Annual Report

For the year ended 31 March 2023

Geneva Finance Limited

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Management commentary
(no financial statements)

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About The Company

Geneva Finance Ltd (Geneva) is a New Zealand-owned finance company that provides finance and financial services to the consumer credit markets. Geneva commenced business in October 2002. The company's loans are originated through three distribution channels (Direct, Broker and Dealer), processed by the central sales desk and administered through a national operations centre located at Mt Wellington, Auckland.

Geneva has two principal activities:

Firstly, the provision of finance to individuals, to assist them in purchasing a motor vehicle. Approximately 90% of lending is for this purpose with a further 10% being unsecured personal loans. The finance products offered comprise: hire purchase finance, and personal loans secured by registered security interests over personal assets such as motor vehicles, and mortgages of residential property. As at 31 March 2023, the New Zealand Receivables Ledger was $115.3 million (prior to provisions for deferred revenue and doubtful debts and includes receivables held by the Geneva Warehouse A Trust and Prime Asset Trust gross receivables) spread over 9,845 loans, with an average loan size of $11.7k. The Tongan operations receivable ledger was NZD $7.4 million (prior to provisions) spread over circa 1,498 loans with an average balance of NZD $4.9k This represents a wide spread of risk due to the large number and relatively small size of each loan. The combined net book value (including the invoice factoring business) as at 31 March 2023 after provisions for deferred revenue and doubtful debts was $105.7 million.

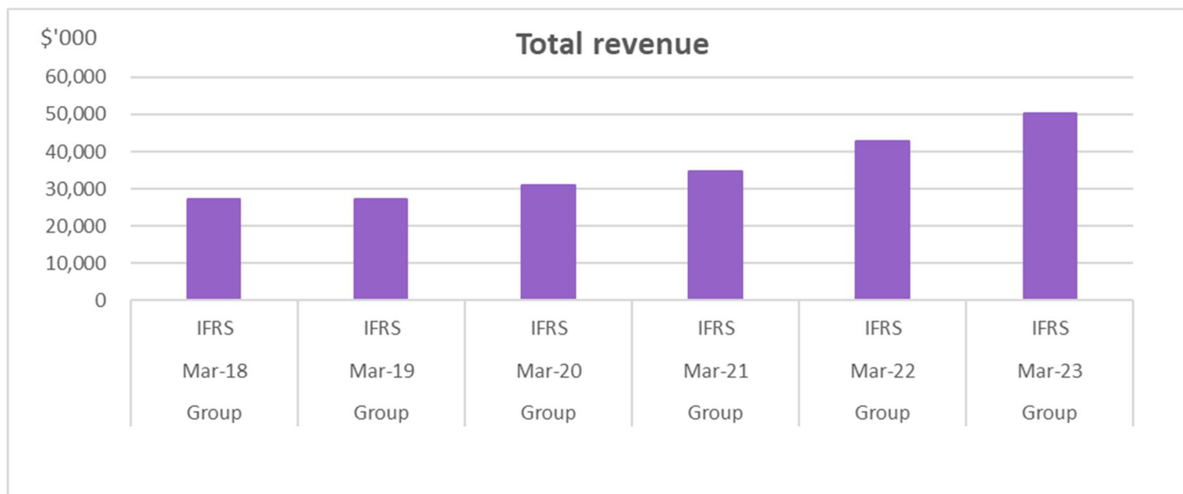
Secondly, Provision of motor vehicle insurance products to individuals, irrespective of whether we have provided the finance, the largest by volume of which are comprehensive motor vehicle insurance and mechanical breakdown insurance. During the year premiums written totaled $39.3m and as at 31 March 2023 there were circa 106,435 active policies. Our insurance operation (Quest Insurance Group Limited) holds an A&M Best Financial Strength Rating of B (Outlook stable) and an Issuer credit rating of bb+ (Outlook stable).

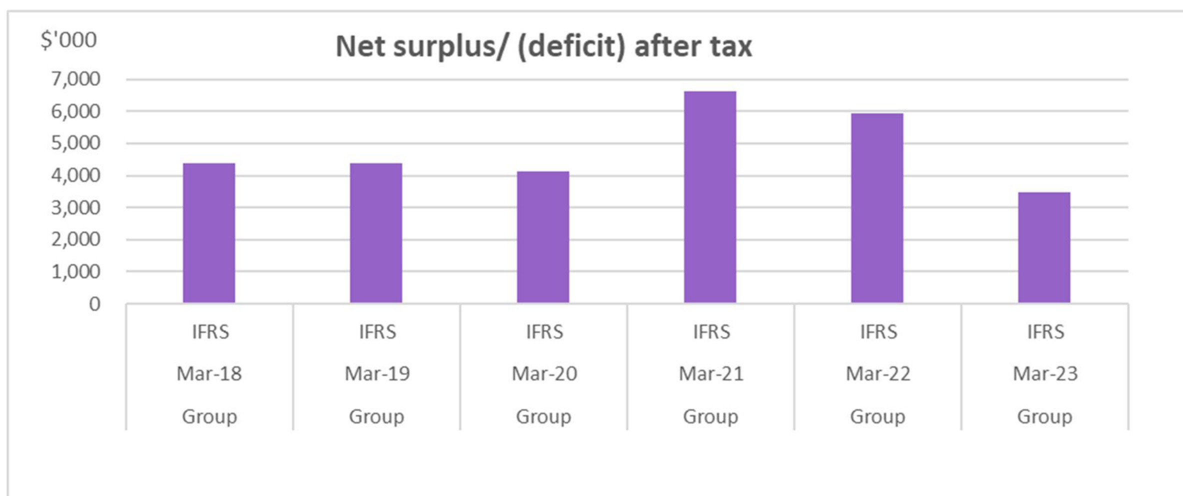
In addition to the above, the Group also provides invoice financing, debt collection and debt litigation services to New Zealand based commercial businesses. The invoice factoring ledger balance was $5.1m as at 31 March 2023.

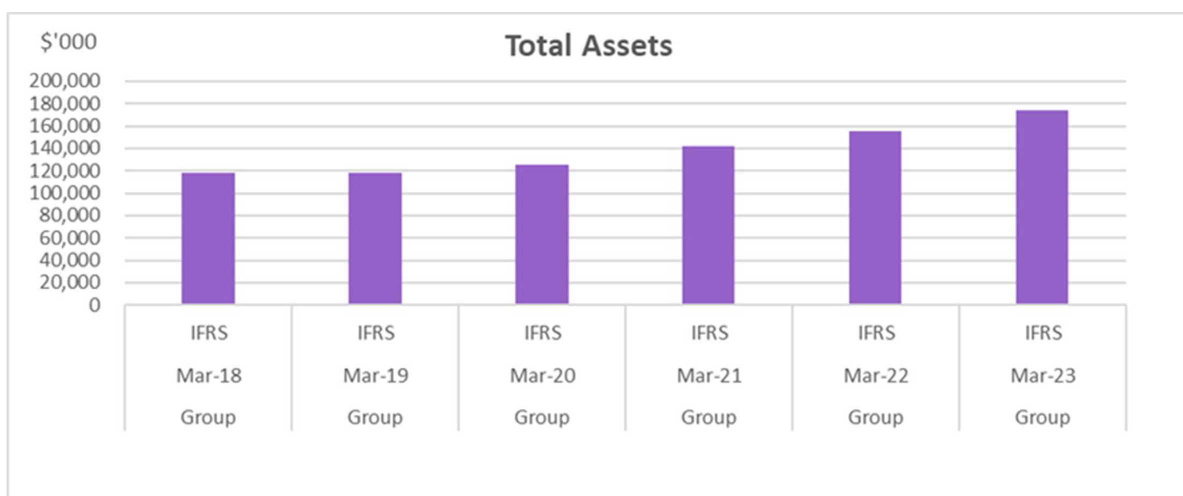
The Geneva group of companies employs approximately 62 staff, based at its Mt Wellington Head office.

Management commentary
(no financial statements)

Financial Graphs







Financial Summary

Annual Results

	Group	Group	Group	Group	Group	Group
	Mar-18	**Mar-19**	**Mar-20**	**Mar-21**	**Mar-22**	**Mar-23**
	IFRS	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Total Revenue	18,992	27,212	31,060	34,822	42,719	50,325
Net Surplus/(Deficit) Before Tax	4,524	5,434	4,102	6,766	8,238	4,754
Net Surplus/(Deficit) After Tax	6,123	4,394	4,115	6,620	5,946	3,476
Number Of Share On Issue *	70,435	72,935	72,935	72,935	72,935	72,935
Earnings/(Loss) Per Ordinary Share ($)	0.087	0.062	0.056	0.091	0.082	0.048
Total Assets	99,321	117,743	125,474	142,499	155,149	174,464
Net Assets	29,168	29,591	31,349	34,220	37,762	38,795
Total Equity And Shareholders' Subordinated Loans	29,168	29,591	31,349	34,220	37,762	38,795
Net Assets Per Ordinary Share (Dollars)	0.41	0.41	0.43	0.47	0.52	0.53
Net Assets Per Share (Dollars)	0.41	0.41	0.43	0.47	0.52	0.53
Return On Shareholders Equity	20.99%	14.85%	13.13%	19.35%	15.75%	8.96%

Management commentary
(no financial statements)

Chairman And Managing Director’s Report

Trading Performance

The Group audited pre-tax profit of $4.8m was down $3.5m (-42%) on last year. Lower lending in the first half of the year in conjunction with the increase in cost of funds were the primary contributors to the profit decline. This was further exacerbated by the claim costs associated with the Auckland floods (as announced in our February 23 market announcement). In addition, during the year the board increased investment in group governance structure(s) which while increasing costs in the current year will provide ongoing benefits to the Group going forward.

Geneva Financial Services (the lending business) pre-tax profit result of $2.8m was down on last year by 47%. The increase in the cost of funds driven by the regular increases in the OCR was the primary cause of the decline in profitability of this operation. While this was mitigated by passing on the rate increases, the impact of this action will largely be visible in the March 24 year. Lower lending volumes in the first half of the year were a driven by lower motor vehicle sales and regulatory changes; in particular the interpretation of “affordability” under the responsible lending code. In contrast, the second half of the year delivered good lending growth as a result of both a restructuring of this operation and increased clarity from the regulator around the interpretation of the code. As with the increase in the interest rates referred to above, the benefits of the increased lending growth will mainly be seen in the March 24 year. The asset quality of receivables remained strong through the current challenging economic conditions which is a pleasing result. The net receivables ledger balance at period end was $91.2m.

Quest Insurance Group Limited (Quest) reported profit of $4.4m, 6% down on prior period. Though Quest maintained strong premium growth over the period with gross premium of $39.3m, up 29%, higher claims cost, particularly from the Auckland floods and to a lessor degree claims from cyclone Gabrielle mitigated much of this benefit. Operating costs were up $0.2m, +28% on last year, mainly due to increased costs associated with regulatory compliance. Cash on hand at year end amounted to $31.7m, up $6.8m on last year.

Pacific Tonga (60% owned by the group) reported a pre-tax profit of NZD $1.5m, down 1.3% on prior period. The Group’s share amounted to $0.9m pre-tax profit ($0.6m after tax).

Stellar Collections (Stellar) has had a positive year with a consolidated profit of $0.1m, down $0.2m on previous year. The COVID impact on the debt litigation business was much more severe than first anticipated, however changes are being made to this operation to restore the business to pre COVID profitability.

Geneva Capital (invoice factoring), reported a loss of $9k, up $0.2m on the prior period loss. This business operation has been restructured and the result includes a goodwill impairment provision. The board will review the operations in the coming financial year.

Management commentary
(no financial statements)

Chairman And Managing Director's Report

After Tax Profit	The after-tax unaudited financial result for the period was a profit of $3.5m, down $2.5m (41.5%).
Total Group Assets	Total Group assets increased to $174m (12% increase). The company's equity to total assets ratio is 22.2% vs 24.3% in the prior year.
Revenues	Revenue totaled $50.3m, an increase of $7.6m (18%).
Operating Costs	Operating costs increased by 17% to $22.7m, up $3.2m. This increase is largely driven by increases in additional regulatory costs, an investment in governance structures and additional claim costs associated with the recent weather events.
Funding	The lending and invoice financing businesses' securitisation facility of $75m was drawn to $73.6m at balance date. The facility limit was increased to $80m after year end. Stellar's banking facility remained unchanged at $3.4m. The facility will be repaid in equal repayments commencing 31 July 2023 to 31 July 2025. Wholesale investor debt funding increased to $14.8m and includes loans from directors and shareholders.
Credit Rating	Quest Insurance Group Limited's credit ratings issued by AM Best were reaffirmed on 17th August 2022. • Financial Strength Rating of B outlook stable • Issuer credit rating of bb+ outlook stable.
Highlights / Key Events	Quest premium sales increased by 30%. Total Group assets increased to $174m, up 12.1%. Group equity increased to $39.0m, up 2.74%.

Management commentary
(no financial statements)

Chairman And Managing Director's Report

Dividends

An interim dividend of 1cps was paid on 31 October 2022. The final dividend for the March 2023 year end has not yet been confirmed at the date of the financial statements.

Events Subsequent To Balance Date

The Westpac securitisation facility was increased to $80m. The group entered into a new head office lease and are relocating to new premises located at 3 Te Kehu Way, Sylvia Park, Auckland on 3 July 2023.

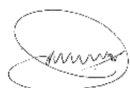
Strategic Direction

The strategic direction for the group remains to strengthen its core businesses of Finance and Insurance.

Summary And Outlook

The year's result was disappointing and as noted above was an outcome of both the increases in interest rates and the impact of the Auckland floods. The former has been addressed and the latter is "one of those things" that the insurance operation will absorb and grow through. The board are confident that it's continued investment in the business infrastructure together with improvements in systems and people have positioned the business to bounce back from a difficult result and move the business back into the sustainable profitable growth.

Yours sincerely,



Signed by: Robin King
Date & Time: 30 June, 2023 17:11:58 NZST

Robin King
Chairman

Signed by: David O'Connell
Date & Time: 30 June, 2023 17:13:24 NZST

David O'Connell
Managing Director

Management commentary
(no financial statements)

Board Profiles

Ronald Robin King (Robin)
(Independent Chairman)

Robin was the founder and director of the successful building services firm Robin King and Associates, which operated for more than 20 years and remained company accountant after selling out in 1997. He has extensive experience in investment and management, and has held directorships with a number of companies in both New Zealand and Australia. As a result of the capital reconstruction, Robin has a shareholding in Geneva. Robin is Non-executive Director of the Audit Risk Committee (BARC), and also serves on the Executive Remuneration Committee. Robin does not hold any other public company directorships. Robin has been on the Board since June 2008.

Alan Leighton Maiai Hutchison
(Non-executive)

Alan is the board representative of Federal Pacific Group who is a majority shareholder of Geneva Finance Limited. Alan currently holds directorships in New Zealand and a number of overseas companies including Ireland, Singapore, Australia, and Samoa. Alan holds a Bachelor of Commerce and a LLB from Auckland University and has been admitted as a barrister and solicitor to both the high court of New Zealand and Supreme Court of Samoa. Alan has been on the Board since November 2013.

Daran Nair
(Independent Non-executive)

Daran is a Chartered Accountant and holds a public practicing certificate from the Chartered Accountants Australia and New Zealand and operates a Chartered Accounting practice "Greenlane Chartered Accountants Limited". He has been in public practice in New Zealand for over twenty- five years and as a result has extensive knowledge and experience in business advisory, accounting, taxation, trust and insolvency. Over the years Daran has been assisting clients in numerous complex commercial matters. Daran also holds multiple other directorships. Daran is Non-executive Director & Chairman of the Audit Risk Committee (BARC), Daran has been on the Board since August 2020.

David Gerard O'Connell
(Managing Director)

David joined Geneva as the Chief Financial Officer in July 2006. He was appointed as Managing Director on 2 May 2008. He is a member of the NZ Institute of Chartered Accountants and has been an executive director of Geneva since June 2007. Over the last 20 years David has held senior management roles and directorships in major New Zealand companies and has been involved in a number of successful company turnaround situations. David holds a BCA from Victoria University, Wellington. David does not hold any other public company directorships.

Malcolm Cliff Johnston
(Non-executive)

Malcolm has an extensive background in lending and financial services. He is currently the General Manager – Pacific Region for the Federal Pacific Group and has held senior executive roles in the commercial banking and Insurance industry. Malcolm attended Auckland University and Auckland Grammar school and has held membership of the Chartered Accountants Australia and New Zealand (CAANZ) since 1990. Malcolm is Non-executive Director of the Audit Risk Committee (BARC), Malcolm has been on the Board since February 2020.

Management commentary
(no financial statements)

Corporate Governance

The Board Of Directors

The Board's primary responsibility is to formulate the strategic direction of the company, oversee the financial and operational controls of the business and manage appropriate risk management strategies and policies. The Board is also responsible for fostering the business culture, appointment and remuneration of senior executives, adoption of plans and policies, the approval of major transactions and review of the business risks.

Ethical Conduct

The Board is committed to behaving in an ethical manner at all times. This includes, but is not limited to: Disclosure of conflicts of interest, Disclosure of receipts of any gifts and/or entertainment, behaving fairly in all business dealings and employment contracts.

Selection And Role Of Chairman

The Chairman is selected by the Board from the non-executive directors. The Chairman's role is to manage the board effectively, provide leadership and facilitate the Board's interaction with the Managing Director.

Board Membership

The Board currently consists of the Non-executive Chairman Ronald Robin King, three Nonexecutive Directors Alan Hutchison, Daran Nair and Malcolm Johnston and one Executive Director David O'Connell.

Director Independence

Each of the directors has disclosed any conflicts of interest in respect of their obligations as a director of Geneva Finance Limited in the Geneva Finance Limited interest register. Should any conflict arise out of a particular transaction, the directors have undertaken that they will disclose such conflict of interest. Independent Directors consist of Robin King and Daran Nair.

Nomination And Appointment Of Directors

The Board is responsible for identifying and recommending candidates. Directors may also be nominated by shareholders under Listing Rule 2.3.1. A director may be appointed by an ordinary resolution or the Board. A person so appointed as a director shall retire from office at the next annual meeting of the company, but shall be eligible for re-election at that meeting. One third of directors shall retire from office at the annual meeting of the company each year, but shall be eligible for re-election at that meeting. The directors to retire shall be those who have been longest in office since they were last elected or deemed elected.

Diversity

As at 31 March 2023, the gender balance of Geneva Finance Limited directors and senior managers was as follows:

DIRECTORS	31 MARCH 2023	31 MARCH 2022
Female	0	0
Male	5	5
SENIOR MANAGERS		
Female	0	1
Male	5	4

Corporate Governance

Directors Meetings

In the normal course of events the directors meet to review the financial results at least once every 2 months. In addition, the Board will meet on an ad hoc basis where it is considered necessary to discuss matters that need attention prior to a scheduled meeting.

The table below sets out Directors' attendance at board and committee meetings during the year ended 31 March 2023: (Including Special Meetings or meetings that were conducted online)

DIRECTOR	BOARD MEETINGS	AUDIT RISK COMMITTEE MEETINGS	LENDING COMMITTEE MEETINGS
Ronald Robin King	5	6	5
David O'Connell	5	N/A	5
Alan Hutchison	5	N/A	5
Malcolm Johnston	5	7	5
Daran Nair	5	7	5

Indemnification And Insurance Of Directors And Officers

The company has a policy of providing directors and senior officers' liability insurance. These policies are provided by QBE.

Securities Trading

The company has implemented a Securities Trading Policy for directors and staff. The policy follows the recommendations contained in the guidelines issued by the Listed Companies Association.

Other Policies and Frameworks

The company has also implemented a number of frameworks, policies and charters as set out below:

- NEW GFL Risk Management Framework
- NEW Risk Appetite Statement
- NEW Operational Contract Management
- NEW Whistleblower Policy
- NEW Board Audit Risk Committee Charter
- NEW Risk Assessment Template

Management commentary
(no financial statements)

Disclosure	The company adheres to the NZX policy of Continuous Disclosure requirements which govern the release of all material information that may affect the value of the company's shares. The Board and senior management team have processes in place to ensure that all material information flows up to the Managing Director to be viewed by the Board and disclosed where appropriate.
Auditor's Independence	There is no relationship between the auditors and the company or any related person that could compromise the independence of the auditors. In addition to the audit, Baker Tilly Staples Rodway was paid fees for other services (comprises taxation compliance services) totaling $24k.

Management commentary
(no financial statements)

Audit Risk Committee (Renamed the "Board Audit Risk Committee" (BARC)):

The role of the audit risk committee is to assist the board in carrying out its responsibilities under the Companies Act 1993 and the Financial Markets Conduct Act 2013, regarding accounting practices, policies and controls relative to the company's financial position and make appropriate enquiry into the audits of the company's financial statements. This responsibility includes providing the Board with additional assurance about the quality and reliability of the financial information issued publicly by the company.

Purpose of BARC

(a) Risk: advise and provide assurance to the Board in respect of:

- the formulation of its risk appetite;
- material, emerging and strategic risks relevant to (GFL) and its subsidiaries having been appropriately identified, managed and reported to the Board; and

(b) Financial reporting and audit: advise and provide assurance to the Board in respect of:

- the integrity of financial control, financial management and external financial reporting;
- the internal audit function; and
- the independent audit process,

The committee also oversees the insurance financial reporting, internal and external audits, the appointment of the approved auditor and approved actuary and assist the board in providing an objective, non-executive review of the effectiveness of the insurer's financial reporting and risk management and control processes. This committee compromises of three non-executive directors at 31 March 2023 of which two are independent.

Remuneration Committee

The Remuneration Committee comprises the non-executive directors. This committee meets annually to determine and approve the remuneration of the Managing Director and selected key executives.

Lending And Credit Committee (Renamed "Board Asset Lending Committee" (BALC)):

Historically the Lending & Credit Committee has comprised the full board who review the findings of the Management Asset Quality Committee. The board have established a separate board lending subcommittee that comprises the non-executive directors This committee will meet at least twice a year.

The purpose of the Committee is to assist the Board of Directors in fulfilling its responsibilities by providing oversight of the credit risk management of Geneva Financial Services Limited (GFSL) including reviewing internal credit policies and recommending portfolio limits for Board approval and capital expenditure of GFL group and it's subsidiaries and to oversee the financial, capital investment policies, planning activities and shall also be responsible for any other matters delegated to it by the Board of GFL.

Management commentary
(no financial statements)

Managing Risk

The Board has overall responsibility for the company's system of risk management and internal controls and has procedures in place, i.e. Risk Management Framework to provide effective control of the management and reporting structure.

The financial statements are prepared with full supporting schedules providing analysis of all risk areas on a monthly basis. As set out above, the Board meets at least once every 2 months (excluding December and January) to formally review these reports and receive appropriate explanations from management.

All capital expenditure is controlled and monitored under the delegated authority and by the Board Asset Lending Committee.

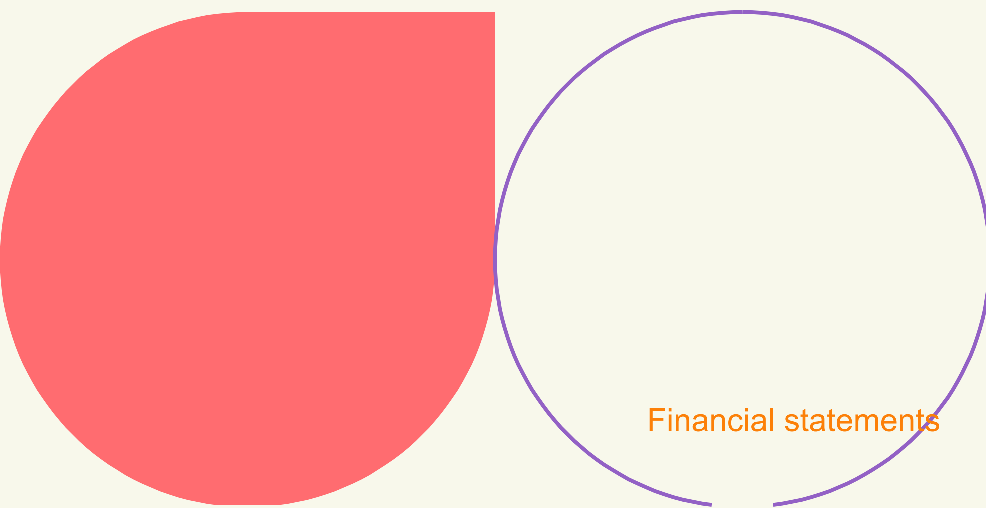
The Board maintains an overall view of the risk profile of the company and is responsible for the overall risk assessment processes.

Management commentary
(no financial statements)

Geneva Finance Limited And Its Subsidiaries

Financial Statements

For the year ended 31 March 2023



GENEVA FINANCE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

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bakertilly
STAPLES RODWAY

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Geneva Finance Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Geneva Finance Limited and its subsidiaries ('the Group') on pages 6 to 60, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Our report is made solely to the Shareholders of the Group. Our audit work has been undertaken so that we might state to the Shareholders of the Group those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders of the Group as a body, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We 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, our firm carries out other assignments for Geneva Finance Limited and its subsidiaries in the area of taxation compliance services. The provision of these other services has not impaired our independence.

bakertilly
STAPLES RODWAY

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 year. 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.

Key Audit Matter	How our audit addressed the key audit matter
Impairment Assessment of Finance Receivables As disclosed in Note 16 of the Group's consolidated financial statements, the Group has finance receivables of $105.7m. Finance receivables were significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the timing of the recognition of impairment in respect of finance receivables, and the amount of that impairment. Management has prepared impairment models to complete its assessment of impairment for the Group's finance receivables as at 31 March 2023. This assessment involved complex and subjective estimation and judgement by Management on credit risk and the future cash flows of the finance receivables.	Our audit procedures among other included: ▪ Understanding and evaluating the Group's internal controls relevant to the accounting estimates used to determine the recoverable value of the Group's finance receivables. ▪ Evaluating the design and operating effectiveness of the key controls over finance receivable origination, ongoing administration and expected credit losses impairment model data and calculations. ▪ Selecting a representative sample of finance receivables and agreeing these finance receivables to the signed loan agreement and client acceptance documents on origination. ▪ Challenging and evaluating Management's logic, key assumptions, and calculation of its expected credit losses models against the requirements specified in NZ IFRS 9 for recognising expected credit losses on financial assets. ▪ For individually assessed finance receivables, examining those finance receivables and forming our own judgements as to whether the expected credit losses provision recognised by Management is appropriate (including the consideration of the impact of unfavourable macro and micro economic conditions and adverse global events on the expected credit losses provision). ▪ For the 12 months expected credit losses provision, challenging and evaluating the logic of Management's expected credit losses models and the key assumptions used with our own experience (including the consideration of the impact of unfavourable macro and micro economic conditions and adverse global events on key assumptions). Also, testing key inputs used in the expected credit losses models and the mathematical accuracy of the calculations within the models. ▪ Evaluating the changes made to the expected credit losses impairment model to capture the effect of the changing economic environment at 31 March 2023 compared to the economic environment at the date when the historical data used to determine the expected credit losses was collected. ▪ Evaluating the selection of valuation methods, inputs and assumptions with a view to identifying Management bias. ▪ Evaluating the related disclosures (including the accounting policies and accounting estimates) about finance receivable assets, and the risks attached to them which are included in the Group's consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities As disclosed in Notes 25 and 26 of the Group's consolidated financial statements, the Group has insurance contract liabilities of $37.6m (outstanding claims liabilities of $4.1m as disclosed in Note 25 and unearned premium liabilities of $33.5m disclosed in Note 26). The Group's insurance contract liabilities were significant to our audit due to the size of the liabilities and the subjectivity, complexity and uncertainty inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. Management has engaged an external actuarial expert to estimate the Groups insurance contract liabilities as at 31 March 2023.	Our audit procedures among others included: ▪ Understanding and evaluating the Group's internal controls relevant to the accounting estimates used to determine the valuation of the Group's insurance contract liabilities. ▪ Evaluating the design and operating effectiveness of the key controls over insurance contract origination, ongoing administration, claims management, and reporting and the integrity of the related data. ▪ Evaluating the competence, capabilities, objectivity and expertise of Management's external actuarial expert and the appropriateness of the expert's work as audit evidence for the relevant assertions. ▪ Agreeing the data provided to Management's external actuarial expert to the Group's records. ▪ Engaging our own actuarial expert to assist in understanding and evaluating: o the work and findings of the Group's external actuarial expert engaged by Management; and o the Group's actuarial methods and assumptions and in challenging the appropriateness of actuarial methods and assumptions used by Management. ▪ Evaluating the selection of methods and assumptions with a view to identify Management bias. ▪ Evaluating the related disclosures (including the accounting policies and accounting estimates) about insurance contract liabilities, and the risks attached to them which are included in the Group's consolidated financial statements, including evaluating disclosures relating to the Group's adoption of NZ IFRS 17 *Insurance Contracts* on 1 April 2023.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2023 (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 connection 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.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the 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 at the External Reporting Board's website at:
https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

bakertilly
STAPLES RODWAY

Matters Relating to the Electronic Presentation of the Audited Consolidated Financial Statements

This audit report relates to the consolidated financial statements of Geneva Finance Limited and its subsidiaries for the year ended 31 March 2023 included on Geneva Finance Limited 's website. The Directors of Geneva Finance Limited are responsible for the maintenance and integrity of Geneva Finance Limited's website. We have not been engaged to report on the integrity of Geneva Finance Limited's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website.

The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to or from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 30 June 2023 to confirm the information included in the audited consolidated financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of consolidated financial statements may differ from legislation in other jurisdictions.

The engagement partner on the audit resulting in this independent auditor's report is S N Patel.

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUCKLAND

Auckland, New Zealand

30 June 2023

GENEVA FINANCE LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 $000's	2022 $000's
Interest income	(6)	16,654	15,646
Interest expense	(7)	(5,467)	(4,033)
Net interest income		**11,187**	**11,613**
Net premium revenue	(8)	30,900	23,033
Net claims expense	(9)	(17,317)	(11,387)
Underwriting profit		**13,583**	**11,646**
Other revenue	(10)	2,771	4,040
Operating revenue (net of interest expense and claim expense)		**27,541**	**27,299**
Operating expenses	(11)	(22,517)	(19,491)
Operating profit		**5,024**	**7,808**
Impaired asset (reversal) / expense	(12)	(270)	430
Net profit before taxation		**4,754**	**8,238**
Taxation expense	(13)	(1,278)	(2,294)
Net profit after taxation		**3,476**	**5,944**
Attributable to			
Group		3,055	5,511
Non-controlling interest	(20)	421	433
		3,476	**5,944**
Profit per share			
Basic profit per share (cents)	(32)	4.19	7.56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 $000's	2022 $000's
Net profit after taxation		**3,476**	**5,944**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Movement in financial assets at fair value through other comprehensive income	(31)	83	(523)
Exchange differences on translation of foreign operations - Group		278	74
Cash flow hedge, net of tax	(27)	93	750
Other comprehensive income, net of tax		454	301
Total comprehensive income		**3,930**	**6,245**
Attributable to			
Group		3,509	5,812
Non-controlling interest	(20)	421	433
		3,930	**6,245**

The attached notes form part of and are to be read in conjunction with these financial statements.

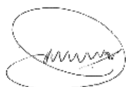
GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	2023 $000's	2022 $000's
Assets			
Cash and cash equivalents	(14)	27,844	38,834
Trade and other receivables, and prepayments	(34)	17,804	11,676
Taxation receivable		31	8
Finance receivables	(16)	105,730	93,203
Financial assets at fair value through other comprehensive income	(15)	10,794	33
Derivative financial instruments	(27)	595	502
Deferred insurance contract acquisition costs	(21)	7,568	5,847
Deferred taxation	(22)	2,158	3,021
Plant and equipment	(24)	241	542
Intangible assets	(23)	1,699	1,985
Total assets		174,464	155,651
Liabilities			
Accounts payables and accruals	(34)	5,680	4,995
Outstanding claims liability	(25)	4,087	2,962
Employee benefits	(34)	686	720
Unearned premium liability	(26)	33,499	25,580
Bank facilities	(28)	76,864	69,111
Other borrowings	(29)	14,841	14,242
Lease Liabilities	(30)	12	281
Total liabilities		135,669	117,891
Equity			
Share capital	(31)	52,779	52,779
Treasury stock	(31)	(342)	(342)
Reserves	(31)	(1,562)	(2,016)
Retained earnings		(14,367)	(14,717)
Non-controlling interest	(20)	2,287	2,056
Total equity		38,795	37,760
Total equity and liabilities		174,464	155,651

For and on behalf of the board, dated 30 June 2023



Signed by: Robin King
Date & Time: 30 June, 2023 17:12:03 NZST

Director

Signed by: David O'Connell
Date & Time: 30 June, 2023 17:13:30 NZST

Director

The attached notes form part of and are to be read in conjunction with these financial statements.

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Note	Equity attributable to the equity holders of the					Non Controlling Interest	Total equity
		Share Capital	Treasury Stock	Reserves	Retained earnings	Attributable to owners of the parent		
		$000's	$000's	$000's	$000's			$000's
Balance at 31 March 2021		**52,779**	**(342)**	**(2,317)**	**(17,523)**	**32,597**	**1,623**	**34,220**
Net profit for the period		-	-	-	5,511	**5,511**	433	**5,944**
Other comprehensive income								
Increase in financial assets at FVTOCI	(31)	-	-	(523)	-	**(523)**	-	**(523)**
Exchange differences on translation of foreign operations	(31)	-	-	74	-	**74**	-	**74**
Change in cash flow hedge reserve, net of tax	(31)	-	-	750	-	**750**	-	**750**
Total other comprehensive income		**-**	**-**	**301**	**-**	**301**	**-**	**301**
Total comprehensive income		-	-	301	5,511	**5,812**	433	**6,245**
Transaction with owners								
Shares held by Geneva		-	-	-	-	**-**	-	**-**
Dividends paid	(31)	-	-	-	(2,705)	**(2,705)**	-	**(2,705)**
Total transactions with owners		**-**	**-**	**-**	**(2,705)**	**(2,705)**	**-**	**(2,705)**
Balance at 31 March 2022		**52,779**	**(342)**	**(2,016)**	**(14,717)**	**35,704**	**2,056**	**37,760**
Net profit for the period		-		-	3,055	**3,055**	421	**3,476**
Other comprehensive income								
Decrease in financial assets at FVTOCI	(31)	-	-	83	-	**83**	-	**83**
Exchange differences on translation of foreign operations	(31)	-	-	278	-	**278**	-	**278**
Change in cash flow hedge reserve, net of tax	(31)	-	-	93	-	**93**	-	**93**
Total other comprehensive income		**-**	**-**	**454**	**-**	**454**	**-**	**454**
Total comprehensive income		-	-	454	3,055	**3,509**	421	**3,930**
Transaction with owners								
Dividends paid	(31)	-	-	-	(2,705)	**(2,705)**	(190)	**(2,895)**
Total transactions with owners		**-**	**-**	**-**	**(2,705)**	**(2,705)**	**(190)**	**(2,895)**
Balance at 31 March 2023		**52,779**	**(342)**	**(1,562)**	**(14,367)**	**36,508**	**2,287**	**38,795**

The attached notes form part of and are to be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 $000's	2022 $000's
Cash flow from operating activities:			
Cash was provided from:			
Interest received		15,072	14,439
Dividends received		-	112
Receipts from insurance policy sales, collections activities and other sources		42,256	34,138
		57,328	48,689
Cash was applied to:			
Net movement in finance receivables		(10,875)	596
Interest paid		(5,467)	(4,034)
Payments to suppliers and employees		(46,230)	(33,584)
		(62,572)	(37,022)
Net cash inflow / (outflow) from operating activities	(35)	(5,244)	11,667
Cash flows from investing activities:			
Cash was provided from:			
AMPL Investment Proceeds	(33)	33	170
		33	170
Cash was applied to:			
Purchase of plant and equipment		(44)	(65)
Purchase of bank bonds		(10,678)	-
Purchase of intangible assets		(229)	(162)
		(10,951)	(227)
Net cash inflow / (outflow) from investing activities		(10,918)	(57)
Cash flows from financing activities:			
Cash was provided from:			
Net movement of bank facilities: Westpac	(36)	7,753	2,127
Net movement of other borrowings	(36)	599	300
		8,352	2,427
Cash was applied to:			
Principal elements of lease payments		(285)	(300)
Dividends paid to company shareholders	(31)	(2,705)	(2,705)
Dividends paid to NCI		(190)	-
		(3,180)	(3,005)
Net cash inflow / (outflow) from financing activities	(36)	5,172	(578)
Net increase in cash and cash equivalents held		(10,990)	11,032
Add: Opening cash and cash equivalents balance at the beginning of the year		38,834	27,802
Cash and cash equivalents at the end of the year	(14)	**27,844**	**38,834**
Represented by:			
Cash at bank		27,844	38,834
Cash and cash equivalents at the end of the year	(14)	**27,844**	**38,834**

The attached notes form part of and are to be read in conjunction with these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1. Reporting entity

Geneva Finance Limited (the 'Company') is incorporated and domiciled in New Zealand. Geneva Finance Limited is registered under the Companies Act 1993 and is listed on the New Zealand Stock Exchange ('NZX Main Board').

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

The consolidated financial statements of Geneva Finance Limited and its subsidiaries (together "the Group") have been prepared in accordance with the Companies Act 1993, the Financial Reporting Act 2013, and the Financial Market Conduct Act 2013.

The Company's subsidiaries are listed in note 20.

The Group is a for-profit entity.

The Group's primary activities are to lend money to individuals, companies and other entities, issue temporary insurance contracts covering death, disablement and redundancy risk and short term motor vehicle insurance contracts covering comprehensive, third party, mechanical breakdown and guaranteed asset protection, provide debt collection services and invoice factoring services.

The financial statements were authorised for issue by the directors on 30 June 2023.

2. Basis of preparation

a) Statement of compliance
The Company's reporting date is 31 March. These financial statements have been prepared for the year ended 31 March 2023. The comparative period is for the year ended 31 March 2022. The financial statements ('financial statements') have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for-profit entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

b) Basis of measurement
These financial statements have been prepared under the historical cost basis, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies detailed in note 3.

c) Functional and presentation currency .
The functional currency of each entity within the Group is New Zealand Dollars ($). The presentation currency of and Group is New Zealand Dollars ($) and all amounts are rounded to the nearest thousand dollars ($000) unless otherwise stated.

3. Significant accounting policies

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

a) New and amended standards and interpretations

i) Adoption of new and revised Standards and Interpretations

There were no new standards, amendments and interpretations to existing standards that came into effect during the current accounting period beginning on 1 April 2022, that materially impacted the Group's financial statements and require retrospective adjustment. The Group has not early adopted any new standards, amendments and interpretations that have been issued but are not yet effective.

ii) New standards and amendments and interpretations to existing standards that are not yet effective for the current accounting period:

The following standards, amendments and interpretations to existing standards have been issued at the reporting date, but are not yet effective. The Group intends to adopt these new standards, amendments and interpretations when they become mandatory.

NZ IFRS 17 Insurance Contracts (NZ IFRS 17)

NZ IFRS 17, 'Insurance Contracts', will replace NZ IFRS 4, 'Insurance Contracts', and becomes effective for the Group from 1 April 2023. NZ IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The implementation of NZ IFRS 17 is not expected to have a material impact on the Group's consolidated financial statements in the period of initial application.

3. Significant accounting policies (continued)

Estimated impact of the adoption of NZ IFRS17

The Group has assessed the estimated impact that the initial application of NZ IFRS 17 will have on its consolidated financial statements. Based on the assessments undertaken to date, the total adjustment (after tax) to the balance in the Group's total equity at 1 April 2023 and at 1 April 2022, is summarised as follows:

	1 April 2023	1 April 2022
	$000's	$000's
Estimated reduction in the Group's total equity, resulting from increase in insurance contract liabilties	(200)	(800)
Deferred tax impacts	56	224
Estimated impact of adoption of NZ IFRS 17 after tax	(144)	(576)

While the Group's implementation of IFRS NZ 17 is well progressed, the assessment above is preliminary as not all the transition work has been finalised. The actual impact of adopting NZ IFRS 17 on 1 April 2023 and 2022 may change as the new accounting policies, assumptions and judgements and estimation techniques employed are subject to change until the Group finalises its first financial statements that include the date of initial application.

A. Identifying contracts in the scope of NZ IFRS 17

NZ IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts. When identifying contracts in the scope of IFRS 17, in some cases the Group will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, the Group does not expect significant changes arising from the application of these requirements.

B. Level of aggregation

Under NZ IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines or issued by different Group entities are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort is then divided into three groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that each group comprises a single contract. The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a Contractual Service Margin ('CSM'), against losses on groups of onerous contracts, which are recognised immediately.

The Group does not expect significant changes arising from the application of these requirements and based on the implementation work carried out to date, the Group's assessment is that there are no groups of insurance contracts that are onerous, or are likely to become onerous in future.

C. Contract boundaries

Under NZ IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group.

Insurance contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The Group does not expect significant changes arising from the application of these requirements.

3. Significant accounting policies (continued)

D. Measurement - Overview

NZ IFRS 17 introduces two methods for determining policy liabilities:

General Measurement Model (GMM)

GMM is a measurement model based on the estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a Contractual Service Margin (CSM). The CSM at each reporting date represents the profit in a group of contracts that has not yet been recognised in profit or loss because it relates to future service.

Premium Allocation Approach (PAA)

The PAA is an optional simplified measurement model in NZ IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria.

The GMM approach is the default valuation method, however the simpler PAA method may be used for:

(a) Contracts with a term of 12 months or less, and

(b) Contracts with a term of longer than 12 months, if it can be demonstrated that the resulting policy liabilities and emergence of profit are not materially different from applying the GMM method.

The Group has reviewed the reserving and profit emergence pattern of its products with a contract term of longer than 12 months. The Group is satisfied that the PAA method can be adopted for all of its insurance products (Payment Protection & Lifestyle Insurance business, Motor business).

For groups of contracts that apply the premium allocation approach and have a coverage period of one year or less, NZ IFRS 17 provides an option to recognise any insurance acquisition costs as expenses when incurred. The Group does not plan to apply this option, and expects to amortise acquisition costs over the coverage period of the related insurance contracts, consistent with current accounting under NZ IFRS 4.

Under the PAA method:

- The valuation of unearned portion of the liability (referred to as the liability for remaining coverage (LFRC)) can be seen as being similar to the calculation under current accounting of (a) the unearned premium reserve less (b) deferred acquisition costs less (c) premium receivables (plus (d) any additional unexpired risk reserve for unprofitable business).
- The liability for incurred claims (LFIC) represents the estimate of amounts due to policyholders for claims incurred from earned portions of the liability, i.e. all liabilities relating to past periods of coverage are captured under the Liability for Incurred Claims.

  This provision will include:
  - The expected future cost of past claims that have been notified; and
  - The expected future cost of past claims that have not yet been notified (IBNR)

  Under IFRS 17, this provision should:
  - Be based on expected future cash-flows;
  - Future cash-flows of longer than 12 months should be discounted;
  - Include an allowance for claim management expenses;
  - Include a risk adjustment, providing the shareholders with a reward for the risk to which their capital is exposed in supporting a claim provision about which there is some uncertainty.

  This approach differs from the calculation of claim provisions under IFRS 4. As a life insurer reporting under Appendix C of IFRS 4, the Company determines its claim provisions with no additional risk adjustment.

E. Measurement – Significant judgements and estimates

Risk adjustment

NZ IFRS 17 requires a risk adjustment to be included in the Value of Fulfilment Cash-flows when applying the GMM method, and in determining the Liability for Incurred Claims (LFIC) when applying the PAA method.

Risk adjustments for non-financial risk will be determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion.

Under NZ IFRS 4, the Group has been classified as a life insurer and has therefore reported under Appendix C, where no risk margins are required.

3. Significant accounting policies (continued)

Under NZ IFRS 17, the Group will add an allowance for non-financial risk to its Liability for Incurred Claims and will also add an allowance for claim management expenses, which is also required under NZ IFRS 17 but not under Appendix C of NZ IFRS 4.

When applying PAA, no explicit risk adjustment is determined for the Liability for Remaining Coverage (LFRC), except when measuring onerous contracts.

Discount rates

NZ IFRS 17 requires the net central estimate of outstanding claims with a term of longer than 12 months to be discounted. Future cash-flows are also to be discounted in assessing the eligibility for applying the PAA method in determining the Liability for Remaining Coverage (LFRC) of contracts of longer than 12 months.

The Group does not currently discount future cashflows, as the average payment term is 3 months. Similarly, the Group will not be discounting future claim payments in determining the Liability for Incurred Claims (LFIC) under NZ IFRS 17, as the impact of discounting is not material.

The discount rate adopted for determining the eligibility for PAA for contracts of longer than 12 months will be set using a 'bottom-up approach' which requires the use of risk-free rates adjusted to reflect the illiquidity characteristics of the insurance contracts. The illiquidity premium within discount rates will generally be determined based on a review of the impact of liquidity on interest rates, and the level of illiquidity implicit in the Group's insurance contracts.

F. Disclosures

NZ IFRS 17 requires extensive new disclosures about amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts, as well as disclosures about significant judgements made when applying NZ IFRS 17. There will also be expanded disclosures about the nature and extent of risks from insurance contracts and reinsurance contracts. Disclosures will generally be made at a more granular level than under NZ IFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements.

G. Transition

Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using a full retrospective approach to all the Group's insurance contracts.

Under the full retrospective approach, at 1 April 2022 the Group will identify, recognise and measure each group of insurance contracts as if IFRS 17 had always been applied, recognising any resulting net difference in equity.

b) Basis of consolidation

These financial statements consolidate the financial statements of Geneva Finance Limited and its subsidiaries (together "the Group"). Further details of Group entities are disclosed in note 20. The Company and each its subsidiaries have the same financial reporting period end, being 31 March.

i) 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.

ii) 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.

iii) Non-controlling interests

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets (as described above). Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

3. Significant accounting policies (continued)

c) Revenue recognition

i) Revenue from contracts with customers

- Revenue from debt collection services

The Group provides credit management and debt recovery services to companies and individuals. Services include debt collection, legal, investigation and tracing services. Such services are recognised as a performance obligation satisfied at a point in time when the service is provided.

Revenue is recognised for these services either:

- on recovery of debt when the Group has an enforceable right to payment for performance completed to date, or
- upon provision of the legal, and investigation and tracing services.

Revenue is measured based on the consideration to which the Group expects to be entitled to and excludes amounts collected on behalf of third parties. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Payment is typically due within 30 - 60 days from the invoicing of the contract. There is no significant financing component in these

Revenue is measured based on the consideration to which the Group expects to be entitled to and excludes amounts collected on behalf of third parties. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Service charges are accrued onto the related loans receivables. There is a significant financing component in these contracts and interest income is recognised using 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.

ii) Other revenue and income

- Interest income from the financial assets - financial receivables and cash and term deposit

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

The effective interest method calculates the amortised cost of a financial asset and allocates the interest income, including any fees (including loan origination fees) and directly related transaction costs (including commission expenses) that are an integral part of the effective interest rate, over the expected life of the financial asset. Lending fees not directly related to the origination of a loan (account maintenance fee) are recognised over the period of service.The application of the method has the effect of recognising income on the financial asset or liability evenly in proportion to the amount outstanding over the period to maturity or repayment.

- Premium revenue from insurance contracts

Premium revenue comprises amounts charged to policyholders and excludes taxes and duties collected on behalf of statutory parties.

The earned portion of premium received, and receivable is recognised as revenue. Premium revenue is recognised as earned from the date of attachment of risk, over the period related to the insurance contract in accordance with the pattern of the risk expected under the contract.

The unearned portion of premiums not earned at the reporting date is recognised in the Statement of Financial Position as unearned premium liabilities.

- Reinsurance recoveries relating to reinsurance contracts and other recoveries related to insurance contracts

Reinsurance and other recoveries receivable on paid claims and reported claims not yet paid are recognised as revenue. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries receivable are measured at the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims. Reinsurance does not relieve the originating insurer of its liabilities to policyholders.

- Dividend income

Dividends from investments in equity instruments are recognised in profit or loss when the right to receive payment is established. In this case, the dividend is recognised in other comprehensive income (OCI) if it relates to an investment measured at fair value through other comprehensive income (FVTOCI).

- Other revenue and income

All other revenue and income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and the right to receive the revenue has been established.

3. Significant accounting policies (continued)

d) Expense recognition

i) Interest expense from financial liabilities – bank and other borrowings

Interest expense and borrowing costs are recognised in profit or loss as they accrue, using the effective interest method.

The effective interest method calculates the amortised cost of a financial liability and allocates the interest expense, including any fees (including loan origination fees) and directly related transaction costs (including commission expenses) that are an integral part of the effective interest rate, over the expected life of the financial liability. The application of the method has the effect of recognising expense on the financial liability evenly in proportion to the amount outstanding over the period to maturity or repayment.

ii) Reinsurance expense for reinsurance contracts

Outwards reinsurance expense comprises premium ceded to reinsurers.

The incurred portion of outwards reinsurance premium paid or payable is recognised as an expense. Outwards reinsurance expense is recognised as incurred from the date of attachment of risk, over the period related to the reinsurance contract in accordance with the pattern of the risk expected under the contract.

The unearned portion of outwards reinsurance premium not incurred at the reporting date is recognised in the statement of financial position as deferred reinsurance premiums.

iii) Claims expense from insurance contracts

Claims expense represents claim payments adjusted for movement in the outstanding claims liability.

General Insurance claims expenses are recognised when claims are notified with the exception of claims incurred but not reported ('IBNR'), and claims incurred but not enough reported ('IBNER'), for which a provision is estimated.

iv) Costs relating to insurance contracts

Commission and operating expenses are recognised in the consolidated statement of financial performance on an accruals basis, unless otherwise stated.

Expenses are categorised into acquisition and maintenance on the basis of a detailed functional analysis of activities carried out by the Group.

Expenses are further categorised into general insurance based on new business volumes (acquisition costs) and in-force volumes (maintenance costs).

- Acquisition costs

Policy acquisition costs comprise the costs of acquiring new business, including commission, advertising, policy issue and underwriting costs, agency expenses and other sales costs.

Where the overall product profitability of new insurance business written during the year is expected to support the recovery of acquisition costs incurred in that year, these costs are deferred as an element of life insurance contract assets and amortised over the life of the policies written.

Unamortised acquisition costs are a component of insurance assets. Amortisation of acquisition costs is recognised in profit or loss as a component of net change in insurance contract assets at the same time as policy margins are released.

Commission that varies with and is directly related to securing new life investment contracts is capitalised as a deferred acquisition cost asset along with an administration and marketing allowance.

All other acquisition costs are recognised as expenses in the statement of financial performance when incurred.

The deferred acquisition cost asset is subsequently amortised over the life of the contracts and is recognised in the statement of financial performance as part of net change in life investment contract assets.

- Maintenance costs

Maintenance costs are the fixed and variable costs of administrating policies subsequent to sale. These include general growth and development costs.

Deferred acquisition costs are amortised systematically in accordance with the expected pattern of the incidence of risk under the general insurance contracts to which they relate. This pattern of amortisation corresponds to the earning pattern of the corresponding premium revenue.

3. Significant accounting policies (continued)

Acquisition costs incurred in obtaining general insurance contracts are deferred and recognised as assets where they can be reliably measured and where it is probable that they will give rise to premium revenue that will be recognised in subsequent reporting periods.

Deferred insurance contract acquisition costs are subject to a loss recognition test as to their recoverability.

v) Other expenses
All other expenses are recognised as incurred in profit and loss on an accruals basis.

e) Income tax expense
Income tax expense comprises current and deferred tax. Current and deferred tax is recognised as an expense or income in profit and 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 year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the timing of the reversal is controlled by the Group. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences and unutilised tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

f) Goods and services tax
The Group provides financial services. Revenues, expenses, assets, receivables and payables are stated with the amount of goods and services tax ("GST") included. The net amount of GST recoverable from, or payable to, the Inland Revenue Department ("IRD") is included as 'accounts payable and accruals' or 'prepayments and sundry debtors' in the statement of financial position.

Cash flows are included in the cash flow statement inclusive of GST. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the IRD are classified as operating cash flows.

g) 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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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.

3. Significant accounting policies (continued)

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.

- By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the Group may irrevocably designate 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 (see (iii) below).

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 other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), 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. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument 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 other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

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.
Financial assets measured at amortised cost include, trade receivables, finance receivables (from lending and invoice factoring), and other receivables.

ii) Financial assets at FVTOCI

Financial assets at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with unrealised gains and losses recognised in other comprehensive income and accumulated in the financial assets at FVTOCI reserve, except for interest income, impairment charges and foreign exchange gains and losses, which are recognised in profit or loss. On disposal of these financial assets, the cumulative gain or loss that was previously recognised in other comprehensive income is reclassified from equity to profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9 Financial Instruments (see note15).

3. Significant accounting policies (continued)

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 FVTOCI 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 reserves. Fair value is determined in the manner described in note 15.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'other income' line item (note c) in profit or loss.

The Group's financial assets measured at FVTOCI include an investment in an unlisted property company and bank bonds.

iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Financial assets that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, financial assets that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any financial assets as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). Fair value is determined in the manner described in note 3(t).

The Group had no financial assets measured at FVTPL.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes since initial recognition of the respective financial assets.

The Group recognises lifetime ECL for trade and other receivables and contract assets. 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.

For all other financial assets (such as finance receivables), the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for that financial assets at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date. Homogeneous loans are assessed on a collective basis (collective impairment provision) and non-homogeneous loans are assessed individually (specific impairment provision).

- 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 both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, such as:

- actual or expected changes in economic indicators (i.e. change in employment rates); and
- for non-homogeneous loans significant changes in the value of the collateral supporting the loan or changes in the operating results of the borrower.

The nature of the Group's finance receivables (second tier retail and commercial lending) means there is little or no updated credit risk information that is routinely obtained and monitored on an individual asset until a customer breaches the contractual terms. However, forward looking information relating to key economic indicators that could affect customers ability to meet their repayment obligations is also assessed and if there are any declining trends, then this is factored into the assessment.

3. Significant accounting policies (continued)

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.

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.

- 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 another default criteria is more appropriate.

- 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:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or past due event (see (ii) above); and
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

- 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, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings. 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.

- 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. then 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 by forward-looking information as described above.

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. 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, except for assets for which simplified approach was used.

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, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

Financial liabilities

Classification of financial liabilities

Financial liabilities are classified into one of the following measurement categories:

- those to be measured subsequently at fair value through profit or loss ('FVTPL'); and
- those to be measured at amortised cost.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies are measured in accordance with the specific accounting policies set out below.

3. Significant accounting policies (continued)

i) Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy).

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Fair value is determined in the manner described in note 3(t).

Financial liabilities measured at FVTPL include derivatives.

ii) Financial liabilities at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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.

Financial liabilities measured at amortised cost include trade and other payables, related party balances, and bank and professional investor facilities and debt securities.

Derecognition of financial liabilities
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.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

3. Significant accounting policies (continued)

h) Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in note 27.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current

i) Hedge accounting
The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 27 sets out details of the fair values and movement of the derivative instruments used for hedging purposes.

- *Cash flow hedges*

Hedge effectiveness is determined using the critical terms method ('CTM'). Under the CTM, the critical terms of the derivative instruments must match or be closely aligned with the critical terms of the hedged item. Hedge ineffectiveness is measured by using the hypothetical derivative method. This method compares the hedging instrument to a hypothetical derivative (in which the fair value is determined by the credit-risk free benchmark rate) and the ineffective portion is measured by the extent to which the cumulative change in fair value of the hedging instrument exceeds the change in fair value of the hypothetical derivative (in absolute terms).

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

3. Significant accounting policies (continued)

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

The Group has classified all of its derivatives as cashflow hedges.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank current accounts, deposits held on call with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown in current liabilities on the statement of financial position.

k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

l) Employee benefits

- *Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, statutory days in lieu, annual leave and sick leave expected to be wholly settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the 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.

m) Insurance business

- *Principle of insurance business*

An insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The insurance activities of the Group consist of all transactions arising from writing general and life insurance contracts, through its subsidiary Quest Insurance Group Limited.

The Group issues the following insurance contracts:

- Temporary life insurance contracts covering death disablement, disability and redundancy risks.
- Short term motor vehicle contracts covering comprehensive, third party and mechanical breakdown risks.
- Short term motor vehicle contracts provides financial protection from certain types of loss that are not covered by standard automobile insurance.

3. Significant accounting policies (continued)

- *Assets backing insurance contract liabilities*

The Group has determined that all assets of the Group's subsidiary, Quest Insurance Group Limited, are assets backing policy liabilities and are managed and reported in accordance with a mandate approved by the Quest Insurance Group Limited's Board of Directors.

Financial assets are held to back the insurance liabilities on the basis that these assets are valued at fair value in the Statement of Financial Position.

Financial assets backing insurance liabilities consist of liquid and high-quality investments such as cash and cash equivalents and fixed interest securities held by the Company.

Financial assets backing insurance liabilities are invested to reflect the nature of the insurance liabilities.

The financial assets that provide backing for the insurance liabilities are closely monitored to ensure that investments are appropriate given the expected pattern of future cash flows arising from insurance liabilities.

Financial assets backing insurance liabilities are managed on a fair value basis and are reported to the Board on this basis, they have been measured at fair value through profit or loss wherever the applicable standard allows.

Fair value is determined as follows:

- cash assets are carried at face value at reporting date, which approximates fair value;
- fixed interest securities are valued at their fair value at the quoted bid price of the instrument at reporting date;
- investments in equity instruments are valued at their fair value at reporting date.

- *Insurance contract liabilities*

The liability for insurance contracts has been determined in accordance with Appendix C of NZ IFRS 4 Insurance Contracts, and the valuation of any general insurance claims is performed in accordance with PS 30 Valuations of General Insurance Claims issued by the New Zealand Society of Actuaries ('NZSA'), and the valuation of any life insurance policy liabilities is performed in accordance with PS 20 Determination of Life Insurance Policy Liabilities issued by the NZSA.

In terms of these standards, insurance contract liabilities are determined:

- For short term general insurance contacts - using the 'Margin or Services' principle. Under Margin of Services profits emerge evenly over the life of the contract as services are provided in a manner that reflects the pattern of risk accepted from the policyholder 'the service'.

  General insurance contract liabilities include outstanding claims liability and the provision for unearned premium (recognised and measured as described in policy 3(h) above).

  The outstanding claims liability is measured as the central estimate of expected future payments relating to claims incurred at the reporting date with an additional risk margin to allow for the inherent uncertainty in the central estimate.

  The expected future payments include those in relation to claims reported but not yet paid in full, IBNR, and IBNER. Delays can be experienced in the notification and settlement of claims, therefore the ultimate cost of these cannot be known at reporting date and are estimated based on past experience. The expected future payments are discounted to present value using a risk-free rate.

- For shorter-term life and longer-term life contracts written on yearly renewable premiums - using the accumulation method. Under the accumulation method for risk policies the policy liability is the sum of the unearned premiums, outstanding claims plus an allowance for claims incurred but not yet reported. For investment policies, the policy liability is determined as the policy account balance including accrued interest to the balance date, plus investment fluctuation reserves subject to a minimum of the current

The estimation of the outstanding claims liability involves a number of key assumptions and is the most critical accounting estimate. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing the liability, it is likely that the final outcome will be different from the original liability established. Changes in claims estimates impact profit and loss in the year in which the estimates are changed.

3. Significant accounting policies (continued)

- *Liability adequacy test*

The liability adequacy test is an assessment of whether the carrying amount of the insurance liabilities net of deferred acquisition costs is adequate and is conducted at each reporting date. If current estimates of the expected insurance contracts, plus an additional risk margin to reflect the inherent uncertainty in the central estimate, exceed the unearned premium liability then the unearned premium liability is deemed to be deficient. The test is performed at the level of a portfolio of contracts that are subject to broadly similar risks and that are managed together as a single portfolio. Any deficiency arising from the test is recognised in profit or loss, with the corresponding impact on the Statement of Financial Position.

No deficiency was identified in the current or comparative reporting periods.

The Directors are confident that the assets held by the Quest Insurance Group Limited are sufficient to meet the estimated outstanding liabilities as at the reporting date.

n) Property, plant and equipment

All property, plant and equipment are initially recognised at cost.

Property (land and buildings) are subsequently carried at revalued amounts less subsequent accumulated depreciation and impairment losses. The valuation is determined by an independent valuer. Land and buildings are revalued with sufficient frequency to ensure that the carrying value of the item does not differ materially from its fair value. Land is not depreciated. Depreciation on buildings, plant and equipment is provided on the straight line method at rates calculated to allocate the cost less estimated residual value over the estimated economic lives of the assets.

The depreciation rates used for each class of assets are:

Class of plant and equipment	Depreciation rate basis	Depreciation method
Computer equipment	20%	Straight Line
Furniture and fittings	20%	Straight Line
Office equipment	20%	Straight Line
Leasehold improvements	10%	Straight Line
Motor vehicles	20%	Straight Line

The carrying amount of property, plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount, the higher of fair value less cost to sell and value in use, is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised through profit or loss and is calculated on the difference between the sale price and the carrying value of the asset.

o) Intangible assets

Intangible assets comprise costs incurred in acquiring and building software applications and computer systems (referred to as software), goodwill and acquired customer relationships.

- *Computer software*

Computer software is recognised in the statement of financial position at cost less accumulated amortisation and impairment losses.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives of 3 to 5 years. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

Direct costs attributed to the computer software under development for internal use are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

3. Significant accounting policies (continued)

At each reporting date, the software assets are reviewed for impairment against impairment indicators. If any indication of impairment exists, the recoverable amount of the assets are estimated and compared against the existing carrying value. Where the existing carrying value exceeds the recoverable amount, the difference is charged to the profit and loss.

- *Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the Group's interest in net identifiable assets acquired, liabilities assumed and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

- *Customer relationships*

Customer relationship related intangible assets are initially recorded at their purchase price and subsequently amortised on a straight line basis over their expected useful life (6 years). All customer relationships related intangible assets balances are reviewed annually for indicators of impairment.

p) 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 to assess 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 the income statement.

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

q) Right of use assets and lease liabilities

The Group leases property (offices) and printers. Property lease contracts are typically made for fixed periods of 3 to 10 years but may have extension options as described below. Printers leases are typically made for fixed periods of 1 to 5 years with extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

Costs included in the measurement of the right-of-use asset comprise 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; and
- any initial direct costs incurred by the lessee.

3. Significant accounting policies (continued)

Depreciation is charged so as to write off the cost of assets, over the lease term using the straight-line method where shorter than the useful life of the right of use asset.

The lease liability is initially measured at the present value of the future lease payments over the lease term that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment with similar terms and conditions.

Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

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 liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

None of the Group's leases include variable lease payments that depend on an index or a rate.

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 IT-equipment.

r) Share capital

Share capital is classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

s) Distributions

Dividends to the Group's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved but not distributed at reporting date.

t) Fair value estimates

Financial instruments classified as fair value through profit or loss or available for sale are presented in the Group's statement of financial position at their fair value. For other financial assets and financial liabilities, fair value is estimated as follows:

- *Cash and cash equivalents*

These assets are short term in nature and the carrying value is equivalent to their fair value.

- *Trade and other receivables*

These assets are short term in nature and are reviewed for impairment; the carrying value approximates their fair value.
These assets are short term in nature and the carrying value is equivalent to their fair value.

- *Finance receivables*

Finance receivables have fixed interest rates. Fair value is estimated using a discounted cash flow model based on a current market interest rate for similar products after making allowances for impairment; the carrying value approximates their fair value.

- *Other borrowings*

These liabilities are long term in nature and the carrying value approximates their fair value.

- *Other payables*

These liabilities are short term in nature and the carrying value approximates their fair value.

3. Significant accounting policies (continued)

- *Borrowings, bank and professional investor facilities and debt securities*

Borrowings, bank and professional investor facilities and debt securities have fixed interest rates. Fair value is estimated using a discounted cash flow model based on a current market interest rate for similar products; the carrying value approximates their fair value.

u) Segment reporting

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments on an entity. The Group has determined the Group's Board of Directors as its chief operating decision-maker as the Board is responsible for allocating resources and assessing the performance of the operating segments and making strategic and operating decisions.

Income and expenses directly associated with each segment are included in determining each segment's performance.

The Group's reportable operating segments are the following: corporate, new business consumer finance, insurance, old business consumer finance (including debt collections), and invoice factoring services and overseas. Refer note 38 for further details on the Group's operating segments.

The Group operates in primarily in two geographic areas, New Zealand and Tonga.

v) Statement of cash flows

The statement of cash flows has been prepared using the direct approach. Cash flows from finance receivables, bank facilities and professional investor facilities have been netted to provide meaningful disclosure as many of the cash flows are on behalf of the Group's customers or providers of funding and do not reflect the activities of the Group.

- Investing activities

Investing activities are those activities relating to the acquisition of property, plant and equipment and computer software and investments in related party receivables.

- Financing activities

Financing activities are those activities relating to changes in the size and composition of the capital structure of the Group and the payment of dividends (if any).

- Operating activities

Operating activities include all transactions and other events that are not investing or financing activities. Cash flows arising from movements in finance receivables are classified as operating activities. Operating activities are the main trading activities of the Group.

w) Changes in accounting policies

Except as outlined in note 3 (a), all policies have been applied on a basis consistent with those used in the previous reporting period.

x) Comparatives

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

4. Critical estimates and judgements used in applying accounting policies

These financial statements are prepared in accordance with NZ IFRS and applicable financial reporting standards. Not withstanding the existence of relevant accounting standards, there are a number of critical accounting treatments which include complex or subjective judgements and estimates that may affect the reported amounts of assets and liabilities in the financial statements. Estimates and judgements are continually reviewed 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 judgements 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:

a) COVID-19

Management have concluded that the COVID-19 overlay provisions relating to the impairment provisions for loans receivables is no longer appropriate, but due to the uncertain economic environment, have created an economic overlay provision relating to the impairment for loans and receivable.

The remaining COVID-19 overlay provision of $0.3m included in the finance receivables expected credit loss provision as at 31 March 2022 has been released to profit or loss and an economic overlay provision of $0.44m has been created.

b) Liabilities arising from claims under insurance contracts

Liabilities arising from claims under insurance contracts are estimated based on the terms of the cover provided under the insurance contract.

The estimation of the ultimate liability arising from claims made under insurance contracts is based on a number of actuarial techniques that analyse experience, trends and other relevant factors. The actuarial methodologies used are noted in note 5 below.

c) Credit provisioning

Provision for impairment on financial receivables

- Significant increase in credit risk

As explained in note 3(g), ECL are measured as an allowance equal to 12 month ECL for performing assets, or lifetime ECL for doubtful or in default assets. An asset moves to doubtful when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

- 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 (i.e. unemployment rates and inflation) 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 constitutes a key input in measuring ECL. 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 portfolio of loans by applying an expected loss factor to the outstanding balances in each loan portfolio. The loan portfolios are based on when lending was undertaken and further split by days past due and days no pay. The expected loss factor is the product of the probability of default and the loss given default and is determined from the Group historical loss experience data, adjusted for forward-looking information that is available without undue cost or effort.

Historical loss experience data is reviewed by management and adjustments made to reflect current and forward looking economic and credit conditions as well as taking into account such factors as concentration risk in an individual portfolio. 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.

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 17. Provision for credit impairment).

If the ECL rates on performing finance receivables increased/(decreased) by 1% higher / (lower) as at 31 March 2023, the loss allowance on finance receivables would have been $0.87million higher/(lower) (2022: $0.72m).

If the ECL rates on doubtful or in default finance receivables increased/(decreased) 1% higher (lower) as at 31 March 2023, the loss allowance on finance receivables would have been $0.27m higher/(lower) (2022: $0.30m).

4. Critical estimates and judgements used in applying accounting policies (continued)

d) Suspended income

To the extent that it is not probable that economic benefits will flow to the Group from revenue, the revenue is not recognised in the income statement but transferred to a suspended income account in the statement of financial position and offset against gross receivables (refer Note 16. Finance receivables and Note 17. Provision for credit impairment).

e) Deferred tax asset

The Group has recognised a deferred tax assets (relating to temporary differences and tax losses) on its statement of financial position as at reporting date. Significant judgement is required in determining if the utilisation of deferred tax assets is probable. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted or tax losses can be utilised. To determine the future taxable profits, reference is made to the latest forecasts of future earnings of the Group. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. Maintenance of shareholder continuity in the future is also taken into consideration when determining the extent to which deferred tax relating to tax losses is recognised (refer Note 13. Tax reconciliation and Note 22. Taxation).

f) Impairment testing of non-financial assets

- Goodwill

The recoverability of the carrying value of goodwill assessed at least annually to ensure that it is not impaired. With respect to goodwill, this assessment generally requires management to estimate future cash flows to be generated by the related investment or cash generating unit (CGU), which entails making judgements, including the determination of the CGU itself, the expected rate of growth of revenues, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows. (refer Note 23. Intangible assets).

- Customer relationships

Customer relationships are amortised over their estimated useful life of 3 to 7 years. Customer relationships are also assessed for impairment indicators. If any indication of impairment exists, the recoverability of the carrying value of customer relationships is assessed to ensure that it is not impaired. This assessment involves management to comparing current year trading volumes for those customers with those trading volumes on acquisition date. Any non-temporary reduction in trading volumes will result in an impairment of the carrying value of the intangible relating to that particular customer. (refer Note 23. Intangible assets).

g) Right Of Use Assets And Leases Liabilities - Determining lease term

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

5. Actuarial assumptions and methods

The liability for insurance contracts has been determined by Group's consulting Actuary, Peter Davies, ('the Actuary'), B.Bus.Sc., FIA, a Fellow of the New Zealand Society of Actuaries in accordance with NZ IFRS 4 'Insurance Contacts' issued by the External Reporting Board, and Professional Standard no. 20 of the New Zealand Society of Actuaries – Valuation of Life Insurance Policy Liabilities and no. 30 Valuation of General Insurance Claims. The liability equals the initial single premium, net of acquisition costs, written down on a straight line basis over the life of the policy.

The actuary is satisfied as to the nature and extent of the data used for the valuation.

5. Actuarial assumptions and methods (continued)

The life insurance contract liabilities are subject to a loss recognition test, which has been carried out on the following basis:

2023	Mortality:	Population mortality NZ2000 – 2002.
	Deaths:	21% of net unearned premium
	Disability:	21% of net unearned premium
	Redundancy:	21% of net unearned premium
	Expenses:	40% of future claims
	Interest:	Nil
	Cancellations:	Consumer credit contracts
	Future Surrenders:	Nil
	Surrender value:	Rule of 78 less $35 processing fee. Generally no refunds paid
2022	Mortality:	Population mortality NZ2000 – 2002.
	Deaths:	16% of net unearned premium
	Disability:	16% of net unearned premium
	Redundancy:	16% of net unearned premium
	Expenses:	40% of future claims
	Interest:	Nil
	Cancellations:	Consumer credit contracts
	Future Surrenders:	Nil
	Surrender value:	Rule of 78 less $35 processing fee. Generally no refunds paid

Claim provisions for notified claims have been determined using case estimates provided by the claims manager.

The provision for claims incurred but not reported (IBNR) has been determined by applying the chain ladder method to past claim reporting patterns.

Insurance contract liabilities for motor vehicle business have been calculated as the unearned premium net of deferred acquisition costs.

The basis for the loss recognition test in respect of motor insurance business is as follows:

2023	Premium liability before risk margin and expenses:	78% of net unearned premium
	Risk margin:	10% of future claims plus expenses
	Expense allowance:	7% of future claims
	Future Surrenders:	Nil
	Surrender value:	Straight line basis
	Earned premium:	
	Mechanical Breakdown	
	Business written pre-April 2021	60% Rule of 78, 40% straight line
	Business written April 2021+	Per observed risk pattern
	Comprehensive Motor, GAP	Straight line amortisation
2022	Premium liability before risk margin and expenses:	70% of net unearned premium
	Risk margin:	10% of future claims plus expenses
	Expense allowance:	7% of future claims
	Future Surrenders:	Nil
	Surrender value:	Straight line basis
	Earned premium:	
	Mechanical Breakdown	
	* Business written pre-April 2021	60% Rule of 78, 40% straight line
	* Business written April 2021+	Per observed risk pattern
	Comprehensive Motor, GAP	Straight line amortisation

5. Actuarial assumptions and methods (continued)

* The effect of the change in the earned premium recognition pattern for Mechanical Breakdown resulted in the additional recognition of $0.5m premium income in the current year.

Claim provisions for notified motor claims have been based on case estimates provided by the claim manager.

The provision for IBNR in respect of motor claims has been determined by applying the chain ladder method to past claim reporting patterns.

Under the accumulation method, insurance contract liabilities do not vary with changes in the valuation assumptions, unless a variation in the assumption would lead to the recognition of future losses. The sensitivity of changes in the valuation assumptions on the best estimate liability calculations, carried out as part of the loss recognition tests, is indicated in the following table.

Sensitivity Disclosure

Policy liabilities (unearned premium liability), net of deferred acquisition costs (in dollars).

Group

31 March 2023	Payment Protection & Lifestyle		Motor		Combined	
Policy liability *	5,924,700		20,006,403		25,931,103	
	Best estimate liability	Variation	Best estimate liability	Variation	Best estimate liability	Variation
Base assumptions	1,741,862		16,697,344		18,439,206	
Discount rate +1%	1,741,862	-	16,697,344	-	18,439,206	-
Discount rate -1%	1,741,862	-	16,697,344	-	18,439,206	-
Claims frequencies x 1.1	1,866,281	(124,419)	18,257,843	(1,560,499)	20,124,124	(1,684,918)
Claims frequencies x 0.9	1,617,443	124,419	15,136,844	1,560,500	16,754,287	1,684,919
Admin costs x 1.1	1,791,629	(49,767)	16,806,579	(109,235)	18,598,208	(159,002)
Admin costs x 0.9	1,692,094	49,768	16,588,109	109,235	18,280,203	159,003
Cancellation rate x 1.1	1,741,862	-	16,697,344	-	18,439,206	-
Cancellation rate x 0.9	1,741,862	-	16,697,344	-	18,439,206	-

31 March 2022	Payment Protection & Lifestyle		Motor		Combined	
Policy liability *	4,459,769		15,272,729		19,732,498	
	Best estimate liability	Variation	Best estimate liability	Variation	Best estimate liability	Variation
Base assumptions	998,988		11,439,274		12,438,262	
Discount rate +1%	998,988	-	11,439,274	-	12,438,262	-
Discount rate -1%	998,988	-	11,439,274	-	12,438,262	-
Claims frequencies x 1.1	1,070,344	(71,356)	12,508,365	(1,069,091)	13,578,709	(1,140,447)
Claims frequencies x 0.9	927,632	71,356	10,370,183	1,069,091	11,297,815	1,140,447
Admin costs x 1.1	1,027,531	(28,543)	11,514,110	(74,836)	12,541,641	(103,379)
Admin costs x 0.9	970,446	28,542	11,364,437	74,837	12,334,883	103,379
Cancellation rate x 1.1	998,988	-	11,439,274	-	12,438,262	-
Cancellation rate x 0.9	998,988	-	11,439,274	-	12,438,262	-

* Net of deferred acquisition costs

The best estimate is calculated on the basis of the "best estimate" of the net future cash-flows under insurance policies and exclude future profit. These profits are released to the statement of financial performance income statement over the life of the policies and are included in the carrying amount of liabilities disclosed on the statement of financial position. The "best estimate" assumptions have been calculated using the assumptions set out above.

Group	2023 $000's	2022 $000's
Unearned premium liability (note 26)	(33,499)	(25,580)
Less: Deferred acquisition costs (note 21)	(7,568)	(5,847)
	(41,067)	(31,427)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

6. Interest income

	2023 $000's	2022 $000's
Bank accounts	647	160
Finance receivables	15,788	15,326
Finance receivables - impaired	219	160
Total interest revenue	16,654	15,646

7. Interest expense

	2023 $000's	2022 $000's
Bank facilities	4,337	2,878
Other borrowings	1,123	1,135
ROU Interest	7	20
Total interest expense	5,467	4,033

8. Net premium revenue

	2023 $000's	2022 $000's
Premium revenue	39,275	30,098
Movement in unearned premium reserve	(7,709)	(6,572)
	31,566	23,526
Reinsurance expense	(666)	(493)
Net premium revenue	30,900	23,033

9. Net claims expense

	2023 $000's	2022 $000's
Claims expense	20,373	13,470
Third party and other recoveries	(3,056)	(2,083)
Net claims expense	17,317	11,387

10. Other revenue

	2023 $000's	2022 $000's
Revenue from contracts with customers		
At a point in time		
Collection services	536	393
Commission income	323	366
Other fees and charges	462	1,872
Overtime		
Other fees and finance charges	1,327	1,177
Other income		
Dividends received	-	112
Other Revenue	123	120
Total other revenue	2,771	4,040

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

11. Operating expenses

	Note	2023 $000's	2022 $000's
Operating expenses includes the following:			
Auditor's remuneration			
Audit of financial statements			
- Audit of financial statements		325	288
- Audit of Quest Insurance Group Limited's solvency return		5	7
Other services			
- Tax compliance fees		24	22
Total fees paid to auditor		354	317
Insurance contract acquisition costs		5,099	4,833
Depreciation	(24)	360	380
Amortisation	(23)	314	380
Directors fees		168	171
Employee benefits		6,237	5,993

12. Impaired asset (reversal) / charge

	Note	2023 $000's	2022 $000's
Bad debts written off		(11)	89
Increase / (decrease) in collective provision		(278)	(564)
Increase / (decrease) in specific provision		359	45
	(17)	81	(519)
Goodwill Impairment		200	-
Total impaired asset charge		270	(430)

13. Tax reconciliation

		2023 $000's	2022 $000's
Net profit before taxation		4,754	8,238
Prima facie taxation @ 28%		1,332	2,307
Non-deductible expenses		78	96
Prior year Tax adjustment		139	25
Non-taxable income		(271)	(134)
Reversal of deferred tax not recognised			
Movement in deferred tax recognised		-	-
Deferred tax not recognised		-	-
Deferred tax recognised		-	-
Tax losses not recognised / (utilised)		-	-
		1,278	2,294
Comprising:	Current	414	405
	Deferred	864	1,889
		1,278	2,294

14. Cash and cash equivalents

	2023 $000's	2022 $000's
Cash at bank	25,988	34,828
Cash at bank (professional investor scheme) *	18	485
Cash at bank (securitisation arrangement) **	1,838	3,521
Cash and cash equivalents	27,844	38,834

* Cash at bank relating to the professional investor scheme is cash held within the Prime Asset Trust Limited (refer note 19 and 20). This cash relates to receipts made from receivables that were sold to Prime Asset Trust Limited and do not meet the criteria for derecognition as outlined in note 16 and is held to meet the repayment obligation Prime Asset Trust Limited has in relation to the professional investor scheme and is not available to the Group for any other use.

** Cash at bank relating to the securitisation arrangement is cash held within The Geneva Warehouse A Trust (refer note 18,19 and 20). This cash relates to receipts made from receivables that were sold into the Securitisation trust and do not meet the criteria for derecognition as outlined in note 16 and is held and distributed as per The Geneva Warehouse A Trust deed, which requires Trustee approval for distribution purposes, and such is not available to the Group.

15. Financial assets at FVTOCI

Financial assets at FVTOCI	2023 $000's	2022 $000's
Unlisted medical property investment company	-	33
Bank bonds	10,794	-
	10,794	33

Unlisted medical property investment company

The 10.85% stake in this company is held by Quest Insurance Group Limited. The investment in the unlisted medical property company is held for sale financial assets at FVTOCI. This investment is denominated in NZ dollars. The Directors have disclosed their intention to sell this investment. This equity security is not quoted in an active market. 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 (valuation technique). The entity is a property investment company that is solely in the business of holding and leasing investment property under operating leases and is involved in the development of investment property. 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). The inter-relationship between key unobservable inputs and fair value measurement is that an increase / (decrease) in the net assets would decrease / (increase) the fair value of the investment.

The underlying asset in the AMPL investment has been sold, resulting in Quest receiving circa $33k (2022: $0.2m) distributions from this investment in the current year. The carrying value for the investment is nil.

16. Finance receivables

		2023 $000's	2022 $000's
Gross finance receivables		28,588	19,933
Gross finance receivables (Invoice Factoring)		5,064	9,443
Gross finance receivables (The Geneva Warehouse A Trust)		88,753	80,315
Gross finance receivables (Prime Asset Trust Limited)		262	290
Total gross finance receivables		122,667	109,981
Less: Unearned interest		15	4
Deferred fee revenue and expenses		(2,733)	(2,792)
Less: Provision for credit impairment	(17)	19,215	19,216
COVID Overlay	(17)	-	350
Economic Overlay	(17)	440	-
Net finance receivables		105,730	93,203

Contractual maturity profile of net finance receivables	2023 $000's	2022 $000's
Current:		
Within 1 month	4,424	4,470
2 - 3 months	7,380	7,827
4 - 6 months	9,565	8,989
7 - 12 months	17,921	16,274
	39,290	37,560

16. Finance receivables (continued)

Non - Current:		
13 - 24 months	30,419	26,014
25 - 60 months	36,021	29,628
	66,440	55,642
Total	105,730	93,203

During the year ended 31 March 2023, finance receivables totalling approximately $64.0m were sold to the Geneva Warehouse A Trust (2022: $53.5m). As there has been no change in the management of the receivables and because there were no significant changes in the cash flows before and after the sale, the sold receivables did not meet the derecognition criteria. Furthermore, as the sales constitute legally enforceable transfer of equitable interest in the transferred receivables, the carrying values of these receivables at reporting date of $88.8m are subject to limitations on disposal (2022: $80.3m).

While the sale of the finance receivables to the Geneva Warehouse A Trust (the Trust) from Geneva Financial Services Limited constitute a legally enforceable sale and purchase transaction, it does not meet the criteria for the derecognition of financial assets under NZ IFRS 9, 'Financial Instruments: Recognition and Measurement' (NZ IFRS 9) and thus at the time of the sale does not meet the Group's accounting policy for derecognition of a financial asset. NZ IFRS 9 establishes specific guidance for the derecognition of financial assets, such that a financial asset can only be de-recognised when substantially all of the risks and rewards of ownership, measured by the change in the variability of the cash flow arising from the financial assets before and after the transfer, is transferred. Please refer to note 18 for further information on treatment of finance receivables sold to the Trust.

During the year ended 31 March 2023, no finance receivables were sold to or repurchased from the Prime Asset Trust Limited ('PATL') (2022: $Nil sold and $Nil repurchased). As there has been no change in the management of the receivables and because there were no significant changes in the cash flows before and after the sale, the sold receivables did not meet the derecognition criteria. Furthermore, as the sales constitute legally enforceable transfer of equitable interest in the transferred receivables, the carrying values of these receivables at reporting date of $0.3m are subject to limitations on disposal (2022: $0.3m).

While the sale of finance receivables to PATL from Geneva Financial Services Limited ('GFSL') constitutes a legally enforceable sale and purchase transaction, it does not meet the criteria for the derecognition of financial assets under NZ IFRS 9 (refer note 3 (g) 'financial assets') and thus at the time of sale does not meet the GFSL's accounting policy for derecognising of financial asset. Under NZ IFRS 9, GFSL retains substantially all of the risks and rewards of ownership of the loan receivables transferred to the PATL. This is on the basis that in substance, the arrangement is simply a funding mechanism and effectively there has been no change in the ownership or risk exposure in relation to the underlying loan receivable portfolio. GFSL is exposed to the residual cash flows arising from the transferred portfolio (by virtue of its status as the sole shareholder of PATL) and the fact that the Company has contributed a subordinated loan to the PATL that serves as a first loss piece within the cashflow allocation methodology to the funding providers of PATL ('being Quest Insurance Group Limited). Consequently, GFSL and the Company, together, retain substantially all of the risks and rewards of ownership of the loan receivables transferred to the Trust and the loan receivables do not qualify for derecognition under NZ IFRS 9. The loan receivables transferred continue to be recognised in the statement of financial position of GFSL.

17. Provision for credit impairment

		2023 $000's	2022 $000's
Opening Balance		19,566	20,294
Increase / (decrease) in provisions	(12)	81	(519)
Other movement		8	(209)
Closing balance	(16)	19,655	19,566

Fair value and credit risk

The Group lending consists of consumer lending (including personal loans) and commercial lending spread across a large number of borrowers in New Zealand. As such there is no material concentration of credit risk to individual borrowers.

Refer to note 33 for more information on the risk management policies of the Group.

18. Securitisation

Geneva Financial Services Limited (GFSL) a wholly owned subsidiary of the Company has a wholesale funding arrangement with Westpac New Zealand Limited (Westpac) under which it securitised loan receivables through The Geneva Warehouse A Trust (the Trust). Under the facility, Westpac provided funding to the Trust secured by loan receivables transferred to the Trust from GFSL. The facility annual review was completed during March 2023 (2022: November 2021) and was extended to 31 October 2024 (2022: 31 October 2023). The current facility is $75,000,000 (2022: $75,000,000). The Trust is a special purpose entity set up solely for the purpose of receiving loans from GFSL with Westpac funding up to 83% of the purchase and the remainder being funded by a subordinated loan from the Company. The NZ Guardian Trust Limited (NZGT), via NZGT (GF) Trustee Limited, has been appointed as Trustee for the Trust with GFSL as the sole beneficiary.

Under NZ IFRS 9, Financial Instruments: Recognition and Measurement, GFSL retains substantially all of the risks and rewards of ownership of the loan receivables transferred to the Trust. This is on the basis that in substance, the arrangement is simply a funding mechanism and effectively there has been no change in the ownership or risk exposure in relation to the underlying loan receivable portfolio. GFSL is exposed to the residual cash flows arising from the transferred portfolio (by virtue of its status as the beneficiary of the Trust) and the fact that the Company has contributed a subordinated loan (described above) to the Trust that serves as a first loss piece within the cashflow allocation methodology to the Trustee on behalf of Westpac. Consequently, GFSL and the Company, together, retain substantially all of the risks and rewards of ownership of the loan receivables transferred to the Trust and the loan receivables do not qualify for derecognition under NZ IFRS 9. The loan receivables transferred continue to be recognised in the statement of financial position of GFSL. In addition under, NZ IFRS 10: Consolidated Financial Statements, GFSL controls the financing and operating activities of the Trust and GFSL continues to administer the loans and collect loan instalments as they fall due, as a result the Trust is controlled by GFSL and is consequently consolidated into the Group financial statements.

During year ended 31 March 2023 GFSL transferred $64.0m gross value of loans receivables to the Trust (2022: $53.5m). As at 31 March 2023 the carrying value of these assets were $88.8m (2022: $80.3m).

19. Related parties

The Company listed on the NZAX on 1 May 2008, migrated to NZX Main Board on 30 April 2019 and its shares are widely held. The Group has related party transactions with its key management personnel and parties associated with these key management personnel.

- **Loans and advances to related parties**

	Directors and other key management	
	2023	2022
Finance receivables	$000's	$000's
Loans receivables	274	274
Impairment provision	(274)	(274)
Net loans receivable	-	-

- **Loans and advances from related parties**

	Directors and other key management	
	2023	2022
Other borrowings, secured debt and subordinated debt.	$000's	$000's
Subordinated debt	9,100	8,500
Other borrowings	-	1
Total	9,100	8,501

The balance of $9.1m (2022: $8.5m) has been included in the balance of other borrowings (refer to note 29).

	2023	2022
Movement in debentures, subordinated debt and deposits	$000's	$000's
Opening balance as at 1 April	8,500	9,150
Additional deposits received from existing depositors during the year	600	-
Reclassification of deposits during the year	-	(650)
	9,100	8,500
Interest expense on subordinated debt	666	658

Deposits of $Nil relating to ex directors (2022: $0.65m) have been reclassified to whole sale investors.

The related party deposits carry interest rates of 6.5% - 9.5% (2022: 8.3%).

19. Related parties (continued)

On 1 April 2018, the Group acquired 60% of the shares and voting interests in Federal Pacific Finance Limited (Tonga) ('FPFLT'), 20% from Federal Pacific Finance Limited (Samoa) and 40% from Federal Pacific Insurance Limited (Tonga) (refer note 20). Federal Pacific Finance Limited (Samoa) and Federal Pacific Insurance Limited (Tonga) are controlled (in accordance with the definition of the Accounting standard within NZ IFRS 10 Consolidated Financial Statements) by late Alistair and Alan Hutchison as Directors of those entities. FPFLT has related party transactions with other entities associated with late Alistair and Alan Hutchison.

- **Loans and advances from related parties**

Federal Pacific Insurance Ltd	2023 $000's	2022 $000's
Opening balance as at 1 April	1	1
Repayments	(1)	0
	-	1
Interest Expense	2	1

- **Other Operating expenses from related parties**

	Entities associated with Estate of late Alistair Hutchison and Alan Hutchison	
	2023 $000's	2022 $000's
Management fees	62	4
Rent	27	21
Secretarial	2	4
Other expenses	104	24
	195	53
Total related party expenses	197	54

- **Key management personnel compensation**

Salaries short term employee benefits during the period	2023 $000's	2022 $000's
Salaries	1,657	1,860
Directors Fees	168	171
	1,825	2,031

Key management personnel is defined as directors and the chief executive whom are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

- **Investments**

	2023 $000's	2022 $000's
Prime Asset Trust Limited ('PATL')	-	-
	-	-

Geneva Financial Services Limited contributed approximately 15% of the funds to scheme created in July 2016. These amounts are eliminated upon consolidation.

20. Group entities

Subsidiaries

Name	Nature of business	Country of incorporation	Ownership interest (%) 2023	2022
Geneva Finance NZ Limited	Consumer finance	New Zealand	100	100
Quest Insurance Group Limited	Insurance	New Zealand	100	100
Geneva Capital Limited	Invoice factoring	New Zealand	100	100
Stellar Collections Limited	Debt collection	New Zealand	100	100
Geneva Financial Services Limited	Consumer finance	New Zealand	100	100
Prime Asset Trust Limited	Trustee / nominee company	New Zealand	100	100
Federal Pacific Finance Limited (Tonga)	Consumer finance	Tonga	60	60
Geneva Nominees Limited	Dormant	New Zealand	100	100
The Geneva Warehouse A Trust *	Securitisation Trust	New Zealand	N/A *	N/A *

The reporting date of all companies is 31 March.

20. Group entities (continued)

* The Geneva Warehouse A Trust is a special purpose entity set up solely for the purpose of the securitisation facility, (refer note 18).The NZ Guardian Trust Limited, via NZGT (GF) Trustee Limited, has been appointed as Trustee for the Trust with Geneva Financial Services Limited as the sole beneficiary.

Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

- Federal Pacific Financial Limited (Tonga) (FPFLT)	2023 $000's	2022 $000's
Current assets	6,380	5,532
Non-current assets	65	63
Current liabilities	(553)	(559)
Non-current liabilities	-	(1)
Equity attributable to owners of the Group	(5,471)	(4,602)
Non-controlling interest	(421)	(433)
Revenue	2,031	1,915
Expense	(563)	(427)
Profit (loss) for the year before tax	1,468	1,488
Profit (loss) attributable to owners of the Group	632	649
Profit (loss) attributable to owners of the non-controlling interests	421	433
Profit (loss) for the year	1,053	1,082
Dividends paid to non-controlling interest	225	-
Net cash inflow (outflow) from operating activities	(288)	1,562
Net cash inflow (outflow) from investing activities	(19)	(21)
Net cash inflow (outflow) from financing activities	(1)	-
Net cash inflow/(outflow)	(308)	1,541

Non-controlling interest	2023 $000's	2022 $000's
Balance at beginning of year	2,056	1,623
Share of profit for year - FPFLT	421	433
Dividends paid out	(190)	-
Balance at end of year	2,287	2,056

21. Deferred insurance contract acquisition costs

	2023 $000's	2022 $000's
Opening balance	5,847	5,226
Deferral of insurance contract acquisition costs incurred during the year	8,778	6,374
Expense of insurance contract acquisition costs incurred during prior years	(7,057)	(5,753)
Closing balance	7,568	5,847

22. Taxation

The gross movement on the deferred income tax account is as follows:

	Intangible Assets $'000	Provisions $'000	Tax losses $'000	Deferred Expenses $'000	Total $'000
Balance at 31 March 2021	(65)	3,683	2,755	(1,463)	4,910
(Charged) / Credited to profit or loss	25	113	(1,853)	(174)	(1,889)
Balance at 31 March 2022	**(40)**	**3,796**	**902**	**(1,637)**	**3,021**
(Charged) / Credited to profit or loss	25	183	(589)	(482)	(863)
Balance at 31 March 2023	**(15)**	**3,979**	**313**	**(2,119)**	**2,158**

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As the Group has generated taxable profits for the current year and is forecasting profits for the foreseeable future, the Directors considered it probable that a deferred tax asset would be realised.

Tax Losses	2023 $'000 Gross	2023 $'000 Tax Effected	2022 $'000 Gross	2022 $'000 Tax Effected
Recognised	1,118	313	3,221	902
Not recognised	736	206	371	104
	1,854	**519**	**3,592**	**1,006**

Tax losses available to carry forward for the group total $1.854m, (2022: $3.592m), tax effect $0.519m (2022: $1.006m). Of this balance, tax losses with a value of $1.118m (2022: $3.221m), tax effect $0.313m (2022: $0.902m) have been recognised at reporting date. These tax losses can be carried forward, with no expiry, for use against future taxable profits of the Group's New Zealand entities, subject shareholder continuity being maintained as required by New Zealand tax legislation.

b) Imputation credits

The balance of imputation credit at reporting date is Nil (2022: Nil).

23. Intangible assets

	2023 $000's	2022 $000's
Computer software		
At cost	3,995	3,766
Accumulated amortisation	(3,528)	(3,301)
Closing balance	467	465
Goodwill		
At cost	1,338	1,338
Accumulated impairment	(200)	-
Closing balance	1,138	1,338
Customer Relationships		
At cost	570	570
Accumulated impairment	(476)	(388)
Closing balance	94	182
Total intangible assets	1,699	1,985

The reconciliations of the carrying value for Intangible assets are set out below:

	2023 $000's	2022 $000's
Computer software		
Opening balance	293	584
Additions	171	-
Amortisation	(226)	(291)
Disposals/write offs	-	-
Closing balance	238	293

23. Intangible assets (continued)

Computer software in progress		
Opening balance	172	9
Additions	230	163
Transfers/Disposals	(173)	-
Closing balance	229	172
Goodwill		
Opening Balance	1,338	1,338
Additions through business combinations	-	-
Amortisation	(200)	-
Closing balance	1,138	1,338
Customer Relationships		
Opening Balance	182	271
Additions through business combinations	-	-
Amortisation	(88)	(89)
Closing balance	94	182
Total intangible assets	1,699	1,985

Goodwill	2023 $000's	2022 $000's
Allocated to MFL Services collections business CGU	758	758
Allocated to the Geneva Capital invoice factoring CGU	380	580
	1,138	1,338

Impairment testing for cash-generating units (CGU) containing goodwill

The aggregate carrying amounts of goodwill allocated to the cash generating units are outlined below. Goodwill primarily relates to growth expectations, expected future profitability and the substantial skill and expertise of the work force of the cash generating unit. Management have assessed that there is no foreseeable limit to the period of time over which the goodwill is expected to generate net cash inflows for the Group, and as such goodwill have been assessed as having an indefinite useful life.

The recoverable amount of all 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 growth rate for the products, industries, or country or countries in which the CGU operates. For each of the CGUs with goodwill the key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows.

- *MFL Services collections business CGU*

The year 1 forecast cash flows were extrapolated using the following growth rates; year 2: 22%, year 3: 7%, years 4: 5%, year 5: 17% and 1% terminal rate (2022: year 2: 122%, year 3: 29%, years 4: 5%, year 5: 4% and 1% terminal rate). A pre-tax discount rate of 20.0% (2022: 22.0%) was applied in determining the recoverable amount. The discount rate was established based on weighted average cost of capital taking into account the specific attributes and size of the CGU.

In assessing the impairment of the goodwill in the collections business CGU, a sensitivity analysis for reasonably possible changes in key assumptions was performed. This included reducing the terminal growth rate by 1% (2022: increasing and reducing the terminal growth rate by 1%) and increasing and decreasing the discount rate by 1% (2022: 1%). These reasonably possible changes in rates did not cause any impairment.

23. Intangible assets (continued)

- *Geneva Capital invoice factoring CGU*

This CGU was restructured during the year, with poor performing segments being exited. This restructure resulted in a $200,000 impairment charge. The Board have agreed to review the operations of this CGU in the next financial year, and hence have only forecasted performance for one year.

The year 1 forecast cash flows were extrapolated using the following growth rates; 1% terminal rate (2022: year 2: -8%, year 3: 20%; years 4: 25%, year 5: 19% and 1% terminal rate) . A pre-tax discount rate of 15% (2022: 17.7%) was applied in determining the recoverable amount. The discount rate was established based on weighted average cost of capital taking into account the specific attributes and size of the CGU.

In assessing the impairment of the goodwill in the invoice factoring CGU, a sensitivity analysis for reasonably possible changes in key assumptions was performed. This included reducing the terminal growth rate by 1% (2022: increasing and reducing the terminal growth rate by 1%) and increasing and decreasing the discount rate by 1% (2022: 1%). These reasonably possible changes in rates did not cause any impairment.

24. Plant and equipment

	2023 $000's	2022 $000's
Computer equipment		
At cost	2,027	2,022
Accumulated depreciation	(2,000)	(1,994)
	27	28
Furniture and fittings		
At cost	810	787
Accumulated depreciation	(774)	(760)
	36	27
Office equipment		
At cost	273	273
Accumulated depreciation	(267)	(264)
	6	9
Leasehold improvements		
At cost	1,488	1,473
Accumulated depreciation	(1,457)	(1,453)
	31	20
Motor vehicles		
At cost	419	428
Accumulated depreciation	(290)	(231)
	129	197
Right of use assets - Property		
At cost	1,053	1,053
Accumulated depreciation	(1,053)	(796)
	-	257

	2023	2022
Right of use assets - Equipment	$000's	$000's
At cost	75	59
Accumulated depreciation	(63)	(55)
	12	4
Total plant and equipment	241	542

24. Plant and equipment (continued)

The reconciliations of the carrying value for fixed assets are set out below:

	2023 $000's	2022 $000's
Computer equipment		
Opening balance	28	30
Additions	9	10
Disposals/write offs	-	-
Depreciation	(10)	(12)
Closing balance	27	28
Furniture and fittings		
Opening balance	27	29
Additions	16	4
Disposals/write offs	1	1
Depreciation	(8)	(7)
Closing balance	36	27
Office equipment		
Opening balance	9	9
Additions	-	2
Disposals/write offs	-	-
Depreciation	(3)	(2)
Closing balance	6	9
Leasehold improvements		
Opening balance	20	15
Additions	15	8
Disposals/write offs	-	-
Depreciation	(4)	(3)
Closing balance	31	20
Motor vehicles		
Opening balance	197	226
Additions	9	39
Disposals/write offs	(8)	1
Depreciation	(69)	(69)
Closing balance	129	197
Right of use assets - Property		
Opening balance	257	526
Additions	-	-
Disposals/write offs	-	-
Depreciation	(257)	(269)
Closing balance	-	257
Right of use assets - Equipment		
Opening balance	4	22
Additions	17	-
Disposals/write offs	-	-
Depreciation	(9)	(18)
Closing balance	12	4
Total plant and equipment	241	542

25. Outstanding claims liability

	2023 $000's	2022 $000's
Gross claims	2,171	2,767
Third party recoverable	(120)	(51)
IBNR provision	2,036	246
Closing balance	4,087	2,962

Reconciliation of movement in outstanding claims liability

	2023 $000's	2022 $000's
Gross claims		
Opening balance	2,767	1,351
Movement	(17,913)	(9,971)
Payments	17,317	11,387
Closing balance	2,171	2,767
Third party recoverable		
Opening balance	(51)	(38)
Movement	(69)	(13)
Closing balance	(120)	(51)
IBNR provision		
Opening balance	246	344
Movement	1,790	(98)
Closing balance	2,036	246

Solvency disclosure - Quest Insurance Group Limited

The solvency position of the Company as at 31 March 2023 has been calculated by the Company's actuary, under the Reserve Bank of New Zealand solvency standard (Section 55 of the Insurance (Prudential Supervision) Act 2010). The actual solvency capital of the Company under this standard as at 31 March 2023, net of related party investments and unrecoverable deferred acquisition costs amounted to $11.83m (2022:$9.02m). Quest Insurance Group Limited is required to hold minimum solvency capital of $7.8m (2022: $5.3m) and have a solvency margin of at least $1.

2023	Non Life $'000	Life $'000	Total $'000
Actual Solvency Capital	10,715	1,118	11,833
Minimum solvency requirement	7,283	542	7,825
Solvency Margin	**3,432**	**576**	**4,008**
Solvency Cover Ratio	147%	206%	151%

2022	Non Life $'000	Life $'000	Total $'000
Actual Solvency Capital	6,378	2,642	9,020
Minimum solvency requirement	5,254	-	5,254
Solvency Margin	**1,124**	**2,642**	**3,766**
Solvency Cover Ratio	121%	n/a	172%

The liabilities recorded on the Statement of Financial Position are $44.1m (2022: $32.8m) and total assets equal $65.3m (2022: $50.7m).

26. Unearned insurance contract premium liabilities

	2023 $000's	2022 $000's
Opening balance	(25,580)	(19,008)
Deferral of premium on contracts written during the year	(39,297)	(30,297)
Earnings of premiums deferred in prior year	31,378	23,725
Closing balance	(33,499)	(25,580)

27. Derivative financial instruments

The Group uses interest rate swap contracts to convert a portion of its variable rate debt to fixed rate debt. No exchange of principal takes place. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves.

Derivatives designated as cash flow hedges	2023	2022
Interest rate swap (at fair value) entered into	$000's	$000's
Opening Balance	502	(248)
Movement	93	750
Closing Balance	595	502
Contract / notional amount - (Swap)	45,047	17,612

Hedging activities
The Group's hedging practices and accounting treatment are disclosed in Note 3 (i).

Cash flow hedges
The Group hedges a portion of interest rate risk that it has assumed as a result of entering into a floating rate bank facility agreement as part of the securitisation agreement refer note 18.

There were no ineffectiveness recognised in profit or loss during the period (2022: Nil).

Notional amounts and applicable interest rates

2023		2022	
Notional Amount $000's	Interest Rate %	Notional Amount $000's	Interest Rate %
647	2.05	6,392	2.05
-	0.61	10,072	0.61
13,556	1.91	1,148	1.91
4,250	4.20	-	-
5,792	4.80	-	-
20,802	4.81	-	-
45,047		**17,612**	

28. Bank facilities

	2023	2022
	$000's	$000's
Bank facility: Westpac	73,564	65,814
Capitalised transaction costs: Westpac	(96)	(93)
Bank facility: Kiwi Bank	3,400	3,400
Capitalised transaction costs: Kiwi Bank	(4)	(10)
	76,864	69,111

	2023	2022
Maturity profile of bank facilities	$000's	$000's
Current - within 12 months		
- Bank facility: Westpac	3,850	1,397
- Bank facility: Kiwi Bank	1,489	171
	5,339	1,568
Non - Current - more than 12 months		
- Bank facility: Westpac	69,618	64,324
- Bank facility: Kiwi Bank	1,907	3,219
	71,525	67,543
Total	76,864	69,111

The financing arrangement with Westpac New Zealand Limited (Westpac) as described in note 18.

28. Bank facilities (continued)

Stellar Collections Limited entered into a term loan facility of $3.4m with Kiwi Bank during June 2015 (for an initial term of 2 years to 15 June 2017), the facility was then further extended annually to 30 June 2022. In November 2021 the facility was extended to July 2025 repayable in equal repayments commencing 31 July 2023. The term loan is secured by the present and future assets of Stellar Collections Limited with Geneva Finance Limited as the guarantor of the loan.

29. Other borrowings

	2023 $000's	2022 $000's
	$000's	$000's
Unsecured	14,841	14,242
Total other borrowings	14,841	14,242
Maturity profile of other borrowings:		
Current - within 12 months		
- Unsecured	7,625	5,050
	7,625	5,050
Non-current - more than 12 months		
- Unsecured	7,216	9,192
	7,216	9,192
Total	14,841	14,242
Small offer investor	1,525	1,525
Wholesale investor	13,316	12,717
	14,841	14,242

The other borrowings relate to small offer investor and wholesale investor funding. The current portion of other borrowings is comprised of $7.63m at an interest rate of 8.26% (2022: $5.05m at an interest rate of 8.75%). The non-current portion of other borrowings is comprised of $7.22m at an interest rate of 7.65% (2022: $9.19m at an interest rate of 7.24%).

During the current period the Group raised $0.6m investors funding (2022: settled $0.1m).

30. Lease liabilities

The reconciliations of the carrying value for lease liabilities are set out below:	2023 $000's	2022 $000's
Printer	12	4
Property	-	277
Total lease liabilities	12	281

Lease liabilities have an incremental borrowing rate of 4.68% (2022: 4.68%).

During the year the Group received Covid 19 rent concession of Nil (2022: $15k).

Amounts recognised in Statement of Comprehensive Income		
Interest on lease liabilities	7	20
Expenses related to short term leases	-	-
Total Amount recognised in Statement of Comprehensive Income	7	20

31. Capital and reserves

Capital:
Capital comprises share capital, other reserves and retained earnings.

Share capital (comprised of ordinary shares only):	Ordinary shares (in thousands)	
	2023	2022
	000's	000's
Opening balance	72,935	72,935
Closing balance	72,935	72,935

Share capital (comprised of ordinary shares only):	2023	2022
	$000's	$000's
Opening balance	52,779	52,779
Closing balance	52,779	52,779

Shares held by Geneva	Ordinary shares (in thousands)	
	2023	2022
	000's	000's
Opening Balance	805	805
Share buy back	-	-
Closing Balance	805	805
Opening Balance	342	342
Share buy back	-	-
Closing Balance	342	342

All issued shares are authorised and fully paid. The holders of ordinary shares rank equally amongst themselves, are entitled to receive dividends from time to time and are entitled to one vote per share at shareholder meetings of the Company and rank equally with regard to the Company's residual assets.

Dividends:
Recognised amounts:

	Declared on	Paid on	Cents per share	Total $'000
2023				
Prior year final dividend	7/06/2022	28/06/2022	2.75	2,006
Interim dividend	12/10/2022	31/10/2022	1.00	729
				2,735
Treasury Dividend				(30)
FPFLT's net dividend paid				190
Total dividend paid				2,895
Final dividend declared	7/06/2022	28/06/2022	-	-
2022				
Prior year final dividend	10/05/2021	10/06/2021	2.50	1,823
Interim dividend	30/11/2020	30/11/2021	1.25	912
				2,735
Treasury Dividend				(30)
FPFLT's net dividend paid				-
Total dividend paid				2,705

31. Capital and reserves (continued)

Reserves:	2023 000's	2022 000's
Cash flow hedge reserve	595	502
Financial assets at FVTOCI reserve	96	13
Common control reserve	(2,468)	(2,468)
Foreign currency translation reserve	215	(63)
Total	(1,562)	(2,016)

Reconciliation:	2023 000's	2022 000's
Opening Balance	(2,016)	(2,317)
Movement	454	301
Closing Balance	(1,562)	(2,016)

Summary of movement			
Cash flow hedge reserve	(i)	93	750
Financial assets at FVTOCI reserve	(ii)	83	(523)
Common control reserve	(iii)	-	-
Foreign currency translation reserve	(iv)	278	74
Total Movement		454	301

(i) Cash flow hedging reserve:
The hedging reserve relates to the fair value of the effective portion of cash flow hedges (Refer note 27).

	2023 000's	2022 000's
Opening balance	502	(248)
Movement	93	750
Closing balance	595	502

(ii) Financial assets at FVTOCI reserve:
The financial assets at FVTOCI reserve related to revaluation of an equity investment held by the subsidiary company Quest Insurance Group Limited (Refer Note 15).

The equity investment was initially acquired for a cost of $2.2m. The FVTOCI reserve represents the difference between the initial cost, capital distributions received during the year and the fair value at reporting date of Nil (2022: $0.03m). In the current year, movement includes fair value movement on bank bonds acquired during the year.

	2023 000's	2022 000's
Opening balance	13	536
Movement	83	(523)
Closing balance	96	13

(iii) Common control reserve:
The common control reserve arose upon the acquisition of Federal Pacific Finance Limited (Tonga).

	2023 000's	2022 000's
Opening balance	(2,468)	(2,468)
Movement	-	-
Closing balance	(2,468)	(2,468)

31. **Capital and reserves (continued)**

The Board of Directors and Management have determined that the acquisition represents a business combination under common control (in accordance with definitions within NZ IFRS 10 Consolidated Financial Statements) on the basis that the Group and FPFLT are controlled by the same party being Alistair and Alan Hutchinson via a series of intermediary entities. There is no NZ IFRS or IFRS that specifically applies to an acquisition and consolidation under common control and therefore outside of the scope of NZ IFRS, the predecessor value ('pooling of interests') method has been adopted. In this case the net assets of the combining entities or businesses are combined using the existing book values (predecessor book values) from the controlling parties' perspective (and not adjusted to fair value upon combining). No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the controlling party's interest. Any difference between the cost of investment recognised by the controlling entity and the nominal value of the net assets of the combining entities or businesses on the date at which the combining entities or businesses first came under the control of the controlling entity results in the recognition of a common control reserve.

(iv) Foreign currency translation reserve

	2023	2022
	000's	000's
Opening balance	(63)	(137)
Movement	278	74
Closing balance	215	(63)

32. Profit / (Loss) per share

Basic profit / (loss) per share
The calculation of basic profit per share at 31 March 2023 was based on the profit attributable to ordinary shareholders of $3,055,000 (2022: $5,511,000) and a weighted average number of shares 72,935,275 (2022: 72,935,275) calculated as follows:

Profit / (loss) attributable to ordinary shareholders	2023	2022
	$000's	$000's
Net profit / (loss) after taxation	3,055	5,511
Dividends on preference shares	-	-
Net profit / (loss) attributable to ordinary shareholders	3,055	5,511

Weighted average number of ordinary shares (thousands)

	2023	2022
Opening balance	72,935	72,935
Shares issued in the reporting period	-	-
Weighted average number of ordinary shares in issue	72,935	72,935
Basic profit per share (in cents)	4.19	7.56

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

No diluted earnings per share was presented for in the prior year as the average share price of the Company's shares over the reported periods was lower than the exercise price of the share options on issue.

33. Management of financial, insurance and capital risk

Financial Risk
(a) Credit risk
Credit risk is defined as the risk that a loss will be incurred if a counter party to a transaction does not fulfil its financial obligations.

Credit risk is the potential loss to the Group arising from the non-performance of a counterparty to whom funds have been advanced. Financial instruments, which potentially subject the Group to credit risk principally, consist of bank balances, finance receivables, accounts receivable and interest rate swaps.

The board, audit and risk committees have the responsibility to oversee all aspects of credit risk assessment and management, and delegates authority to perform lending within approved lending policies and guidelines.

33. Management of financial, insurance and capital risk (continued)

To control the level of credit risk taken, each customer's credit risk is individually evaluated on a case by case basis and the amount of collateral taken on the provision of financial facility is based on management's credit evaluation of the customer. The Group operates a lending policy with various levels of authority depending on the size of the loan. A lending and credit committee operates and overdue loans are assessed on a regular basis by this body. The Group requires collateral or other security to support financial instruments with credit risk. The collateral taken varies and as at reporting date was primarily in the form of motor vehicles and/or household chattels.

Loan agreements provide that if an event of default occurs, collateral can be repossessed. The repossessed collateral is either held until overdue payments have been received or sold in the secondary market. An asset quality committee operates and overdue loans are assessed and reviewed on a regular basis by this body.

To facilitate effective management of arrears accounts, loan receivables are grouped on the number of days in arrears and number of days without making a payment. All overdue accounts are managed by the collections team who have responsibility for securing the Group's position. Collection processes includes telephone contact, standard arrears letters, and if the arrears position deteriorates an escalation through the legal process.

The Group's credit risk to bank bonds represents the potential cost to the Group if counterparties fail to fulfil their obligation. To control the level of credit risk taken, the Group bonds are limited to banks with a minimum Standard & poor's (S&P) AA- credit rating.

The Group's credit risk to cash and cash equivalents represents the potential cost to the Group if counterparties fail to fulfil their obligation. To control the level of credit risk taken, the Group only banks with registered banks.

The Group's credit risk to interest rate swaps represents the potential cost to replace the swap contracts if counterparties fail to fulfil their obligation. To control the level of credit risk taken, the Group only enters into interest rate swaps with its bank facility provider.

i) Concentrations of credit risk

The Group lending consists of consumer lending (including personal loans) and commercial lending spread across a large number of borrowers in New Zealand. As such there is no material concentration of credit risk to individual borrowers. All finance receivables net of provisions are considered to be fully recoverable.

ii) Concentration of credit risk by 'sector' and by 'sector and then asset category'

Finance receivables consist of secured and unsecured business loans and secured and unsecured personal loans. The security on business loans is generally the assets being purchased, typically equipment. The security on personal loans is generally the assets being purchased, typically motor vehicles or chattels. It is impractical to determine the current fair value of the collateral held due to the large number of loans, average size, term to maturity, wide variety and condition of each collateral item.

Concentration of credit risk by sector	2023 $000's	2022 $000's
Personal Loans		
Gross finance receivables	112,570	96,637
Provision for credit impairment	(18,709)	(18,660)
	93,861	77,977
Business loans		
Gross finance receivables	10,097	13,344
Provision for credit impairment	(946)	(906)
	9,151	12,438
Gross finance receivables after provision for credit impairment	103,012	90,415
Less:		
Unearned interest	15	4
Deferred fee revenue and expenses	(2,733)	(2,792)
Net finance receivables	105,730	93,203

Concentration of credit risk exposure by security	2023 $000's	2022 $000's
Personal loans		
Secured	91,917	77,469
Unsecured	20,653	19,168
Total personal loan receivables	112,570	96,637

33. Management of financial, insurance and capital risk (continued)

Business loans		
Secured	9,541	12,786
Unsecured	556	559
Total business loan receivables	10,097	13,344

The above amounts are gross of any allowances for impairment. Security is primarily in the form of vehicles and/or household chattels.

Concentration of credit risk by sector and then arrears category

31 March 2023	Current $000's	<30 $000's	31-60 $000's	61-90 $000's	91-120 $000's	>120 $000's	Total $000's
Personal loans							
Gross finance receivables - secured	77,707	4,951	328	293	201	8,437	91,917
Provision for credit impairment	(916)	(58)	(89)	(89)	(66)	(6,653)	(7,871)
Secured	76,791	4,893	239	204	135	1,784	84,046
Personal loans							
Gross finance receivables - unsecured	9,267	115	75	103	11	11,082	20,653
Provision for credit impairment	(45)	(1)	(45)	(74)	(7)	(10,666)	(10,838)
Unsecured	9,222	114	30	29	4	416	9,815
Gross finance receivables after provision for credit impairment	86,013	5,007	269	233	139	2,200	93,861
Business loans							
Gross finance receivables - secured	9,255	30	-	-	-	255	9,541
Provision for credit impairment	(290)	(2)	-	-	-	(98)	(390)
Secured	8,965	28	-	-	-	157	9,151
Gross finance receivables - unsecured	-	-	-	-	-	556	556.22
Provision for credit impairment	-	-	-	-	-	(556)	(556.22)
Unsecured	-	-	-	-	-	-	-
Gross finance receivables after provision for credit impairment	8,965	28	-	-	-	157	9,151
Total gross finance receivables after provision for credit	94,978	5,035	269	233	139	2,357	103,012

31 March 2022	Current $000's	<30 $000's	31-60 $000's	61-90 $000's	91-120 $000's	>120 $000's	Total $000's
Personal loans							
Gross finance receivables - secured	64,697	3,696	285	296	34	8,461	77,469
Provision for credit impairment	(744)	(43)	(68)	(90)	(8)	(6,525)	(7,478)
Secured	63,953	3,653	217	206	26	1,936	69,991
Gross finance receivables - unsecured	7,725	119	83	52	23	11,166	19,168
Provision for credit impairment	(40)	(1)	(53)	(29)	(9)	(11,050)	(11,182)
Unsecured	7,685	118	30	23	14	116	7,986
Gross finance receivables after provision for credit impairment	71,638	3,771	247	229	40	2,052	77,977

33. Management of financial, insurance and capital risk (continued)

Business loans							
Gross finance receivables - secured	12,533	-	-	-	-	252	12,786
Provision for credit impairment	(247)	-	-	-	-	(100)	(348)
Secured	12,286	-	-	-	-	152	12,438
Gross finance receivables - unsecured	-	-	-	-	-	559	559
Provision for credit impairment	-	-	-	-	-	(559)	(559)
Unsecured	-	-	-	-	-	-	-
Gross finance receivables after provision for credit impairment	12,286	-	-	-	-	152	12,438
Total gross finance receivables after provision for credit	83,924	3,771	247	229	40	2,204	90,415

iii) Maximum credit risk

The maximum exposures are gross of any provisions for losses on the financial instruments:

	2023 $000's	2022 $000's
Cash and cash equivalents	27,844	38,834
Financial assets at FVTOCI	10,794	-
Finance receivables	122,667	109,981
Prepayments & receivables	17,804	11,676
Undrawn committed facility - invoice factoring	5,474	17,742

Prepayments & receivables are aged in note 33 (b) as other receivables. They are considered current unless otherwise stated.

The Group has no off balance sheet credit exposures.

iv) Ageing analysis of loan receivables

			Days past due				
2023	**TOTAL**	Current	<30	31-60	61-90	91-120	>120
Expected credit loss rate		1.30%	1.22%	33.25%	41.52%	33.49%	88.41%
Gross Finance Receivables	**122,667**	96,232	5,097	403	395	212	20,329
Provision for Credit Impairment	**19,655**	1,251	62	134	164	71	17,973
Net Finance Receivables	**103,012**	**94,981**	**5,035**	**269**	**231**	**141**	**2,356**

			Days past due				
2022	**TOTAL**	Current	<30	31-60	61-90	91-120	>120
Expected credit loss rate		1.21%	1.15%	32.79%	34.10%	28.57%	89.22%
Gross Finance Receivables	**109,981**	84,957	3,814	369	349	56	20,436
Provision for Credit Impairment	**19,566**	1,032	44	121	119	16	18,234
Net Finance Receivables	**90,415**	**83,925**	**3,770**	**248**	**230**	**40**	**2,202**

b) Interest rate risk and liquidity risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank facility and other borrowing debt obligations and the Group's finance receivables. Changes to interest rates can impact on the Group's financial results by affecting the spread earned on the interest-earning assets and the cost of interest-bearing liabilities.

The expected maturity periods and effective interest rates of debt securities are set out in the liquidity gap and interest rate sensitivity analysis. The interest rates are fixed depending on the term and value of the professional investor loans.

33. Management of financial, insurance and capital risk (continued)

Interest rates are managed by assessing the demand for funds, new lending, expected debt repayments and maintaining an adequate portfolio of financial assets and liabilities with a sufficient spread between interest rates on the Group's lending and borrowing. Interest rates on advances are normally fixed for the life of the advances. The Group's bank facilities have a floating interest rate. To protect the Group from interest rate volatility on this facility the Group enter into interest rate swaps to hedge at between 20% and 80% of the interest rate risk depending on its investment threshold rate for the period. The percentage applicable for the current period was 50%, 2022 (20%). The Group agrees with other parties to exchange, at specified intervals (monthly), the difference between floating contract rates and fixed rate interest amounts calculated by reference to the agreed notional principal amounts. The Group has not entered into any other derivative transactions.

Interest rate risk is measured by the Executive Directors when establishing fixed rates of interest for issues of debt securities. When approving interest rates for individual loan advances, interest rate risk is either measured by the Executive Directors in accordance with the approved lending policy or by management in accordance with the approved lending policy. The Executive Directors monitor exposure to interest rates on a monthly basis.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty to raise funds on short notice to support the subordinated requirement to sustain securitisation facility growth. The Group monitors its liquidity position on a continuous basis and plans its operating activities to ensure a balanced liquidity position. The key factors in managing liquidity are the timing of the payments of interest and principal on funding and the timing of receipts of interest and principal on finance receivables. The Group has also reduced its liquidity risk through:

- securing the securitisation facility;
- securing a bank facility with Kiwi Bank;
- sourcing debt from professional investors;
- actively searching for alternative funding sources; and
- managing its operations to operate within available resources.

i) Liquidity gap

The following maturity analysis of financial assets and financial liabilities is based on the remaining period to contractual maturity. Managements' expected maturities of the financial assets and financial liabilities are in line with the contractual maturities unless otherwise noted below.

The Group monitors its liquidity position on a continuous basis and plans its operating activities to ensure a balanced liquidity position. If necessary the Group will build up cash reserves to meet longer term liabilities.

31 March 2023

$'000's

Financial assets	Carrying amount	Gross nominal inflow/ (outflow)	0-3 months	4-6 months	7-12 months	13-24 months	25-60 months
Cash and cash equivalents	27,844	27,844	27,844	-	-	-	-
Finance receivables	105,730	125,657	14,033	11,363	21,299	36,152	42,810
Financial assets at FVTOCI	10,794	10,794	-	-	5,271	5,523	-
Other receivables	17,804	17,804	17,804	-	-	-	-
Derivative financial instruments	595	595	98	89	151	185	72
Total finance assets	162,767	182,694	59,779	11,452	26,721	41,860	42,882
Financial liabilities							
Bank facilities *	(76,864)	(77,269)	(9,243)	(6,336)	(12,175)	(22,475)	(27,040)
Professional investor scheme	(14,841)	(16,044)	(281)	(1,547)	(6,685)	(6,493)	(1,038)
Other payables	(686)	(686)	(686)	-	-	-	-
Total financial liabilities	(92,391)	(93,999)	(10,210)	(7,883)	(18,860)	(28,968)	(28,078)
Net liquidity gap	70,376	88,695	49,569	3,569	7,861	12,892	14,804

* Management's expectations are that the facilities would be extended (Refer note 18 & 28) otherwise the amounts presented in '25-60 months' would appear in '13-24 months'.

33. Management of financial, insurance and capital risk (continued)

31 March 2022
$'000's

Financial assets	Carrying amount	Gross nominal inflow/ (outflow)	0-3 months	4-6 months	7-12 months	13-24 months	25-60 months
Cash and cash equivalents	38,834	38,834	38,834	-	-	-	-
Finance receivables	93,203	105,254	13,907	10,132	18,379	29,378	33,458
Financial assets at FVTOCI*	33	33	-	-	33	-	-
Other receivables	11,676	11,676	11,405	178	93	-	-
Derivative financial instruments	502	502	(511)	(532)	244	837	464
Total finance assets	144,248	156,299	63,635	9,778	18,749	30,215	33,922

Financial liabilities	Carrying amount	Gross nominal inflow/ (outflow)	0-3 months	4-6 months	7-12 months	13-24 months	25-60 months
Bank facilities **	(69,111)	(69,592)	(8,548)	(5,939)	(10,961)	(19,527)	(24,617)
Professional investor scheme	(14,242)	(16,235)	(290)	(538)	(5,178)	(4,416)	(5,813)
Other payables	(720)	(718)	(718)	-	-	-	-
Total financial liabilities	(84,073)	(86,545)	(9,556)	(6,477)	(16,139)	(23,943)	(30,430)
Net liquidity gap	60,175	69,754	54,079	3,301	2,610	6,272	3,492

* The realisation of these cashflows is not contractual and is based on management's expectation.

** Management's expectations are that the facilities would be extended (Refer note 18 & 28) otherwise the amounts presented in '25-60 months' would appear in '13-24 months'.

ii) Interest rate reset analysis

The following tables include the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. Interest rates on finance receivables and debentures are fixed for their term at the time they were issued.

31 March 2023
$'000's

Financial assets	Effective Interest Rate %	0-3 Months	4-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
Cash and cash equivalents	2.15 - 4.60	27,844	-	-	-	-	27,844
Financial assets at FVTOCI	2.22 - 3.65	-	-	5,271	5,523	-	10,794
Finance receivables	6.95 - 26.95	11,804	9,565	17,921	30,419	36,021	105,730
Effect of derivatives held for risk management	0.41 - 4.81	98	89	151	185	72	595
Total interest bearing finance assets		39,746	9,654	23,343	36,127	36,093	144,963
Financial liabilities							
Bank facilities	2.75 - 8.08	(1,174)	(4,165)	-	-	(71,525)	(76,864)
Other borrowings	6.5 - 9.5	-	(1,275)	(6,366)	(6,250)	(950)	(14,841)
Total interest bearing financial liabilities		(1,174)	(5,440)	(6,366)	(6,250)	(72,475)	(91,705)
Total		38,572	4,214	16,977	29,877	(36,382)	53,258

31 March 2022
$'000's

Financial assets	Effective Interest Rate %	0-3 Months	4-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
Cash and cash equivalents	0.15 - 1.55	38,834	-	-	-	-	38,834
Finance receivables	1.99 - 34.95	12,298	8,989	16,274	26,014	29,628	93,203
Effect of derivatives held for risk management	0.41 - 2.17	511	532	(244)	(837)	(464)	(502)
Total interest bearing finance assets		51,643	9,521	16,030	25,177	29,164	131,535
Financial liabilities							
Bank facilities	2.01 - 5.81	(454)	(1,114)	-	-	(67,543)	(69,111)
Professional investor scheme	6.5 - 9.25	-	(250)	(4,817)	(3,775)	(5,400)	(14,242)
Total interest bearing financial liabilities		(454)	(1,364)	(4,817)	(3,775)	(72,943)	(83,353)
Total		51,189	8,157	11,213	21,402	(43,779)	48,182

33. Management of financial, insurance and capital risk (continued)

iii) Interest rate sensitivity analysis

The following tables summarise the sensitivity of the Group's financial assets and financial liabilities to interest rate risk. The analysis shows the annualised impact on the profit before tax and equity of a reasonably possible movement of +/- 0.5% movement in interest rates. The equity impact takes into account the tax effect of the profit impacts. The tax effect is $Nil for the year ended 31 March 2023 (2022: $Nil) due to the fact that the Group had sufficient accumulated tax losses available for utilisation against future taxable income (provided the Group generates sufficient assessable income, and the statutory requirement for shareholder continuity being met, also refer note 22).

31 March 2023			Interest rate risk			
		Carrying Amount	-0.5% Profit	-0.5% Equity	+0.5% Profit	+0.5% Equity
Financial assets		$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	(14)	27,844	(139)	(100)	139	139
Financial assets at FVTOCI	(15)	10,794	(54)	(39)	54	39
Finance receivables	(16)	105,730	(529)	(381)	529	381
Derivative financial instruments	(27)	595	(3)	(2)	3	2
Financial liabilities						
Bank facilities	(28)	(76,864)	384	276	(384)	(276)
Other borrowings	(29)	(14,841)	74	53	(74)	(53)
Total increase/(decrease)			(267)	(193)	267	232

31 March 2022			Interest rate risk			
		Carrying Amount	-0.5% Profit	-0.5% Equity	+0.5% Profit	+0.5% Equity
Financial assets		$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	(14)	38,834	(194)	(140)	194	194
Finance receivables	(16)	93,203	(466)	(336)	466	336
Derivative financial instruments	(27)	502	(3)	(2)	3	2
Financial liabilities						
Bank facilities	(28)	(69,111)	346	249	(346)	(249)
Other borrowings	(29)	(14,242)	71	51	(71)	(51)
Total increase/(decrease)			(246)	(177)	246	231

c) Fair value financial assets and liabilities

i) Fair values

The fair value of assets and liabilities carried at fair value as well as the methods used to calculate fair value are summarised in the table below.

ii) Fair value hierarchy

NZ IFRS 13 specifies a hierarchy of valuation measurements based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, New Zealand Stock Exchange and NZX Debt Market) and exchange traded derivatives like futures (for example, Nasdaq, S&P 500).
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of over the counter derivative contracts, traded loans and issued structured debt. The sources of input parameters for yield curves or counterparty credit risk are Bloomberg or
- Level 3 - Inputs for assets and liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

33. Management of financial, insurance and capital risk (continued)

iii) Assets and liabilities measured at fair value

31 March 2023	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at FVTOCI	(15)	5,271	5,523	-	10,794
Derivative financial instruments	(27)	-	595	-	595
Total Assets		5,271	6,118	-	11,389
Derivative financial instruments	(27)	-	-	-	-
Total liabilities		-	-	-	-

31 March 2022	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at FVTOCI	(15)	-	-	33	33
Derivative financial instruments	(27)	-	502	-	502
Total assets		-	502	33	535
Derivative financial instruments	(27)	-	-	-	-
Total liabilities		-	-	-	-

Refer to the notes annotated above for more detail on the valuation methodology for each fair value instrument.

iv) Reconciliation

31 March 2023	Financial Assets at FVTOCI $'000	Total $'000
Financial assets at FVTOCI		
At 1 April 2022	33	33
Acquisitions	10,678	10,678
Movement in fair value in financial assets at FVTOCI	116	116
Investment proceeds	(33)	(33)
At 31 March 2023	10,794	10,794

31 March 2022	Financial Assets at FVTOCI $'000	Total $'000
Financial assets at FVTOCI		
At 1 April 2021	203	203
Movement in fair value in financial assets at FVTOCI	(170)	(170)
At 31 March 2022	33	33

Total FVTOCI reserve reclassified through profit or loss for the period included in other revenue	-

d) Foreign exchange risk

Foreign exchange risk is the risk that the Group may suffer a loss though adverse movement in the exchange rate. The Group has no material exposure to foreign exchange risk.

e) Insurance risk

The Group defines insurance risk as the risk of fluctuations in the timing, frequency and severity of insured events and claims settlements, relative to the expectations at the time of underwriting. The risks inherent in any single insurance contract are the possibility of the insured event occurring and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, these risks are random and unpredictable. In relation to the pricing of individual insurance contracts and the determination of the level of outstanding claims provision in relation to a portfolio of insurance contracts, the principal risk is that the ultimate claims payment will exceed the carrying amount of the provision established.

33. Management of financial, insurance and capital risk (continued)

The Group is exposed to this risk because the price for a contract must be set before the losses relating to the product are known. Hence the insurance business involves inherent uncertainty. The risk attachment periods under these products are short to mid term and usually between 12 and 36 months.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by strong underwriting discipline and the implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Company also uses the services of the appointed Actuary and insurance advisers and brokers to provide advice and assistance on managing insurance risk. In addition, the Company maintains a detailed analysis of historical claims and a detailed knowledge of the current developments in the specific market that the Group operates in. The Group has also maintained a significant reserve of liquid assets to better.

The primary objective in managing insurance risk is to enhance the financial performance of the Group, to reduce the magnitude and volatility of claims and to ensure funds are available to pay claims and maintain the solvency of the business if there is a negative deviation from historical performance.

Initial claims determination is managed by the Group 's claims department with the assistance of the Group's loss adjuster and claims manager. It is the Group's policy to respond to and settle all genuine claims in a timely manner and to pay claims fairly, based on policyholders' full entitlements. Claims provisions are established using valuation models and include a risk margin for uncertainty, refer to note 5.

To further reduce the risk exposure of the Group there are strict claim review policies in place to assess all new and ongoing claims and processes to review claims handling procedures regularly. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

e) Insurance risk (continued)

Policies, processes and methods for managing insurance risk are as follows:

- the use of reinsurance policies to limit the Group's exposure;
- pricing of policy premiums to ensure alignment with the underlying risk; and
- regular monitoring of the financial results to ensure the adequacy of policies.

The financial results of the Group are primarily affected by the level of claims incurred relative to that implicit in the premiums. The assumptions used in the valuation of the outstanding claims liability and the liability adequacy test directly affect the level of estimated claims incurred.

The scope of insurance risk is managed by the terms and conditions of the policies. The level of benefits specified is the key determinant of the amount of future claims although the exact level of claims is uncertain.

f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for investors and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The components of Capital that are managed by the Group are share capital, retained earnings and other reserves.

Being in the finance sector the Group assesses the sufficiency of capital to remain a going concern against the risk expected or unexpected losses arising from lending and insurance operations on a regular basis. In order to maintain or adjust the required capital structure the Group may issue new shares or sell assets to reduce debt.

Group company Quest Insurance Group Limited has a minimum solvency requirement of greater than zero (2022: Greater than zero). Quest Insurance Group Limited also have a minimum qualifying capital of $7.0m. The Group has complied with these externally imposed capital requirement during the period.

There are no other externally imposed capital requirements that the Group is required to adhere to.

34. Trade and other receivables, prepayments and accounts payables, accruals and employee benefits

	2023 $000's	2022 $000's
Trade and other receivables and prepayment		
Collections business trade receivables	345	154
Insurance business trade receivables - Policy holders	17,040	11,213
Prepayments	420	310
	17,805	11,677

The Group recognises lifetime credit loss for trade receivables. Due to the nature of the Group's trade and other receivables, the expected credit loss rate is 0%. This is due to the fact that the collections business receivables are only recognised once debt has been collected on behalf of our customer. For the insurance business receivables, if the customer does not pay their insurance premium, the insurance policy cover is void and cancelled and related receivable and revenue reversed.

Fair value and credit risk

The carrying value of these receivables is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of the financial assets in other receivables. There is no concentration of credit risk to any individual customers or sectors.

Accounts Payables and accruals	2023 $000's	2022 $000's
Accounts Payable	1,408	1,309
Accruals	3,463	2,766
Other Payables	809	920
	5,680	4,995

Employee entitlements	2023 $000's	2022 $000's
Salaries and Wages	216	186
Annual leave	414	409
Long service leave	56	125
	686	720
(i) Reconciliation of annual leave		
Opening Balance	409	316
Movement	5	93
Closing Balance	414	409
(ii) Reconciliation of long service leave		
Opening Balance	125	102
Movement	(69)	23
Closing Balance	56	125

35. Reconciliation of profit or loss after taxation with cash flow from operating activities

		2023 $000's	2022 $000's
Net profit / (loss) after taxation		3,476	5,944
Add/(Less) Non-cash adjustments			
Depreciation	(24)	360	380
Amortisation	(23)	314	380
Impairment		200	-
Movement in finance receivables provision		81	(519)
Bad debts		(11)	89
Deferred taxation		1,278	2,294
Capitalised transaction costs		3	(24)
Add/(Less) Movements in other working capital items			
(Increase) / decrease in finance receivables		(12,457)	(609)
(Increase) / decrease in other receivables and prepayments		(6,366)	(2,594)
(Increase) / decrease in tax receivable		(436)	(322)
Increase / (Decrease) in trade and other payables		2,057	710
(Increase) / Decrease in insurance policyholder liability		7,919	6,572
Increase / (Decrease) in deferred revenue and expenses		(1,662)	(634)
Net cash inflow / (outflow) from operating activities		(5,244)	11,667

36. Reconciliation of liabilities arising from financing activities

Summary as at 31 March 2023

	Opening balance	Financing Cash Flows	Fair value adjustments	Other changes	Closing Balance
Derivate financial instruments	(502)	-	(93)	-	(595)
Bank facilities	69,111	7,753	-	-	76,864
Other Borrowing advances	14,242	599	-	-	14,841
Issue of new shares	52,779	-	-	-	52,779
Leased liability	281	(285)	-	16	12
Share buyback	(342)	-	-	-	(342)
Dividends paid to Company shareholders		(2,705)	-	-	(2,705)
Dividends paid to NCI		(190)	-	-	(190)
	135,569	5,172	(93)	16	140,664

Summary as at 31 March 2022

	Opening balance	Financing Cash Flows	Fair value adjustments	Other changes	Closing Balance
Derivate financial instruments	248	-	(750)	-	(502)
Bank facilities	66,985	2,126	-	-	69,111
Other Borrowing advances	13,942	300	-	-	14,242
Issue of new shares	52,779	-	-	-	52,779
Leased liability	581	(300)	-	-	281
Share buyback	(342)	-	-	-	(342)
Dividends paid to Company shareholders		(2,705)	-	-	(2,705)
Dividends paid to NCI		-	-	-	-
	134,193	(579)	(750)	-	132,864

37. Current and non-current aggregates

	2023 $000's	2022 $000's
Aggregate current assets	101,372	88,910
Aggregate non-current assets	73,092	66,741
Aggregate current liabilities	24,012	15,295
Aggregate non-current liabilities	111,657	102,596

38. Segment analysis

a) By operating segment

The Group's reportable operating segments are as follows:

- Corporate: The operations of this segment include the raising of debt and the advancing loans to other operating segments within the Group.
- New Business: The operations of this segment include the lending of money to individuals, companies and other entities and have a wholesale funding arrangement with Westpac New Zealand Limited (Westpac) under which it securitised loan receivables.
- Insurance: The operations of this segment include the issuing of temporary insurance contracts covering death, disablement and redundancy risks and short term motor vehicle contracts covering comprehensive, third party, mechanical breakdown risk and guaranteed asset protection.
- Old Business: The operations of this segment include the collection and management of money lent to individuals, companies and other entities originally originated by the Group and external debt collection.
- Invoice Factoring: This segments was purchased on 1 April 2018. The operations of this segments include providing debtor finance to companies and collection and management of trade receivables factored.
- Overseas: This segment was acquired on 1 April 2018. The operation of this segments include lending, collection and management of money to individuals, companies and other entities originally originated in Tonga.

Each Group operating segment is operated as a discrete business unit. The eliminations arise from transactions between the Group segments and are predominantly interest, commission/brokerage, marketing subsidy and debt collection charges.

None of the Group's operating segments place any reliance on a single major customer amounting to 10% or more of the applicable segments revenue.

38. Segment analysis (continued)

Group summary revenues and results for the year 31 March 2023

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
External revenues	-	14,132	31,474	1,060	1,627	2,031	-	50,324
Revenue - other segments	1,342	1,008	89	53	-	-	(2,491)	1
Total	1,342	15,140	31,563	1,113	1,627	2,031	(2,491)	50,325
Segment profit/(loss)	(3,860)	2,838	4,433	(108)	(9)	1,468	(8)	4,754
Taxation (expense) / benefit	337	-	(1,201)	-	-	(413)	-	(1,277)
Non controlling interest profit	-	-	-	-	-	(421)	-	(421)
Net profit/(loss) after taxation	(3,523)	2,838	3,232	(108)	(9)	634	(8)	3,056
Interest income	1,334	13,726	671	181	1,148	2,077	(2,483)	16,654
Interest expense	2,288	4,725	-	241	694	2	(2,483)	5,467
Depreciation	270	31	22	9	11	17	-	360
Amortisation	-	177	35	100	3	-	-	315
Other material non-cash items:								
Impaired assets expense	992	423	-	(595)	173	69	(992)	70

Group summary assets and liabilities as at 31 March 2023

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
Segment assets								
Total assets	36,022	115,211	61,981	7,212	7,804	6,445	(60,211)	174,464
Additions / (Deletions) to non current assets	(22)	182	(9)	107	-	-	15	273
Segment liabilities								
Total liabilities	34,383	85,443	40,744	3,788	6,113	553	(35,357)	135,667

Group summary revenues and results for the year 31 March 2022

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
External revenues	-	14,177	23,293	865	1,991	1,915	-	42,241
Revenue - other segments	2,447	1,268	79	120	-	-	(3,436)	478
Total	2,447	15,445	23,372	985	1,991	1,915	(3,436)	42,719
Segment profit/(loss)	(2,957)	5,360	4,721	179	(177)	1,488	(376)	8,238
Taxation benefit	(846)	-	(1,042)	-	-	(406)	-	(2,294)
Non controlling interest profit	-	-	-	-	-	(433)	-	(433)
Net profit/(loss) after taxation	(3,803)	5,360	3,679	179	(177)	649	(376)	5,511
Interest income	1,593	13,972	228	206	1,345	1,362	(3,060)	15,646
Interest expense	2,623	3,537	-	178	754	1	(3,060)	4,033
Depreciation	288	32	22	10	14	15	-	381
Amortisation	-	213	50	100	19	-	-	382
Other material non-cash items:								
Impaired assets expense	904	7	-	(820)	316	67	(904)	(430)

Group summary assets and liabilities as at 31 March 2022

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
Segment assets								
Total assets	38,310	100,656	48,580	8,241	11,841	5,595	(58,074)	155,149
Additions / (Deletions) to non current assets	166	9	21	9	-	2	20	227
Segment liabilities								
Total liabilities	30,011	73,818	30,657	3,708	10,141	560	(31,506)	117,389

38. Segment analysis (continued)

b) By geographical segment
The Group operated predominantly in New Zealand and Tonga. $48.3m in revenue is derived from New Zealand (2022: $40.3m) and $2.0m revenue from Tonga (2022: $1.9m).

39. Credit ratings

Credit rating agency AM Best reaffirmed Quest Insurance Group Limited's on 17 August 2022 with a Financial Strength rating of B (fair) and an Issuer Credit rating of bb+ (fair). Both ratings came with a stable outlook.

40. Contingent liabilities

There are no material contingent liabilities at 31 March 2023 (2022: none).

41. Subsequent events

The Westpac securitisation facility was increased to $80m. The group entered into a new head office lease commencing 2 June 2023 for new premises located at 3 Te Kehu Way, Mt Wellington, Sylvia Park, Auckland. (2022: The Janssen Insurance Limited distribution agreement with Quest Insurance Group Limited was extended by a further five years from 1 April 2022.)

SHAREHOLDER AND STATUTORY INFORMATION

Stock exchange listing

The Company's ordinary shares are listed on the New Zealand Stock Exchange.

Registered principal security holders at 21 June 2023

Rank	Name	Units	% of issued capital
1	Federal Pacific Group Nominees Limited	46,007,267	63.08%
2	Peter Edward Francis & Viaduct Trustee Services (Francis) Limited	2,432,933	3.34%
3	Charles Paul Telford Hutchison & Gregory Rex Eden	1,403,000	1.92%
4	David Gerard O`Connell & Vivienne Ellen O`Connell & Liston Trustee Services Ltd	1,146,141	1.57%
5	Robin King & Lynn King	1,126,005	1.54%
6	Ronald Robin King & Lynn Barbara King <Robin & Lynn King Family Trust	925,201	1.27%
7	Geneva Finance Limited	805,286	1.10%
8	David W Smale & E M Smale <D W & E M Smale Partnership	800,000	1.10%
9	New Zealand Depository Nominee	629,098	0.86%
10	Brent David Fairweather & Tony John Winsloe	510,000	0.70%
11	Clinton Garwin Hartley & Jillian Leah Hartley & Juliet Anna Moses	500,000	0.69%
12	John G Webber Limited	500,000	0.69%
13	Jack Wakelin & Margo Wakelin	464,701	0.64%
14	Brookes Lands Limited	450,088	0.62%
15	Suvira Rani Gupta	376,769	0.52%
16	Kenneth Young	357,144	0.49%
17	William Evans Mccready & Gillian Mccready & Lee Trustee Services Limited	353,406	0.48%
18	Forthbank Trustees Limited	338,926	0.46%
19	William Alexander A Cairns & Terence Stanley Nowland	338,926	0.46%
20	John Owen Young	300,000	0.41%

Spread of security holders at 21 June 2023

Range	Number of shareholders	Units	% of issued capital
1 - 1,000	25	11,297	0.02%
1,001 - 5,000	267	871,931	1.20%
5,001 - 10,000	163	1,154,200	1.58%
10,001 - 50,000	155	3,363,303	4.61%
50,001 - 100,000	35	2,637,944	3.62%
100,001 and Over	49	64,896,600	88.98%
TOTAL	**694**	**72,935,275**	**100.00%**

Country	Number of Shareholders	%	Units	% of issued capital
New Zealand	657	94.67%	72,330,848	99.2%
Australia	19	2.74%	125,030	0.2%
United Kingdom	7	1.01%	100,494	0.1%
Other	11	1.59%	378,903	0.5%
	694	**100.0%**	**72,935,275**	**100.0%**

Substantial security holders

Pursuant to Section 35F of the Securities Market Amendment Act 2006, the substantial security holders as at 21 June 2023 were as follows:

	Number of Shares	%
Federal Pacific Group Nominees Limited	46,007,267	63.08%

The total number of voting securities of the company on issues on 21 June 2023 was 72,935,275 paid ordinary shares.

Management commentary
(no financial statements)

SHAREHOLDER AND STATUTORY INFORMATION

Statement of Directors security holdings

As at 21 June 2023 directors held the following securities in the Company:

	Units
R R King	2,051,206
D G O'Connell	1,146,141
D Nair	13,065

There were no share transactions disclosed to the board and entered into the Company's Interest Register for the year ended 31 March 2023.

Directors' remuneration and other benefits

The names of Directors of the Company during the year ended 31 March 2023 and the details of the remuneration and other benefits received for their services to the Company for the period ended on that date are:

	Fees $'000	Salary $'000	Bonus $'000	Other $'000	Total $'000
R R King	60,000				60,000
A L M Hutchison	36,000				36,000
MC Johnston	36,000				36,000
D Nair	36,000				36,000
D G O'Connell		565,887	39,000	43,065	647,952
	168,000	565,887	39,000	43,065	815,952

Entries recorded in the interests register

Loans

The following director has been granted a loan. The loan carried an interest rate of 8% up to the 30 September 2007, from 1 October 2007 the loan is interest free. The loans was advanced to purchase shares in Financial Investment Holdings Limited. This loan was fully provided for at 31 March 2023. Refer to note 19.

	Original loan $'000	$'000
D G O'Connell		
THL No 2 Limited	274	274

Management commentary
(no financial statements)

SHAREHOLDER AND STATUTORY INFORMATION

Other directorships

The following represents the interests of directors in other companies as disclosed to the Company and entered into the Interest Register:

Robin King

- CQ Hotels Wellington Limited
- Athena Debt Management Limited

David O'Connell

- The Warrington Group Limited
- WGL - Mitchelson St Limited
- Haast Trustee Services Limited
- Haast Investment Limited
- Anglesea Medical Properties Limited

Alan Hutchison

- Federal Pacific Group Limited
- Federal Pacific Group Nominees Limited
- Valley 215 Limited

Malcolm Johnston

- Genpac Group Limited
- Ipac Traders Limited

Daran Nair

- Darvaga Limited
- Dn Trustee Two Limited
- Dn Trustee Three Limited
- Dn Trustee Four Limited
- Dn Trustee Five Limited
- Dn Trustee Six Limited
- Dn Trustee Nine Limited
- Dn Trustee Twelve Limited
- Dn Trustee Twenty One Limited
- Dn Trustee Twenty Two Limited
- Geet'S Limited
- Gerald Hunt Trustee Company Limited
- Glca Limited
- Glca Tax Agency Limited
- Glca Trustee (Tobem) Limited
- Glca Trustee One Limited
- Glca Trustee Two Limited
- Glca Trustee Three Limited
- Glca Trustee Four Limited
- Glca Trustee Five Limited
- Glca Trustee Six Limited
- Glca Trustee Seven Limited
- Glca Trustee Eight Limited
- Glca Trustee Nine Limited
- Glca Trustee Ten Limited
- Glca Trustee Twelve Limited
- Glca Trustee Fourteen Limited
- Glca Trustee Fifteen Limited
- Glca Trustee Sixteen Limited
- Glca Trustee Seventeen Limited
- Glca Trustee Eighteen Limited
- Glca Trustee Nineteen Limited
- Glca Trustee Twenty Limited
- Glca Trustee Twenty Two Limited
- Glca Trustee Twenty Three Limited
- Glca Trustee Twenty Six Limited
- Glca Trustee Twenty Seven Limited
- Glca Trustee Twenty Eight Limited
- Glca Trustee Twenty Nine Limited
- Glca Trustee Thirty Limited
- Glca Trustee Thirty One Limited
- Glca Trustee Thirty Five Limited
- Glca Trustee Thirty Nine Limited
- Greenlane Ca Limited
- Greenlane Insolvencies Limited
- Naccal Limited
- Nair & Associates Trustee Company Limited
- Nair Draht Limited
- Power Point Investments Limited
- Raffles Limited
- Saffron Incorporation Nz Limited
- Sbc Administration Limited
- Trident Autonomous Limited
- NZ Tax advisor Limited
- Karaka Green Limited
- Northern Trustee Services (No. 176) Limited

Employees' remuneration

The number of employees or former employees of the Group, not being directors of Geneva Finance Limited, who received remuneration and other benefits in their capacity as employees, the value of which exceeded $100,000 for the year ended 31 March 2023, is set out below:

Remuneration range	No. of employees
$100,001 - $110,000	4
$110,001 - $120,000	1
$130,001 - $140,000	1
$140,001 - $150,000	1
$150,001 - $160,000	1
$160,001 - $170,000	1
$190,001 - $200,000	1
$250,001 - $260,000	1
$300,001 - $310,000	1

Management commentary
(no financial statements)

GENEVA FINANCE LIMITED

CORPORATE DIRECTORY AND SHAREHOLDER INFORMATION

Corporate directory

Directors

Ronald R King (Independent Non- executive Chairman)
Appointed 13 June 2008

Daran Nair (Independent Non-executive director)
Appointed 3 August 2020

Alan Leighton Maiai Hutchison (Non-executive director)
Appointed 20 November 2013

David G O'Connell (Executive director)
Appointed 19 June 2007

Malcolm Cliff Johnston (Non-executive director)
Appointed 11 February 2020

Registered office and address for service

6B Pacific Rise, Mt Wellington
PO Box 14923, Panmure, Auckland
Telephone: 0800 800 133
Facsimile: (09) 573 5597
Email: investments@genevafinance.co.nz
Web: www.genevafinance.co.nz

Auditor
Baker Tilly Staples Rodway

Bankers
Westpac NZ Limited
Kiwi Bank Limited
ASB Bank Limited

Solicitor
Dermot Ross & Co

Shareholder information

Company publications

Financial calendar

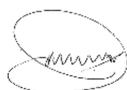
Half year results announced	November
Half year report	November
End of financial year	31 March
Annual results announced	May
Annual report	June
Annual dividend payment	June

Enquiries
Shareholders with enquiries about transactions, change of address or dividend payments should contact Link Market Services on +64 9 375 5998. Other questions should be directed to the Company at the registered address.

Share registrar
Link Market Services Limited

Level 30, PWC Tower, 15 Customs Street West, Auckland 1010
PO Box 91976, Auckland, 1142
Telephone: +64 9 375 5998
Facsimile: +64 9 375 5990
Email: enquiries@linkmarketservices.co.nz

The financial statements are dated 30 June 2023 and are signed on behalf of the board.



Signed by: Robin King
Chairman
Date & Time: 30 June, 2023 17:12:07 NZST

Director

Signed by: David O'Connell
Date & Time: 30 June, 2023 17:13:33 NZST

Director

Management commentary
(no financial statements)