

Crown Asset Management Limited

ANNUAL REPORT 2014

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1. Chairman's Report

I am pleased to present the third annual report for Crown Asset Management Limited covering the period 1 July 2013 to 30 June 2014.

Crown Asset Management Limited (CAML) was incorporated on 14 February 2012 and commenced business in late May 2012. Under its constitution, it has been established to:

- acquire, manage and realise all of the assets of six of the eight finance companies under the Crown Retail Deposit Guarantee Scheme;
- acquire, manage and realise certain assets of Southern Response Earthquake Services Limited; and
- provide a better return to the Crown by operating in a manner that maximises returns and minimises costs.

During the year significant asset disposals occurred and CAML is well advanced in its mandate to realise the assets in a commercial and efficient manner to optimise the return to the Crown from these assets. Our results, as measured against the Company's Statement of Intent, can be found in section 5 of this report.

During the financial year CAML distributed \$97.8 million to the Crown. As at 30 June 2014 and since inception, CAML has returned \$214.6 million to the Crown. At the date of this report, subsequent returns have been made which increase this to \$227.8 million.

CAML's returns to the Crown to date equate to 142% of the original assets acquisition value and CAML expects to realise a further \$21m of recoveries in its final year increasing the return to over 150%. This is an exceptional result which vindicates the decision to establish CAML.

Staff levels have continued to reduce as the portfolio reduces. During the year the decision was taken to move CAML's operations to Wellington and reduce staff and costs accordingly. This has proved to be very effective.

Board numbers reduced on 30 June 2014 with Debbie Birch and Steven Fyfe standing down to match the governance team more appropriately to the reduced size of the Company.

I wish to thank the departed staff and Directors for their input to the success of the Company. Their contributions have enabled CAML to exceed its goals.

The Board of CAML has a greater involvement in the operations of the Company than most other Boards. This is a reflection of the mandate and goals of the Company and the skills the Board has available to assist Management. A review of the Board's performance was conducted during the year and I am pleased to report that the Board and Management received a very favourable report from the assessment. Comment was made about the positive interaction between the Board and Management and how this has been most effective in achieving the Company's goals.

During the year an analysis of the assets likely to remain at 30 June 2014 was conducted and which reviewed the likely options for recovering those assets. Following this review it was determined that CAML should manage the remaining assets for a further year to optimise the returns to the Crown. Strategies are in place to deal with all remaining assets within this timeframe.

Finally I would like to express the Board's thanks to the continuing leadership provided by Sharon Burleigh, our General Manager. I know both staff and the Board are greatly appreciative of the effort Sharon puts in and the results that are achieved.

A handwritten signature in black ink on a light pink rectangular background. The signature is cursive and appears to read 'G. Traveller'.

Gary Traveller
Chair
Crown Asset Management Limited

2. Board of Directors

Directors Profiles and Interests Held

Chair – Mr Gary Traveller

(Appointed 18 March 2012)

Prior to becoming a professional director, Mr Traveller was a partner at PricewaterhouseCoopers and has extensive experience in insolvency and work out situations.

The following are general disclosures of interest given by Mr Traveller pursuant to s140(2) of the Companies Act 1993 and entered into CAML's interests register: Chairman – Apollo Apples Ltd; Chairman – Plywood City Ltd; Director – Quotable Value Ltd; Director – Rave Events Management Ltd; Director – Suncourt Plaza Ltd; Director – Darroch Ltd; Director/Shareholder – K V Designs Ltd; Director/Shareholder – TM Stud Ltd; Director/Shareholder Mapcon Ltd; Director – Pyramid Building Panels Ltd; Director – Pyramid panels Ltd; Director Mamaku Holdings Ltd; Director Mamaku 6 Ltd; Director – Mamaku 7 Ltd; Director – Mamaku 15 Ltd; Trustee – NZ Patchwork & Quilting Charitable Trust; Trustee of various private family trusts.

Director – Mr Peter Castle (Deputy Chair)

(Appointed 14 February 2012)

Mr Castle is a Barrister and former partner at Bell Gully.

The following are general disclosures of interest given by Mr Castle pursuant to s140(2) of the Companies Act 1993 and entered into CAML's interests register: Director/Shareholder - Clifton Chambers Ltd

Director – Ms Keiran Horne

(Appointed 18 March 2012)

Ms Horne is a consultant specialising in insolvency matters at HFK Ltd.

The following are general disclosures of interest given by Ms Horne pursuant to s140(2) of the Companies Act 1993 and entered into CAML's interests register: Director – Solid Energy Ltd; Director – Coalcorp Insurance Services Ltd; Director – Breastscreen Otago Southland Ltd; Trustee CEC Charitable Trust; Trustee of various private family trusts.

Director Ms Debra Birch

(Appointed 18 March 2012; Resigned 30 June 2014)

Ms Birch has a background in Global Markets and is currently General Manager of Te Tumu Paeroa.

The following are general disclosures of interest given by Ms Birch pursuant to s140(2) of the Companies Act 1993 and entered into CAML's interests register: Director – MTD 1 Ltd; Director – Crown Irrigation Company Ltd; Director - RDF 1 Ltd; Director – Manuka Research Partnership Ltd; Trustee – Wellington Free Ambulance.

Director – Mr Steven Fyfe

(Appointed 18 March 2012; Resigned 30 June 2014)

Mr Fyfe is a professional director and was formerly deputy Chief Executive at ANZ New Zealand Ltd.

The following are general disclosures of interest given by Mr Fyfe pursuant to s140(2) of the Companies Act 1993 and entered into CAML's interests register: Director – The Co-operative Bank Ltd; Director – 500 Victoria Ltd; Director – Upland Consulting Ltd; Director – Dumbarton Land Company Ltd; Director Cigna Life Ltd; Director – Midway Moorhouse Ltd; Member – Inland Revenue Risk and Assurance Committee; Trustee – Royal NZ Ballet; Trustee – Red Cross Foundation; Trustee Victoria University Foundation; Trustee – Wellington Regional Stadium Trust.

3. Executive Interest Register

Executive	Interest Disclosed
Sharon Burleigh General Manager	Trustee - private family trusts
David Jarman Chief Financial Officer	Director/Shareholder - Castlebrade Limited; Director/Shareholder – Tasman Pacific Insurance Ltd; Director/Shareholder – Munich Capital Ltd; Director/Shareholder – NZ Credit & Loans Ltd; Director/Shareholder – Flexi Credit Ltd; Director/Shareholder – East Bay Finance SI Ltd; Director/Shareholder – Whyte Knight Management Ltd; Director/Shareholder – Whyte Knight Group Ltd; Director/Shareholder – Cresta Composites Ltd; Director/Shareholder – Humphrey Eight Ltd Director – Bermuda Pools Ltd Director – Crestacraft Ltd Director – Sunbubble Ltd Director – Leighs Cockram JV Ltd

4. Governance

Overview

CAML is a Crown company listed as a Schedule Four company under the Public Finance Act 1989. As a Crown company, CAML is subject to the Companies Act 1993 in addition to other Acts governing Statutory Entities.

This framework allows CAML to have a mix of commercial and non-commercial objectives allowing the company to operate in a commercial manner within the public sector environment.

As a Crown company, CAML's board is accountable to its shareholders. Currently the Minister of Finance and the Minister for State Owned Enterprises are equal shareholders in CAML.

The Ministers' role is to:

- monitor the performance of the Company (by way of the Treasury);
- appoint and remove Board Members;
- approve transactions defined by the Companies Act as "major transactions";
- approve other significant decisions regarding the scope of the Company's activities; and
- give directions relating to the acquisition, management and realisation of other assets by the Company.

Governance Functions and Responsibilities

During the year, CAML was governed by a Board comprising five Directors, including a chairperson. This has been reduced to three for the year 1 July 2014 – 30 June 2015.

For the 2013-2014 year, The Board had four standing subcommittees: (a) Finance, Audit and Risk, (b) Credit, (c) Human Resources and (d) Litigation Review.

- The Finance Audit and Risk subcommittee, chaired by Ms Keiran Horne, assisted the Board in fulfilling its responsibilities by providing recommendations, counsel and information concerning its
 - financial reporting
 - external audit function
 - maintenance of an effective internal control environment
 - legislative and contractual compliance
 - maintenance of an effective risk management environment.
- The Credit subcommittee, chaired by Mr Steven Fyfe, assisted the Board in fulfilling its responsibilities by providing advice and recommendations regarding the management of loan and investment assets.

- The Human Resources subcommittee, chaired by Mr Peter Castle, assisted the Board in fulfilling its responsibilities by providing advice and recommendations regarding the appropriate remuneration policies and human resources policies for CAML.
- The Litigation Review subcommittee comprises the chair and deputy chair and was established to review ongoing litigation and review potential litigation identified by the receivers with regard to the merits of commencing such litigation.

With the reduction in size of the board at 30 June 2014, it has been determined that the sub committees will be disbanded and the board will deal with all matters directly.

5. Key Performance Measures

Key performance measures for CAML are set out in its Statement of Intent and Statement of Performance Expectations, which included a budgeted Statement of Comprehensive Income and Balance Sheet for the year ended 30 June 2014.

The key performance measures cover four areas: asset management, operational goals, cash management, and human resources / other.

The Company's performance for the year against the key measures is set out below.

5.1 Asset Management

Number of Assets Under Management	Actual	Budget	Movement YTD		
No.	30/06/14	30/06/14	Actual	Budgeted	Variance
Loan advances	122	0	-139	-261	122
Property	4	2	1	-1	2
Investments & Other Receivables	4	2	-4	-6	2
Total Assets (No.)	130	4	-142	-268	126

The total number of loans managed was 122 at 30 June 2014. This is higher than budgeted due to retaining the residual loans for recovery over the next 12 months.

Value of Assets Under Management	Actual	Budget	Movement YTD		
\$'000	30/06/14	30/06/14	Actual	Budgeted	Variance
Loan advances	14,113	-	(11,004)	(25,117)	(14,113)
Property	6,519	8,054	(21,065)	(19,630)	1,435
Investments & Other Receivables	1,000	1,000	(40,691)	(40,691)	0
Total Assets	21,632	9,054	(72,760)	(85,438)	(12,678)

The asset base under management has reduced by \$72.7 million to \$21.6 million. This is higher than budgeted due to the original budget being based on CAML winding up its operations at 30 June 2014. The residual loans will be collected and property assets realised over the next 12 months.

Total Recoveries			
Full Year to 30 June 2014			
\$'000	Actual	Budget	Variance
Loan advances	21,695	24,115	(2,420)
Property	23,326	21,640	1,686
Investments	1,165	1,442	(277)
Receivable	49,243	-	49,243
Total Recoveries	95,429	47,197	48,232

Total recoveries, which are measured as cash collected from the assets, exceeded budget by \$48.2 million in the year to 30 June 2014.

Receivables, where CAML obtained a right to proceeds from assets that were to be transferred to the Company from the receiverships and where there was a low expectation of recovery, resulted in \$49 million of cash recoveries.

Recoveries from loan advances during the year are lower than budget by \$2.4 million due to CAML retaining the residual loan portfolio to recover over the next 12 months.

5.2 Operational Goals

(a) Operating Costs		YTD 12 months to 30 June 2014		
		Actual	Budget	Variance
Actual operating costs not exceeding budget (\$'000)		3,572	4,728	- 1,156

Expenses for the year were below budget by \$1.1 million due to reduced asset recovery expenses and expenses not incurred in winding up the company.

(b) Operating Costs to Recoveries ratio		YTD 12 months to 30 June 2014		
		Actual	Budget	Variance
Comparison of operating expenses compared to total value of recoveries for the period (\$'000)	Expenses	3,572	4,728	- 1,156
	Recoveries	95,429	47,197	47,447
	Ratio	4%	10%	-6%

(c) Loan Recoveries to Net Loan Balances ratio		YTD 12 months to 30 June 2014		
		Actual	Budget	Variance
Comparison of actual loan recoveries compared to net balances of loans for the period (\$'000)	Loan Recoveries	21,695	24,115	- 2,420
	Net Loans	25,117	25,117	-
	Ratio	86%	96%	-14%

Loan recoveries were lower than budget due to retaining the residual loan portfolio.

(d) Loan Provisioning		YTD 12 months to 30 June 2014	
		New Individual Loan Provisions	
Minimal increase in loan provisions after first assessment		1,659	
		Change in Collective Provision	
Collective Provision against Loans		-2,920	

During the year individual provisions were made against various loans where increased credit risk was identified. Provisions raised represented just 7% of the net value of the loan book at the start of the year. The collective provision was reassessed prior to year end and was reduced by \$2.9 million, reflecting the significantly reduced loan book.

5.3 Cash Management

Distributions to the Crown are made each quarter based on collections from the previous quarter after allowing for future cash requirements. The distributions shown below are those actually paid during the year.

(a) Crown Distributions		YTD 12 months to 30 June 2014		
		Actual	Budget	Variance
Total value of distributions to the Crown compared with agreed target		97,783	55,832	41,951

(b) % of Recoveries Distributed to the Crown		YTD 12 months to 30 June 2014		
		Actual	Budget	Variance
Cash distributed divided by total recoveries compared with agreed targets and the cash distribution mechanism	Distribution	97,783	55,832	41,951
	Recoveries	95,429	47,197	47,447
	%	102%	118%	-15%

The Company paid \$97.8 million to the Crown during the year and a further \$13.2 million was distributed in July 2014, in respect of the quarter ended 30 June 2014. Recoveries were ahead of budget by virtue of the realisation of the liquidation recovery of \$43m but this was offset by retaining the residual loan portfolio for future collection.

(c) Funding Obligations Within Agreed Terms	YTD 12 months to 30 June 2014
Funding obligations remaining within agreed terms	Funding obligations on loans were within terms and undrawn facilities totalled \$0.17m. However drawdowns are expected to be significantly less due to facility conditions.

Funding obligations on loans were within terms and undrawn facilities totalled \$0.17 million.

5.4 Human Resources and Other

(a) Value of Assets per staff member		As at 30 June 2014		
		Actual	Budget	Variance
Total value of assets under management compared with number of staff employed	Staff (FTE)	3.6	0.0	-3.6
	Assets \$'000 (excl cash)	21,632	9,054	12,578
	Ratio (\$m/head)	6009	0	6009

(b) Number of Assets per staff member		As at 30 June 2014		
		Actual	Budget	Variance
Total number of assets compared with number of staff employed	Staff (FTE)	3.6	0.0	-3.6
	No. Assets	130	4	126
	Ratio (No./head)	36.1	0.0	36.1

The results reflect that the Company retained 130 loans together with four members of staff who will recover the residual assets over the next 12 months.

(c) Systems and Processes Audit	YTD 12 months to 30 June 2014
Audit of systems and processes achieving a minimum result of "good"	CAML engaged Ernst Young to provide internal audit services in March 2013 and it was noted that CAML had good controls in place. Two control testing visits were completed during the year and EY found that all controls were fully effective.

6. Statement of Performance

Section 151 (1) (b) of the Crown Entities Act 2004 requires Crown Entities to include a Statement of Performance in their Annual Accounts. However, section 151 (1A) states that this does not apply unless the Crown Entity supplied one or more reportable classes of outputs during the year. The Company did not supply any reportable classes of output during the year and therefore is not required to include a Statement of Performance in its Annual Accounts.

7. Statement of Responsibility

Crown Asset Management Limited

Statement of Responsibility

For the year ended 30 June 2014

In terms of the Public Finance Act 1989, the Board is responsible for the preparation of Crown Asset Management Limited's financial statements and for the judgements made in them.

The Board of Directors of Crown Asset Management Limited has the responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting for the Company.

In the Board's opinion, these financial statements fairly reflect the financial position and operation of Crown Asset Management Limited for the year ended 30 June 2014.

Signed on behalf of the Board.



Gary Traveller
Chair

2 September 2014



Keiran Horne
Director

2 September 2014

8. Audit Report



INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
CROWN ASSET MANAGEMENT LIMITED'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

The Auditor-General is the auditor of Crown Asset Management Limited (the company). The Auditor-General has appointed me, Graeme Edwards, using the staff and resources of KPMG, to carry out the audit of the financial statements of the company on her behalf.

We have audited the financial statements of the company on pages 16 to 34, that comprise the *statement of financial position* as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

Financial statements

In our opinion the financial statements of the company on pages 16 to 34:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the company's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the year ended on that date.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 20 August 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.



An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the company's financial position, financial performance and cash flows.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we have carried out assignments in the areas of taxation consultancy, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the company.

Graeme Edwards
KPMG
On behalf of the Auditor-General
Wellington, New Zealand

9. Financial Statements

Crown Asset Management Limited Statement of Comprehensive Income For the Year Ended 30 June 2014

		30 June 2014 \$000's	30-Jun 2013 \$000's
	Note		
Lending Activities			
Income	6	6,145	9,935
Fair value movement on loans and advances		8,138	27,625
		<u>14,283</u>	<u>37,560</u>
Less:			
Loan collection costs - external fees and expenses		800	1,398
Impairments on loan advances		936	6,091
Net income - lending activities		12,547	30,071
Trading Activities - held for sale assets			
Income - forestry and property		-	11,225
Gain on sale of held for sale assets		4,521	818
Recovery of prior amortisation on sale		-	100
		<u>4,521</u>	<u>12,143</u>
Less:			
Property and forestry costs		1,153	6,413
Interest expense		256	85
Impairments and fair value write downs		185	5,746
Loss on sale of held for sale assets		10	1,900
		<u>1,604</u>	<u>14,144</u>
Net income/(loss) - held for sale assets		2,917	(2,001)
Income from Other Assets	7	9,380	51,703
Net Revenue		24,844	79,773
Less Expenses			
Directors Fees		225	299
Audit Fees	8	71	132
Other Expenses	9	2,847	2,780
Total Expenses		3,143	3,211
Total comprehensive income		21,701	76,562
Total comprehensive income for the year is attributable to:			
Equity holders of the company		21,701	76,562
		<u>21,701</u>	<u>76,562</u>

Crown Asset Management Limited
Statement of Changes in Equity
For the Year Ended 30 June 2014

		Share Capital \$000's	Retained Earnings \$000's	Attributable to Equity Holders of the Company \$000's
	Note			
2013				
Opening equity at 1 July 2012		102,095	142	102,237
Total comprehensive income for the year		-	76,562	76,562
Transactions with equity holders, recognised directly in equity:				
Ordinary shares issued		54,809	-	54,809
Ordinary shares repurchased		(116,822)		(116,822)
Closing equity at 30 June 2013		<u>40,082</u>	<u>76,704</u>	<u>116,786</u>
2014				
Opening equity at 1 July 2013		40,082	76,704	116,786
Total comprehensive income for the year		-	21,701	21,701
Transactions with equity holders, recognised directly in equity:				
Ordinary shares issued	14	4,000	-	4,000
Ordinary shares repurchased	14	(30,471)	-	(30,471)
Dividends Paid			(67,311)	(67,311)
Closing equity at 30 June 2014		<u>13,611</u>	<u>31,094</u>	<u>44,705</u>

Crown Asset Management Limited
Statement of Financial Position
As at 30 June 2014

		30 June 2014 \$000's	30 June 2013 \$000's
Assets	Note		
Cash and cash equivalents	10	19,366	26,796
Trade and other receivables	11	8,661	43,175
Loans and advances to customers	12	14,113	22,253
Assets held for sale	13	6,519	28,375
Property plant and equipment		-	148
Total Assets		<u>48,659</u>	<u>120,747</u>
Liabilities			
Trade and other payables		3,954	3,961
Total Liabilities		<u>3,954</u>	<u>3,961</u>
Net Assets		<u>44,705</u>	<u>116,786</u>
Equity			
Equity attributable to equity holders of the company			
Contributed equity		13,611	40,082
Retained earnings		31,094	76,704
Total Equity	14	<u>44,705</u>	<u>116,786</u>

Signed for and on behalf of the Board of Directors, which authorised the issue of the Financial Statements on 20 August 2014.



Gary Traveller (Chairman)



Keiran Horne (Director)

Crown Asset Management Limited
Statement of Cashflows
For the Year Ended 30 June 2014

	Note	30 June 2014 \$000's	30 June 2013 \$000's
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		21,695	111,680
Payment to suppliers and employees (inclusive of GST)		(4,392)	(13,393)
Proceeds from recovery of lending		-	-
Proceeds from the sale of held-for-sale investments		24,491	17,567
Interest received		749	1,159
Dividends received		-	191
Purchase of property plant & equipment		(1)	(206)
Sale of property plant & equipment		17	-
Purchase of property		(5,289)	(16,648)
Increase in lending		(161)	(2,905)
Recoveries from other receivables		49,243	10,197
Net cash flows from operating activities	5	<u>86,352</u>	<u>107,642</u>
Cash flow from financing activities			
Proceeds from the issue of shares		4,000	16,166
Payment for share buy back		(30,471)	(116,822)
Equity dividends paid		(67,311)	-
Net cash flow (used in)/from financing activities		<u>(93,782)</u>	<u>(100,656)</u>
Net increase in cash and cash equivalents		(7,430)	6,986
Cash and cash equivalents at beginning of the year		26,796	19,810
Cash and cash equivalents at end of the year	10	<u><u>19,366</u></u>	<u><u>26,796</u></u>

Crown Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2014

1. Company Activity

Crown Asset Management Limited (the Company) is a profit oriented entity incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013. The Company's principal activity is the realisation of financial assets. The Company was incorporated on 14 February 2012. The Company was established to acquire from the Crown the loan receivables and other financial assets of six finance companies in receivership that were participants in the Crown Retail Deposit Guarantee Scheme and any other assets that it may be directed to acquire by its shareholders and to realise the assets acquired.

Crown Asset Management Limited subsidiaries are listed in note 15.

The Company acquired various properties from Crown entity Southern Response Earthquake Services Limited (Southern Response) during 2013.

2. Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to profit-oriented entities.

The financial statements of the Company have been prepared in accordance with the relevant requirements of the Public Finance Act 1989 and the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The financial statements are for the period from 1 July 2013 to 30 June 2014.

Section 151 (1) (b) of the Crown Entities Act 2004 requires Crown Entities to include a Statement of Performance in their Annual Accounts. However, section 151 (1A) states that this does not apply unless the Crown Entity supplied one or more reportable classes of outputs during the year. The Company did not supply any reportable classes of output during the year and therefore is not required to include a Statement of Performance in its Annual Accounts.

The financial statements were authorised for issue by the Board of Directors on 20 August 2014.

(b) Going concern

In line with the Company's objectives, as detailed in the Statement of Intent, the financial statements have not been prepared on a going concern basis. The Company has a finite life and was expected to realise all or substantially all of the recoverable assets and cease operations by 30 June 2014. As not all assets were realised by 30 June 2014, the Company's life has been extended and it is expected to realise all or substantially all of the recoverable assets and cease operations by 30 June 2015.

(c) Basis of measurement

The financial statements have been prepared on an historical cost basis, except for held-for-sale investments, and other financial assets and liabilities held for trading all of which have all been measured at fair value.

(d) Functional and presentation currency

The financial information is presented in New Zealand dollars, which is the Company's functional currency. Except as otherwise stated amounts have been rounded to the nearest thousand dollars.

Crown Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2014

2. Basis of Preparation continued

(e) Standards issued but not yet effective

The following standards and amendments to standards relevant to the Company are not yet effective and have not been applied in preparing the financial statements. The Company does not currently intend to apply any of these pronouncements until their effective date and is assessing their impact on its financial statements.

NZ IFRS 9 Financial Instruments – it is the intention of the IASB to replace IAS 39 with IFRS 9. This standard will apply to the Company from 1 June 2016 and is therefore expected to have no impact on the Company.

3. Significant Accounting Policies

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

(a) Accounting for business combinations

Business combinations are accounted for using the purchase method of accounting. This involves recognising identifiable assets and liabilities (including intangible assets and contingent liabilities) of the acquired business at fair value. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets acquired, the discount on acquisition is recognised directly in the Statement of Comprehensive Income in the year of acquisition.

(b) Subsidiaries

Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

Subsidiaries are fully consolidated from the date on which control is obtained. They cease to be consolidated from the date on which control is transferred out of the parent.

The Directors do not consider subsidiaries that are under the control of a liquidator, or where the Company has no right to appoint directors, to be in the control of the Company.

(c) Foreign currency translation

The financial statements are presented in New Zealand Dollars ("NZ\$"). This is the functional and presentational currency for the Company and for all subsidiaries of the Company.

Transactions in foreign currencies are initially recorded at the functional currency of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the balance sheet date. All differences arising on non-trading activities are taken to "non-trading foreign exchange gain" in the Statement of Comprehensive Income.

3. Significant Accounting Policies continued

(d) Recognition of income and expense

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

(i) Interest income

Interest income for all instruments measured or amortised is recognised as it accrues, using the effective interest rate method. This calculates the amortised cost of the financial asset and allocates interest income, including any fees and directly related transaction costs over the expected life of the asset. This has the effect of recognising interest in proportion to the amount outstanding over the life of the asset.

(ii) Dividend income

Dividend income is recognised in the income statement when the Company's right to receive payment becomes unconditional.

(iii) Forestry income

Forestry income is recognised in income from held for sale assets as the product is sold and forestry costs include amortisation of the forestry asset.

(e) Income tax

Income tax has not been accounted for in these financial statements on the basis that the Inland Revenue Department has granted an exemption from income tax.

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case, it is recognised as a separate expense item in the income statement.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Loans and advances

(i) Recognition and measurement

Loans and advances are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method less any impairment losses.

(ii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flow from the financial assets expire, or when it transfers the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

3. Significant Accounting Policies continued

(g) Loans and advances continued

(iii) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(iv) Asset quality

All loans and advances are subject to regular credit scrutiny. Impaired assets are classified into the following categories:

Restructured advances: Advances on which original terms have been changed due to borrowers' difficulty in complying and on which interest continues to be accrued at a rate of interest which is equal to or greater than the average cost of funds at the date of restructuring. The revised terms are not comparable with the terms of new facilities with comparable risks at the date of restructure.

Impaired assets: Assets for which an impairment loss has been recognised or a restructuring has occurred to a non-market interest rate.

Past due assets: Assets where a counterparty has failed to make a payment when contractually due. For the purposes of these financial statements, past due financial assets are not impaired assets.

(v) Identification and measurement of impairment

The Company assesses at each balance date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if one or more events have occurred after the initial recognition of the asset and the event's impact on the estimated future cash flows of the financial asset. The allowance for impairment is deducted from advances in the Statement of Financial Position and the movement in the allowance is reflected in the Income Statement as an impairment loss.

In considering whether a financial asset is impaired, the Company considers the borrower's payment history, makes an assessment of their ability to make future payments, the industry category in which they operate and the estimated value of security held to support the loan. In assessing the level of impairment the Company considers the estimated value of any collateral held. Conditions associated with the collateral may vary between individual loans but in general, following default by the borrower, the Company is permitted to sell or re-pledge the collateral offered as security for the loan.

All known losses arising from loans and advances that are deemed unrecoverable are written off against income in the period in which they become evident. Any subsequent recovery of an amount previously written off is taken to the Income Statement.

(h) Cash and cash equivalents

Cash and cash equivalents include unrestricted balances held with banks. Bank overdrafts, where applicable, are disclosed separately as a liability in the Statement of Financial Position.

3. Significant Accounting Policies continued

(i) Assets held for sale

Assets held for sale represent those assets, excluding loans and advances that will be recovered principally through sale rather than continued use, are available for immediate sale in their present condition and a sale is considered highly probable. These assets are recognised at the lower of carrying value and fair value less the cost to sell, and are not depreciated.

The Company assesses the fair value of assets held for sale based on market value, e.g. quoted price for investments or recent observable trades in similar assets. Where there is no active market or observable trades, assets held for sale are carried at cost.

(j) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amount expected to be paid when the liabilities are settled. Expenses for non-accumulated sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(k) Cash flow statement

The Statement of Cash Flow has been prepared using the direct approach. Cash flows are stated GST inclusive where transactions are subject to GST. Cash flows relating to loan receivables, held for sale assets and other asset recoveries are included in the Operating Cash flow section as the Company's primary business is to obtain recoveries from the assets that it acquired.

(l) Changes in accounting policies

The Company was incorporated on 14 February 2012 and commenced trading in May 2012. There have been no accounting policy changes between the commencement of trading and balance date.

4. Significant Accounting Judgements and Estimates and Assumptions

The preparation of the financial statements requires the use of management judgements, estimates and material assumptions that affect the reported amounts and the application of policies.

Estimates and judgements are continually evaluated in relation to assets, liabilities, contingent liabilities, revenue and expenses and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and may materially affect financial results or the financial position reported in future periods.

Impairment losses on loans and advances

Management and the Directors use significant judgement in determining whether a loss event has occurred and whether an impairment provision needs to be estimated.

Specific impairment on individual advances

The Company individually reviews all significant advances at each reporting date to assess whether an impairment loss has occurred and should be recorded in the Statement of Comprehensive Income. In determining whether there is objective evidence of impairment, management considers factors including significant financial difficulty of the borrower, breach of contract or default by the borrower, adverse changes in the payment status of the borrower, and economic data that correlates with defaults on a group of advances.

Significant estimates are made by management in determining the amount of impairment losses. These estimates include the amount and timing of risk free future cash flows when determining the impairment loss. In estimating these cash flows, the Company makes assumptions about the borrower's financial situation and the net realisable value of collateral being in many cases real property assets. In the current economic conditions, and given the high level of uncertainty in respect of property values, and the difficulties in assessing borrowers' ability to meet their future obligations, actual results may differ. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment loss.

Collective impairment

The Company also assesses advances for collective impairment. All advances that have not been assessed individually and impaired are included in this assessment. For this assessment, similar advances are grouped based on shared risk characteristics and are then assessed collectively, to determine whether an impairment provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the advances portfolio including historic trends, advances status, advances class and economic data.

The provision for impairment loss on advances is disclosed in note 12.

Crown Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2014

5. Reconciliation of Profit with Cash Flow from Operating Activities

	30 June 2014 \$000's	30 June 2013 \$000's
Profit from operations	21,701	76,562
Movement in working capital items:		
Decrease/(Increase) in trade and other receivables	34,514	(42,600)
(Decrease)/Increase in trade and other payables	(7)	3,431
Decrease in loans and advances to customers	8,140	45,473
Decrease/(Increase) in assets held for sale	21,856	(13,772)
Decrease/(Increase) in property plant and equipment	148	(95)
Working capital movements	<u>64,651</u>	<u>(7,563)</u>
Working capital assets acquired for shares	-	38,643
Net cash flow from operating activities	<u><u>86,352</u></u>	<u><u>107,642</u></u>

The comparative figures have been restated to conform with current year presentation.

6. Income from Lending Activities

	30 June 2014 \$000's	30 June 2013 \$000's
Interest earned on cash and cash equivalents	708	1,237
Income from loans and advances to customers	3,065	5,697
Amortisation of provision for direct costs of loan collection	2,357	2,991
Other	15	10
	<u><u>6,145</u></u>	<u><u>9,935</u></u>

7. Other Income

	30 June 2014 \$000's	30 June 2013 \$000's
Depreciation recovered	7	-
Management fees	36	31
Gain on recovery of receivables	9,337	11,175
Fair value movement on receivables	-	40,497
	<u><u>9,380</u></u>	<u><u>51,703</u></u>

Crown Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2014

8. Audit Fees

	30 June 2014 \$000's	30 June 2013 \$000's
Payable to KPMG		
Audit of the financial statements on behalf of the Auditor General	43	84
Taxation Advice	3	-
Payable to Ernst and Young		
Internal Audit Fees	25	48
	<u>71</u>	<u>132</u>

KPMG provided audit services to the Company, on behalf of the Auditor-General, and taxation advice. Ernst & Young performed internal audit services for the Company during the year.

9. Other Expenses

	30 June 2014 \$000's	30 June 2013 \$000's
Personnel and contractor costs	1,810	1,460
Legal and other professional fees	279	392
Information systems, computing and telecom	304	467
Premises expenses	111	171
Depreciation	148	84
Other expenses	195	206
	<u>2,847</u>	<u>2,780</u>

10. Cash and Cash Equivalents

	30 June 2014 \$000's	30 June 2013 \$000's
Cash and balances with banks	19,366	26,796
	<u>19,366</u>	<u>26,796</u>

Cash is held at trading banks on call or on short term deposit with less than 3 months maturity.

Crown Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2014

11. Trade and Other Receivables

	30 June 2014 \$000's	30 June 2013 \$000's
Property debtors	7,217	1,764
Trade receivables and prepayments	104	410
Other receivables	1,316	41,001
GST Receivable	24	-
	<u>8,661</u>	<u>43,175</u>

Property debtors include amounts receivable for property settlements which were under unconditional sale at balance date. Other receivables include a right to receive proceeds from the liquidation of Southbury Insurance Limited (In Liquidation).

12. Loans and Advances

Loans and advances and the provisions carried against them:

	30 June 2014 \$000's	30 June 2013 \$000's
Gross advances	20,685	34,878
Individual loan provisions	(5,822)	(6,091)
Direct cost of collection provision	-	(2,357)
Net present value provision	-	(507)
Collective impairment provision	(750)	(3,670)
	<u>14,113</u>	<u>22,253</u>

Asset quality of loans and receivables:

	30 June 2014 \$000's	30 June 2013 \$000's
Loans and advances not past due or impaired	78	2,069
Past due loans and advances	1,551	3,517
Restructured loans and advances	-	4,082
Impaired loans and advances	13,234	19,119
Direct cost of collection provision	-	(2,357)
Net present value provision	-	(507)
Collective impairment provision	(750)	(3,670)
	<u>14,113</u>	<u>22,253</u>

12. Loans and Advances continued

Movement in provisions:

	Individual Provisions \$000's	Collective Provision \$000's	Net Present Value Provision \$000's	Direct Costs of Collection Provision \$000's
Balance at 1 July 2013	6,091	3,670	507	2,357
Additional provisions made	985	-	-	-
Provision used in the period	-	-	-	-
Provision amortised/reversed	(1,254)	(2,920)	(507)	(2,357)
Balance at 30 June 2014	<u>5,822</u>	<u>750</u>	<u>-</u>	<u>-</u>

Credit Risk

Credit risk is the risk of financial loss to the Company if a borrower or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and short term cash deposits.

The Company has significant exposure to credit risk due to most of the Company's loan receivables being impaired. Most impaired loans had significant provisions raised against them prior to the Company acquiring the loans and these loans had been under specialist management for 1-3 years.

Individual impairment provisions have been assessed by the Company and are held against impaired loans. A collective provision is held by the Company against other loans.

To manage credit risk, the Board established a Credit Committee, responsible for reviewing the Company's loan receivables and to regularly assess the Company's credit risk and appropriateness of any impairment provisions against loan receivables. The Credit Committee was also responsible for assessing and recommending to the Board the level of collective provision to be held. Subsequent to balance date, with the reduced loan portfolio and smaller Board, the Credit Committee has been disbanded and the functions of the Credit Committee are now undertaken by the Board directly.

During the year, loans were recovered by CAML's specialist asset management unit. All loans are subject to recovery plans which, for higher value loans, were reviewed on a regular basis by the Credit Committee, and subsequent to balance date, by the Board directly. Loan recovery plans include milestones with progress measured against those plans.

The Company holds cash on deposit pending return of surplus cash to its shareholder. To manage the credit risk on short term deposits the Company places deposits across a range of registered trading banks and all deposits are held for a short period, generally three months or less.

Crown Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2014

13. Assets Held for Sale

Assets held for sale at balance date comprise:

	30 June 2014 \$000's	30 June 2013 \$000's
Unlisted company shares	-	1
Listed company shares	-	690
Property assets	6,519	27,684
	<u>6,519</u>	<u>28,375</u>

During the year the Company acquired assets from Southern Response, which are set out further in note 19. The Company sold held for sale assets during the year for \$24 million net of selling costs (30 June 2013: \$17.6 million).

A summary of movements in held for sale assets is set out below:

	30 June 2014 \$000's	30 June 2013 \$000's
Opening balance	28,375	14,603
Additions	4,473	41,461
Disposals	(31,453)	(18,657)
Fair value adjustment	5,916	(8,629)
Loss on sale	(792)	-
Reclassified to trade and other receivables	-	(503)
Reversal of forestry right amortisation on disposal	-	100
	<u>6,519</u>	<u>28,375</u>
Closing Balance	<u>6,519</u>	<u>28,375</u>

During the year a fair value write up of \$3.97 million was made on property and \$1.83 million was made on investments (2013: write down of \$8.63 million, comprising \$6.80 million against properties and \$1.83m against investments). The fair value adjustment was made to reflect the expected realisation value of property, net of selling costs, and taking into account actual realisation values subsequent to balance date.

The estimated fair value of held for sale assets at balance date equates to the carrying value. As noted, some held for sale assets have been sold subsequent to balance date and the others are being actively marketed for sale.

Crown Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2014

14. Capital and Reserves

	30 June 2014 \$000's	30 June 2013 \$000's
Ordinary shares	13,611	40,082
Retained earnings	31,094	76,704
	<hr/>	<hr/>
Total shareholder's equity	44,705	116,786

Movement in ordinary shares on issue

	30 June 2014		30 June 2013	
	No. Shares 000's	Value \$000's	No. Shares 000's	Value \$000's
Opening shares	40,082	40,082	102,095	102,095
Shares issued	4,000	4,000	54,809	54,809
Shares repurchased	(30,471)	(30,471)	(116,822)	(116,822)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	13,611	13,611	40,082	40,082

Capital contributions

During the year ended 30 June 2014 the Company issued 4,000,000 ordinary shares for \$4 million, subscribed in cash. The proceeds of the issue were used to acquire property assets from Southern Response.

Capital repurchases

During the year ended 30 June 2014 the Company purchased and cancelled 30,471,526 ordinary shares for \$30,471,526.

Ordinary shares

There were 13,610,736 ordinary shares at 30 June 2014 (2013: 40,082,262 shares). All ordinary shares have been issued and are fully paid. The shares have no par value. Ordinary shareholders are entitled to receive dividends as declared from time to time. All ordinary shares rank equally and shareholders are entitled to one vote per share at the meetings of the Company. In a winding up, ordinary shares rank in priority behind all other claims.

15. Subsidiary Companies

During the year the Company realised its interest in the equity of ZNH Limited (In Liquidation) (ZNH), which was classified as Trade and Other Receivables since the Company did not have direct ownership of the ZNH shares or control of ZNH while it was in liquidation.

The Company has classified its interest in the equity of Southbury Insurance Limited (In Liquidation) as Trade and Other Receivables as the Company has a right to all proceeds attributable to the equity holder from the liquidation.

Crown Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2014

16. Related Party Transactions

During the year the Company acquired assets from Southern Response, which is wholly owned by the Crown and therefore a related party of the Company. Further information regarding the acquisition from Southern Response is set out in note 19.

The Company traded with various Government agencies and Crown owned entities during the year. The amount expended with such agencies and entities was not significant.

The Company has had no transactions with directors with the exception of Directors Fees, provision of training and reimbursement of travel costs. The Company holds an insurance policy which may provide certain benefits for the directors and officers such as payment of defence costs and meeting claims in the event of a claim against the Company and or its directors or officers.

During the year the Company purchased services from companies that are related through having common directorship as follows:

Company services provided by	Relationship	Nature and Value of Services	
Quotable Value Limited	Mr G Traveller is a director of both Quotable Value Limited and Crown Asset Management Limited	Valuations	\$1,750
Darroch Limited	Mr G Traveller is a director of both Darroch Limited and Crown Asset Management Limited	Valuations	\$1,075

Key management personnel compensation comprised the following:

	30 June 2014 \$000's	30 June 2013 \$000's
Short-term employee benefits and contractor fees	600	941
	<u>600</u>	<u>941</u>

17. Donations

During the year the Company donated an autographed rugby jersey at a charity auction with the proceeds of \$500 donated to a registered charity. The rugby jersey had been acquired at nil value along with other assets from a receivership. (2013: no donations were made)

Crown Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2014

18. Operating Lease Expenses

The Company has the following non-cancellable operational lease commitments:

	30 June 2014 \$000's	30 June 2013 \$000's
Less than one year	67	185
Between one and five years	9	17
	<u>76</u>	<u>202</u>

In addition to the above commitments the company has entered into cancellable contracts for the storage of archived records, and the Company has a legal requirement to retain records for a certain period. If the storage contracts were cancelled the service provider is entitled to charge for destruction or retrieval of the records. Although the Company is not contractually committed the expected future cost to store and later destroy the records is \$0.5 million.

19. Asset Acquisitions

During the year the Company acquired assets from Southern Response, a related party, with the consideration being cash. The Crown provided funding for the acquisition by subscribing to \$4.0m of new shares in the Company for cash.

The assets acquired and consideration paid was made up as follows:

	2014 \$000's
	Total
Assets Acquired:	
Assets held for resale	4,000
Net assets acquired	<u>4,000</u>
Consideration:	
Cash Paid	<u>4,000</u>
Value of shares issued	4,000
Total Consideration	<u>4,000</u>

Crown Asset Management Limited
Notes to the Financial Statements
For the Year Ended 30 June 2014

20. Contingent Assets/Liabilities

The Company sold forestry rights in the year ended 30 June 2013 and the sale agreement provides for final determination of the sale value to be dependent on the volume of merchantable logs that is harvested at the end of the contract (September 2014). As the volume of merchantable logs cannot be accurately quantified by the Company at balance date, there is a contingent asset or liability depending on the outcome. The Company has received advice that there is likely to be a small recovery but the amount will not be a material adjustment to the sale price.

21. Subsequent Events

On 22 July 2014 the Directors resolved to make a distribution to the Crown of \$13.2m by way of dividend. The dividend was paid on 25 July 2014.

10. Statutory Information

Directors' Fees

	Year ended 30 June 2014 (12 months) \$	Period ended 30 June 2013 (12 months) \$
Board member fees during the period were:		
Gary Traveller	72,000	84,000
Peter Castle	45,000	52,500
Debra Birch	36,000	42,000
Steven Fyfe	36,000	42,000
Keiran Horne	36,000	42,000
Total Board member fees	225,000	298,500

The shareholding Ministers approved directors' fees of \$225,000 for the year ended 30 June 2014.

The Company has effected Directors' and Officers' Liability insurance to cover Directors and Officers. The Company indemnifies the Directors and Officers against costs and liabilities incurred by Directors for acts or omissions made in their capacity as Directors or Officers to the extent permitted by the Company's Constitution and the Companies Act 1993.

Employee Remuneration

Total remuneration per employee paid or payable by the Company in respect of those employees receiving remuneration of over \$100,000 during the period:

	Year ended 30 June 2014 (12 months) No. staff	Period ended 30 June 2013 (12 months) No. staff
\$100,000 - \$110,000	1	2
\$100,000 - \$120,000	1	0
\$120,000 - \$130,000	1	0
\$130,000 - \$140,000	1	0
\$150,000 - \$160,000	1	0
\$170,000 - \$180,000	1	0
\$330,000 - \$340,000	0	1
\$340,000 - \$350,000	1	0

Note that during the year ended 30 June 2013, staff had been seconded from the Receivers of South Canterbury Finance for part of the year at no cost to the Company.

During the year no employees received compensation or other benefits in relation to cessation of employment. (2013: nil)

11. Directory

Shareholders

The Minister of Finance
The Minister for State Owned Enterprises

Registered Office

1 Sir William Pickering Drive
Christchurch 8053
New Zealand

Contact Address

P O Box 778
Wellington 6140

Email: enquiry@crowncapitalmanagement.co.nz
Phone: +64 4 894 7045

Auditor

The Auditor-General pursuant to section 15 of the Public Audit Act 2001. Graeme Edwards of KPMG was appointed to perform the audit on behalf of the Auditor-General.

Banker

Bank of New Zealand

Lawyers

Duncan Cotterill

Executive Management

Sharon Burleigh	General Manager
David Jarman	Chief Financial Officer