

# **GENEVA FINANCE LIMITED**

**AND ITS SUBSIDIARIES**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**

# GENEVA FINANCE LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

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## 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 7 to 50, which comprise the consolidated statement of financial position as at 31 March 2025, and the 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 material accounting policy information.

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 2025, 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 and provider of other assurance services, 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.

## 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
<p><b>Impairment Assessment of Finance Receivables</b></p> <p>As disclosed in Note 20 of the Group's consolidated financial statements, the Group has finance receivables of \$117.3m. 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.</p> <p>Management has prepared impairment models to complete its assessment of impairment for the Group's finance receivables as at 31 March 2025.</p> <p>This assessment involved complex and subjective estimation and judgement by Management on credit risk and the future cash flows of the finance receivables.</p>	<p>Our audit procedures among other included:</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the Group's internal controls relevant to the accounting estimates used to determine the expected credit losses on the Group's finance receivables.</li> <li>• 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.</li> <li>• Selecting a representative sample of finance receivables and agreeing these finance receivables to the signed loan agreement and client acceptance documents on origination.</li> <li>• Challenging and evaluating Management's logic, key assumptions, and calculation of its expected credit losses models against the requirements specified in NZ IFRS 9 <i>Financial Instruments</i> for recognising expected credit losses on financial assets.</li> <li>• 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).</li> <li>• 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.</li> <li>• Evaluating the changes made to the expected credit losses impairment model to capture the effect of the changing economic environment at 31 March 2025 compared to the economic environment at the date when the historical data used to determine the expected credit losses was collected.</li> <li>• Evaluating the selection of valuation methods, inputs and assumptions with a view to identifying Management bias.</li> <li>• Evaluating the related disclosures (including the material accounting policy information and accounting estimates) about finance receivable assets, and the risks attached to them which are included in the Group's consolidated financial statements.</li> </ul>
<p><b>Valuation of insurance contract liabilities</b></p> <p>As disclosed in Notes 10, 11 and 13 of the Group's consolidated financial statements, the Group has insurance contract liabilities of \$52.6m (comprising liability for incurred claims of \$7.3m as disclosed in Note 10 and 13, and</p>	<p>Our audit procedures among others included:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>



Key Audit Matter	How our audit addressed the key audit matter
<p>unearned premium liabilities of \$45.3m as disclosed in Note 11). 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.</p> <p>Management has engaged an external actuarial expert to estimate the Group's insurance contract liabilities as at 31 March 2025.</p>	<ul style="list-style-type: none"> <li>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.</li> <li>Agreeing the data provided to Management's external actuarial expert to the Group's records.</li> <li>Engaging our own actuarial expert to assist in understanding and evaluating:               <ul style="list-style-type: none"> <li>the work and findings of the Group's external actuarial expert engaged by Management; and</li> <li>the Group's actuarial methods and assumptions and in challenging the appropriateness of actuarial methods and assumptions used by Management.</li> </ul> </li> <li>Evaluating the selection of methods and assumptions with a view to identify Management bias.</li> <li>Evaluating the related disclosures (including the material accounting policy information and accounting estimates) about insurance contract liabilities, and the risks attached to them which are included in the Group's consolidated financial statements.</li> </ul>

#### 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 2025 (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/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/>

**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 2025 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 July 2025 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 AUCKLAND****Auckland, New Zealand**

30 July 2025

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2025

		2025	2024
	Note	\$000's	\$000's
Interest income	(6)	22,311	19,720
Interest expense	(7)	(8,808)	(8,246)
<b>Net interest income</b>		<b>13,503</b>	<b>11,474</b>
Insurance Revenue	(8)	50,813	42,385
Insurance Expenses	(8)	(44,491)	(34,802)
Net expenses from reinsurance contracts		(1,098)	(965)
<b>Insurance service result</b>		<b>5,224</b>	<b>6,618</b>
Other revenue	(14)	2,500	3,895
<b>Operating revenue (net of interest, insurance and reinsurance expenses)</b>		<b>21,227</b>	<b>21,987</b>
Operating expenses	(15)	(10,831)	(13,697)
<b>Operating profit</b>		<b>10,396</b>	<b>8,290</b>
Impaired asset reversal / (expense)	(16)	(4,394)	(4,707)
<b>Net profit before taxation</b>		<b>6,002</b>	<b>3,583</b>
Taxation expense	(3a) (17)	(1,406)	(1,336)
<b>Net profit after taxation</b>		<b>4,596</b>	<b>2,247</b>
<b>Other comprehensive income:</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Movement in financial assets at fair value through other comprehensive income	(32)	(2)	(90)
Exchange differences on translation of foreign operations - Group		284	232
Cash flow hedge, net of tax	(28)	(465)	(390)
<b>Other comprehensive income, net of tax</b>		<b>(183)</b>	<b>(248)</b>
<b>Total comprehensive income</b>		<b>4,413</b>	<b>1,999</b>
<b>Net profit after taxation attributable to</b>			
Group		3,981	1,736
Non-controlling interest	(24)	615	511
		<b>4,596</b>	<b>2,247</b>
<b>Total comprehensive income attributable to</b>			
Group		3,798	1,488
Non-controlling interest	(24)	615	511
		<b>4,413</b>	<b>1,999</b>
<b>Profit per share</b>			
Basic profit per share (cents)	(33)	5.46	2.38

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 2025

		2025	2024
	Note	\$000's	\$000's
<b>Assets</b>			
Cash and cash equivalents	(18)	49,142	38,227
Trade and other receivables, and prepayments	(35)	28,106	22,129
Taxation receivable		31	31
Finance receivables	(20)	117,282	110,228
Financial assets at fair value through other comprehensive income	(19)	-	8,873
Deferred insurance contract acquisition costs	(12)	10,468	9,145
Deferred taxation	(25)	807	1,641
Derivative financial instruments	(28)	-	205
Plant and equipment		875	505
Intangible assets	(26)	841	522
Right-of-use assets	(27)	4,680	5,034
<b>Total assets</b>		<b>212,232</b>	<b>196,540</b>
<b>Liabilities</b>			
Accounts payables and accruals		7,380	6,377
Outstanding claims liability	(13)	7,264	5,854
Taxation Payable		705	586
Employee benefits	(35)	954	720
Unearned premium liability	(11)	45,292	39,010
Bank facilities	(29)	87,876	83,756
Other borrowings	(30)	16,316	17,041
Derivative financial instruments	(28)	260	-
Lease Liabilities	(31)	5,124	5,247
<b>Total liabilities</b>		<b>171,171</b>	<b>158,591</b>
<b>Equity</b>			
Share capital	(32)	52,779	52,779
Treasury stock	(32)	(342)	(342)
Reserves	(32)	(1,993)	(1,810)
Retained earnings	(3a)	(12,793)	(15,331)
Non-controlling interest	(24)	3,408	2,653
<b>Total equity</b>		<b>41,059</b>	<b>37,949</b>
<b>Total equity and liabilities</b>		<b>212,230</b>	<b>196,540</b>

For and on behalf of the board, dated 30 July 2025

Director

Director

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2025**

	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			
Note	\$000's	\$000's	\$000's	\$000's			\$000's	
<b>Balance at 31 March 2023</b>	(3a)	<b>52,779</b>	<b>(342)</b>	<b>(1,562)</b>	<b>(14,903)</b>	<b>35,972</b>	<b>2,287</b>	<b>38,259</b>
Net profit for the period		-		-	1,736	1,736	511	2,247
<b>Other comprehensive income</b>								
Increase in financial assets at FVTOCI	(32)	-	-	(90)	-	(90)	-	(90)
Exchange differences on translation of foreign operations	(32)	-	-	232	-	232	-	232
Change in cash flow hedge reserve, net of tax	(32)	-	-	(390)	-	(390)	-	(390)
<b>Total other comprehensive income</b>		-	-	<b>(248)</b>	-	<b>(248)</b>	-	<b>(248)</b>
<b>Total comprehensive income</b>		-	-	(248)	1,736	1,488	511	1,999
<b>Transaction with owners</b>								
Dividends paid	(32)	-	-	-	(2,164)	(2,164)	(145)	(2,309)
<b>Total transactions with owners</b>		-	-	-	<b>(2,164)</b>	<b>(2,164)</b>	<b>(145)</b>	<b>(2,309)</b>
<b>Balance at 31 March 2024</b>		<b>52,779</b>	<b>(342)</b>	<b>(1,810)</b>	<b>(15,331)</b>	<b>35,296</b>	<b>2,653</b>	<b>37,949</b>
Net profit for the period		-		-	3,981	3,981	615	4,596
<b>Other comprehensive income</b>								
Decrease in financial assets at FVTOCI	(32)	-	-	(2)	-	(2)	-	(2)
Exchange differences on translation of foreign operations	(32)	-	-	284	-	284	-	284
Change in cash flow hedge reserve, net of tax	(32)	-	-	(465)	-	(465)	-	(465)
<b>Total other comprehensive income</b>		-	-	<b>(183)</b>	-	<b>(183)</b>	-	<b>(183)</b>
<b>Total comprehensive income</b>		-	-	(183)	3,981	3,798	615	4,413
<b>Transaction with owners</b>								
Dividends paid	(32)	-	-	-	(1,442)	(1,442)	140	(1,302)
<b>Total transactions with owners</b>		-	-	-	<b>(1,442)</b>	<b>(1,442)</b>	<b>140</b>	<b>(1,302)</b>
<b>Balance at 31 March 2025</b>		<b>52,779</b>	<b>(342)</b>	<b>(1,993)</b>	<b>(12,793)</b>	<b>37,651</b>	<b>3,408</b>	<b>41,059</b>

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

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 \$000's	2024 \$000's
<b>Cash flow from operating activities:</b>			
Cash was provided from:			
Interest received		18,673	16,743
Receipts from insurance policy sales, collections activities and other sources		56,330	50,217
		75,003	66,960
Cash was applied to:			
Net movement in finance receivables		(7,397)	(5,588)
Interest paid		(8,437)	(7,928)
Interest paid - lease liabilities		(371)	(318)
Payments to suppliers and employees		(57,423)	(50,743)
		(73,628)	(64,577)
Net cash inflow / (outflow) from operating activities	(36)	1,375	2,383
<b>Cash flows from investing activities:</b>			
Cash was provided from:			
Proceeds from the sale of bank bonds		8,873	5,096
		8,873	5,096
Cash was applied to:			
Purchase of plant and equipment		(539)	(391)
Acquisition of plant and equipment - ROU asset		(59)	-
Purchase of bank bonds		-	(3,175)
Purchase of intangible assets		(513)	(154)
		(1,111)	(3,720)
Net cash inflow / (outflow) from investing activities		7,762	1,376
<b>Cash flows from financing activities:</b>			
Cash was provided from:			
Net movement of bank facilities: Westpac	(37)	5,834	7,969
Net movement of other borrowings	(37)	(725)	2,200
		5,109	10,169
Cash was applied to:			
Net movement of bank facilities: Kiwi Bank	(37)	(1,714)	(1,077)
Principal elements of lease payments		(123)	(159)
Dividends paid to company shareholders	(32)	(1,442)	(2,164)
Dividends paid to non-controlling interests		(51)	(145)
		(3,330)	(3,545)
Net cash inflow / (outflow) from financing activities	(37)	1,779	6,624
<b>Net increase / (decrease) in cash and cash equivalents held</b>		10,916	10,383
Add: Opening cash and cash equivalents balance at the beginning of the year		38,227	27,844
<b>Cash and cash equivalents at the end of the year</b>	(18)	<b>49,142</b>	<b>38,227</b>
<b>Represented by:</b>			
Cash at bank		49,142	38,227
<b>Cash and cash equivalents at the end of the year</b>	(18)	<b>49,142</b>	<b>38,227</b>

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 2025

#### 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 was listed on the New Zealand Stock Exchange ('NZX'). The Company has delisted from the NZX Main Board on 15 July 2024 and listed on the Unlisted Securities Exchange (USX).

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 24.

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 July 2025.

#### 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 2025. The comparative period is for the year ended 31 March 2024. 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 the Group is New Zealand Dollars (\$) and all amounts are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

#### 3. Material 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*

All mandatory new and amended standards and interpretations have been adopted in the current year. The new and amended standards and interpretations that have had an impact on the Group have been described below. The Group has not early adopted any new standards, amendments or interpretations to existing standards that are not yet effective.

###### *Classification of Liabilities as Current or Non Current and Non Current Liabilities with Covenants*

The Group has adopted Classification of Liabilities as Current or Non Current (Amendments to IAS 1) and Non current liabilities with Covenants (amendments to IAS 1) from 1 April 2024. The amendments apply retrospectively and clarify certain requirements for determining whether a liability should be classified as current or non current and require new disclosures for non current loan liabilities that are subject to covenants within 12 months after reporting date.

The Group has adopted this new amendment for the financial reporting period beginning 1 April 2024. The adoption of this new standard did not have a financial impact on the Group's financial statements or the accounting estimates disclosed in the Group's financial statements with the exception of minor disclosure amendments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

### 3. Material accounting policies (continued)

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements. IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs.

The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

Other accounting standards. There are a number of other new and amended accounting standards issued but not yet effective. These are not expected to have a significant impact on the Company's consolidated financial statements. None of the other new and amendments to standards and interpretations are expected to have a material impact on the Group.

#### 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 24. The Company and each of its subsidiaries have the same financial reporting period end, being 31 March.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### 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 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 contracts.

- Revenue from the administration and servicing of loan receivables  
The Group earns fee revenue for the ongoing administration and serving of loans made to companies and individuals. Services include weekly, fortnightly or month loan fees for the ongoing administration loans, fees for enforcement actions taken upon event of default (i.e. communication fees for letters, phone calls, SMS, visits; repossession related fees). Such services are recognised as a performance obligation satisfied at a point in time when the service is provided.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

3. Material accounting policies (continued)

- 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.

d) Expense recognition

i) 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.

ii) 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.

iii) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

### 3. Material accounting policies (continued)

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

- Maintenance costs

Maintenance costs are the fixed and variable costs of administering 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

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.

#### e) Financial instruments

i) 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 Note 19).

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 being 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 19. The Group no longer has any investments at FVTOCI.

Dividends on these investments in equity instruments are recognised in a 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 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

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2025

#### 3. Material accounting policies (continued)

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

- 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.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise, for example in the case of certain loans (business and invoice factoring) where there is adequate collateral or other credit enhancements to cover the loan balance.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises these criteria as appropriate to ensure they can identify significant increases in credit risk before amounts become past due. The Group does not modify existing loans; if a borrower requires additional loan advances, they must apply for a new loan and undergo the Group's normal loan origination processes.

- Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due.

- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

**3. Material accounting policies (continued)**

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

Fair value is determined in the manner described in Note 3(e).

Financial liabilities measured at FVTPL include derivatives.

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

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.

**f) 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.

- 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

**3. Material accounting policies (continued)**

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 IFRS17 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:

General insurance contract liabilities include outstanding claims liability and the provision for unearned premium (recognised and measured as described in policy 4(b)).

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.

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.

- Onerous contracts

The loss recognition test has been used to determine whether any onerous contracts exist. The test is performed on groups of insurance contracts. Any deficiency arising from the test is recognised in profit or loss, with the corresponding impact on the Statement of Financial Position

No onerous contracts were identified in the current or comparative reporting periods.

**g) 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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

### 3. Material accounting policies (continued)

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.

#### h) 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 15 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.

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.

#### i) 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

**3. Material accounting policies (continued)**

- *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.

- *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.

**i) Non current assets held for sale**

Non current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Non current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets (or disposal group) is available for immediate sale in its present condition, and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

**k) Segment reporting**

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 operational 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 39 for further details on the Group's operating segments.

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

**l) Changes in accounting policies**

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

**m) 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. Notwithstanding 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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

**a) 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 contained in Note 5 below.

**b) Provision for impairment on financial receivables**

- Significant increase in credit risk

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 impaired 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

Provisions for impairment in customer loans and advances are raised by management to cover actual losses arising from past events. Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment losses are calculated on individual loans and on loans assessed collectively. Losses expected from future events, no matter how likely, are not recognised. The amount of the impairment loss is recognised as an expense through profit or loss.

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 21. Provision for credit impairment).

If the ECL rates on performing finance receivables increased/(decreased) by 1% higher / (lower) as at 31 March 2025, the loss allowance on finance receivables would have been \$0.99 million higher/(lower) (2024: \$0.95m).

If the ECL rates on doubtful or in default finance receivables increased/(decreased) 1% higher (lower) as at 31 March 2025, the loss allowance on finance receivables would have been \$0.11m higher/(lower) (2024: \$0.30m).

**c) Suspended interest 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 Consolidated Statement of Comprehensive Income but transferred to a suspended income account in the statement of financial position and offset against gross receivables (refer Note 16. Provision for credit impairment and Note 20. Finance receivables).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

**4. Critical estimates and judgements used in applying accounting policies (continued)****d) Deferred tax asset**

The Group has recognised a deferred tax assets (relating to temporary differences and tax losses) on its Consolidated 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 17. Tax reconciliation and Note 25. Taxation).

**e) 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 incurred claims 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 17 Insurance Contracts issued by the External Reporting Board. The actuary has also carried out the valuation of fulfilment cash-flows that forms part of the assessment of whether a group of contracts is onerous, or could become onerous.

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

The value of future fulfilment cash-flows that forms part of the assessment of whether any groups of life insurance contracts are onerous has been based on the following assumptions:

<b>2025</b>	Mortality:	Population mortality NZ2000 – 2002.
	Deaths:	15% of net unearned premium
	Disability:	15% of net unearned premium
	Redundancy:	15% of net unearned premium
	Expenses:	44% 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
<b>2024</b>	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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2025

## 5. Actuarial assumptions and methods (continued)

The value of future fulfilment cash-flows that forms part of the assessment of whether any groups of Non-Life insurance contracts are onerous has been based on the following assumptions:

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

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:

<b>2025</b>	Premium liability before risk margin and expenses:	73% of net unearned premium
	Risk margin:	12% of future claims plus expenses
	Expense allowance:	10% 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
<b>2024</b>	Premium liability before risk margin and expenses:	73% of net unearned premium
	Risk adjustment (75% sufficiency):	7% of future claims plus expenses
	Expense allowance:	10% 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

The liability for incurred Life and Non-Life claims is the sum of:

- (a) Case estimates provided by the claim manager
- (b) An allowance for claims incurred but not reported determined by the Actuary using a chain ladder method
- (c) An allowance for claim handling expenses
- (d) An allowance for non-financial risk

The assumptions adopted in the determination of the liability for incurred claims are:

	Risk adjustment	Probability of sufficiency	Allowance for claim handling expenses
2025	10%	75%	7%
2024	10%	75%	7%

Under the Premium Allocation Approach (PAA) method, insurance contract liabilities do not vary with changes in the valuation assumptions, unless a variation in the assumption would lead to a group of contracts being considered onerous. The sensitivity of changes in the valuation assumptions on the value of future fulfilment cash-flows, carried out as part of the assessment as to whether any groups of contracts should be considered onerous, is indicated in the following table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

5. Actuarial assumptions and methods (continued)

Sensitivity Disclosure

Sensitivity of the value of future fulfilment cash-flows to the valuation assumptions:

Group	2025	Payment Protection & Lifestyle		Motor		Combined	
		Value of future fulfilment	Variation	Value of future fulfilment	Variation	Value of future fulfilment	Variation
	Liability for remaining coverage	5,429,130		29,394,991		34,824,121	
	Base assumptions	1,172,692		24,033,345		25,206,037	
	Claims frequencies x 1.1	1,254,129	81,437	26,179,179	2,145,834	27,433,308	2,227,271
	Claims frequencies x 0.9	1,091,255	(81,437)	21,887,511	(2,145,834)	22,978,766	(2,227,271)
	Admin costs x 1.1	1,208,524	35,832	24,290,845	257,500	25,499,369	293,332
	Admin costs x 0.9	1,136,860	(35,832)	23,775,845	(257,500)	24,912,705	(293,332)
	2024						
	Policy liability *	5,393,711		24,471,425		29,865,136	
	Base assumptions	1,208,191		19,114,630		20,322,821	
	Claims frequencies x 1.1	1,294,491	86,299	20,901,044	1,786,414	22,195,535	1,872,713
	Claims frequencies x 0.9	1,121,892	(86,299)	17,328,216	(1,786,414)	18,450,108	(1,872,713)
	Admin costs x 1.1	1,242,711	34,520	19,239,679	125,049	20,482,390	159,569
	Admin costs x 0.9	1,173,671	(34,520)	18,989,581	(125,049)	20,163,253	(159,569)

\* Net of deferred acquisition costs

6. Interest income

	2025	2024
	\$000's	\$000's
Bank accounts	2,165	1,931
Finance receivables	19,738	17,381
Finance receivables - impaired	408	408
Total interest revenue	<u>22,311</u>	<u>19,720</u>

7. Interest expense

	2025	2024
	\$000's	\$000's
Bank facilities	7,023	6,680
Other borrowings	1,414	1,248
ROU Interest	371	318
Total interest expense	<u>8,808</u>	<u>8,246</u>

8. Insurance service result

	2025	2024
	\$000's	\$000's
<b>Insurance revenue</b>		
Premiums received	55,772	46,321
Movement in liability for remaining coverage	(4,959)	(3,936)
	<u>50,813</u>	<u>42,385</u>
	2025	2024
	\$000's	\$000's
<b>Insurance expense</b>		
Commissions paid	13,572	11,097
Claims paid	23,272	19,681
Movement in claim provisions	1,411	1,021
Management expenses	6,236	3,002
	<u>44,491</u>	<u>34,802</u>
<b>Insurance service result</b>	<u>6,322</u>	<u>7,583</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

## 9. Liability for remaining coverage

	2025	2024
	\$000's	\$000's
Premiums deferred	45,292	39,010
Deferred acquisition expenses	(10,468)	(9,145)
Liability for remaining coverage:	<b>34,824</b>	<b>29,865</b>

## 10. Liability for incurred claims

	2025	2024
	\$000's	\$000's
Claim estimates	3,191	2,547
Recoveries owing	(295)	(190)
Claims incurred but not reported	4,368	3,495
<b>Total</b>	<b>7,264</b>	<b>5,853</b>

## 11. Unearned insurance contract premium liabilities

	2025	2024
	\$000's	\$000's
Opening balance	39,010	33,499
Deferral of premium on contracts written during the year	55,772	46,321
Earnings of premiums deferred in prior year	(49,490)	(40,810)
Closing balance	<b>45,292</b>	<b>39,010</b>

## 12. Deferred insurance contract acquisition costs

	2025	2024
	\$000's	\$000's
Opening balance	(9,145)	(7,568)
Deferral of insurance contract acquisition costs incurred during the year	(11,645)	(10,881)
Expense of insurance contract acquisition costs incurred during prior years	10,322	9,304
Closing balance	<b>(10,468)</b>	<b>(9,145)</b>

## 13. Outstanding claims liability

Reconciliation of movement in outstanding claims liability

	2025	2024
	\$000's	\$000's
Gross claims		
Opening balance	2,547	2,915
Movement	(38,089)	(21,071)
Payments	38,733	20,703
Closing balance	<b>3,191</b>	<b>2,547</b>

Third party recoverable

	2025	2024
	\$000's	\$000's
Opening balance	(190)	(120)
Movement	(105)	(70)
Closing balance	<b>(295)</b>	<b>(190)</b>

IBNR provision

	2025	2024
	\$000's	\$000's
Opening balance	3,496	2,036
Movement	872	1,460
Closing balance	<b>4,368</b>	<b>3,496</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2025

## 13. Outstanding claims liability

Solvency disclosure - Quest Insurance Group Limited

The solvency position of the Company as at 31 March 2025 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 2025, net of related party investments and unrecoverable deferred acquisition costs amounted to \$24.3m (2024: \$27.8m). Quest Insurance Group Limited is required to hold minimum solvency capital of \$18.5m (2024: \$17.5m) and have a solvency margin of at least \$1.

2025	Non Life \$'000	Life \$'000	Total \$'000
Actual Solvency Capital	18,214	6,041	24,255
Minimum solvency requirement	14,601	4,033	18,494
Solvency Margin	<b>3,613</b>	<b>2,008</b>	<b>5,760</b>
Solvency Cover Ratio	125%	150%	131%

  

2024 Re-stated	Non Life \$'000	Life \$'000	Total \$'000
Actual Solvency Capital	22,835	4,973	27,807
Minimum solvency requirement	14,386	3,361	17,619
Solvency Margin	<b>8,448</b>	<b>1,611</b>	<b>10,189</b>
Solvency Cover Ratio	159%	148%	158%

The liabilities recorded on the Statement of Financial Position are \$54.6m (2024: \$45.3m) and total assets equal \$76.5m (2024: \$67.8m).

## 14. Other revenue

	2025 \$000's	2024 \$000's
<b>Revenue from contracts with customers</b>		
<i>At a point in time</i>		
Collection services	508	546
Commission income	(490)	344
Other fees and charges	595	1,559
<i>Overtime</i>		
Other fees and finance charges	1,853	1,347
<b>Other income</b>		
Other Revenue	34	99
<b>Total other revenue</b>	<b>2,500</b>	<b>3,895</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2025

<b>15. Operating expenses</b>	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
<i>Operating expenses includes the following:</i>		
Auditor's remuneration		
Audit of financial statements		
- Audit of financial statements	327	351
- Audit of Quest Insurance Group Limited's solvency return	5	5
Other services		
- Tax compliance fees	24	24
Total fees paid to auditor	<u>356</u>	<u>380</u>
Insurance contract acquisition costs	1,372	4,918
Depreciation	580	488
Amortisation	195	266
Directors fees	302	192
Employee benefits	8,026	7,518
<b>16. Impaired asset (reversal) / charge</b>	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
Bad debts written off	78	17,385
Increase / (decrease) in provision	<u>4,316</u>	<u>(13,799)</u>
	4,394	3,586
Goodwill Impairment	-	1,121
Total impaired asset charge	<u>4,394</u>	<u>4,707</u>
<b>17. Tax reconciliation</b>	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
Net profit before taxation	6,002	3,583
Prima facie taxation @ 28%	1,681	1,003
Non-taxable income	-	-
Non-deductible expenses	2	333
Other tax adjustments	(277)	-
	<u>1,406</u>	<u>1,336</u>
Comprising:		
Current	571	1,476
Deferred	835	516
Unrecognised prior year losses utilised	-	(656)
	<u>1,406</u>	<u>1,336</u>
<b>18. Cash and cash equivalents</b>	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
Cash at bank	44,741	36,605
Cash at bank (professional investor scheme) *	44	32
Cash at bank (securitisation arrangement) **	4,357	1,590
Cash and cash equivalents	<u>49,142</u>	<u>38,227</u>

\* Cash at bank relating to the professional investor scheme is cash held within the Prime Asset Trust Limited (refer note 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

19. Financial assets at FVTOCI

Financial assets at FVTOCI

Bank bonds

2025	2024
\$000's	\$000's
-	8,873
-	8,873

20. Finance receivables

	2025	2024
	\$000's	\$000's
Personal		
Secured	97,480	100,149
Unsecured	20,877	13,360
Business		
Secured	5,452	5,217
Unsecured	-	-
Total gross finance receivables	123,809	118,726
Less: Unearned interest	17	12
Less: Deferred fee revenue and expenses	(2,635)	(2,222)
Less: Provision for credit impairment	8,864	10,268
Economic Overlay	281	440
Net finance receivables	117,282	110,228

Contractual maturity profile of net finance receivables

	2025	2024
	\$000's	\$000's
Current:		
Within 1 month	5,583	4,837
2 - 3 months	7,698	7,951
4 - 6 months	11,177	10,668
7 - 12 months	20,708	17,144
	45,166	40,600
Non - Current:		
13 - 24 months	33,686	34,343
25 - 60 months	38,430	35,286
	72,116	69,629
Total	117,282	110,229

During the year ended 31 March 2025, finance receivables totalling approximately \$69.6m were sold to the Geneva Warehouse A Trust (2024: \$67.2m). 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 \$103.7m are subject to limitations on disposal (2024: \$97.4m).

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.

During the year ended 31 March 2025, no finance receivables were sold to or repurchased from the Prime Asset Trust Limited ('PATL') (2024: \$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 \$0.2m are subject to limitations on disposal (2024: \$0.3m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

20. Finance receivables (continued)

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 (e) '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.

21. Provision for credit impairment

		2025	2024
		\$000's	\$000's
Opening Balance		10,708	19,655
Increase / (decrease) in provisions		5,336	8,094
Write offs		(6,899)	(17,041)
Closing balance	(20)	9,145	10,708

During the period fully provided loans were written off.

31 March 2025

		Personal		Business		Total
		Secured	Unsecured	Secured	Unsecured	
Opening Balance		4,707	5,656	346	-	10,708
Increase / (decrease) in provisions		3,259	1,906	171	-	5,335
Write off		(4,763)	(1,891)	(244)	-	(6,899)
Closing balance	(20)	3,202	5,671	272	-	9,145

31 March 2024

Opening Balance		7,872	10,838	390	556	19,655
Increase / (decrease) in provisions		3,707	4,350	38	(2)	8,094
Write off		(6,872)	(9,532)	(82)	(554)	(17,041)
Closing balance	(20)	4,707	5,656	346	-	10,708

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 34 for more information on the risk management policies of the Group.

22. 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 securitises 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 2025 (2024: March 2024) and was extended to 31 October 2026 (2024: 31 October 2025). The current facility remained the same at \$100,000,000 during March 2025 review (2024: \$100,000,000). 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

## 22. Securitisation (continued)

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 the year ended 31 March 2025 GFSL transferred \$69.6m gross value of loans receivables to the Trust (2024: \$67.2m). As at 31 March 2025 the carrying value of these assets were \$103.7m (2024: \$97.4m).

## 23. Related parties

The Company listed on the NZX on 1 May 2008, migrated to NZX Main Board on 30 April 2019 and its shares were widely held. The Company delisted from the NZX on 17 July 2024 and relisted on the USX. The Group has related party transactions with its key management personnel and parties associated with these key management personnel.

## - Loans and advances from related parties

	Directors and other key management	
	2025	2024
	\$000's	\$000's
<i>Other borrowings, secured debt and subordinated debt.</i>		
Subordinated debt	11,600	11,100
Total	11,600	11,100

The balance of \$11.6m (2024: \$11.1m) has been included in the balance of other borrowings (refer to note 30).

	2025	2024
	\$000's	\$000's
<i>Movement in debentures, subordinated debt and deposits</i>		
Opening balance as at 1 April	11,100	9,100
Additional deposits received from existing depositors during the year	4,500	2,000
Withdrawal of deposits by existing depositors during the year	(4,000)	-
	11,600	11,100

Interest expense on subordinated debt	917	766
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The related party deposits carry interest rates of 8.0% - 9.5% (2024: 6.5% - 9.5%).

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 the Estate of the late Alistair Hutchison and Alan Hutchison as Directors of those entities. FPFLT has related party transactions with other entities associated with the Estate of the late Alistair Hutchison and Alan Hutchison. The Estate of the late Alistair Hutchison and Alan Hutchison are the ultimate shareholders of Federal Pacific Group Nominees Limited which owns 68.32% (2024: 63.08%) of Geneva Finance Limited and the Federal Pacific entities referred to above. The Group and these parties are related by virtue of common ultimate ownership.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

## 23. Related parties (continued)

## - Other Operating expenses from related parties

	Entities associated with Estate of late Alistair Hutchison and Alan Hutchison	
	2025	2024
	\$000's	\$000's
Management fees	45	75
Secretarial	7	37
Other expenses	61	167
	<u>114</u>	<u>279</u>
Total related party expenses	<u>114</u>	<u>279</u>

## - Key management personnel compensation

	2025	2024
	\$000's	\$000's
Salaries short term employee benefits during the period		
Salaries	2,348	2,413
Directors Fees	302	192
	<u>2,650</u>	<u>2,605</u>

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.

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

## 24. Group entities

**Subsidiaries**

Name	Nature of business	Country of incorporation	Ownership interest (%)	
			2025	2024
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.

\* The Geneva Warehouse A Trust is a special purpose entity set up solely for the purpose of the securitisation facility, (refer note 22).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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

24. Group entities (continued)

- Federal Pacific Financial Limited (Tonga) (FPFLT)	2025	2024
	\$'000's	\$'000's
Current assets	9,524	7,606
Non-current assets	147	60
Current liabilities	(738)	(620)
Non-current liabilities	-	-
Equity attributable to owners of the Group	(8,315)	(6,534)
Non-controlling interest	(615)	(511)
Revenue	2,872	2,360
Expense	(762)	(584)
Profit (loss) for the year before tax	2,110	1,776
Profit (loss) attributable to owners of the Group	921	767
Profit (loss) attributable to owners of the non-controlling interests	615	511
Profit (loss) for the year	1,536	1,278
Dividends paid to non-controlling interest	65	174
Net cash inflow (outflow) from operating activities	(612)	(20)
Net cash inflow (outflow) from investing activities	(123)	(11)
Net cash inflow (outflow) from financing activities	-	-
Net cash inflow/(outflow)	(735)	(31)
<b>Non-controlling interest</b>	2025	2024
	\$'000's	\$'000's
Balance at beginning of year	2,653	2,287
Share of profit for year - FPFLT	615	511
Dividends paid out	(51)	(145)
Balance at end of year	3,217	2,653

25. Taxation

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

	Intangible Assets	Provisions	Tax losses	Deferred Expenses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 31 March 2023</b>	(15)	3,979	313	(2,119)	2,158
(Charged) / Credited to profit or loss	-	189	(263)	(442)	(516)
<b>Balance at 31 March 2024</b>	(15)	4,168	50	(2,561)	1,642
(Charged) / Credited to profit or loss	-	(405)	(50)	(380)	(835)
<b>Balance at 31 March 2025</b>	(15)	3,763	-	(2,941)	807

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.

	2025	2025	2024	2024
	\$'000	\$'000	\$'000	\$'000
<b>Tax Losses</b>	Gross	Tax Effectuated	Gross	Tax Effectuated
Recognised	-	-	179	50
	0	0	179	50

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2025

## 25. Taxation (continued)

The Group has tax losses available to carry forward of \$0.124m (2024: \$0.179m) and tax effect of \$0.03m (2024: \$0.05m). Tax losses with a value of \$0.124m (2024: \$0.179m), tax effect \$0.03m (2024: \$0.05m) have been recognised. 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 (2024: Nil).

## 26. Intangible assets

	2025 \$000's	2024 \$000's
Computer software		
At cost	4,737	4,148
Accumulated amortisation	(3,896)	(3,701)
Closing balance	<u>841</u>	<u>447</u>
Goodwill		
At cost	75	1,138
Accumulated impairment	-	(1,063)
Disposals	(75)	-
Closing balance	<u>-</u>	<u>75</u>
Customer Relationships		
At cost	530	530
Accumulated impairment	(530)	(530)
Closing balance	<u>-</u>	<u>-</u>
<b>Total intangible assets</b>	<u><b>841</b></u>	<u><b>522</b></u>

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

	2025 \$000's	2024 \$000's
<b>Computer software</b>		
Opening balance	251	238
Additions	288	185
Amortisation	(195)	(172)
Disposals/write offs	-	-
Closing balance	<u>344</u>	<u>251</u>
<b>Computer software in progress</b>		
Opening balance	196	229
Additions	589	323
Transfers/Disposals	(288)	(356)
Closing balance	<u>497</u>	<u>196</u>
<b>Goodwill</b>		
Opening Balance	75	1,138
Additions through business combinations	(75)	-
Impairment	-	(1,063)
Closing balance	<u>-</u>	<u>75</u>
<b>Customer Relationships</b>		
Opening Balance	-	94
Amortisation	-	(94)
Closing balance	<u>-</u>	<u>-</u>
<b>Total intangible assets</b>	<u><b>841</b></u>	<u><b>522</b></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

26. Intangible assets (continued)

<i>Goodwill</i>	2025 \$000's	2024 \$000's
Allocated to MFL Services collections business CGU	-	75
Allocated to the Geneva Capital invoice factoring CGU	-	-
	<u>-</u>	<u>75</u>

27. Right-of-use assets

	2025 \$000's	2024 \$000's
<b>Right of use assets - Property</b>		
At cost	5,360	5,346
Accumulated depreciation	(739)	(326)
	<u>4,621</u>	<u>5,020</u>

**Right of use assets - Vehicles**

At cost	45	-
Accumulated depreciation	-	-
	<u>45</u>	<u>-</u>

**Right of use assets - Equipment**

At cost	35	35
Accumulated depreciation	(20)	(21)
	<u>15</u>	<u>14</u>

**Total Right-of-use assets**

	<u>4,681</u>	<u>5,034</u>
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	2025 \$000's	2024 \$000's
<b>Right of use assets - Property</b>		
Opening balance	5,020	-
Additions	14	5,346
Disposals/write offs	-	-
Depreciation	(413)	(326)
Closing balance	<u>4,621</u>	<u>5,020</u>

**Right of use assets - Vehicles**

Opening balance	-	-
Additions	45	-
Closing balance	<u>45</u>	<u>-</u>

**Right of use assets - Equipment**

Opening balance	14	12
Additions	-	18
Depreciation	1	(16)
Closing balance	<u>15</u>	<u>14</u>

**Total Right-of-use assets**

	<u>4,681</u>	<u>5,034</u>
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28. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

## 28. Derivative financial instruments (continued)

**Derivatives designated as cash flow hedges**

	2025	2024
Interest rate swap (at fair value) entered into	\$000's	\$000's
Opening Balance	205	595
Movement	(465)	(390)
Closing Balance	(260)	205
Contract / notional amount - (Swap)	32,059	42,486

**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 (2024: Nil).

Notional amounts and applicable interest rates

2025		2024	
Notional Amount	Interest Rate	Notional Amount	Interest Rate
\$000's	%	\$000's	%
2,768	1.91	8,218	1.91
3,103	4.20	3,870	4.20
7,023	4.80	10,196	4.80
4,492	4.81	6,183	4.81
927	5.43	6,898	5.43
5,827	3.58	6,632	5.83
1,641	3.58	489	5.53
6,278	3.68		
<b>32,059</b>		<b>42,486</b>	

## 29. Bank facilities

	2025	2024
	\$000's	\$000's
Bank facility: Westpac	87,313	81,564
Capitalised transaction costs: Westpac	(46)	(130)
Bank facility: Kiwi Bank	609	2,323
Capitalised transaction costs: Kiwi Bank	-	(1)
	<b>87,876</b>	<b>83,756</b>
	2025	2024
	\$000's	\$000's
Maturity profile of bank facilities		
Current - within 12 months		
- Bank facility: Westpac	3,773	4,676
- Bank facility: Kiwi Bank	609	1,852
	<b>4,382</b>	<b>6,528</b>
Non - Current - more than 12 months		
- Bank facility: Westpac	83,494	76,758
- Bank facility: Kiwi Bank	0	470
	<b>83,494</b>	<b>77,228</b>
Total	<b>87,876</b>	<b>83,756</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

**29. Bank facilities (continued)**

Bank facility: Westpac

As at 31 March 2025, the \$87.3 million (31 March 2024: \$81.6 million) drawn under the \$100 million (31 March 2024: \$100 million) term loan facility with Westpac New Zealand Limited is classified as a non-current liability, in line with its contractual maturity of 31 October 2026.

The facility is governed by a securitisation warehouse trust structure and includes monthly-tested operational and performance-based covenants and servicing requirements. These encompass receivables eligibility criteria, arrears and write-off thresholds, subordination and credit enhancement ratio tests, portfolio concentration and performance metrics, and compliance with the cash flow application provisions set out in the Trust's waterfall.

No breaches of the Trust Deed or the Warehouse Facility Agreement were identified, and all obligations were met throughout the financial year and as at the reporting date. If the Trust were to become non-compliant with its servicing or performance requirements, an Amortisation Event could be triggered. In such a case, the Trust would enter a controlled amortisation phase in which no further receivables would be acquired, existing receivables would continue to be serviced and collected, and all collections would be applied sequentially to repay the facility over time in accordance with the contractual repayment terms of the underlying loan portfolio.

The facility is not subject to discretionary acceleration by the funder and is repaid progressively as receivables amortise. Based on current operational compliance and management's financial forecasts, there is no expectation that the classification of the borrowings as non-current will change within 12 months of the reporting date.

The financing arrangement with Westpac New Zealand Limited (Westpac) as described in Note 20.

Bank facility: Kiwibank

As at 31 March 2025, \$0.6 million was drawn under the \$3.4 million term loan facility between Stellar Collections Limited and Kiwibank Limited (31 March 2024: \$2.3 million), which is guaranteed by Geneva Finance Limited. The facility is contractually scheduled to mature on 31 July 2025 and will be fully repaid by that date using cash from operating activities. It is accordingly classified as a current liability in the consolidated financial statements.

The facility is governed by bilateral loan and security agreements, including a general security agreement and cross-guarantees. It includes both standard and tailored financial and operational covenants, including a loan-to-value ratio based on total assets, an interest cover ratio, restrictions on material acquisitions and ownership changes, and event-of-review provisions tied to the renewal and performance of the Geneva Warehouse securitisation facility.

Quarterly reporting is required for financial results, covenant compliance, and forward-looking forecasts. The facility is not subject to discretionary acceleration, except in the event of a breach or failure to renew linked funding arrangements.

As at the date of signing, the Group was in full compliance with all terms of the facility. Repayment in full is scheduled and expected in July 2025. Based on its current funding strategy and operational forecasts, management does not consider there to be any material uncertainty regarding the Group's ability to continue as a going concern. The facility is appropriately classified as current compliance with all facility terms. Although the facility matures within 12 months, the Group is actively considering refinancing alternatives. Based on its current funding strategy and financial forecasts, management does not consider there to be a material uncertainty regarding the Group's ability to continue as a going concern. The facility is appropriately classified as current.

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 2024. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

**30. Other borrowings**

	2025 \$000's	2024 \$000's
Unsecured	16,316	17,041
Total other borrowings	16,316	17,041
Maturity profile of other borrowings:		
Current - within 12 months		
- Unsecured	13,775	12,750
	13,775	12,750
Non-current - more than 12 months		
- Unsecured	2,541	4,291
	2,541	4,291
Total	16,316	17,041
Small offer investor	-	1,225
Wholesale investor	16,316	15,816
	16,316	17,041

The other borrowings relate to wholesale investor funding. The current portion of other borrowings is comprised of \$13.775m at an interest rate of 4.41% (2024: \$12.75m at an interest rate of 8.43%). The non-current portion of other borrowings is comprised of \$2.50m at an interest rate of 2.11% (2024: \$4.3m at an interest rate of 8.83%).

There are no covenants associated with these borrowings.

During the current period the Group raised \$0.5m investor funding (2024: raised \$2.2m).

**31. Lease liabilities**

	2025 \$000's	2024 \$000's
Current	626	173
Non-current	4,498	5,074
Total lease liabilities	5,124	5,247
The reconciliations of the carrying value for lease liabilities are set out below:		
	2025 \$000's	2024 \$000's
Printer	3	15
Vehicles	43	-
Property	5,078	5,232
Total lease liabilities	5,124	5,247

Lease liabilities have an incremental borrowing rate of 7.40% (2024: 7.4%).

Amounts recognised in Statement of Comprehensive Income

Interest on lease liabilities	371	318
Expenses related to short term leases	-	-
Total Amount recognised in Statement of Comprehensive Income	371	318

**32. Capital and reserves**

**Capital:**

Capital comprises share capital, other reserves and retained earnings.

Share capital (comprised of ordinary shares only):

	Ordinary shares (in thousands)	
	2025 000's	2024 000's
Opening balance	72,935	72,935
Closing balance	72,935	72,935



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

32. Capital and reserves (continued)

Share capital (comprised of ordinary shares only):

	2025	2024
	\$000's	\$000's
Opening balance	52,779	52,779
Closing balance	52,779	52,779

Shares held by Geneva

	Ordinary shares (in thousands)	
	2025	2024
	000's	000's
Opening Balance	805	805
Closing Balance	805	805
Opening Balance	342	342
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
<b>2025</b>				
Prior year final dividend	19/08/2024	22/08/2024	1.00	729
Interim dividend	18/12/2024	19/12/2024	1.00	729
				<u>1,458</u>

Treasury Dividend (16)

FPFLT's net dividend paid (140)

Total dividend paid 1,302

**2024**

Prior year final dividend	14/09/2023	26/09/2023	2.00	1,459
Interim dividend	18/03/2024	28/03/2024	1.00	729
				<u>2,188</u>

Treasury Dividend (24)

FPFLT's net dividend paid 145

Total dividend paid 2,309

**Reserves:**

	2025	2024
	000's	000's
Cash flow hedge reserve	(260)	205
Financial assets at FVTOCI reserve	4	6
Common control reserve	(2,468)	(2,468)
Foreign currency translation reserve	731	447
Total	<u>(1,993)</u>	<u>(1,810)</u>

*Reconciliation:*

	2025	2024
	000's	000's
Opening Balance	(1,810)	(1,562)
Movement	(183)	(248)
Closing Balance	<u>(1,993)</u>	<u>(1,810)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

32. Capital and reserves (continued)

*Summary of movement*

Cash flow hedge reserve	(i)	(465)	(390)
Financial assets at FVTOCI reserve	(ii)	(2)	(90)
Foreign currency translation reserve	(iv)	284	232
Total Movement		<u>(183)</u>	<u>(248)</u>

(i) Cash flow hedging reserve:

The hedging reserve relates to the fair value of the effective portion of cash flow hedges (refer to note 27).

	2025	2024
	000's	000's
Opening balance	205	595
Movement	<u>(465)</u>	<u>(390)</u>
Closing balance	<u>(260)</u>	<u>205</u>

	2025	2024
	000's	000's
Opening balance	6	96
Movement	<u>(2)</u>	<u>(90)</u>
Closing balance	<u>4</u>	<u>6</u>

(iii) Common control reserve:

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

	2025	2024
	000's	000's
Opening balance	(2,468)	(2,468)
Movement	<u>-</u>	<u>-</u>
Closing balance	<u>(2,468)</u>	<u>(2,468)</u>

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 the Estate of the late Alistair Hutchinson 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

	2025	2024
	000's	000's
Opening balance	447	215
Movement	<u>284</u>	<u>232</u>
Closing balance	<u>731</u>	<u>447</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2025

**33. Profit / (Loss) per share***Basic profit / (loss) per share*

The calculation of basic profit per share at 31 March 2025 was based on the profit attributable to ordinary shareholders of \$3,981,000 (2024 \$1,736,000) and a weighted average number of shares 72,935,275 (2024: 72,935,275) calculated as follows:

<i>Profit / (loss) attributable to ordinary shareholders</i>	2025 \$000's	2024 \$000's
Net profit / (loss) after taxation	3,981	1,736
Dividends on preference shares	-	-
Net profit / (loss) attributable to ordinary shareholders	<u>3,981</u>	<u>1,736</u>
<i>Weighted average number of ordinary shares (thousands)</i>		
	2025	2024
Opening balance	72,935	72,935
Shares issued in the reporting period	-	-
Weighted average number of ordinary shares in issue	<u>72,935</u>	<u>72,935</u>
Basic profit per share (in cents)	5.46	2.38

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.

**34. 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 counterparty 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.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2025

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

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.

<i>Concentration of credit risk by sector</i>	2025 \$000's	2024 \$000's
<i>Personal Loans</i>		
Gross finance receivables	118,359	113,509
Provision for credit impairment	(8,873)	(10,362)
	<u>109,486</u>	<u>103,147</u>
<i>Business loans</i>		
Gross finance receivables	5,450	5,217
Provision for credit impairment	(272)	(346)
	<u>5,178</u>	<u>4,871</u>
Gross finance receivables after provision for credit impairment	<u>114,664</u>	<u>108,018</u>
Less:		
Unearned interest	17	12
Deferred fee revenue and expenses	(2,635)	(2,222)
Net finance receivables	<u>117,282</u>	<u>110,228</u>
<i>Concentration of credit risk exposure by security</i>	2025 \$000's	2024 \$000's
<i>Personal loans</i>		
Secured	97,480	100,149
Unsecured	20,877	13,360
Total personal loan receivables	<u>118,357</u>	<u>113,509</u>
<i>Business loans</i>		
Secured	5,450	5,218
Unsecured	-	-
Total business loan receivables	<u>5,450</u>	<u>5,218</u>

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*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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

31 March 2025	Current \$000's	<30 \$000's	31-60 \$000's	61-90 \$000's	91-120 \$000's	>120 \$000's	Total \$000's
<b>Personal loans</b>							
Gross finance receivables - secured	87,066	6,360	1,197	387	381	2,089	97,480
Provision for credit impairment	(1,424)	(116)	(364)	(131)	(153)	(1,014)	(3,202)
Secured	85,642	6,244	833	256	228	1,075	94,278
<b>Personal loans</b>							
Gross finance receivables - unsecured	10,445	4,436	225	255	204	5,312	20,877
Provision for credit impairment	(859)	(599)	(164)	(178)	(161)	(3,710)	(5,671)
Unsecured	9,586	3,837	61	77	43	1,602	15,206
Gross finance receivables after provision for credit impairment	95,228	10,081	894	333	271	2,677	109,484
<b>Expected credit loss rate</b>	2.34%	6.62%	37.13%	48.13%	53.68%	63.83%	
Gross Finance Receivables	97,511	10,796	1,422	642	585	7,401	118,357
Provision for Credit Impairment	2,283	715	528	309	314	4,724	8,873
Net Finance Receivables	95,228	10,081	894	333	271	2,677	109,484
<b>Business loans</b>							
Gross finance receivables - secured	5,240	25	-	-	-	185	5,450
Provision for credit impairment	(127)	-	-	-	-	(145)	(272)
Secured	5,113	25	-	-	-	40	5,178
Gross finance receivables - unsecured	-	-	-	-	-	-	-
Provision for credit impairment	-	-	-	-	-	-	-
Unsecured	-	-	-	-	-	-	-
Gross finance receivables after	5,113	25	-	-	-	40	5,178
Total gross finance receivables after provision for credit	100,341	10,106	894	333	271	2,717	114,662
<b>Expected credit loss rate</b>	2.42%	0.00%	0.00%	0.00%	0.00%	77.96%	0.00%
Gross Finance Receivables	5,240	25	-	-	-	186	5,451
Provision for Credit Impairment	127	-	-	-	-	145	272
Net Finance Receivables	5,113	25	-	-	-	41	5,178
<b>31 March 2024</b>							
<b>Personal loans</b>							
Gross finance receivables - secured	84,644	7,151	763	612	388	6,591	100,149
Provision for credit impairment	(985)	(83)	(279)	(274)	(163)	(2,923)	(4,707)
Secured	83,659	7,068	484	338	225	3,668	95,442
Gross finance receivables - unsecured	7,518	164	2,565	1,741	36	1,336	13,360
Provision for credit impairment	(343)	(2)	(332)	(359)	(31)	(4,588)	(5,655)
Unsecured	7,175	162	2,233	1,382	5	(3,252)	7,705
Gross finance receivables after provision for credit impairment	90,834	7,230	2,717	1,720	230	416	103,147
<b>Expected credit loss rate</b>	1.44%	1.16%	18.36%	26.90%	45.75%	94.75%	
Gross Finance Receivables	92,162	7,315	3,328	2,353	424	7,927	113,509
Provision for Credit Impairment	1,328	85	611	633	194	7,511	10,362
Net Finance Receivables	90,834	7,230	2,717	1,720	230	416	103,147

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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

**Business loans**

Gross finance receivables - secured	5,042	-	-	-	-	176	5,218
Provision for credit impairment	(328)	-	-	-	-	(18)	(346)
Secured	4,713	-	-	-	-	158	4,872
Gross finance receivables - unsecured	-	-	-	-	-	-	-
Provision for credit impairment	-	-	-	-	-	-	-
Unsecured	-	-	-	-	-	-	-
Gross finance receivables after provision for credit impairment	4,713	-	-	-	-	158	4,872
Total gross finance receivables after provision for credit	95,547	7,230	2,717	1,720	230	574	108,019
<b>Expected credit loss rate</b>	6.50%	0.00%	0.00%	0.00%	0.00%	10.32%	0.00%
Gross Finance Receivables	5,042	-	-	-	-	176	5,218
Provision for Credit Impairment	328	-	-	-	-	18	346
Net Finance Receivables	4,714	-	-	-	-	158	4,871

iii) *Maximum credit risk*

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

	2025 \$000's	2024 \$000's
Cash and cash equivalents	49,142	38,227
Financial assets at FVTOCI	-	8,873
Finance receivables	123,809	118,726
Prepayments & receivables	28,106	22,129
Undrawn committed facility - invoice factoring	-	8,301

Prepayments & receivables are aged in Note 35 as other receivables. They are considered current unless otherwise stated.

The Group has no off balance sheet credit exposures.

**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.

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 30%, 2024 (50%). 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2025

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

*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;
- sourcing debt from wholesale 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 2025

\$'000's

	Carrying amount	Gross nominal inflow/ (outflow)	0-3 months	4-6 months	7-12 months	13-24 months	25-60 months
<b>Financial assets</b>							
Cash and cash equivalents	49,142	49,142	49,142	-	-	-	-
Finance receivables	117,282	149,567	16,938	14,253	26,408	42,959	49,009
Other receivables	28,106	28,106	28,106	-	-	-	-
Derivative financial instruments	260	(257)	(108)	(103)	(29)	(17)	-
<b>Total finance assets</b>	<b>194,790</b>	<b>226,558</b>	<b>94,078</b>	<b>14,150</b>	<b>26,379</b>	<b>42,942</b>	<b>49,009</b>
<b>Financial liabilities</b>							
Bank facilities *	(87,876)	(87,923)	(11,297)	(7,573)	(14,216)	(24,538)	(30,299)
Other borrowings	(16,316)	(18,245)	(880)	(9,950)	(3,476)	(3,612)	(327)
Other payables	(954)	(955)	(955)	-	-	-	-
<b>Total financial liabilities</b>	<b>(105,146)</b>	<b>(107,123)</b>	<b>(13,132)</b>	<b>(17,523)</b>	<b>(17,692)</b>	<b>(28,150)</b>	<b>(30,626)</b>
<b>Net liquidity gap</b>	<b>89,644</b>	<b>119,435</b>	<b>80,946</b>	<b>(3,373)</b>	<b>8,687</b>	<b>14,792</b>	<b>18,383</b>

\* As at the reporting date, the Westpac Securitisation Bank Facility (refer Notes 22 and 29) had a contractual maturity date of 31 October 2026. Subsequent to the reporting date, this maturity was extended to 31 October 2027. Since the inception of the securitisation arrangement in July 2013, Westpac has consistently made the facility available in rolling two-year terms, with annual extensions granted each year. This historical pattern of renewals supports Management's expectation that the facility will continue to be extended annually, consistent with past practice. Monthly interest instalments are the only payments contractually due under the facility and are disclosed as the current portion of the Westpac Bank Facility (refer Note 29). The maturity profile presented above reflects the amortisation schedule for both interest and principal repayments from the reporting date through to 31 October 2027. However, given the consistent renewal history and Management's expectations, the facility is considered to exhibit characteristics of a long-term funding arrangement, notwithstanding its contractual maturity.

## 31 March 2024

\$'000's

	Carrying amount	Gross nominal inflow/ (outflow)	0-3 months	4-6 months	7-12 months	13-24 months	25-60 months
<b>Financial assets</b>							
Cash and cash equivalents	38,227	38,227	35,052	3,175	-	-	-
Finance receivables	110,228	128,923	14,975	12,458	20,052	40,169	41,269
Financial assets at FVTOCI*	8,873	8,873	-	8,873	-	-	-
Other receivables	22,129	22,129	22,129	-	-	-	-
Derivative financial instruments	0	205	32	29	48	66	30
<b>Total finance assets</b>	<b>179,457</b>	<b>198,357</b>	<b>72,188</b>	<b>24,535</b>	<b>20,100</b>	<b>40,235</b>	<b>41,299</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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

	Carrying amount	Gross nominal inflow/ (outflow)	0-3 months	4-6 months	7-12 months	13-24 months	25-60 months
<b>Financial liabilities</b>							
Bank facilities **	(83,756)	(83,992)	(10,302)	(7,192)	(14,091)	(25,006)	(27,401)
Professional investor scheme	(17,041)	(18,503)	(287)	(9,706)	(3,735)	(2,806)	(1,969)
Other payables	(720)	(720)	(720)	-	-	-	-
<b>Total financial liabilities</b>	<b>(101,517)</b>	<b>(103,215)</b>	<b>(11,309)</b>	<b>(16,898)</b>	<b>(17,826)</b>	<b>(27,812)</b>	<b>(29,370)</b>
Net liquidity gap	77,940	95,142	60,879	7,637	2,274	12,423	11,929

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

\*\* As at the reporting date, the Westpac Securitisation Bank Facility (refer Notes 22 and 29) had a contractual maturity date of 31 October 2026. Since the inception of the securitisation arrangement in July 2013, Westpac has consistently made the facility available in rolling two-year terms, with annual extensions granted each year. This historical pattern of renewals supports Management's expectation that the facility will continue to be extended annually, consistent with past practice. Monthly interest instalments are the only payments contractually due under the facility and are disclosed as the current portion of the Westpac Bank Facility (refer Note 29). The maturity profile presented above reflects the amortisation schedule for both interest and principal repayments from the reporting date through to 31 October 2027 otherwise the amounts presented in '25-60 months' would appear in '13-24 months'. However, given the consistent renewal history and Management's expectations, the facility is considered to exhibit characteristics of a long-term funding arrangement, notwithstanding its contractual maturity.

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.

<b>31 March 2025</b>		Effective Interest Rate	0-3 Months	4-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
\$'000's		%						
<b>Financial assets</b>								
Cash and cash equivalents	4.50 - 5.85		49,142	-	-	-	-	49,142
Finance receivables	7.25 - 34.95		13,282	11,177	20,708	33,686	38,430	117,282
Effect of derivatives held for risk management	1.91 - 5.83		(108)	(103)	(29)	(17)	-	(257)
<b>Total interest bearing finance assets</b>			<b>62,316</b>	<b>11,074</b>	<b>20,679</b>	<b>33,669</b>	<b>38,430</b>	<b>166,167</b>
<b>Financial liabilities</b>								
Bank facilities	5.63 - 10.85		(1,557)	(2,825)	-	-	(83,494)	(87,876)
Other borrowings	5.75 - 9.5		(600)	(9,675)	(3,091)	(3,215)	(235)	(16,816)
<b>Total interest bearing financial liabilities</b>			<b>(2,157)</b>	<b>(12,500)</b>	<b>(3,091)</b>	<b>(3,215)</b>	<b>(83,729)</b>	<b>(104,692)</b>
<b>Total</b>			<b>60,159</b>	<b>(1,426)</b>	<b>17,588</b>	<b>30,454</b>	<b>(45,299)</b>	<b>61,474</b>

<b>31 March 2024</b>		Effective Interest Rate	0-3 Months	4-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
\$'000's		%						
<b>Financial assets</b>								
Cash and cash equivalents	5.90 - 6.10		38,227	-	-	-	-	38,227
Financial assets at FVTOCI	2.22 - 3.65		-	8,873	-	-	-	8,873
Finance receivables	0.01 - 26.95		12,787	10,668	17,144	34,343	35,286	110,228
Effect of derivatives held for risk management	0.41 - 5.83		32	29	48	66	30	205
<b>Total interest bearing finance assets</b>			<b>51,046</b>	<b>19,570</b>	<b>17,192</b>	<b>34,409</b>	<b>35,316</b>	<b>157,534</b>
<b>Financial liabilities</b>								
Bank facilities	3.27 - 10.85		(1,838)	(4,690)	-	-	(77,228)	(83,756)
Other borrowings	6.5 - 9.5		-	(9,425)	(3,341)	(2,400)	(1,875)	(17,041)
<b>Total interest bearing financial liabilities</b>			<b>(1,838)</b>	<b>(14,115)</b>	<b>(3,341)</b>	<b>(2,400)</b>	<b>(79,103)</b>	<b>(100,797)</b>
<b>Total</b>			<b>49,209</b>	<b>5,455</b>	<b>13,851</b>	<b>32,009</b>	<b>(43,787)</b>	<b>56,736</b>

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 2025 (2024: \$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 25).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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

31 March 2025

31 March 2025		Interest rate risk				
		Carrying Amount \$'000	-0.5% Profit \$'000	-0.5% Equity \$'000	+0.5% Profit \$'000	+0.5% Equity \$'000
<b>Financial assets</b>						
Cash and cash equivalents	(18)	49,142	(246)	(177)	246	246
Financial assets at FVTOCI	(15)	0	-	-	-	-
Finance receivables	(20)	117,282	(586)	(422)	586	422
<b>Financial liabilities</b>						
Bank facilities	(29)	(87,876)	439	316	(439)	(316)
Other borrowings	(30)	(16,316)	82	59	(82)	(59)
Derivative financial instruments	(28)	260	(1)	(1)	1	1
<b>Total increase/(decrease)</b>			(311)	(225)	311	294

31 March 2024

31 March 2024		Interest rate risk				
		Carrying Amount \$'000	-0.5% Profit \$'000	-0.5% Equity \$'000	+0.5% Profit \$'000	+0.5% Equity \$'000
<b>Financial assets</b>						
Cash and cash equivalents	(18)	38,227	(191)	(138)	191	191
Financial assets at FVTOCI	(19)	8,873	(44)	(32)	44	32
Finance receivables	(20)	110,228	(551)	(397)	551	397
Derivative financial instruments	(28)	-	-	-	-	-
<b>Financial liabilities</b>						
Bank facilities	(29)	(83,756)	419	302	(419)	(302)
Other borrowings	(30)	(17,041)	85	61	(85)	(61)
<b>Total increase/(decrease)</b>			(282)	(204)	282	258

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.

iii) Assets and liabilities measured at fair value

31 March 2025

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Derivative financial instruments	(28)	-	260	-	260
Total liabilities		-	260	-	260

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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

## 31 March 2024

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at FVTOCI	(19)	3,350	5,523	-	8,873
Derivative financial instruments	(28)	-	205	-	205
Total assets		3,350	5,728	-	9,078

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

## iv) Reconciliation

## 31 March 2025

	Financial Assets at FVTOCI \$'000	Total \$'000
Financial assets at FVTOCI At 1 April 2024	8,873	8,873
Investment proceeds At 31 March 2025	(8,873)	(8,873)
	-	-

## 31 March 2024

	Financial Assets at FVTOCI \$'000	Total \$'000
Financial assets at FVTOCI At 1 April 2023	-	-
Acquisitions	3,175	3,175
Movement in fair value in financial assets at FVTOCI At 31 March 2024	5,698	5,698
	8,873	8,873

## 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.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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

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**

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 (2024: 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.

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

	2025 \$000's	2024 \$000's
<b>Trade and other receivables and prepayment</b>		
Collections business trade receivables	37	278
Insurance business trade receivables - Policy holders	27,707	21,440
Other receivables	14	-
Prepayments	348	411
	<u>28,106</u>	<u>22,129</u>

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

## 35. Trade and other receivables, prepayments and accounts payables, accruals and employee benefits (continued)

	2025	2024
	\$000's	\$000's
<b>Accounts Payables and accruals</b>		
Accounts Payable	2,901	2,017
Accruals	4,347	3,872
Other Payables	833	1,074
	<u>8,081</u>	<u>6,963</u>
<b>Employee entitlements</b>		
Salaries and Wages	320	263
Annual leave	550	390
Long service leave	84	67
	<u>954</u>	<u>720</u>

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

	2025	2024
	\$000's	\$000's
Net profit / (loss) after taxation	4,596	2,247
Add/(Less) Non-cash adjustments		
Depreciation	580	487
Amortisation	196	266
Impairment	-	1,063
Profit on sale of fixed assets and fixed asset written off	32	26
Movement in finance receivables provision	5,013	3,560
Bad debts	(619)	84
Deferred taxation	1,513	1,336
Capitalised transaction costs	85	(31)
Add/(Less) Movements in other working capital items		
(Increase) / decrease in finance receivables	(11,035)	(8,654)
(Increase) / decrease in other receivables and prepayments	(5,530)	(6,066)
(Increase) / decrease in tax receivable	(454)	(724)
Increase / (Decrease) in trade and other payables	2,451	4,344
(Increase) / Decrease in insurance policyholder liability	6,282	5,511
Increase / (Decrease) in deferred revenue and expenses	(1,736)	(1,066)
Net cash inflow / (outflow) from operating activities	<u>1,375</u>	<u>2,382</u>

## 37. Reconciliation of liabilities arising from financing activities

## Summary as at 31 March 2025

	Opening balance	Financing Cash Flows	Fair value adjustments	Other changes	Closing Balance
Derivate financial instruments	(205)	-	465	-	260
Bank facilities	83,756	4,120	-	-	87,876
Other Borrowing advances	17,041	(725)	-	-	16,316
Leased liability	5,247	-	-	(65)	5,182
	<u>105,839</u>	<u>3,395</u>	<u>465</u>	<u>(65)</u>	<u>109,634</u>

## Summary as at 31 March 2024

	Opening balance	Financing Cash Flows	Fair value adjustments	Other changes	Closing Balance
Derivate financial instruments	(595)	-	390	-	(205)
Bank facilities	76,864	6,892	-	-	83,756
Other Borrowing advances	14,841	2,200	-	-	17,041
Leased liability	12	-	-	5,234	5,246
	<u>91,122</u>	<u>9,092</u>	<u>390</u>	<u>5,234</u>	<u>105,838</u>

## 38. Current and non-current aggregates

	2025	2024
	\$000's	\$000's
Aggregate current assets	111,101	99,240
Aggregate non-current assets	101,131	97,300
Aggregate current liabilities	34,641	32,607
Aggregate non-current liabilities	136,530	125,984

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2025

## 39. 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 segment 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.

**Group summary revenues and results for the year 31 March 2025**

\$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
External revenues	-	18,660	52,889	931	272	2,872	-	75,624
Revenue - other segments	7,381	1,573	89	130	-	-	(9,173)	-
Total	7,381	20,233	52,978	1,061	272	2,872	(9,173)	75,624
Segment profit/(loss)	1,882	863	7,300	(99)	(103)	2,109	(5,950)	6,002
Taxation (expense) / benefit	1,223	-	(2,056)	-	-	(573)	-	(1,406)
Non controlling interest profit	-	-	-	-	-	(615)	-	(615)
Net profit/(loss) after taxation	3,105	863	5,244	(99)	(103)	921	(5,950)	3,981
Interest income	1,381	19,201	2,164	475	249	2,014	(3,173)	22,311
Interest expense	3,593	8,250	-	140	(2)	-	(3,173)	8,808
Depreciation	502	21	15	6	-	36	-	580
Amortisation	-	117	74	4	-	-	-	195
Other material non-cash items:								
Impaired assets expense	(648)	4,522	-	45	306	219	(50)	4,394

**Group summary assets and liabilities as at 31 March 2025**

\$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
Segment assets								
Total assets	38,713	138,374	80,313	5,034	1,139	9,672	(61,273)	211,972
Additions / (Deletions) to non current assets	597	88	338	-	-	88	-	1,111
Segment liabilities								
Total liabilities	44,600	106,874	58,516	1,156	49	743	(41,025)	170,913

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

## 39. Segment analysis (continued)

**Group summary revenues and results for the year 31 March 2024**

\$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
External revenues	1	17,286	41,417	3,939	997	2,360	-	66,000
Revenue - other segments	4,526	1,349	89	110	-	-	(6,074)	-
Total	4,527	18,635	41,506	4,049	997	2,360	(6,074)	66,000
Segment profit/(loss)	(3,248)	1,725	5,740	1,269	(498)	1,776	(3,181)	3,583
Taxation benefit	1,604	-	(2,443)	-	-	(497)	-	(1,336)
Non controlling interest profit	-	-	-	-	-	(511)	-	(511)
Net profit/(loss) after taxation	(1,644)	1,725	3,297	1,269	(498)	768	(3,181)	1,736
Interest income	1,346	17,046	1,814	427	818	1,162	(2,893)	19,720
Interest expense	3,141	7,451	-	261	286	-	(2,893)	8,246
Depreciation	418	25	16	9	4	16	-	488
Amortisation	-	154	6	71	35	-	-	266
Other material non-cash items:								
Impaired assets expense	(1,432)	2,617	-	1,043	1,007	40	1,432	4,707

**Group summary assets and liabilities as at 31 March 2024**

\$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
Segment assets								
Total assets	40,134	130,192	72,254	6,736	2,745	7,666	(63,187)	196,540
Additions / (Deletions) to non current assets	196	256	(21)	102	2	-	10	545
Segment liabilities								
Total liabilities	46,160	99,091	49,381	2,758	1,552	620	(40,971)	158,591

**b) By geographical segment**

The Group operated predominantly in New Zealand and Tonga. \$78.7m in revenue is derived from New Zealand (2024: \$61.2m) and \$2.9m revenue from Tonga (2024: \$2.4m).

## 40. Credit ratings

Credit rating agency AM Best reaffirmed Quest Insurance Group Limited's on 21 September 2024 with a Financial Strength rating of B (fair) and an Issuer Credit rating of bb+ (fair). Both ratings came with a stable outlook.

## 41. Contingent liabilities

There are no material contingent liabilities at 31 March 2025 (2024: none).

## 42. Subsequent events

The Board has declared 1.5 cents per share final dividend for the March 2025 financial year on the 16th July 2025 and paid on the 25th July 2025.

# GENEVA FINANCE LIMITED

## SHAREHOLDER AND STATUTORY INFORMATION

### Stock exchange listing

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

### Registered principal security holders at 02 May 2025

Rank	Name	Units	% of issued capital
1	Federal Pacific Group Nominees Limited	49,831,137	68.32%
2	Charles Paul Telford Hutchison & Gregory Rex Eden	1,403,000	1.92%
3	David Gerard O'Connell & Vivienne Ellen O'Connell & Liston Trustee Services Ltd	1,146,141	1.57%
4	Robin King & Lynn King	1,126,005	1.54%
5	Ronald Robin King & Lynn Barbara King	925,201	1.27%
6	Austen Herbert Stewart Kyle	812,655	1.11%
7	Geneva Finance Limited	805,286	1.10%
8	David W Smale & E M Smale	800,000	1.10%
9	Brent David Fairweather & Tony John Winsloe	510,000	0.70%
10	Clinton Garwin Hartley & Jillian Leah Hartley & Sdm	500,000	0.69%
11	John G Webber Limited	500,000	0.69%
12	Jack Wakelin & Margo Wakelin	464,701	0.64%
13	Suvira Rani Gupta	376,769	0.52%
14	Kenneth Young	357,144	0.49%
15	William Evans McCreedy & Gillian McCreedy & Lee Trustee Services Limited	353,406	0.48%
16	Janet Backhouse	344,554	0.47%
17	Forthbank Trustees Limited	338,926	0.46%
18	William Alexander Adams Cairns & Ilam Trust Company Limited	338,926	0.46%
19	Albert Boy & Lizel Boy	285,715	0.39%
20	Fulong Liu	284,211	0.39%

### Spread of security holders at 02 May 2025

Range	Number of shareholders	Units	% of issued capital
1 - 1,000	20	11,560	0.02%
1,001 - 5,000	251	820,373	1.12%
5,001 - 10,000	153	1,080,824	1.48%
10,001 - 50,000	156	3,491,856	4.79%
50,001 - 100,000	32	2,434,913	3.34%
100,001 and Over	49	65,095,749	89.25%
<b>TOTAL</b>	<b>661</b>	<b>72,935,275</b>	<b>100.00%</b>

Country	Number of Shareholders	%	Units	% of issued capital
New Zealand	594	94.74%	72,483,447	99.4%
Australia	18	2.87%	109,163	0.2%
United Kingdom	6	0.96%	98,145	0.1%
Other	9	1.44%	244,520	0.3%
	<b>627</b>	<b>100.0%</b>	<b>72,935,275</b>	<b>100.0%</b>

### Substantial security holders

Pursuant to Section 35F of the Securities Market Amendment Act 2006, the substantial security holders as at 02 May 2025 were as follows:

	Number of Shares	%
Federal Pacific Group Nominees Limited	49,831,137	68.32%

The total number of voting securities of the company on issues on 02 May 2025 was 72,935,275 paid ordinary shares.

## GENEVA FINANCE LIMITED

### SHAREHOLDER AND STATUTORY INFORMATION

#### Statement of Directors security holdings

As at 02 May 2025 directors held the following securities in the Company:

	Units
R R King	2,051,206
L M Goodman	200,000

There were no share transactions disclosed to the board and entered into the Company's Interest Register for the year ended 31 March 2025.

#### Dealings in Geneva Finance Limited Shares by Directors

Alan Hutchison, Director of Federal Pacific Group Nominees Limited, acquired shares totalling \$3.3 million during the period from 5 July 2024 to 5 February 2025

	Fees \$'000	Salary \$'000	Bonus \$'000	Other \$'000	Total \$'000
R R King	73				73
A L M Hutchison	51				51
L M Goodman	61				61
D W Smale	1				1
H Aish	52				52
G Hally	66				66
MC Johnston		466	20		486
	302	466	20	-	788



## GENEVA FINANCE LIMITED

### 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

##### Alan Hutchison

Federal Pacific Group Limited

Federal Pacific Group Nominees Limited

Valley 215 Limited

##### Malcolm Johnston

Genpac Group Limited

Ipac Traders Limited

##### Laurence Goodman

Goodman Management Limited

##### Harley Aish

Anevac Limited

Bairds Road Family and Christian Health Centre Limited

Bendito Limited

Otara Health Property Limited

Otara Family and Christian Health Centre Limited

##### Grant Hally

Gilgit Trust Limited

Wriston Equities Limited

R Westlake Limited

Albury Properties Limited

Southern Nights Limited

Thomas Park Limited

Hi (2015) Limited

Grant Ian Hally Trust Limited

Hally Holdings Limited

Hally Trust Limited

Lord Nelson Properties Limited

Cotesmore Investments Limited

Epsom Knights Limited

Prince & Partners Limited

Lemken NZ Limited

Naylor Industries Limited

Mayflower Management Limited

Irwin United Limited

Innovative Cookschool Limited

Burwood Trust Limited

Westlake & Associates Limited

Albury Apartments Limited

Unibag Packaging Limited

Logan Packaging Limited

Prestonfields Limited

Top Flight Computer Services Limited

Epsom Properties 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 2025, is set out below:

Remuneration range	No. of employees
\$100,001 - \$110,000	2
\$110,001 - \$120,000	4
\$120,001 - \$130,000	2
\$140,001 - \$150,000	1
\$150,001 - \$160,000	2
\$160,001 - \$190,000	1
\$190,001 - \$200,000	1
\$220,001 - \$230,000	1
\$250,001 - \$260,000	1
\$260,001 - \$270,000	2
\$270,001 - \$280,000	1
\$280,001 - \$290,000	1