance 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 29 July 2016 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
AUCKLAND

29 July 2016

GENEVA FINANCE LIMITED
(Formerly known as GFNZ Group Limited)

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 $000's	2015 $000's
Interest income	(6)	9,213	6,504
Interest expense	(7)	3,372	3,075
Net interest income		5,841	3,429
Net premium revenue	(8)	1,342	1,457
Net claims expense	(9)	(229)	(311)
Other revenue	(10)	1,675	1,956
Operating revenue (net of interest expense and claim expense)		8,629	6,531
Operating expenses	(11)	(6,484)	(5,838)
Operating profit		2,145	693
Impaired asset release	(12)	234	855
Net profit before taxation		2,379	1,548
Taxation (benefit) / expense	(13)	(1,150)	(646)
Net profit after taxation		3,529	2,194
Profit per share			
Basic profit per share (cents)	(33)	0.73	0.48

GENEVA FINANCE LIMITED
(Formerly known as GFNZ Group Limited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

		2016 $000's	2015 $000's
Net profit after taxation		3,529	2,194
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Movement in fair value of available for sale equity securities	(15)	313	(3)
Cash flow hedge, net of tax	(29)	(173)	(392)
Other comprehensive income, net of tax		140	(395)
Total comprehensive income		3,669	1,799

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

GENEVA FINANCE LIMITED
(Formerly known as GFNZ Group Limited)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Note	2016 $000's	2015 $000's
Assets			
Cash and cash equivalents	(14)	8,025	4,094
Financial assets at fair value through profit or loss	(23)	630	627
Available for sale equity securities	(15)	3,031	2,718
Prepayments and other debtors		203	163
Taxation receivable		15	15
Finance receivables	(16)	54,576	41,833
Deferred insurance contract acquisition costs	(22)	1,082	534
Deferred taxation	(24)	1,796	646
Intangible assets	(25)	180	77
Plant and equipment	(26)	90	85
Total assets		69,628	50,792
Liabilities			
Accounts payable and accruals	(36)	859	918
Outstanding claims liability	(27)	252	196
Employee entitlements	(36)	211	181
Unearned premium liability	(28)	2,272	1,004
Derivative financial instruments	(29)	520	347
Term facilities	(30)	40,408	26,884
Other borrowings	(31)	4,850	5,198
Total liabilities		49,372	34,728
Equity			
Share capital	(32)	51,287	50,764
Share option reserve	(34)	-	240
Retained earnings		(31,307)	(35,076)
Cash flow hedge reserve	(29)	(520)	(347)
Available for sale equity reserve	(32)	796	483
Total equity		20,256	16,064
Total equity and liabilities		69,628	50,792

For and on behalf of the board, dated 29 July 2016

Director

David O'Connell

Director

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

GENEVA FINANCE LIMITED
(Formerly known as GFNZ Group Limited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Note	Share Capital	Share option reserve	Retained earnings	Cash flow hedge reserve	Available for sale equity	Total equity
		$000's	$000's	$000's	$000's	$000's	$000's
Balance at 1 April 2014		**44,885**	**244**	**(37,274)**	**45**	**486**	**8,386**
Net profit for the period		-	-	2,194	-	-	2,194
Other comprehensive income							
Increase in available for sale equity reserve	(15)	-	-	-	-	(3)	(3)
Change in cash flow hedge reserve, net of tax	(29)	-	-	-	(392)	-	(392)
Total other comprehensive income		-	-	-	**(392)**	**(3)**	**(395)**
Total comprehensive income		-	-	**2,194**	**(392)**	**(3)**	**1,799**
Transaction with owners							
Share options issued to employees forfeited	(34)	-	(4)	4	-	-	-
Placement of new ordinary shares	(32)	6,065	-	-	-	-	6,065
Share issue costs	(32)	(186)	-	-	-	-	(186)
Total transactions with owners		**5,879**	**(4)**	**4**	-	-	**5,879**
Balance at 31 March 2015		**50,764**	**240**	**(35,076)**	**(347)**	**483**	**16,064**
Net profit for the period		-	-	3,529	-	-	3,529
Other comprehensive income							
Increase in available for sale equity reserve	(15)	-	-	-	-	313	313
Change in cash flow hedge reserve, net of tax	(29)	-	-	-	(173)	-	(173)
Total other comprehensive income		-	-	-	**(173)**	**313**	**140**
Total comprehensive income		-		**3,529**	**(173)**	**313**	**3,669**
Transaction with owners							
Share options issued to employees forfeited	(34)		(100)	100			-
Share options issued to employees	(34)		145				145
Share options issued to shareholders forfeited	(34)		(140)	140			-
Share options issued to employees exercised	(34)	145	(145)	-	-	-	-
Placement of new ordinary shares	(32)	380	-	-	-	-	380
Share issue costs	(32)	(2)	-	-	-	-	(2)
Total transactions with owners		**523**	**(240)**	**240**	-	-	**523**
Balance at 31 March 2016		**51,287**	-	**(31,307)**	**(520)**	**796**	**20,256**

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

GENEVA FINANCE LIMITED
(Formerly known as GFNZ Group Limited)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 $000's	2015 $000's
Cash flow from operating activities:			
Cash was provided from:			
Interest received		8,525	6,030
Dividends received		170	280
Receipts from insurance policy sales, collections activities and other sources		3,847	2,617
Proceeds from collections made on purchased debt ledger		423	429
		12,965	9,356
Cash was applied to:			
Net movement in finance receivables		(11,918)	(8,499)
Interest paid		(3,372)	(3,075)
Payments to suppliers and employees		(7,022)	(5,831)
		(22,312)	(17,405)
Net cash outflow from operating activities	(37)	(9,347)	(8,049)
Cash flows from investing activities:			
Cash was provided from:			
Proceeds from the sale of fixed assets		12	18
		12	18
Cash was applied to:			
Purchase of plant and equipment		(38)	(30)
Purchase of intangible assets		(153)	(10)
Purchase of third-party debt ledger		(143)	-
		(334)	(40)
Net cash outflow from investing activities		(322)	(22)
Cash flows from financing activities:			
Cash was provided from:			
Net movement of term facilities: Westpac		10,170	8,428
Net movement of term facilities: Kiwi Bank		3,400	-
Net movement of other borrowings		-	200
Issue of new shares		380	980
		13,950	9,608
Cash was applied to:			
Net movement of other borrowings		(348)	-
Payments relating to the issue of new shares		(2)	(186)
		(350)	(186)
Net cash inflow from financing activities		13,600	9,422
Net increase in cash and cash equivalents held		3,931	1,351
Add: Opening cash and cash equivalents balance at the beginning of the year		4,094	2,743
Cash and cash equivalents at the end of the year	(14)	**8,025**	**4,094**
Represented by:			
Cash at bank		8,025	4,094
Cash and cash equivalents at the end of the year	(14)	**8,025**	**4,094**

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

1. Reporting entity

Geneva Finance Limited (Previously known as GFNZ Group Limited) (the 'Company') is incorporated and domiciled in New Zealand. GFNZ Group Limited is registered under the Companies Act 1993 and is listed on the New Zealand Alternative Stock Exchange ('NZAX').

The Company's name was changed from GFNZ Group Limited to Geneva Finance Limited on 27 June 2016.

Geneva Finance Limited is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

The consolidated financial statements of Geneva Finance Limited and its subsidiaries (together "the Group") have been prepared in accordance with the Companies Act 1993 and the Financial Market Conduct Act 2013.

The Company's subsidiaries are listed in note 21.

The Group is a for-profit entity.

The Group's primary activities are to lend money to individuals, companies and other entities, issue temporary insurance contracts covering death, disablement and redundancy risk and short term motor vehicle insurance contracts covering comprehensive, third party, mechanical breakdown and guaranteed asset protection and provide debt collection services.

The financial statements were authorised for issue by the directors on 29 July 2016

2. Basis of preparation

a) Statement of compliance

The company's reporting date is 31 March. These financial statements have been prepared for the year ended 31 March 2016. The comparative period is for the year ended 31 March 2015. The financial statements ('financial statements') have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for-profit entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

b) Basis of measurement

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 detailed in note 3.

c) Functional and presentation currency

The functional currency of each entity within the Group is New Zealand Dollars ($). The presentation currency of and Group is New Zealand Dollars ($) and all amounts are rounded to the nearest dollars ($000) unless otherwise stated.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

a) New and amended standards and interpretations

Adoption of new and amended accounting standards that are mandatory for first time adoption.

The following new standards, amendments and interpretations to existing standards mandatory for the first time for the financial period ended 31 March 2016:

Annual Improvements to NZ IFRSs – 2010-2012 Cycle and 2011 – 2013 Cycle.
The adoption of the improvements made in the 2012-2012 Cycle has required additional disclosures in our segment note. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

- NZ IFRS 4 (Amendments to Appendix C of NZ IFRS 4 Insurance Contracts - Life Insurance Entities), 'Insurance Contracts'. The amendments are consistent with the Amendments to the Insurance (Prudential Supervision) Act 2010, Appendix C of NZ IFRS 4 now requires disclosures in relation to the statutory funds of life insurance entities under that Act. In addition, entities are now required to disclose disaggregated information for each life fund (previously entities distinguished only between investment linked business and non-investment linked business). The Company has assessed that the adoption of NZ IFRS 4 (Amendments) will have a disclosure only impact on the Group's financial statements. The Group intends to adopt NZ IFRS 4 (Amendments to Appendix C of NZ IFRS 4 Insurance Contracts - Life Insurance Entities on the accounting period beginning 1 April 2015.

3. Significant accounting policies (continued)

a) New and amended standards and interpretations (continued)

- There are a number of other new and amended standards, and interpretations mandatory for first time adoption for the financial year ended 31 March 2016 but not currently relevant to the Group in preparing these financial statements. These other new and amended standards and interpretations are not expected to have an impact on the Group's financial statements.

The following new standards, amendments and interpretations issued but not yet effective for the Group's accounting periods beginning on or after 1 April 2015 or later periods, 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. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. 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 April 2018.

- NZ IFRS 15 'Revenue from Contracts with Customers' NZ IFRS 15 'Revenue from Contracts with Customers' provides a five-step model to be applied to the recognition of revenue arising from contracts with customers:
  - identify the contract with the customer;
  - identify the performance obligations in the contract;
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract; and
  - recognise revenue when (or as) the entity satisfies a performance obligation.

- NZ IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

  The effective date is annual reporting periods beginning on or after 1 January 2018.

  The impact of NZ IFRS 15 has not yet been quantified. The Group is yet to assess NZ IFRS 15's full impact and intends to adopt NZ IFRS 15 no later than the accounting period beginning on or after 1 April 2017.

3. Significant accounting policies (continued)

a) New and amended standards and interpretations (continued)

NZ IFRS 16 Leases

NZ IFRS 16 will replace NZ IAS 17 Leases. NZ IFRS 16 eliminates the distinction between operating and finance leases for lessees and will result in lessees bringing most leases onto their Statements of Financial Position. The main changes affect lessee accounting only – lessor accounting is mostly unchanged from NZ IAS 17.

NZ IFRS 16 introduces the following:
Use of a control model for the identification of leases:
This model distinguishes between leases and service contracts on the basis of whether there is an identified asset controlled by the customer.
Distinction between operating and finance leases removed:
Assets (a right-of-use asset) and liabilities (a lease liability reflecting future lease payments) will now be recognised in respect of all leases, with the exception of certain shortterm leases and leases of low value assets.
NZ IFRS 16 supersedes NZ IAS 17 and associated interpretative guidance.
The effective date is annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, if NZ IFRS 15 Revenue from Contracts with Customers has also been adopted.

The impact of NZ IFRS 16 has not yet been quantified. The Group is yet to assess NZ IFRS 16's full impact and intends to adopt NZ IFRS 16 no later than the accounting period beginning on or after 1 April 2019.

b) Basis of consolidation

These financial statements consolidate the financial statements of Geneva Finance Limited and its subsidiaries (together "the Group"). The Company and each its subsidiaries have the same financial reporting period end, being 31 March.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an 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 Company carries investments in subsidiaries at cost less impairment.

Where subsidiaries have been sold or acquired during the period, their operating results have been included to the date control ceases or from the date control is transferred to the Group.

The acquisition method of accounting is used to account for business combinations. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. 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 on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) Revenue and expenses recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and that revenue can be measured reliably. Expenses are recognised as incurred in profit and loss on an accrual basis. Specific revenue and expense recognition policies have been outlined in accounting policies 'd' to 'l'.

3. Significant accounting policies (continued)

d) Interest income and interest expense

Interest income, interest expense and borrowing costs 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.

e) Premium revenue

Premium revenue comprises amounts charged to the insurance contract policyholders, excluding taxes collected on behalf of third parties. The earned portion of premiums received and receivable is recognised as revenue. Premium earned is earned from the date of attachment of risk over the indemnity period. Earned and unearned premiums are determined by apportioning the premium income written over the indemnity period from date of attachment.

f) Finance receivable origination and insurance contract acquisition costs

Direct and incremental costs related to the origination of finance receivables, are initially recognised as part of the cost of acquiring the asset and written off as an adjustment to its expected yield over its expected life using the effective interest method. The write off is to interest income as part of the effective interest rate.

Direct expenses incurred in obtaining insurance contracts are amortised over the life of the contract in proportion to services rendered, in accordance with the Margin of Services reporting principle. Deferred insurance contract acquisition costs are subject to a loss recognition test as to their recoverability.

g) Fee and commission income

Fees and commission income integral to the effective yield of a financial asset or liability are recognised as an adjustment to the effective interest calculation and included in interest income.

Fees and commissions that relate to the execution of a significant act (for example, loan servicing fees and insurance commissions) are recognised when the significant act has been completed.

h) Outward reinsurance

Premium ceded to reinsurers is recognised as an expense in accordance with pattern of reinsurance services received. A portion of outwards reinsurance premium is treated as a prepayment.

i) Claims expense

Claims expense represents payment for insurance claims and the movement in outstanding claims liabilities.

The central estimate of outstanding claims liabilities is the best estimate of the present value of future projected claims payments and associated claims handling costs in respect of claims reported but not yet paid, claims incurred but not reported (IBNR) .

Claims outstanding are assessed by review of individual claim files and estimated changes in the ultimate cost of settling claims. The policyholder liability is provided for on the basis of the total loss forecast including a prudential margin. As the Group's insurance business is short term, the impact of discounting to present value is not considered material, and the liability for claims is measured as the amounts of expected future payments. Claims outstanding have been subjected to an actuarial review which has formed the basis of valuation of the net liability in the statement of financial position (refer to policy 'x').

j) Offsetting of income and expenses

Income and expenses are not offset unless required or permitted by accounting standards. This generally arises in circumstances where the Group acts as an agent on behalf of a Customer and only the commission fee revenue is recognised:

- where amounts are collected on behalf of third parties, where the Group is, in substance, acting as an agent only; or
- where costs are incurred on behalf of customers from whom the Group is reimbursed.

3. Significant accounting policies (continued)

k) Income tax expense

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised as an expense or income in profit and loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that the timing of the reversal is controlled by the Group. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences and unutilised tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

l) Goods and services tax

The Group provides financial services. Revenues, expenses, assets, receivables and payables are stated with the amount of goods and services tax ("GST") included. The net amount of GST recoverable from, or payable to, the Inland Revenue Department ("IRD") is included as 'accounts payable and accruals' or 'prepayments and sundry debtors' in the statement of financial position.

Cash flows are included in the cash flow statement inclusive of GST. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the IRD are classified as operating cash flows.

m) Financial instruments

Basis of recognition and measurement of financial assets and financial liabilities

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

The classification depends on the purpose for which the financial instruments were entered into. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at every reporting date.

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 reporting date.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised 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 Group's obligations specified in the contract are extinguished.

3. Significant accounting policies (continued)

m) Financial instruments (continued)

In transactions where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the Group derecognises the transferred asset if control over that asset is relinquished. The rights and obligations retained in the transfer, such as servicing assets and liabilities, are recognised separately as assets and liabilities, as appropriate. If control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, which is determined by the extent to which it remains exposed to changes in the value of the transferred asset.

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 reporting 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 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.

(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. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of reporting date.

The Group's financial assets at fair value through profit or loss comprise; derivatives and purchased debt.

(ii) Available for sale financial assets

Available for sale financial assets are non derivatives, principally equity securities, which are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

The Group's available for sale financial assets comprise; available for sale equity securities.

(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. They are included in current assets, except for those with maturities greater than 12 months after reporting date which are classified as non-current assets.

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

3. Significant accounting policies (continued)

(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.

The Group does not have any held to maturity investments.

Financial liabilities

(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 borne 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 settled within 12 months of reporting date.

The Group's financial liabilities at fair value through profit or loss include derivatives.

(ii) Other financial liabilities

This category includes all financial liabilities other than those designated or classified 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; term and professional investor facilities and debt securities.

n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank current accounts, deposits 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. Bank overdrafts are shown in current liabilities on the statement of financial position.

o) 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 on-going 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. Unrecoverable amounts are written off and recognised in profit or loss. Subsequent recoveries of amounts written off are recognised in profit or loss.

o) Trade and other receivables (continued)

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.

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

3. Significant accounting policies (continued)

p) Finance receivables

Finance receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are classified as loans and receivables and comprise advances, finance leases, and hire purchase contracts. Finance receivables are initially recognised at fair value including transaction costs that are directly attributable to the issue of the advance, lease or contract. They are subsequently measured at amortised cost using the effective interest method, less any impairment loss.

Impaired assets

An impaired asset is an asset for which an impairment loss has been recognised but is not a restructured asset.

Restructured assets

A restructured asset is an impaired asset for which the original terms have been formally 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 yield on the asset is greater than the Group's average cost of funds and a loss is not otherwise expected to occur.

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.

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.

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 includes:

- 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, it is included in a group of assets with similar risk characteristics and collectively tested with that group for impairment.

The estimated individual impairment loss is measured as the difference between the asset's carrying amount and the estimated future cash flows discounted to their present value at the original effective interest rate. The process of estimating the amount and timing of cash flows involves considerable management judgment. These judgements are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the impact of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

3. Significant accounting policies (continued)

p) Finance receivables (continued)

The provision for credit impairment (specific and collective) is deducted from finance receivables in the statement of financial position and the movement in the provision for the reporting period is reflected in the 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 to the profit or loss.

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

q) Investments

Investments in equity instruments 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.

r) 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.

s) Borrowings, term and professional investor facilities.

Borrowings, term and professional investor facilities and debenture deposits are recognised initially at fair value, net of transaction costs incurred. Borrowings, term and professional investor facilities and debenture deposits 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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

t) Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair market value at each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair values is positive and as liabilities when fair value is negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge);
- hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecast transaction (cash flow hedge).

Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivative that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

3. Significant accounting policies (continued)

t) Derivative financial instruments and hedge accounting (continued)

The fair value of the derivative instrument used for hedging purposes is disclosed in note 29. Movements on the hedge are shown in other comprehensive income. The full fair value of the hedging derivative is classified as a non-current asset or liability when the remaining period to maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Fair value hedges
The Group has not classified any derivatives in this category.

(ii) Cash flow hedge
The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately through profit or loss.

Amounts accumulated in other comprehensive income are recycled in the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

The Group has classified all of its currently held derivatives in this category.

(iii) Derivatives that do not qualify for hedge accounting
The Group has not classified any derivatives in this category.

u) 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.

v) Employee benefits

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 wholly 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.

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.

3. Significant accounting policies (continued)

w) Insurance contracts

An insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Through its subsidiary Quest Insurance Group Limited, the Group issues temporary life insurance contracts covering death, disability, disablement and redundancy and short term motor vehicle contracts covering comprehensive, third party and mechanical breakdown risks.

x) Outstanding claims liability

The liability for insurance contracts has been determined in accordance with Appendix C of NZ IFRS 4 *Insurance Contracts,* and Professional Standard No 20 of the New Zealand Society of Actuaries.

In terms of these standards, insurance contract liabilities are determined on the "Margin or Services" principle, under which profits emerge evenly over the life of the contract as services are provided.

y) Property, plant and equipment

All property, plant and equipment are initially recognised at cost.

Property (land and buildings) are subsequently carried at revalued amounts less subsequent accumulated depreciation and impairment losses. The valuation is determined by an independent valuer. Land and buildings are revalued with sufficient frequency to ensure that the carrying value of the item does not differ materially from its fair value. Land is not depreciated. Depreciation on buildings, plant and equipment is provided on the straight line method at rates calculated to allocate the cost less estimated residual value over the estimated economic lives of the assets.

Any revaluation surplus arising on the revaluation of land and buildings is transferred directly to the revaluation reserve. A revaluation deficit in excess of the revaluation reserve for land and buildings is recognised through profit or loss in the period it arises. Revaluation surpluses which reverse previous revaluation deficits recognised in the income statement are recognised as revenue through profit or loss in the period it arises.

Plant and equipment are subsequently carried at cost less, where applicable, any accumulated depreciation and impairment losses. All assets are depreciated over their useful lives. 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.

The depreciation rates used for each class of assets are:

Class of plant and equipment	*Depreciation rate basis*	*Depreciation method*
Computer equipment	20%	Straight Line
Furniture and fittings	20%	Straight Line
Office equipment	20%	Straight Line
Leasehold improvements	10%	Straight Line
Motor vehicles	20%	Straight Line

The carrying amount of property, 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, the higher of fair value less cost to sell and value in use, 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.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised through profit or loss and is calculated on the difference between the sale price and the carrying value of the asset.

3. Significant accounting policies (continued)

z) Intangible assets

Intangible assets comprise costs incurred in acquiring and building software applications and computer systems (referred to as 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.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

At each reporting date, the software assets are reviewed for impairment against impairment indicators. If any indication of impairment exists, the recoverable amount of the assets are estimated and compared against the existing carrying value. Where the existing carrying value exceeds the recoverable amount, the difference is charged to the profit and loss.

aa) Impairment of non-financial assets

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.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 the income statement.

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

ab) Leased assets

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. Leases in which a significant portion of the risks and rewards of ownership are retained by another party, being the lessor, are classified as operating leases.

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 or loss on a straight-line basis over the period of the lease.

(ii) Operating leases where the Group is the lessor

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 to the income statement on a straight line basis over the period of the lease.

3. Significant accounting policies (continued)

ac) 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.

Costs which are not directly attributable to the issue of new shares are shown as an expense and included in administrative expenses in the statement of comprehensive income.

ad) Distributions

Dividends to the Group's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved but not distributed at reporting date.

ae) Fair value estimates

Financial instruments classified as fair value through profit or loss or available for sale are presented in the Group's statement of financial position at their fair value. For other financial assets and financial liabilities, fair value is estimated as follows:

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

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

Finance receivables
Finance receivables have fixed interest rates. Fair value is estimated using a discounted cash flow model based on a current market interest rate for similar products after making allowances for impairment; the carrying value approximates their fair value.

Other borrowings
These liabilities are long term in nature and the carrying value approximates their fair value.

Other payables
These liabilities are short term in nature and the carrying value approximates their fair value.

Borrowings, term and professional investor facilities and debt securities
Borrowings, term and professional investor facilities and debt securities 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.

af) 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.

ag) Segment reporting

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments on an entity. The Group has determined the Group's Board of Directors as its chief operating decision-maker as the Board is responsible for allocating resources and assessing the performance of the operating segments and making strategic and operating decisions.

Income and expenses directly associated with each segment are included in determining each segment's performance.

The Group's reportable operating segments are the following: corporate, new business consumer finance, insurance, old business consumer finance (including debt collections) and property. Refer note 40 for further details on the Group's operating segments.

The Group operates in primarily in one geographic area, New Zealand.

3. Significant accounting policies (continued)

ah) Statement of cash flows

The statement of cash flows has been prepared using the direct approach. Cash flows from finance receivables, debentures, term facilities and professional investor facilities have been netted to provide meaningful disclosure as many of the cash flows are on behalf of the Group's customers or providers of funding and do not reflect the activities of the Group.

Investing activities
Investing activities are those activities relating to the acquisition of property, plant and equipment and computer software and investments in related party receivables.

Financing activities
Financing activities are those activities relating to changes in the size and composition of the capital structure of the Group and the payment of dividends (if any).

Operating activities
Operating activities include all transactions and other events that are not investing or financing activities. Cash flows arising from movements in finance receivables are classified as operating activities. Operating activities are the main trading activities of the Group.

ai) Changes in accounting policies

Except as outlined in Note 3 (a), all policies have been applied on a basis consistent with those used in the previous reporting period.

4. Critical estimates and judgements used in applying accounting policies

These financial statements are prepared in accordance with NZ IFRS and applicable financial reporting standards. Not withstanding the existence of relevant accounting standards, there are a number of critical accounting treatments which include complex or subjective judgements and estimates that may affect the reported amounts of assets and liabilities in the financial statements. Estimates and judgements are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

An explanation of the judgements and estimates made by the Group in the process of applying its accounting policies, that have the most significant effect on the amounts recognised in the financial statements are set out below:

Credit provisioning
Provisions for impairment in customer loans and advances are raised by management to cover actual losses arising from past events. Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment losses are calculated on individual loans and on loans assessed collectively. Losses expected from future events, no matter how likely, are not recognised. The amount of the impairment loss is recognised as an expense through profit or loss.

The calculation of impairment provisions includes consideration of all expected cash flows associated with the loan. This includes any expected cash flows from realisation of security and interest and takes into account security realisation costs.

Individual provisions
An individual provision is raised where there is an expectation of a loss of principal, interest and/or fees and there is objective evidence of impairment.

At each reporting date, the Group reviews individually significant loans for evidence of impairment. All relevant information, including the economic situation, solvency of the customer/ guarantor, enforceability of guarantees, current security values are taken into account and discounted at the loans original effective interest rate in determining individual provisions. At a minimum, individual provisions are reassessed semi annually, upon receipt of a significant asset realisation or when there is a change in customer circumstances/business strategy.

Collective provisions
A collective provision is calculated for:

- Loans which are not individually impaired, are subject to individual assessment to cover losses which have been incurred but not yet identified; and
- For loans that share similar credit risk characteristics portfolios of loans that are not considered individually significant (e.g. less than $50,000).

4. Critical estimates and judgements used in applying accounting policies (continued)

The collective provision is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is then adjusted for the impact of current observable data.

For individually significant loans, historical loss experience used to calculate the individual provision is determined by taking into account historical information on probability of default. The collective provision on homogeneous or portfolio managed receivables is calculated by applying an expected loss factor to the outstanding balances in each loan portfolio. The expected loss factor is determined from internal historical loss data.

The long-term historical loss experience is reviewed by management and adjustments made to reflect current economic and credit conditions as well as taking into account such factors as concentration risk in an individual portfolio. In addition, management recognise that a certain level of imprecision exists in any model used to generate risk grading and provisioning levels. As such an adjustment is applied for model risk.

Management regularly reviews and adjusts the estimates and methodologies as improved analysis becomes available. Changes in these assumptions and methodologies could have a direct impact on the level of credit provision and credit impairment charge recorded in the financial statements (refer Note 17. Provision for credit impairment).

Suspended income

To the extent that it is not probable that economic benefits will flow to the Group from revenue, the revenue is not recognised in the income statement but transferred to a suspended income account in the statement of financial position and offset against gross receivables (refer Note 16. Finance receivables and Note 17. Provision for credit impairment).

Fair value of purchased debt securities

The fair value of financial instruments that are not quoted in active markets are determined by using discounted cash flow models. To the extent practical, models use observable data, however volatilities require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments (Note 23. Fair value disclosures).

Fair value of available for sale equity securities

The fair value of equity securities not quoted in an active market are determined by using other recognised valuation techniques. To the extent practical, models use observable data, however volatilities require management to make estimates. The fair value of equity securities where the majority of the entity's assets and liabilities are reported in their financial statements at fair value are determined based on the Group share on the entity's net assets (refer Note 15. Equity securities - available for sale).

Deferred tax asset

The Group has recognised a deferred tax asset (2015: had not recognised a deferred tax asset) on its statement of financial position as at reporting date. Significant judgement is required in determining if the utilisation of deferred tax assets is probable. 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 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 Note 13. Tax reconciliation and Note 24. Taxation)

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is based on a variety of actuarial techniques that analyse experience, trends and other relevant factors. The estimate process involved using Group specific data, relevant industry data and general economic data, including but not limited to, claim frequencies, average claim sizes and historical trends (refer Note 5. Actuarial assumptions and methods).

The derecognition of finance receivables

The Group follows the guidance in NZ IAS 39, 'Financial Instruments: Recognition and Measurement', in transactions where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the Group derecognises the transferred asset if control over that asset is relinquished. The rights and obligations retained in the transfer, such as servicing assets and liabilities, are recognised separately as assets and liabilities, as appropriate. If control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, which is determined by the extent to which it remains exposed to changes in the value of the transferred asset. This determination of whether risks and rewards of ownership of a financial asset are neither retained nor transferred requires significant judgement. (refer Note 16. Finance receivables).

5. Actuarial assumptions and methods

The liability for insurance contracts has been determined by Group's consulting Actuary, Peter Davies, ('the Actuary'), B.Bus.Sc., FIA, a Fellow of the New Zealand Society of Actuaries in accordance with NZ IFRS 4 'Insurance Contacts' issued by the External Reporting Board, and Professional Standard no. 20 of the New Zealand Society of Actuaries – Valuation of Life Insurance Policy Liabilities and no. 30 Valuation of General Insurance Claims. The liability equals the initial single premium, net of acquisition costs, written down on a straight line basis over the life of the policy.

The actuary is satisfied as to the nature and extent of the data used for the valuation.

The life insurance contract liabilities are subject to a loss recognition test, which has been carried out on the following basis:

Mortality:	Population mortality NZ2000 – 2002.		
	Deaths:	Claim frequencies and terminations per company experience.	
	Disability:	Claim frequencies and terminations per company experience.	
	Redundancy:	Claim frequencies and terminations per company experience.	
	Expenses:	$138 (31 March 2015: $151) per policy per year, escalating at 2% per annum (31 March 2015: 2%).	
	Interest:	A discount rate of 1.95% per annum (31 March 2015: 3.11%).	
	Cancellations:	Consumer credit contracts:	3.0% per month in months 1 to 10, reducing by 0.1% per month to 1.0% per month.
	Surrender value	Rule of 78	

Claim provisions for notified claims have been determined using case estimates provided by the claims manager.

The provision for claims incurred but not reported (IBNR) has been determined by applying the chain ladder method to past claim reporting patterns.

Insurance contract liabilities for motor vehicle business have been calculated as the unearned premium net of deferred acquisition costs.

The basis for the loss recognition test in respect of motor insurance business is as follows:

Premium liability before risk margin and expenses:	44% of gross unearned premium
Risk margin:	10%
Expense allowance:	40%
Surrender value	Straight line basis

Claim provisions for notified motor claims have been based on case estimates provided by the claim manager.

The provision for IBNR in respect of motor claims has been determined by applying the chain ladder method to past claim reporting patterns.

Under the accumulation method, insurance contract liabilities do not vary with changes in the valuation assumptions, unless a variation in the assumption would lead to the recognition of future losses. The sensitivity of changes in the valuation assumptions on the best estimate liability calculations, carried out as part of the loss recognition tests, is indicated in the following table:

5. Actuarial assumptions and methods (continued)

Sensitivity Disclosure

Policy liabilities (unearned premium liability), net of deferred acquisition costs (in dollars):

Group
31 March 2016

	Payment Protection & Lifestyle		Motor		Combined	
Policy liability *	371,283		818,491		1,189,774	
	Best estimate liability	Variation	Best estimate liability	Variation	Best estimate liability	Variation
Base assumptions	298,988		477,744		776,732	
Discount rate +1%	296,840	(2,148)	477,744	-	774,584	(2,148)
Discount rate -1%	301,183	2,195	477,744	-	778,927	2,195
Claims frequencies x 1.1	310,041	11,053	525,518	47,774	835,559	58,827
Claims frequencies x 0.9	287,935	(11,053)	429,970	(47,773)	717,905	(58,826)
Admin costs x 1.1	306,048	7,060	511,869	34,126	817,917	41,185
Admin costs x 0.9	291,928	(7,060)	447,885	(29,858)	739,813	(36,919)
Cancellation rate x 1.1	304,073	5,086	477,744	-	781,817	5,086
Cancellation rate x 0.9	293,845	(5,143)	477,744	-	771,589	(5,143)

* Net of deferred acquisition costs

Group
31 March 2015

	Payment Protection & Lifestyle		Motor		Combined	
Policy liability *	340,294		129,462		469,756	
	Best estimate liability	Variation	Best estimate liability	Variation	Best estimate liability	Variation
Base assumptions	315,117		133,979		449,096	
Discount rate +1%	312,853	(2,264)	133,979	-	446,832	(2,264)
Discount rate -1%	317,431	2,314	133,979	-	451,410	2,314
Claims frequencies x 1.1	326,767	11,650	147,377	13,398	474,144	25,048
Claims frequencies x 0.9	303,468	(11,649)	120,581	(13,398)	424,049	(25,047)
Admin costs x 1.1	322,558	7,441	139,978	5,999	462,536	13,440
Admin costs x 0.9	307,676	(7,441)	128,473	(5,506)	436,149	(12,947)
Cancellation rate x 1.1	320,476	5,359	133,979	-	454,455	5,359
Cancellation rate x 0.9	309,697	(5,420)	133,979	-	443,676	(5,420)

* Net of deferred acquisition costs

The best estimate is calculated on the basis of the "best estimate" of the net future cash-flows under insurance policies and exclude future profit. These profits are released to the income statement over the life of the policies and are included in the carrying amount of liabilities disclosed on the statement of financial position. The "best estimate" assumptions have been calculated using the assumptions set out above.

	Group	
	2016	2015
	$000's	$000's
Unearned premium liability (note 28)	2,272	1,004
Less: Deferred acquisition costs (note 22)	(1,082)	(534)
	1,190	470

6. Interest income

	2016 $000's	2015 $000's
Bank accounts	125	92
Finance receivables	8,708	6,227
Finance receivables - impaired	380	185
Total interest revenue	9,213	6,504

7. Interest expense

	2016 $000's	2015 $000's
Wholesale funding	2,687	2,469
Other borrowings	685	606
Total interest expense	3,372	3,075

8. Net premium revenue

	2016 $000's	2015 $000's
Premium revenue	2,625	1,403
Movement in unearned premium reserve	(1,268)	141
	1,357	1,544
Reinsurance expense	(15)	(87)
	1,342	1,457

9. Net claims expense

	2016 $000's	2015 $000's
Claims expense	244	364
Recoveries	(15)	(53)
	229	311

10. Other revenue

	2016 $000's	2015 $000's
Net gain on financial assets at fair value through profit or loss	282	415
Commission and brokerage income	381	358
Collection services	95	229
Commission earned as agent	192	402
Dividends received	170	280
Other fees and finance charges	555	272
Total other revenue	1,675	1,956

11. Operating expenses

	2016 $000's	2015 $000's
Other operating expenses includes the following:		
Auditor's remuneration		
Audit of financial statements		
- Audit of financial statements *	150	158
Other services		
- Tax compliance fees	38	25
Total other services	38	25
Total fees paid to auditor	188	183

* The audit fee includes the fees for the annual audit of the financial statements.

11. Operating expenses (continued)

	Note	2016 $000's	2015 $000's
Insurance contract acquisition costs		924	1,132
Depreciation	(26)	28	33
Amortisation	(25)	40	88
Directors fees		110	109
Employee benefits		2,517	2,310
Employee benefits - share based payments		145	-
Lease expense		19	30
(Profit) / Loss on sale of fixed assets		(8)	(8)
Rent		306	300

12. Impaired asset (release) / charge

	2016 $000's	2015 $000's
Bad debts written off	-	-
Increase / (decrease) in collective provision	(242)	(897)
Increase in specific provision	8	42
Increase in other specific asset impairment provision	-	-
	(234)	(855)

13. Tax reconciliation

		2016 $000's	2015 $000's
Net profit before taxation		2,379	1,548
Prima facie taxation @ 28%		433	433
Non-deductible expenses		-	(16)
Prior year under provision of taxation		-	-
Non-taxable income			-
Reversal of deferred tax not recognised		-	-
Deferred Tax		717	74
Tax losses not recognised / (utilised)			155
		1,150	646
Comprising:	Current	-	-
	Deferred	1,150	646
		1,150	646

14. Cash and cash equivalents

	2016 $000's	2015 $000's
Cash at bank	5,998	3,169
Cash at bank (professional investor scheme) *	761	199
Cash at bank (securitisation arrangement) **	1,266	726
Cash and cash equivalents	8,025	4,094

* Cash at bank relating to the professional investor scheme is cash held within the Prime Asset Trust Limited (refer note 20 and 21). This cash relates to receipts made from receivables that were sold to Prime Asset Trust Limited and do not meet the criteria for derecognition as outlined note 16 and is held to meet the repayment obligation Prime Asset Trust Limited has in relation to the professional investor scheme and is not available to the Group for any other use.

** Cash at bank relating to the securitisation arrangement is cash held within The Geneva Warehouse A Trust (refer note 19,20 and 21). This cash relates to receipts made from receivables that were sold into the Securitisation trust and do not meet the criteria for derecognition as outlined in note 16 and is held and distributed as per The Geneva Warehouse A Trust deed, which requires Trustee approval for distribution purposes, and such is not available to the Group.

15. Equity securities - available for sale

	2016 $000's	2015 $000's
Unlisted medical property investment company	3,031	2,718

The 11% stake in this company is held by Quest Insurance Group Limited. This investment was previously held by Pacific Rise Limited and was transferred at net book value to Quest Insurance Group Limited during August 2015. The investment in the unlisted medical property company is an available for sale financial asset and is measured at fair value. This investment is denominated in NZ dollars. The Directors have disclosed their intention to sell this investment. This equity security is not quoted in an active market. The fair value of this equity security is based on the Group's share of the entity's net assets at reporting date as reported in the entity's financial statements. The entity is a property investment company that is solely in the business of holding and leasing investment property under operating leases and is in involved in the development of investment property. The majority of the entity's assets and liabilities are reported in their financial statements at either their fair value or their carrying value which approximates their fair value.

16. Finance receivables

	Note	2016 $000's	2015 $000's
Gross finance receivables		39,243	46,901
Gross finance receivables (The Geneva Warehouse A Trust)		45,063	24,049
Gross finance receivables (Prime Asset Trust Limited)		398	1,078
Total gross finance receivables		84,704	72,028
Less: Unearned interest		18	13
Deferred fee revenue and expenses		662	551
Less: Provision for credit impairment	(17)	29,448	29,631
Net finance receivables		54,576	41,833

Maturity profile of net finance receivables

	2016 $000's	2015 $000's
Current:		
Within 6 months	10,155	8,246
7 - 12 months	9,779	7,779
	19,934	16,025
Non - Current:		
13 - 24 months	16,665	12,773
25 - 60 months	17,977	13,035
Over 60 months	-	-
	34,642	25,808
Total	54,576	41,833

While the sale of the finance receivables to the Geneva Warehouse A Trust (the Trust) from Geneva Financial Services Limited constitute a legally enforceable sale and purchase transaction, it does not meet the criteria for the derecognition of financial assets under NZ IAS 39, 'Financial Instruments: Recognition and Measurement' (NZ IAS 39) and thus at the time of the sale does not meet the Group's accounting policy for derecognition of a financial asset. NZ IAS 39 establishes specific guidance for the derecognition of financial assets, such that a financial asset can only de-recognised when substantially all of the risks and rewards of ownership, measured by the change in the variability of the cash flow arising from the financial assets before and after the transfer, is transferred.

During the year ended 31 March 2016, finance receivables totalling approximately $34.9.m were sold to the Trust (2015: $29.1m). As there has been no change in the management of the receivables and because there were no significant changes in the cash flows before and after the sale, the sold receivables did not meet the derecognition criteria. Furthermore, as the sales constitute legally enforceable transfer of equitable interest in the transferred receivables, the carrying values of these receivables at reporting date of $45.1m are subject to limitations on disposal (2015: $24.1m).

16. Finance receivables (continued)

During the prior year ended 31 March 2015, finance receivables totalling approximately $0.6m were sold to Prime Asset Trust. As there has been no change in the management of the receivables and because there were no significant changes in the cash flows before and after the sale, the sold receivables did not meet the derecognition criteria. Furthermore, as the sales constitute legally enforceable transfer of equitable interest in the transferred receivables, the carrying values of these receivables at reporting date of $0.4m are subject to limitations on disposal (2015: $1.1m).

While the sale of finance receivables to Prime Asset Trust Limited from Geneva Financial Services Limited constitutes a legally enforceable sale and purchase transaction, it does not meet the criteria for the derecognition of financial assets under NZ IAS 39 and thus at the time of sale does not meet the Geneva Financial Services Limited's accounting policy for derecognising of financial asset. NZ IAS 39 establishes specific guidance for the derecognition of financial assets, such that a financial assets can only be derecognised when substantially all of the risks and rewards of ownership of the financial asset have transferred and they are no longer controlled by the entity. The transfer of risks and rewards of ownership is measured by the change in the variability of the cash flow arising from the financial assets before and after the transfer.

17. Provision for credit impairment

	Note	2016 $000's	2015 $000's
Specific provisions			
Opening balance		1,305	1,263
Increase / (decrease) in provisions		8	42
Closing balance		1,313	1,305
Collective provision			
Opening balance		28,326	29,135
Increase / (decrease) in provisions		(242)	(897)
Write offs		51	88
Closing balance		28,135	28,326
Total provision for credit impairment	(16)	29,448	29,631

18. Impaired and past due assets

	Note	2016 $000's	2015 $000's
Specifically impaired assets			
Opening balance		1,321	1,277
Additions		47	44
Deletions		-	-
Closing balance		1,368	1,321
Impairment provision - specific	(17)	(1,313)	(1,305)
Net specifically impaired assets		55	16
Collectively impaired assets			
Opening balance		34,025	35,485
Additions		6,470	1,237
Deletions		(7,006)	(2,657)
Write offs		(10)	(40)
Closing balance		33,479	34,025
Impairment provision - collective	(17)	(28,135)	(28,326)
Net collectively impaired assets		5,344	5,699
Net impaired assets	(35) (a) ii)	5,399	5,715

18. Impaired and past due assets (continued)

Restructured assets

	Note	2016 $000's	2015 $000's
Opening balance		146	196
Additions		99	73
Deletions		(89)	(123)
Write offs		-	-
Closing balance	(35) (a) ii)	156	146

Past due assets but not impaired

	Note	2016 $000's	2015 $000's
Opening balance		3,461	2,102
Movement during the year		2,162	1,359
Closing balance	(35) (a) ii)	5,623	3,461

All past due but not impaired assets fall between 0 and 30 days past due.

19. Securitisation

Geneva Financial Services Limited (GFSL) a wholly owned subsidiary of the Company has a wholesale funding arrangement with Westpac New Zealand Limited (Westpac) under which it securitised loan receivables through The Geneva Warehouse A Trust (the Trust). Under the facility, Westpac provided funding to the Trust secured by loan receivables transferred to the Trust from GFSL. The facility was for an initial term of two years and for a maximum amount of $30,000,000. The facility annual review was completed during June 2015 and was extended to 31 July 2017. The current facility is $40,000,000. The Trust is a special purpose entity set up solely for the purpose of receiving loans from GFSL with Westpac funding up to 82.5% of the purchase and the remainder being funded by a subordinated loan from the Company. The NZ Guardian Trust Limited, via NZGT (GF) Trustee Limited, has been appointed as Trustee for the Trust with GFSL as the sole beneficiary. Under NZ IAS 39, Financial Instruments: Recognition and Measurement and NZ IFRS 10: Consolidated Financial Statements, the Company controls the financing and operating activities of the Trust. As a result the Trust is required to be consolidated into the Group financial statements.

GFSL continues to administer the loans and collect loan instalments as they fall due. As GFSL retains all of the risks and rewards relating to the transferred loan receivables, the loan receivables do not qualify for derecognition under NZ IAS 39, 'Financial Instruments: Recognition and Measurement' and they continue to appear in the statement of financial position of GFSL.

During year ended 31 March 2016 GFSL transferred $34.9m gross value of loans receivables to the Trust (2015: $29.1m). As at 31 March 2016 the carrying value of these assets were $45.1m (2015: $24.1m).

20. Related parties

The Company listed on the NZAX on 1 May 2008 and its shares are widely held. The Group has related party transactions with its key management personnel and parties associated with these key management personnel.

Loans and advances to related parties

	Directors and other key management personnel (& close family members)	
Finance receivables	2016 $000's	2015 $000's
Loans receivables	349	273
Impairment provision	(273)	(273)
Net loans receivable	76	-

20. Related parties (continued)

	Directors and other key management personnel (& close family members)	
	2016	2015
Movement in finance receivables	$000's	$000's
Opening balance as at 1 April	-	-
Loans Issued	76	-
Impairment provision	-	-
	76	-
Discount adjustment for interest free loans	-	-
	76	-
Interest income earned	-	-

The loans carried an interest rate of 8% up to the 30 September 2007, from 1 October 2007 these loans are interest free. The loans were granted for a period of three to five years. The loans was advanced to purchase shares in Financial Investment Holdings Limited. The loans were fully provided for at 31 March 2015 and 31 March 2014.

During March 2016 a $76,000 loan was issued to the Chief Financial Officer. The loan was issued for the execution of share options issued to senior executive on 7 August 2016. The loan carry an interest rate of 7.1% and has a 24 month term with an early settlement option.

Deposits from related parties

		Directors and other key management personnel (& close family members)	
	Note	2016	2015
Other borrowings, secured debt and subordinated debt.		$000's	$000's
Secured debt	(33)	-	1,800
Subordinated debt	(31)	2,400	-
Total		2,400	1,800

	Directors and other key management personnel (& close family members)	
	2016	2015
Movement in debentures, subordinated debt and deposits	$000's	$000's
Opening balance as at 1 April	1,800	6,889
Deposits received during the period	2,400	-
Deposits repaid during the period	(1,800)	(89)
Deposits converted into shares during the period	-	(5,000)
	2,400	1,800
Interest expense	170	206

The related party deposits carry interest rates of 8.0% - 10.0% (31 March 2015: 8.0% - 10.0%).

	2016	2015
Key management personnel compensation	$000's	$000's
Salaries short term employee benefits during the period		
Salaries	759	686
Directors Fees	114	106
Share based payments	145	-
	1,018	792

Key management personnel is defined as directors and the chief executive whom are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Investments

	2016	2015
	$000's	$000's
Prime Asset Trust Limited ('PATL')	121	121
	121	121

Geneva Financial Services Limited contributed approximately 8% of the funds to scheme created on 31 January 2014.

These amounts are eliminated upon consolidation.

21. Group entities

	Nature of business	Country of incorporation	Ownership interest (%) 2016	2015
Geneva Finance NZ Limited	Consumer finance	New Zealand	100	100
Quest Insurance Group Limited	Insurance	New Zealand	100	100
Pacific Rise Limited	Property company	New Zealand	100	100
Stellar Collections Limited	Debt collection	New Zealand	100	100
Geneva Financial Services Limited	Consumer finance	New Zealand	100	100
Prime Asset Trust Limited	Trustee / nominee	New Zealand	100	100
Geneva Nominees Limited	Dormant	New Zealand	100	100
The Geneva Warehouse A Trust *	Special purpose secutritised trust	New Zealand	N/A *	N/A *
EFCO Limited **	Dormant	New Zealand	100	-

The reporting date of all companies is 31 March.

* The Geneva Warehouse A Trust is a special purpose entity set up solely for the purpose of the securitisation facility, (refer note 19).The NZ Guardian Trust Limited, via NZGT (GF) Trustee Limited, has been appointed as Trustee for the Trust with Geneva Financial Services Limited as the sole beneficiary.

** EFCO Limited was incorporated on 29 March 2016 and shares are held by Geneva Financial Services Limited

22. Deferred insurance contract acquisition costs

	2016 $000's	2015 $000's
Opening balance	534	478
Deferral of insurance contract acquisition costs incurred during the year	889	444
Expense of insurance contract acquisition costs incurred during prior years	(341)	(388)
Closing balance	1,082	534

23. Financial assets at fair value through profit or loss

Purchased debt

Purchased debt is typically past due and non-performing debt acquired by Stellar Collections Limited at a discount to face value. These debt instruments are not quoted in an active market. The fair value on the purchased debt is based on a valuation using discounted cash flow models performed by external valuers, Northington Partners. Key assumptions and inputs in the valuation include; a discount rate of 27.5% (2015: 27.5%), projected cash flows for four years based on historical collection rates of similar portfolios and collections costs. The discount rate reflects the mid point target rate of return of debt portfolios with similar risk profiles. The purchased debt was designated at fair value through the profit and loss upon initial recognition. The Group manages and evaluates the performance of these assets in accordance with a documented risk management strategy.

Sensitivity

For example, to the extent that management reduce or increase cash flow assumptions by 10% the fair value, of financial assets designated at fair value - purchased debt, would be estimated at $554k (2015: $552k) if reduced, $705k (2015: $703k) if increased, as compared to their reported fair value of $630k (2015: $627k) at reporting date, this would be recognised as a movement through the profit and loss.

Financial assets at fair value through profit or loss

	2016 $000's	2015 $000's
Purchased debt	630	627
	630	627

Maturity profile of financial assets designated at fair value:

	2016 $000's	2015 $000's
Current - within 12 months		
- Purchased debt	184	194
	184	194
Non - Current - more than 12 months		
- Purchased debt	446	433
	446	433
Total	630	627

24. Taxation

a) Deferred income tax

Deferred tax assets	2016 $000's	2015 $000's
To be recovered within one year	1,796	646
Later than one year	-	-
	1,796	646

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

	Accelerated depreciation/ amortisation **$'000**	**Provisions** **$'000**	**Tax losses** **$'000**	**Total** **$'000**
Balance at 31 March 2014	-	-		
(Charged) / Credited to profit or loss	-	646		646
Balance at 31 March 2015	**-**	**646**	**-**	**646**
(Charged) / Credited to profit or loss	-	1,150	-	1,150
Balance at 31 March 2016	**-**	**1,796**	**-**	**1,796**

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As the Group has generated taxable profits for the current year and is forecasting profits for the foreseeable future, the Directors considered it probable that a deferred tax asset would be realised.

The following deferred tax assets have not been recognised in the statement of financial position but are available for utilisation against future taxable income:

	Tax Losses		**Temporary Differences**	
	Gross **$'000**	**Tax Effected** **$'000**	**Gross** **$'000**	**Tax Effected** **$'000**
31 March 2014	**44,594**	**12,486**	**9,143**	**2,560**
Movement for the year	(3,950)	(1,106)	864	242
Temporary difference recognised as a deferred tax adjustment	-	-	(2,307)	(646)
Relinquished as a result of shareholder continuity breaches	(11,626)	(3,255)	-	
31 March 2015	**29,018**	**8,125**	**7,700**	**2,156**
Movement for the year	(279)	(78)	(650)	(182)
Temporary difference recognised as a deferred tax adjustment	-	-	(4,107)	(1,150)
31 March 2016	**28,739**	**8,047**	**2,943**	**824**

b) Imputation credits

The balance of imputation credit at reporting date is Nil (2015: Nil).

25. Intangible assets

Computer software	2016 $000's	2015 $000's
Opening balance	67	155
Additions	26	-
Amortisation	(40)	(88)
Closing balance	53	67
Computer software in progress		
Opening balance	10	-
Additions	127	10
Transfers	(10)	-
Closing balance	127	10
At cost	2,113	1,970
Accumulated amortisation	(1,933)	(1,893)
	180	77

26. Fixed assets

	2016 $000's	2015 $000's
Computer equipment		
At cost	1,932	1,929
Accumulated depreciation	(1,916)	(1,910)
	16	19
Furniture and fittings		
At cost	673	673
Accumulated depreciation	(673)	(673)
	-	-
Office equipment		
At cost	259	259
Accumulated depreciation	(259)	(259)
	-	-
Leasehold improvements		
At cost	1,448	1,448
Accumulated depreciation	(1,448)	(1,448)
	-	-
Motor vehicles		
At cost	150	153
Accumulated depreciation	(76)	(87)
	74	66
Total fixed assets	90	85

The reconciliations of the carrying value for fixed assets are set out below:

	2016 $000's	2015 $000's
Computer equipment		
Opening balance	19	32
Additions	3	-
Depreciation	(6)	(13)
Closing balance	16	19
Furniture and fittings		
Opening balance	-	-
Closing balance	-	-
Office equipment		
Opening balance	-	-
Additions	1	-
Closing balance	1	-
Leasehold improvements		
Opening balance	-	-
Closing balance	-	-
Motor vehicles		
Opening balance	66	67
Additions	34	30
Disposals/write offs	(4)	(11)
Depreciation	(22)	(20)
Closing balance	74	66
Total fixed assets	90	85

27. Outstanding claims liability

	2016 $000's	2015 $000's
Gross claims undiscounted	126	79
Third party recoverables	(12)	(32)
IBNR provision	138	149
Closing balance	252	196

Reconciliation of movement in outstanding claims liability

	2016	2015
Gross claims undiscounted		
Opening balance	79	53
Movement in ultimate incurred costs	(162)	(282)
Payments	209	308
Closing balance	126	79
Third party recoverables		
Opening balance	(32)	(36)
Movement	20	4
Closing balance	(12)	(32)
IBNR provision		
Opening balance	149	116
Movement	(11)	33
Closing balance	138	149

Solvency disclosure - Quest Insurance Group Limited

The solvency position of the Company as at 31 March 2016 has been calculated by the Company's actuary, under the Reserve Bank of New Zealand solvency standard (Section 55 of the Insurance (Prudential Supervision) Act 2010). The actual solvency capital of the Company under this standard as at 31 March 2016, net of related party investments and unrecoverable deferred acquisition costs amounted to $6.39m (2015:$1.95m). Quest Insurance Group Limited is required to hold minimum solvency capital of $5.0 million and have a solvency margin of at least $1.

2016	Non Life $'000	Life $'000	Total $'000
Actual Solvency Capital	5,641	746	6,387
Minimum solvency requirement	2,975	10	5,000
Solvency Margin	**2,666**	**735**	**1,387**
Solvency Cover Ratio	190%	7169%	128%

2015	Non Life $'000	Life $'000	Total $'000
Actual Solvency Capital	1,788	164	1,952
Minimum solvency requirement	892	33	925
Solvency Margin	**896**	**130**	**1,027**
Solvency Cover Ratio	201%	490%	211%

The liabilities recorded on the Statement of Financial Position are $1.6m (2015: $1.0m) and total assets equal $8.7m (2015: $7,4m).

28. Unearned insurance contract premium liabilities

	2016 $000's	2015 $000's
Opening balance	1,004	1,144
Deferral of premium on contracts written during the year	1,946	802
Earnings of premiums deferred in prior year	(678)	(942)
Closing balance	2,272	1,004

29. Derivative financial instruments

The Group uses interest rate swap contracts to convert a portion of its variable rate debt to fixed rate debt. No exchange of principal takes place. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves.

	2016	2015
Derivatives designated as cash flow hedges	$000's	$000's
Interest rate swap (at fair value) entered into		
Opening Balance	(347)	45
Movement	(173)	(392)
Closing Balance	(520)	(347)
Contract / notional amount - (Swap)	21,806	26,023

Hedging activities

The Group's hedging practices and accounting treatment are disclosed in Note 3 (t).

Cash flow hedges

The Group hedges a portion of interest rate risk that it has assumed as a result of entering into a floating rate term facility agreement as part of the securitisation agreement refer note 19. (2015: The Group hedges a portion of interest rate risk that it has assumed as a result of entering into a floating rate term facility agreement as part of the securitisation agreement refer note 19).

There were no ineffectiveness recognised in profit or loss during the period, (2015: Nil).

Notional amounts and applicable interest rates	2016		2015	
	Notional Amount	Interest Rate	Notional Amount	Interest Rate
	$000's	%	$000's	%
	1,885	3.53	6,180	3.53
	1,128	4.05	1,983	4.05
	1,429	4.19	2,191	4.19
	2,349	4.36	3,395	4.36
	15,015	4.37	12,274	4.37
	21,806		**26,023**	

30. Term facilities

	2016	2015
	$000's	$000's
Term facility: Westpac	37,054	27,054
Capitalised transaction costs: Westpac	(26)	(170)
Term facility: Kiwi Bank	3,400	-
Capitalised transaction costs: Kiwi Bank	(20)	-
	40,408	26,884

Maturity profile of term facilities

	2016	2015
	$000's	$000's
Current - within 12 months		
- Term facility: Westpac	20,023	15,313
	20,023	15,313
Non - Current - more than 12 months		
- Term facility: Westpac	17,005	11,571
- Term facility: Kiwi Bank	3,380	-
	20,385	11,571
Total	40,408	26,884

On 1 August 2013 entered into a financing arrangement with Westpac New Zealand Limited (Westpac) as described in note 19.

Stellar Collections Limited secured a term loan facility of $3.4m with Kiwi Bank during June 2015. The facility is secured by a first ranking general security agreement given by Stellar Collections Limited and guaranteed given by Geneva Finance Limited.

31. Other borrowings

	2016 $000's	2015 $000's
Secured	-	5,000
Capitalised transaction costs	-	(2)
Unsecured	4,850	200
	4,850	5,198

Maturity profile of other borrowings

	2016 $000's	2015 $000's
Current - within 12 months		
- Secured	-	-
- Unsecured	-	200
	-	200
Non - Current - more than 12 months		
- Secured	-	4,998
- Unsecured	4,850	-
	4,850	4,998
Total	4,850	5,198

During the period the Company settled $5.2m of professional investors funding. At the same juncture $3.29m was reinvested and an additional $1.56m funding was raised. (These transactions incudes two directors, David Smale and Robin King)

* $0.45m was repaid to David Smale and $0.4m was reinvested;
* $1.35m was repaid to Robin King,$1.35m was reinvested and an additional $0.65m was invested.

Both loans were on a three year term @ 9% interest per annum.

During the March 2015 period Federal Pacific Group Limited utilised their $5m unsecured loan in settling their share take up as a result of the underwrite agreement entered into on 2 April 2014 and approved by shareholders on 29 April 2014 as described in note 34.

32. Capital and reserves

Capital:

Capital comprises share capital, other reserves, and retained earnings.

Share capital (comprised of ordinary shares only):

	Ordinary shares (in thousands)	
	2016 000's	2015 000's
Opening balance	483,041	280,872
Placement of new shares via execution of executive share options *	10,000	-
Placement of new shares via rights issue **	-	202,169
Closing balance	493,041	483,041

	2016 $000's	2015 $000's
Opening balance	50,764	44,885
Placement of new shares via execution of executive share options *	523	-
Placement of new shares via rights issue **	-	5,879
Closing balance	51,287	50,764

All issued shares are authorised and fully paid. The holders of ordinary shares rank equally amongst themselves, are entitled to receive dividends from time to time and are entitled to one vote per share at shareholder meetings of the Company and rank equally with regard to the Company's residual assets. No dividends were declared or paid during the period (31 March 2015: None).

32. Capital and reserves (continued)

** Placement of new shares via execution of executive share options*

During the period the executive team executed share options that were issued on 7 August 2015. In total 10,000,000 new ordinary shares were issued @ 3.8 cents per share (Refer note 34).

*** Placement of new shares via Rights Issue*

On 3 April 2014 the Company issued a Simplified Disclosure Prospectus which contained an offer for a pro rata Non-Renounceable Rights Issue to the Company's shareholders to acquire new ordinary shares in the Company on the following terms:

- the company will issue up to 202,168,512 shares at 3 cents per share (payable in full cash on application)
- the shareholders were offered 11 new shares for every 18 shares held at the record date (with fractions rounded
- the optionholders were offered 11 new shares for every 18 shares held at the record date (with fractions rounded
- the rights issue was subject to shareholders approval
- the new shares under the rights issue will rank equally in all respects.
- rights are non-renounceable.
- shareholders and optionholders can apply for more than their entitlement. In the event that more shares are subscribed for than are available under the rights issue, the directors will scale applications, first, after allocating entitlements, and thereafter in a manner the directors determine is equitable.

On 29 April 2014, the following resolutions were approved:

- Approval of rights issue, "In accordance with NZX Limited's NZAX Listing Rule 7.3.1, to approve the issue of up to 202,168,512 new ordinary shares at 3 cents per share, pursuant to a non-renounceable rights issue and on the terms as more particularly described in the explanatory notes to, and Simplified Disclosure Prospectus accompanying, this notice of meeting (the Rights Issue)."
- Approval of underwriting agreement with Federal Pacific Group Limited: "In accordance with NZX Limited's NZAX Listing Rules 7.5 and 9.2.1 and Rule 7(d) of the Takeovers Code, to ratify, confirm and approve entry into, and performance of, the underwriting agreement dated 2 April 2014 between Federal Pacific Group Limited (FedPac) and the Company in relation to the Rights Issue as described in the Simplified Disclosure Prospectus accompanying this notice of meeting and to approve the issue of shares to FedPac under the underwriting agreement."

These transactions are summarised as follows:

	2016 $000's	2015 $000's
Issue of 1,000,000 ordinary shares in Geneva Finance Limited on 17 November 2015 @ 3.8 cents per share.	38	-
Issue of 9,000,000 ordinary shares in Geneva Finance Limited on 2 March 2016 @ 3.8 cents per share.	342	-
Issue of 202,168,512 ordinary shares in Geneva Finance Limited on 13 May 2014 @ 3 cents per share.	-	6,065
	380	6,065
Consideration received on 17 November 2015	(38)	-
Consideration received on 3 March 2016	(342)	-
Consideration received on 13 May 2014	-	(6,065)
	(380)	(6,065)
Balance recognised in profit or loss	-	0
Share issue costs incurred and recorded directly in equity against share capital.	2	186

Hedging reserve:

The hedging reserve relates to the fair value of the effective portion of cash flow hedges (Refer note 29).

Available for sale equity reserve:

The available for sale reserve relates to revaluation of an equity investment held by the subsidiary company Quest Insurance Group Limited.

The equity investment was initially acquired for a cost of $2.2m. The available for sale reserve represents the difference between the initial cost and the fair value at reporting date of $3.03 (2015: $2.7m) being $0.8m (2015: $0.5)

33. Profit / (Loss) per share

Basic profit / (loss) per share

The calculation of basic profit per share at 31 March 2016 was based on the profit attributable to ordinary shareholders of $3,529,000 (2015: $2,194,000) and a weighted average number of shares 484,125,460 (2015: 459,777,535) calculated as follows:

Profit / (loss) attributable to ordinary shareholders

	2016 $000's	2015 $000's
Net profit / (loss) after taxation	3,529	2,194
Dividends on preference shares	-	-
Net profit / (loss) attributable to ordinary shareholders	3,529	2,194

Weighted average number of ordinary shares

	2016	2015
Weighted average number of ordinary shares in issue (thousands)	484,125	459,778

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company only had outstanding share options in the prior year. A calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

No diluted earnings per share was presented for in the prior year as the average share price of the Company's shares over the reported periods was lower than the exercise price of the share options on issue.

34. Share options

Share options issued to employees

During July 2012 12.5m share options were granted to the managing director and senior management of the Company. The exercise price of the granted options is 5 cent per share. Options had to be exercised not later than 3 years after the issue date and the options will be forfeited if the employee ceases to be employed by the Company. All of these options were forfeited during July 2015.

The weighted average fair value of the options granted during the period were determined using the Binomial Tree option pricing model was 0.83 cents per option. The significant inputs into the model were, share price of 2.2 cents at the grant date, exercise price shown above, volatility of 92.6% , an expected option life of three years , and an annual risk-free interest rate of 2.7%. The volatility measured at the standard deviation of changes in the Company's share price over the prior 12 month period. The share based payment for the period was $104k. No such share options were issued during the year ended 31 March 2016, (2015: Nil).

During August 2015, 10m share options were granted to the managing director and senior management of the Company. The exercise price of the granted options is 3.8 cent per share. Options must be exercised not later than 30 March 2018 and the options will be forfeited if the employee ceases to be employed by the Company. All of these options were exercised during the period.

The weighted average fair value of the options granted during the period were determined using the Binomial Tree option pricing model was 1.45 cents per option. The significant inputs into the model were, share price of 3.2 cents at the grant date, exercise price shown above, volatility of 78.65% , an expected option life of 2.65 years , and an annual risk-free interest rate of 2.7%. The volatility measured at the standard deviation of changes in the Company's share price over the prior 12 month period. The share based payment for the period is $145k. No such share options were issued during the period ended 31 March 2015.

Share options issued as part of the Company's Non-Renounceable Rights Issue of Ordinary Shares and Options

On 19 and 23 November 2012, 140k of share options were granted as part of the Company's Non-Renounceable Rights Issue of Ordinary Shares and Options (the 'rights issue'), refer also Note 32. Under the rights issue the Company issued 56.2m ordinary shares at 2.75 cents per share. For every 3 new ordinary shares issued the Company issued 2 share options which entitle the holder to subscribe for new shares. These options can only be exercised during a 30 day period, commencing 3 years from the date of issue. The exercise price of the granted options is 8 cents per share. All of these options were forfeited during November 2015.

34. Share options (continued)

On grant date the Company's share price was 2.5 cents per share. The value ascribed (0.375 cents per share option) to each share option is the difference between the Company's share price (2.5 cent per share) on grant date and the subscription price (2.75 cents per share) for each parcel of 3 shares and 2 options under the rights issue. No such share options were issued during the year ended 31 March 2016. (2015: Nil)

Movements in the number of share options outstanding and their related weighted average exercise prices (if applicable) are as follows:

	31 Mar 16		31 Mar 15	
	Average Exercise price (cents)	Options (thousands)	Average Exercise price (cents)	Options (thousands)
At 1 April	7.27	49,449	7.30	49,949
Granted	3.80	10,000	-	-
Forfeited	7.27	(49,449)	5	(500)
Exercised	3.80	(10,000)	-	-
Expired	-	-	-	-
At period end	-	-	7.27	49,449

Share options outstanding at the end of the year have the following expiry dates and exercise prices.

Expiry Date	Exercise price (cents)	Share Options (thousands) 31 Mar 16	Share Options (thousands) 31 Mar 15
2015	5.00	-	12,000
2015	8.00	-	37,449
		-	49,449

35. Management of financial, insurance and capital risk

Financial Risk

(a) Credit risk

Credit risk is defined as the risk that a loss will be incurred if a counter party to a transaction does not fulfil its financial obligations.

Credit risk is the potential loss arising from the non-performance of a counterparty to whom funds have been advanced. Financial instruments, which potentially subject the Group to credit risk principally, consist of bank balances, finance receivables, accounts receivable and interest rate swaps.

The board, audit and risk committees have the responsibility to oversee all aspects of credit risk assessment and management, and delegates authority to perform lending within approved lending policies and guidelines.

To control the level of credit risk taken each customer's credit risk is individually evaluated on a case by case basis and the amount of collateral taken on the provision of financial facility is based on management's credit evaluation of the customer. The collateral taken varies and as at reporting date was primarily in the form of motor vehicles and/or household chattels. Loan agreements provide that if an event of default occurs, collateral can be repossessed. The repossessed collateral is either held until overdue payments have been received or sold in the secondary market. An asset quality committee operates and overdue loans are assessed and reviewed on a regular basis by this body.

To facilitate effective management of arrears accounts, loan receivables are grouped on the number of days in arrears and number of days without making a payment. All overdue accounts are managed by the collections team who have responsibility for securing the companies position. Collection processes includes telephone contact, standard arrears letters, and if the arrears position deteriorates an escalation through the legal process.

The Group performs credit evaluations on all customers requiring advances. The Group requires collateral or other security to support financial instruments with credit risk. The Group operates a lending policy with various levels of authority depending on the size of the loan. A lending and credit committee operates and overdue loans are assessed on a regular basis by this body.

The Group's credit risk to cash and cash equivalents represents the potential cost to the Group if counterparties fail to fulfil their obligation. To control the level of credit risk taken, the Group only banks with registered banks.

The Group's credit risk to interest rate swaps represents the potential cost to replace the swap contracts if counterparties fail to fulfil their obligation. To control the level of credit risk taken, the Group only enters into interest rate swaps with its term facility provider.

35. Management of financial, insurance and capital risk (continued)

Financial Risk (continued)

(a) Credit risk (continued)

i) Concentrations of credit risk

The Group lending consists of consumer lending (including personal loans) and commercial lending spread across a large number of borrowers in New Zealand. As such there is no material concentration of credit risk to individual borrowers. All finance receivables net of provisions are considered to be fully recoverable.

ii) Concentration of credit risk by 'sector' and by 'sector and then asset category'

Finance receivables consist of secured and unsecured business loans and secured and unsecured personal loans. The security on business loans is generally the assets being purchased, typically equipment. The security on personal loans is generally the assets being purchased, typically motor vehicles or chattels. It is impractical to determine the current fair value of the collateral held due to the large number of loans, average size, term to maturity, wide variety and condition of each collateral item.

Concentration of credit risk by sector

	2016 $000's	2015 $000's
Personal Loans		
Gross finance receivables	83,361	70,642
Provision for credit impairment	(28,105)	(28,245)
	55,256	42,397
Business loans		
Gross finance receivables	1,343	1,386
Provision for credit impairment	(1,343)	(1,386)
	-	-
Gross finance receivables after provision for credit impairment	55,256	42,397
Less:		
Unearned interest	18	13
Deferred fee revenue and expenses	662	551
Net finance receivables	54,576	41,833

Concentration of credit risk exposure by security

	2016	2015
Personal loans	$000's	$000's
Secured	64,281	52,249
Unsecured	19,080	18,393
Total personal loan receivables	83,361	70,642
Business loans		
Secured	-	-
Unsecured	1,343	1,386
Total business loan receivables	1,343	1,386

The above amounts are gross of any allowances for impairment. Security is primarily in the form of vehicles and/or household chattels.

35. Management of financial, insurance and capital risk (continued)

Financial Risk (continued)

(a) Credit risk (continued)

Concentration of credit risk by sector and then asset category

31 March 2016

	Impaired	Restructured	Past Due But Not Impaired	Neither Past Due or Impaired	Total
	$000's	$000's	$000's	$000's	$000's
Personal loans					
Gross finance receivables after provision for credit impairment (personal loans)	5,399	156	5,623	44,078	55,256
Business loans					
Gross finance receivables after provision for credit impairment (business loans)	-	-	-	-	-
Total gross finance receivables after provision for credit impairment	5,399	156	5,623	44,078	55,256

31 March 2015

	Impaired	Restructured	Past Due But Not Impaired	Neither Past Due or Impaired	Total
	$000's	$000's	$000's	$000's	$000's
Personal loans					
Gross finance receivables after provision for credit impairment (personal loans)	5,715	146	3,461	33,075	42,397
Business loans					
Gross finance receivables after provision for credit impairment (business loans)	-	-	-	-	-
Total gross finance receivables after provision for credit impairment	5,715	146	3,461	33,075	42,397

iii) Maximum credit risk

The maximum exposures are net of any provisions for losses on the financial instruments:

	2016	2015
	$000's	$000's
Cash and cash equivalents	8,025	4,094
Finance receivables (net, after provision for credit impairment)	54,576	41,833
Financial assets designated at fair value	630	627
Other debtors	203	163

The Group has no off balance sheet credit exposures.

iv) Concentration of credit risk to individual counterparties and groups of closely related counterparties:

The Group has exposure to the following number of counterparties or Groups of closely related counterparties:

Percentage of Shareholders' equity	2016	2015
10% to 20%	-	-
20% to 30%	-	1
30% to 40%	1	-
40% to 50%	-	-

31 Mar 16 Exposures to New Zealand Registered Banks.

31 Mar 15 Exposures to New Zealand Registered Banks.

35. Management of financial, insurance and capital risk (continued)

Financial Risk (continued)

(a) Credit risk (continued)

iv) Concentration of credit risk to individual counterparties and groups of closely related counterparties: (continued)

Proportion in aggregate owed by the debtors who owe the six largest amounts to total financial assets:

	2016	2015
6 largest debtors	12.70%	9.17%
% exposure to New Zealand Banks included above	12.06%	8.32%

v) Ageing analysis of loan receivables

			Days past due					
2016	**TOTAL**	Current	<30	31-60	61-90	91-120	>120
Gross Finance Receivables	**84,704**	44,079	5,751	758	365	286	33,465
Provision for Credit Impairment	**29,448**	865	-	222	128	117	28,116
Net Finance Receivables	**55,256**	**43,214**	**5,751**	**536**	**237**	**169**	**5,349**

			Days past due				
2015	**TOTAL**	Current	<30	31-60	61-90	91-120	>120
Gross Finance Receivables	**72,028**	33,057	3,608	482	217	111	34,553
Provision for Credit Impairment	**29,632**	568	-	156	107	65	28,735
Net Finance Receivables	**42,396**	**32,489**	**3,608**	**327**	**110**	**45**	**5,818**

b) Interest rate risk and liquidity risk

Interest rate risk

Interest rate risk is the risk of loss to the Group arising from adverse changes in the interest rates. The Group is exposed to interest rate risk in respect of borrowing funds and lending to customers.

The expected maturity periods and effective interest rates of debt securities are set out in the liquidity gap and interest rate sensitivity analysis. The interest rates are fixed depending on the term and value of the professional investor loans.

Interest rates are managed by assessing the demand for funds, new lending, expected debt repayments and maintaining an adequate portfolio of financial assets and liabilities with a sufficient spread between interest rates on the Group's lending and borrowing. Rates are fixed for lending over the term of the contract. The Group's term facility has a floating interest rate. To protect the Group from interest rate volatility on this facility the Group enter into interest rate swaps to hedge at least 40% of the interest rate risk. The Group agreed with other parties to exchange, at specified intervals (monthly), the difference between floating contract rates and fixed rate interest amounts calculated by reference to the agreed notional principal amounts. The Group has not entered into any other derivative transactions.

Changes to interest rates can impact on the Group's financial results by affecting the spread earned on the interest-earning assets and the cost of interest-bearing liabilities.

Interest rate risk is measured by the Executive Directors when establishing fixed rates of interest for issues of debt securities. When approving interest rates for individual loan advances, interest rate risk is either measured by the Executive Directors in accordance with the approved lending policy or by management in accordance with the approved lending policy. The Executive Directors monitor exposure to interest rates on a monthly basis.

Interest rates on advances are normally fixed for the life of the advances.

35. Management of financial, insurance and capital risk (continued)

Financial Risk (continued)

b) Interest rate risk and liquidity risk (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty to raise funds on short notice to support the subordinated requirement to sustain securitisation facility growth. The Group monitors its liquidity position on a continuous basis and plans its operating activities to ensure a balanced liquidity position. The key factors in managing liquidity are the timing of the payments of interest and principal on funding and the timing of receipts of interest and principal on finance receivables. The Group has also reduced its liquidity risk through:

- securing the securitisation facility
- securing a term facility with Kiwi Bank
- sourcing debt from professional investors
- actively searching for alternative funding sources; and
- managing its operations to operate within available resources.

i) Liquidity gap

The following maturity analysis of financial assets and financial liabilities is based on the remaining period to contractual maturity. Managements' expected maturities of the financial assets and financial liabilities are in line with the contractual maturities unless otherwise noted below.

The Group monitors its liquidity position on a continuous basis and plans its operating activities to ensure a balanced liquidity position. If necessary the Group will build up cash reserves to meet longer term liabilities.

31 March 2016
$'000's

Financial assets	Carrying amount	Gross nominal inflow/ (outflow)	0-6 months	7-12 months	13-24 months	25-60 months	Over 60
Cash and cash equivalents	8,025	8,025	8,025	-	-	-	-
Financial assets at fair value	630	1,202	176	175	322	529	-
Finance receivables	54,576	74,435	13,850	13,337	22,730	24,518	-
Equity securities - available for sale *	3,031	3,031	-	3,031	-	-	-
Other receivables	203	203	203	-	-	-	-
Total finance assets	66,465	86,896	22,254	16,543	23,052	25,047	-
Financial liabilities							
Term facility **	(40,408)	(41,959)	(11,047)	(10,172)	(20,740)	-	-
Other borrowings	(4,850)	(5,305)	(112)	(98)	(196)	(4,899)	-
Other payables	(167)	(167)	(167)	-	-	-	-
Total financial liabilities	(45,425)	(47,431)	(11,326)	(10,270)	(20,936)	(4,899)	-
Derivative gross outflow	(520)	(520)	(202)	(148)	(152)	(18)	-
Net liquidity gap	20,520	38,945	10,726	6,125	1,964	20,130	-

* The realisation of these cash flows is not contractual and is based on management's expectation.
** Management's expectations are that the facilities would be extended (Refer note 19).

35. Management of financial, insurance and capital risk (continued)

Financial Risk (continued)

b) Interest rate risk and liquidity risk (continued)

31 March 2015
$'000's

Financial assets	Carrying amount	Gross nominal inflow/ (outflow)	0-6 months	7-12 months	13-24 months	25-60 months	Over 60
Cash and cash equivalents	4,094	4,094	4,094	-	-	-	-
Financial assets at fair value	627	1,192	190	179	316	507	-
Finance receivables	41,833	54,706	10,783	10,173	16,704	17,046	-
Equity securities - available for sale *	2,718	2,718	-	2,718	-	-	-
Other debtors	163	163	163	-	-	-	-
Total finance assets	49,435	62,873	15,230	13,070	17,020	17,553	-
Financial liabilities							
Term facility **	(26,884)	(27,054)	(7,793)	(7,520)	(11,741)	-	-
Professional investor scheme	(5,198)	(5,198)	(5,198)	-	-	-	-
Other payables	(253)	(253)	(253)	-	-	-	-
Total financial liabilities	(32,335)	(32,505)	(13,244)	(7,520)	(11,741)	-	-
Derivative gross outflow	(347)	(347)	(84)	(82)	(119)	(62)	-
Net liquidity gap	16,753	30,021	1,902	5,468	5,160	17,491	-

* The realisation of these cashflows is not contractual and is based on management's expectation.
** Management's expectations are that the facility would be extended (Refer note 19).

ii) Interest rate reset analysis

The following tables include the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. Interest rates on finance receivables and debentures are fixed for their term at the time they were issued.

31 March 2016
$'000's

Financial assets	Effective Interest Rate %	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Over 60 Months	Total
Cash and cash equivalents	0.00 - 3.15	8,025	-	-	-	-	8,025
Financial assets at fair value	27.50	92	93	168	277	-	630
Finance receivables	21.24	10,155	9,779	16,665	17,977	-	54,576
Total interest bearing finance assets		18,272	9,872	16,833	18,254	-	63,231
Financial liabilities							
Term facilities	5.42 - 7.50	(40,408)	-	-	-	-	(40,408)
Other borrowings	9.00	-	-	-	(4,850)	-	(4,850)
Total interest bearing financial liabilities		(40,408)	-	-	(4,850)	-	(45,258)
Effect of derivatives held for risk management	3.53 - 4.37	(202)	(148)	(152)	(18)	-	(520)
Total		(22,338)	9,724	16,681	13,386	-	17,453

31 March 2015
$'000's

Financial assets	Effective Interest Rate %	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Over 60 Months	Total
Cash and cash equivalents	0.00 - 3.15	4,094	-	-	-	-	4,094
Financial assets at fair value	27.50	100	94	166	267	-	627
Finance receivables	21.89	8,246	7,779	12,773	13,035	-	41,833
Total interest bearing finance assets		12,440	7,873	12,939	13,302	-	46,554
Financial liabilities							
Term facility	5.21	(26,884)	-	-	-	-	(26,884)
Professional investor scheme	8.25 - 10.00	-	-	-	(5,198)	-	(5,198)
Total interest bearing financial liabilities		(26,884)	-	-	(5,198)	-	(32,082)
Effect of derivatives held for risk management	3.53 - 4.37	(84)	(82)	(119)	(62)	-	(347)
Total		(14,528)	7,791	12,820	8,042	-	14,125

35. Management of financial, insurance and capital risk (continued)

Financial Risk (continued)

b) Interest rate risk and liquidity risk (continued)

iii) Interest rate sensitivity analysis

The following tables summarise the sensitivity of the Group's financial assets and financial liabilities to interest rate risk. The analysis shows the annualised impact on the profit before tax and equity of a reasonably possible movement of +/- 1% movement in interest rates. The equity impact takes into the account tax effect of the profit impacts. The tax effect is $Nil for the year ended 31 March 2016 (2015: $Nil) due to the fact that the Group has sufficient accumulated tax losses available for utilisation against future taxable income (provided the Group generates sufficient assessable income, and the statutory requirement for shareholder continuity being met, also refer Note 24).

31 March 2016		Interest rate risk			
	Carrying Amount	-1% Profit	-1% Equity	+1% Profit	+1% Equity
Financial assets	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	8,025	(80)	(80)	80	80
Financial assets at fair value	630	(6)	(6)	6	6
Finance receivables	54,576	(546)	(546)	546	546
Financial liabilities					
Term Facility	(40,408)	404	404	(404)	(404)
Other borrowings	(4,850)	49	49	(49)	(49)
Derivative financial instruments	(520)	5	5	(5)	(5)
Total increase/(decrease)		(174)	(174)	174	174

31 March 2015		Interest rate risk			
	Carrying Amount	-1% Profit	-1% Equity	+1% Profit	+1% Equity
Financial assets	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	4,094	(41)	(41)	41	41
Financial assets at fair value	627	(6)	(6)	6	6
Finance receivables	41,833	(418)	(418)	418	418
Financial liabilities					
Term Facility	(26,884)	269	269	(269)	(269)
Other borrowings	(5,198)	52	52	(52)	(52)
Derivative financial instruments	(347)	3	3	(3)	(3)
Total increase/(decrease)		(141)	(141)	141	141

c) Fair value financial assets and liabilities

i) Fair values

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, rate insensitive and subject to impairment.

ii) 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).

35. Management of financial, insurance and capital risk (continued)

Financial Risk (continued)

c) Fair value financial assets and liabilities (continued)

- 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 assets and liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

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

iii) Assets and liabilities measured at fair value

31 March 2016

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Equity securities available for sale	15	-	-	3,031	3,031
Financial assets through profit and loss					
Purchased debt	23	-	-	630	630
Total Assets		-	-	3,661	3,661
Derivative financial instruments	29	-	(520)	-	(520)
Total liabilities		-	(520)	-	(520)

iii) Assets and liabilities measured at fair value (continued)

31 March 2015

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Equity securities available for sale	15	-	-	2,718	2,718
Financial assets through profit and loss					
Purchased debt	23	-	-	627	627
Total assets		-	-	3,345	3,345
Derivative financial instruments	29	-	(347)	-	(347)
Total liabilities		-	(347)	-	(347)

Refer to the notes annotated above for more detail on the valuation methodology for each fair value instrument.

iv) Reconciliation of level 3 items

31 March 2016

	Purchased Debt $'000	Available for Sale Equity Securities $'000	Total $'000
Purchased debt and available for sale equity securities			
At 1 April 2015	627	2,718	3,345
Profits - purchased debt	282	-	282
Increase in fair value in available for sale equity securities	-	313	313
Receipts - purchased debt	(279)	-	(279)
At 31 March 2016	630	3,031	3,661

Total gains for the period included in other revenue in the income statement for assets held at 31 March 2016	282

35. Management of financial, insurance and capital risk (continued)

Financial Risk (continued)

c) Fair value financial assets and liabilities (continued)

iv) Reconciliation of level 3 items (continued)

31 March 2015

	Purchased Debt	Available for Sale Equity Securities	Total
	$'000	$'000	$'000
Purchased debt and available for sale equity securities			
At 1 April 2014	687	2,721	3,408
Profits - purchased debt	229	-	229
Decrease in fair value in available for sale equity securities	-	(3)	(3)
Receipts - purchased debt	(289)	-	(289)
At 31 March 2015	627	2,718	3,345

Total gains for the period included in other revenue in the income statement for assets held at 31 March 2015	229

d) Foreign exchange risk

Foreign exchange risk is the risk that the Group may suffer a loss though adverse movement in the exchange rate. The Group has no material exposure to foreign exchange risk.

Insurance risk

The Group assumes insurance risk through its general insurance activities. The risk is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. The risk is random and unpredictable. The key risk arises in respect of claim costs varying from what was assumed in the setting of premium rates.

The primary objective in managing insurance risk is to enhance the financial performance of the Group, to reduce the magnitude and volatility of claims and to ensure funds are available to pay claims and maintain the solvency of the business if there is a negative deviation from historical performance.

Policies, processes and methods for managing insurance risk are as follows:
- the use of reinsurance policies to limit the Group's exposure;
- pricing of policy premiums to ensure alignment with the underlying risk; and
- regular monitoring of the financial results to ensure the adequacy of policies.

The financial results of the Group are primarily affected by the level of claims incurred relative to that implicit in the premiums. The assumptions used in the valuation of the outstanding claims liability and the liability adequacy test directly affect the level of estimated claims incurred.

The scope of insurance risk is managed by the terms and conditions of the policies. The level of benefits specified is the key determinant of the amount of future claims although the exact level of claims is uncertain.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for investors and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The components of Capital that are managed by the Group are share capital, retained earnings and other reserves.

Being in the finance sector the Group assesses the sufficiency of capital to remain a going concern against the risk expected or unexpected losses arising from lending and insurance operations on a regular basis. In order to maintain or adjust the required capital structure the Group may issue new shares or sell assets to reduce debt.

Group company Quest Insurance Group Limited has a minimum solvency requirement of greater than zero, (2014: Greater than zero). Effective 31 March 2016 Quest Insurance Group Limited also have a minimum qualifying capital of $5.m. The Group has complied with these externally imposed capital requirement during the period.

There are no other externally imposed capital requirements that the Group is required to adhere to.

36. Accounts payables, accruals and employee benefits

	2016 $000's	2015 $000's
Accounts Payables and accruals		
Accounts Payable	114	74
Accruals	526	606
Other Payables	219	238
	859	918
Employee entitlements		
Salaries and Wages	17	-
Annual leave	162	145
Long service leave	33	36
	211	181
(i) Reconcillatioin of annual leave		
Opening Balance	145	152
Movement	17	(7)
Closing Balance	162	145
(ii) Reconcillatioin of long service leave		
Opening Balance	36	55
Movement	(3)	(19)
Closing Balance	33	36

37. Reconciliation of profit or loss after taxation with cash flow from operating activities

	2016 $000's	2015 $000's
Net profit / (loss) after taxation	3,529	2,194
Add/(Less) Non - cash items		
Depreciation	28	33
Amortisation	40	88
Profit on sale of fixed assets and fixed asset written off	(8)	(8)
Provision for credit impairment	(234)	(855)
Deferred taxation	(1,150)	(646)
Increase / (Decrease) in deferred fee and revenue expenses	(97)	(148)
Share option expense	(145)	-
Add/(Less) Movements in other working capital items		
Accrued interest on finance receivables	22	10
Net movement in finance receivables	(11,918)	(8,499)
Net movement on financial assets at fair value	(3)	60
Increase / (Decrease) in other current assets	(157)	(203)
(Increase) / Decrease in deferred insurance contract acquisition costs	(548)	56
Increase / (Decrease) in unearned premium liability	1,268	(140)
Increase / (Decrease) in outstanding claims liability	56	62
Increase / (Decrease) in accounts payable	13	(87)
Increase / (Decrease) in accrued expenses	(43)	34
Increase / (Decrease) in taxation	-	-
Net cash inflow from operating activities	(9,347)	(8,049)

38. Current and term aggregates

	2016 $000's	2015 $000's
Aggregate current assets	31,393	23,209
Aggregate term assets	38,235	27,583
Aggregate current liabilities	21,865	17,155
Aggregate term liabilities	27,507	17,573

39. Segment analysis

a) By operating segment

The Group's reportable operating segments are as follows:

- Corporate: The operations of this segment include the raising of debt and the advancing loans to other operating segments within the Group.
- New Business: The operations of this segment include the lending of money to individuals, companies and other entities. On 1 August 2013 this segment entered into a wholesale funding arrangement with Westpac New Zealand Limited (Westpac) under which it securitised loan receivables.
- Insurance: The operations of this segment include the issuing of temporary insurance contracts covering death, disablement and redundancy risks and short term motor vehicle contracts covering comprehensive, third party, mechanical breakdown risk and guaranteed asset protection.
- Old Business: The operations of this segment include the collection and management of money lent to individuals, companies and other entities originally originated by the Group and external debt collection.
- Property: The operations of this segment included the holding of a property investment and raising debt to advance to Corporate segment. During the period the property investment property was transferred to the Insurance segment.

Each Group operating segment is operated as a discrete business unit and transactions between segments are on normal commercial terms and conditions. The eliminations arise from transactions between the Group segments and are predominantly interest, commission/brokerage, marketing subsidy and debt collection charges.

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.

Group summary revenues and results for the year 31 March 2016

$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
External revenues	7	10,053	1,636	419	115	-	12,230
Revenue - other segments	1,439	262	188	145	34	(2,068)	-
Total	1,446	10,315	1,824	564	149	(2,068)	12,230
Segment profit/(loss)	(1,178)	2,971	475	552	112	(553)	2,379
Taxation benefit	1,150	-	-	-	-	-	1,150
Net profit/(loss) after taxation	(28)	2,971	475	552	112	(553)	3,529
Interest income	893	9,378	237	187	34	(1,516)	9,213
Interest expense	892	3,671	-	288	37	(1,516)	3,372
Depreciation	-	28	-	-	-	-	28
Amortisation	-	40	-	-	-	-	40
Other material non-cash items:							
Impaired assets expense	(552)	1,229	-	(1,463)	-	552	(234)
Share option expense	145	-	-	-	-	-	145

Group summary assets and liabilities as at 31 March 2016

$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
Segment assets							
Total assets	33,332	55,852	9,898	8,968	2,814	(41,236)	69,628
Additions to non current assets	127	64	-	-	-	-	191
Segment liabilities							
Total liabilities	25,019	47,664	2,767	3,632	-	(29,710)	49,372

39. Segment analysis (continued)

a) By operating segment (continued)

Group summary revenues and results for the year 31 March 2015

$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
External revenues	-	7,068	1,985	584	280	-	9,917
Revenue - other segments	177	483	-	108	164	(932)	-
Total	177	7,551	1,985	692	444	(932)	9,917
Segment profit/(loss)	(716)	1,454	532	621	280	(623)	1,548
Taxation benefit	646	-	-	-	-	-	646
Net profit/(loss) after taxation	(70)	1,454	532	621	280	(623)	2,194
Interest income	177	6,418	241	47	164	(543)	6,504
Interest expense	70	3,178	-	393	164	(730)	3,075
Depreciation	-	33	-	-	-	-	33
Amortisation	-	82	-	6	-	-	88
Other material non-cash items:							
Impaired assets expense	(623)	619	-	(1,474)	-	623	(855)
Share option expense	-	-	-	-	-	-	-

Group summary assets and liabilities as at 31 March 2015

$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
Segment assets							
Total assets	16,246	38,005	7,890	6,670	4,377	(22,396)	50,792
Additions to non current assets	-	40	-	-	-	-	40
Segment liabilities							
Total liabilities	2,181	32,613	1,546	1,888	1,602	(5,102)	34,728

b) By geographical segment

The Group operated predominantly in New Zealand and all revenues are derived from New Zealand

40. Operating lease commitments

The Group is committed under operating leases as follows:

	2016 $000's	2015 $000's
Premises		
Less than 1 Year	335	306
1 - 2 Years	341	306
3 - 5 Years	950	918
5+ Years	600	906
	2,226	2,436
Equipment		
Less than 1 Year	22	10
1 - 2 Years	18	10
3 - 5 Years	11	20
	51	40

Operating lease commitments represents the future rentals payable for premises and equipment under current lease agreements.

41. Credit ratings

The company's requirement to have a current financial strength rating ceased on 1 August 2013 when all public debentures were repaid in full and the company ceased to be classified as a Non Bank Deposit Taker. The Company cancelled its financial credit rating arrangement with Standard and Poor's on 27 June 2014. The Company's B- positive outlook was affirmed by Standard and Poor's at the time of withdrawal.

On 5 February 2016 the Company's subsidiary, Quest Insurance Group Limited, obtained a credit rating from AM Best. A Financial Strength Rating of B and Issuer Credit Rating of bb were issued, both on a stable outlook.

42. Contingent liabilities

There are no material contingent liabilities at 31 March 2016 (2015: none).

43. Subsequent events

Quest Insurance Group small insurer status ceased on 12 April 2016 and Quest's insurance licence was also modified at this juncture. Quest were in compliance with the new requirements as at 31 March 2016.

The Company's name was changed to Geneva Finance Limited on 27 June 2016.

The Company's shares were consolidated into 1 share for every 7 held on 6 July 2016.

On 11 July 2016 the Company announced a special dividend of 1.5 cents per share to be paid on 19 August 2016.

Stock exchange listing

The Company's ordinary shares are listed on the New Zealand Alternative Stock Exchange.

Registered principal security holders at 27 June 2016

Rank	Name	Units	% of issued capital
1	Federal Pacific Group Nominees Limited	287,351,897	58.28%
2	Cypress Capital Limited	17,380,527	3.53%
3	FNZ Custodians Limited	11,400,777	2.31%
4	David Gerard O`Connell & Vivienne Ellen O`Connell & Liston Trustee Services Ltd	8,056,234	1.63%
5	Robin King & Lynn King	7,737,312	1.57%
6	David W Smale & E M Smale	6,376,756	1.29%
7	Brookes Lands Limited	6,308,730	1.28%
8	Ronald Robin King & Lynn Barbara King	5,678,402	1.15%
9	Dawn Clark	4,198,872	0.85%
10	Jack Wakelin & Margo Wakelin	3,677,513	0.75%
11	Charles Paul Telford Hutchison & Antonia Jane Robertson	3,383,333	0.69%
12	Fergley Trustee Limited	2,904,682	0.59%
13	Bruce Weeks	2,891,174	0.59%
14	Richard Charles Wilkinson	2,814,466	0.57%
15	Suvira Rani Gupta	2,637,381	0.53%
16	General Finance Holdings Limited	2,248,791	0.46%
17	Mark Cullen	2,235,407	0.45%
18	Preben Petersen & Sylvia Petersen	2,178,507	0.44%
19	Clinton Garwin Hartley & Jillian Leah Hartley & Karen Margaret Mclaughlin	2,148,442	0.44%
20	Albert Boy	2,000,000	0.41%
20	Phil Eketone	2,000,000	0.41%

Spread of security holders at 27 June 2015

Range	Number of shareholders	Units	% of issued capital
1 - 1,000	7	5,921	0.00%
1,001 - 5,000	571	1,835,133	0.37%
5,001 - 10,000	414	3,067,487	0.62%
10,001 - 50,000	719	16,429,430	3.33%
50,001 - 100,000	137	9,708,074	1.97%
100,001 and Over	184	461,994,716	93.70%
TOTAL	**2,032**	**493,040,761**	**99.99%**

Country	Number of Shareholders	%	Units	% of issued capital
New Zealand	1,966	96.8%	488,623,639	99.1%
Australia	37	1.8%	1,816,539	0.4%
United Kingdom	14	0.7%	815,917	0.2%
Other	15	0.8%	1,784,666	0.4%
	2,032	100.0%	493,040,761	100.0%

Substantial security holders

Pursuant to Section 35F of the Securities Market Amendment Act 2006, the substantial security holders as at 27 June 2016 were as follows:

	Number of Shares	%
Federal Pacific Group Nominees Limited	287,351,897	58.28%

The total number of voting securities of the company on issues on 29 June 2016 was 493,040,761 paid ordinary shares

Statement of Directors security holdings

As at 31 March 2016 directors held the following securities in the Company:

	Units
R R King	13,415,714
D G O'Connell	8,056,234
D W Smale	6,848,738

Share transactions disclosed to the board and entered into the Company's Interest Register for the year ended 31 March 2016 were:

	Date of Transaction	Shares Acquired / (Disposed)	Consideration Paid / (Received) $	Nature of relevant interest
R R King	7/07/2015	362,290	0	Beneficial Owner
R R King	7/07/2015	11,509	0	Beneficial Owner
R R King	7/07/2015	2,055	0	Beneficial Owner
R R King	7/07/2015	6,641	0	Beneficial Owner
D G O'Connell	7/08/2015	685,000	21,920	Owner
D G O'Connell	16/11/2015	1,000,000	38,500	Owner
D G O'Connell	2/03/2016	5,000,000	190,000	Owner

Share transactions and holdings

The share transactions effected by directors as noted above have been recorded in the Interest Register.

Directors' remuneration and other benefits

The names of Directors of the Company during the year ended 31 March 2015 and the details of the remuneration and other benefits received for their services to the Company for the period ended on that date are:

	Fees $'000	Salary $'000	Bonus $'000	Other $'000	Total $'000
D S Smale	50	-	-	2	52
R R King	31	-	-	2	33
A L M Hutchision	29	-	-	-	29
D G O'Connell	-	426	30	-	456
	110	426	30	4	570

Entries recorded in the interests register

Loans

The following director has been granted a loan. The loan carried an interest rate of 8% up to the 30 September 2007, from 1 October 2007 the loan is interest free. The loans was advanced to purchase shares in Financial Investment Holdings Limited. This loan was fully provided for at 31 March 2016.

	Original loan $'000	$'000
D G O'Connell		
THL No 2 Limited	274	274

Other directorships

The following represents the interests of directors in other companies as disclosed to the Company and entered into the Interest Register

David Smale

DWEM Limited

Robin King

CQ Hotels Wellington Limited
CS Asset Holdings Limited
Energy Assets Limited
Pre Pay Energy Limited
Energy Billing Systems Limited

David O'Connell

Brume Securities Limited
Terradon Holdings NO2 Limited
The Warrington Group Limited
WR NO 2 JWP Limited
WGL - Mitchelson St Limited
Haast Trustee Services Limited
Haast Investment Limited
Warrington Group Plant Limited

Alan Hutchison

Federal Pacific Group Limited
Federal Pacific Group Nominees Limited

Employees' remuneration

The number of employees or former employees of the Group, not being directors of GFNZ Group Limited, who received remuneration and other benefits in their capacity as employees, the value of which exceeded $100,000 for the year ended 31 March 2016, is set out below:

Remuneration range	No. of employees
GFNZ Group Limited	
$140,001 - $150,000	1
$150,001 - $160,000	1

Corporate directory

Directors

David W Smale (*Chairman*)
Appointed 12 November 2008

Ronald R King (*Non- executive director*)
Appointed 13 June 2008

Alan Leighton Maiai Hutchison (Non-executive director)
Appointed 20 November 2013

David G O'Connell (*Executive director*)
Appointed 19 June 2007

Registered office and address for service

6B Pacific Rise, Mt Wellington
PO Box 14923, Panmure, Auckland
Telephone: 0800 800 133
Facsimile: (09) 573 5597
Email: investments@genevafinance.co.nz
Web: www.genevafinance.co.nz

Auditor
Staples Rodway

Bankers
ANZ National Bank Limited
Westpac NZ Limited
Kiwi Bank Limited

Solicitor
Dermot Ross

Shareholder information

Company publications

Financial calendar

Half year results announced	December
Half year report	December
End of financial year	31 March
Annual results announced	June
Annual report	July
Annual dividend payment	N/A

Enquiries
Shareholders with enquiries about transactions, change of address or dividend payments should contact Link Market Services on +64 9 375 5998. Other questions should be directed to the Company at the registered address.

Share registrar
Link Market Services Limited
Level 7, Zurich House, 21 Queen Street, Auckland 1010
PO Box 91976, Auckland, 1142
Telephone: +64 9 375 5998
Facsimile: +64 9 375 5990
Email: enquiries@linkmarketservices.co.nz

The financial statements are dated 29 July 2016 and are signed on behalf of the board.

Director **Director**