



GENERAL CAPITAL

**ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

General Capital Limited
Annual Report
For the year ended 31 March 2023

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Directors' Profiles



REWI HAMID BUGO B.Sc., M.Com.
Non-Executive Chairman

Rewi Hamid Bugo has been a Non-executive Director of General Capital Limited since 13 June 2017 and was elected Chairman of the Board of Directors following the acquisition of Corporate Holdings Limited in August 2018. Mr Bugo is a graduate of the University of Canterbury, Christchurch, where he obtained Master of Commerce degree in Business Administration. He has business experience in several sectors including property development, oil and gas services, automotive importing and distribution, insurance broking and tourism.

Mr Bugo sits on the Board of private and public companies in Malaysia and New Zealand, is a Trustee of World Wildlife Fund Malaysia, and is Vice Chairman of the Sarawak Chapter of the Malaysia New Zealand Chamber of Commerce.



BRENT DOUGLAS KING, BCom, CA, CMA
Managing Director

Brent Douglas King has been the Managing Director of General Capital Limited and its subsidiaries since 3 August 2018. Prior to that date, Mr King was a non-executive Director since 30 September 2011. He was also the founder and Managing Director of the Dorchester Group of Companies for seventeen (17) years until he resigned in 2005. He holds a number of public and private directorships. He has more than twenty-five (25) years' experience in financial, investment banking, underwriting, capital raising and accounting areas and has assisted a number of public and private companies. Brent is a member of the Chartered Accountants Australia and New Zealand (CAANZ) and has been a Chartered Accountant since 1981.



HUEI MIN LIM, LLB (Hons), MNZM, CMInstD
Non-executive Independent Director (Retired 31 May 2023)

Huei Min Lim (also known as Lyn Lim) is a Non-Executive Director of General Capital Limited and has been since 21 December 2011. Lyn Lim is also on the boards of the Auckland Regional Amenities Funding Board and Restaurant Brands New Zealand Limited. She is also a trustee of the Asia New Zealand Foundation.

Lyn has also served on the boards of Auckland University of Technology (AUT), the New Zealand Shareholders' Association, Public Trust, the New Zealand China Trade Association, the Hong Kong and New Zealand Business Association, was the Chair of the New Zealand Chinese Youth Trust and held the positions of Trustee, Deputy Chair and Chair of Foundation North. She has been a member of ANZ Private Bank External Advisory Board and has served as a council member of the Auckland District Law Society Inc. In 2017, Lyn was appointed as a Member of the New Zealand Order of Merit for her services to New Zealand-Asia relations and governance. Lyn is a Chartered Member of the New Zealand Institute of Directors, a member of the New Zealand Law Society and a member and Vice Chair of the Women in Business Committee of the Inter Pacific Bar Association.

Directors' Profiles (Continued)



SIMON JOHN M^CARLEY LLB(Hons)
Non-executive Independent Director

Simon John McArley has been a director of General Capital Limited since 20 December 2017. He graduated from Victoria University, Wellington in 1984 with an LLB (Hons). Simon is a lawyer by training who specialises in corporate governance and risk. After almost 20 years in private practice with Kensington Swan, specialising in banking and securities law, Simon took up regulatory positions with NZX as acting Head of Regulation and the (then) Securities Commission as acting Director Primary Markets. Simon went on to join the Serious Fraud Office (SFO) as General Manager Capital Markets and Corporate Fraud in 2011 where he had responsibility for the successful investigation and prosecution of finance sector fraud uncovered by the GFC. After 12 months as acting Director of the SFO, Simon left the SFO in late 2013 and has since been consulting with government and private sector entities on governance and risk management issues. Simon has also held governance positions with commercial and not for profit entities. Simon is a member of the New Zealand Law Society. Simon is also a keen sailor and has extensive coastal and blue water experience.



PAUL WILLIAM ZINGEL Real Estate Agent Licensee, Residential Property Manager, FinCap Financial Mentor
Non-executive Independent Director

Paul is a real estate professional with extensive property development and property management experience. He was previously Product Owner and Director of New Zealand's first property auction portal, PropFi[®] a start-up real estate technology company that facilitated the sale and purchase of property through online auctions. Paul has been successfully trading financial markets for more than twenty years and as a registered Financial Services Provider, he has managed private investment portfolios and provided insurance services and financial mentoring throughout his career.



GREGORY STEPHEN JAMES MCom (Hons), CA
Non-executive Independent Director (Appointed 28 September 2022)

Greg James is a Senior Partner of Taxation and Mergers and Acquisitions at Findex, New Zealand's 5th largest accounting firm. Greg has over 30 years of tax structuring and consulting experience and is a member of Chartered Accountants Australia and New Zealand. Prior to joining Findex, Greg worked for PricewaterhouseCoopers, including spending 8 years working in Hong Kong and New York. During his career, Greg has worked with numerous listed and newly listed companies and has extensive experience sourcing equity and debt funding for clients. Greg has a strong interest in cricket and is currently a director of Parnell Cricket Club and is on the board of Remuera Parnell Sports Community Charitable Trust. He is also a member of China ASEAN and is a director of a number of its group companies.

Directors' Profiles (Continued)



MEGAN DOMINIQUE GLEN BCom, BSc
Non-executive Director (Appointed 17 February 2023)

Megan is currently a Director in Forsyth Barr's investment banking team and was previously a Director with Ascentro Capital Partners and a manager in the NZ Super Fund's Direct Investments team. Megan spent over five years with Credit Suisse's investment banking group in New York as part of their Financial Sponsors Group supporting private equity firms with acquisitions, divestments and refinancing. Megan started her career at First NZ Capital, now Jarden, advising some of New Zealand's largest corporates. Megan is currently a member of the New Zealand Takeovers Panel and has previously held Board directorships and observer roles for private companies in New Zealand and Australia.

General Finance Directors and Executive



DONALD FREDERICK HATTAWAY CA, ACIS
General Finance Limited Chairman and Independent Non-Executive Director

Don is a member of Chartered Accountants Australia and New Zealand (CAANZ) and practised as a Chartered Accountant in public practice from 1980 until April 2023. He retired as a Partner in Price Waterhouse in 1996 and specialised in acting for small or medium sized enterprise businesses since then often fulfilling the role of finance director for those companies. Don was the Chairman of listed banking software technology company Finzsoft Solutions Ltd. Don is a previous Chairman of the Board of Directors of the Auckland Cricket Association. He has held a previous public company directorship with Cooks Coffee Company Ltd (previously known as Cooks Global Foods Ltd) as well as directorships with a number of private companies.



ROBERT GARRY HART LLB (Hons) Waikato University (1998), PG Dip Management.
General Finance Limited Independent Non-Executive Director

Rob is a director of Waikato law firm Ellice Tanner Hart, who has practised law for 25 years. In this role he has wide experience acting on finance and security related matters involving various tiers of lenders. He also advises clients on governance and insolvency related matters. Rob was previously a director of New Zealand Cricket Incorporated and is currently chairman of Balloons Over Waikato Trust which annually stages Waikato's largest event. He has also held governance positions with a range of entities and previously served a full term on the New Zealand Sports Tribunal.

General Finance Directors and Executive (Continued)



GREGORY JOHN PEARCE B.Com.
General Finance Limited Non-Executive Director

Greg is a lending and credit specialist having held roles with large companies (Telecom and Air New Zealand) and a senior role with Dorchester Finance Limited being General Manager Lending and Credit from 1997 to 2008. Since that time, he has consulted and contracted to receivers in relation to loan recoveries.



ANTON IAN STEVEN IAN DOUGLAS BCom
General Finance Limited Non-Executive Director (Appointed 17 February 2023)

Anton has 30+ years' experience across mortgage lending, capital markets, investment banking, corporate finance and wealth management. Anton was previously the CEO and Investment Committee Chair at Midlands Funds Management Limited, a NZ non-bank property lender and MIS Manager. Prior to that Anton was based in the US (New York) where he was the Chief Investment Officer at Credit Suisse Asset Management's EM private debt & special situations fund, prior to that he was the global head of Credit Suisse Investment Bank's EM Financing business. Anton also held various senior executive roles at Credit Suisse including co-head of fixed Income for Asia Pacific, based in Hong Kong. Anton began his career with the National Bank of New Zealand Treasury Division in 1992. Anton is on the Advisory Board of Killarney Capital, a Trustee of the IHC Foundation, a member of INFINZ and a member of the Institute of Directors.



VICTOR PLIEV BCom, CA
General Capital Limited Chief Financial Officer

Victor is a member of the Chartered Accountants Australia and New Zealand (CAANZ) and has been a Chartered Accountant since 2012. He has over 14 years post-university working experience, including several years working in business advisory roles for a chartered accounting firm and other accounting and finance roles for listed and unlisted companies. Victor joined General Capital Group on 28 February 2022.

Directors' Report

The Directors of General Capital Limited ("the Company") are very pleased to present a strong result for the year ended 31 March 2023.

1.0 Background

The General Capital Group ("the Group") started the financial year with the turmoil of the end of the COVID lockdowns. The year has been volatile for most in the financial sector.

We are pleased with how we have performed during the period and how we have finished the year in a very strong financial position.

This has been an outstanding year for the Group.

Revenue was 71% higher than the previous year which resulted in net profit after tax of \$2,258,243 for the year ended 31 March 2023, the strongest result since the Group was listed in 2018. This was also after a goodwill impairment of \$537,141 was recognised in the 2023 financial year. The Groups total assets increased a further 32% since March 2022. The Group completed a capital raise of \$8,677,755 and the General Finance Limited Credit Rating was upgraded twice during the year from BB- with stable outlook to BB stable.

2.0 Our Year

It has been a very strong year financially for the Group. The key points for the 31 March 2023 Group Financial Statements are:

• Total Assets	Up 32%	to \$136.1m
• Total Equity	Up 79%	to \$24.3m
• Revenue	Up 71%	to \$13.7m
• Net Profit Before Tax	Up 77%	to \$3.3m
• Net Profit After Tax	Up 68%	to \$2.3m

There are 2 other significant matters to consider when reviewing our performance:

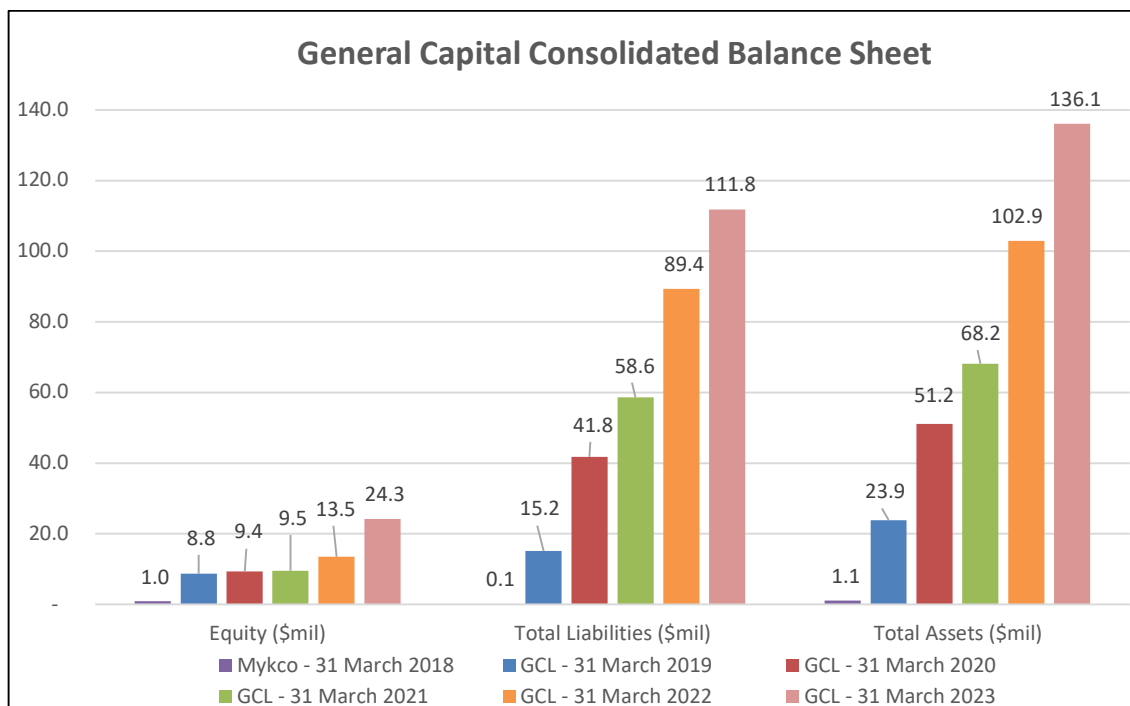
- There has been a write-off of \$537,141 of goodwill. This is a non-cash expense.
- We have spent considerable time and energy completing two share placements which settled in late February 2023. The proceeds of those placements had limited time to impact the profitability of the Group in the year ended 31 March 2023. This is a significant reserve available for the next financial year to improve our financial performance. The raising of additional capital has significantly strengthened the balance sheet of the Group.

3.0 General Finance Limited's Performance

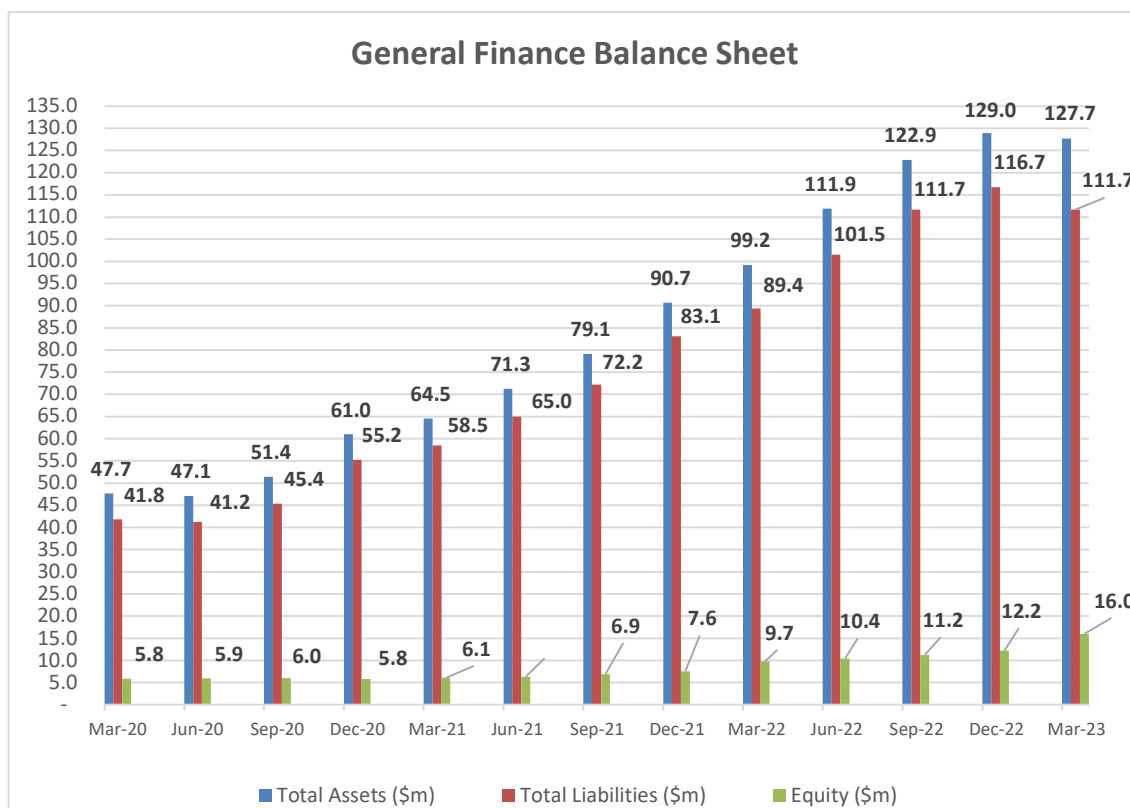
General Finance is our largest trading subsidiary and income earner in the Group. It has the largest capital, assets and liabilities. It holds the most cash of any company in the Group. We are very pleased with the development of General Finance over the last four years and particularly over the last year.

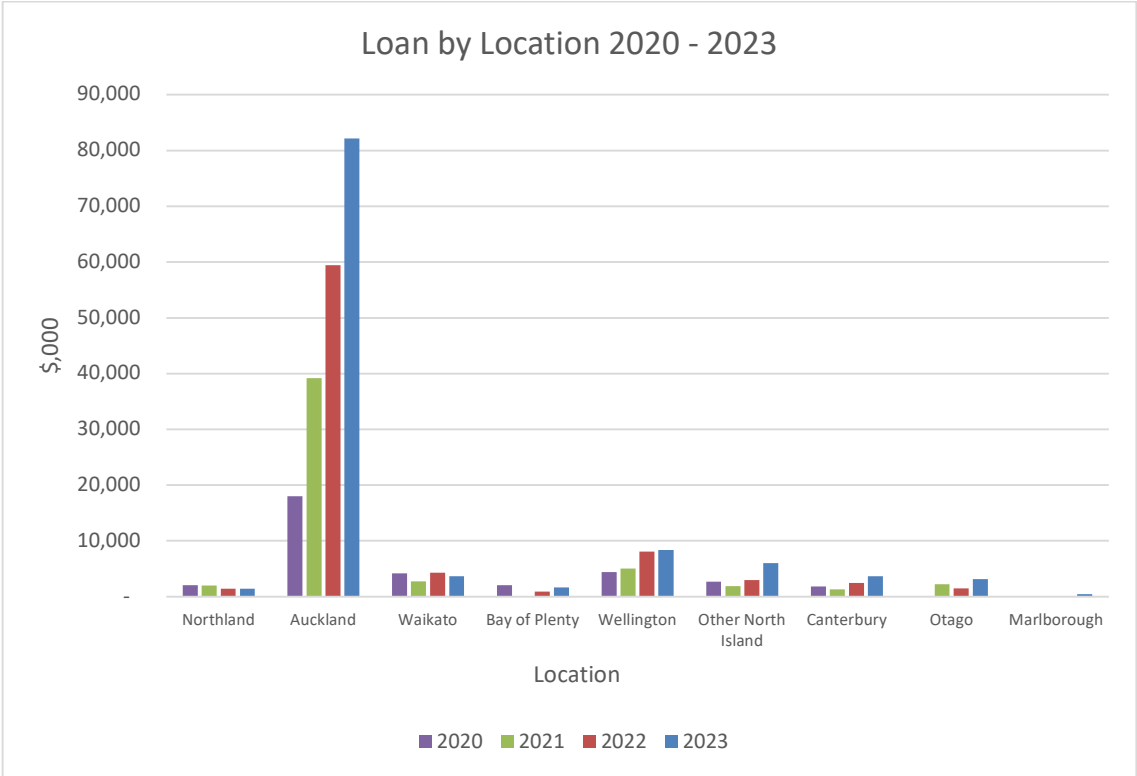
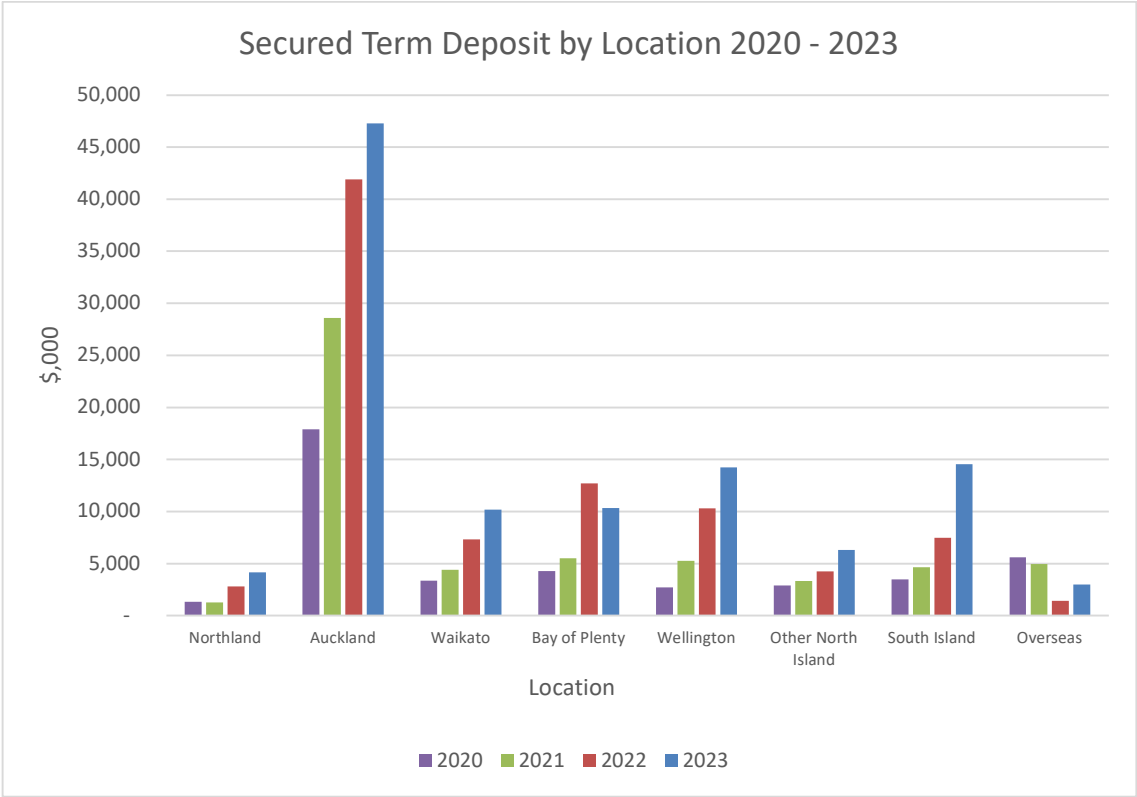
General Finance has developed a very significant business, offering secured term deposits to the public seeking fixed term deposits. It lends to borrowers seeking short term loans secured by first registered mortgages over residential or commercial property. The maximum exposure as at 31 March 2023 was 67.2% LVR.

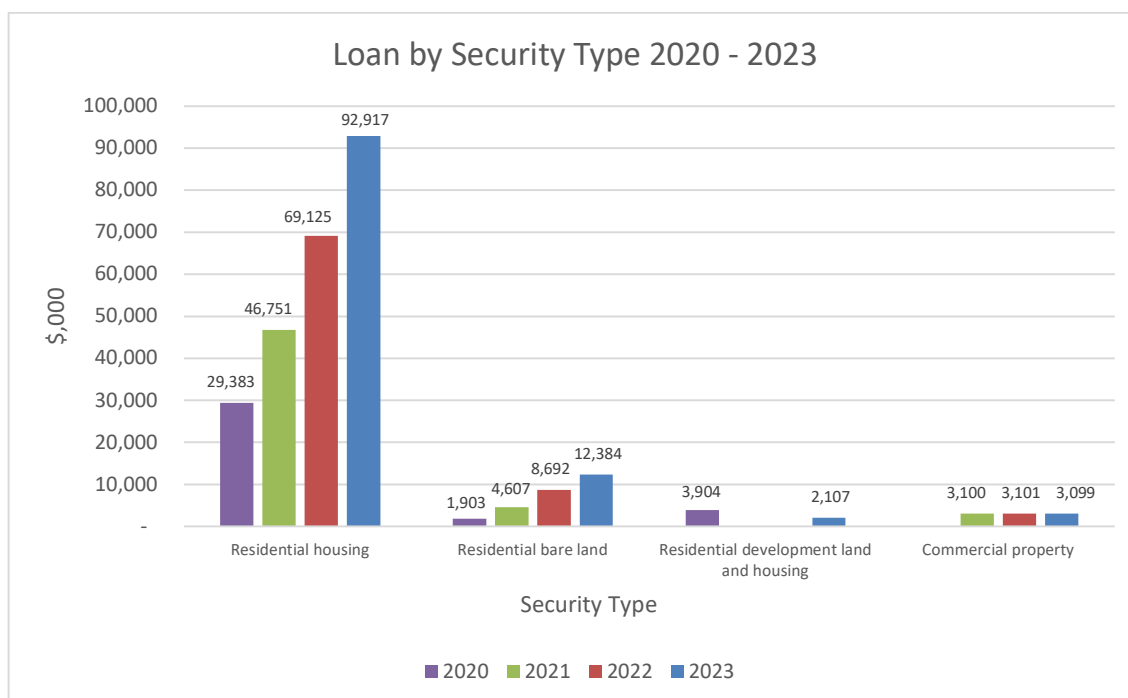
General Finance has developed into a leading participant in the Non-Bank Deposit taking sector.



31 March 2019 to 31 March 2023 figures are extracted from audited financial statements of General Capital Limited (GCL). 31 March 2018 figures are extracted from the 31 March 2018 audited financial statements of Mykco Limited, the listed shell company prior to the reverse listing transaction that occurred during the March 2019 financial year.







4.0 Credit Rating

General Finance has a credit rating from Equifax Australasia Credit Rating Pty Ltd ("Equifax"). Equifax gives ratings from AAA through to C (excluding ratings attaching to entities in default). Equifax has issued General Finance a credit rating upgrade twice during the year from BB- Stable outlook to BB- positive outlook and BB stable outlook. According to Equifax's criteria, this rating is classified as "Near Prime". General Finance is very pleased with this rating as a number of participants in the financial services sector have been downgraded due to the impacts of the Pandemic, rising interest rates and reducing property values. This is a strong endorsement of General Finance's performance.

5.0 Staff and Directors

During the year we have added three Directors to the Group. Greg James joined the Company as a director on 28 September 2022 and brings accounting and tax expertise to the Board. Megan Glen joined the Company on 17 February 2023 and has a strong background in investment banking in New Zealand and overseas. Anton Douglas joined the Board of General Finance effective 17 February 2023 and has a strong background in mortgage lending, investment banking and capital markets.

We have continued to build and develop our staff over the year.

Increasing the depth of our human resources in the form of staff and directors is a significant investment but one that will yield significant benefits in the future.

6.0 Investment Research Group Limited (IRG)

The Research and Advisory Segment has been successful in completing four debt structuring and brokerage engagements during the year ended 31 March 2023 in line with the previous year's forecast. However, not all anticipated brokerage works eventuated. This, together with the current economic environment, has contributed towards the downwards reforecast of the future works of the segment. The goodwill allocated to the Research and Advisory Cash Generating Unit ("CGU") was tested for impairment in the year ended 31 March 2023. This resulted in an impairment of \$537,141 which caused the segment to incur a loss. It is important to note that this impairment is a non-cash expense.

This year, similar to last year, IRG has not undertaken the research for the very popular IRG yearbook. The yearbook is an icon in New Zealand, however with the market in turmoil and the difficulty of getting staff we found it impossible to undertake the project. This reduced revenue and profits for IRG.

7.0 Successful share placements and other capital matters

On 17 February 2023 the Company issued 150,917,479 shares raising \$8,677,755. To date \$3,000,000 has been utilised for the growth of the finance segment.

8.0 Summary

It has been an excellent year for the Group. We have successfully completed two share placements and raised more capital during the year. The Group has increased total equity by 79% as well as increased net profit before tax by 77%, which would have been stronger had the non-cash goodwill write-off not occurred. We have further increased the Group's talent pool by adding more skills to the boards and senior management. General Finance received a credit rating upgrade twice during the year to BB stable outlook. This puts the Group in a great position to take advantage of opportunities in the market as they arise.

Directors thank General Capital's shareholders and General Finance's secured term deposit investors for their financial support. We are very grateful to our staff for their significant contributions, particularly during this challenging period which we live in. We are looking forward to the opportunities that will arise because of challenges in the market. As an outcome, this will allow us to focus on rewarding all those stakeholders who have supported us so well over the years.



Rewi Hamid Bugo
Chairman



Brent Douglas King
Managing Director

Corporate Governance Statement

The Board of Directors (“Board”) and management of General Capital Limited (“the Company”) are committed to ensuring that the Company adheres to best practice governance principles and maintains the highest ethical standards. The Board regularly reviews and assesses the Company’s governance structures to ensure that they are consistent, both in form and in substance, with best practice.

Key governance documents that have been adopted by the Company are published on the Company’s website at www.gencap.co.nz/corporate-governance.

The Board framework and governance practices for the year ended 31 March 2023 were mostly compliant with the requirements of the NZX Code. The Governance Code contains eight (8) principles and various recommendations for each principle. The Board has reported on the Company’s compliance with each of the recommendations which are included below.

The NZX Corporate Governance Code was revised on 1 April 2023 after the Company’s financial year ended and the Board has elected to report on the 17 June 2022 version of the NZX Corporate Governance Code. The NZX Corporate Governance Code can be found on the NZX Website at: www.nzx.com/regulation/nzx-rules-guidance/corporate-governance-code.

Principal 1 – Code of Ethical Behaviour

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

RECOMMENDATION 1.1

The board should document minimum standards of ethical behaviour to which the issuer’s directors and employees are expected to adhere (a code of ethics).

The code of ethics and where to find it should be communicated to the issuer’s employees. Training should be provided regularly. The standards may be contained in a single policy document or more than one policy.

The code of ethics should outline internal reporting procedures for any breach of ethics, and describe the issuer’s expectations about behaviour, namely that every director and employee:

- (a) acts honestly and with personal integrity in all actions;**
- (b) declares conflicts of interest and proactively advises of any potential conflicts;**
- (c) undertakes proper receipt and use of corporate information, assets and property;**
- (d) in the case of directors, gives proper attention to the matters before them;**
- (e) acts honestly and in the best interests of the issuer, shareholders and stakeholders and as required by law;**
- (f) adheres to any procedures around giving and receiving gifts (for example, where gifts are given that are of value in order to influence employees and directors, such gifts should not be accepted);**
- (g) adheres to any procedures about whistle blowing (for example, where actions of a whistle blower have complied with the issuer’s procedures, an issuer should protect and support them, whether or not action is taken); and**
- (h) manages breaches of the code**

Compliance with recommendation during the year ended 31 March 2023:

The Board has a strong belief that ethical behaviour is paramount to good corporate governance and underpins the reputation of the Company. As such, the ethical principles that were applied by the Board (and required of Management and employees) were in line with the recommendations above.

The Group’s code of ethics complies with the recommendation in full. Employees are required to read the code of ethics. The code of ethics is published on the Company’s website at www.gencap.co.nz/corporate-governance.

RECOMMENDATION 1.2

An issuer should have a financial product dealing policy which extends to employees and directors.

Compliance with recommendation during the year ended 31 March 2023:

The Board had a financial products trading policy in place for employees and directors. This policy requires prior approval of all transactions in General Capital Limited quoted securities and other restricted securities, specifies blackout periods for trading and defines prohibited trading.

The financial products trading policy is included in the Company's Board Policies and Procedures document which is published on the Company's website at www.genacap.co.nz/corporate-governance.

PRINCIPLE 2 – Board Composition & Performance

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

Board Composition

Board members who have a wide range of business, technical and financial background lead the Company. In November 2021 the Board adopted a board skills matrix to assist in maintaining a balance ensuring it has a balance of independence, skills, knowledge, experience and perspectives. The Board believes it complies with the recommendation.

The Board is responsible and accountable to shareholders and other stakeholders for the Company's performance and its compliance with applicable laws and standards.

As at 31 March 2023 the Board of Directors comprised seven directors, six of which are Non-executive Directors (Rewi Hamid Bugo (Chairman), Huei Min Lim, Paul William Zingel, Simon John McArley, Gregory Stephen James and Megan Dominique Glen) and one Executive Director (Brent Douglas King).

Huei Min Lim, Paul William Zingel, Simon John McArley and Gregory Stephen James are independent directors of the Company.

Gregory Stephen James was appointed as a director effective from 28 September 2022. The Board determined that there were no particular circumstances that would materially interfere with his ability to exercise independent judgement and he was assessed as an independent director of the Company.

Megan Dominique Glen was appointed as a director effective from 17 February 2023. Megan Dominique Glen was not assessed to be an independent director of the Company as she was nominated by API No 1 Limited Partnership (API) to represent API's stake in the Company (currently 23.92% of the Company's ordinary shares) and her appointment was supported by the Board of Directors.

By virtue of the extent of his product holding, Rewi Hamid Bugo has not been assessed as an independent director of the Company due to shares held directly or indirectly in the Company and as an executive and shareholder in the Company, Brent Douglas King has also been assessed as a non-independent director of the Company. Refer to the Directors' Profiles section of this Annual Report for further details.

Huei Min Lim has subsequently resigned as a director with effect from 31 May 2023.

Board Meetings

The Company's Board meetings are conducted in accordance with proper process. This enables the Board to peruse any board papers and review any issues to be deliberated at the Board meeting to enable Directors to make informed decisions. A total of five Board Meetings were held during the financial year under review. Board attendance has been recorded as follows:

Board Members	Board	Audit Committee
Rewi Hamid Bugo (Chairman)	5	3
Brent Douglas King	5	N/A
Huei Min Lim	3	1
Simon John McArley	5	3
Paul William Zingel	5	3
Gregory Stephen James	3	1
Megan Dominique Glen	1	N/A

The Board also met whenever necessary to deal with specific matters needing attention between scheduled meetings.

The gender balance of the Group's Directors and officers was as follows:

	as at 31 March 2023		as at 31 March 2022	
	Directors	Officers*	Directors	Officers*
Female	2	1	1	1
Male	5	3	4	3
Total	7	4	5	4

*Officers excludes any directors of the Company.

RECOMMENDATION 2.1

The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.

Compliance with recommendation during the year ended 31 March 2023:

The Board has had in place throughout the year a written board charter which sets out the roles and responsibilities of the Board and management and complies with the recommendation in full.

The Board Charter is published on the Company's website at www.gencap.co.nz/corporate-governance.

RECOMMENDATION 2.2

Every issuer should have a procedure for the nomination and appointment of directors to the board.

Compliance with recommendation during the year ended 31 March 2023:

The Company's nomination procedure is included in the Company's Board Policies and Procedures document which is published on the Company's website at www.gencap.co.nz/corporate-governance.

The Board follows the requirements of the NZX Rules as well as the commentary in the NZX Corporate Governance Code and the requirements of its nomination procedure. In November 2021 the Board also adopted a board skills matrix to assist when selecting new directors.

RECOMMENDATION 2.3

An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.

Compliance with recommendation during the year ended 31 March 2023:

The Company's nomination procedure sets out the form of agreement to be used. The Company's Board Policies and Procedures document is published on the Company's website at www.gencap.co.nz/corporate-governance. Written agreements have been entered into in accordance with the procedure with all directors appointed during the year.

RECOMMENDATION 2.4

Every issuer should disclose information about each director in its annual report or on its website, including a profile of experience, length of service, independence and ownership interests and director attendance at board meetings.

Compliance with recommendation during the year ended 31 March 2023:

All of the information detailed in the recommendation is included in the Annual Report and can be found in the Directors Profiles, Corporate Governance Statement and Shareholder and Statutory Information sections.

RECOMMENDATION 2.5

An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.

Compliance with recommendation during the year ended 31 March 2023:

The Board recognises the wide-ranging benefits that diversity brings to an organisation.

The Company's diversity policy is included in the Company's Board Policies and Procedures document which is published on the Company's website at www.gencap.co.nz/corporate-governance. In November 2021 the Board adopted measurable objectives for achieving diversity and inclusion in accordance with the diversity policy. Progress was not measured against those objectives in the year to 31 March 2023 but the Board intends to do so in the next annual report and future years.

The gender composition of the Company's directors and officers is included above.

RECOMMENDATION 2.6

Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.

Compliance with recommendation during the year ended 31 March 2023:

The Company's Board understand their obligations as Directors of a publicly listed Company and undertake training when necessary to remain current on how to best perform their duties. In November 2021 the Board adopted a board skills matrix to assess training and development needs and have reviewed this during the year to 31 March 2023.

RECOMMENDATION 2.7

The board should have a procedure to regularly assess director, board and committee performance.

Compliance with recommendation during the year ended 31 March 2023:

Director and Board performance is considered crucial to the success of the Group. The Board has not completed an assessment in the year ended 31 March 2023 due to competing priorities. An assessment will be carried out in the first half of the 2024 financial year. This includes an assessment of whether the composition of the board is adequate and whether any training is needed for Directors.

The Company's nomination procedure is included in the Company's Board Policies and Procedures document which is published on the Company's website at www.gencap.co.nz/corporate-governance.

RECOMMENDATION 2.8

A majority of the board should be independent directors.

Compliance with recommendation during the year ended 31 March 2023:

As detailed in the Board Composition section above, four of the seven Directors have been identified as Independent Directors of the Company. Of the three remaining directors, two are Non-Executive Directors.

Following the resignation of Huei Min Lim with effect from 31 May 2023 the Board does not have a majority of independent directors. The Board intends to review the Board composition and make an appropriate appointment or other adjustment in due course.

The Board considers that the composition of the Board during the financial year ended 31 March 2023 was satisfactory to make decisions in the best interests of the entity and its shareholders. In addition to this, the Board Charter provides the opportunity for non-executive directors to confer regularly without executive directors or other senior executives present. Any directors who are conflicted on certain matters are unable to participate in the decisions made in relation to those matters.

RECOMMENDATION 2.9

An issuer should have an independent chair of the board. If the chair is not independent, the chair and CEO should be different people.

Compliance with recommendation during the year ended 31 March 2023:

The Chair of the Company, Rewi Hamid Bugo, has been assessed as a non-independent director. The company has a separate Managing Director (CEO), Brent Douglas King.

Principle 3 – Board Committees

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

Recommendation 3.1

An issuer’s audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should be an independent director and not the chair of the board.

Compliance with recommendation during the year ended 31 March 2023:

General Capital Limited has an Audit Committee which as at 31 March 2023 comprised the following non-executive directors:

Simon John McArley (Chair of Audit Committee, Independent Director)
Huei Min Lim (Independent Director)
Paul William Zingel (Independent Director)
Rewi Hamid Bugo (Non-executive Director)
Gregory Stephen James (Independent Director)

Huei Min Lim resigned as a director with effect from 31 May 2023.

The Audit Committee operates under a written charter and its responsibilities include the following:

1. Ensuring that processes are in place and monitoring those processes so that the board is properly and regularly informed and updated on corporate financial matters;
2. Recommending the appointment and removal of the independent auditor;
3. Meeting regularly to monitor and review the independent and internal auditing practices;
4. Having direct communication with and unrestricted access to the independent auditor and any internal auditors or accountants;

5. Reviewing the financial reports and advising all Directors whether they comply with the appropriate laws and regulations; and
6. Ensuring that the Key Audit Partner is changed at least every 5 years.

The Audit Committee comprises a majority of independent directors and no executive directors. Simon John McArley and Gregory Stephen James have a financial background in accordance with the requirements of NZX Listing Rule 2.13.1.

The Company's Audit Committee Charter has been published on the Company's website at www.gencap.co.nz/corporate-governance.

Recommendation 3.2

Employees should only attend audit committee meetings at the invitation of the audit committee.

Compliance with recommendation during the year ended 31 March 2023:

Non-committee members including employees only attend audit committee meetings at the invitation of the Audit Committee.

Recommendation 3.3

An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.

Compliance with recommendation during the year ended 31 March 2023:

Remuneration committee responsibilities were dealt with by the full Board during the year ended 31 March 2023. Employees only attended meetings at the invitation of the Board.

The responsibilities included recommending remuneration packages for directors for consideration by shareholders and approving Managing Director and senior management remuneration.

The Company's remuneration policy is included in the Company's Board Policies and Procedures document which is published on the Company's website at www.gencap.co.nz/corporate-governance.

Recommendation 3.4

An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.

Compliance with recommendation during the year ended 31 March 2023:

Nomination committee responsibilities were dealt with by the full Board during the year ended 31 March 2023.

The Company's nomination procedure is included in the Company's Board Policies and Procedures document which is published on the Company's website at www.gencap.co.nz/corporate-governance.

Recommendation 3.5

An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

Compliance with recommendation during the year ended 31 March 2022:

Given the size and scale of the Company's business and the resources available, the Board has not considered it necessary to have any other board committees during the year. The Board will review this periodically.

Recommendation 3.6

The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. It should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.

Compliance with recommendation during the year ended 31 March 2023:

The company has established a written takeover response procedure approved by the Board. It does not detail of the scope of the independent report to shareholders nor the establishment, composition or implementation of an independent takeover committee. In the event of a takeover bid, the Board would determine the appropriate actions to take including the scope of independent advisory reports to shareholders, and whether an independent takeover committee should be established.

The Company's takeover response procedure is included in the Company's Board Policies and Procedures document which is published on the Company's website at www.gencap.co.nz/corporate-governance.

PRINCIPLE 4 – Reporting & Disclosure

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

Recommendation 4.1

An issuer's board should have a written continuous disclosure policy.

Compliance with recommendation during the year ended 31 March 2023:

The Company's Board is committed to keeping investors and the market informed of all material information about the Company and its performance in line with the NZX listing rules and has done so throughout the period.

The Company's continuous disclosure policy is included in the Company's Board Policies and Procedures document which is published on the Company's website at www.gencap.co.nz/corporate-governance.

Recommendation 4.2

An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.

Compliance with recommendation during the year ended 31 March 2023:

Key governance documents that have been adopted by the Company are published on the Company's website at www.gencap.co.nz/corporate-governance.

Recommendation 4.3

Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including considering material exposure to environmental, economic and social sustainability factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board.

Compliance with recommendation during the year ended 31 March 2023:

Financial Reporting

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

For the financial year ended 31 March 2023, 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 the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Managing Director and Chief Financial Officer have confirmed in writing to the Board that the Company's financial reports present a true and fair view in all material aspects.

Non-financial reporting

Due to limited resourcing the Company did not provide non-financial disclosures during the financial year ended 31 March 2023. The Company is in the early stages of considering how and to what extent it should report on non-financial information such as environmental, social and governance matters (ESG). The Company does not currently have a formal ESG reporting framework, however this is being considered by the Board with the intention that the Company will report on these non-financial matters in the future.

PRINCIPLE 5 – Remuneration

“The remuneration of directors and executives should be transparent, fair and reasonable.”

Recommendation 5.1

An issuer should recommend director remuneration packages to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report.

Compliance with recommendation during the year ended 31 March 2023:

Shareholders approved a total Directors' remuneration fee pool of \$600,000 per annum plus GST (if any) in the Special Meeting of shareholders on 28 September 2022. Actual director remuneration is disclosed in the Shareholder and Statutory Information section of this Annual Report.

Recommendation 5.2

An issuer should have a remuneration policy for remuneration of directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.

Compliance with recommendation during the year ended 31 March 2023:

Remuneration of directors has been determined in line with the process noted under recommendation 3.3 above, and in accordance with the Company's remuneration policy.

The Company's remuneration policy is included in the Company's Board Policies and Procedures document which is published on the Company's website at www.gencap.co.nz/corporate-governance.

Recommendation 5.3

An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long-term incentives and the performance criteria used to determine performance-based payments.

Compliance with recommendation during the year ended 31 March 2023:

Information in relation to the remuneration arrangements in place for Brent King (Managing Director) are included in the Shareholder and Statutory Information section of this Annual Report.

PRINCIPLE 6 – Risk Management

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

Recommendation 6.1

An issuer should have a risk management framework for its business and the issuer's board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.

Compliance with recommendation during the year ended 31 March 2023:

The Group is committed to proactively managing risk and this has been the responsibility of the entire Board with the assistance of the Audit Committee during the period. The Board delegates day to day management of risks to the Managing Director. The executive team and senior management are required to regularly identify the major risks affecting the business and develop structures, practices and processes to manage and monitor these risks.

The Company's Risk Management and Compliance framework has been under review for some time. Completion of this exercise has been delayed by resource constraints, and the company has not achieved compliance with the recommendation during the year. The Board is committed to completing this work in the coming year and has supported Management to ensure there are sufficient resources in place to do so.

In the meantime, the Board notes that the board of General Finance Limited, the company's principal operating subsidiary, has in place a risk management process to effectively identify, manage and monitor the principal risks affecting its business.

The Group maintains insurance policies that it considers adequate to meet its insurable risks.

Recommendation 6.2

An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.

Compliance with recommendation during the year ended 31 March 2023:

The Group operates with a small number of employees in a relatively low health and safety risk office environment. Despite this, the Board recognises that effective management of health and safety is essential for the operation of a successful business, and endeavours to prevent harm and promote wellbeing for employees, contractors and customers.

The Board is responsible for ensuring that the systems used to identify and manage health and safety risks are fit for purpose, being effectively implemented, regularly reviewed and continuously improved. All new incidents, near misses, or hazards identified are reported to the Board.

PRINCIPLE 7 – Auditors

“The board should ensure the quality and independence of the external audit process.”

Recommendation 7.1

The board should establish a framework for the issuer's relationship with its external auditors. This should include procedures:

- (a) for sustaining communication with the issuer's external auditors;**
- (b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired or could be reasonably be perceived to be impaired;**
- (c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer; and**
- (d) to provide for the monitoring and approval by the issuer's audit committee of any service provided by the external auditors to the issuer other than in their statutory audit role.**

Compliance with recommendation during the year ended 31 March 2023:

In accordance with the Company's Board Charter and Audit Committee charter, the Board in conjunction with the Audit Committee were responsible for oversight of and communication with the external auditor and reviewed the quality and cost of the audit undertaken by the Company's external auditor. The Board in conjunction with the Audit Committee also assesses the auditor's independence on an annual basis.

For the financial year ended 31 March 2023, Grant Thornton New Zealand Audit Limited was the external auditor for the Company. During the year Baker Tilly Staples Rodway resigned as auditor and Grant Thornton New

Zealand Audit Limited was appointed. The statutory audit services are fully separated from non-audit services to ensure that appropriate independence is maintained. The amount of fees paid for audit and other services is identified in note 7 in the notes to the consolidated financial statements.

Grant Thornton New Zealand Audit Limited has provided the Board with written confirmation that, in their view, they were able to operate independently during the year.

Recommendation 7.2

The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.

Compliance with recommendation during the year ended 31 March 2023:

Grant Thornton New Zealand Audit Limited is invited to attend the Annual Meeting, and the lead audit partner is expected to be available to answer questions from shareholders at that meeting. Given the changeover of auditors, Baker Tilly Staples Rodway did not attend the Annual Meeting held 28 September 2022, however Grant Thornton New Zealand Audit Limited did attend the Annual Meeting.

Recommendation 7.3

Internal audit functions should be disclosed.

Compliance with recommendation during the year ended 31 March 2023:

The Group has internal controls in place, including monitoring and checking that internal controls are operating effectively. Due to its current size, the Board believes that it was uneconomic and unnecessary for the Company to have a dedicated internal auditor role during the period. The Board will regularly review this position.

Principle 8 – Shareholder Rights & Relations

“The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”

Recommendation 8.1

An issuer should have a website where investors and interested shareholders can access financial and operational information and key corporate governance information about the issuer.

Compliance with recommendation during the year ended 31 March 2023:

Financial statements, NZX announcements and Directors' profiles are included on the website at www.gencap.co.nz. Key governance documents that have been adopted by the Company are published on the Company's website at www.gencap.co.nz/corporate-governance.

Recommendation 8.2

An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.

Compliance with recommendation during the year ended 31 March 2023:

All shareholders are given the option to elect to receive electronic communications from the Company.

Recommendation 8.3

Quoted equity security holders should have the right to vote on major decisions which may change the nature of the company in which they are invested in.

Compliance with recommendation during the year ended 31 March 2023:

Shareholders have been given the right to vote on all major decisions in line with the NZX Rules during the year ended 31 March 2023.

Recommendation 8.4

If seeking additional equity capital, issuers of quoted equity securities should offer further equity security holders of the same class on a pro rata basis and on no less favourable terms, before further equity securities are offered to other investors.

Compliance with recommendation during the year ended 31 March 2023:

During the year ended 31 March 2023, the Company:

- a. Issued 63,960,957 ordinary shares at 5.75 cents per share for proceeds totalling \$3,677,755.03 on 17 February 2023 under a placement to Borneo Capital Limited. The placement was done to expand the Company's working capital and the directors of the Company determined that the limited scale of the capital raising did not justify the cost of a wider offer to all shareholders at that time.
- b. Issued 86,956,522 ordinary shares at 5.75 cents per share for proceeds totalling \$5,000,000 on 17 February 2023 under a placement to API No 1 Limited Partnership. The placement was done to expand the Company's working capital and the directors of the Company determined that the limited scale of the capital raising did not justify the cost of a wider offer to all shareholders at that time.

The Company has not complied with the recommendation during the year but notes that the above issues of financial products were approved by product holders at the General Capital Extraordinary Shareholder Meeting held on 19 January 2023. In the notice of meeting for that meeting, the directors highlighted that they believed the likely outcome of and the cost of extending this offer to all shareholders meant it was not in the best interest of the Company or its shareholders to do so.

No other capital raising activities were undertaken during the year.

The directors of the Company may seek additional capital raising in the coming year to support the capital requirements of General Finance Limited and to expand the working capital of the Company. Any proposal is expected to be included with the notice of the 2023 Annual Shareholders Meeting. The directors of the Company will consider whether the offer will be extended to all shareholders at that time.

Recommendation 8.5

The board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.

Compliance with recommendation during the year ended 31 March 2023:

The Board encourages shareholder participation in meetings and understands that shareholders need sufficient time to consider information prior to meetings. The notice of the 2022 Annual Meeting and extraordinary meeting was posted on the Company's website more than 20 working days prior to the meeting.

Independent Auditor's Report

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To the Shareholders of General Capital Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of General Capital Limited (the "Company") and its subsidiaries (together the "Group") on pages 26 to 71, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cashflows 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 present fairly, in all material respects, the financial position of General Capital Limited as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. 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 are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor and the provision of other assurance services, we have no relationship with, or interests in, the Group.

Other Matter

The financial report of General Capital Limited for the year ended 31 March 2022 was audited by another auditor who expressed a qualified opinion in relation to the carrying value of the Group's goodwill and other indefinite life intangible assets as at the 30th of June 2022.

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.

Why the audit matter is significant	How our audit addressed the key audit matter
<p>Allowance for impairment losses from loan receivables</p> <p>The allowance for impairment losses from loan receivables to customers amounts to \$776,265 in the financial statements as at 31 March 2023.</p> <p>The assessment of the allowance for impairment losses (expected credit losses) is complex and requires significant judgement and estimation. Key areas of judgment included the identification of loans with an increase in credit risk and assumptions used in the credit loss model, for both the 12 month and lifetime expected credit losses.</p> <p>This was a key audit matter due to the significance of the judgements and estimates applied in determining the allowance for impairment losses from loan receivables on the financial statements.</p> <p>The principles for determining the allowance for impairment losses from loan receivables are described in note 4.3 and the review of the allowance for impairment losses is disclosed in note 11 of the consolidated financial statements.</p>	<p>We have:</p> <ul style="list-style-type: none"> • Obtained an understanding of the lending processes and controls and models used to determine the allowance for impairment losses from loan receivables, including event identification, collateral valuation and how management's estimates and judgements are determined. • For a selection of loans issued by the Company, we inspected the loan agreement and other available information that formed part of management's loan approval process (such as credit scores and security details), and reviewed management's approval process controls, to determine whether loans were appropriately approved and that the information available supported any conclusions reached about the expected credit loss at that point. • We identified loans for which we believed there may be indicators of impairment. We considered management's conclusions regarding impairment for each of these loans individually. • For each significant identified loan with indicators of impairment, we tested whether there was adequate security against each advance in order to recover the outstanding balance. Where provided, we considered adequacy of third-party valuations, and also verified any prior ranking securities to independent sources. • For the collective provisioning model, we: <ul style="list-style-type: none"> (a) Recalculated the provision based on the input factors identified by management as part of the expected credit loss methodology; (b) Assessed the calculation of the expected credit losses model against the requirements of NZ IFRS 9 <i>Financial Instruments</i> for the recognition and measurement of 12 month and lifetime expected credit losses on financial assets. (c) Assessed the judgements made by management regarding the assumptions used for the expected credit loss methodology, including challenging the appropriateness of current and future external factors. • We assessed the appropriateness of the Group disclosures in the financial reports against the requirements of the accounting standards.

Why the audit matter is significant	How our audit addressed the key audit matter
<p>Impairment assessment of goodwill and other indefinite life intangible assets.</p> <p>The accumulated impairment losses from goodwill amounts to \$537,141 in the consolidated financial statements as at 31 March 2023.</p> <p>This matter was considered to be one of the areas which had the greatest impact on our overall audit as</p> <ul style="list-style-type: none"> the audit report issued by the predecessor auditor for the year ended 31 March 2022 included a qualification on the value of goodwill. The predecessor auditor was unable to obtain sufficient appropriate audit evidence to support critical assumptions and estimates used to determine the recoverable value of the goodwill and other indefinite life intangible assets allocated to the research and advisory cash generating unit ('CGU'); and annual impairment tests involve complex and subjective estimation and judgement by Management on the future performance of the CGU's, discount rates applied to the future cashflow forecasts and future market and economic conditions. Change in assumptions and the methodology applied may have a material impact on the measurement of the impairment of goodwill and other indefinite life intangible assets. <p>Management has completed the annual impairment test for each of the two CGU's as at 31 March 2023, and the measurement of each CGU's recoverable amount includes the assessment and calculation of its 'value-in-use'.</p> <p>The principles for determining and analysing the impairment of goodwill and other indefinite life intangible assets are described in note 4.4 and the review of the accumulated impairment is disclosed in note 14 of the consolidated financial statements.</p>	<p>We have:</p> <ul style="list-style-type: none"> Obtained an understanding of the Group's internal controls relevant to the accounting estimates used to determine the recoverable value of the Group's CGU's and assessed for reasonableness. Evaluated Management's determination of the Group's CGUs based on our understanding of the nature of the Group's business and the economic environment in which the segments operate. Challenged Management's assumptions and estimates used to determine the recoverable value of its indefinite life intangible assets, including those relating to forecasted revenue, expenditure and discount rates applied. Evaluated the logic of the value-in-use calculations supporting Management's annual impairment test and testing the mathematical accuracy of these calculations. Evaluated Management's process regarding the preparation and review of forecast financial statements (balance sheet, income statement, and cash flow statement), including comparing forecasts to Board approved forecasts, and evaluating the historical accuracy of the Group's forecasting to actual historical performance. Engaged our own internal valuation experts to evaluate the logic of the value-in-use calculation and the inputs to the calculation of the discount rates applied, including evaluating the forecasts, inputs and any underlying assumptions with a view to identifying Management bias. Performed our own sensitivity analyses for reasonably possible changes in key assumptions, the two main assumptions being: the discount rate and forecast growth assumptions. Evaluated the related disclosures (including the accounting policies and accounting estimates) about goodwill and other indefinite life intangible assets, which are included in the Group's consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connections with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, 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 New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board, 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 (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 the auditor's responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

Restriction on use of our report

This report on the consolidated financial statements is made solely to the Group's shareholders, as a body. Our audit work has been undertaken so that we might state to the Group's shareholders, as a body, those matters which 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 Group and the Group's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



Ryan Campbell

Partner

Auckland

27 June 2023

GENERAL CAPITAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 \$	2022 \$
Interest income	5	10,618,423	5,574,439
Interest expense	5	(5,223,799)	(2,976,011)
Net interest income		5,394,624	2,598,428
Fee and commission income	5	2,980,148	1,894,291
Fee and commission expense	5	(781,120)	(500,302)
Net fee and commission income		2,199,028	1,393,989
Revenue from contracts with customers	5	65,626	512,588
Cost of sales	5	(4,006)	(57,290)
Gross profit from contracts with customers		61,620	455,298
Other income	5	45,056	36,931
Net revenue		7,700,328	4,484,646
Increase in allowance for expected credit losses	11	(573,970)	(66,266)
Personnel expenses		(1,218,362)	(1,010,670)
Depreciation		(125,797)	(150,996)
Amortisation and impairment of intangible assets	14	(537,779)	(5,230)
Other operating expenses	7	(1,900,329)	(1,362,869)
		(4,356,237)	(2,596,031)
Profit before income tax expense		3,344,091	1,888,615
Income tax (expense) / benefit	8	(1,085,848)	(547,952)
Net profit after income tax expense		2,258,243	1,340,663
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income	15, 17(c)	(73,713)	(144,144)
Other comprehensive income / (loss) for the year, net of tax		(73,713)	(144,144)
Total comprehensive income		2,184,530	1,196,519
Earnings per share (cents per share)	9	0.98	0.78
Diluted earnings per share (cents per share)	9	0.98	0.78

The accompanying notes are an integral part of these financial statements.

GENERAL CAPITAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 \$	2022 \$
Equity			
Share capital	17(a)	21,561,120	13,025,575
Accumulated (losses) / earnings		3,011,160	752,916
Reserves	17(c)	(319,510)	(245,798)
Total equity		24,252,770	13,532,693
Assets			
Cash and cash equivalents	10	14,072,194	16,661,570
Accounts receivables		46,213	17,350
Related party receivables	18	725	-
Other current assets		347,467	229,725
Bank deposits	10	9,937,974	2,450,000
Loan receivables	11	108,771,965	80,027,661
Property, plant and equipment		33,732	29,431
Right of use assets	13	-	146,750
Investments	15	214,730	288,442
Deferred tax asset	8.2	313,454	135,049
Intangible assets and goodwill	14	2,349,405	2,918,716
Total assets		136,087,859	102,904,694
Liabilities			
Accounts payable and other payables		816,766	613,770
Related party payables	18	117,410	13,191
Term deposits	16	109,886,032	88,047,219
Lease liability	13	-	174,364
Income tax payable		1,014,881	523,457
Total liabilities		111,835,089	89,372,001
Net assets		24,252,770	13,532,693

The accompanying notes are an integral part of these financial statements.

Net tangible assets (NTA) per share (cents per share)	5.94	4.93
Net assets (NA) per share (cents per share)	6.67	6.36

The financial statements are signed on behalf of the Board.



Rewi Bugo
Chairman



Brent King
Managing Director

Authorised for issue on: 27 June 2023

GENERAL CAPITAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Reserves	Accumulated (losses) / earnings	Total equity
Note	\$	\$	\$	\$
Balance at 1 April 2021	10,249,211	(129,267)	(594,651)	9,525,293
Profit for the year	-	-	1,340,663	1,340,663
Other comprehensive income for the year	15, 17(c)	-	-	-
	-	(144,144)	-	(144,144)
Total comprehensive income for the year	-	(144,144)	1,340,663	1,196,519
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity net of transaction costs	17(a)	-	-	-
	2,776,364	-	-	2,776,364
Share based payments	-	(6,903)	6,903	-
Issue of warrants to directors and senior managers	17(b), 19	-	-	-
	-	34,515	-	34,515
Total transactions with owners in their capacity as owners	2,776,364	27,612	6,903	2,810,879
Balance at 31 March 2022	13,025,575	(245,799)	752,916	13,532,693
Profit for the year	-	-	2,258,243	2,258,243
Other comprehensive income for the year	15, 17(c)	-	-	-
	-	(73,713)	-	(73,713)
Total comprehensive income for the year	-	(73,713)	2,258,243	2,184,530
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity net of transaction costs	17(a)	-	-	-
	8,535,545	-	-	8,535,545
Total transactions with owners in their capacity as owners	8,535,545	-	-	8,535,545
Balance at 31 March 2023	21,561,120	(319,511)	3,011,160	24,252,769

The accompanying notes are an integral part of these financial statements.

GENERAL CAPITAL LIMITED
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 \$	2022 \$
Cash flow from operating activities			
Interest received		10,647,402	5,629,044
Receipts from customers		2,457,853	2,049,602
Other income		4,755	5,690
Payments to suppliers and employees		(3,753,310)	(2,849,016)
Interest paid		(5,898,226)	(2,710,853)
Income tax paid		(772,829)	(88,198)
Net cash flows from operating activities before changes in operating assets and liabilities		<u>2,685,645</u>	<u>2,036,269</u>
Term deposits (net receipts)		22,534,413	29,953,748
Finance receivables (net advances)		(28,665,673)	(25,995,057)
Net cash (used in) / provided by operating activities	20	<u>(3,445,615)</u>	<u>5,994,960</u>
Cash flow from investing activities			
Proceeds from the sale of bonds		-	194,018
Purchase of property, plant and equipment		(11,960)	(20,169)
Investment in bank deposits		(7,487,974)	550,000
Investment in equities		-	20,800
Net cash (used in) / provided by investing activities		<u>(7,499,934)</u>	<u>744,649</u>
Cash flow from financing activities			
Issue of ordinary shares		8,535,545	2,776,364
Lease payments		(179,372)	(146,670)
Net cash provided by financing activities		<u>8,356,173</u>	<u>2,629,694</u>
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the beginning of the reporting period		16,661,570	7,292,267
Net (decrease) / increase in cash and cash equivalents held during the reporting period		<u>(2,589,376)</u>	<u>9,369,303</u>
Cash and cash equivalents at the end of the reporting period	10	<u><u>14,072,194</u></u>	<u><u>16,661,570</u></u>

The accompanying notes are an integral part of these financial statements.

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 1: REPORTING ENTITY

General Capital Limited ("the Company") is incorporated and domiciled in New Zealand. General Capital Limited is registered under the Companies Act 1993.

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

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

The Group is a for profit entity.

The Group's principal activities are:

- Finance (deposit taking and mortgage lending);
- Research and advisory (listing and capital management).

The consolidated financial statements were authorised for issue by the directors on 26 June 2023.

NOTE 2: BASIS OF PREPARATION

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("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. These consolidated financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements are presented in New Zealand dollars which is the Group's functional currency and the presentation currency. Unless otherwise indicated, amounts in the financial statements have been rounded to the nearest dollar.

The financial statements have been prepared under the historical cost convention, as modified by revaluations for certain classes of assets and liabilities to fair value as described in the accounting policies below.

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business, in accordance with historical cost concepts, as modified by the fair value of certain assets and liabilities as identified in the accounting policies below.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are all entities controlled by the Group. The financial statements of subsidiaries are included in consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Revenue and expense recognition

(a) Interest income and expense

Interest income and interest expense

Interest income and interest expense is recognised in profit or loss using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or liability and allocates the interest income and directly related fees (including loan origination fees) and transaction costs (including commission expenses) that are an integral component of the effective interest rate over the expected life of the financial asset or liability.

Loan fees and commissions

Lending fee income (such as loan establishment fees) that is integral to the effective yield of a loan held at amortised cost is capitalised as part of the amortised cost and deferred over the life of the loan using the effective interest method. Lending fees not directly related to the origination of a loan (account maintenance fee) are recognised over the period of service. Incremental and directly attributable costs (such as commissions) associated with the origination of a financial asset (such as loans) and financial liabilities (such as term deposits) are capitalised as part of the amortised cost and deferred over the life of the financial instrument using the effective interest method.

(b) Revenue from contracts with customers:

Advisory fee revenue

Advisory contracts generally span a period of three months to one and a half years. Management determine the performance obligation(s) inherent in the contract at contract inception and recognise revenue upon completion of each of the performance obligations. Performance obligations include advice provided to the entity and sometimes include the success of a project. There are specific billing milestones built into each contract and payment is generally due within 30 to 60 days of the milestone.

Yearbook and research sales

This includes revenue related to the sale of publications and fees for advertisements in the publications. The performance obligation for the advertising fees is satisfied at a point in time when the publications are published and available to be purchased by customers, and include the contracted advertisements. Payment is generally due within 30 to 60 days from production. The performance obligation relating to the sale of publications is satisfied upon delivery of the publications. Payment is generally due within 30 to 60 days from delivery.

Other fee income

Other finance fees charged by the Group that do not relate to the origination of finance receivables (for instance loan holding fees). These fees are charged and recognised upon satisfaction of the conditions stipulated in the contract.

Assets and liabilities arising from revenue from contracts with customers

Accounts receivables are non-interest bearing and are generally on terms of 30 to 60 days. Contract assets are recognised for any performance obligations which have been satisfied in advance of billing to clients. The amounts are transferred to accounts receivable when billed to customers. Contract costs are capitalised in respect of directly attributable contract costs (such as directly related allocations of personnel costs) which relate to revenue which has not been recognised. Costs are only recognised if the amounts are expected to be recovered from customers, are amortised when the associated revenue is billed to the customer, and are subject to impairment testing. Contract liabilities are recognised in respect of any amounts billed to customers in advance of satisfaction of the associated performance obligations.

(c) Other

Other expense recognition

All other expenses are recognised in profit or loss as incurred.

3.3 Financial instruments

Initial recognition

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI)*:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Despite the foregoing, the Group makes the following irrevocable election/designation at initial recognition of a financial asset:

- the Group irrevocably elects to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group irrevocably designates a financial asset that meets the amortised cost or FVTOCI* criteria as measured at FVTPL** if doing so eliminates or significantly reduces an accounting mismatch.

The Group's financial assets measured at amortised cost include, trade receivables, loan receivables, and other receivables. The Group's assets measured at FVTOCI* include listed corporate, investment in equities, and local government bonds. The Group has no assets measured at FVTPL**.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI*.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

*(ii) Financial assets at FVTOCI**

*Equity Instruments at FVTOCI**

On initial recognition, the Group made an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI*.

Investments in equity instruments at FVTOCI* are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the financial assets at FVOCI reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings. Fair value is determined in the manner described in note 15.

*FVTOCI - Fair Value Through Other Comprehensive Income

**FVTPL - Fair Value Through Profit or Loss

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9.

The Group has designated all investments in equity instruments as at FVTOCI* on initial application of IFRS 9 (see note 15).

Modification of financial assets

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect a significant change in credit risk since initial recognition of the respective financial assets.

The Group recognises lifetime ECL** for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate (also refer note 4.3).

For loan receivables, the Group applies a three-stage approach to measuring ECLs**. Loans may migrate through the following stages based on their change in credit quality.

- | | |
|----------------|---|
| Stage 1 | 12-month ECL**(past due 30 days or less)
Where there has been no evidence of a significant increase in credit risk since initial recognition, ECLs** that result from possible default events within 12 months are recognised. |
| Stage 2 | Lifetime ECL** not credit impaired (between 30 and 90 days past due)
Where there has been a significant increase in credit risk, ECLs** that result from all possible default events over the life of the loan are recognised. |
| Stage 3 | Lifetime ECL** credit impaired (greater than 90 days past due)
Where loans are in default or otherwise credit impaired, ECLs** that result from all possible default events over the life of the loan are recognised. |

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Group considers its historical loss experience and adjust this for current observable data. This data includes any payment defaults by the borrower, known or expected defaults by the borrower on similar obligations (other loans), uninsured deterioration of the security property and any changes in the borrowers circumstances which could impact on their ability to repay either interest or principal amounts on their due date. The Group also considers changes or forecast changes to macroeconomic factors including property prices, unemployment, interest rates, gross domestic product and inflation.

The nature of the Group's loan receivables is property lending with a predominant focus on the underlying security value of the loan receivable (i.e. the residential property value) in the credit assessment. The loans are predominantly advanced on twelve-month terms but range between three-month and four-year terms. Credit risk information is updated and monitored regularly. Loan receivables are subject to ongoing scrutiny, as a key component of credit risk management, with reporting of summarised credit risk information to the Group's directors on at least a monthly basis.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise, for instance when the Group is made aware of a property sale and purchase agreement or refinancing agreement which provides sufficient evidence that all of the borrower's obligations including default interest will be met. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

*FVTOCI - Fair Value Through Other Comprehensive Income

**ECL - Expected Credit Losses

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate, for instance when the Group is made aware of a property sale and purchase agreement or refinancing agreement which provides sufficient evidence that all of the borrower's obligations including default interest will be met.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) an increase in loan to valuation ratio caused by either declining property security values or increases in the loan balance;
- b) significant financial difficulty of the borrower; and
- c) a breach of contract, such as a default or past due event (see (ii) above).

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, for example an unsecured financial asset whereby the borrower has no realistic ability to meet their financial obligations to the Group. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted for forward-looking information including macroeconomic factors as described above. Given the Group's loan book is all secured over property, the single most significant factor for loss given default is the value of the security property, any known or expected uninsured deterioration of the property, or any forecast reduction in property values.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. In instances where the probability of default has increased significantly (a significant increase in credit risk), or where the loan is in default, the expected credit loss (or loss given default) may not increase significantly due to the Group's lending criteria which prohibits lending when the loan to valuation ratio (LVR)* exceeds 75%.

This means in general that the Group expects that the present value of expected cash flows from a loan in default to approximate the carrying value of the loan prior to the default event, except in cases where the LVR* has increased considerably due to a reduction in the security property valuation or a significant increase in the loan balance.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL** in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL** are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL** at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

*LVR - Loan to Valuation Ratio

**ECL - Expected Credit Losses

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities

Classification of Financial Liabilities

Financial liabilities are measured at amortised cost.

Financial liabilities measured at amortised cost

At initial recognition financial liabilities are measured at fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group's financial liabilities measured at amortised cost include other payables, term deposits and lease liability. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.4 Cash and cash equivalents

Cash and cash equivalents includes demand deposits with an original term of less than or equal to 3 months which are considered highly liquid investments that are readily convertible into cash and used by the Group as part of day-to-day cash management.

3.5 Leases

The Group leases an office premises and carparks. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mobile phones.

Extension options are included in the Group's leases and are exercisable only by the Group and not by the respective lessor.

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group has applied judgement to determine the lease term for lease contracts which include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets.

A deferred tax asset is raised for the tax impact of the changes in recognised lease related assets and liabilities.

In the statement of cash flows, lessees present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
- Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by NZ IAS 7 Statement of Cash Flows (the Group has opted to include interest paid as part of operating activities, consistent with its presentation of interest paid on financial liabilities); and
- Cash payments for the principal portion for a lease liability, as part of financing activities.

3.6 Intangible assets

Intangible assets comprise goodwill, acquired licences, Bartercard trade dollars and computer software.

Goodwill and acquired licences are indefinite life intangibles subject to annual impairment testing. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to the respective operating segment. Refer to note 4.4 and note 14.

Licences acquired as part of business combinations are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Bartercard Trade Dollars are units of electronic currency held by the Group which can be used to pay for products and services from other Bartercard members instead of paying in cash. They are non-monetary assets which are classified as indefinite life intangible assets. The assets are recognised at cost less accumulated impairment losses. The trade dollars are acquired as earned and consumed as utilised and are tested at least annually for impairment or when indication of an impairment exist. An impairment loss is recognised whenever the carrying amount of a Bartercard exceeds its recoverable amount. The estimated recoverable amount of intangible assets - Bartercard Trade Dollars are the greater of their fair value less costs to sell or value in use. Trade debits arising from sales to customers and trade credits from purchases of services are recognised in the statement of comprehensive income in the period in which the transaction occurs. Where trade credits are used to purchase an asset, the asset is capitalised and recognised in the statement of financial position.

Computer software is recognised in the statement of financial position at cost less accumulated amortisation and impairment losses. Direct costs associated with the purchase and installation of software licences and the development of software for internal use are capitalised where project success is probable and the capitalisation criteria is met. Cost associated with planning and evaluating computer software and maintaining a system after implementation are expensed. Computer software costs are amortised on a straight-line basis (three years).

3.7 Taxation

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

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at reporting date after taking advantage of all allowable deductions under current taxation legislation and any adjustment to tax liabilities in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the amount of assets and liabilities, using tax rates enacted or substantively enacted as at reporting date.

Deferred taxation assets arising from temporary differences or income tax losses, are recognised only to the extent that it is probable that a future taxable profit will be available against which the asset can be utilised.

Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax asset will be realised. Any reduction is recognised in profit or loss.

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Intangible assets not yet available for use are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

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

3.9 Employee benefits

Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Superannuation plans

The Group pays contributions to superannuation plans, such as Kiwisaver. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.10 Statement of cash flows

The statement of cash flows has been prepared using the direct approach modified by netting certain cash flows in order to provide more meaningful disclosure. These include loan receivables and term deposit liabilities. The advances to and repayments received from borrowers in relation to loan receivables are considered operating activities and are reported on a net basis in the Statement of Cash Flows. Proceeds from deposits issued and repayments to deposit investors are considered operating activities and are also reported on a net basis in the Statement of Cash Flows.

3.11 Comparatives

Where necessary, comparative information has been reclassified and represented for consistency with current year.

3.12 Standards and interpretations to published standards that are not yet effective

A number of new standards and amendments to standards and interpretations are issued but not yet effective. None of these are expected to have a significant effect on the financial statements of the Group.

NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

There are a number of significant accounting treatments which include complex or subjective judgments and estimates that may affect the reported amounts of assets in these financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

GENERAL CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 Increased level of inherent uncertainty in the significant accounting estimates and judgments arising from the post pandemic economic environment, high inflation, high interest rates, uncertainty in the property market, financial market uncertainties and post natural disaster environment

The current high interest rates and falling property prices are still an evolving situation, along with the high inflation, skills shortages, natural disasters, challenging international conditions, global supply chain disruptions, and the flow on effects from the conflict between Ukraine and Russia and European geopolitical uncertainty, which is having a significant impact on energy prices, as well as financial markets across the globe. The ongoing recovery post cyclone Gabrielle, current adverse macro and micro economic conditions and adverse global events mentioned have lowered overall economic activity and confidence is resulting in significant volatility and instability in financial markets and economic uncertainty. Consequently, there has been an increase in the level of inherent uncertainty in the critical accounting estimates and judgements applied by Management in the preparation of these financial statements. All reasonably known and available information with respect to the natural disasters, current adverse macro and micro economic conditions and adverse global events has been taken into consideration in the critical accounting estimates and judgements applied by Management, and all reasonably determinable adjustments have been made in preparing these financial statements.

As a result of the above, the Group anticipates that lowered levels of economic activity and confidence will continue for at least the short to medium term and may result in increased business failures and unemployment levels in New Zealand.

Consequently, the Group has concluded that there has been an increase in the level of inherent uncertainty in the significant accounting estimates and judgements applied by Management in the preparation of these financial statements (refer note 4.2 and 4.3).

These financial statements have been prepared based upon conditions existing as at 31 March 2023 and consider those events occurring subsequent to that date that provide evidence of conditions that existed at the end of the reporting period. As the above events occurred before 31 March 2023, its impacts are considered an event that is indicative of conditions that arose prior to reporting period. Accordingly, as at the date of signing these financial statements, all reasonably known and available information with respect to the current adverse macro and micro economic conditions, adverse global events, uncertainty in the property market, high interest rates and impacts caused by cyclone Gabrielle have been taken into consideration in the critical accounting estimates and judgements applied by Management (refer note 4.2 and 4.3 below) and all reasonably determinable adjustments have been made in preparing these financial statements.

4.2 Applicability of the going concern basis of accounting

Whilst the above-stated factors have lowered overall economic activity and confidence, Management have assessed and determined that the Group's application of the going concern basis of accounting remains appropriate.

The Group has responded to the above economic conditions in the following way:

- Undertook an analysis of its forecast cashflows to evaluate of the appropriateness of the Group's continued application of the going concern basis of accounting. This forecast cashflows took into consideration the Group's expectation of the impact of the above-stated factors on its earnings, cash flow and financial position.

Cashflow forecast and going concern

When preparing the 31 March 2022 consolidated financial statements, the Group determined that based on the existing pandemic and economic conditions in New Zealand, the Group expected favourable trends to continue including:

1. Term deposit reinvestment rates to continue at the averages of 70-80%.
2. New term deposit investments to continue growing.
3. Loans will be repaid on or close to the maturity date (the exception of loans rolled over in line with the Group's lending policies).
4. No significant reduction in loan security values is anticipated, however Management recognises that given the current adverse macro and micro economic conditions and adverse global events, the resulting increases in interest rates and inflation, in particular could have an impact on loan security values. As a result, Management have performed sensitivity analysis, factoring in a 25% drop in property values (as described further in the note).
5. No significant reduction of the net interest margin (the difference between lending and term deposit liabilities) in the event of the Reserve Bank of New Zealand (RBNZ) increasing the official cash rate due to elevated inflation rates which could lead to a potential increase in cost of term deposit liabilities.
6. The research and advisory cash generating unit to continue generating positive cash flows.

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NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

The Group had excellent outcomes although there were variations in independent points compared to the expected trends assumed in preparing the 31 March 2022 financial statements going concern considerations. These are detailed further below:

1) The Group expected term deposit reinvestment rates to continue at the average of 70-80%. Actual average reinvestment rate was 70% for the year ended 31 March 2023.

2) The Group expected new term deposit investments to continue growing. Actual new term deposit investments were on average \$4.2m per month for the full year ended 31 March 2023 (Actual new term deposit investment was on average \$3.3m per month for the full year ended 31 March 2022).

3) The Group expected loans to be repaid on or close to their maturity date (with the exception of loans rolled over in line with the Company's lending policies). The Group's lending activity has increased and accordingly the loan book has grown to a new record high level of \$110.5m as at 31 March 2023 (31 March 2022: \$80.9). This increase in the loan book was funded by growth in term deposits. The growth in the loan book has resulted in increased profitability.

As at 31 March 2023 the value of loan arrears increased to \$13.52m (March 2022: \$1.79m). These loan arrears include \$4.06m of loans past due by greater than 90 days (March 2022: \$0.5m). A total of \$5.5m of arrears was repaid after the reporting date. These repayments include \$2.8m of the arrears past due by greater than 90 days. There were no loan write-offs for the year ended 31 March 2023 (March 2022: \$Nil). Note that loan receivables have increased by 36.6% for the year ended 31 March 2023.

4) The Group expected no significant reduction in loan security values. The March 2023 monthly property report dated 18 April 2023 published by the Real Estate Institute of New Zealand (REINZ) showed that the median price had decreased by 12.9% nationally from March 2022 to March 2023. The REINZ House Price Index (HPI) for New Zealand which measures the changing value of residential property nationwide showed an annual decrease of 13.1% for New Zealand. As at 31 March 2023 Management have performed sensitivity analysis, factoring in a 25% drop in property values (as described further in the note).

5) The Group expected no significant reduction of the net interest margin. For the year ended 31 March 2023 the Group experienced an increase in the net interest margin due to increases in interest rates earned on loans compared to the interest rates paid on term deposits.

6) The Group expected the research and advisory cash generating unit to continue generating positive cash flows. For the year ended 31 March 2023 Research and Advisory CGU has generated positive cash flows.

Based on the current economic conditions in New Zealand, the Group currently expects the following trends:

1. Term deposit reinvestment rates to be at a slightly lower rate of 65-75%.
2. Total term deposits to continue growing.
3. Some loans will take longer to collect. Management have increased default penalty interest rates and will target loans with lower loan to valuation ratios.
4. Property values to continue to reduce. Management will target loans with lower loan to valuation ratio. Management have performed a sensitivity analysis, factoring in a 25% drop in property values which has resulted in no loss (as described further in the note 4.3). Management will perform quarterly sensitivity analysis factoring in a drop in property values.
5. A gradual reduction of the net interest margin (the difference between lending and term deposit liabilities) plateauing in the second half the financial year ended 31 March 2024.
6. The research and advisory cash generating unit to continue generating positive cash flows.

During the financial year ended 31 March 2023 General Finance Limited, a subsidiary of the Group has had an upgrade of its Credit Rating twice from BB- with a stable outlook to BB with a stable outlook, this is an outstanding achievement. Accordingly, Management have assessed and determined based on forecasts prepared for greater than 12 months from the date of signing, that the Company's application of the going concern basis of accounting remains appropriate.

Direct and indirect financial impacts on the carrying value of reported amounts of assets and liabilities

For the financial year ended 31 March 2023 there have been no material direct or indirect impacts on the reported amount of assets and liabilities, consistent with 31 March 2022 disclosures. Refer to note 4.3 below for further information on expected credit losses on loans receivable.

GENERAL CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.3 Allowance for expected credit losses

Significant increase in credit risk

Expected credit losses ('ECL')* are measured as an allowance equal to 12-month ECL*, or lifetime ECL* for assets with a significant increase in credit risk or in default or otherwise credit impaired. In assessing whether the credit risk of an asset has increased significantly, the Company considers its historical loss experience and adjust this for current observable data. This data includes any payment defaults by the borrower, known or expected defaults by the borrower on similar obligations (other loans), uninsured deterioration of the security property and any changes in the borrowers circumstances which could impact on their ability to repay either interest or principal amounts on their due date. The Company also considers changes or forecast changes to macroeconomic factors including property prices, unemployment, interest rates, gross domestic product and inflation.

Calculation of loss allowance

When measuring ECL* the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The ECL* is calculated on an individual loan basis though a combination of the assessed lifetime credit default and probability default (referred to as expected loss factor) to the loan balance. The expected loss factor is determined from the Group historical loss experience data. Historical loss experience data is reviewed by management and adjustments made to reflect current and forward looking economic and credit conditions. In addition, management recognise that a certain level of imprecision exists in any model used to generate risk grading and provisioning levels. As such an adjustment is applied for model risk.

In instances where the probability of default has increased significantly (a significant increase in credit risk), or where the loan is in default, the expected credit loss (or loss given default) may not increase significantly due to the Group's lending criteria which prohibits lending when the loan to valuation ratio (LVR)** exceeds 75%. This means in general that the Group expects that the present value of expected cash flows from a loan in default to approximate the carrying value of the loan prior to the default event, except in cases where the LVR** has increased considerably due to a reduction in the security property valuation or a significant increase in the loan balance.

Management regularly reviews and adjusts its ECL* estimates, judgements, assumptions, and methodologies as data becomes available. Changes in these estimates, judgements, assumptions, and methodologies could have a direct impact on the level of credit provision and credit impairment charge recorded in the financial statements (refer Note 11 Loan Receivables).

If the 12-month ECL rate for loans without a significant increase in credit risk increased/(decreased) by 0.2% higher/(lower) as at 31 March 2023, the loss allowance on loan receivables would have been \$202,057 higher/(lower) (March 2022: \$158,258 higher/(lower)).

If the lifetime ECL rate for loans with a significant increase in credit risk and credit impaired loans increased/(decreased) by 1.0% higher/(lower) as at 31 March 2023, the loss allowance on loan receivables would have been \$94,777 higher/(lower) (March 2022: \$17,890 higher/(lower)).

Ongoing post pandemic economic environment, high inflation, high interest rates, uncertainty in the property market, financial market uncertainties, post natural disaster environment on loan receivables and expected credit losses

The above-stated events have impacted negatively on some borrowers' ability to make their payments as they fell due, this included:

- 1)Lending institutions increasing their processing times
- 2)Difficulties in marketing properties
- 3)Difficulties in proving borrowers future income
- 4)Delays in supply chains
- 5)Delays in the council approvals
- 6)The availability of funding for potential purchasers of the properties the Group has security over.

*ECL - Expected Credit Losses

**LVR - Loan to Valuation Ratio

GENERAL CAPITAL LIMITED
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NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

The highest loan to valuation ratio (LVR) of the Group's loan book as at 31 March 2023 was 67.2% (March 2022: 70.6%) and the weighted average LVR of the loan book was 54.2% (March 2022: 55.3%), based on loan security valuations on origination of the loan.

According to a sensitivity analysis performed on the property security valuations underlying the Group's loan receivables as at 31 March 2023 (factoring in selling costs and time value of money):

- 1) A 25% drop in residential property values would result in no loan losses (March 2022: \$0 – \$50,000).
- 2) A 25% drop in commercial property values would result in no loan losses (March 2022: \$nil).

The above sensitivity analysis factors in the expected selling costs of the property as well as the time value of money over the expected time to sell (or to refinance) the property (expected to be no greater than six-months based on the Group's experience). The sensitivity analysis does not factor in potential increases in underlying security value since the origination of the loan.

Expected credit losses:

- 1) Based on the history of the Group's loan book over the last nine years, the average annual write-offs as a percentage of the average loan receivable balance over the same period was less than 0.10%. This would be an appropriate basis for 12-month expected credit losses in 'normal' economic conditions.
- 2) The Group recognises that New Zealand's economic forecast for the next 12 months is uncertain due to the impacts of the events described in note 4.1. As a result, the Company has concluded that the probability of default has increased. However due to the Group's well secured loan book (as described above), the loss given default and expected credit losses have increased but not by a material amount. As such, the Group has determined that 0.25% (March 2022: 0.25%) of the gross loan balance is a more appropriate expectation of losses for the next 12 months.
- 3) Lifetime ECL's for loans with a significant increase in credit risk and for loans in default have been calculated based on the Group's expectations for discounted net cash flows from the respective loan receivables over the expected remaining life of the loans in light of ongoing events as described in note 4.1.

4.4 Impairment analysis of goodwill and other indefinite life intangible assets

The carrying value of goodwill and indefinite life intangible assets (including licences and Bartercard trade dollars) is assessed at least annually to ensure that it is not impaired. With regard to Goodwill and Licences, performing this analysis requires management to estimate future cash flows to be generated by the cash-generating unit, which entails making judgements, including the expected rate of growth of revenues and expenditures, assets and liabilities, and the resulting cashflows. Judgements also need to be made about the appropriate discount rate to apply when valuing future cash flows.

A sensitivity analysis performed by Management has highlighted that the carrying value of the Goodwill and other assets in the research and advisory CGU*** are highly reliant on the achievement of revenue forecasts from advisory projects.

Management have performed a fair value less costs of disposal impairment test in relation to the carrying value of the Bartercard trade dollars asset at 31 March 2023.

Impact of ongoing post pandemic economic environment, high inflation, high interest rates, uncertainty in the property market, financial market uncertainties, post natural disaster environment on loan receivables and expected credit losses on impairment analysis of goodwill and other indefinite life intangible assets

When completing the impairment analysis of goodwill and other indefinite life intangible assets, the Group has taken into consideration all reasonably known and available information with respect to the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events pandemic (as described in note 4.2).

Expected impact on cash-generating units

1. Finance CGU*** - The forecasted cash flows used in the impairment analysis factor in the above-stated events. The results of the model show that there is still significant headroom in the unit.
2. Research and Advisory CGU*** - Due to the impacts of some of the above-stated factors the Group performed an impairment test as at 30 September 2022 which has resulted in an impairment of \$250,154 to the CGU***. For the year ended 31 March 2023 the Group has not achieved its forecast cashflow. This together with the above-stated factors have been factored in the forecasted cash flows used in the CGU***. The Group has factored in the above-stated events on the probability of sourcing advisory projects, the project milestones and the impact on timing of cashflows. The testing resulted in a further impairment of \$286,987 to the CGU***. Further information on the impairment analysis, assumptions and sensitivity analysis can be found in note 14.

*ECL - Expected Credit Losses

**LVR - Loan to Valuation Ratio

***CGU - Cash Generating Unit

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.5 Valuation of equity securities classified as financial assets at FVTOCI*

The equity securities held by the Group are required to be carried at fair value. Fair value of the investments has been estimated using inputs for the asset or liability that are not based on observable market data (Level 3 inputs).

Further information on the judgements made, assumptions and estimates are included in note 6.4 and note 15.

4.6 Classification of Bartercard Trade Dollars

Bartercard uses an electronic currency called a Bartercard Trade Dollar. The Group earns Bartercard Trade Dollars for the goods it sells to customers (trade debits) and uses the Bartercard Trade Dollars to make purchases (trade credits) from other Bartercard holders. The assets have been classified as indefinite life intangible assets.

Management have classified the Bartercard Trade Dollars as having an indefinite useful life based on the analysis of relevant factors including:

- the participants in the Bartercard network;
- the availability of relevant goods and services in the Bartercard network;
- an assessment of the future viability of the Bartercard platform as a means of payment;
- the level of expenditure required to maintain a Bartercard account and the Group's intention to continue paying these maintenance fees.

The useful life of the intangible assets are reviewed each period to determine whether events and circumstances continue to support the indefinite useful life estimate.

*FVTOCI - Fair Value Through Other Comprehensive Income

GENERAL CAPITAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 5: SEGMENT REPORTING

Management has determined the operating segments based on the components of the Group that engage in business activities, which have discrete financial information available and whose operating results are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. The Board of Directors makes decisions about how resources are allocated to the segments and assesses their performance.

Three reportable segments have been identified as follows:

- **Finance:** Deposit taking and short term property mortgage lending.
- **Research and Advisory:** Provides investment advisory services and produces and sells investment research and publications.
- **Corporate and Other:** Corporate function and investment activities.

Year ended 31 Mar 2023	Corporate and			Total Segments	Eliminations	Consolidated
	Finance	Research and Advisory	Other			
	\$	\$	\$	\$	\$	\$
Revenue - interest income	10,580,049	6,573	37,757	10,624,379	(5,956)	10,618,423
Revenue - fee income (finance receivables)	2,980,148	-	-	2,980,148	-	2,980,148
Revenue from contracts with customers						
- Advisory fee revenue	-	134,256	-	134,256	(69,266)	64,990
- Yearbook and research	-	636	-	636	-	636
Other income	23,456	-	502,506	525,962	(480,906)	45,056
Dividend income	-	-	2,474,234	2,474,234	(2,474,234)	-
Total revenue	13,583,653	141,465	3,014,497	16,739,615	(3,030,362)	13,709,253
Interest expense	(5,224,192)	-	(5,563)	(5,229,755)	5,956	(5,223,799)
Fee and commission expense	(781,120)	-	-	(781,120)	-	(781,120)
Cost of sales	-	(10,932)	-	(10,932)	6,926	(4,006)
Net revenue	7,578,341	130,533	3,008,934	10,717,808	(3,017,480)	7,700,328
Increase in allowance for expected credit losses	(573,970)	-	-	(573,970)	-	(573,970)
Personnel expenses	(1,032,028)	-	(186,334)	(1,218,362)	-	(1,218,362)
Depreciation and amortisation	(93,683)	-	(32,752)	(126,435)	-	(126,435)
Impairment Expense - intangible assets	-	(537,141)	-	(537,141)	-	(537,141)
Other expenses	(1,526,579)	(67,019)	(681,626)	(2,275,224)	374,895	(1,900,329)
Income tax (expense) / benefit	(1,106,760)	-	1,293	(1,105,467)	19,619	(1,085,848)
Net profit / (loss) after tax	3,245,321	(473,627)	2,109,515	4,881,209	(2,622,966)	2,258,243
Total Assets	129,256,532	854,324	6,097,813	136,208,669	(120,810)	136,087,859
Total Liabilities	111,697,481	19,105	203,208	111,919,794	(84,705)	111,835,089

Acquisition of property, plant and equipment, intangible assets, and other non-current assets (excluding non-current finance receivables):

Year ended 31 Mar 2023	Corporate and			Total Segments	Eliminations	Consolidated
	Finance	Research and Advisory	Other			
	\$	\$	\$	\$	\$	\$
Other	-	-	10,476	10,476	-	10,476
	-	-	10,476	10,476	-	10,476

GENERAL CAPITAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

NOTE 5: SEGMENT REPORTING (CONTINUED)

Year ended 31 Mar 2022	Corporate and			Total Segments	Eliminations	Consolidated
	Finance	Research and Advisory	Other			
	\$	\$	\$	\$	\$	\$
Revenue - interest income	5,608,931	2	1	5,608,934	(34,495)	5,574,439
Revenue - fee income (finance receivables)	1,894,291	-	-	1,894,291	-	1,894,291
Revenue from contracts with customers						
- Advisory fee revenue	-	394,900	-	394,900	112,769	507,669
- Yearbook and research	-	4,919	-	4,919	-	4,919
Other income	5,690	2,875	281,854	290,419	(253,488)	36,931
Total revenue	7,508,912	402,696	281,855	8,193,463	(175,214)	8,018,249
Interest expense	(2,970,937)	-	(5,074)	(2,976,011)	-	(2,976,011)
Fee and commission expense	(500,302)	-	-	(500,302)	-	(500,302)
Cost of sales	-	(46,301)	-	(46,301)	(10,989)	(57,290)
Net revenue	4,037,673	356,395	276,781	4,670,849	(186,203)	4,484,646
Increase in allowance for expected credit losses	(66,266)	-	-	(66,266)	-	(66,266)
Personnel expenses	(811,571)	(73,018)	(126,081)	(1,010,670)	-	(1,010,670)
Depreciation and amortisation	(98,435)	-	(57,791)	(156,226)	-	(156,226)
Other expenses	(998,934)	(103,076)	(429,576)	(1,531,586)	168,717	(1,362,869)
Income tax (expense) /	(525,588)	(2,658)	3,860	(524,386)	(23,566)	(547,952)
Net profit / (loss) after tax	1,536,879	177,643	(332,807)	1,381,715	(41,052)	1,340,663
Total Assets	100,708,611	1,354,605	1,086,776	103,149,992	(245,298)	102,904,694
Total Liabilities	89,394,880	49,493	172,926	89,617,299	(245,298)	89,372,001

Acquisition of property, plant and equipment, intangible assets, and other non-current assets (excluding non-current finance receivables):

Year ended 31 Mar 2022	Corporate and			Total Segments	Eliminations	Consolidated
	Finance	Research and Advisory	Other			
	\$	\$	\$	\$	\$	\$
Acquired through settlement of transactions / balances	-	109,426	-	109,426	-	109,426
Other	-	-	46,088	46,088	-	46,088
Transfers / reallocations between segments	-	(109,426)	109,426	-	-	-
	-	-	155,514	155,514	-	155,514

GENERAL CAPITAL LIMITED
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NOTE 6: RISK MANAGEMENT

The Group is exposed to a variety of financial risks comprising credit risk, liquidity risk, market risk (interest rate risk) and fair value risk.

6.1 Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loan receivables, cash and cash equivalents, bank deposits and accounts receivable.

The maximum credit exposure of the Group, assuming a zero value for collateral is \$134,570,790 (2022: \$104,859,668). This includes loans receivable of \$110,506,174 (2022: \$80,918,034), undrawn loan commitments of \$7,510 (2022: \$4,812,714), bank deposits of \$24,010,168 (2022: \$19,111,570), accounts receivable of \$46,213 (2022: \$17,350) and related party receivables of \$725 (2022: \$Nil). Of this exposure, 82.1% is covered by collateral over properties (2022: 81.8%) and 17.8% is deposited with registered New Zealand banks (2022: 18.2%).

To manage credit on finance receivables the Group performs credit evaluations on all customers requiring advances. The approval process considers a number of factors including the value of the security compared to the value of the amount to be borrowed ("loan to valuation ratio" or "LVR**), the creditworthiness of the borrower and their ability to repay.

The Group operates a credit risk (lending) policy which stipulates the Group's requirements regarding the security and LVR** of the borrowing, the credit worthiness of borrowers, geographical spread, maximum loan exposure size and credit approval authority levels. Decisions on whether to approve or decline loans are made by the credit committee in line with the Group's credit risk policy. Loan receivables are subject to regular scrutiny, as a key component of credit risk management. This includes a review of the borrower's repayment history and any interest arrears; any changes in the borrowers circumstances which could impact on their ability to repay either interest or principal amounts on their due date and any movement in the security value.

As at 31 March 2023 the Group's loan advances are secured as follows: first mortgages 100% (March 2022: 100%), second mortgages 0.0% (March 2022: 0.0%). There were no unsecured loans as at 31 March 2023 (March 2022: none).

As at 31 March 2023 the Group's advances were primarily secured over properties which are categorised as follows: residential housing 84.1% (March 2022: 85.4%), residential bare land 11.2% (March 2022: 10.7%), residential development property 1.9% (March 2022: 0.0%) and commercial property 2.8% (March 2022: 3.8%). In some cases, secondary securities may be taken over other property types.

Loan receivables credit exposures are concentrated in the residential property sector, particularly in the North Island and the Auckland Market. As at 31 March 2023, advances by the Group in the North Island residential property sector represented 93.5% (March 2022: 95.2%) of its total exposure, with 74.3% (March 2022 73.5%) being in the Auckland market. The geographical profile of loan receivables is analysed further as follows:

	2023	2022
	\$	\$
Northland	1,412,729	1,388,706
Auckland	82,157,883	59,428,249
Waikato	3,671,767	4,252,908
Bay of Plenty	1,641,255	927,117
Wellington	8,403,589	8,035,737
Other North Island	6,000,304	2,975,800
Canterbury	3,622,661	2,448,442
Otago	3,144,922	1,461,075
Marlborough	451,064	-
Total	<u>110,506,174</u>	<u>80,918,034</u>

**LVR - Loan to Valuation Ratio

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6: RISK MANAGEMENT (CONTINUED)

The concentration of the credit exposure to the six largest exposures is 17.4% (March 2022: 18.8%) of the total loan portfolio. The Group has elected to disclose the largest six exposures as this is considered to provide a meaningful indication of concentration of credit risk. An exposure is calculated as the total of all loan exposures to a single borrower or group of linked borrowers. The size of loan exposures is analysed further as follows:

	2023 Number of Exposures	2022 Number of Exposures
Less than \$100,000	-	-
Between \$100,000 and \$250,000	8	8
Between \$250,000 and \$500,000	15	23
Between \$500,000 and \$1,000,000	38	40
Between \$1,000,000 and \$1,500,000	16	9
Between \$1,500,000 and \$2,000,000	10	9
Between \$2,000,000 and \$2,500,000	10	4
Between \$2,500,000 and \$3,000,000	3	2
Between \$3,000,000 and \$3,500,000	1	1
Between \$3,500,000 and \$4,000,000	2	-
Total No. of Exposures	103	96

The provision for expected credit losses for performing and under-performing loans is detailed and explained in note 11. Gross past due loan receivables total \$14,620,056 (March 2022: \$2,623,376) which equates to 13.2% (March 2022: 3.2%) of total loan receivables.

As shown in the aging analysis of past-due loans below, the balance comprises:

Stage 1	<i>12-month ECL*</i> Gross loans receivable totalling \$5,142,353 (March 2022: \$834,359) were past due and the Group has concluded there has not been a significant increase in credit risk.
Stage 2	<i>Lifetime ECL* not credit impaired</i> Gross loans receivable totalling \$5,415,857 (March 2022: \$1,301,738) were past due by between 30 and 90 days and the Group has concluded there has been a significant increase in credit risk.
Stage 3	<i>Lifetime ECL* credit impaired</i> Gross loans receivable totalling \$4,061,846 (March 2022: \$487,279) were past due by greater than 90 days and the Group has concluded there has been a significant increase in credit risk.

Aging analysis – past due but not considered under-performing loans:

	2023 \$	2022 \$
Up to 30 Days	5,142,353	834,359
31 - 60 Days	5,415,857	1,301,738
61 - 90 Days	-	-
91 - 120 Days	555,465	487,279
120+ Days	3,506,381	-
Total	14,620,056	2,623,376

The Group is also exposed to credit risk from deposits held with banks. As at reporting date, the Group holds deposits in New Zealand Registered Banks including 40.3% with Bank of New Zealand (2022: 46.2%), 1.3% with ASB Bank (2022: 0.1%) and 0.1% with ANZ Bank New Zealand (2022: 1.2%) and 58.4% with Heartland Bank (2022: 52.4%).

*ECL- Expected Credit Losses

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6: RISK MANAGEMENT (CONTINUED)

6.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations associated with financial liabilities as they fall due.

The Group operates a liquidity risk policy and endeavours to maintain sufficient funds to meet its commitments based on forecasted cash flow requirements. Management has internal control processes and contingency plans to actively manage the lending and borrowing portfolios to ensure the net exposure to liquidity risk is minimised. The exposure is reviewed on an on-going basis from daily procedures to monthly reporting as part of the Group's liquidity management policies and processes.

The following tables set out the undiscounted contractual cash flows, and the undiscounted expected cash flows, of the Group's financial assets and liabilities.

2023	Total	Contractual Cash Flows			
		0 - 6 Months	7 - 12 Months	13 - 24 Months	24+ Months
	\$	\$	\$	\$	\$
Financial assets					
<i>Amortised cost</i>					
Cash and cash equivalents	14,085,363	14,085,363	-	-	-
Bank deposits	10,020,923	10,020,923	-	-	-
Other financial assets	68,591	68,591	-	-	-
Loan receivables	115,135,378	70,460,010	43,424,316	1,251,052	-
Totals	139,310,255	94,634,887	43,424,316	1,251,052	-
Financial liabilities					
<i>Amortised cost</i>					
Term deposits	116,607,943	47,036,067	34,013,191	23,855,967	11,702,718
Lease liability	-	-	-	-	-
Other payables	1,943,161	1,943,161	-	-	-
Totals	118,551,104	48,979,228	34,013,191	23,855,967	11,702,718
Net cashflow	20,759,151	45,655,659	9,411,125	(22,604,915)	(11,702,718)
2022					
	Total	Contractual Cash Flows			
		0 - 6 Months	7 - 12 Months	13 - 24 Months	24+ Months
	\$	\$	\$	\$	\$
Financial assets					
<i>Amortised cost</i>					
Cash and cash equivalents	16,669,772	16,669,772	-	-	-
Bank deposits	2,469,773	2,469,773	-	-	-
Other financial assets	47,977	47,977	-	-	-
Loan receivables	84,500,841	40,802,322	40,491,805	3,206,714	-
Totals	103,688,363	59,989,844	40,491,805	3,206,714	-
Financial liabilities					
<i>Amortised cost</i>					
Term deposits	91,171,614	34,980,104	33,643,302	18,046,626	4,501,582
Lease liability	174,364	87,182	87,182	-	-
Other payables	750,342	750,342	-	-	-
Totals	92,096,320	35,817,628	33,730,484	18,046,626	4,501,582
Net cashflow	11,592,043	24,172,216	6,761,321	(14,839,912)	(4,501,582)

GENERAL CAPITAL LIMITED

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FOR THE YEAR ENDED 31 MARCH 2023

NOTE 6: RISK MANAGEMENT (CONTINUED)

2023	Total	Expected Cash Flows			
		0 - 6 Months	7 - 12 Months	13 - 24 Months	24+ Months
	\$	\$	\$	\$	\$
Financial assets					
<i>Amortised cost</i>					
Cash and cash equivalents	14,361,602	14,361,602	-	-	-
Bank deposits	10,020,923	10,020,923	-	-	-
Other financial assets	68,591	68,591	-	-	-
Loan receivables	120,857,051	38,221,976	24,451,716	57,557,833	625,526
Totals	145,308,167	62,673,092	24,451,716	57,557,833	625,526
Financial liabilities					
<i>Amortised cost</i>					
Term deposits	123,586,143	20,987,638	15,510,520	39,981,225	47,106,760
Lease liability	-	-	-	-	-
Other payables	1,943,161	1,943,161	-	-	-
Totals	125,529,304	22,930,799	15,510,520	39,981,225	47,106,760
Net cashflow	19,778,863	39,742,293	8,941,196	17,576,608	(46,481,234)
2022					
	Total	Expected Cash Flows			
	\$	0 - 6 Months	7 - 12 Months	13 - 24 Months	24+ Months
	\$	\$	\$	\$	\$
Financial assets					
<i>Amortised cost</i>					
Cash and cash equivalents	16,729,369	16,729,369	-	-	-
Bank deposits	2,472,313	2,472,313	-	-	-
Other financial assets	47,977	47,977	-	-	-
Loan receivables	88,171,853	22,149,436	22,061,385	42,357,931	1,603,101
Totals	107,421,512	41,399,095	22,061,385	42,357,931	1,603,101
Financial liabilities					
<i>Amortised cost</i>					
Term deposits	96,084,633	16,049,163	14,691,395	29,246,723	36,097,352
Lease liability	174,364	87,182	87,182	-	-
Other payables	750,342	750,342	-	-	-
Totals	97,009,339	16,886,687	14,778,577	29,246,723	36,097,352
Net cashflow	10,412,173	24,512,408	7,282,808	13,111,208	(34,494,251)

The table above shows management's expected maturities of existing financial assets and liabilities. In determining the expected cash flow, the following assumptions have been made based on management's best estimate having regard to past experience, current market conditions and the future outlook including the ongoing post pandemic economic environment, high inflation, high interest rates, uncertainty in the property market, financial market uncertainties and post natural disaster environment estimated impacts:

- 60% term deposit reinvestment rate for 31 March 2023 (March 2022: 60%).
- Cash and cash equivalents are expected to earn interest for the first six months at 4.23% pa
- Term deposit reinvestments are made for a weighted average 18-month term at 6.94% pa (March 2022: 18-month term at 6.26% pa).
- \$645,491 of the Term deposits held by related parties has been approved for early withdrawal on 28 April 2023 (refer to note 18).
- 50% of loans (March 2022: 50%) not past due repay on existing contractual maturity date, with the balance rolled over at their existing interest rates and repaid after a further 12 months.

GENERAL CAPITAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

NOTE 6: RISK MANAGEMENT (CONTINUED)

6.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk is the risk of loss to the Group arising from adverse changes in interest rates. The Group's financing activities are exposed to interest rate risk in respect of its interest earning assets and interest bearing liabilities. Changes to interest rates can impact the Group's financial results by affecting the interest spread earned on these assets and liabilities. Interest rates for finance receivables, term deposits, and bank deposits (other than those on call) are fixed for the term of their respective contracts. Interest rates are repriced on contractual maturity dates of the financial instruments. There is a risk that different financial instruments (such as finance receivables and term deposits) are repriced on different dates, i.e. a repricing risk (refer to contractual cash flows under liquidity risk for repricing dates).

The table below summarises the sensitivity of the Group's financial assets and liabilities to interest rate risk.

2023	Carrying Amount	-1% Profit before tax	-1% Equity	+1% Profit before tax	+1% Equity
Financial Assets	\$	\$	\$	\$	\$
Cash and cash equivalents	14,072,194	(140,722)	(101,320)	140,722	101,320
Finance Receivables	110,506,174	(1,105,062)	(795,645)	1,105,062	795,645
Bank Deposits	9,937,974	(99,380)	(71,554)	99,380	71,554
Financial Liabilities					
Term Deposits	109,988,514	1,099,885	791,917	(1,099,885)	(791,917)
Total increase / (decrease)		(245,279)	(176,602)	245,279	176,602

2022	Carrying Amount	-1% Profit before tax	-1% Equity	+1% Profit before tax	+1% Equity
Financial Assets	\$	\$	\$	\$	\$
Cash and cash equivalents	16,661,570	(166,616)	(119,964)	166,616	119,964
Finance Receivables	80,918,034	(809,180)	(582,610)	809,180	582,610
Financial Liabilities					
Term Deposits	88,134,578	881,346	634,569	(881,346)	(634,569)
Total increase / (decrease)		(94,450)	(68,005)	94,450	68,005

6.4 Assets carried at fair value

- Level 1 Fair value is calculated using quoted prices in active markets.
- Level 2 Fair value is estimated using inputs other than quoted prices in level 1 that are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 Fair value is estimated using inputs for the asset or liability that are not based on observable market data.

2023	Note	Level 1	Level 2	Level 3	Total
Fair value assets		\$	\$	\$	\$
Financial assets at fair value through other comprehensive income - investment in equities	15	62,775	-	151,955	214,730
2022		Level 1	Level 2	Level 3	Total
Fair value assets		\$	\$	\$	\$
Financial assets at fair value through other comprehensive income - investment in equities	15	116,790	-	171,652	288,442

Refer to the note 15 for more detail on the valuation methodology.

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 7: OTHER EXPENSES

Included in other expenses are the following amounts:

	2023	2022
	\$	\$
Directors fees	420,790	227,401
Auditors Remuneration		
- Audit and other assurance services		
- Audit of financial statements (Bakertilly Staples Roadway)	-	212,626
- Audit of quarterly trustee certificates (Bakertilly Staples Roadway)	-	3,623
- Audit of financial statements (Grant Thornton New Zealand Audit Limited)	228,900	-
- Audit of quarterly trustee certificates (Grant Thornton New Zealand Audit Limited) ¹	3,000	-
- Other Services		
-Taxation compliance (Bakertilly Staples Roadway)	-	17,084
Total remuneration paid to auditors	231,900	233,333

¹Audit of financial statements fee includes Limited Assurance on General Finance Limited's compliance as evaluated against paragraphs 6.1 (g)(i)-6.1 (g) (iii) of the Debenture Trust Deed dated 2 November 2004 and as amended and restated on the 16th December 2019 and 19th December 2017.

NOTE 8: TAXATION

8.1 Income tax

	2023	2022
	\$	\$
Net operating profit before taxation	3,344,091	1,888,615
Income tax expense at prevailing rates (2023: 28%; 2022: 28%)	(936,345)	(528,812)
Tax impact of expenses not deductible for tax purposes	(159,619)	(21,452)
Over-provision of tax in prior year	10,116	2,312
Taxation expense per the statement of comprehensive income	(1,085,848)	(547,952)
Comprising:		
- Current tax	(1,264,253)	(556,079)
- Deferred tax	178,405	8,127
	(1,085,848)	(547,952)

8.2 Deferred tax asset

	2023	2022
	\$	\$
Balance at beginning of year	135,049	126,922
<i>(Charged) / credited to profit or loss</i>		
Increase / (decrease) in impairment loss provision	160,711	18,555
Increase / (decrease) in accrued expenses	13,767	7,137
Increase / (decrease) in lease liability	(48,822)	(40,620)
Increase / (decrease) in unearned income	11,659	(18,035)
Increase / (decrease) in right of use asset	41,090	41,090
	178,405	8,127
<i>(Charged) / credited to other comprehensive income</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-
	313,454	135,049

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 8: TAXATION (CONTINUED)

Deferred tax attributed to:	2023	2022
	\$	\$
<i>Deferred tax assets:</i>		
Impairment loss provision	217,354	56,643
Accrued expenses	41,168	27,401
Fair value of equity investments at fair value through other comprehensive income	43,273	43,273
Lease Liability	-	48,822
Unearned income	11,659	-
	<u>313,454</u>	<u>176,139</u>
<i>Deferred tax liabilities</i>		
Right of use assets	-	41,090
	<u>313,454</u>	<u>135,049</u>

8.3 Imputation credit account

	2023	2022
	\$	\$
Balance at beginning of year	204,395	115,958
Tax Paid	770,418	88,478
Tax Refund Received	(8,445)	(41)
	<u>966,368</u>	<u>204,395</u>

NOTE 9: EARNINGS PER SHARE

	2023	2022
	Cents	Cents
Basic earnings per share attributable to the ordinary equity holders	0.98	0.78
Diluted earnings per share attributable to the ordinary equity holders	0.98	0.78

	2023	2022
	\$	\$
Basic earnings per share		
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:	2,258,243	1,340,663
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share:	2,258,243	1,340,663

	2023	2022
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	230,023,343	172,610,675
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	230,023,343	172,610,675

GENERAL CAPITAL LIMITED
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NOTE 10: CASH AND CASH EQUIVALENTS

	2023 \$	2022 \$
Bank call deposits ¹	12,683,613	11,261,570
Bank term deposits ²	1,388,581	5,400,000
	<u>14,072,194</u>	<u>16,661,570</u>
Bank term deposits ² - Current Portion ³	9,937,974	2,450,000
	<u>9,937,974</u>	<u>2,450,000</u>

Interest Rates:

¹Bank call deposits: Between 0.00% and 4.10% (March 2022: Between 0.00% and 1.40%).

²Bank term deposits: 3.35% - 5.15% per annum (March 2022: 1.10% - 2.05% per annum).

³Current Portion of Bank term deposits is contractually repayable within 12 months.

NOTE 11: LOAN RECEIVABLES

	2023 \$	2022 \$
First mortgage advances	110,506,174	80,918,034
Second mortgage advances	-	-
	<u>110,506,174</u>	<u>80,918,034</u>
Less deferred fee income and expenditure	(957,944)	(688,078)
Less impairment allowance	(776,265)	(202,295)
Net carrying value	<u>108,771,965</u>	<u>80,027,661</u>
Current portion	107,648,114	76,954,475
Non-current portion	1,123,851	3,073,186
	<u>108,771,965</u>	<u>80,027,661</u>
Primary loan security		
Residential housing	92,916,572	69,125,122
Residential bare land	12,383,593	8,691,870
Residential development land and housing	2,107,329	-
Commercial property ¹	3,098,680	3,101,042
	<u>110,506,174</u>	<u>80,918,034</u>

¹The Group's lending policy allows for a maximum of 30% of total lending to be secured over commercial properties. During the year ended 31 March 2023 the Group had 2.8% of commercial lending (2022: 3.8%).

Loan receivables represent loans at commercial interest rates. Current loan receivables are contractually repayable within 12 months. Non-current loan receivables are contractually repayable within 12 months to 24 months of balance date.

At year end there was \$7,510 in outstanding loan commitments (loans approved and accepted not yet drawn) including future capitalised interest (March 2022: \$4,812,714).

Interest rate: Between 5.45% and 12.90% (2022: Between 5.45% and 12.90%).

Effective interest rate: Between 5.79% and 22.79% (2022: Between 5.79% and 28.78%).

For loans that are in default, additional interest of up to 10% is charged.

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11: LOAN RECEIVABLES (CONTINUED)

The core lending activity of the Group is providing, through a broker network, short term and bridging finance secured by mortgage over residential property. The majority of loans are entered into with a maturity date within 12 months, with a proposal that repayment will be funded by the sale of the secured property or through refinancing by the borrower. General Finance Limited lending policy allows for a maximum “loan to security value” of 75% (excluding fees and charges) on advances, unless approved by the full board of General Finance Limited. There are no loans with loan to valuation ratio above 75% at the reporting date (2022: none).

Sometimes loan repayments do not occur on the contractual maturity date and the term of the loan is extended i.e. rollover occurs. Before a loan is rolled over, the Company’s standard credit checking and approval processes are re-applied. The current “loan to security value” position will be re-assessed and updated valuations are obtained where the Directors consider this appropriate. Loan application fees are charged and evidence is obtained of the borrower’s agreement to the contractual terms and conditions of the extended loan.

At reporting date, 28.6% (March 2022: 30.7%) of loans by number and 24.8% (March 2022: 22.1%) by value represent loans that have been rolled over and are into their second or subsequent credit periods. Where loans have been rolled over, their classification in these consolidated financial statements as current or non-current, or as past due, is based on payment due dates as per the terms of the extended contract, and not as per the original or preceding contract.

Borrower payment terms are profiled as follows:

	2023 \$	2022 \$
Interest only paid monthly	110,401,835	74,273,683
Interest capitalised	104,339	6,644,351
Total loan receivables	110,506,174	80,918,034

Loan fees (for all loans) and interest (for capitalised interest loans) are capitalised to the loan balances when charged and recognised over the life of the loans using the effective interest method. The associated cash is received when the loans are repaid (or partially repaid). Income recognised during the financial year from amounts capitalised to loan receivables were as follows:

	2023 \$	2022 \$
Interest income	236,135	652,758
Loan Fees	2,629,760	1,609,775
Total	2,865,895	2,262,533

Reconciliation of gross loan receivable balance movements through ECL* stages:

	12 month ECL*	Lifetime ECL* not credit impaired	Lifetime ECL* credit impaired	Total
	\$	\$	\$	\$
Balance as at 31 March 2021	53,156,615	1,302,341	-	54,458,956
New loan advances	74,835,252	-	-	74,835,252
Repayments	(47,073,833)	(1,302,341)	-	(48,376,174)
Transfer to lifetime not credit impaired	(1,301,738)	1,301,738	-	-
Transfer to lifetime credit impaired	(487,279)	-	487,279	-
Balance as at 31 March 2022	79,129,017	1,301,738	487,279	80,918,034
New loan advances	95,678,186	-	-	95,678,186
Repayments	(64,301,029)	(1,301,738)	(487,279)	(66,090,046)
Transfer to lifetime not credit impaired	(5,415,857)	5,415,857	-	-
Transfer to lifetime credit impaired	(4,061,846)	-	4,061,846	-
Balance as at 31 March 2023	101,028,471	5,415,857	4,061,846	110,506,174

*ECL - Expected Credit Losses

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 11: LOAN RECEIVABLES (CONTINUED)

Reconciliation of movements in impairment allowance by stage:

	12 month ECL*	Lifetime ECL* not credit impaired	Lifetime ECL* credit impaired	Total
	\$	\$	\$	\$
Balance as at 31 March 2021	132,773	3,256	-	136,029
New loan advances	231,071	-	-	231,071
Repayments	(145,351)	(3,256)	-	(148,607)
Transfer to lifetime not credit impaired	(3,254)	3,254	-	-
Transfer to lifetime credit impaired	(1,505)	-	1,505	-
Reduction in expected credit losses %	(16,198)	-	-	(16,198)
Balance as at 31 March 2022	<u>197,536</u>	<u>3,254</u>	<u>1,505</u>	<u>202,295</u>
New loan advances	239,195	-	-	239,195
Repayments	(160,466)	(3,254)	(1,505)	(165,225)
Transfer to lifetime not credit impaired	(13,540)	13,540	-	-
Transfer to lifetime credit impaired	(10,155)	-	10,155	-
Reduction in expected credit losses %	-	400,000	100,000	500,000
Balance as at 31 March 2023	<u>252,570</u>	<u>413,540</u>	<u>110,155</u>	<u>776,265</u>

In instances where the probability of default has increased significantly (a significant increase in credit risk), or where the loan is in default, the expected credit loss (or loss given default) may not increase significantly due to the Group's lending criteria which prohibits lending when the loan to valuation ratio (LVR)** exceeds 75%. This means in general that the Group expects that the present value of expected cash flows from a loan in default to approximate the carrying value of the loan prior to the default event, except in cases where the LVR** has increased considerably due to a reduction in the security property valuation or a significant increase in the loan balance.

The LVR of loans with a significant increase in credit risk or in default was in a range of 34.9% - 67.2% as at 31 March 2023 (March 2022: in a range of 50.5% - 68.2%), based on the security property valuation at origination. \$4.06m of Lifetime ECL Credit Impaired loans are made up of 5 loans. All have first mortgages. Enforcement actions are taken, \$2.8m was repaid after the reporting date. Full recovery is expected from all loans.

NOTE 12: INVESTMENT IN SUBSIDIARIES

Subsidiary		Ownership Interest Held	
		2023	2022
Corporate Holdings Limited (CHL)	Holding company	100.0%	100.0%
General Finance Limited	Finance	100.0%	100.0%
Investment Research Group Limited	Research and advisory	100.0%	100.0%
Commercial and General Finance Limited	Dormant	100.0%	100.0%
General Finance & Investments Limited	Dormant	100.0%	100.0%
General Finance & Leasing Limited	Dormant	100.0%	100.0%
General Leasing Limited	Dormant	100.0%	100.0%
General Loan and Finance Limited	Dormant	100.0%	100.0%
Mykco Limited (previously named General Capital Limited)	Dormant	100.0%	100.0%

All subsidiaries have a 31 March balance date.

*ECL - Expected Credit Losses

**LVR - Loan to Valuation Ratio

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 13: LEASES

Right of use assets	Office Premises and Carparks	
	\$	
As at 1 April 2021	293,500	
Additions	-	
Depreciation	(146,750)	
As at 31 March 2022	<u>146,750</u>	
Additions	-	
Depreciation	(146,750)	
As at 31 March 2023	<u>-</u>	
Lease Liability	2023	2022
	\$	\$
Balance at beginning of year	174,364	307,207
Additions	-	-
Accretion of interest	5,008	13,827
Payments	(179,372)	(146,670)
Total lease liability	<u>-</u>	<u>174,364</u>
Current	-	174,364
Non-current	-	-
	<u>-</u>	<u>174,364</u>

The Group entered into a two-year office premises and carpark lease with a commencement date of 1 March 2021. The lease is for a term of two years and includes four further rights of renewal of six months each. Lease was extended until 30 September 2023. Management does not anticipate renewing the lease past the extension. Accordingly, the extension periods have not been included in the lease term in the calculation of the lease liability. The undiscounted potential future rental payments relating to these extension periods which are not included in the lease term total \$73,485 (2022: \$174,364).

NOTE 14: INTANGIBLE ASSETS

	Goodwill	Licences	Bartercard Trade Dollars	Software	Total
	\$	\$	\$	\$	\$
Year ended 31 March 2022					
Opening net book amount	2,350,730	277,000	292,767	5,868	2,926,365
Additions	-	-	30,020	-	30,020
Disposals	-	-	(32,439)	-	(32,439)
Amortisation charge	-	-	-	(5,230)	(5,230)
Closing net book amount	<u>2,350,730</u>	<u>277,000</u>	<u>290,348</u>	<u>638</u>	<u>2,918,716</u>
At 31 March 2022					
Cost	2,350,730	277,000	290,348	70,293	2,988,371
Accumulated amortisation and impairment	-	-	-	(69,655)	(69,655)
Net book amount	<u>2,350,730</u>	<u>277,000</u>	<u>290,348</u>	<u>638</u>	<u>2,918,716</u>

GENERAL CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 14: INTANGIBLE ASSETS (CONTINUED)

	Goodwill	Licences	Bartercard Trade Dollars	Software	Total
	\$	\$	\$	\$	\$
Year ended 31 March 2023					
Opening net book amount	2,350,730	277,000	290,348	638	2,918,716
Additions	-	-	283	-	283
Disposals	-	-	(31,815)	-	(31,815)
Amortisation and impairment charge	(537,141)	-	-	(638)	(537,779)
Closing net book amount	1,813,589	277,000	258,816	-	2,349,405
At 31 March 2023					
Cost	2,350,730	277,000	258,816	70,293	2,956,839
Accumulated amortisation and impairment	(537,141)	-	-	(70,293)	(607,434)
Net book amount	1,813,589	277,000	258,816	-	2,349,405

Impairment testing for cash-generating units (CGU)* containing brands and licences

	2023	2022
	\$	\$
Goodwill		
Allocated to the finance CGU*	1,323,729	1,323,729
Allocated to the research and advisory CGU*	489,860	1,027,001
	1,813,589	2,350,730
Licences with an indefinite useful life		
Allocated to the finance CGU*	247,000	247,000
Allocated to the research and advisory CGU*	30,000	30,000
	277,000	277,000

The aggregate carrying amounts of goodwill and indefinite life licences are outlined above. Goodwill primarily relates to growth expectations, expected future profitability and the workforce of the CGU's*. The Group has assessed that there is no foreseeable limit to the period of time over which the goodwill and licences are expected to generate net cash inflows for the Group and as such they have been assessed as having an indefinite useful life.

The Group's indefinite useful life intangible assets have been tested for impairment at least annually. Research and Advisory CGU* was last tested on 30 September 2022 and resulted in an impairment of \$250,154. Finance CGU* was last tested as at 31 March 2022 and had material amount of headroom, hence no impairment was required. Impairment of goodwill cannot be reversed in subsequent years. No impairment had been recognised in the year ended 31 March 2022.

The recoverable amount of the CGUs* has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated long term growth rates stated below. The growth rate does not exceed the long term average for the products, industries or country in which the CGUs* operate. For each of the CGU's with goodwill and indefinite life licences, the key assumptions, long term growth rate and discount rate used in the value in use calculations are as follows.

	2023	2022
	\$	\$
Impairment		
Impairment expense - Goodwill	537,141	-

\$250,154 of impairment has been recognised on 30 September 2022 for the Research and Advisory CGU* as the carrying amount of the CGU* of \$1,304,471 was greater than the recoverable amount of the CGU* of \$1,054,317 established via value-in-use methodology.

\$286,987 of impairment has been recognised on 31 March 2023 for the Research and Advisory CGU* as the carrying amount of the CGU* of \$812,690 was greater than the recoverable amount of the CGU* of \$525,703 established via value-in-use methodology.

*CGU - Cash Generating Unit

GENERAL CAPITAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

NOTE 14: INTANGIBLE ASSETS (CONTINUED)

Finance CGU*

Pre-tax free cash flows to equity holders (FCFE)** have been forecasted based on growth in the non-bank deposit taking / residential lending business within the current constraints of the licence / trust deed which prohibits the Capital Ratio to go below 8%. The forecasted growth in net cash flows is driven primarily by the net interest and fee margin from forecasted growth in deposit funding and the loan book. Significant expenditure has been incurred since the business was purchased by the Group to ensure that the business has the capacity and resources to allow for the growth.

Key assumptions used in value-in-use calculations

The key "base" assumptions used in the calculation of value-in-use for Finance CGU* are:

- 1) Loan receivables through the forecast period
- 2) Term Deposits through the forecast period
- 3) Loan weighted average interest rate growth through the forecast period
- 4) Term Deposit weighted average growth through the forecast period
- 5) Discount rates
- 6) Growth rates used to extrapolate cash flows beyond the forecast period

The table below sets out the key assumptions for the Finance CGU* for testing done as at 31 March 2023:

	Total Loan Receivables	Total Term Deposits	Loan weighted average interest rate	Term Deposit weighted average interest rate	
31 March 2023 Assumptions					
Year one growth	39.4%	38.5%	-1.3%	32.8%	
Year two growth	19.3%	18.2%	-0.3%	4.4%	
Year three growth	16.2%	15.4%	0.0%	0.0%	
Year four growth	13.9%	13.3%	0.0%	0.0%	
Year five growth	12.2%	11.8%	0.0%	0.0%	
Terminal growth beyond year 5		2.1%			
Pre-tax discount rate		21.3%			
31 March 2022 Assumptions	Total Assets	Total Liabilities	Revenue	Expenditure	FCFE**
Year one growth	40.0%	40.7%	72.2%	78.0%	56.5%
Year two growth	10.9%	8.2%	33.8%	29.4%	47.3%
Year three growth	9.9%	7.4%	9.7%	10.9%	6.6%
Year four growth	9.4%	7.1%	8.9%	7.8%	12.0%
Year five growth	8.7%	6.5%	8.2%	7.5%	10.1%
Terminal growth beyond year 5		2.0%			
Pre-tax discount rate		15.7%			

Loan Receivable and Term Deposits

The most recent historic data was reviewed for the term deposit withdrawals, top ups and new deposits to estimate trends of Term Deposits inflow which in turn funded the growth in Loan Receivables. For the year ended 31 March 2023 actual growth of loan receivable was 36% and Term Deposits 25%. This is lower than last years forecast and was primarily driven by lower demand on new loans throughout the year. In turn management controlled the growth of Term Deposits to correspond to the lending demand and required cash and cash equivalent reserves. The 39.4% growth in loan receivable and 38.5% growth in term deposits for the first forecast year ended 31 March 2024 is consistent with the average annual growth of 46.6% for loan receivable and 38.8% for term deposits over the most recent 3 years to 31 March 2023. For the remaining forecast periods a proxy of the most recent increase in total Loan Receivable and the corresponding increase in total Term Deposits as a percentage of the total Loan Receivable increase was taken as a primary assumption.

Lending and Term Deposit Interest rates

Weighted average interest on loans was assumed based on the interest rates and maturities of the existing loans with an incremental monthly review for new loans during the first forecast period to 31 March 2024. Given the competitive nature of the industry the Group is anticipating a gradual reduction in lending rates with plateauing in the later quarter of the forecast period ended 31 March 2024. The weighted average lending rate as at 31 March 2024 was then carried forward for the remainder of the forecast period as a proxy.

Group is anticipating an increase in weighted average rate on term deposits given the existing competitive nature of the industry and higher levels of inflation rates. The rate is expected to plateau at the end of the first forecast period to 31 March 2024. The rate from 31 March 2024 was carried forward for the remainder for the forecast period as a proxy.

*CGU - Cash Generating Unit

**FCFE - Free Cash flows to Equity Holders

GENERAL CAPITAL LIMITED
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NOTE 14: INTANGIBLE ASSETS (CONTINUED)

Terminal growth beyond year five

Cash flows beyond the five year period are extrapolated using the estimated long term growth rate of 2.1% which is Westpac forecast rate. This is also consistent with the mid point of the Reserve Bank of New Zealand medium term Consumer Price Index Policy Target range (1% to 3%), with a focus on keeping future average inflation near the 2% target midpoint. The growth rate does not exceed the long term average for the products, industries or country in which the CGUs* operate.

Pre-tax discount rate

The discount rates represent the current market assessment of the risks specific to the finance CGU*. The discount rate calculation is based on the industry segment the CGU* is engaged in, and is derived from its weighted average cost of capital. The weighted average cost of capital takes into account both the cost of debt and equity, however for the purposes of 31 March 2023 testing we put target Equity to Capital of 100%. The cost of equity is derived from the expected return on investment by the Group's investors using the capital asset pricing model allowing for unsystemic risk adjustments. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated based on publicly available market data at the time of testing. Adjustments to the discount rate are made in order to reflect a pre-tax discount rate.

The specific risk premium includes adjustments to the basic Capital Asset Pricing Model inputs to arrive at a risk adjusted cost of equity. These adjustments include current market factors (other than systemic risks) and asset specific risks. In arriving at specific risk premium management have considered factors such as:

- 1) Small Size Risk
- 2) Key Personnel Dependency Risk
- 3) Limited Product Line Risk
- 4) Geographical/Concentration Risk
- 5) Forecast Risk

The uncertainty in the cash flows for future periods has been built into discount rate.

Sensitivity to change in key assumptions

The most sensitive assumptions in the calculation of value-in-use are revenue term deposits growth, loan receivable growth, weighted average loan interest rate growth and weighted average term deposit interest rate growth. The following summarises the amount by which the key assumptions would need to change, with all other assumptions remaining constant, for the recoverable amount to equal the carrying amount:

	Headroom/(Impairment)
	\$ '000
Base assumption	35,620
Loan Receivable Growth	18.4%
Term Deposit Growth	-17.2%
Term Deposit interest rate Growth	3.5%
Loan interest rate Growth	-3.4%
Terminal growth beyond year 5	No material sensitivity
Pre-tax discount rate	No material sensitivity

The following summarises the impairment or headroom that would have resulted had the noted changes to the "base" assumptions been made, with all other assumptions remaining constant:

	Headroom/(Impairment)
	\$ '000
Base assumption	35,620
Loan Receivable Growth + 10% above base	16,594
Loan Receivable Growth - 10% below base	53,728
Term Deposit Growth + 10% above base	57,704
Term Deposit Growth - 10% below base	14,582
Term Deposit interest rate Growth + 1% above base	25,332
Term Deposit interest rate Growth - 1% below base	45,908
Loan interest Growth + 1% above base	46,220
Loan interest Growth - 1% below base	25,020

*CGU - Cash Generating Unit

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 14: INTANGIBLE ASSETS (CONTINUED)

Research and advisory CGU*

Pre-tax free cash flows to the firm (FCFF)** has been forecasted based on expected revenue and expenditure growth in the research and advisory business.

Key assumptions used in value-in-use calculations

The key "base" assumptions used in the calculation of value-in-use for Research and Advisory CGU* are:

- 1) Net Revenue Expectations through the forecast period
- 2) Expenditure Expectations through the forecast period
- 3) Pre-tax Discount rates
- 4) Terminal Growth rates used to extrapolate cash flows beyond the forecast period

The table below sets out the key assumptions for Research and Advisory CGU*:

31 March 2023 Assumptions	Net Revenue	Expenditure	Working Capital Movements	Pre-tax FCFF***
Actual 31 March 2023 year	123,960	(67,019)	(11,117)	45,824
Forecast 2024	151,590	(85,909)	(1,815)	63,866
Forecast 2025	159,168	(92,705)	(429)	66,034
Forecast 2026	164,340	(95,718)	(451)	68,171
Forecast 2027	255,979	(118,192)	(473)	137,314
Forecast 2028	262,378	(121,146)	(407)	140,825
Terminal growth beyond year five	2.1%			
Pre-tax discount rate	21.5%			

31 March 2022 Assumptions	Net Revenue	Expenditure	Working Capital Movements	Pre-tax FCFF***
Actual 31 March 2022 year ¹	356,395	(176,094)	39,362	219,663
Forecast 2023	285,300	(165,838)	-	119,462
Forecast 2024	404,100	(161,250)	-	242,850
Forecast 2025	406,238	(158,612)	-	247,626
Forecast 2026	412,331	(155,992)	-	256,339
Forecast 2027	418,516	(157,461)	-	261,055
Terminal growth beyond year five	1.5%			
Pre-tax discount rate	17.4%			

¹\$120,000 of the pre-tax FCFF*** in the 31 March 2022 year as displayed above relates to amounts received in shares for advisory fees (March 2023: \$Nil), net of amounts paid in shares for commission expense. These have been included in pre-tax FCFF*** on the basis that the research and advisory CGU* is not in the business of holding shares despite the Group's election to do so and hence the shares could have been sold at fair value on the date they were received. Should this amount not be included as a cash flow, then pre-tax FCFF*** would instead be \$99,663 for the 31 March 2022 year (March 2023: \$Nil).

*CGU - Cash Generating Unit

**FCFE - Free Cash flows to Equity Holders

***FCFF - Free Cash flows to the Firm

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 14: INTANGIBLE ASSETS (CONTINUED)

Net Revenue

Net Revenue is calculated as a gross revenue less forecast 15% direct commission.

Forecast Revenue consists of :

- 1) Debt structuring/Brokerage Revenue: the Group is anticipating that Capital Markets will need more professional advice on the structure, this is backed up by an increasing demand for the service. Group is expecting to perform 4 projects per annum in the forecast period based on the number of projects performed for the year ended 31 March 2023.
- 2) Capital Raising/Listing Revenue: No Capital Raising revenue is forecast for the 3 years ended 31 March 2026 due to the unpredictable state of the economy & anticipated Group commitments. Capital Raising projects are forecast to start in the year ended 31 March 2027 and 31 March 2028 as economy is assumed to start picking up. Capital Raising projects are assumed to run on a 2 year basis and probability of securing projects is assumed at 70% per year. Value of the projects is set at historic average.
- 3) Other Income/Commissions Revenue - incidental ad hoc income based on historic trends.

It is assumed that all projects will be in the form of cash.

Expenditure

The Group is expecting expenditure to stay in line with historic trends, normalised for unusual/one off events. Most of these form part of the Group recharges based on resources allocated. Salaries and Wages are driven by the project revenue and labour allocations required, these will increase for the year ended 31 March 2027 and 31 March 2028, based on the normalised historic levels when Capital Raising/Listing Revenue has been derived. Inflationary factor has been allocated to expenditures at 7.2% for the Forecast 2024; 5% for the Forecast 2025; 3.25% for Forecast 2026; 2.75% for the Forecast 2027 and 2.5% for the Forecast 2028.

Pre-tax discount rate

The discount rates represent the current market assessment of the risks specific to the Research and Advisory CGU*. The discount rate calculation is based on the industry segment the CGU* is engaged in, and is derived from its weighted average cost of capital. The weighted average cost of capital takes into account both the cost of debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors using the capital asset pricing model allowing for unsystemic risk adjustments. The cost of debt is derived from weighted average interest rate paid by the finance segment to deposit holders as at 31 March 2023. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated based on publicly available market data at the time of testing. Adjustments to the discount rate are made in order to reflect a pre-tax discount rate.

The specific risk premium includes adjustments to the basic Capital Asset Pricing Model inputs to arrive at a risk adjusted cost of equity. These adjustments include current market factors (other than systemic risks) and asset specific risks. In arriving at specific risk premium management have considered factors such as:

- 1) Small Size Risk
- 2) Key Personnel Dependency Risk
- 3) Limited product line Risk
- 4) Geographical/Concentration Risk
- 5) Forecast Risk

The uncertainty in the cash flows for future periods has been built into discount rate.

Terminal growth beyond year five

Cash flows beyond the five year period are extrapolated using the estimated long term growth rate of 2.1% which is Westpac forecast rate. This is also consistent with the mid point of the Reserve Bank of New Zealand medium term Consumer Price Index Policy Target range (1% to 3%), with a focus on keeping future average inflation near the 2% target midpoint. The growth rate does not exceed the long term average for the products, industries or country in which the CGUs* operate.

*CGU - Cash Generating Unit

GENERAL CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 14: INTANGIBLE ASSETS (CONTINUED)

Sensitivity to changes in key assumptions

The most sensitive assumptions in the calculation of value-in-use for the Research and Advisory CGU* is Revenue Growth; Expenses Growth; Discount rate and long term growth rate. The sensitivity test of the amount by which the key assumptions would need to change, with all other assumptions remaining constant, for the recoverable amount to equal the carrying amount is not relevant, given that the base assumption is break even position. The following summarises the impairment or headroom that would have resulted had the noted changes to the "base" assumptions been made, with all other assumptions remaining constant:

	Headroom/(Impairment)
Base assumption	-
Net Revenue Growth + 10% above base	106,679
Net Revenue Growth - 10% below base	(106,679)
Expenditure Growth + 10% above base	(49,969)
Expenditure Growth - 10% below base	56,735
Pre-tax Discount rate Growth + 1% above base	(28,740)
Pre-tax Discount rate Growth - 1% below base	32,089
Terminal Growth rate Growth + 1% above base	16,325
Terminal Growth rate Growth - 1% below base	(14,728)

Bartercard trade dollars

Bartercard trade dollars comprise the balance of Bartercard Trade Dollars on hand at period end net of accumulated impairment losses. For the years ended 31 March 2023 and 31 March 2022 it was determined that the fair value less costs of disposal of the Bartercard trade dollars was equivalent to the carrying value of the assets. Fair value less costs of disposal was determined based on the fact that all market participants (being other Bartercard members) accept the terms and conditions of Bartercard which stipulate that a Bartercard Trade Dollar is equivalent to a New Zealand dollar at the date of exchange in respect of future purchases or goods and services. In addition, as there are no significant disposal costs associated with settling transactions in Bartercard trade dollars, management have determined that the fair value less costs of disposal are equal to the carrying value of Bartercard trade dollars.

NOTE 15: INVESTMENTS

	Note	2023 \$	2022 \$
Investment in Barter Investments Limited	18	-	-
Investment in Sports & Education Corporation Limited		-	-
Investment in Cannabis and Bioscience Corporation Limited	18	151,955	171,652
Investment in Greenfern Industries Limited	18	62,775	116,790
		<u>214,730</u>	<u>288,442</u>

Investment in Barter Investments Limited

As the consideration of \$30,000 for the beneficial ownership has been received during the reporting period ended 31 March 2022 a \$15,479 gain was recognised in other comprehensive income during the year ended 31 March 2022 (March 2023: Nil) to clear out the related Fair Value reserve and a corresponding loss on sale of investments of \$20,800 was recognised in other operating expenses (March 2023: Nil).

*CGU - Cash Generating Unit

GENERAL CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTE 15: INVESTMENTS (CONTINUED)

Investment in Sports & Education Corporation Limited

The 0.96% (316,782 shares) stake in Sports & Education Corporation Limited (SEC) is held by Investment Research Group Limited at 31 March 2023 (March 2022: 0.96% or 316,782 shares). The investment in the Unlisted Securities Exchange (USX) listed company which owns various brands in the international sports and education sectors is classified as a financial asset at fair value through other comprehensive income. The equity securities are quoted on the Unlisted Securities Exchange in New Zealand, however there has not been significant trading activity in the securities since it was listed in December 2018.

Fair value of SEC investment as at 31 March 2023 and 31 March 2022:

The shares of SEC were put into a trading halt on the USX on 1 August 2019 pending the release of its March 2019 Annual Report which still has not been released up to the date of signing these financial statements. This effectively had the effect of delisting the company. When compiling the 31 March 2023 financial statements, the Group determined that the uncertainty inherent in the future cash flows of the investment were so significant that it was unlikely that a market participant would pay a material amount for the equity stake held by the Group. The Group therefore determined that a risk adjustment of -100% per share (a significant unobservable input) be applied (March 2022: -100%). This resulted in a fair value of \$nil as at 31 March 2023 (March 2022: \$nil). The inter-relationship between the key unobservable input and fair value measurement is that an increase / (decrease) in the risk adjustment (an increase being a higher discount) would (decrease) / increase the fair value of the investment. No fair value movements recognised for the ended 31 March 2023 (March 2022: No fair value movements recognised).

Investment in Cannabis and Bioscience Corporation Limited

The Group holds the 17.3% (March 2022: 17.3%) equity stake in Cannabis and Bioscience Corporation Limited (CBC). CBC is an unlisted investment holdings company and is a related party by virtue of common directorship as described in note 18. The investment has been classified as a financial asset at fair value through other comprehensive income.

Fair value of CBC investment as at 31 March 2023 and 31 March 2022

The fair value of this equity security is based on the Group's share of the entity's net assets at reporting date as reported in the entity's financial statements, net of a discount for illiquidity of 20% (valuation technique). The majority of the entity's assets and liabilities are reported in their financial statements at either their fair value or their carrying value which approximates their fair value (the significant unobservable inputs). A loss of \$19,697 has been recognised in other comprehensive income during the year in relation to the fair value of the investment (2022: \$93,929).

Inter-relationship between the key unobservable inputs and fair value measurement:

- an increase / decrease in the illiquidity discount by 10% would decrease / increase the fair value of the investment by \$19,000 (2022: \$21,000).

Investment in Greenfern Industries Limited

729,936 shares (representing a 0.66% stake) (March 2022: 729,936 shares (representing a 0.86% stake)) in Greenfern Industries Limited (Greenfern).

The investment in the listed investment holdings company is classified as a financial asset at fair value through other comprehensive income. This equity is quoted in an active market for the year ended 31 March 2023 and was worth \$0.086 (March 2022: \$0.16) per share at the reporting date, therefore management has determined to adopt a value of \$0.086 per share as at 31 March 2023 as the fair value of the equity (March 2022: \$0.16). A loss of \$54,016 has been recognised in other comprehensive income during the year in relation to the fair value of the investments (March 2022: loss of \$65,694).

GENERAL CAPITAL LIMITED
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FOR THE YEAR ENDED 31 MARCH 2023

NOTE 16: TERM DEPOSITS

	2023	2022
	\$	\$
Gross term deposit liability	109,988,514	88,134,578
Less deferred commission expenditure	(102,482)	(87,359)
Net carrying value	<u>109,886,032</u>	<u>88,047,219</u>

Contractual repayment terms:

On call	104,087	22,504
Within 12 months	77,329,770	66,407,557
Greater than 12 months	32,452,175	21,617,158
	<u>109,886,032</u>	<u>88,047,219</u>

Repayment Terms:	On call up to 5 years
Interest Rate:	3.65% - 7.75% and 0.15% on call (March 2022: 2.95% - 6.25% and 0.15% on call)
Effective Interest Rate:	3.65% - 7.75% and 0.15% on call (March 2022: 2.95% - 6.25% and 0.15% on call)
Security:	First ranking security interest over the assets and undertakings of General Finance Limited in favour of the Trustee (subject only to any prior security interests permitted by the Trust Deed and preferential claims given priority by operation of law).

The Group has a total of 853 depositors as at 31 March 2023 (March 2022: 681). As at the reporting date, the largest deposit the Group has is \$1,224,361 (March 2022: \$2,084,512) which represents 1.11% (March 2022: 2.37%) of total deposits. As at the reporting date the largest aggregate of deposits under a single deposit holder totals \$3,000,000 (March 2022: \$6,185,342) which represents 2.73% (March 2022: 7.02%) of total deposits and have a weighted average maturity date of 16.02 months from reporting date (March 2022: 3.82 months from reporting date). One of the largest deposit holders as at 31 March 2023 and 31 March 2022 is a director of General Capital Limited (refer to note 18). As at 31 March 2022 \$2,020,591 of the Term deposits held by related parties have been approved for early withdrawal on 1 April 2022 in compliance with the Company's 'early repayment' terms of offer criteria included in the Company's Product Disclosure Statement (refer to note 18). As at 31 March 2023 there were none that were approved for early withdrawal, however early withdrawal has been approved in April 2023 (refer to note 23).

Further analysis of gross deposit funding is as follows:

Concentration of funding

	2023	2022
	\$	\$
Northland	4,166,690	2,807,079
Auckland	47,277,149	41,906,519
Waikato	10,186,523	7,313,812
Bay of Plenty	10,314,064	12,694,481
Wellington	14,234,721	10,276,775
Other North Island	6,285,283	4,231,432
South Island	14,536,014	7,490,119
Overseas *	2,988,070	1,414,361
Total gross term deposit liability	<u>109,988,514</u>	<u>88,134,578</u>

*The largest deposit holder resides overseas and is a director of the Company (refer to note 18).

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 16: TERM DEPOSITS (CONTINUED)

Contractual maturity of funding	2023		2022	
		\$		\$
Maturing in 0 - 6 months		45,295,457		33,836,498
Maturing in 6 - 12 months		32,176,340		32,636,505
Maturing in 12 - 24 months		21,984,844		17,339,988
Maturing after 24 months		10,531,873		4,321,587
Total gross term deposit liability		<u>109,988,514</u>		<u>88,134,578</u>

Profile of deposit holders	2023		2022	
		\$		\$
Deposits over \$200,000	140	68,792,518	96	56,009,077
Deposits \$100,000 - \$200,000	117	16,323,173	92	13,482,741
Deposits \$50,000 - \$100,000	214	15,983,117	151	10,932,583
Deposits \$20,000 - \$50,000	213	7,034,278	182	5,986,582
Deposits \$10,000 - \$20,000	98	1,401,109	87	1,277,268
Deposits under \$10,000	71	454,319	73	446,327
Total gross term deposit liability	<u>853</u>	<u>109,988,514</u>	<u>681</u>	<u>88,134,578</u>

NOTE 17: EQUITY

	Note	2023		2022	
		Number	\$	Number	\$
Ordinary shares	(a)	<u>363,574,975</u>	<u>21,561,120</u>	<u>212,657,496</u>	<u>13,025,575</u>

(a) Ordinary shares

	Ordinary shares	
	Number	\$
Balance at 1 April 2021	162,873,779	10,249,211
Ordinary shares issued on 27 September 2021 - Share Placement ¹	8,333,333	500,000
Ordinary shares issued on 8/12/21 - Share Placement ²	6,667,775	400,000
Ordinary shares issued on 23/02/22 - Share Placement ³	34,782,609	2,000,000
Transaction costs arising on shares issued	-	(123,636)
	<u>49,783,717</u>	<u>2,776,364</u>
Balance at 31 March 2022	<u>212,657,496</u>	<u>13,025,575</u>
Ordinary shares issued on 17 February 2023 - Share Placement ⁴	150,917,479	8,677,755
Transaction costs arising on shares issued	-	(142,210)
	<u>150,917,479</u>	<u>8,535,545</u>
Balance at 31 March 2023	<u>363,574,975</u>	<u>21,561,120</u>

All ordinary shares rank equally and entitle the holder to participate in dividends and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. One vote is attached to each fully-paid ordinary share. Shares have no par value.

¹On 27 September 2021, the Company issued 8,333,333 shares at 6.0 cents per share under a placement to Borneo Capital Limited.

²On 8 December 2021, the Company issued 6,667,775 shares at 6.0 cents per share under a placement to a wholesale investor.

³On 23 February 2022, the Company issued 34,782,609 shares at 5.75 cents per share under a placement to a wholesale investor.

⁴On 17 February 2023, the Company issued 63,960,957 shares at 5.75 cents per share under a placement to Borneo Capital Limited and 86,956,522 shares at 5.75 cents per share to API No1 Limited Partnership.

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 17: EQUITY (CONTINUED)

(b) Warrants

	GENWA Warrants		GENWB Warrants	
	Number	\$	Number	\$
Balance at 1 April 2021	-	-	320,734,884	6,903
Warrants issued on 11 December 2018 lapsed on expiry date of 30 November 2021	-	-	(307,684,884)	-
Expiry of GENWB warrants to directors and senior managers - issued on 25 June 2019 (note 19)	-	-	(12,650,000)	(4,672)
Expiry of GENWB warrants to directors and senior managers - issued on 17 January 2020 (note 19)	-	-	(400,000)	(2,231)
Issue of GENWB warrants to staff, directors and consultants - 30 June 2021 (note 19)	-	-	2,250,000	492
Warrants issued on 30 June 2021 lapsed on expiry date of 30 November 2021 (note 19)	-	-	(2,250,000)	(492)
Issue of Senior Management warrants - 27 September 2021 (note 19)	-	-	8,500,000	33,817
Issue of Senior Management warrants - 27 September 2021 (note 19)	-	-	8,500,000	35,215
Warrants issued on 27 September 2021 lapsed on non satisfaction of the terms of the warrant (note 19)	-	-	(4,250,000)	(16,908)
Warrants issued on 27 September 2021 lapsed on non satisfaction of the terms of the warrant (note 19)	-	-	(4,250,000)	(17,608)
Balance at 31 March 2022	-	-	8,500,000	34,516
	-	-	-	-
Balance at 31 March 2023	-	-	8,500,000	34,516

¹Refer to Note 17(a) for further details on warrants exercised.

(c) Reserves

	Notes	Financial Assets	Share-based	Total
		at FVOCI*	payments	Reserves
		\$	\$	\$
Balance at 1 April 2021		(136,170)	6,903	(129,267)
Share-based payment expense	19	-	34,516	34,516
Expired Warrants converted to Retained Earnings	19	-	(6,903)	(6,903)
Revaluation of financial assets at FVOCI*	15	(144,144)	-	(144,144)
Balance at 31 March 2022		(280,314)	34,516	(245,798)
Revaluation of financial assets at FVOCI*	15	(73,713)	-	(73,713)
Balance at 31 March 2023		(354,026)	34,516	(319,510)

*FVOCI - Fair Value through Other Comprehensive Income

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 18: RELATED PARTY BALANCES AND TRANSACTIONS

Major shareholders, directors, directors of subsidiaries and closely related persons or entities to them are considered related parties of the Group. The Group had dealings with the following related parties during the reporting periods:

Related party	Relationship
Graeme Iain Brown	Director up to 24 March 2022
Donald Frederick Hattaway	Director of Subsidiary (General Finance Limited)
Gregory John Pearce	Director of Subsidiary (General Finance Limited)
Robert Garry Hart	Director of Subsidiary (General Finance Limited)
Anton Steven Ian Douglas	Director of Subsidiary (General Finance Limited)
Rewi Hamid Bugo	Director
Gregory Stephen James	Director
Brent Douglas King	Managing Director
Huei Min Lim	Director
Simon John McCarley	Director
Paul William Zingel	Director
Megan Dominique Glen	Director
Michel Developments Limited	A Director is an ultimate beneficiary (shareholder is Bedford Trust)
Belian Holdings Limited	Common Director - up to 24 March 2022
Bedford Trust	A Director is an ultimate beneficiary
Casrom Trustee Company Limited	Common Director
Romana Benevolent Trust	Common Director of a trustee company
Barter Investments Limited	Common Director
Borneo Capital Limited	Common Director
Findex NZ Limited	Director is a Senior Partner
Greenfern Industries Limited	Common Director
Cannabis & Bioscience Corporation Limited	Common Director
Prospect Road Investments Limited	Common Director
Beaconsfield Nominees Limited	Common Director
Ellice Tanner Hart Limited	Common Director
Equity Investment Advisers Limited	Common Director
Moneyonline Limited	Common Director
Grey River Capital Advisors Limited	Common Director
Oruatua Trustee Limited	Common Director
Douglas Family Investment Trust	A Director is an ultimate beneficiary
Minatoku Consulting Limited	Common Director
API No 1 Limited Partnership	Director is a Principal of a Partner entity

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 18: RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Related party receivables:

	2023	2022
	\$	\$
Equity Investment Advisers Limited	725	-
	725	-

Related party payables:

	2023	2022
	\$	\$
Key Management Personnel (KMP) ¹	84,915	2,078
Equity Investment Advisers Limited	16,943	10,469
Minatoku Consulting Limited	1,315	-
Ellice Tanner Hart Limited	203	-
Moneyonline Limited	14,034	644
	117,410	13,191

The above amounts payable to related parties are unsecured, interest-free and repayable on demand.

Other related party balances:

	2023	2022
	\$	\$
Term deposits held by related parties ²	2,342,793	6,943,400

¹Key Management Personnel (KMP) includes the Company's directors, subsidiary company directors, and Chief Financial Officer.

²Includes term deposits held by Key Management Personnel, Directors, their families and their controlled entities. As at 31 March 2022 \$2,020,591 of the Term deposits held by related parties has been approved for early withdrawal on 1 April 2022 in compliance with the Company's 'early repayment' terms of offer criteria included in the Company's Product Disclosure Statement. During the year ended 31 March 2023 a further \$3,677,705 of the Term deposits held by related parties have been approved for early withdrawal on 15 February 2023 in compliance with the Company's 'early repayment' terms of offer criteria included in the Company's Product Disclosure Statement. Further \$645,066 of the Term deposits held by related parties has been approved for early withdrawal on 28 April 2023 in compliance with the Company's 'early repayment' terms of offer criteria included in the Company's Product Disclosure Statement

GENERAL CAPITAL LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

NOTE 18: RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Transactions with related parties		2023	2022
<i>Related Party</i>	<i>Type Transaction</i>	\$	\$
Key Management Personnel (KMP) ¹	Expense Short term Remuneration ^{2, 3, 4, 5}	986,963	722,992
	Expense Interest paid or capitalised on term deposits held by KMP or their family members	224,778	208,745
	Expense Recharge of expenses	97,382	38,163
Other Current Assets	Recharge of expenses	14,561	-
	Fixed Assets Recharge for the purchase of fixed assets	1,484	15,717
Ellice Tanner Hart Limited	Expense Legal Fees	892	154
	Loan Receivables Legal Fees	13,910	
Equity Investment Advisers Limited	Expense Recharge of salary costs	31,937	4,539
	Expense Brokerage paid	132,092	104,437
	Expense Recharge of expenses	-	1,146
	Contra expense Recharge of salary costs	8,710	11,740
Moneyonline Limited	Expense Recharge of expenses ²	52,323	35,576
	Fixed Assets Purchase of fixed assets	12,000	
	Revenue Lease Income	21,600	32,400
Findex NZ Limited	Expense Short term Remuneration ⁵	16,000	-
Greenfern Industries Limited	Revenue Advisory & Capital Raising fees ⁷	-	375,900
Barter Investments Limited	Other Revenue Proceeds for the sale of shares ⁶	-	30,000
Michel Developments Limited	Expense Short term Remuneration ⁵	2,383	1,833
Minatoku Consulting Limited	Expense Short term Remuneration ⁵	3,982	-
Grey River Capital Advisors	Expense Short term Remuneration ⁵	4,063	-
Bedford Trust	Equity Commission on share purchase ⁸	-	50,000

¹Key Management Personnel (KMP) includes the Company's directors, subsidiary company directors, and Chief Financial Officer.

²\$48,300 (March 2022: \$34,000) of the Managing Director's short term remuneration is paid to Moneyonline Limited on behalf of the Managing Director and accordingly is included in two related party categories above.

³For the period ended 31 March 2022 \$12,000 (March 2023: Nil) of the Managing Director's short term remuneration was settled by the transfer of 48,000 Greenfern Industries Limited shares (March 2023: Nil), also refer to note 15.

⁴For the period ended 31 March 2022 (March 2023: Nil) \$27,500 of the Director's short term remuneration was settled by the transfer of 102,800 Greenfern Industries Limited shares (March 2023: Nil), also refer to note 15.

⁵Director's short term remuneration is paid to the related entity on behalf of the Director and accordingly is included in two related party categories above.

⁶Investment Research Group Limited received consideration of \$30,000 from Barter Investments Limited in Bartercard Dollars for the shares held (refer note 15).

⁷\$120,000 was paid in shares by Greenfern Industries Limited towards advisory fees during the year ended 31 March 2022 (refer note 15).

⁸During the year ended 31 March 2022, the Group paid \$50,000 commission to Bedford Trust for the share purchase transaction dated 23 February 2022. Refer note 17.

Other related party transactions:

During the year ended 31 March 2023, Investment Research Group Limited ("IRG") charged a customer loan structuring, origination fees totalling \$101,522 (GST exclusive) in relation to a loan facility that was provided by the General Finance Limited ("GFL"). The borrower instructed GFL to pay part of the principal to IRG. The borrower is not a related party of GFL or IRG (March 2022: \$17,500).

On 27 September 2021, the Company issued 8,333,333 shares at 6.0 cents per share under a placement to Borneo Capital Limited. Refer note 17.

On 23 February 2022, the Company issued 34,782,609 shares at 5.75 cents per share under a placement to Bedford Trust. Refer note 17.

On 17 February 2023, the Company issued 63,960,957 shares at 5.75 cents per share under a placement to Borneo Capital Limited and 86,956,522 shares at 5.75 cents per share to API No1 Limited Partnership.

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 19: SHARE BASED PAYMENTS

(a) Warrants issued to directors and senior managers

An issue of up to 20 million GENWB warrants to directors and senior managers, to be allocated at the Board's discretion, was approved by shareholders at a special meeting dated 29 November 2018.

The issue of warrants provides long-term incentives for directors and senior managers to deliver long-term shareholder value.

The warrants have the same terms as GENWB warrants that were issued to shareholders in December 2018. These were exercisable on or before 30 November 2021 at 9.00 cents per share for each warrant held.

During the year ended 31 March 2020, a total of GENWB 13,050,000 warrants were issued to Directors and Senior Managers, 12,650,000 on 25 June 2019 and a further 400,000 on 17 January 2020. No warrants were issued to Directors and Senior Managers in the year ended 31 March 2021

During the year ended 31 March 2022, a total of GENWB 2,250,000 warrants were issued to staff and consultants on 30 June 2021. These were exercisable on or before 30 November 2021 at 9.00 cents per share for each warrant held.

During the year ended 31 March 2022 17,000,000 Senior Management warrants were issued to eligible senior managers on 27 September 2021. An Issue was approved at the annual meeting held on 3 September 2021 and was intended to incentivise those eligible senior managers, at no cost to the Company and in a way that further aligns the interests of shareholders with the interests of senior management.

The Senior Management warrants comprised 8,500,000 2023 warrants which entitled the holder to subscribe for one ordinary share for each warrant exercised prior to 30 June 2023 at 8.0 cents per share; and 8,500,000 2024 warrants which entitled the holder to subscribe for one ordinary share for each warrant exercisable prior to 30 June 2024, at 9.0 cents per share.

The Senior Management warrants are not transferable and require the relevant senior manager to remain employed by or to be a contractor to the Company at the date of the exercise. The warrants are not quoted on NZX.

	Directors' and Senior Managers' Warrants¹	
	Number	\$
Balance at 1 April 2021	13,050,000	6,903
Warrants issued on 25 June 2019 lapsed on expiry date of 30 November 2021	(12,650,000)	(4,672)
Warrants issued on 17 January 2020 lapsed on expiry date of 30 November 2021	(400,000)	(2,231)
Issue of GENWB warrants to staff and consultants - 30 June 2021	2,250,000	492
Warrants issued on 30 June 2021 lapsed on expiry date of 30 November 2021	(2,250,000)	(492)
Issue of Senior Management warrants - 27 September 2021	8,500,000	33,817
Issue of Senior Management warrants - 27 September 2021	8,500,000	35,215
Warrants issued on 27 September 2021 lapsed on non satisfaction of the terms of the warrant	(4,250,000)	(16,908)
Warrants issued on 27 September 2021 lapsed on non satisfaction of the terms of the warrant	(4,250,000)	(17,608)
	(4,550,000)	27,613
Balance at 31 March 2022	8,500,000	34,516
Balance at 31 March 2023	-	-
	8,500,000	34,516

Fair value of warrants issued to directors and senior managers

The fair value at grant date of warrants issued is determined using the Black Scholes Model that takes into account the exercise price, the term of the warrant, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the warrants.

GENERAL CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 19: SHARE BASED PAYMENTS (CONTINUED)

Inputs into model

	Warrants Issued		
	27-Sep-21	27-Sep-21	30-Jun-21
Warrants issued	8,500,000	8,500,000	2,250,000
Exercise price per warrant	9.00 cents	8.00 cents	9.00 cents
Share price at grant date	5.90 cents	5.90 cents	5.90 cents
Expected price volatility of the Company's shares ¹	35.34%	35.34%	35.34%
Risk free interest rate	1.18%	0.81%	0.81%
Fair value per warrant	0.637 cents	0.5305 cents	0.0219 cents
Probability Discount	35%	25%	0%
Total fair value of warrants issued ²	\$ 35,215	\$ 33,817	\$ 492

¹The expected price volatility is based on the historical volatility of the shares and adjusted for any expected changes to future volatility. Transactions in GENWB Warrants (which are also listed on the NZX) have also been considered when determining the expected price volatility of the Company's shares at grant date.

²The fair value of warrants on grant date is recorded as a share-based payments expense included within personnel expenses in the Statement of Comprehensive Income and in reserves (refer note 17(c)).

NOTE 20: RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2023	2022
		\$	\$
Net profit / (loss) after tax		2,258,243	1,340,663
Adjustment for non-cash and other items			
Movement in allowance for expected credit losses	11	573,970	66,266
Impairment of Goodwill	14	537,141	-
Deferred tax movement through profit or loss	8	(178,405)	(8,127)
Depreciation and amortisation	5	126,435	156,226
Interest on lease liability	13	5,008	13,827
Fair value of warrants issued to directors and senior managers	19	-	34,516
Income received in non-cash financial assets	15	-	(120,000)
Expenses paid in non-cash financial assets	18	-	37,700
Adjustment for movements in working capital			
(Increase) / decrease in loan receivables (net advances)		(28,665,673)	(25,995,057)
Increase / (Decrease) in term deposits (net receipts)		22,534,412	29,953,749
(Increase) / decrease in accrued interest on loans receivable		(369,482)	(79,380)
(Increase) / decrease in capitalised loan fees		(880,116)	(680,516)
(Increase) / decrease in capitalised interest		398,461	232,498
(Increase) / decrease in modification gain receivable		-	86,489
(Increase) / decrease in accounts receivable		(28,863)	(16,641)
(Increase) / decrease in related party receivable		(725)	110,868
(Increase) / decrease in prepayments and other current assets		(126,730)	(124,132)
(Increase) / decrease in prepaid commission		(15,123)	(21,043)
(Increase) / decrease in Bartercard trade dollars ³		31,532	32,419
Increase / (decrease) in income tax payable		491,424	467,881
Increase / (decrease) in deferred income		207,523	41,441
Increase / (decrease) in interest payable		(679,435)	251,331
Increase / (decrease) in related party payable		104,219	2,962
Increase / (decrease) in accounts and other payables		230,569	211,020
Net cash (outflow) / inflow from operating activities		(3,445,615)	5,994,960

³ March 2022: Movement was net of \$30,000 Bartercard trade dollars received in proceeds of an equity investments (note 15).

GENERAL CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

NOTE 21: RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Opening Balance 1 April \$	Financing Cash Flows \$	Non-cash/Non- Financing Changes ¹ \$	Opening Balance 31 March \$
For the year ended 31 March 2023				
Lease Liability	174,364	(179,372)	5,008	-
Total	<u>174,364</u>	<u>(179,372)</u>	<u>5,008</u>	<u>-</u>
For the year ended 31 March 2022				
Lease Liability	307,207	(146,670)	13,827	174,364
Total	<u>307,207</u>	<u>(146,670)</u>	<u>13,827</u>	<u>174,364</u>

¹Non-cash changes relate to the movement in unpaid interest in the term deposit balance. Interest on Lease Liability was recognised in operating activities \$5,008 (2022: \$13,827).

NOTE 22: COMMITMENTS AND CONTINGENT LIABILITIES

The Group has no material commitments (other than loan receivables commitments in the ordinary course of business as described in note 11) or contingent liabilities at reporting date (2022: none).

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

- \$645,066 of the Term deposits held by related parties has been approved for early withdrawal on 28 April 2023 in compliance with General Finance Limited 'early repayment' terms of offer criteria included in the General Finance Limited Product Disclosure Statement.

There has been no other matter or circumstance, which has arisen since reporting date that has significantly affected or may significantly affect:

- the operations, in financial years subsequent to reporting date, of the Group, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to reporting date, of the Group.

GENERAL CAPITAL LIMITED
SHAREHOLDER AND STATUTORY INFORMATION

General Capital Limited (the Company) is a listed company on the NZX Main Board. Prior to 1 July 2019 the Company was listed on the New Zealand Alternative Market (NZAX).

The Company had one class of quoted financial products on issue during the year ended 31 March 2023.

Ordinary shares

All ordinary shares rank equally with one vote attached to each ordinary share. Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held.

LARGEST HOLDERS OF QUOTED FINANCIAL PRODUCTS (as at 9 June 2023)

Ordinary Shares

Rank	Registered Holder	Ordinary Shares Held	%
1	Borneo Capital Limited ¹	127,010,424	34.93%
2	API No 1 Limited Partnership	86,956,522	23.92%
3	Lynn Landmark Michel & Mat Floyd Trustee Co (No 1) Limited	34,782,609	9.57%
4	Brent Douglas King	22,115,317	6.08%
5	Snowdon Peak Investments Limited	14,882,720	4.09%
6	Owen Arvind Daji	7,030,463	1.93%
7	Olivia Ling	6,667,775	1.83%
8	Grant Keith Baker & Donna Jean Baker & Lewis Thomas Grant	6,511,945	1.79%
9	John Tomson	6,289,722	1.73%
10	Stephen John Sinclair & Jacqueline Margaret Sinclair & Roger Frederick Wallis	6,096,629	1.68%
11	Syed Hizam Alsagoff	4,000,000	1.10%
12	National Nominees Limited	3,386,383	0.93%
13	Zhenhua Qian	3,030,303	0.83%
14	New Zealand Depository Nominee Limited ¹	2,717,305	0.75%
15	Garth William Ward	1,839,122	0.51%
16	Lik Sean Chang	1,494,305	0.41%
17	Sii Yih Ting	1,480,000	0.41%
18	CFS NBDT Interest Limited	1,387,280	0.38%
19	Saje Limited	1,333,333	0.37%
20	Koon Weng Lee	1,291,325	0.36%
		340,303,482	93.60%

¹Borneo Capital Limited's share holding has been adjusted for 88,510 shares purchased through Sharesies. These shares are held by New Zealand Depository Nominee Limited on behalf of Sharesies Nominee Limited, therefore these were adjusted for Borneo Capital Limited shares.

GENERAL CAPITAL LIMITED
SHAREHOLDER AND STATUTORY INFORMATION

SPREAD OF FINANCIAL PRODUCT HOLDERS (as at 9 June 2023)

Ordinary Shares

Size of Holding	Number of Shareholders	%	Number of Ordinary Shares	%
1 - 1,999	488	66.6%	29,966	0.0%
2,000 - 4,999	26	3.5%	73,452	0.0%
5,000 - 9,999	60	8.2%	445,807	0.1%
10,000 - 49,999	63	8.6%	1,471,740	0.4%
50,000 - 99,999	21	2.8%	1,495,688	0.4%
100,000 - 999,999	51	7.0%	15,368,296	4.2%
1,000,000 - 9,999,999	19	2.6%	58,942,434	16.3%
10,000,000 and over	5	0.7%	285,747,592	78.6%
	733	100%	363,574,975	100%

Geographic Spread

New Zealand	626	85.4%	354,042,469	97.4%
Malaysia	66	9.0%	8,144,593	2.2%
Rest of World	41	5.6%	1,387,913	0.4%
	733	100%	363,574,975	100%

SUBSTANTIAL PRODUCT HOLDERS (as at 31 March 2023)

The following information is provided pursuant to section 293 of the Financial Markets Conduct Act 2013.

As at 31 March 2023 the Company had the following shareholders that are registered by the company as Substantial Product Holders in the Company, having disclosed a relevant interest in quoted voting products under the Financial Markets Conduct Act 2013.

	Ordinary Shares	% of voting (ordinary) shares at balance date
Borneo Capital Limited	127,010,424	34.93%
API No 1 Limited Partnership	86,956,522	23.92%
Brent Douglas King ¹	36,998,037	10.18%
Lynn Landmark Michel & Mat Floyd Trustee Co (No 1) Limited	34,782,609	9.57%
	285,747,592	
Total Ordinary Shares on issue as at 31 March 2023	363,574,975	

¹Includes holding by Brent Douglas King personally and as a sole director and shareholder of Snowdon Peak Investments Limited.

GENERAL CAPITAL LIMITED
SHAREHOLDER AND STATUTORY INFORMATION

DIRECTORS' REMUNERATION AND OTHER BENEFITS FOR THE PERIOD ENDED 31 MARCH 2023

	Directors Fees ²	Other Remuneration
	\$	\$
Rewi Hamid Bugo ¹	49,450	15,000
Brent Douglas King ³	31,800	363,874
Huei Min Lim (ceased 31 May 2023)	30,300	-
Gregory Stephen James	16,000	-
Paul William Zingel	30,300	-
Megan Dominique Glen (appointed effective from 17 February 2023)	3,982	-
Simon John McArley	40,275	-
Donald Frederick Hattaway (director of subsidiary)	48,550	-
Robert Garry Hart (director of subsidiary)	31,800	-
Anton Steven Ian Douglas (director of subsidiary, appointed effective from 17 February 2023)	4,063	-
Gregory John Pearce (director of subsidiary)	35,000	82,276
	321,520	461,150

¹Other remuneration paid to Rewi Hamid Bugo comprises allowance for travel that was accrued as at 31 March 2023.

²The above fees are recorded exclusive of GST, if any.

³Other remuneration paid to Brent Douglas King comprises salaries and other benefits paid to Brent Douglas King in his capacity as Managing Director of General Capital Limited and its subsidiaries. Brent Douglas King's other remuneration is broken down below.

	\$
Base salary	245,835
Car allowance	16,500
Bonus	12,000
Kiwisaver Employer Contributions	14,056
Cashed up annual leave	19,446
Commission ⁴	10,152
FY23 Share Profit Entitlement Accrual ⁵	45,885
Management Warrants ⁶	-
	363,874

Other entitlements of the Managing Director:

⁴For the year ended 31 March 2023 Brent Douglas King was entitled to a commission payment of 10% of all fee income earned by the Group. For the avoidance of doubt, this excludes any fees earned by General Finance Limited in relation to its lending business.

⁵Brent King is also entitled to a profit share of 8% of any amount by which the Group's net profit after tax exceeds the benchmark for that year. That benchmark is the total equity of the Group at the commencement of the year, multiplied by the average Official Cash Rate for the year (set by the Reserve Bank of New Zealand) plus 10% per annum. These amounts are to be paid quarterly based on estimates calculated by the Group Chief Financial Officer. Share Profit entitlement was accrued as at 31 March 2023 as per the above.

⁶On 27 September 2021, Brent Douglas King in his capacity as a senior manager of General Capital Limited was issued 4,250,000 warrants that entitle the holder of each warrant to subscribe for cash for one ordinary share in the Company at an exercise price of 8.0 cents per share at any time prior to 30 June 2023.

Also, on 27 September 2021, Brent Douglas King in his capacity as a senior manager of General Capital Limited was issued 4,250,000 warrants that entitle the holder of each warrant to subscribe for cash for one ordinary share in the Company at an exercise price of 9.0 cents per share at any time prior to 30 June 2024.

GENERAL CAPITAL LIMITED
SHAREHOLDER AND STATUTORY INFORMATION

DIRECTORS INTEREST REGISTER

DIRECTORS DEALINGS IN QUOTED FINANCIAL PRODUCTS DURING THE YEAR ENDED 31 MARCH 2023

	Date of Transaction	Financial Product	Number of Financial Products Acquired / (disposed)	Consideration (received) / paid \$	Relevant Interest
Brent Douglas King ¹	2/06/22	Ordinary Shares	14,882,720	1,099,833	Note 1
Rewi Hamid Bugo ²	Note 4	Ordinary Shares	88,510	4,975	Note 2
Rewi Hamid Bugo ²	17/02/23	Ordinary Shares	63,960,957	3,677,755	Note 2
Gregory Stephen James	5/12/22	Ordinary Shares	80,902	5,000	
Gregory Stephen James	12/12/22	Ordinary Shares	18,370	1,200	
Gregory Stephen James	14/12/22	Ordinary Shares	37,500	2,500	
Anton Steven Ian Douglas ^{3a} (director of subsidiary)	17/02/23	Ordinary Shares	86,956,522	5,000,000	Note 3a
Megan Dominique Glen ^{3b}	17/02/23	Ordinary Shares	86,956,522	5,000,000	Note 3b
Gregory John Pearce (director of subsidiary)	11/08/22	Ordinary Shares	50,000	3,000	

Relevant Interests

¹Deemed relevant interest by virtue of Brent Douglas King owning more than 20% of the voting products of Snowden Peak Investments Limited (the registered holder).

²Deemed relevant interest by virtue of Rewi Hamid Bugo owning more than 20% of the voting products of Borneo Capital Limited (the registered holder).

^{3a}Deemed relevant interest by virtue of Anton Steven Ian Douglas being a beneficial owner of 14% interest in the total partnership interest on issue of API No 1 Limited Partnership (the registered holder).

^{3b}Deemed relevant interest by virtue of Megan Dominique Glen owning more than 20% of the voting products of Minatoku Consulting Limited holding 0.5% interest in the total partnership interest on issue of API No 1 Limited Partnership (the registered holder).

Other Notes

⁴Between 12 July 2022 and 29 July 2022, Borneo Capital Limited acquired, in aggregate, approximately 88,510 ordinary shares in General Capital Limited through a total of 28 on-market trades executed via Sharesies.

GENERAL CAPITAL LIMITED
SHAREHOLDER AND STATUTORY INFORMATION

DIRECTORS INTEREST REGISTER (CONTINUED)

DIRECTORS QUOTED FINANCIAL PRODUCT HOLDINGS AT 31 MARCH 2023

	Ordinary Shares Number	Management Warrants Number
Rewi Hamid Bugo ¹	127,010,424	-
Paul William Zingel ²	34,782,609	-
Simon John McArley ³	210,496	-
Brent Douglas King ^{8,9}	22,115,317	8,500,000
Brent Douglas King ⁴	14,882,720	-
Huei Min Lim	33,590	-
Gregory Stephen James	440,925	-
Megan Dominique Glen ^{5a}	86,956,522	-
Anton Steven Ian Douglas ^{5b} (director of subsidiary)	892,890	-
Donald Frederick Hattaway (director of subsidiary) ⁶	740,741	-
Robert Garry Hart (director of subsidiary) ⁷	50,000	-
Gregory John Pearce (director of subsidiary)	<u>288,116,234</u>	<u>8,500,000</u>

Relevant Interests

¹Deemed relevant interest by virtue of Rewi Hamid Bugo owning more than 20% of the voting products of Borneo Capital Limited (the registered holder).

²Deemed relevant interest by virtue of Paul William Zingel being an associate of the trustees of Bedford Trust (the registered holders).

³Deemed relevant interest by virtue of Simon John McArley being a trustee of the Prospect Road Family Trust, the beneficial owner of the shares issued by Prospect Road Investments Limited (the registered holder).

⁴Deemed relevant interest by virtue of Brent Douglas King owning more than 20% of the voting products of Snowden Peak Investments Limited (the registered holder).

^{5a}Deemed relevant interest by virtue of Megan Dominique Glen owning more than 20% of the voting products of Minatoku Consulting Limited holding 0.5% interest in the total partnership interest on issue of API No 1 Limited Partnership (the registered holder).

^{5b}Deemed relevant interest by virtue of Anton Steven Ian Douglas being a beneficial owner of 14% interest in the total partnership interest on issue of API No 1 Limited Partnership (the registered holder).

⁶Deemed relevant interest by virtue of Donald Frederick Hattaway being a director of Casrom Trustee Company Limited a trustee of Romana Benevolent Trust (the registered holders).

⁷Deemed relevant interest by virtue of Robert Garry Hart being an associate of the trustees of Wilkinson-Hart Family Trust (the registered holders).

Other Notes

⁸On 27 September 2021, Brent Douglas King in his capacity as a senior manager of General Capital Limited was issued 4,250,000 warrants that entitle the holder of each warrant to subscribe for cash for one ordinary share in the Company at an exercise price of 8.0 cents per share at any time prior to 30 June 2023.

⁹On 27 September 2021, Brent Douglas King in his capacity as a senior manager of General Capital Limited was issued 4,250,000 warrants that entitle the holder of each warrant to subscribe for cash for one ordinary share in the Company at an exercise price of 9.0 cents per share at any time prior to 30 June 2024.

GENERAL CAPITAL LIMITED
SHAREHOLDER AND STATUTORY INFORMATION

DIRECTORS INTEREST REGISTER (CONTINUED)

During the year ended 31 March 2023, pursuant to section 140 of the Companies Act 1993 the directors disclosed the following interests:

Brent Douglas King

A.I.S. Limited	CBC Greenfern Limited	Kohaus Limited
Askridge Holdings Limited	CBC Tetramed Limited	Moneyonline Limited
Barter Investments Limited	Equity Investment Advisers Limited	Red Hot Investments Limited
Cannabis & BioScience Corporation Limited	Greenfern Industries Limited	Sharechat.co.nz Limited
CBC Manuka Limited	King Capital & Investment Corporation Limited	Snowdon Peak Investments Limited

Paul William Zingel

Bedford Trust	Michel Developments Limited
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Rewi Hamid Bugo

Borneo Capital Limited

Huei Min Lim (retired 31 May 2023)

Asia New Zealand Foundation	Hartajaya Investments Limited	Restaurant Brands New Zealand Limited
Auckland Regional Amenities Funding Board	Kaya Investments Limited	SP Corporation Limited (from 14.06.22)

Megan Dominique Glen

API No1 Limited Partnership	Minatoku Consulting Limited
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Gregory Stephen James

Findex NZ Limited	The Matheson James Trust
The Benjamin James Trust	The Jagan Trust

Simon John McArley

Beaconsfield Nominees Limited	Greenfern Industries Limited	Prospect Road Investments Limited
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Donald Frederick Hattaway (director of subsidiary)

Casrom Trustee Company Limited	Romana Benevolent Trust
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Anton Steven Ian Douglas (director of subsidiary)

API No 1 Limited Partnership	Grey River Capital Advisors Limited	IHC Foundation
A&B Douglas Family Trust	Grey River Capital Investments Limited	Oruatua Trustee Limited
Douglas Family Investment Trust		

Robert Garry Hart (director of subsidiary)

Balloons Over Waikato Charitable Trust	Wilkinson-Hart LP	DDR Limited
Te Puke Cricket Trust	Wilkinson-Hart GP Limited	Richardsons Cricket Limited
New Zealand Osteopathic Children's Foundation Charitable Trust	Wilkinson-Hart Trustees Limited	Ellice Tanner Hart Limited
Wilkinson-Hart Family Trust	Project Mansell Limited	
Wilkinson-Hart#2 Family Trust	Project One (Norfolk Downs Limited)	

INDEMNITY AND INSURANCE

In accordance with section 162 of the Companies Act 1993, the Group has provided insurance for directors and employees of the Group for losses from actions undertaken in the course of their duties.

GENERAL CAPITAL LIMITED
SHAREHOLDER AND STATUTORY INFORMATION

EMPLOYEE REMUNERATION

During the year ended 31 March 2023, the number of employees or former employees of the Group not being directors of General Capital Limited or subsidiaries, who received remuneration and other benefits in their capacity as employees, the value of which exceeded \$100,000 for the year was as follows:

Remuneration Range	Number of Employees	
	2023	2022
\$100,000 - \$109,999	-	-
\$110,000 - \$119,999	-	-
\$120,000 - \$129,999	-	-
\$130,000 - \$139,999	2	1
\$140,000 - \$149,999	-	-
\$150,000 - \$159,000	-	-
\$160,000 - \$169,999	-	-
\$170,000 - \$179,999	-	-
\$180,000 - \$189,999	-	-
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	1	-

DONATIONS MADE

During the year ended 31 March 2023 the Group made total donations of \$11,415.

GENERAL CAPITAL LIMITED
CORPORATE DIRECTORY

REGISTERED OFFICE:

General Capital Limited
Level 8, General Capital House
115 Queen Street
Auckland 1010
New Zealand

PO Box 1314
Shortland Street
Auckland 1010
New Zealand

Email: info@gencap.co.nz
Web: www.gencap.co.nz
Phone: (09) 526 5000

AUDITOR:

Grant Thornton New Zealand Audit Limited
Level 4, Grant Thornton House
152 Fanshawe Street
Auckland CBD
Auckland 1010

SHARE REGISTER:

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622

BANKERS:

Bank of New Zealand
ANZ Bank New Zealand Limited
ASB Bank Limited
Westpac New Zealand Limited
Heartland Bank Limited



Management commentary
(no financial statements)