



*Contractors Bonding  
Annual Report  
For the Year Ended 31 December 2008*

Financial Report

Annual Review

# Audit Report



## **TO THE READERS OF THE FINANCIAL STATEMENTS OF CONTRACTORS BONDING LIMITED**

We have audited the financial statements on pages 10 to 23. The financial statements provide information about the past financial performance of the company and its financial position as at 31 December 2008. This information is stated in accordance with the accounting policies set out on pages 12 to 17.

### **Directors' Responsibilities**

The directors are responsible for the preparation of the financial statements which give a true and fair view of the financial position of the company as at 31 December 2008 and the results of operations for the year ended on that date.

### **Auditors' Responsibilities**

It is our responsibility to express to you an independent opinion on the financial statements presented by the directors.

### **Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- The significant estimates and judgments made by the directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We conduct our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

# Audit Report



## Unqualified Opinion

We have obtained all the information and explanations 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; and
  
- the financial statements on pages 10 to 23
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of the financial position of the company as at 31 December 2008 and the results of its operations for the year ended on that date.

Our audit was completed on 27 April 2009 and our unqualified opinion is expressed as at that date.

*WHK Gosling Chapman Partnership*

Auckland, New Zealand  
CHARTERED ACCOUNTANTS



## Income Statement

For the Year Ended 31 December 2008

|  | Group                 |                     | Parent                |                     |
|--|-----------------------|---------------------|-----------------------|---------------------|
|  | 2008                  | 2007                | 2008                  | 2007                |
|  | \$000                 | \$000               | \$000                 | \$000               |
| <b>Insurance underwriting result</b>                         |                       |                     |                       |                     |
| Premium revenue  | 31,090                | 23,320              | 30,966                | 23,154              |
| Outwards reinsurance premium expense                         | (3,303)               | (4,356)             | (3,303)               | (4,356)             |
| Unearned premium   | <u>(2,870)</u>        | <u>(1,617)</u>      | <u>(2,882)</u>        | <u>(1,630)</u>      |
| Net earned premium revenue                                   | <u>24,917</u>         | <u>17,347</u>       | <u>24,781</u>         | <u>17,168</u>       |
| Claims expense   | 12,143                | 6,479               | 12,057                | 6,371               |
| Reinsurance and other recoveries                             | <u>(3,455)</u>        | <u>(2,323)</u>      | <u>(3,455)</u>        | <u>(2,323)</u>      |
| Net claims incurred  | <u>8,688</u>          | <u>4,156</u>        | <u>8,602</u>          | <u>4,048</u>        |
| Acquisition costs  | 8,224                 | 6,082               | 8,224                 | 6,082               |
| Other underwriting expenses                                  | <u>-</u>              | <u>13</u>           | <u>-</u>              | <u>13</u>           |
| Net underwriting expenses                                    | <u>8,224</u>          | <u>6,095</u>        | <u>8,224</u>          | <u>6,095</u>        |
| Underwriting result  | <u>8,005</u>          | <u>7,096</u>        | <u>7,955</u>          | <u>7,025</u>        |
| Other Income   | <u>82</u>             | <u>24</u>           | <u>82</u>             | <u>24</u>           |
| <b>Total Income</b>  | <u><b>8,087</b></u>   | <u><b>7,120</b></u> | <u><b>8,037</b></u>   | <u><b>7,049</b></u> |
| Operating Expenses   | <u>4,751</u>          | <u>4,029</u>        | <u>4,814</u>          | <u>3,998</u>        |
| <b>Profit before finance expenses</b>                        | <u><b>3,336</b></u>   | <u><b>3,091</b></u> | <u><b>3,223</b></u>   | <u><b>3,051</b></u> |
| Finance income   | (3,033)               | (646)               | (3,033)               | (646)               |
| Finance expenses   | <u>70</u>             | <u>654</u>          | <u>68</u>             | <u>651</u>          |
| <b>Net finance (income) costs</b>                            | <u><b>(2,963)</b></u> | <u><b>8</b></u>     | <u><b>(2,965)</b></u> | <u><b>5</b></u>     |
| <b>Profit before income tax &amp; non recurring expenses</b> | <u><b>6,299</b></u>   | <u><b>3,083</b></u> | <u><b>6,188</b></u>   | <u><b>3,046</b></u> |
| Non Recurring Expenses                                       | <u>1,980</u>          | <u>700</u>          | <u>1,980</u>          | <u>700</u>          |
| <b>Profit after non recurring expenses &amp; before tax</b>  | <u><b>4,319</b></u>   | <u><b>2,383</b></u> | <u><b>4,208</b></u>   | <u><b>2,346</b></u> |
| Income tax expense   | 536                   | 373                 | 512                   | 328                 |
| Subvention Tax Payments                                      | <u>524</u>            | <u>-</u>            | <u>619</u>            | <u>-</u>            |
| <b>Profit for the period</b>                                 | <u><b>3,259</b></u>   | <u><b>2,010</b></u> | <u><b>3,077</b></u>   | <u><b>2,018</b></u> |

## Statement of Recognised Income and Expense

For the Year Ended 31 December 2008

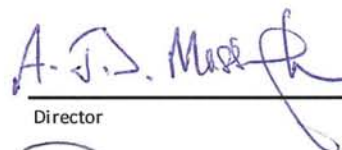
|   | Group               |                     | Parent              |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 2008                | 2007                | 2008                | 2007                |
|   | \$000               | \$000               | \$000               | \$000               |
| <b>Profit for the period</b>                              | 3,259               | 2,010               | 3,077               | 2,018               |
| <b>Total recognised income and expense for the period</b> | <u><b>3,259</b></u> | <u><b>2,010</b></u> | <u><b>3,077</b></u> | <u><b>2,018</b></u> |

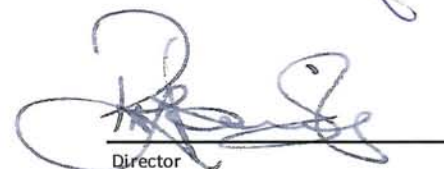
## Balance Sheet

As At 31 December 2008

|                                     | Note | Group         |               | Parent        |               |
|-------------------------------------|------|---------------|---------------|---------------|---------------|
|                                     |      | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>ASSETS</b>                       |      |               |               |               |               |
| <b>Non-current assets</b>           |      |               |               |               |               |
| Property, plant and equipment       | 6    | 552           | 497           | 552           | 497           |
| Investment in subsidiary            |      | -             | -             | 45            | 125           |
| Other investments                   | 8    | 12            | 12            | 12            | 12            |
| Long term receivable                | 11   | 9,900         | 10,750        | 9,900         | 10,750        |
| <b>Total non-current assets</b>     |      | <b>10,464</b> | <b>11,259</b> | <b>10,509</b> | <b>11,384</b> |
| <b>Current assets</b>               |      |               |               |               |               |
| Cash and cash equivalents           | 9    | 11,538        | 7,912         | 11,505        | 7,887         |
| Other investments                   | 8    | 955           | 438           | 955           | 437           |
| Trade and other receivables         | 10   | 8,925         | 6,910         | 8,933         | 6,921         |
| Deferred acquisition costs          | 7    | 2,867         | 2,929         | 2,867         | 2,929         |
| Taxation refundable                 | 5    | 283           | 588           | 307           | 683           |
| <b>Total current assets</b>         |      | <b>24,568</b> | <b>18,777</b> | <b>24,567</b> | <b>18,857</b> |
| <b>Total assets</b>                 |      | <b>35,032</b> | <b>30,036</b> | <b>35,076</b> | <b>30,241</b> |
| <b>EQUITY</b>                       |      |               |               |               |               |
| Issued capital                      |      | 15,500        | 16,000        | 15,500        | 16,000        |
| Retained earnings                   |      | 1,261         | (1,373)       | 1,352         | (1,100)       |
| <b>Total equity</b>                 | 12   | <b>16,761</b> | <b>14,627</b> | <b>16,852</b> | <b>14,900</b> |
| <b>LIABILITIES</b>                  |      |               |               |               |               |
| <b>Non-current liabilities</b>      |      |               |               |               |               |
| Trade and other payables            |      | 830           | 318           | 830           | 318           |
| <b>Current liabilities</b>          |      |               |               |               |               |
| Trade and other payables            | 15   | 4,275         | 6,820         | 4,261         | 6,797         |
| Insurance liabilities               | 13   | 13,117        | 8,220         | 13,084        | 8,175         |
| Employee benefits                   | 14   | 49            | 51            | 49            | 51            |
| <b>Total current liabilities</b>    |      | <b>17,441</b> | <b>15,091</b> | <b>17,394</b> | <b>15,023</b> |
| <b>Total liabilities</b>            |      | <b>18,271</b> | <b>15,409</b> | <b>18,224</b> | <b>15,341</b> |
| <b>Total equity and liabilities</b> |      | <b>35,032</b> | <b>30,036</b> | <b>35,076</b> | <b>30,241</b> |

On Behalf of the Board

  
Director

  
Director

27-4-09

Date

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

