Motor Trade Finance Ltd

Annual Report 2018

mtf finance

Contents

Financial highlights

	2018 $m	2017 $m
Operating result		
New loans	598.6	567.4
Profit after tax	8.2	7.5
Profit before commission and other gain (loss)	52.4	48.8
Underlying profit after tax [1]	8.3	7.3
Total assets	748.0	670.2
Total assets under management [2]	797.1	721.0
Capital	92.1	88.3
Performance indicators		
Net interest income/average finance receivables	9.3%	9.3%
Expense/average total assets under management [3]	2.8%	2.8%
Impaired asset expense/average finance receivables	0.1%	0.1%
Capital percentage	12.3%	13.2%
Shareholder value (per ordinary share)		
Adjusted net asset backing [4]	$2.30	$2.13
Underlying profit after tax [5]	$0.31	$0.26
Dividend for the year (net)	$0.1532	$0.1337

[1] Underlying profit removes the volatility of unrealised fair value movements, and provides a more consistent measure of company performance.

	2018 $000	2017 $000
Profit after tax	8,225	7,528
Adjustments:		
Finance receivables designated at fair value (note 5)	150	3,443
Interest rate swap derivatives at fair value (note 5)	6	(3,756)
Total adjustments before tax	156	(313)
Tax on adjustments	(44)	88
Underlying profit after tax	8,337	7,302

[2] Assets under management includes finance receivables managed under an arrangement with Honda New Zealand and Oxford Finance Ltd (Turners), that are not recognised on the MTF Finance balance sheet
[3] Expense excludes commission and bad debt
[4] Adjusted net assets comprises net assets less perpetual preference shares
[5] Excludes dividends paid to perpetual preference shareholders

Review of operations

Financial performance:

Profit before commision and fair value movement up 7.4% to $52.4m

7.4%

Underlying profit after tax increased 14.2% to $8.3m (2017: $7.3m)

14.2%

Profit before commission and fair value movement is up 7.4%, to $52.4m, as solid asset growth has flowed through into net interest margin. Commission paid to shareholder originators increased 6% to $39.9m.

Total amounts paid to shareholder originators, including commission, fees and payment waiver, decreased 2.4% to $68.3m, as less upfront income has been paid due to significantly lower non-recourse sales.

Underlying profit after tax, which removes the volatility of unrealised fair value movements, and provides a more consistent measure of company performance, increased 14.2% to $8.3m (2017: $7.3m).

Unrealised loss on fair value of financial instruments totalled $0.9m, compared to $0.4m last year, giving net profit after tax of $8.2m (2017: $7.5m)

2017
$567.4m

Sales growth of 5.5%
from $567.4m in 2017 to $598.6m for 2018

2018
$598.6

Sales increased 5.5% in 2018 but was a tale of two halves. After a record breaking 2017, the first half of the year continued strongly. Demand for the non-recourse product, introduced in 2016 in conjunction with Oxford Finance, dropped in April after tighter underwriting criteria was introduced in order to improve credit quality. The net result was $28.9m written in the year compared to $58.6m in 2017.

Late in 2018, Turners Finance began migrating away from MTF Finance as they continued a planned integration of their finance business into their Automotive group. This, coupled with the reduction in non-recourse volumes, means we are not forecasting further asset growth for the coming period.

Expenses have increased 15% on last year and is in line with planned levels which remain proportional to assets.

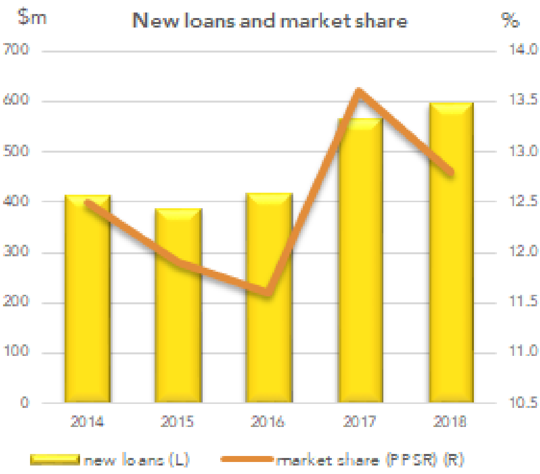
Staff expense has risen as we increase resource in response to a period of sustained growth to ensure sufficient staffing levels to deliver on our initiatives and maintain the high level of service our originators and customers demand.

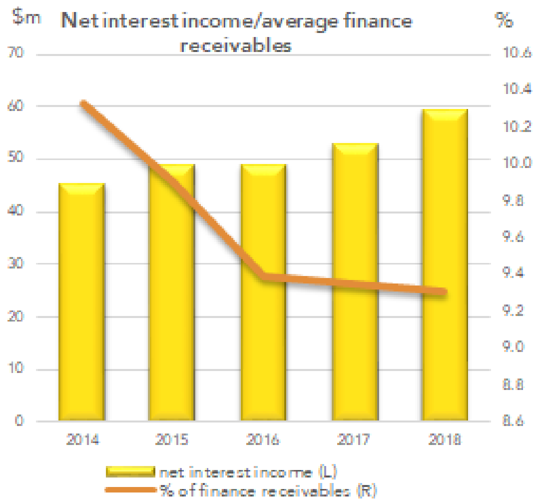
Administration expense increased 7% due mainly to higher sales volumes and the subsequent costs incurred in loan origination and management.

Communication and processing expense increased 33%, due to significant costs incurred in rebranding and brand awareness campaigns in conjunction with our sponsorship of the successful New Zealand Sevens tournament in Hamilton.

Despite these increases, operating expense, excluding bad debt, as a percentage of assets under administration has held steady at 2.8% (30 September 2017: 2.8%).

mtf finance





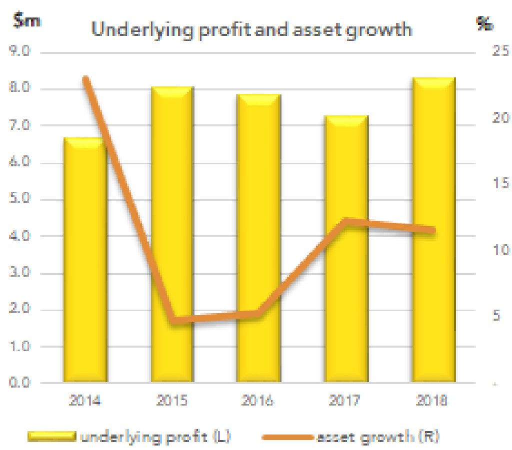
Financial position and liquidity:

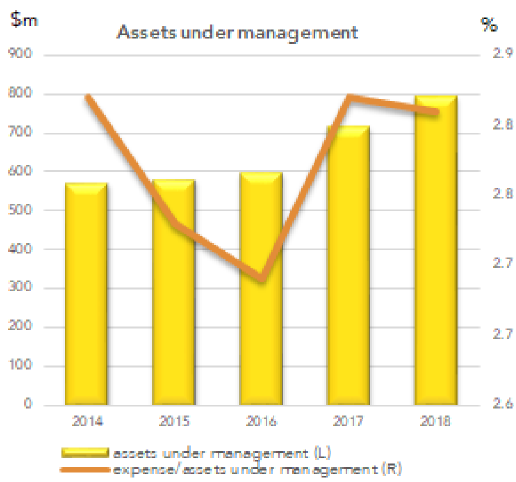
Total assets increased $77.9m (11.6%), on the back of excellent sales, with finance receivables accounting for the increase, up $76.6m. Assets under management totalled $797m at 30 September 2018 (2017: $721m) and include the non-recourse receivables under arrangement with Turners.

Net interest income, as a percentage of average finance receivables, of 9.3% (2017: 9.3%) is consistent with expectations and reflects the competitive pressures of the current lending market.

Growth in finance receivables was funded through securitised borrowings, which increased $57m to $609.6m. Securitisation facilities have sufficient capacity to fund forecast growth with $116.8m undrawn at year end.

In February we completed the launch of the Honda Trust, a securitisation structure tailored to meet the needs and funding requirements of Honda New Zealand. The structure was put in place with Mitsubishi UFJ Financial Group and is a sign of the strong business relationship developing between the companies.





mtf finance

In the past year we've grown to

68,000

customers

Our customers:

The automotive and finance industries are changing, with new technologies and evolving customer expectations combining for significant impact. In the near-future changing consumer behaviour, enabled by new technology and innovation, will drive changes in financial services. These changes will create challenges for MTF Finance and if we are agile, adaptive and put the customer at the centre of everything we do, we can respond to these changes by evolving our business model and creating new opportunities to support growth.

To achieve this it is important we have a clear purpose and vision for the business that is focussed on listening and responding to customer needs. This is supported by;

Developing a culture that reflects our values

Providing solutions through innovation & working smarter

Leveraging data to provide insights

Developing digital systems that complement our local human touch

Our originators:

MTF Finance is a commercial enterprise with a co-operative spirit. Our future success depends on doing things smarter than our competitors to deliver our originators a superior service, develop products that satisfy their customers' needs, and generate a competitive return to shareholders.

The Franchise network remains our strongest performer with sales up 10% during the year, as initiatives to widen the scope of our traditional consumer market have started to produce positive results. Our expectations for this channel remain high with a number of growth initiatives due to come online in early 2019. An exclusive arrangement with Trade Me Motors promoting MTF Finance through private vehicle listings is currently being piloted in Canterbury and is expected to be rolled out nationwide early in the new year. In addition to this we have begun a targeted digital media campaign aimed at attracting customers in the buying cycle to our franchisees.

In our traditional dealer market, finance for new and used vehicles has declined slightly, along with motorcycle business. Market research carried out mid-year has reaffirmed the high regard dealers have for the MTF Finance brand and provided valuable insights into where we need to focus our efforts in order to regain market share in this area.

We are here to help our customers borrow smart, to get the things they want, using trusted local people

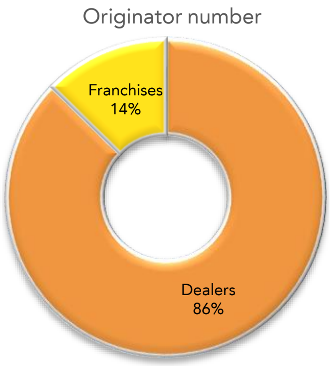
The support of our originators has also been a key driver of our success. They are playing a vital part in the building of a progressive and agile company, where we listen to feedback to ensure that together we deliver the tools and products that will enable them to exceed customers' expectations. Originators have shared consistently high income in 2018 of $68.3m, down marginally from $69.9m last year, coupled with good dividends and growth in company value.

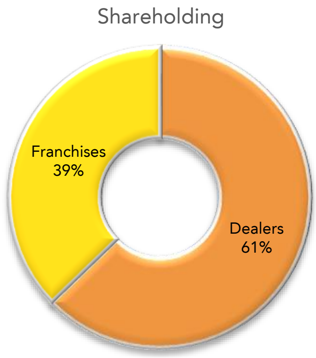
Our shareholders:

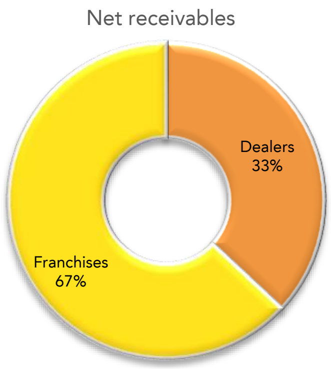
During a year where competitive market pressure has been intense, MTF Finance has continued to produce excellent returns to both our originators and shareholders, which is something we continually monitor to ensure we are providing appropriate returns to both parties. Return on ordinary equity, using underlying profit after tax, was 13.3%, up from 12.2% in 2017. Ordinary shares have continued to trade at prices in line with the net asset backing of $2.30.

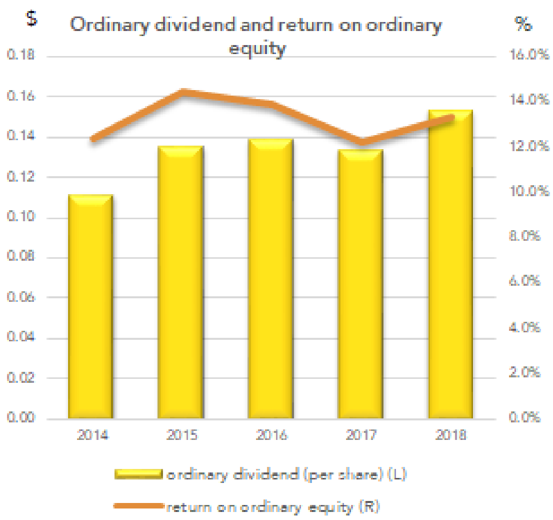
On 22 November 2018, the Directors approved a final dividend of 9.32 cents per ordinary share for payment on 30 November 2018. Total distribution relevant to the period will be 15.32 cents per share (2017: 13.37 cents per share) or $3.5m (2017: $3.1m).

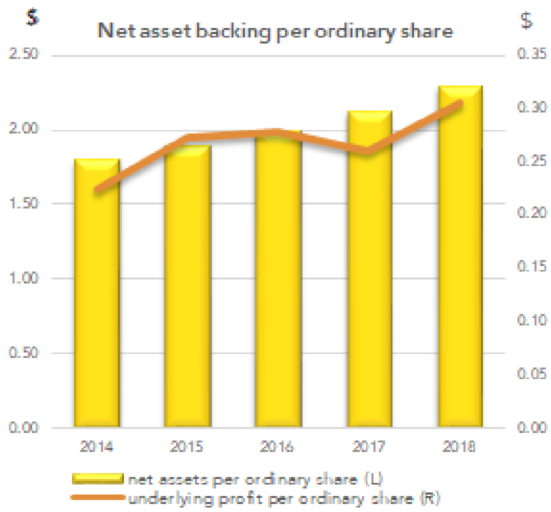
Perpetual preference share dividends totalling $1.3m (30 September 2017: $1.3m) were paid during the period. The dividend rate is set annually at 2.40% over the one-year swap rate, and was reset at 4.38% (2017: 4.43%) on 1 October 2018, for the period to 30 September 2019.











Our people:

Our business model relies heavily on having the right people, in the right roles, supported by effective leadership, systems and culture. We recognise that we depend on the capabilities, wellbeing and motivation of our staff and originators, and therefore prioritise training and development, wellness and demonstrating our values.

We have a strong culture based on shared values that our people helped develop. These values underpin how we want to work together and what is important to us as a company. In essence, it's the why we are here - to help our customers borrow smart, to get the things they want, using trusted local people.

Outlook:

Our focus will be on delivering sustainable growth by working with originators who share our values and belief in doing right by our customers.

The Franchise system continues to deliver outstanding results to our franchisees. Focusing on providing franchisees with the tools to allow them to do what they love is key to building a best in class franchise system.

In recent years we have given up ground in the vehicle dealer market due to many competitors rushing to the lowest rate. Our offering to dealers, of a recourse based lending facility, where they get to make the lending decision, keep the customer, while earning superior risk based returns, is still relevant. We will be retargeting those motor vehicle dealers who understand the opportunity and show a willingness to work with us.

During the year the Government reviewed the Credit Contracts and Consumer Finance Act 2003 (CCCFA) and has signalled its intention to make significant changes to the law. These changes, while primarily aimed at pay day lenders and truck shops, will impact the way we work and will likely require costly implementation. We are optimistic that the changes will give the industry much needed clarity and provide an even playing field for compliance requirements.

On behalf of the Board and Management, we say thanks to our originators for continuing to partner and grow with us, to our customers for their loyalty and interactions we have had with you throughout the year and of course to our people for their effort and enthusiasm in helping MTF Finance to deliver another successful result.

Stephen Higgs
Chairman

Glen Todd
Chief Executive Officer

Five year financial review

	2018 $000	2017 $000	2016 $000	2015 $000	2014 $000
Financial performance					
Total income	102,493	94,147	89,026	90,991	81,620
Operating expense (excluding bad debt)	21,314	18,649	17,143	16,284	15,931
Bad debt	181	15	(421)	365	(70)
Profit before commission and other gain or loss	52,387	48,782	45,389	45,221	42,314
Commission	39,858	37,610	34,031	33,399	31,636
Profit (loss) after tax	8,225	7,528	7,169	6,942	6,143
Underlying profit after tax[1]	8,337	7,302	7,902	8,091	6,707
Financial position					
Assets	748,036	670,157	596,520	566,501	540,910
Liabilities	655,969	581,958	511,346	483,880	460,234
Capital	92,067	88,199	85,174	82,617	80,676
Finance receivables	677,549	600,961	535,237	512,151	484,421
Performance indicators					
Net interest income/average finance receivables	9.31%	9.35%	9.40%	9.87%	10.33%
Operating expense (excluding bad debt)/average total assets under management	2.81%	2.82%	2.90%	2.82%	3.01%
Return on assets (underlying profit after tax)	1.24%	1.15%	1.36%	1.46%	1.37%
Capital percentage	12.31%	13.16%	14.28%	14.58%	14.91%

[1] Underlying profit after tax removes the volatility of unrealised fair value movement and provides a more consistent measure of company performance. A reconciliation of profit after, to underlying profit after tax is shown on page 3.

Governance

Framework:

The MTF Finance Board (the Board) has adopted a corporate governance framework that encourages high standards of ethical conduct and provides appropriate accountability and control systems through the application of the Financial Markets Authority (FMA) 'Principles for corporate governance' detailed below. MTF Finance was founded as a co-operative company and maintains many elements of the co-operative model, including its governance structures.

Key governance policies are available on the MTF Finance website.

Principle 1: Ethical Standards

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

The Board recognises that high ethical standards and behaviours are central to good corporate governance and it is committed to the observance of its written Code of Conduct.

The Board are committed to the highest standards of corporate governance and Director behaviour in relation to their obligations to MTF Finance and one another, recognising that behaviours demonstrated by the Board influence the behaviour and culture of the entire organisation.

MTF Finance has adopted this code as a basis for the behaviour it expects of Directors. It is aligned with the MTF Finance staff policy and is intended to drive behaviour that is in line with the Company's values, goals, and legal obligations.

The Code is available on the Company's website.

MTF Finance has a Securities Trading Policy to mitigate the risk of insider trading in its securities by employees and Directors. Additional trading restrictions apply to Restricted Persons including Directors and certain employees. Details of Directors' shareholding are on page 52 of the annual report.

Principle 2: Board composition and performance

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

The Board is responsible for setting the strategic direction of the Company, overseeing the financial and operational controls of the business, putting in place appropriate risk management strategies and policies and enhancing shareholder value in accordance with good corporate governance principles.

The Board operates under a charter which:

- sets out the Board structure, role and responsibilities of Directors;
- procedures for the nomination, resignation and removal of Directors; and
- identifies procedures to ensure that the Board meets regularly, conducts its meetings in an efficient and effective manner and that each Director is fully empowered to perform their duties as a Director of the Company.

Day to day management of MTF Finance is undertaken by the executive team under the leadership of the Chief Executive Officer, through a set of delegated authorities which are reviewed regularly.

To perform their duties, Directors have unrestricted access to information, data and advice provided by MTF Finance's senior management and external advisers. Directors have the right, with the approval of the Chairman or by resolution of the Board, to seek independent legal or professional advice at the expense of MTF Finance for the proper performance of their duties.

Board composition and appointment

The number of elected Directors and the procedure for their re-election or retirement at Annual Shareholder Meetings is set out in the Constitution of the Company.

A nominations committee convenes when there is a Board vacancy to fill and is comprised of the full Board. The Board takes into consideration capability, diversity and skills when reviewing Board composition and new appointments.

At each Annual Shareholder Meeting, one-third of the current Shareholder Directors retire by rotation and are eligible for re-election. Any Shareholder Directors appointed since the previous annual meeting must also retire and are eligible for election.

The Board currently comprises six Directors, two independent Directors and four shareholder Directors. They are elected based on the value they bring to the Board and against set criteria. Independent Directors are appointed to ensure ongoing balance in the Board composition in terms of finance and wider business knowledge.

Information on each Director is available on the MTF Finance website. Director's interests are disclosed on page 52 of the annual report.

The Company encourages all Directors to undertake appropriate training so that they may best perform their duties including attending technical and professional development courses.

The Board undertakes regular performance evaluation as it recognises that it is an important feature of effective governance and helps the Board achieve a greater understanding of its performance in the key areas of: role, meetings, purpose, stakeholders, conformance, performance, Management and Board, culture and capability. The evaluation assists the Board and Directors to recognise strengths and weaknesses, assess and benchmark performance and identify opportunities to improve.

Diversity

MTF Finance believes that diversity and inclusion of background, experiences, thoughts and ways of working lead to greater creative and innovative solutions which ultimately lead to a superior outcome for its stakeholders socially, economically and environmentally.

Diversity in MTF Finance includes (but is not limited to) the following: gender, race, ethnicity and cultural background, thinking, physical capability, age, sexual orientation, and religious or political belief. Hiring policies are non-discriminatory and offer equal employment opportunities for all.

As at 30 September 2018, the gender balance of Directors and Senior Management was as follows:

	2018		2017	
	Male	Female	Male	Female
Directors	6	-	6	-
Senior Management	7	3	7	3

Senior Management are defined as being the Chief Executive Officer (CEO), specific direct reports of the CEO and those that hold key functional responsibility.

Board meetings and attendance

The Board held eight scheduled meetings during the year. The table below sets out Directors' attendance at Board and Committee meetings during the year ended 30 September 2018.

	2018
Scott Creahan	7
Graeme Gibbons (retired 15 March 2018)	4
Stephen Higgs	7
Geoffrey Kenny	8
Mike King	8
Brent Robertson	7
Grant Woolford (appointed 15 March 2018)	4

Principle 3: Board committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

The Board has three Committees, being the Audit Committee, the Credit Committee and the Remuneration Committee.

Committees allow issues requiring detailed consideration to be dealt with separately by members of the Board with specialist knowledge and experience, to improve the efficiency and effectiveness of the Board. The Board retains ultimate responsibility for the decisions and functions of its Committees and determines their responsibilities.

The committees meet as required and have Charters to provide terms of reference, which are approved and reviewed by the Board.

Each committee is able to seek any information it requires from employees in pursuing its duties and to obtain independent advice where necessary.

The membership of each Committee is reviewed after the Annual Shareholder Meeting.

Audit Committee

The role of the Audit Committee is to assist the Board in overseeing all matters relating to risk management and the financial management, accounting, audit and reporting of MTF Finance and its subsidiaries.

The Committee is to provide a specific governance focus on enterprise risks and the financial management, accounting, audit and reporting of MTF Finance and its subsidiaries. A charter outlines the Audit Committee's delegated authority, duties, responsibilities and relationship with the Board.

The Committee must be comprised solely of Directors of MTF Finance, have a minimum of three members, have a majority of independent Directors and have at least one Director with an accounting or financial background. The Chair of the Committee cannot be Chair of the Board.

Management attend these meetings as required. To provide a forum for free and open communication, the Committee routinely has Committee-only time with the external auditors without Management present.

Members as at 30 September 2018 were Scott Creahan (Chair), Stephen Higgs and Grant Woolford. It met three times during the financial year.

Credit Committee

The Credit Committee reviews the lending and credit policies of the Company. It is also responsible for the approval of lending policies, the review of originator facility applications in line with delegated authorities.

The Credit Committee members as at 30 September 2018 were Mike King (Chair), Scott Creahan, Geoff Kenny and Brent Robertson.

Remuneration Committee

The Remuneration Committee reviews remuneration of Directors and the CEO, annually.

The Remuneration Committee members as at 30 September 2018 were Stephen Higgs and Brent Robertson.

Principle 4: Reporting and disclosure

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

MTF Finance Directors are committed to keeping investors and the market informed of all material information about the Company and its performance and ensures compliance with legislative requirements.

In addition to all information required by law, MTF Finance also seeks to disclose all meaningful information to ensure stakeholders and investors are well informed, including financial and non-financial information.

The Board is responsible for ensuring the consolidated financial statements give a true and fair view of the financial position of the Company and have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and for ensuring all relevant financial reporting and accounting standards have been followed.

For the financial year ended 30 September 2018, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the consolidated financial statements with the Financial Reporting Act 2013.

The Chief Executive and Chief Financial Officer have confirmed in writing to the Board that the MTF Finance financial reports present a true and fair view in all material aspects.

MTF Finance's full and half year consolidated financial statements are available on the Company's website.

Non-financial information

The Board recognises the importance of non-financial information disclosure. MTF Finance discusses its strategic objectives and its progress against these in the Chair and CEO's commentary in shareholder reports, and at the Annual Shareholder Meeting.

The Company is committed to providing fair and responsible products and services that includes adherence to the Responsible Lending Code, the Responsible Credit-Related Insurance Code, and other various Acts.

Principle 5: Remuneration

The remuneration of Directors and executives should be transparent, fair and reasonable.

Director remuneration

The level of remuneration paid to Directors is approved by Shareholders. Directors also receive reimbursement for reasonable travelling, accommodation and other expenses incurred in the course of performing their duties.

The annual fees were last approved by Shareholders at the Annual Shareholder Meeting in March 2018. Any proposed increases in Director remuneration will be put to Shareholders for approval. Director fees are reviewed by the full Board using relevant market data with Directors having access to independent advice as necessary. Where independent advice is used by the Board, it will be disclosed to Shareholders as part of the approval process.

Board role	Approved remuneration
Chairman	$90,000
Director	$50,000

Details of individual Directors' remuneration are detailed on page 51 of the 2018 Annual Report.

CEO remuneration

The review of the CEO's remuneration is the responsibility of the Remuneration Committee. The Committee has access to independent advice to assess CEO remuneration against the New Zealand market. The CEO's remuneration comprises a fixed base salary and a variable short term bonus. The short term bonus is paid against key performance targets agreed at the commencement of the year.

Principle 6: Risk management

Directors should have a sound understanding of the material risks faced by the entity and how to manage them. The Board should regularly verify that the entity has appropriate processes that identify and manage potential and material risks.

MTF Finance is committed to proactively managing risk and this is the responsibility of the entire Board. The Board provides oversight of the risk management framework and monitoring compliance with that framework.

The Board delegates day to day management of the risk management framework to the Chief Executive. Senior Management are required to regularly identify major risks affecting the business and develop structures, practices and processes to manage and monitor these risks. The Board is satisfied that risk management processes effectively identify, manage and monitor the principal risks of MTF Finance.

Health and safety

The Board recognises the need to provide employees with a safe and healthy workplace. MTF Finance will make every reasonable effort in accident prevention, injury protection and promotion of the health, safety and welfare of all employees and, where appropriate, to contractors and visitors.

The Board of MTF Finance has overall responsibility for the effective management of health and safety. MTF Finance has a Health and Safety Policy which is monitored and implemented by the Human Resources Committee and reviewed annually by the Board. Health and Safety reports, including incident reports and Committee minutes are reported monthly to the Board.

Principle 7: Auditors

The Board should ensure the quality and independence of the external audit process.

The Board's approach to the appointment and oversight of the external auditor ensures that audit independence is maintained, both in fact and appearance, such that MTF Finance's external financial reporting is viewed as being highly reliable and credible.

The Audit Committee provides additional oversight of the external auditor, reviews the quality and cost of the audit undertaken by the Company's external auditors and provides a formal channel of communication between the Board, Senior Management and external auditors. The Committee also assesses the auditor's independence on an annual basis.

For the financial year ended 30 September 2018, Deloitte Limited was the external auditor for MTF Finance. Deloitte Limited were automatically re-appointed under the Companies Act 1993 at the 2018 MTF Finance Annual Shareholder Meeting. An audit partner rotation occurred in the current financial year.

All audit work at MTF Finance is fully separated from non-audit services, to ensure that appropriate independence is maintained. The amount of fees paid to Deloitte Limited for audit and other services is disclosed in Note 4 of this report.

Deloitte Limited has provided the Board with written confirmation that, in their view, they were able to operate independently during the year.

Deloitte Limited attends the Annual Shareholder Meeting, and the lead audit partner is available to answer any questions from Shareholders at that meeting.

Principle 8: Shareholder relations and stakeholder interests

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the entity.

The Board is committed to open dialogue and to facilitating engagement with Shareholders.

MTF Finance has a calendar of key dates and events for Shareholders and maintains a comprehensive website which provides access to key corporate governance documents, copies of all major announcements, Company reports and presentations.

Shareholders are encouraged to attend the Annual Shareholder Meeting and may raise matters for discussion at this event. Shareholders have the ultimate control in corporate governance by voting Shareholder Directors on or off the Board.

In accordance with the Companies Act 1993 and MTF Finance's Constitution, MTF Finance refers major decisions which may change the nature of MTF Finance to Ordinary Shareholders for approval.

All Shareholders are given the option to elect to receive electronic communications from the Company. In addition to Shareholders, MTF Finance has a wide range of stakeholders and maintains open channels of communication for all audiences, including Shareholders, Originators and Investors.

Consolidated statement of comprehensive income

Year ended 30 September 2018

	Note	2018 $000	2017 $000
Interest income	2	88,154	79,807
Interest expense	3	28,611	26,701
Net interest income		59,543	53,106
Payment waiver income		4,108	3,607
Fees		10,231	10,733
Net interest income and fees		73,882	67,446
Expense			
Employee		8,543	7,657
Communication and processing		5,206	3,908
Depreciation and amortisation		2,485	2,337
Administration		5,080	4,748
Bad debt		181	15
	4	21,495	18,665
Profit before commission and other gain (loss)		**52,387**	**48,781**
Commission	4	39,858	37,610
Profit before net gain (loss) from financial instruments at fair value		**12,529**	**11,171**
Net gain (loss) from financial instruments at fair value	5	(884)	(426)
Profit before tax		**11,645**	**10,745**
Tax	6	3,420	3,217
Profit after tax		**8,225**	**7,528**
Other comprehensive income		-	-
Total comprehensive income		**$8,225**	**$7,528**

The consolidated financial statements should be read in conjunction with the accounting policies and notes on the accompanying pages.

Consolidated statement of changes in equity

Year ended 30 September 2018

	Note	Ordinary shares $000	Retained earnings $000	Perpetual preference shares $000	Total equity $000
Year ended 30 September 2018					
Balance at 1 October 2017		23,073	26,160	38,966	88,199
Total comprehensive income for the year:					
Profit after tax		-	8,225	-	8,225
Total comprehensive income for year		-	8,225	-	8,225
Transactions with shareholders:					
Ordinary share dividends	7	-	(3,081)	-	(3,081)
Perpetual preference share dividends	7	-	(1,276)	-	(1,276)
Total transactions with shareholders		-	(4,357)	-	(4,357)
Balance at 30 September 2018		**$23,073**	**$30,028**	**$38,966**	**$92,067**
Year ended 30 September 2017					
Balance at 1 October 2016		23,073	23,135	38,966	85,174
Total comprehensive income for the year:					
Profit after tax		-	7,528	-	7,528
Total comprehensive income for the year		-	7,528	-	7,528
Transactions with shareholders:					
Ordinary share dividends	7	-	(3,216)	-	(3,216)
Perpetual preference share dividends	7	-	(1,287)	-	(1,287)
Total transactions with shareholders		-	(4,503)	-	(4,503)
Balance at 30 September 2017		**$23,073**	**$26,160**	**$38,966**	**$88,199**

The consolidated financial statements should be read in conjunction with the accounting policies and notes on the accompanying pages.

Consolidated balance sheet

As at 30 September 2018

	Note	2018 $000	2017 $000
Funds employed			
Ordinary shares	7	23,073	23,073
Retained earnings		30,028	26,160
Perpetual preference shares	7	38,966	38,966
Total shareholder equity		**92,067**	**88,199**
Liabilities			
Bank overdraft		348	337
Provision for taxation		1,497	1,925
Accounts payable and accrued expense	14	6,930	6,933
Unearned payment waiver administration fees		6,583	5,996
Committed cash advance	8	27,300	10,399
Securitised funding	8	609,576	552,638
Derivative financial instruments	21	3,735	3,730
Total liabilities		**$655,969**	**$581,958**
Total funds employed		**$748,036**	**$670,157**
Employment of funds			
Cash in restricted bank accounts	20	61,285	59,067
Accounts receivable		2,043	2,545
Payment waiver indemnity prepayment		1,736	1,826
Finance receivables	10,11	677,549	600,961
Deferred tax	6	1,720	648
Property, plant and equipment	12	1,403	1,625
Intangible assets	13	2,300	3,485
Total assets		**$748,036**	**$670,157**

Stephen Higgs
Chairman

Scott Creahan
Director

22 November 2018

The consolidated financial statements should be read in conjunction with the accounting policies and notes on the accompanying pages.

Consolidated statement of cash flow

Year ended 30 September 2018

	Note	2018 $000	2017 $000
Cash flow from operating activities			
Interest income		88,154	79,807
Fee income		10,157	10,933
Interest expense		(24,018)	(22,724)
Other funding and securitisation costs		(4,061)	(3,736)
Income tax paid		(4,921)	(2,696)
Commission		(39,433)	(37,237)
Payment waiver		4,756	4,588
Operating expense		(18,652)	(15,061)
Net cash flow from operating activities before changes in operating assets and liabilities		11,982	13,874
Changes in operating assets and liabilities			
Finance receivable instalments		492,023	439,253
Increase (decrease) in committed cash advance – net		16,901	(15,601)
Increase in securitised funding – net		56,511	86,370
Finance receivable advances		(569,675)	(509,272)
		(4,240)	750
Net cash flow from operating activities	26	**7,742**	**14,624**
Cash flow from investing activities			
Sale of property, plant and equipment		3	58
Purchase of property, plant and equipment		(432)	(588)
Purchase of intangible assets		(648)	(667)
Net cash flow from investing activities		**(1,077)**	**(1,197)**
Cash flow from financing activities			
Proceeds from unpaid shares		6	4
Trust establishment costs		(107)	(616)
Dividend to perpetual preference shareholders	7	(1,276)	(1,287)
Dividend to ordinary shareholders	7	(3,081)	(3,216)
Net cash flow from financing activities		**(4,458)**	**(5,115)**
Net increase (decrease) in cash		2,207	8,312
Cash on hand at beginning of period		58,730	50,418
Cash on hand at end of period		**$60,937**	**$58,730**
Represented by:			
Cash at bank (overdraft)		(348)	(337)
Cash in restricted bank accounts		61,285	59,067
		$60,937	**$58,730**

The consolidated financial statements should be read in conjunction with the accounting policies and notes on the accompanying pages.

Notes to consolidated financial statements

Note 1: Basis of reporting

Reporting entity:

The consolidated financial statements presented are those of Motor Trade Finance Limited (MTF Finance) and its subsidiaries (the Group). MTF Finance is the ultimate Parent of the Group.

MTF Finance is a profit-oriented entity, domiciled in New Zealand and registered under the Companies Act 1993. MTF Finance is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the consolidated financial statements comply with this Act.

The registered office of MTF Finance is Level 1, 98 Great King Street, Dunedin.

The principal activity of the Group consists of accepting finance receivables entered into with transacting shareholders.

The consolidated financial statements were approved by the Board of Directors on 22 November 2018.

Basis of preparation:

The consolidated financial statements are prepared in accordance with 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-oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards.

The Group is a tier 1 for-profit entity in terms of the External Reporting Board Standard A1: Application of the Accounting Standards Framework.

Basis of measurement:

The consolidated financial statements are based on historical cost except for the revaluation of derivative financial instruments and finance receivables measured at fair value.

Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies are applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability, ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies adopted have been applied consistently throughout the periods presented in the consolidated financial statements.

The consolidated financial statements have been prepared using the going concern assumption.

Functional and presentation currency:

The reporting currency is New Zealand dollars which is the Group's functional currency. All financial information is rounded to the nearest thousand.

Critical judgments, estimates and assumptions:

In the application of NZ IFRS, the Directors make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and factors considered reasonable under the circumstances. Actual results may differ from the estimates and assumptions.

Estimates and assumptions are regularly reviewed with any revision to accounting estimates recognised in the period the estimate is revised.

Accounting policies, and information about judgments, estimates and assumptions that have had a significant effect on the amounts recognised in the consolidated financial statements are disclosed in the relevant notes as follows:

- Determination of fair value of derivative financial instruments (Note 21)
- Consolidation of controlled entities (Note 22)
- Determination of fair value of finance receivables (Note 11)

Significant accounting policies:

Significant accounting policies which are specific to certain transactions or balances are set out within the particular note to which they relate. The significant accounting policies which are pervasive to the consolidated financial statements are set out below.

Basis of consolidation:

The consolidated financial statements are prepared by combining the financial statements of MTF Finance and its subsidiaries. Accounting policies of subsidiaries are consistent with those of the Group.

All inter-entity transactions, balances and unrealised profits or losses on transactions between Group entities are eliminated on consolidation.

Adoption of new or amended standards and interpretations:

All mandatory new or amended accounting standards or interpretations were adopted in the current year. None had a material impact on these consolidated financial statements.

The following relevant standards and interpretations have been issued at the reporting date but are not yet effective.

NZ IFRS 9 Financial Instruments

The complete version of NZ IFRS 9 'Financial Instruments' was issued in 2014, which is the comprehensive standard to replace NZ IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Although, the Group has made progress in its implementation of NZ IFRS 9, it is not yet possible to make a reliable estimate of the impact of the new standard on the Group's consolidated financial statements.

The Group will adopt NZ IFRS 9 for the year ending 30 September 2019.

NZ IFRS 15 Revenue from Contracts with Customers

NZ IFRS 15 Revenue from Contracts with Customers is effective for annual periods beginning on or after 1 January 2018. NZ IFRS 15 provides a principles-based approach for revenue recognition, and introduces the concept of recognising revenue for performance obligations as they are satisfied.

Although, the Group has made progress in its implementation of NZ IFRS 15, it is not yet possible to make a reliable estimate of the impact of the new standard on the Group's consolidated financial statements.

The Group will adopt NZ IFRS 15 for the year ending 30 September 2019.

The Group has not yet assessed the impact of the following new standards or interpretations on issue which have yet to be adopted:

- NZ IFRS 16 Leases (effective from 2020 financial year)
- NZ IFRS 17 Insurance Contracts (effective from 2022 financial year)

Note 2: Interest income

Policy:

Interest income on financial instruments measured at FVTPL is reported within interest income using the effective interest method and is not included with the net gain/(loss) from financial instruments at fair value.

Interest income on all financial instruments measured at amortised cost is recognised in profit or loss using the effective interest method.

The effective interest method calculates the amortised cost of a financial asset and allocates the interest income over the expected life of the financial asset. The method has the effect of recognising income evenly in proportion to the amount outstanding over the expected life of the financial asset.

	2018 $000	2017 $000
Interest income:		
Finance receivables designated at FVTPL	87,067	78,838
Cash in restricted bank accounts	1,087	969
	$88,154	**$79,807**
Interest income includes income from:		
Non-impaired assets	88,132	79,807
Impaired assets	22	-
	$88,154	**$79,807**

Note 3: Interest expense

Policy:

Interest expense is represented by the interest cost on the committed cash advance, the senior notes issued to fund the securitisation programmes, the realised net cost of interest rate swaps to hedge the funding activities with the cash flows from finance receivables, and the direct cost of running the securitisation programmes.

Interest expense on all financial instruments measured at amortised cost are recognised in profit or loss using the effective interest method.

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

	2018 $000	2017 $000
Committed cash advance	606	776
Senior notes	19,436	17,854
Interest rate swaps - net	5,358	5,598
Securitisation programme	1,595	1,360
Other	1,616	1,113
	$28,611	**$26,701**

Note 4: Expense

Policy:

Operating lease expense is recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are derived.

Commission is recognised as an expense when approved by the Directors.

Includes:		2018 $000	2017 $000
Auditor			
	- Audit of Group financial statements	172	169
	- Audit of Trust financial statements	82	68
	- Tax compliance	59	57
	- Other assurance fees	39	81
	- Other services	35	-
Commission		39,858	37,610
Depreciation			
	- Computer hardware	478	417
	– Office equipment, fixtures and fittings	95	86
	- Motor vehicles	78	29
Amortisation			
	– Intangible assets (software and websites)	1,834	1,805
Directors fees		340	340
Payment waiver		1,577	1,317
Rental and lease		655	627
Employee expense includes:			
Defined contribution scheme payments (Kiwisaver)		143	123
Key management remuneration of:			
	- Short term employee benefits	2010	1,957
	- Post employment benefits (Kiwisaver)	60	57

Auditor:

The auditor of the group is Deloitte Limited. Other assurance fees includes work in relation to service organisation controls reporting. Other services fees includes work in relation to cyber security health check.

Operating leases:

Non-cancellable operating leases payable within one year from balance date are estimated to be $558,000 (2017: $558,000).
Non-cancellable operating leases payable between one and two years from balance date are estimated to be $558,000 (2017: $558,000).
Non-cancellable operating leases payable between three and ten years from balance date are estimated to be $1,821,000 (2017: $2,405,000).

Promotion expenses:

Non-cancellable promotion expenses payable within one year from balance date are estimated to be $230,000 (2017: $165,000).

Note 5: Net gain (loss) from financial instruments at fair value

Policy: Net gain (loss) on financial instruments at FVTPL comprises unrealised fair value gains and losses.

Assessment of credit impairment on financial instruments at FVTPL is included in the net gain (loss) from financial instruments at fair value and forms part of the fair value assessment.

	2018 $000	2017 $000
Net gain (loss) arising on:		
Finance receivables	(150)	(3,443)
Credit risk	(728)	(739)
Interest rate swap derivatives	(6)	3,756
	($884)	**($426)**

Note 6: Tax

6.1 Tax expense

Policy: Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly within equity, in which case income tax is recognised in other comprehensive income or in equity.

Current tax is the amount of income tax payable or recoverable on taxable profit for the period and is calculated using tax rates and tax laws applicable to the period. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid or refundable. Tax assets and liabilities are offset when the Group has a legally enforceable right to offset the recognised amounts, and intends to settle on a net basis.

	2018 $000	2017 $000
Profit before tax	11,645	10,745
Income tax expense calculated at 28% (2017: 28%)	3,261	3,009
Non-deductible expense	28	25
Other adjustments	149	110
(Over) under provision of income tax in previous year	(18)	73
	$3,420	**$3,217**
Represented by:		
Current tax	4,492	3,995
Deferred tax	(1,072)	(778)
	$3,420	**$3,217**

Tax rate: The tax rate used in the reconciliation is the corporate tax rate of 28% (2017: 28%) payable by New Zealand corporate entities on taxable profits under New Zealand tax law for the 2018 income tax year.

Imputation credits: There were $18,278,000 imputation credits available for use as at 30 September 2018 (2017: $15,090,000).

6.2 Deferred tax

Policy:

Deferred tax is recognised using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets and liabilities are measured at tax rates applicable to the period when the relevant asset and liability is expected to be realised or settled. The measurement of deferred tax liabilities and assets reflects the tax consequences that will follow from the manner in which the Group expects, at reporting date, to recover or settle the carrying amount of the assets and liabilities.

The deferred tax balances at 30 September 2018 are represented by:

	Opening balance $000	Charged to income $000	Closing balance $000
Deferred tax assets:			
Accounts payable and accrued expense	679	39	718
Property, plant and equipment	(12)	26	14
Derivative financial instruments	724	123	847
	1,391	**188**	**1,579**
Deferred tax liabilities:			
Intangible assets	(511)	336	(175)
Finance and other receivables	(232)	548	316
	(743)	**884**	**141**
Total deferred tax	**$648**	**$1,072**	**$1,720**

The deferred tax balances at 30 September 2017 are represented by:

	Opening balance $000	Charged to income $000	Closing balance $000
Deferred tax assets:			
Accounts payable and accrued expense	759	(80)	679
Property, plant and equipment	1	(13)	(12)
Derivative financial instruments	1,552	(828)	724
	2,312	**(921)**	**1,391**
Deferred tax liabilities:			
Intangible assets	(583)	72	(511)
Finance and other receivables	(1,859)	1,627	(232)
	(2,442)	**1,699**	**(743)**
Total deferred tax	**($130)**	**$778**	**$648**

Note 7: Equity

7.1 Ordinary shares

Policy: Ordinary shares are classified as equity. Dividends are not guaranteed and are payable at the discretion of the Directors. Any dividend is recognised as a distribution within equity.

Ordinary shares: At 30 September 2018, there were 23,073,000 shares authorised and issued (2017: 23,073,000) of which 27,000 are unpaid (2017: 33,000). All fully paid ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

Ordinary share dividend:

	2018 $000	2017 $000
Fully imputed dividend declared and paid during the year:		
Final dividend paid 30 November 2017 at 7.37 cents per share (2016: 7.96 cents)	1,698	1,833
Interim dividend paid 31 January 2018 at 2 cents per share (2017: 2 cents)	461	461
Interim dividend paid 30 April 2018 at 2 cents per share (2017: 2 cents)	461	461
Interim dividend paid 31 July 2018 at 2 cents per share (2017: 2 cents)	461	461
	$3,081	**$3,216**

Dividend: On 22 November 2018, the Directors declared a final dividend on paid-up ordinary shares of 9.32 cents per share amounting to $2,148,000 (fully imputed), for the period 1 October 2017 to 30 September 2018. The dividend is due for payment on 30 November 2018.

7.2 Perpetual preference shares

Policy: Perpetual preference shares (PPS) are classified as equity. The shares are non-redeemable and carry no voting rights. Dividends are not guaranteed and are payable at the discretion of the Directors. Any dividend is recognised as a distribution within equity. MTF Finance may redeem or repurchase all or part of the perpetual preference shares.

Perpetual preference shares: At 30 September 2018, there were 40,000,000 perpetual preference shares (2017: 40,000,000).

In the event of liquidation of MTF Finance, payment of the issue price and any dividend on the perpetual preference shares rank:

- before rights of holders of other classes of MTF Finance shares
- before profit distribution to transacting shareholders
- after rights of secured and unsecured creditors of MTF Finance

	2018 $000	2017 $000
Face value	40,000	40,000
Issue fees and expenses	(1,034)	(1,034)
	$38,966	**$38,966**

Perpetual preference share dividend:

	2018 $000	2017 $000
Fully imputed dividend declared and paid during the year at 3.19 cents per share (2017: 3.22 cents)	1,276	1,287
	$1,276	**$1,287**

PPS dividend: The dividend payable on perpetual preference shares is based on the benchmark rate plus 2.4% and is reset annually. The benchmark rate is the one-year interest rate swap on the reset day.

Note 8: Funding (secured)

Policy:

MTF Finance funds a major portion of its business by the sale of finance receivables to securitisation entities established solely for purchasing finance receivables from MTF Finance.

MTF Finance recognises transactions with securitisation entities as financing arrangements; expenditure related to securitisation programmes is recognised as a cost of funding and the securitised assets and funding from securitisation programmes are recognised respectively as assets and liabilities in the balance sheet.

Funding is at floating interest rate and is measured at amortised cost using the effective interest method.

30 September 2018	**Weighted average effective interest rate %**	**Facility expiry date**	**Limit $000**	**Undrawn $000**	**Drawn $000**	**Unamortised fees and expense $000**	**Carrying amount $000**
Committed cash advance facility	3.44	31/08/2020	80,000	52,700	27,300	-	27,300
Securitisation:							
Senior Warehouse notes	3.21	15/02/2019	250,000	78,253	171,747	-	171,747
Senior Torana notes	3.56	15/09/2024	213,466	-	213,466	(178)	213,288
Senior Sierra notes	3.22	15/09/2025	213,466	-	213,466	(376)	213,090
MUFG loan	3.21	18/01/2019	50,000	38,526	11,474	(23)	11,451
Total securitisation			726,932	116,779	610,153	(577)	609,576
Total			**$806,932**	**$169,479**	**$637,453**	**($577)**	**$636,876**

30 September 2017	**Weighted average effective interest rate %**	**Facility expiry date**	**Limit $000**	**Undrawn $000**	**Drawn $000**	**Unamortised fees and expense $000**	**Carrying amount $000**
Committed cash advance facility	3.42	31/08/2018	80,000	69,601	10,399	-	10,399
Securitisation:							
Senior Warehouse notes	3.25	15/02/2018	110,000	25,267	84,733	-	84,733
Senior Valiant notes	3.95	15/07/2022	41,977	-	41,977	(66)	41,911
Senior Torana notes	3.57	15/09/2024	213,466	-	213,466	(421)	213,045
Senior Sierra notes	3.29	15/09/2025	213,466	-	213,466	(517)	212,949
Total securitisation			578,909	25,267	553,642	(1,004)	552,638
Total			**$658,909**	**$94,868**	**$564,041**	**($1,004)**	**$563,037**

Judgments:

Under the MTF Finance securitisation programme, entities are created to purchase eligible finance receivables. Securitisation entities are consolidated where the Group has control. Control is assessed in Note 22.

Committed bank facilities:

MTF Finance has committed bank facilities provided by a syndication with Bank of New Zealand and Westpac New Zealand Limited. The facility is secured by a general security agreement over all unsecuritised assets, including unsecuritised finance receivables.

Securitisation programme:

The activities of MTF Finance are funded through a master trust securitisation structure established on 18 June 2010. The Trust Deed provides for the creation of an unlimited number of trusts, each separate and distinct. The trusts currently active under the master trust structure are the Warehouse Trust, the Torana Trust, the Sierra Trust, and the Honda Trust (Trusts). The senior notes are funded externally by banks and other investors.

In April 2018 the Valiant Trust reached the specified call date criteria and all of the notes were repaid in full.

The principal components of the securitisation programme are:

The Warehouse Trust funds the purchase of qualifying finance receivables from MTF Finance. Senior Warehouse notes are issued for periods of up to 72 months past the facility expiry of 15 February 2019. The notes rated AA(sf) (Standard & Poor's long term, structured finance rating, 26 October 2011) and are secured by a first ranking mortgage debenture over the assets of the Warehouse Trust.

The Torana Trust funds qualifying finance receivables purchased from the Warehouse Trust prior to 15 September 2018. The Trust has now entered amortisation. No new qualifying finance receivables can be acquired.

The Sierra Trust funds the purchase of qualifying finance receivables from the Warehouse Trust. Senior Sierra notes are issued for periods of up to 96 months past the issue date 15 September 2017. The Sierra Trust has a revolving period of 24 months from issue date, during which the Trust may continue to acquire qualifying finance receivables from the Warehouse Trust. At the end of the Trust's revolving period, no new receivables may be acquired and the facility will amortise.

Senior Torana and Senior Sierra notes are secured by a first ranking mortgage debenture over the assets of the Torana Trust and Sierra Trust respectively and have structured finance (sf) ratings from Fitch Ratings.

Senior Valiant notes on issue	**Fitch rating**	**2018 $000**	**2017 $000**
Class A	AAA(sf)	-	29,124
Class B	AA(sf)	-	4,539
Class C	A(sf)	-	3,980
Class D	BBB(sf)	-	1,813
Class E	BB(sf)	-	1,704
Class F	B(sf)	-	817
		-	**$41,977**

Senior Torana notes on issue	**Fitch rating**	**2018 $000**	**2017 $000**
Class A	AAA(sf)	194,040	194,040
Class B	AA(sf)	7,326	7,326
Class C	A(sf)	6,424	6,424
Class D	BBB(sf)	2,926	2,926
Class E	BB(sf)	2,750	2,750
		$213,466	**$213,466**

Senior Sierra notes on issue	**Fitch rating**	**2018 $000**	**2017 $000**
Class A	AAA(sf)	194,040	194,040
Class B	AA(sf)	7,326	7,326
Class C	A(sf)	6,424	6,424
Class D	BBB(sf)	2,926	2,926
Class E	BB(sf)	2,750	2,750
		$213,466	**$213,466**

The Honda Trust funds the purchase of qualifying lease finance receivables from MTF Finance and MTFL by way of a cash commitment facility provided by Bank of Tokyo-Mitsubishi UFG, Ltd (Auckland Branch) (BTMU). BTMU subsequently renamed to Mitsubishi UFJ Financial Group (MUFG) during the period. The facility is secured by a first ranking mortgage debenture over the assets of the Honda Trust.

Trustees Executors Limited (TEL) is appointed as the Trustee of each of the trusts.

Under contracts with transacting shareholders, MTF Finance makes loans to transacting shareholders on terms that match the advances made by transacting shareholders to customers. As security for the repayment of the transacting shareholder loan, MTF Finance is given a security interest over transacting shareholder rights under the customer contract and the underlying asset. MTF Finance assigns absolutely and unconditionally its right, title and interest in, and to, the shareholder loan (and related rights), free of security interest to the Trustee. The legal and beneficial title to each finance receivable passes to the Trustee upon payment of the relevant sale price by the Trust.

MTF Finance is contracted, as Trust Manager and Trust Servicer, to administer the securitised receivables, including the liability and treasury activities.

Beneficial interest in the Trusts vests in the residual capital beneficiary and the residual income beneficiary, being MTF Treasury Limited (MTFT), a wholly owned subsidiary of MTF Finance. Net taxable annual income of the Trusts vests absolutely in MTFT, which has the right to receive distributions of that net taxable annual income, to the extent that funds are available for distribution under the prescribed cash flow allocation. The residual capital beneficiary has no right to receive distributions from the Trusts other than the right to receive the entire beneficial interest in a Trust, on the termination of that Trust.

Finance receivables securitised at balance date with the Trusts:

	2018 $000	2017 $000
Honda Trust	10,896	-
Sierra Trust	200,911	204,587
Torana Trust	198,326	197,507
Warehouse Trust	186,255	90,441
Valiant Trust	-	39,271
	$596,388	**$531,806**

Amortisation:

The establishment fees and expense represent the cost incurred in setting up the securitisation programmes and are amortised over the life of each facility. For the year ended 30 September 2018, $534,000 (2017: $393,000) of amortisation is included in interest expense in the Consolidated statement of comprehensive income.

Note 9: Asset quality disclosures

Policy:

Impaired assets consist of restructured assets, assets acquired through the enforcement of security and individually impaired assets.

Restructured asset means any credit exposure for which:

- original terms have been changed to grant the counterparty a concession that would not have otherwise been available, due to the counterparty's difficulty in complying with the original terms
- terms of an arrangement are not comparable with the terms of new arrangements with comparable risks
- yield on the asset following restructuring is equal to or greater than the Group average cost of funds, or a loss is not otherwise expected to be incurred

Financial assets acquired through enforcement of security are those assets acquired through foreclosure in full or partial settlement of a debt.

Other individually impaired assets are financial assets where components of transacting shareholder contracts are in arrears and the Group is unable to obtain, or anticipates future difficulties in obtaining recovery but do not include restructured assets or financial assets acquired through the enforcement of security.

The Group holds 90 day past due assets where components of transacting shareholders contracts are in arrears for 90 days or more and the transacting shareholder has not been placed in the managed transacting shareholder category.

	2018 $000	2017 $000
(a) Asset quality - finance receivables		
Neither past due nor impaired	682,359	606,064
Individually impaired	696	13
Past due but not impaired	1,290	952
Specific credit risk	-	(37)
Collective credit risk	(6,796)	(6,031)
Total carrying amount	**$677,549**	**$600,961**
(b) Aging of past due but not impaired assets		
Past due 90 -120 days	446	391
Past due 120+ days	844	561
Carrying amount of past due assets	**$1,290**	**$952**
(c) 90 day past due assets (including impaired assets)		
Balance at beginning of year	952	104
Net movement in past due assets	347	848
Carrying amount at end of year	**$1,299**	**$952**
(d) Individually impaired assets – managed transacting shareholder		
Finance receivables	696	13
Balances available for offset, including collateral	(696)	24
Specific impairment allowance	**-**	**$37**

Credit risk:

In assessing fair value a credit risk allowance is taken in relation to the assets of managed transacting shareholders and takes into account the value of collateral held as part of the recourse obligation including, but not limited to, future commission and dividends, value of the goods subject to each contract, bank guarantees and personal guarantees (refer to Note 16).

Past due:

A financial asset is considered past due when a counterparty has failed to make payment when contractually obligated. All customer loss is for the account of the transacting shareholder; payment is contractually due to MTF Finance, from the transacting shareholder, when a customer account has been in arrears for 91 days or more. All contracts that remain unpaid past this point are classified as past due but not impaired. The inclusion of past due finance receivables in the above table do not necessarily indicate that such finance receivables are doubtful. Past due but not impaired finance receivables excludes finance receivables of managed transacting shareholders.

Past due > 90 days:

Of total finance receivables at 30 September 2018, 0.19% (2017: 0.16%) had repayments that are past due more than 90 days.

Material restructured assets:

The Group does not have any material restructured assets or assets acquired through the enforcement of security (2017: Nil).

Note 10: Finance receivables

Policy: Finance receivables are designated at fair value through profit or loss (FVTPL), as doing so reduces any accounting mismatch that may arise from measuring such assets on a different basis.

	2018 $000	2017 $000
Receivable within 12 months	216,071	212,396
Receivable beyond 12 months	461,478	388,565
Total finance receivables	**$677,549**	**$600,961**

Details of changes in the fair value recognised on the finance receivables on account of credit risk are:

	2018 $000	2017 $000
Finance receivables at FVTPL - loss	728	739
	$728	**$739**

Finance receivables: Finance receivables include securitised and non-securitised finance receivables.

Finance receivables are economically hedged by a combination of floating rate debt and interest rate swaps as part of a documented risk management strategy. An accounting mismatch would arise if the finance receivables were accounted for at amortised cost, because the related derivatives (interest rate swaps) are measured at fair value, with movements in fair value recognised in profit or loss in the consolidated statement of comprehensive income.

Fair value: The fair value at 30 September 2018 reflects $6,796,000 (2017: $6,068,000) allowance for credit risk for the Group. The impact is included in the overall fair value movement.

Impairment of financial assets: Finance receivables are not assessed for impairment as the determination of fair value reflects the credit quality of the instrument and changes in fair value are recognised in the net gain (loss) from financial instruments at fair value in profit or loss in the consolidated statement of comprehensive income.

Note 11: Fair value

Policy:	The Group measures certain financial instruments at fair value at each reporting date. Fair value is the price that would be received on sale of an asset or paid to transfer a liability between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements recognised in the statement of financial position:

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2018				
Financial assets at FVTPL				
Finance receivables	-	-	677,549	677,549
	-	**-**	**$677,549**	**$677,549**
Financial liabilities at FVTPL				
Derivative financial liabilities	-	3,735	-	3,735
	-	**$3,735**	**-**	**$3,735**
2017				
Financial assets at FVTPL				
Finance receivables	-	-	600,961	600,961
	-	**-**	**$600,961**	**$600,961**
Financial liabilities at FVTPL				
Derivative financial liabilities	-	3,730	-	3,730
	-	**$3,730**	**-**	**$3,730**

Judgments:

Finance receivables are designated at FVTPL. As there is no active market, fair value is determined by the use of a discounted cash flow valuation model. To the extent possible, the model uses observable market data (interest rates). The main unobservable input to the valuation model is credit risk, which requires management to make judgments and estimates. Changes in the assumptions in the model and projections of future cash flows may affect the reported fair value of finance receivables.

Fair value of financial assets and liabilities:

The carrying amount of all financial assets and liabilities approximates fair value.

Valuation techniques and assumptions for the purpose of measuring fair value:

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from observable market interest rates and adjustments for counterparty credit risk.

As there is no active market, fair value of finance receivables is measured using the present value of estimated future cash flows, discounted based on a theoretical yield curve derived from a series of observable market interest rates.

Fair value hierarchy levels:

Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly, i.e. as prices, or indirectly, i.e. derived from prices. Financial assets and financial liabilities fair valued based on Level 2 inputs in the Group are the interest rate swaps detailed in Note 21 of these consolidated financial statements.

Level 3 fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Financial assets of the Group fair valued based on Level 3 inputs are finance receivables. This assessment is based on the absence of observable market data for the sale and purchase of finance receivables in an open market.

No financial assets or liabilities were transferred between levels during the period.

Reconciliation of level 3 fair value measurements of financial assets:

Gains and losses included in the statement of comprehensive income relate to finance receivables held at the end of the reporting period and are reported as a net gain (loss) from financial instruments at fair value.

Finance receivables:

	2018 $000	2017 $000
Balance at beginning of the year	600,961	535,237
Gain/(loss) recognised in net gain (loss) from financial instruments at fair value	(878)	(4,182)
Sales	569,674	509,271
Settlements	(492,208)	(439,365)
Balance at end of the year	**$677,549**	**$600,961**
Changes in unrealised gain (loss) for the year included in profit or loss for finance receivables held at the end of the year	(878)	(4,182)

Significant assumptions used in determining fair value of financial assets and liabilities:

Fair value of finance receivables is determined by applying a theoretical yield curve from market interest rates.

Finance receivables yield at a fixed retail rate comprising the swap rate plus a credit margin. It is assumed that the credit margin remains fixed throughout the term. At the valuation date, the theoretical yield curve is adjusted to reflect the current market interest rate plus the weighted average credit margin. The change in the credit risk of the finance receivables is reflected in the fair value model as the movement in collective and specific credit risk assessment.

The collective credit risk of $6,796,000 (2017: $6,031,000) is based on long term past experience.

No assumption is made in regard to prepayment rates for the purpose of determining the fair value of finance receivables as these are deemed not to be material.

The fair value of the finance receivables at 30 September 2018 was based on cash flows discounted using a weighted average interest rate of 10.50% (2017: 13.27%).

Refer to Note 18 for details of sensitivity analysis.

Note 12: Property, plant and equipment

Policy:

Property, plant and equipment are measured at cost less accumulated depreciation and impairment loss.

Property, plant and equipment are depreciated on a straight line basis at rates which write off the cost less estimated residual value over the expected useful life.

Residual values, useful life and depreciation method are reviewed and adjusted, if appropriate, at balance date.

Computer hardware	3 years
Office equipment, fixtures and fittings	5 years
Motor vehicles	5 years

Property, plant and equipment are reviewed for evidence of impairment at least annually and when events indicate that assets may have suffered impairment. The carrying amount is written down to the recoverable amount if the carrying amount is greater than the estimated recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use.

Carrying amount:

	2018 $000	2017 $000
Computer hardware	2,621	2,563
Less accumulated depreciation	(2,192)	(1,940)
Total carrying amount	**429**	**623**
Office equipment, fixtures and fittings	1,139	1,079
Less accumulated depreciation	(383)	(307)
Total carrying amount	**756**	**772**
Motor vehicles	372	307
Less accumulated depreciation	(154)	(77)
Total carrying amount	**218**	**230**
Total property, plant and equipment	**$1,403**	**$1,625**

Capital commitments: The estimated capital expenditure contracted for at balance date but not provided for is $Nil (2017: Nil).

Note 13: Intangible assets – computer software and websites

Policy: Computer software and websites are finite life intangible assets, recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the estimated useful life, usually 3-5 years.

Finite life intangible assets are subject to the same impairment process as property, plant and equipment. Impairment is recognised in profit or loss.

	2018 $000	2017 $000
Cost		
Balance at beginning of year	23,281	22,614
Additions	648	667
Disposals	-	-
Balance at end of year	**23,929**	**23,281**
Amortisation and impairment		
Balance at beginning of year	19,796	17,990
Amortisation	1,833	1,806
Impairment	-	-
Balance at end of year	**21,629**	**19,796**
Total intangible assets	**$2,300**	**$3,485**

Capital commitments: The estimated capital expenditure contracted for at balance date but not provided for is $Nil (2017: Nil).

Note 14: Accounts payable and accrued expense

Employee entitlements: Provision is made for entitlements accruing to employees in respect of salaries and leave entitlements when it is probable that settlement will be required and can be measured reliably.

Provision for entitlements expected to be settled within twelve months is measured at nominal value using the remuneration rate expected to be applied at the time of settlement.

	2018 $000	2017 $000
Trade creditors	750	740
Sundry creditors and accruals	4,041	4,238
Unpaid commission	1,066	642
Employee entitlements	1,073	1,313
	$6,930	**$6,933**

Note 15: Related party transactions

Commission paid to companies (transacting shareholders) associated with the Directors:

	2018 $000	2017 $000
Graeme Gibbons	139	443
Geoffrey Kenny	1,072	1,235
Mike King	790	885
Brent Robertson	2,196	1,965
Grant Woolford	124	-
	$4,321	**$4,528**

Revenue received from companies (transacting shareholders) associated with the Directors:

	2018 $000	2017 $000
Graeme Gibbons	415	1,200
Geoffrey Kenny	2,454	2,698
Mike King	2,036	2,166
Brent Robertson	5,094	4,445
Grant Woolford	189	-
	$10,188	**$10,509**

Finance receivables outstanding with companies (transacting shareholders) associated with Directors:

	2018 $000	2017 $000
Graeme Gibbons	-	7,281
Geoffrey Kenny	13,604	13,714
Mike King	14,769	12,100
Brent Robertson	31,688	26,900
Grant Woolford	2,576	-
	$62,637	**$59,995**

Related parties:

Directors Graeme Gibbons, Geoffrey Kenny, Mike King, Brent Robertson and Grant Woolford are Directors of companies with shareholdings in MTF Finance that derive commission from the company on the same basis as all other transacting shareholders.

Graeme Gibbons ceased to be a Director on 15 March 2018. The associated related party balances stated above reflect all transactions during the period up to this date.

Grant Woolford was appointed a Director on 15 March 2018. The associated related party balances stated above reflect all transactions during the period from this date.

Revenue:

Includes interest income, fee income and payment waiver admin fee income.

Note 16: Credit risk

Maximum exposures to credit risk:

	2018 $000	2017 $000
Cash in restricted bank accounts	61,285	59,067
Accounts receivable	2,043	2,545
Honda Trust securitised finance receivables	10,896	-
Sierra Trust securitised finance receivables	200,911	204,587
Torana Trust securitised finance receivables	198,326	197,507
Warehouse Trust securitised finance receivables	186,255	90,441
Valiant Trust securitised finance receivables	-	39,271
Non securitised finance receivables	81,161	69,155

Finance receivables credit risk by geographical location:

	2018 $000	2017 $000
Waikato	81,956	71,174
Bay of Plenty	80,624	69,962
Auckland	80,024	73,577
Canterbury	75,060	68,218
Wellington/Wairarapa	60,435	57,746
Otago	59,008	48,061
South Auckland	57,706	49,707
Manawatu/Wanganui	42,884	37,577
Nelson/Marlborough	26,626	21,951
Hawkes Bay	22,795	20,743
Southland	22,275	20,936
Northland	18,489	15,775
Gisborne	16,444	15,413
Mid/South Canterbury	13,829	12,770
Taranaki	12,012	11,132
West Coast	7,382	6,219
Finance receivables by geographical location	**$677,549**	**$600,961**

Finance receivables credit risk by security type:

	2018 $000	2017 $000
Passenger vehicle	349,696	333,154
Commercial vehicle	150,975	117,573
Utes/Trucks/Trailers	81,793	69,057
Motorcycle	38,229	35,090
Marine	19,329	14,371
Caravans	18,582	14,578
Vans/Buses	16,421	15,385
Equipment/Aircraft/Tractors/Machinery	2,524	1,753
Finance receivables by security type	**$677,549**	**$600,961**

Finance receivables credit risk by transacting shareholder:

	2018 $000	2017 $000
0 - $5,000,000	125,733	150,958
$5,000,000 - $10,000,000	191,942	137,141
$10,000,000 - $20,000,000	259,034	237,978
$20,000,000+	100,840	74,884
Finance receivables by transacting shareholder	**$677,549**	**$600,961**

Finance receivables credit risk by individual contract size:

	2018 $000	2017 $000
0 - $5,000	64,383	60,293
$5,001 - $10,000	167,759	156,859
$10,001 - $20,000	222,178	212,419
$20,001 - $30,000	102,915	87,272
$30,001 - $40,000	53,542	39,327
$40,001- $50,000	28,246	20,447
$50,001+	38,526	24,344
Finance receivables by contract size	**$677,549**	**$600,961**

Credit risk:

Credit risk is the risk of financial loss to MTF Finance if a transacting shareholder, or counterparty to a financial instrument, fails to meet its contractual obligations. Financial instruments which potentially subject the Group to credit risk principally consist of cash at bank, cash in restricted bank accounts, accounts receivable and finance receivables.

Management of credit risk:

The Directors have overall responsibility for management of credit risk. This responsibility is delegated to the Credit Committee. The Credit Committee reviews credit risks, recommends credit policy and approves certain credit limits in addition to approving any large credit exposures.

The MTF Finance credit and compliance teams perform key credit risk management tasks, including assessing transacting shareholder applications, reviewing transacting shareholder accounts, setting and reviewing facility limits, managing asset quality, detecting transacting shareholder fraud, recovering bad debt and perfecting security interests. MTF Finance undertakes regular independent risk reviews with the credit committee ensuring any recommendations arising are investigated and appropriate action taken where necessary. The findings of the credit team are reported monthly to the Credit Committee.

Customer loss is for the account of the transacting shareholder. The credit risk assumed by MTF Finance is to the individual transacting shareholder and its capacity to meet any customer shortfall. In the event of default by a transacting shareholder under an MTF Finance contract, MTF Finance has available as security the vehicle, or goods, subject to the contract and a right of action against the defaulting customer and any guarantors. MTF Finance requires each transacting shareholder to indemnify MTF Finance against any default and the indemnity includes the right to forfeit shares, dividends and commission, current and future, of any transacting shareholder in the event that the transacting shareholder fails to meet its obligations under the recourse arrangement. MTF Finance may hold a range of additional credit enhancements against the transacting shareholder including, but not limited to, bank guarantees and personal guarantees.

MTF Finance closely monitors the credit quality, lending limits, performance and financial position of each transacting shareholder to ensure the quality of the business written meets minimum standards and that the transacting shareholder is capable of indemnifying MTF Finance against any potential loss. Transacting shareholders that are unable, or unwilling, to meet the credit and indemnity criteria have their MTF Finance facilities cancelled.

Exposure to credit risk:

The credit risk on securitised finance receivables within the MTF Finance securitisation programme is limited to the subordinated notes subscribed to by MTF Finance and the Torana and Sierra senior notes issued to MTF Finance, in support of the credit enhancement of the securitisation programme. The balance of credit risk on MTF Finance securitised finance receivables is assumed by subscribers to the senior notes pursuant to the securitisation programme.

Subordinated notes on issue	**Effective credit enhancement**		**Carrying amount**	
	2018 %	**2017 %**	**2018 $000**	**2017 $000**
Sierra Trust	2.38	2.39	5,214	5,214
Torana Trust	2.36	2.38	5,214	5,214
Valiant Trust	- (i)	6.84	- (i)	3,230
Warehouse Trust	11.10	9.21	21,369	8,580
			$31,797	**$22,238**

(i) Valiant Trust was wound up in the current year.

Senior notes on issue	**Fitch rating**	**2018 $000**	**2017 $000**
Sierra Trust - Class F	B(sf)	1,320	1,320
Torana Trust - Class F	B(sf)	1,320	1,320
		$2,640	**$2,640**

Non-securitised finance receivables are amounts owing by transacting shareholders and are secured by a specific charge over each asset held under various transacting shareholder loans. Transacting shareholders indemnify loss from default by their customers.

Concentration of credit risk:

The Group has a concentration of credit risk to its transacting shareholders for finance receivables. The position is mitigated by the limited exposure to transacting shareholders relative to the total asset base, the high number of individual loans that comprise the finance receivables and the risk assumed by the holders of senior notes on securitised finance receivables.

The credit risk above must be read in the context of the Group exposure to the securitised finance receivables being limited to the subordinated debt funding provided to the MTF Finance Trusts and the Torana and Sierra senior notes issued to MTF Finance.

Note 17: Liquidity risk

Financial assets matched against financial liabilities at 30 September 2018 (undiscounted contractual cash flow):

	On demand $000	0 – 6 months $000	6 – 12 months $000	12 – 24 months $000	24 – 60 months $000	Total $000
Monetary assets						
Cash in restricted bank accounts	61,285	-	-	-	-	61,285
Accounts receivable	-	2,043	-	-	-	2,043
Finance receivables	-	155,201	169,168	258,617	226,994	809,980
	61,285	157,244	169,168	258,617	226,994	873,308
Monetary liabilities						
Bank overdraft	348	-	-	-	-	348
Committed cash advance	27,300	-	-	-	-	27,300
Accounts payable and accrued expense	-	6,930	-	-	-	6,930
Senior notes - secured	-	109,286	110,738	251,848	165,409	637,281
	27,648	116,216	110,738	251,848	165,409	671,859
Net liquidity gap	**$33,637**	**$41,028**	**$58,430**	**$6,769**	**$61,585**	**$201,449**
Net liquidity gap - cumulative	**$33,637**	**$74,665**	**$133,095**	**$139,864**	**$201,449**	

Financial assets matched against financial liabilities at 30 September 2017 (undiscounted contractual cash flow):

	On demand $000	0 - 6 months $000	6 - 12 months $000	12 - 24 months $000	24 - 60 months $000	Total $000
Monetary assets						
Cash in restricted bank accounts	59,067	-	-	-	-	59,067
Accounts receivable	-	2,545	-	-	-	2,545
Finance receivables	-	168,496	145,456	224,262	180,497	718,711
	59,067	171,041	145,456	224,262	180,497	780,323
Monetary liabilities						
Bank overdraft	337	-	-	-	-	337
Committed cash advance	10,399	-	-	-	-	10,399
Accounts payable and accrued expense	-	6,933	-	-	-	6,933
Senior notes - secured	-	65,219	22,486	180,336	328,639	596,680
	10,736	72,152	22,486	180,336	328,639	614,349
Net liquidity gap	**$48,331**	**$98,889**	**$122,970**	**$43,926**	**($148,142)**	**$165,974**
Net liquidity gap - cumulative	**$48,331**	**$147,220**	**$270,190**	**$314,116**	**$165,974**	

Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulties in meeting contractual obligations associated with financial liabilities. The Group manages liquidity risk by maintaining sufficient liquid funds to meet its commitments, based on historical and forecast cash flow requirements.

The contractual maturity profile reflects the remaining period to contractual maturity of assets and liabilities at balance date. The finance receivable amount is based on undiscounted contractual cash flow and not based on the fair value amount in the balance sheet. The amounts in the liquidity profile include both interest and principal repayments. MTF Finance has unutilised facilities with its transacting shareholders at balance date; however as MTF Finance is not contractually obligated to meet the funding obligations related to these facilities they are not included in the liquidity profile.

Liquidity risk management:

Liquidity risk is managed primarily through access to the MTF Finance securitisation programme by which finance receivables are sold.

The Warehouse notes issued are subject to a credit rating by Standard and Poor's Rating Services, while Torana and Sierra notes are subject to a credit rating by Fitch Ratings.

The Senior Warehouse note maturity date is a maximum of 72 months after the expiry date of the facility. The next facility review is 15 February 2019. Senior Torana and Sierra notes have a maturity date of 96 months after the issue dates of 15 September 2016 and 15 September 2017, respectively. Details of the securitisation programme are contained in Note 8 of these consolidated financial statements.

Other than the MTF Finance securitisation programme, the Group has access to committed credit facilities utilised to fund finance receivables that are not eligible to be securitised.

The Group manages non-securitised assets and liabilities to ensure maturities allow an adequate margin between the requirements to fund non-securitised assets and access to funding.

The Group sets a credit facility limit for each transacting shareholder, based on criteria such as the assessed quality of receivables introduced by the transacting shareholder and the transacting shareholders assessed financial position.

Concentration of funding risk:

MTF Finance has concentration of funding risk to the MTF Finance securitisation programme for the future legal sale of finance receivables, which may arise in the event that MTF Finance is unable to meet the terms and conditions of the securitisation programme or in the event the programme is unable to provide a continuous source of funding, for reasons outside the control of MTF Finance. At 30 September 2018, MTF Finance complies with all covenants of the MTF Finance securitisation programme.

Note 18: Market risk

Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and price risk.

Market risk management:

The objective of market risk management is to control market risk exposure, to achieve optimal returns, while maintaining risk at acceptable levels. An annual review of treasury policy and risk management is performed, with the Directors ensuring that recommendations arising are investigated and actioned where necessary.

An Asset and Liability Committee consisting of the Chief Executive Officer, Chief Financial Officer, Manager – Credit, Trust Manager and Treasury and Strategy Manager meets regularly to consider balance sheet risk and management, within the framework of Director approved treasury policy.

Interest rate risk:

Securitisation programme funding
To economically hedge the fixed rate income from securitised receivables, the Group enters into interest rate swaps to convert the floating rate interest liability on Warehouse, Torana and Sierra Trust senior notes and Honda Trust loan facility into fixed interest cost.

Actual loss incurred on early termination of a loan agreement is passed to the customer as part of the settlement process.

Other funding
Interest rate risk is managed by generally matching maturities on the non-securitised funding facilities with maturities on the non-securitised finance receivables. Interest rates on funding facilities are set out in Note 8.

Management monitors interest rates on an on-going basis, and from time to time, may lock in fixed rates on the next floating reset using swap contracts when it considers that interest rates will rise. At 30 September 2018, the bank overdraft and committed cash advance facility had interest rate maturities of less than 90 days.

Bank overdraft and committed cash advances are renegotiated at market rates upon maturity.

Management may economically hedge the perpetual preference share interest rate reset, which occurs annually on 30 September. The effect is to lock in fixed rates on the next rate reset, using swap contracts, when it considers that interest rates may rise.

Financial assets
Interest rates applicable to finance receivables are fixed for the term of the finance receivables. The weighted average interest rate applicable to finance receivables at 30 September 2018 was 10.50% (2017: 13.27%).

Cash at bank and cash in restricted bank accounts are at call with interest rate maturities of less than 30 days. The weighted average interest rate applicable to cash balances at 30 September 2018 was 1.75% (2017: 1.75%).

Interest rate sensitivity:

The sensitivity analysis is based on the exposure to interest rates for both derivative and non-derivative instruments at balance date. A change in interest rates impacts fair value of fixed rate assets and interest rate swaps. Fair value changes impact profit and loss only where the fixed rate assets are designated at FVTPL.

A 100 bp movement in interest rates based on the assets and liabilities held at balance date represents management's assessment of a reasonably probable change in interest rates.

Impact on profit (loss) after tax:

	2018 $000	2017 $000
100 bp increase in interest rates	551	575
100 bp decrease in interest rates	(613)	(601)

Impact on equity:

	2018 $000	2017 $000
100 bp increase in interest rates	551	575
100 bp decrease in interest rates	(613)	(601)

Note 19: Capital risk management

Capital structure:

	2018 $000	2017 $000
Ordinary shares	23,073	23,073
Retained earnings	30,028	26,160
Perpetual preference shares	38,966	38,966
Total capital for capital management purposes	**$92,067**	**$88,199**

Capital structure:

The Group manages its capital to ensure that it will continue as a going concern, while optimising the return to transacting shareholders through an efficient mix of debt and equity instruments. For purposes of capital management, the capital structure of the Group consists of ordinary shares, retained earnings and perpetual preference shares. The capital structure and objectives remains unchanged from the prior year.

Covenants:

The Group is subject to externally imposed capital requirements through a variety of covenants under banking, securitisation and trustee arrangements. These covenants monitor capital as a percentage of securitised finance receivables, unsecuritised finance receivables, total net tangible assets and total assets, at a Group level.

These covenants are reflected in the Group treasury policy and performance is reported weekly to the Asset and Liability Committee and monthly to the Directors and external funding parties. During the period, the Group complied with all covenants.

Risk management:

The Directors are responsible for the Group system of risk management. The Directors regularly monitor the operational and financial risk aspects of the Group and, through the audit committee, consider the recommendations and advice of external advisors.

Note 20: Cash in restricted bank accounts

Cash in restricted bank accounts:

Payments received from customers with respect to securitised finance receivables are paid into bank accounts maintained within the securitisation programme and are credited against the applicable securitised receivable account monthly in accordance with the programme payment cycle. Included in cash in restricted bank accounts is liquidity support required for the securitisation programme and cash required under the payment waiver programme.

Note 21: Derivative financial instruments

Policy:

The Group enters into various financial instruments for the primary purpose of reducing exposure to fluctuations in interest rates. Derivative financial instruments, consisting of interest rate swap agreements, are classified as held for trading and are used to economically hedge the cash flows of the securitisation funding of finance receivables and perpetual preference share dividends. While these financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes are usually offset by opposite effects on the items being economically hedged.

Derivatives are measured at fair value with any gains or losses included in net gain/(loss) from financial instruments at fair value in the profit before tax.

Fair value:

	2018 $000	2017 $000
Interest rate swaps	(3,735)	(3,730)
	($3,735)	**($3,730)**

Interest rate swaps:

	Average contracted interest rate		Notional principal amount		Fair value	
	2018 %	**2017 %**	**2018 $000**	**2017 $000**	**2018 $000**	**2017 $000**
Less than 1 year	2.52	2.68	289,306	260,710	(1,913)	(1,794)
1 to 2 years	2.38	2.80	200,506	214,914	(962)	(1,337)
2 to 3 years	2.36	2.49	126,361	105,207	(591)	(427)
3 to 4 years	2.34	2.48	49,600	39,091	(225)	(150)
4 to 5 years	2.17	2.35	9,925	5,899	(44)	(22)
			$675,698	**$625,821**	**($3,735)**	**($3,730)**

Judgments:

The fair value of derivative financial instruments is based on discounted cash flow using observable market data.

Interest rate swaps:

The above table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding at reporting date.

The interest rate swaps have been entered into with trading banks. The Group exposure to credit risk from these financial instruments is limited because it does not expect non-performance of the obligations contained therein due to the credit rating of the financial institutions concerned. The Group does not require collateral or other security to support these financial instruments.

mtf finance

Note 22: Investment in subsidiaries

Policy:

Subsidiaries are entities controlled by MTF Finance. MTF Finance controls an entity when it has power over the entity, 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.

Securitisation entities are designed so that their activities are not governed by way of voting rights. In assessing whether the Group has power over such entities, the Group considers factors such as:

- purpose and design of the entity
- ability to direct the relevant activities of the entity
- nature of the relationship with the entity; and
- size of its exposure to the variability of returns of the entity.

MTF Finance reassesses whether it controls an investee if facts and circumstances indicate that there have been changes to one or more element of control.

Name of entity	Principal activity	Percentage held	
		2018	**2017**
MTF Leasing Ltd	Leasing	100%	100%
MTF Securities Ltd	Non-trading	100%	100%
MTFS Holdings Ltd	Non-trading	100%	100%
MTF Finance Ltd	Non-trading	100%	-
MTF Direct Ltd	Non-trading	100%	100%
MTF Limited	Non-trading	100%	100%
MTF Treasury Ltd	Securitisation	100%	100%
MTF Warehouse Trust No.1	Securitisation	-	-
MTF Torana Trust 2016	Securitisation	-	-
MTF Sierra Trust 2017	Securitisation	-	-
Honda Trust	Securitisation	-	-

Judgments:

The Group consolidates the securitisation entities, MTF Warehouse Trust No.1 (Warehouse Trust), MTF Torana Trust 2016 (Torana Trust), MTF Sierra Trust 2017 (Sierra Trust) and Honda Trust on its balance sheet.

Management make judgments about MTF Finance's power over the securitisation entities, its exposure to variable returns and its ability to affect those returns by exercising its power.

Subsidiaries:

Each subsidiary has a balance date of 30 September and is domiciled in New Zealand.

Note 23: Categories of financial instruments

Policy:

Financial assets and derivative financial instruments are classified into one of the following categories at initial recognition:

- loans and receivables
- fair value through profit or loss

All financial instruments designated at fair value are designated upon initial recognition.

The Group does not use available for sale or held to maturity financial instruments.

Loans and receivables

Cash at bank and in restricted bank accounts and accounts receivable are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, net of provisions for impairment.

Fair value through profit and loss

The Group designates all finance receivables at FVTPL, as doing so reduces any accounting mismatch that may arise from measuring such assets on a different basis.

Derivative financial instruments, together with the floating rate funding, is used to manage the interest rate risk inherent in finance receivables. The derivatives are measured at fair value with movement recognised in profit before tax. An accounting inconsistency may arise if the corresponding finance receivables are measured at amortised cost. By designating finance receivables at FVTPL, the fair value movement included in profit before tax on the finance receivables will substantially offset the fair value movement on derivatives used to economically hedge these financial instruments.

Once a financial instrument has been designated at FVTPL, the Group may not change the designation.

Gains and losses arising from changes in the fair value of finance receivables are included in the net gain/(loss) from financial instruments at fair value in the profit before tax.

Financial liabilities

Debt and equity instruments are classified as financial liabilities or equity in accordance with the substance of the contractual arrangement.

Liabilities are recorded initially at fair value, net of transaction costs. Subsequently, liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value recognised in profit or loss in the consolidated statement of comprehensive income over the period of borrowing, using the effective interest rate method. Interest expense is recognised in profit before tax using the effective interest method.

Offset financial instruments

The Group offsets financial assets and financial liabilities and reports the net balance in the consolidated balance sheet where there is a legally enforceable right to offset and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Categorisation of financial instruments at 30 September 2018:

	Fair value through profit or loss $000	Loans and receivables $000	Financial liabilities at amortised cost $000	Total carrying amount $000
Assets				
Cash in restricted bank accounts	-	61,285	-	61,285
Accounts receivable	-	2,043	-	2,043
Finance receivables (designated)	677,549	-	-	677,549
	$677,549	**$63,328**	-	**$740,877**
Liabilities				
Bank overdraft	-	-	348	348
Committed cash advance	-	-	27,300	27,300
Accounts payable and accrued expense	-	-	6,930	6,930
Senior notes - secured	-	-	609,576	609,576
Derivative financial instruments (held for trading)	3,735	-	-	3,735
	$3,735	-	**$644,154**	**$647,889**

Categorisation of financial instruments at 30 September 2017:

	Fair value through profit or loss $000	Loans and receivables $000	Financial liabilities at amortised cost $000	Total carrying amount $000
Assets				
Cash in restricted bank accounts	-	59,067	-	59,067
Accounts receivable	-	2,545	-	2,545
Finance receivables (designated)	600,961	-	-	600,961
	$600,961	**$61,612**	-	**$662,573**
Liabilities				
Bank overdraft	-	-	337	337
Committed cash advance	-	-	10,399	10,399
Accounts payable and accrued expense	-	-	6,933	6,933
Senior notes - secured	-	-	552,638	552,638
Derivative financial instruments (held for trading)	3,730	-	-	3,730
	$3,730	-	**$570,307**	**$574,037**

Note 24: Events after balance date

Dividend:	On 22 November 2018, the Directors declared a final dividend on paid-up ordinary shares of 9.32 cents per share amounting to $2,148,000 (fully imputed), for the period 1 October 2017 to 30 September 2018. The dividend is due for payment on 30 November 2018.

Note 25: Segment information

Policy:	NZ IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Information reported to the Group chief operating decision maker is presented in consolidated form and is not disaggregated by segment, product or geographical data.
Segments:	The Group operates predominantly in one industry, being the sale of finance receivables. The Group operates in one geographical location, New Zealand.

Note 26: Statement of cash flow

Policy:

The consolidated statement of cash flow has been prepared exclusive of GST, consistent with the method used in the consolidated statement of comprehensive income.

Cash and cash equivalents
Cash reflects the balance of cash and liquid assets used in the day-to-day management of the entity.

Netting of cash flows
Certain cash flows are netted to provide more meaningful disclosure. Committed cash advances and senior notes cash flows result from the day-to-day cash management of the Group and involve the rapid turnover of financial instruments or arrangements not exceeding three months. The turnover of these cash flows is netted.

Investing activities are activities involving the acquisition and proceeds from the sale of property, plant and equipment and intangible assets.

Financing activities are activities relating to changes in equity and debt capital structure and activities relating to the cost of servicing equity capital.

Operating activities are the principal revenue activities of the Group and other activities that are not investing or finance activities.

	2018 $000	2017 $000
Reconciliation of profit after tax to net cash flow from operating activities		
Profit after tax	8,225	7,528
Non-cash items	2,485	2,337
	10,710	**9,865**
Movement in other items		
(Increase) decrease in accounts receivable	502	(288)
(Increase) decrease in payment waiver indemnity prepayment	90	(22)
(Increase) in finance receivables	(76,589)	(65,724)
Increase (decrease) in committed cash advance	16,901	(15,601)
(Increase) in deferred tax	(1,072)	(778)
(Increase) decrease in provision for tax	(428)	1,299
Increase (decrease) accounts payable and accrued expense	(3)	1,880
Increase in unearned payment waiver fees	587	991
Increase in securitised funding	56,938	86,146
Increase (decrease) in derivative financial liabilities	5	(3,756)
	(3,069)	**4,147**
Movement in working capital items classified as investing or financing activities	101	612
Net cash surplus from operating activities	**$7,742**	**$14,624**

Deloitte.

Independent Auditor's Report

To the Shareholders of Motor Trade Finance Limited

Opinion

We have audited the consolidated financial statements of Motor Trade Finance Limited and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 30 September 2018, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 15 to 47, present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2018, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the Group in the area of taxation compliance, the audit of subsidiary financial statements, review of cyber security and service organisation controls reporting. These services have not impaired our independence as auditor of the Company and Group. In addition to this, partners and employees of our firm deal with the Company and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries. The firm has no other relationship with, or interest in, the Company or any of its subsidiaries.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be $2,500,000.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

mtf finance

Key audit matter	How our audit addressed the key audit matter

Valuation of Finance Receivables
As disclosed in note 10, the Group has finance receivables of $678m at 30 September 2018.
Finance receivables are designated as at fair value through profit or loss to eliminate an accounting mismatch which would otherwise arise because they are economically hedged by a combination of floating rate debt and interest rate swaps, and the interest rate swaps are also measured at fair value through profit or loss.
Finance receivables are a key audit matter due to the size of the balance and the level of judgement applied by the Group in estimating fair value.
The Group estimates fair value using a discounted cash flow (DCF) model. The model uses a combination of observable data (interest rates) and unobservable data (credit risk).
A market based credit adjustment is estimated by using the actual weighted average credit margin charged, adjusted for movements in collective and specific credit risk.
Disclosures about the fair value of finance receivables are included in note 11 of the financial statements.
	Our procedures focused on the appropriateness of the valuation methodology and the reasonableness of the assumptions in the model.
	Our procedures included, amongst others:
	• Assessing the design and implementation of the controls over the completeness and accuracy of inputs to the model;
	• Selecting a sample of finance receivables and:
	  ◦ Agreeing inputs (including outstanding principal, interest rate, maturity date, payment frequency and credit margin) to underlying contracts; and
	  ◦ Recalculating the contribution of the sample to the weighted average credit margin, and testing the mathematical accuracy of the weighted average credit margin calculation used in the model;
	• Agreeing market interest rates to independent external market data sources;
	• Selecting a sample of finance receivables and utilising an internal valuation specialist to independently calculate the value which reflects current market interest rates (using models and inputs independent of those used by the Group) and the weighted average actual credit margin. Where necessary we then investigated variances from the fair value calculated by the Group to assess whether a systemic bias or error exists;
	• Assessing the adequacy of the adjustment for collective and specific credit risk movements by:
	  ◦ Assessing the design and implementation of controls over credit risk;
	  ◦ Assessing the internal process for credit monitoring and reviews of originator credit quality and performance; and
	  ◦ Considering the reasonableness of the credit risk determined by the Group, by comparing the credit risk determined in the prior year to actual credit losses in the current year.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, 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.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit- report-1

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's 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's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Heidi Rautjoki, Partner
for Deloitte Limited
Dunedin, New Zealand
22 November 2018

Statutory information

Reporting entity:

Motor Trade Finance Ltd (MTF Finance) is a finance company whose principal activity is the provision of motor vehicle finance facilities to its transacting shareholders.

MTF Finance is incorporated under the Companies Act 1993, with its equity shares held by ordinary and perpetual preference shareholders.

Regulatory environment:

The Company is regulated by the Financial Reporting Act 2013. The Company is an issuer for the purposes of the Financial Markets Conduct Act 2013.

The Company is obliged to comply with Financial Reporting (information disclosure) Regulations.

Auditor:

Deloitte Ltd has continued to act as auditor of the company, and has undertaken the audit of the consolidated financial statements for the 2018 financial year.

Director indemnity and insurance:

The Company has arranged policies of Directors and officers liability insurance that, together with an indemnity provided under the Company constitution, ensures that generally Directors will incur no monetary loss as a result of actions taken by them as Directors. Certain actions are excluded, for example, penalties and fines, which may be imposed in respect of breaches of law.

Information by Directors:

There were no notices from Directors requesting the use of Company information received in their capacity as Directors that would not otherwise be available to them.

Donations:

The Company made a donation of $5,000 to the Orokonui Ecosanctuary during the year.

Director remuneration, holdings and disclosure of interest:

Remuneration and benefits paid to Directors:

	2018	2017
Scott Creahan	50,000	50,000
Graeme Gibbons[1]	22,984	50,000
Stephen Higgs	90,000	90,000
Geoffrey Kenny	50,000	50,000
Mike King	50,000	50,000
Brent Robertson	50,000	50,000
Grant Woolford[2]	27,016	-
	$340,000	**$340,000**

[1] Graeme Gibbons ceased to be a Director on 15 March 2018.
[2] Grant Woolford was appointed Director on 15 March 2018.

The following entries are recorded in the Director interests register of the Company and its subsidiaries.

Director shareholdings
No Director owns ordinary shares in the Company. Geoffrey Kenny, Mike King, Brent Robertson and Grant Woolford are Directors of companies with shareholdings in MTF Finance and all four declared their interest in material matters affecting transacting shareholders of MTF Finance.

Shares held by associated companies of Directors:

	Ordinary shares	%
Geoffrey Kenny	346,379	1.50
Mike King	355,971	1.54
Brent Robertson	580,079	2.51
Grant Woolford	62,962	0.27
	1,345,391	5.82
Total shares on issue	**23,073,239**	**100.00**

Director holdings and disclosure of interest:

Disclosure of interest by Directors
In accordance with Section 140(2) of the Companies Act 1993, the Directors named below have made a general disclosure of interest by notice entered in the Company interest register.

Scott Creahan is a Director of MTF Ltd, MTF Securities Ltd, MTF Direct Ltd, MTF Treasury Ltd, MTF Leasing Ltd, MTFS Holdings Ltd, Dr Maria Pearse Associates Ltd and South Head Capital Ltd.

Stephen Higgs is Chairman of Mt Difficulty Wines Ltd, Polson Higgs Wealth Management Ltd, Immune Solutions Ltd, South Link Health Services Ltd, Vetlife Ltd and a Director of Cumberland Property Group Ltd, Cumberland Rural Properties Ltd, Otago Innovation Ltd, University of Otago Holdings Ltd, LP Management Services Limited, MTF Securities Ltd, MTFS Holdings Ltd, MTF Leasing Ltd, MTF Direct Ltd, MTF Treasury Ltd MTF Finance Ltd and MTF Ltd. He is a councillor on the University of Otago Council and trustee of two Otago Federated Farmers Trusts.

Geoffrey Kenny is a Director Geoff Kenny Ltd, Karstan Finance Ltd and Pioneer Property Trust Ltd.

Mike King is a Director of MD & JE King Ltd, Mike King Ltd, Lakefront Infrastructure Management Ltd.

Brent Robertson is a Director of Brents Investments (2008) Ltd, Guinness Holdings Ltd, Moorhouse City Ltd, O'Connell Robertson Ltd, Old Tai Tapu Ltd, Ferguson Roberston Ltd, Jackson Robertson Ltd and Brents Workshop Ltd. He is a trustee of Akaroa Area School.

Grant Woolford is a Director of Motorcycle Spot Ltd and Motorcycles North Ltd.

Shareholding:

Twenty largest ordinary shareholders at 30 September 2018:

Shareholder rank and name		Holding	% Total ordinary shares
1	Turners Finance Limited	1,815,891	7.87
2	Honda New Zealand Limited	906,623	3.93
3	Vehicle Logistics Limited	680,097	2.95
4	Douglas Rushbrooke Limited	507,018	2.20
5	Cheryl Renouf Limited	458,805	1.99
6	Paul A Robinson Limited	387,352	1.68
7	The Colonial Motor Company Limited	377,599	1.64
8	Mike King Limited	355,971	1.54
9	Noel Johnston Limited	355,811	1.54
10	Stephen Parker Limited	350,941	1.52
11	Geoff Kenny Limited	346,376	1.50
12	Richard S Scott Limited	333,655	1.45
13	Mark And Joy Diggelmann Limited	317,269	1.38
14	Johnston Hall Limited	271,785	1.18
15	Neil Wolfgram Limited	269,536	1.17
16	Collier Sendall Limited	255,312	1.11
17	John Davidson Limited	244,478	1.06
18	Tony Gow Limited	243,276	1.05
19	Patterson & Patterson Limited	236,784	1.03
20	Wolfgram Limited	231,147	1.00
	Total shares on issue	**23,073,239**	**100.00**

Employee remuneration: Remuneration and benefits of $100,000 p.a. or more received by employees as employees:

Range	Number of employees 2018	2017
$100,000 - $109,999	8	3
$110,000 - $119,999	8	6
$120,000 - $129,999	2	2
$130,000 - $139,999	3	4
$140,000 - $149,999	2	1
$150,000 - $159,999	1	2
$160,000 - $169,999	-	1
$170,000 - $179,999	3	-
$180,000 - $189,999	-	1
$190,000 - $199,999	3	2
$200,000 - $209,999	-	1
$220,000 - $229,999	1	1
$230,000 - $239,999	1	-
$240,000 - $249,999	1	-
$250,000 - $259,999	-	1
$330,000 - $339,999	-	1
$350,000 - $359,999	1	-
$510,000 - $519,999	-	1
$570,000 - $579,999	1	-

No remuneration is paid by subsidiaries.

Directory

Directors:	Scott Creahan, BCom (Hons) Stephen Higgs, BCom, FCA, FInstD (Chair) Geoffrey Kenny Mike King Brent Robertson Grant Woolford
Management:	Glen Todd, BCom, ACA, MInstD (Chief Executive Officer) Kyle Cameron, BCom, BPhEd, CA (Chief Financial Officer) Rowena Davenport, BCom, MinstD (Treasury and Strategy Manager) Brent Dunshea (National Franchise Manager) Ron Frater (National Dealer Manager) Angus Geary, BCom (Marketing and Communications Manager) Yoel George, BApMgt (Manager – Credit & Compliance) Lydia Hopkins (People and Culture) Simon Hopkins (Manager – Solutions Team) Ashley Ross, BApMgt, PMP, MinstD (Chief Information Officer)
Perpetual preference share registrar:	Computershare Investor Services Limited 09 488 8777 enquiry@computershare.co.nz
Ordinary share registrar:	Computershare Investor Services Limited 09 488 8777 enquiry@computershare.co.nz
Trustee for securitisation programme:	Trustees Executors Ltd
Bankers:	Bank of New Zealand Commonwealth Bank of Australia Westpac New Zealand
Solicitors:	Bell Gully DLA Piper Gallaway Cook Allan
Auditor:	Deloitte Ltd
Registered office:	Level 1, 98 Great King Street, Dunedin PO Box 885, Dunedin 9054
Enquiries:	+64 3 477 0530 info@mtf.co.nz www.mtf.co.nz

mtf finance