



2010 financial review

contractors BONDING



annual review 2010

The following pages are an extract from our full audited annual review from 2010.

A full copy of the annual review can be obtained through written request to enquiry@contractorsbonding.com.

independent auditor's report

To the Shareholders of Contractors Bonding Limited



REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Contractors Bonding Limited and Group on pages 10 to 27, which comprise the consolidated and separate statements of financial position as at 31 December 2010, the consolidated and separate statements of comprehensive income, and statements of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the Financial Statements

The directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate; this includes the design, implementation and maintenance of internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

An entity associated with our firm provides taxation services to the company and Group; we have no other relationship with, or interests in, the company or its subsidiary.

Opinion

In our opinion, the financial statements on pages 10 to 27:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Contractors Bonding Limited and Group as at 31 December 2010 and the results of their operations for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993 require us to comment on whether we have obtained all the information and explanations that we have required from Contractors Bonding Limited, and whether we consider that appropriate accounting records have been kept.

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by the company as far as appears from our examination of those records.

LHK Auckland

Auckland, New Zealand
CHARTERED ACCOUNTANTS

19 May 2011

Contractors Bonding Limited and its subsidiary company**STATEMENT OF FINANCIAL POSITION**

as at 31 December 2010

	2010 \$000	Group	2009 \$000	2010 \$000	Parent	2009 \$000
ASSETS						
Non-current assets						
Property, plant and equipment	441		506	441		506
Other investments	12		12	12		12
Long-term receivable	9,598		9,650	9,598		9,650
Total non-current assets	10,051		10,168	10,051		10,168
Current assets						
Cash and cash equivalents	16,203		9,980	16,203		9,980
Trade and other receivables	11,932		12,707	11,932		12,707
Deferred acquisition costs	3,757		2,796	3,757		2,796
Taxation refundable	-		31	-		31
Total current assets	31,892		25,514	31,892		25,514
Total assets	41,943		35,682	41,943		35,682
EQUITY						
Issued capital	15,500		15,500	15,500		15,500
Retained earnings	1,253		1,450	1,253		1,450
Total equity	16,753		16,950	16,753		16,950
LIABILITIES						
Non-current liabilities						
Trade and other payables	1,046		792	1,046		792
Current liabilities						
Trade and other payables	7,329		3,758	7,329		3,758
Taxation payable	85		-	85		-
Employee benefits	98		60	98		60
Total current liabilities	7,512		3,818	7,512		3,818
Insurance liabilities						
Premium provisions	13,372		9,734	13,372		9,734
Claims provisions	3,260		4,388	3,260		4,388
Total insurance liabilities	16,632		14,122	16,632		14,122
Total liabilities	25,190		18,732	25,190		18,732
Total equity liabilities and reserves	41,943		35,682	41,943		35,682

On behalf of the Board



Director



Director

Date: 19 May 2011

Contractors Bonding Limited and its subsidiary company

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010

	2010 \$000	Group 2009 \$000	2010 \$000	Parent 2009 \$000
Insurance underwriting result				
Premium revenue	41,419	28,286	41,419	28,276
Outwards reinsurance premium expense	(6,189)	(5,814)	(6,189)	(5,814)
Unearned premium	(5,281)	(1,306)	(5,281)	(1,306)
Net earned premium revenue	29,949	21,166	29,949	21,156
Claims expense current period	16,397	11,356	16,397	11,350
Claims expense prior period	2,842	2,781	2,842	2,781
Reinsurance and other recoveries	(9,568)	(6,858)	(9,568)	(6,858)
Net claims incurred	9,671	7,279	9,671	7,273
Acquisition costs	10,326	7,304	10,326	7,304
Net underwriting expenses	10,326	7,304	10,326	7,304
Underwriting result	9,952	6,583	9,952	6,579
Other income	7	83	7	83
Total income	9,959	6,666	9,959	6,662
Operating expenses	4,807	4,106	4,807	4,092
Profit before finance expenses	5,152	2,560	5,152	2,570
Finance income	(466)	(605)	(466)	(605)
Finance expenses	309	93	309	93
Net finance (income) costs	(157)	(512)	(157)	(512)
Operating profit before income tax	5,309	3,072	5,309	3,082
Non-recurring expenses	752	191	752	262
Unrealised currency revaluation of foreign-held assets and liabilities	1,202	1,752	1,202	1,752
Profit before tax	3,355	1,129	3,355	1,068
Income tax expense	247	334	247	326
Subvention tax payments	2,605	-	2,605	5
Sale of Group entity	-	-	-	33
Profit for the period	503	795	503	704
Other comprehensive income for the period, net of income tax	-	-	-	-
Total comprehensive income for the period	503	795	503	704