geneva FINANCE

ANNUAL REPORT

For the year ended 31 March 2020

Geneva Finance Limited

Email: investments@genevafinance.co.nz

Tel: 0800 800 132

Website: www.genevafinance.co.nz

6B Pacific Rise, Mount Wellington, Auckland 1060

TABLE OF CONTENTS

ABOUT THE COMPANY

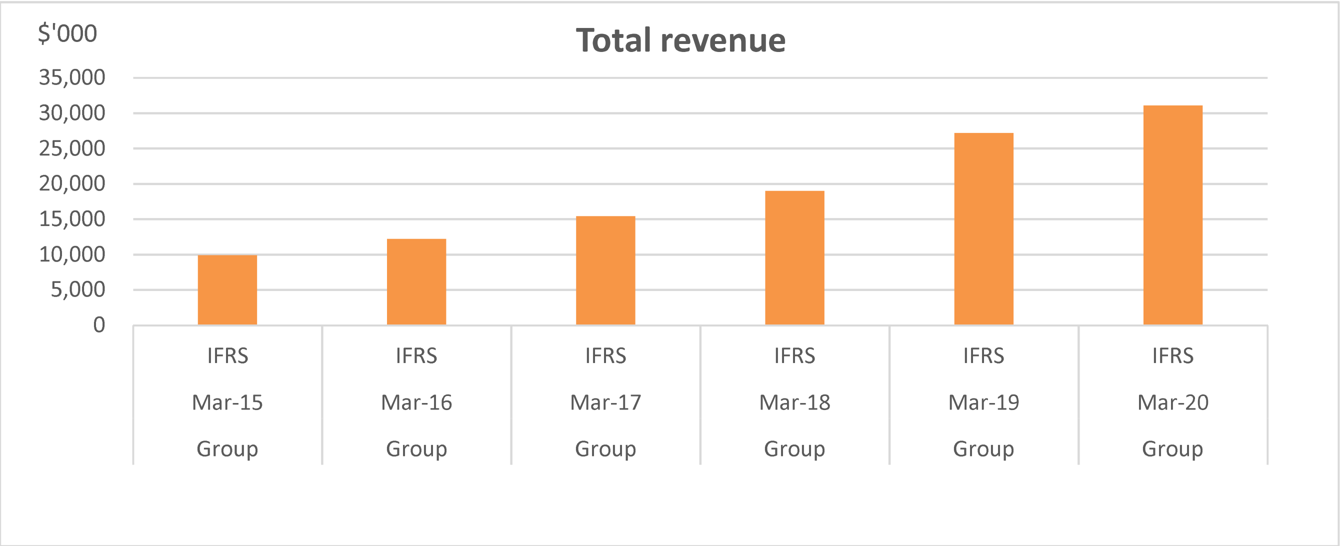
Geneva Finance Ltd (Geneva) is a New Zealand-owned finance company that provides finance and financial services to the consumer credit markets. Geneva commenced business on 7 October 2002. The company's loans are originated through three distribution channels (Direct, Broker and Dealer), processed by the central sales desk and administered through a national operations centre located at Mt Wellington, Auckland. During the 2019 financial year the Company acquired a 60% shareholding in a Tongan based finance company and have also acquired an invoice finance operation.

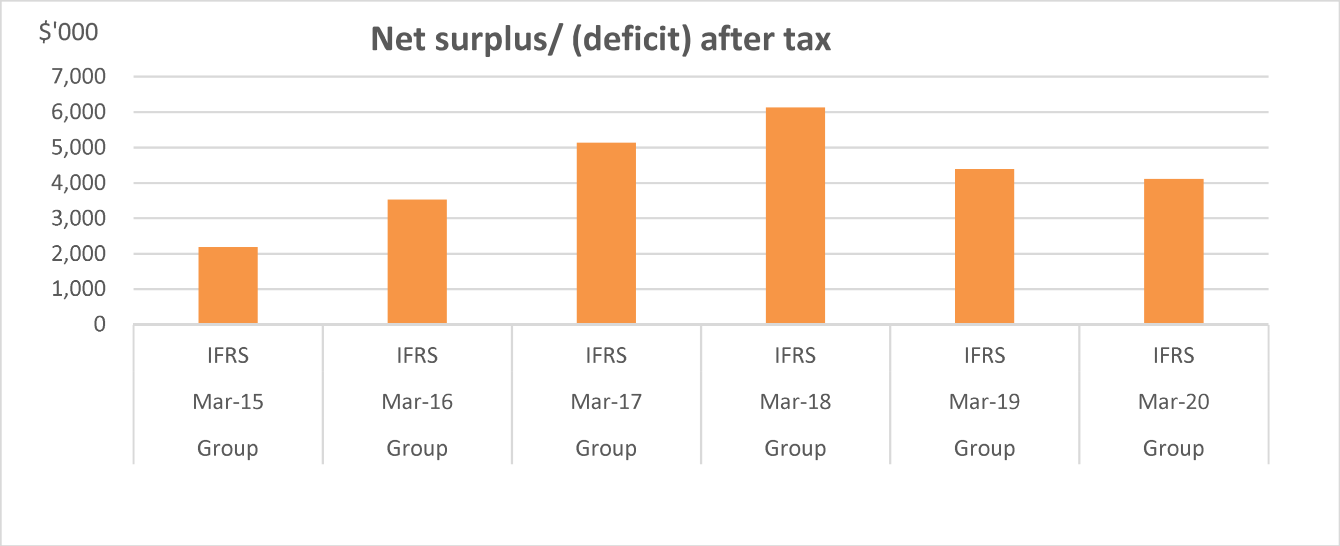
Geneva's principal activity is to lend to individuals during the course of carrying on its finance company business. A proportion of that finance is for individuals whose personal lending and finance needs are not adequately catered for by trading banks and/or because of the specific nature of the borrowing requirement e.g. secured fixed-term personal asset financing such as vehicle or retail hire purchase finance. The invoice factoring operation is offering finance solutions to SMEs .

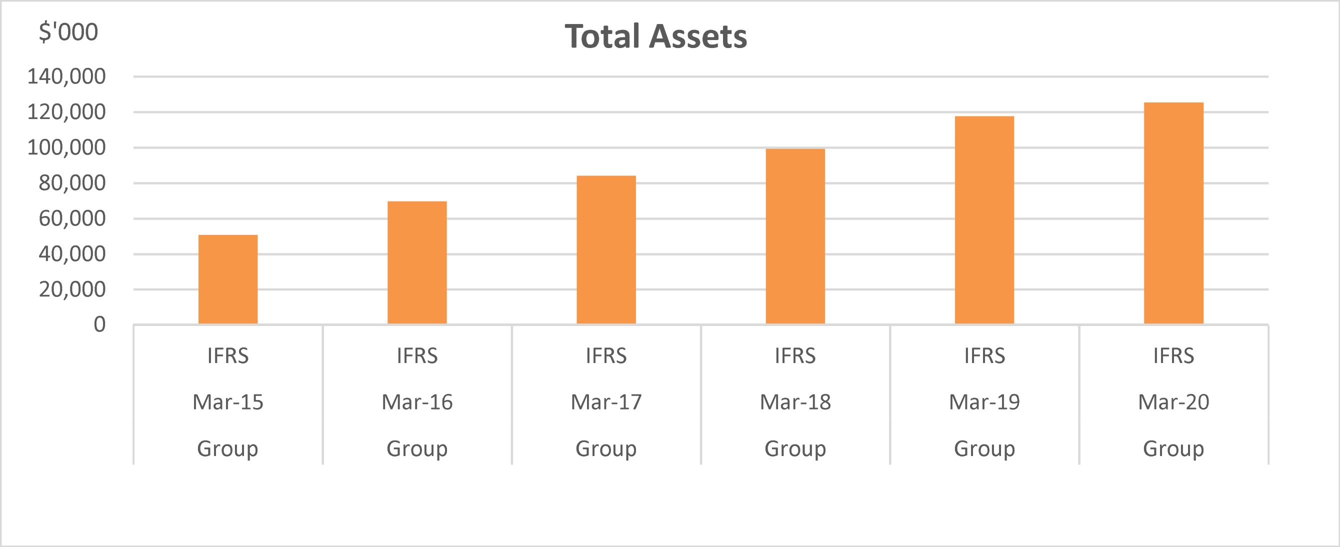
The company provides hire purchase finance, and personal loans secured by registered security interests over personal assets such as motor vehicles, and mortgages of residential property. As at 31 March 2020, the Receivables Ledger (excluding the invoice factoring and Tongan operations) was $89.4 million (prior to provisions for deferred revenue and doubtful debts and includes receivables held by the Geneva Warehouse A Trust and Prime Asset Trust gross receivables) spread over 9,916 loans, with an average loan size of $9,3k. The invoice factoring ledger balance was $8.2m as at 31 March 2020 and the Tongan operations receivable ledger was NZD $5.2m (prior to provisions) spread over 1,475 loans with an average balance of NZD $3,5k This represents a wide spread of risk due to the large number and relatively small size of each loan. The combined net book value as at 31 March 2020 after provisions for deferred revenue and doubtful debts was $82.9m.

The Geneva group of companies employs approximately 52 staff, based at its Mt Wellington Head office.

FINANCIAL GRAPHS







FINANCIAL SUMMARY

ANNUAL RESULTS

	Group	Group	Group	Group	Group	Group
	Mar-15	**Mar-16**	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-20**
	IFRS	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Total revenue	9,917	12,230	15,419	18,992	27,212	31,060
Net surplus/(deficit) before tax	1,548	2,379	3,815	4,524	5,434	4,102
Net surplus/(deficit) after tax	2,194	3,529	5,133	6,123	4,394	4,115
Number of share on issue *	69,006	70,435	70,435	70,435	72,935	72,935
Earnings/(loss) per ordinary share ($)	0.033	0.051	0.073	0.087	0.062	0.056
Total assets	50,792	69,628	84,177	99,321	117,743	125,475
Net assets	16,064	20,256	24,862	29,168	29,591	31,349
Total equity and shareholders' subordinated loans	16,064	20,256	24,862	29,168	29,591	31,349
Net assets per ordinary share (Dollars)	0.23	0.29	0.35	0.41	0.41	0.43
Net assets per share (Dollars)	0.23	0.29	0.35	0.41	0.41	0.43
Return on shareholders equity	13.66%	17.42%	20.65%	20.99%	14.85%	13.13%

* 7 for 1 share consolidation was completed on 6 July 2016. Prior year values were restated.

CHAIRMAN & MANAGING DIRECTOR'S REPORT

Trading Performance

The group pre-tax profit of $4.1m is down 24.5% on last year. On the positive side strong profit growth was achieved in Quest Insurance (up 30%), The Investment in the Tonga finance operation (up 22%) and our consumer debt collection operation (up 219%). However, this was offset by lower contributions from Geneva Financial Services (GFSL), our debt litigation operation (MFL) and the invoice factoring business (GCL). During the latter half of the March 2020 year, management and operational changes to both GFSL and MFL have been made to address the poor performance of these businesses.

Quest Insurance Group Limited (Quest) reported profit of $1.7m was 30% up on prior period.

Premiums written continue to grow and totalled $13.7m for the year (up 26%). The Quest direct channel had the biggest growth (up 58%), followed by the Broker Channel (up 38%). A pleasing result for this operation, which is well positioned to further improve on what has been a very good performance.

Federal Pacific Tonga (60% owned by the group) reported a pre-tax profit of NZD $1.4m, up 21.7% on the previous year.

The Group's share amounting to $0.8m pre-tax profit ($0.6m after tax). This operation is managed in Tonga and is performing within the board's expectations.

Geneva Financial Services (The lending business) pre-tax profit result of $4.2m was down on last year by 25%.

Over the last 18 -24 months, this market segment has seen an influx of cash, a reduction in margins and an easing of asset quality standards. GFSL's poor performance in the current financial year reflects the profit impact of static lending volumes and lower yields as focus was on maintaining asset quality over lending volumes. During the latter part of the March 2020 year, changes were made, including personnel, pricing and a shift to increase the tier 1 mix in our lending business. These changes saw an immediate lending lift to 26% above last year (previously up 7%), and an improvement to collections performance. The profit result also includes the "one of" cost of a COVID -19 overlay provision, totalling $625k.

Stellar Collections (Stellar) has had a difficult year with a consolidated profit of $0.1m, down $0.3m on previous year.

The consumer collections operation delivered a pre-tax profit of $0.3m. (LYR. $0.1m), but this was offset by losses from the debt litigation business (MFL) of $0.2m. (LYR a profit of $0.3m). As above, personnel and operational changes have been made to this operation and our expectation is that it will move into profit in the coming year. Our expectation is that both debt collection and debt litigation will benefit from the forecast economic environment.

Geneva Capital (Invoice Factoring), reported a loss of $0.6m for the period, 1% improvement from prior period.

The poor result was directly linked to the personnel and cost structure that was inherited when the business was purchased. This has been addressed, resulting in substantial cost savings, and the business is now in a position to move into profit. We anticipate that the coming economic conditions will provide a favourable environment to grow the profit of this operation.

COVID-19

Group trading was severely interrupted during Lockdown stage 4, with revenue from new business originations down 62% on the previous year. GFSL's lending (down 90%) and Quest Insurance premium sales (down 81%) suffered the largest impact. As a consequence, the company qualified for and received the wage subsidy totalling $352k. This subsidy has not been released to profit in the March 20 year.

After tax profit

The after tax financial result for the period was a profit of $4.1m down $0.3m (6%) on last year. The after tax profit attributable to Group was $3.8m down $0.4m (9%).

Total group assets

Total assets increased to $125m (6.6% increase). The company's equity to total assets ratio is 25.0% vs 25.1% prior year.

Revenues

Revenue of $31.0m increased by 14.1%, $3.9m increase.

Operating costs

Operating costs increased by 25.8% to $15.9m. This is largely as a result of higher lending acquisition costs, both volume and pricing and costs associated with the increased insurance premiums sold.

Funding

The lending and invoice financing businesses are funded via a Securitisation Facility of $70m, drawn to $57.2m. Stellar's banking facility remained unchanged at $3.4m. and the facility's term has been extended to 30 June 2022. Professional investor debt funding totals $13.6m. This debt funding includes loans from directors.

Credit Rating

The group's insurance company, Quest Insurance Group Limited credit rating issued by AM Best was affirmed at current ratings being a Financial Strength Rating of B outlook stable and an issuer credit rating of bb+ outlook stable.

Highlights / Key Events

- The operational changes made to remedy the poor performances discussed above.
- Quest premium Sales continue to grow and increased by 26% to $13.7m
- Group Revenue grew by 14% to $31m
- Total group assets increased by 6% to $124.9m

Dividends

The board declared a final dividend of 1.50 cents per share for the March 20 year which was paid in on 30th July. The reduction from the 2.25 cents per share paid last year, was in response to the uncertainties the finance industry is facing in the post COVID-19 lockdown period. Once there is greater clarity as to the impact COVID-19 is having on the wider economy and the finance sector in particular, the board will reassess the prudence of increasing returns to shareholders to prior year levels.

Events Subsequent to Balance Date

Since year end:
Both of the loss making operations (Invoice factoring (GCL) and Debt litigation (MFL)), with combined losses in the March 20 year of $0.8m. have moved into profit on a monthly basis.
Both Quest and GFSL has continued the lending/ sales growth into the new year and GFSL is showing improved collections arrears. Cash collections from our receivables ledgers have returned to pre COVID-19 levels and while we are assisting customers with repayment plans as required, to date we have not seen a large number of customers seeking assistance.

However, despite the good progress above, the full impact of COVID-19 is still unknown and it is still widely expected that the slowdown in the economy will be widespread and unemployment will increase. These factors have been taken into consideration by the board, particularly in determining provisioning referred to in GFSL as above, but note that COVID-19 could also bring opportunities to aspects of the group's operations.

Sale of Investment:
Quest Insurance holds an investment in a medical property valued at $3.7m in the March 20 accounts. This property has been unconditionally sold and is expected to settle on or before 30 Sept 20. The anticipated proceeds to Quest from this sale total $4.1m, of which $3.7m is expected to be received in the March 21 financial year with the balance due once the vendor warranty periods in respect of the sale have passed.

Strategic Direction

The Group remains focused on the core trading operations referred to above. Each of these businesses face challenges but also have considerable opportunities to expand. As such we will continue to invest in our people, marketing and IT systems across each of these businesses to realise their potential.

Summary and Outlook

It has been a difficult year. One where some operations performed very well while others required restructuring to turn around performance. Now that these changes have been made, despite the COVID-19 impact, the group is well positioned to return to sustainable profit and revenue growth. The company has a strong balance sheet, the receivables ledgers are well provisioned, and the board is looking forward to taking advantage of the opportunities the coming market will offer.

Yours sincerely,

D. G. O'Connell

Robin King

Chairman

David O'Connell

Managing Director

BOARD PROFILES

Ronald Robin King (Robin)

(Independent Chairman)

Robin was the founder and director of the successful building services firm Robin King & Associates, which operated for more than 20 years and remained company accountant after selling out in 1997. He has extensive experience in investment and management, and has held directorships with a number of companies in both New Zealand and Australia. As a result of the capital reconstruction, Robin has a shareholding in Geneva, accordingly, he has a strong affinity with the position of all shareholders and is committed to see Geneva through the current challenges. Robin is chairman of the Audit Committee and also serves on the Executive Remuneration Committee. Robin does not hold any other public company directorships. Robin has been on the Board since June 2008.

Alan Leighton Maiai Hutchison (Non-executive)

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

Daran Nair (Independent Non-executive)

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

David Gerard O’Connell

(Managing Director)

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

Malcolm Johnston (Non-executive)

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

CORPORATE GOVERNANCE

The Board of Directors

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

Ethical Conduct

The Board is committed to behaving in an ethical manner at all times. This includes, but is not limited to:

Disclosure of conflicts of interest, Disclosure of receipts of any gifts and/or entertainment, behaving fairly in all business dealings and employment contracts.

Selection and Role of Chairman

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

Board Membership

The Board currently consists of the Non-executive Chairman Ronald Robin King, three Non-executive Directors Alan Hutchison, Daran Nair and Malcolm Johnston and one Executive Director David O'Connell (refer to page 9 of the annual report "Board Profiles" for information on the Directors).

Director Independence

Each of the directors has confirmed that they do not have any conflicts of interest in respect of their obligations as a director of Geneva Finance Limited. Should any conflict arise out of a particular transaction, the directors have undertaken that they will disclose such conflict of interest. Independent Directors consist of Robin King and Daran Nair.

Nomination and Appointment of directors

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

Diversity

As at 31 March 2020, the gender balance of Geneva Finance Limited directors was as follows:

GENDER	31 MARCH 2020	31 MARCH 2019
Female	0	0
Male	5	4

Directors Meetings

In the normal course of events the directors meet to review the financial results at least once every 2 months. The exception to this being December and January each year where Board meetings are not normally scheduled. In addition the Board will meet on an ad hoc basis where it is considered necessary to discuss matters that need attention prior to a scheduled meeting.

The table below sets out Directors' attendance at board and committee meetings during the year ended 31 March 2020:

DIRECTOR	BOARD MEETINGS	AUDIT AND RISK MANAGEMENT MEETINGS
David Smale (Chair retired 03/08/2020)	6	2
Ronald Robin King (Chair appointed 03/08/2020)	6	2
David O'Connell	6	-
Alan Hutchison	6	1
Malcolm Johnston (appointed 11/02/2020)	1	1
Daran Nair (appointed 03/08/2020)	-	-

Indemnification and Insurance of Directors and Officers

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

Securities trading

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

Disclosure

The company adheres to the NZX policy of Continuous Disclosure requirements which govern the release of all material information that may affect the value of the company's shares. The Board and senior management team have processes in place to ensure that all material information flows up to the Managing Director to be viewed by the Board and disclosed where appropriate.

Auditor's independence

There is no relationship between the auditors and the company or any related person that could compromise the independence of the auditors. In addition to the audit, Baker Tilly Staples Rodway was paid fees for other services (comprises taxation compliance services) totaling $48k.

BOARD COMMITTEES

Audit Committee:

The role of the audit committee is to assist the board in carrying out its responsibilities under the Companies Act 1993 and the Financial Markets Conduct Act 2013, regarding accounting practices, policies and controls relative to the company's financial position and make appropriate enquiry into the audits of the company's financial statements. This responsibility includes providing the Board with additional assurance about the quality and reliability of the financial information issued publicly by the company. This committee compromises of three company directors at 31 March 2020 of which two are independent.

Remuneration Committee:

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

Lending and Credit Committee:

The Lending Committee reviews the lending and credit performance policies of the company. This committee meets twice a year.

Audit and Risk Management Committee:

The Audit and Risk Management Committee oversees the insurance financial reporting, internal and external audits, the appointment of the approved auditor and approved actuary and assist the board in providing an objective, non-executive review of the effectiveness of the insurer's financial reporting and risk management and control processes. This committee meets twice a year.

Managing risk

The Board has overall responsibility for the company's system of risk management and internal control and has procedures in place, i.e. Risk Management Program to provide effective control of the management and reporting structure. Part of this function is covered by the Lending and Credit Committee.

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

All capital expenditure is controlled and monitored under a structured framework.

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

GENEVA FINANCE LIMITED

AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

GENEVA FINANCE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

INDEX

FOR THE YEAR ENDED 31 MARCH 2020

Level 9, 45 Queen Street, Auckland 1010
PO Box 3899, Auckland 1140
New Zealand

T: +64 9 309 0463
F: +64 9 309 4544
E: auckland@bakertillysr.nz
W: www.bakertillysr.nz

bakertilly
STAPLES RODWAY

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Geneva Finance Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Geneva Finance Limited and its subsidiaries ('the Group') on pages 7 to 63, which comprise the consolidated statement of financial position as at 31 March 2020, 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 significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, 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 (Revised) *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' *Code of Ethics for Professional Accountants* ('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.

Emphasis of Matter – Increased level of inherent uncertainty arising from the ongoing global pandemic of coronavirus disease 2019

We draw attention to note 4(a) of the Group's consolidated financial statements, which describes the impact of the ongoing global pandemic of the novel coronavirus disease 2019 ('COVID-19') and Management's assessment of, and responses to, this pandemic on the Group. Since March 2020 the COVID-19 pandemic has lowered overall economic activity and confidence, resulting in significant volatility and instability in financial markets and economic uncertainty. Consequently, there has been an increase in the level of inherent uncertainty in the critical accounting estimates and judgements applied by Management in the preparation of these consolidated financial statements, described in notes note 4(a) of the Group's consolidated financial statements. As at the date of the signing of these consolidated financial statements, all reasonably known and available information with respect to the COVID-19 pandemic has been taken into consideration in the critical accounting estimates and judgements applied by Management, and all reasonably determinable adjustments have been made in preparing these consolidated financial statements.

Our opinion is not modified in respect of this matter.

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
Valuation of Finance Receivables As disclosed in Note 16 of the Group's consolidated financial statements, the Group has finance receivable assets of $82.9m. Finance receivable assets were significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the recognition of impairment in respect of finance receivables and the amount of that impairment. Management has prepared impairment models to complete its assessment of impairment for the Group's finance receivables as at 31 March 2020. This assessment involved complex and subjective estimation and judgement by Management on credit risk and the future cash flows of the finance receivables.	Our audit procedures among others included: ▪ Evaluating the design and operating effectiveness of the key controls over finance receivable origination, ongoing administration and expected credit loss model data and calculations; ▪ Selecting a representative sample of finance receivables and agreeing these finance receivables to the signed loan agreement and client acceptance documents on origination; ▪ Challenging and evaluating Management's logic, key assumptions, and calculation of its expected credit loss models against the requirements of NZ IFRS 9 for recognising expected credit losses on financial assets; ▪ For individually assessed finance receivables, examining those finance receivables and forming our own judgements as to whether the expected credit loss provisions recognised by Management were appropriate (including the consideration of the impact of the COVID-19 pandemic on the expected credit loss provision);

Key Audit Matter	How our audit addressed the key audit matter
	▪ For the collectively assessed finance receivables, challenging and evaluating the logic of Management's expected credit loss models and the key assumptions used with our own experience (including the consideration of the impact of the COVID-19 pandemic on key assumptions). Also, testing key inputs used in the expected credit loss models and the mathematical accuracy of the calculations within the models; ▪ Evaluating the changes made to the provisioning model to capture the effect of the changing economic environment at 31 March 2020 compared to the economic environment at the date when the historical data used to determine the expected credit loss was collected; and ▪ Evaluating the disclosures related to finance receivable assets, and the risks attached to them which are included in Note 4, 16, 17 and 33 of the Group's consolidated financial statements.

Valuation of Insurance Contract Liabilities
 	
As disclosed in Notes 26 and 27 of the Group's consolidated financial statements, the Group has total insurance contract liabilities of \$13.7m (outstanding claims liabilities of \$1.0m as disclosed in note 26 and unearned premium liabilities of \$12.7m disclosed in note 27). The Group's insurance contract liabilities were significant to our audit due to the size of the liabilities and the subjectivity, complexity and uncertainty inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain.
 	
Management has engaged an external actuarial expert to estimate the Group's insurance contract liabilities as at 31 March 2020.
	Our audit procedures among others included:
	▪ Evaluating the design and operating effectiveness of the key controls over insurance contract origination, ongoing administration, integrity of data provided to Management's external actuarial expert used in the estimation process and Management's review of the estimates;
	▪ 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;
	▪ Testing on a sample basis the data provided to Management's external actuarial expert to the Group's records;
	▪ Engaging our own actuarial expert to assist in understanding and evaluating:
	  o the work and findings of the Group's external actuarial expert engaged by Management;
	  o the Group's actuarial methods and assumptions to assist us in challenging the appropriateness of actuarial methods and assumptions used by Management;
	▪ Assessing the selection of methods and assumptions with a view to identify management bias; and
	▪ Evaluating the related disclosures about insurance contract liabilities, and the risks attached to them which are included in Note 5, 26, 27 of the Group's consolidated financial statements.

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 2020 (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.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent fairly the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 2020 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 31 August 2020 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 D I Searle.

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUCKLAND

Auckland, New Zealand

31 August 2020

GENEVA FINANCE LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 $000's	2019 $000's
Interest income	(6)	15,052	14,865
Interest expense	(7)	(4,383)	(4,232)
Net interest income		**10,669**	**10,633**
Net premium revenue	(8)	11,258	7,384
Net claims expense	(9)	(4,861)	(3,244)
Underwriting profit		**6,397**	**4,140**
Other revenue	(10)	4,750	4,964
Operating revenue (net of interest expense and claim expense)		**21,816**	**19,737**
Operating expenses	(11)	(15,860)	(12,606)
Operating profit		**5,956**	**7,131**
Impaired asset expense	(12)	(1,854)	(1,697)
Net profit before taxation		**4,102**	**5,434**
Taxation (expense)/benefit	(13)	13	(1,040)
Net profit after taxation		**4,115**	**4,394**
Attributable to			
Group		3,705	4,055
Non-controlling interest	(20)	410	339
		4,115	**4,394**
Profit per share			
Basic profit per share (cents)	(32)	5.08	5.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 $000's	2019 $000's
Net profit after taxation		**4,115**	**4,394**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Movement in financial assets at fair value through other comprehensive income	(15)	65	229
Exchange differences on translation of foreign operations		397	(4)
Cash flow hedge, net of tax	(28)	(266)	(232)
Other comprehensive income, net of tax		196	(7)
Total comprehensive income		**4,311**	**4,387**
Attributable to			
Group		3,901	4,048
Non-controlling interest	(20)	410	339
		4,311	**4,387**

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 2020

	Note	2020 $000's	2019 $000's
Assets			
Cash and cash equivalents	(14)	20,625	18,253
Trade and other receivables, and prepayments	(34)	5,884	3,991
Taxation receivable		12	13
Finance receivables	(16)	82,868	81,293
Financial assets at fair value through other comprehensive income	(15)	3,684	3,619
Deferred insurance contract acquisition costs	(21)	4,102	3,652
Deferred taxation	(23)	4,712	4,311
Plant and equipment	(25)	1,217	238
Intangible assets	(24)	2,371	2,373
Total assets		125,475	117,743
Liabilities			
Accounts payables and accruals	(34)	4,351	3,245
Outstanding claims liability	(26)	962	833
Employee benefits	(34)	435	320
Unearned premium liability	(27)	12,706	10,460
Derivative financial instruments	(28)	551	285
Bank facilities	(29)	60,598	59,691
Other borrowings	(30)	13,684	13,318
Lease Liabilities	(42)	839	-
Total liabilities		94,126	88,152
Equity			
Share capital	(31)	52,779	52,779
Reserves	(31)	(1,176)	(1,372)
Retained earnings		(21,725)	(22,877)
Non-controlling interest	(20)	1,471	1,061
Total equity		31,349	29,591
Total equity and liabilities		125,475	117,743

For and on behalf of the board, dated 31 August 2020

Director *Director*

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

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Equity attributable to the equity holders of the parent					
		Share Capital	Reserves	Retained earnings	**Attributable to owners of the parent**	Non Controlling Interest	**Total equity**
		$000's	$000's	$000's			$000's
Balance at 31 March 2018		**51,287**	**1,103**	**(23,221)**	**29,168**	**-**	**29,168**
Effect of changes in accounting policies resulting from the adoption of NZ IFRS 9 & 15		-	-	(1,215)	**(1,215)**	-	(1,215)
Balance at 1 April 2018 (Restated)		**51,287**	**1,103**	**(24,436)**	**27,953**	**-**	**27,953**
Net profit for the period		-	-	4,055	**4,055**	339	**4,394**
Other comprehensive income							
Increase in financial assets at FVTOCI	(31)	-	229	-	**229**	-	**229**
Exchange differences on translation of foreign operations	(31)	-	(4)	-	**(4)**	-	**(4)**
Change in cash flow hedge reserve, net of tax	(31)	-	(232)	-	**(232)**	-	**(232)**
Total other comprehensive income		**-**	**(7)**	**-**	**(7)**	**-**	**(7)**
Total comprehensive income		-	(7)	4,055	**4,049**	339	**4,387**
Transaction with owners							
Shares issued in consideration for aquistion of subsidiary		1,492	-	-	**1,492**	-	**1,492**
Common control reserve arising on the aquistion of subsidiary	(31)	-	(2,468)	-	**(2,468)**	-	**(2,468)**
Dividends paid	(31)	-	-	(2,496)	**(2,496)**	-	**(2,496)**
Non-controlling interest arising on acquisition of subsidiary		-	-	-	**-**	722	**722**
Total transactions with owners		**1,492**	**(2,468)**	**(2,496)**	**(3,472)**	**722**	**(2,750)**
Balance at 31 March 2019		**52,779**	**(1,372)**	**(22,877)**	**28,530**	**1,061**	**29,591**
Net profit for the period		-	-	3,705	**3,705**	410	**4,115**
Other comprehensive income							
Increase in financial assets at FVTOCI	(31)	-	65	-	**65**	-	**65**
Exchange differences on translation of foreign operations	(31)	-	397	-	**397**	-	**397**
Change in cash flow hedge reserve, net of tax	(31)	-	(266)	-	**(266)**	-	**(266)**
Total other comprehensive income		**-**	**196**	**-**	**196**	**-**	**196**
Total comprehensive income		-	196	3,705	**3,901**	410	**4,311**
Transaction with owners							
Shares issued in consideration for aquistion of subsidiary		-	-	-	**-**	-	**-**
Common control reserve arising on the aquistion of subsidiary		-	-	-	**-**	-	**-**
Dividends paid	(31)	-	-	(2,553)	**(2,553)**	-	**(2,553)**
Non-controlling interest arising on acquisition of subsidiary		-	-	-	**-**	-	**-**
Total transactions with owners		**-**	**-**	**(2,553)**	**(2,553)**	**-**	**(2,553)**
Balance at 31 March 2020		**52,779**	**(1,176)**	**(21,725)**	**29,878**	**1,471**	**31,349**

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 2020

	Note	2020 $000's	2019 $000's
Cash flow from operating activities:			
Cash was provided from:			
Interest received		11,474	11,623
Dividends received		340	204
Receipts from insurance policy sales, collections activities and other sources		18,406	15,601
		30,220	27,428
Cash was applied to:			
Net movement in finance receivables		3,264	(11,078)
Interest paid		(4,383)	(4,232)
Payments to suppliers and employees		(22,721)	(16,853)
		(23,840)	(32,163)
Net cash inflow / (outflow) from operating activities	(35)	6,380	(4,735)
Cash flows from investing activities:			
Cash was applied to:			
Purchase of plant and equipment		(243)	(183)
Purchase of intangible assets		(380)	(916)
Purchase of third-party debt ledger		(1,850)	-
Purchase of investments		-	(2,469)
		(2,473)	(3,568)
Net cash outflow from investing activities		(2,473)	(3,568)
Cash flows from financing activities:			
Cash was provided from:			
Net movement of bank facilities: Westpac	(36)	907	7,720
Net movement of other borrowings	(36)	366	5,368
Issue of new shares		-	1,492
		1,273	14,580
Cash was applied to:			
Net movement of other borrowings			
Principle elements of lease payments	(42)	(255)	-
Dividends paid to company shareholders	(31)	(2,553)	(2,496)
Net cash inflow from financing activities	(36)	(1,535)	12,083
Net increase in cash and cash equivalents held		2,372	3,780
Add: Opening cash and cash equivalents balance at the beginning of the year		18,253	14,473
Cash on purchase of subsidiaries		-	-
Cash and cash equivalents at the end of the year	(14)	**20,625**	**18,253**
Represented by:			
Cash at bank		20,625	18,253
Cash and cash equivalents at the end of the year	(14)	**20,625**	**18,253**

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

1. Reporting entity

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

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

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

The Company's subsidiaries are listed in note 20.

The Group is a for-profit entity.

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

The financial statements were authorised for issue by the directors on 31 August 2020.

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 2020. The comparative period is for the year ended 31 March 2019. The financial statements ('financial statements') have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for-profit entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

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

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

3. Significant accounting policies

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

a) New and amended standards and interpretations

i) New standards and amendments and interpretation to existing standards that came into effect during the current accounting period beginning on 1 April 2019 are as follows:

NZ IFRS 16 Leases
NZ IFRS 16 replaces NZ IAS 17 Leases. NZ IFRS 16 eliminates the distinction between operating and finance leases for lessees and will result in lessees bringing most leases onto their Statements of Financial Position. The main changes affect lessee accounting only – lessor accounting is mostly unchanged from NZ IAS 17. A use of a control model for the identification of leases was introduced. This model distinguishes between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Assets (a right of use asset) and liabilities (a lease liability reflecting future lease payments) is now recognised in respect of all leases, with the exception of certain short-term and low value assets.

Disclosure relating to the impact of the adoption of NZ IFRS 16 on the Group's financial statements are outline in note 42.

3. Significant accounting policies (continued)

NZ IFRIC 23 Uncertainty over Income Tax Treatments
This Interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group (depending on which approach gives a better prediction of the resolution of the uncertainty), and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If it is probable a tax authority will accept the treatment, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, the entity should reflect the effect of uncertainty in determining its accounting tax position by estimating the tax payable (or receivable), using either the most likely amount or the expected value method. The adoption of this standard had no material impact on the Group as it has not taken any uncertain tax positions.

Other
Other standards and amendments adopted include Amendments to NZ IFRS 9 Prepayment Features with Negative Compensation; the Annual Improvements to NZ IFRS Standards 2015–2017 Cycle, which include amendments to four Standards, NZ IAS 12 Income Taxes, NZ IAS 23 Borrowing Costs, NZ IFRS 3 Business Combinations, and NZ IFRS 11 Joint Arrangements. These amendments while adopted, either had no material impact or relate to standards not currently applied by the Group.

ii) New standards and amendments and interpretation to existing standards that are not yet effective for the current accounting period beginning on 1 April 2019
The Group has not early adopted any new standards, amendments and interpretations that have been issued but are not yet effective.

The new standards, amendments and interpretations that will have an impact on the Group are discussed below and the Group intends to adopt these new standards, amendments and interpretations when they become mandatory.

NZ IFRS 17 Insurance Contracts
NZ IFRS 17, 'Insurance Contracts', will replace NZ IFRS 4, 'Insurance Contracts'. Under the NZ IFRS 17, insurance contract liabilities will be calculated at the present value of future insurance cash flows with a provision for risk. The discount rate applied will reflect current interest rates. If the present value of future cash flows would produce a gain at the time an insurance contract is issued, the model would also require a "contractual service margin" to offset the day 1 gain. The contractual service margin would be amortized over the life of the insurance contract. There would also be a new income statement presentation for insurance contracts, including a revised definition of revenue and additional disclosure requirements. NZ IFRS 17 will also have accommodations for certain specific types of insurance contracts. Short-duration insurance contracts will be permitted to use a simplified unearned premium liability model until a claim is incurred. For some contracts, in which the cash flows are linked to underlying items, the liability value will reflect that linkage.

The effective date is annual reporting periods beginning on or after 1 January 2023.

The Group is yet to assess the impact of NZ IFRS 17. The Group intends to adopt NZ IFRS 17 no later than the financial year beginning 1 April 2023.

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

i) <u>Acquisition method of accounting for non-common control business combinations</u>
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:
- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

3. Significant accounting policies (continued)

The excess of the:
- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) Acquisition method of accounting for common control business combinations
The consolidated financial statements, incorporate the financial statements of the combining businesses under common control from acquisition date.

The net assets of the combining 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. Any difference between the cost of investment recognised by the controlling entity and the existing book value of the net assets of the combining businesses on acquisition date results in the recognition of a merger reserve.

The merger reserve is released to profit and loss when there is a disposal or impairment charge or amortisation charge posted in respect of the investment that created it.

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

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 in New Zealand and Australia. Services include debt collection, legal, investigation and tracing services. Such services are recognised as a performance obligation satisfied at a point in time when the service is provided.

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

3. Significant accounting policies (continued)

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 in New Zealand and Australia. 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.

ii) Other revenue and income

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

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

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

- Premium revenue from insurance contracts

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

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

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

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

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

- Dividend income

Dividends from investments in equity instruments are recognised in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income (OCI) if it relates to an investment measured at fair value through other comprehensive income (FVTOCI).

- Other revenue and income

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

d) Expense recognition

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

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

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

3. Significant accounting policies (continued)

ii) Reinsurance expense for reinsurance contracts
Outwards reinsurance expense comprises premium ceded to reinsurers.

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

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

iii) Claims expense from insurance contracts
Claims expense represents claim payments adjusted for movement in the outstanding claims liability.

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

iv) Costs relating to insurance contracts
Commission and operating expenses are recognised in the consolidated statement of financial performance on an accruals basis, unless otherwise stated.

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

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

- Acquisition costs

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

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

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

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

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

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

- Maintenance costs

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

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

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

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

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

3. Significant accounting policies (continued)

e) Income tax expense

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

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

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

f) Goods and services tax

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

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

g) Financial instruments

Initial recognition

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

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

Financial assets

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

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

Classification of financial assets

- Financial assets that meet the following conditions are measured subsequently at amortised cost:
    - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
    - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant accounting policies (continued)

- Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
  - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:
- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the Group may irrevocably designate a financial asset that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iii) below).

i) Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

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

Financial assets measured at amortised cost include, trade receivables, finance receivables, and other receivables.

ii) Financial assets at FVTOCI
On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the financial assets at FVTOCI reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to reserves. Fair value is determined in the manner described in note 3(t).

3. Significant accounting policies (continued)

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

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

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

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

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). Fair value is determined in the manner described in note 3(t) and note 22.

The Group had no financial assets measured at FVTPL.

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

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

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

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit impaired at the reporting date or an actual default occurring.

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.

- Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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.

3. Significant accounting policies (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

- Credit-impaired financial assets

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

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

- Write-off policy

The Group writes off a financial asset when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

- Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. then magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

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

Derecognition of financial assets

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

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

Financial liabilities

Classification of financial liabilities

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

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

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

i) Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

3. Significant accounting policies (continued)

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

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

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

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

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

Financial liabilities measured at FVTPL include derivatives.

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

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

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

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

h) Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in note 28.

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

3. Significant accounting policies (continued)

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

i) Hedge accounting

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

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

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

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

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

Note 28 sets out details of the fair values and movement of the derivative instruments used for hedging purposes.

- *Cash flow hedges*

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

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

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

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

j) Cash and cash equivalents

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

k) Provisions

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

3. Significant accounting policies (continued)

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

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

l) Employee benefits

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

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

- *Superannuation plans*

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

m) Insurance business

- *Principle of insurance business*

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

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

The Group issues the following insurance contracts:

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

- *Assets backing insurance contract liabilities*

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

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

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

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

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

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

Fair value is determined as follows:

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

3. Significant accounting policies (continued)

- *Insurance contract liabilities*

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

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

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

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

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

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

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

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.

- *Liability adequacy test*

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

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

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

n) Property, plant and equipment

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

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

The depreciation rates used for each class of assets are:

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

3. Significant 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.

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

- *Computer software*

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

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

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

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

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

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

- *Goodwill*

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

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

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

- *Customer relationships*

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

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

3. Significant accounting policies (continued)

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

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

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

q) Right of use assets and lease liabilities

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

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

Until 31 March 2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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.

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.

3. Significant accounting policies (continued)

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

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

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

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

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

t) Fair value estimates
Financial instruments classified as fair value through profit or loss or available for sale are presented in the Group's statement of financial position at their fair value. For other financial assets and financial liabilities, fair value is estimated as follows:

- *Cash and cash equivalents*

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

- *Trade and other receivables*

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

- *Finance receivables*

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

- *Other borrowings*

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

- *Other payables*

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

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

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

u) 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.

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

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

The Group's reportable operating segments are the following: corporate, new business consumer finance, insurance, old business consumer finance (including debt collections), and invoice factoring services and overseas. Refer note 39 for further details on the Group's operating segments.

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

3. Significant accounting policies (continued)

w) Statement of cash flows

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

- Investing activities

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

- Financing activities

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

- Operating activities

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

x) Changes in accounting policies

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

y) Comparatives

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

4. Critical estimates and judgements used in applying accounting policies

These financial statements are prepared in accordance with NZ IFRS and applicable financial reporting standards. Not withstanding the existence of relevant accounting standards, there are a number of critical accounting treatments which include complex or subjective judgements and estimates that may affect the reported amounts of assets and liabilities in the financial statements. Estimates and judgements are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

a) COVID-19

On 11 March 2020 the World Health Organisation declared the novel coronavirus 2019 (COVID-19) a global pandemic as a result of the outbreak and spread of COVID-19. Following this, on 25 March 2020 the New Zealand Government raised its Alert Level to 4 (full lockdown of non-essential services) for an initial 4 week period. Following the level 4 alert, the Group experienced a loss in demand for both lending and insurance. As a result, the Group has revised provisions for losses that will be incurred through the Group's financial receivables. The New Zealand Government reduced its Alert Level to 1 on 8 June 2020, and subsequently raised its Alert Level to 3 for Auckland, New Zealand (lockdown of non-essential services) on 13 August 2020, following a resurgence in the spread of COVID-19. The Alert Level 3 for Auckland, New Zealand, is expected to reduce to Alert Level 2 on 31 August 2020.

The COVID-19 pandemic and responses continue to effect general activity and confidence levels in the economy. While the scale and duration of these effects remain uncertain, the Group continues to monitor developments and initiate plans to mitigate adverse impacts and maximise opportunities.

These financial statements have been prepared based upon conditions existing as at 31 March 2020 and consider those events occurring subsequent to that date that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of the COVID-19 pandemic occurred before 31 March 2020 its impacts are considered an event that is indicative of conditions that arose prior to reporting period. An assessment of the impact of COVID-19 on the statement of financial position is set out below, based on information available at the time of preparing these financial statements:

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

Statement of financial position item	COVID-19 Assessment	Note
Cash and cash equivalents	No impact to the carrying value of cash on hand	(14)
Trade and other receivables, and prepayments	No impact to the carrying value of trade and other receivables and prepayments	(34)
Finance receivables	The Group has increased the expected credit loss allowance by $0.625m for the potential future impact of COVID-19.	(16)
Derivative financial instruments	Derivatives are recorded at fair value, the carrying value reflects quoted prices at balance date.	(28)
Intangible assets	Impact of Covid-19 is minimal and no additional allowance were made.	(24)
Right of use assets	The group is not currently seeking any rent reliefs.	(42)
Bank facilities	The annual review for financial year 2020 is underway which will be completed in September 2020. The Kiwibank facility has been extended to 30 June 2022.	(29)

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Directors have determined that the Group's application of the going concern basis of accounting remains appropriate in light of this event.

b) Credit provisioning

Provision for impairment on financial receivables

- Significant increase in credit risk

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

- Calculation of loss allowance

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 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 homogeneous or 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 determined from the Group historical loss experience data, adjusted for forward-looking information that is available without undue cost or effort.

Historical loss experience data is reviewed by management and adjustments made to reflect current and forward looking economic and credit conditions as well as taking into account such factors as concentration risk in an individual portfolio. In addition, management recognise that a certain level of imprecision exists in any model used to generate risk grading and provisioning levels. As such an adjustment is applied for model risk.

Management regularly reviews and adjusts its ECL estimates, judgements, assumptions, and methodologies as data becomes available. Changes in these estimates, judgements, assumptions, and methodologies could have a direct impact on the level of credit provision and credit impairment charge recorded in the financial statements (refer Note 17. Provision for credit impairment).

There remains inherent uncertainty of the economic impact of COVID-19 pandemic on the economic drivers used to determine ECL. When assessing the impact of the COVID-19 pandemic, Management determined that the likely impact would be an increase in the estimated probability of default. Management's assessment included reviewing past experience, and due consideration given to economic indicators such as elevated unemployment rates.

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

Based on the work done, the finance receivables expected credit loss provision includes $0.625m for any economic uncertainty associated with the COVID-19 pandemic and its potential impact on the expected impact on credit losses.

If the ECL rates on performing finance receivables increased/(decreased) by 1% higher (lower) as at 31 March 2020, the loss allowance on finance receivables would have been $0.76million higher/(lower) (2019: $0.77m).

If the ECL rates on doubtful or in default finance receivables increased/(decreased) 1% higher (lower) as at 31 March 2020, the loss allowance on finance receivables would have been $0.28million higher/(lower) (2019: 0.25 m).

c) Suspended income

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

d) Fair value of financial assets at FVTPL - purchase debt securities

The fair value of financial instruments that are not quoted in active markets are determined by using discounted cash flow models. To the extent practical, models use observable data, however volatilities require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments (Note 22. Financial assets at FVTPL).

e) Fair value of financial assets at FVTOCI - equity securities

The fair value of equity securities not quoted in an active market are determined by using other recognised valuation techniques. To the extent practical, models use observable data, however volatilities require management to make estimates. The fair value of equity securities where the majority of the entity's assets and liabilities are reported in their financial statements at fair value are determined based on the Group share on the entity's net assets (refer Note 15. Financial assets at fair value through other comprehensive income).

f) Deferred tax asset

The Group has recognised a deferred tax assets (relating to temporary differences and tax losses) on its statement of financial position as at reporting date. Significant judgement is required in determining if the utilisation of deferred tax assets is probable. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted or tax losses can be utilised. To determine the future taxable profits, reference is made to the latest forecasts of future earnings of the Group. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. Maintenance of shareholder continuity in the future is also taken into consideration when determining the extent to which deferred tax relating to tax losses is recognised (refer Note 13. Tax reconciliation and Note 23. Taxation).

g) Impairment testing of non-financial assets

- Goodwill

The recoverability of the carrying value of goodwill assessed at least annually to ensure that it is not impaired. With respect to goodwill, this assessment generally requires management to estimate future cash flows to be generated by the related investment or cash generating unit (CGU), which entails making judgements, including the determination of the CGU itself, the expected rate of growth of revenues, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows. (refer Note 24. Intangible assets).

- Customer relationships

Customer relationships are amortised over their estimated useful life of 3 to 7 years. Customer relationships are also assessed for impairment indicators. If any indication of impairment exists, the recoverability of the carrying value of customer relationships is assessed to ensure that it is not impaired. This assessment involves management to comparing current year trading volumes for those customers with those trading volumes on acquisition date. Any non-temporary reduction in trading volumes will result in an impairment of the carrying value of the intangible relating to that particular customer. (refer Note 24. Intangible assets).

h) Common control reserve

Where the Board of Directors and Management have determined that an acquisition represented a business combination under common control, there is no New Zealand International Financial Reporting Standards ('NZ IFRS') or International Financial Reporting Standards ('IFRS') that specifically applies to an acquisition and consolidation under common control. As such the Board of Directors and Management have followed the requirements of NZ IAS 8 and IAS 8 'Accounting policies, accounting estimates and errors', which requires management to use its judgement in developing and applying an accounting policy that results in information that is: relevant to the economic decision-making needs of users; and reliable, in that the financial statements, represent faithfully the financial position, financial performance and cash flows of the entity; reflect the economic substance of transactions, other events and conditions, and not merely the legal form; are neutral, i.e. free from bias; are prudent; and are complete in all material respects.

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

In making this judgement, the Board of Directors and Management have referred to, and considered the applicability of, the following sources in descending order: the requirements in NZ IFRSs dealing with similar and related issues; and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the New Zealand Conceptual Framework for Financial Reporting ('New Zealand Framework'). Board of Directors and Management have also considered the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the requirements in NZ IFRSs dealing with similar and related issues; and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the New Zealand Framework.

i) Right Of Use Assets And Leases Liabilities - Extension and termination options

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.

Critical judgements in determining the lease term

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.

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

j) Right Of Use Assets And Leases Liabilities - Incremental borrowing rates

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g. term, location, and security.

5. Actuarial assumptions and methods

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

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

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

2020	Mortality:	Population mortality NZ2000 – 2002.
	Deaths:	15% of net unearned premium
	Disability:	15% of net unearned premium
	Redundancy:	15% of net unearned premium
	Expenses:	40% of future claims
	Interest:	Nil
	Cancellations:	Consumer credit contracts
	Future Surrenders:	Nil. Surrender values are lower than unearned premiums
	Surrender value:	Rule of 78 less $35 processing fee

5. Actuarial assumptions and methods (continued)

2019	Mortality:	Population mortality NZ2000 – 2002.
	Deaths:	19% of net unearned premium
	Disability:	19% of net unearned premium
	Redundancy:	19% of net unearned premium
	Expenses:	48% of future claims per policy per year, with no escalation
	Interest:	Nil
	Cancellations:	Consumer credit contracts
	Future Surrenders:	Nil. Surrender values are lower than unearned premiums
	Surrender value	Rule of 78 less $35 processing fee

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

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

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

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

2020	Premium liability before risk margin and expenses:	69% of net unearned premium
	Risk margin:	10% of future claims plus expenses
	Expense allowance:	13% of future claims
	Future Surrenders:	Nil. Surrender values are lower than unearned premium
	Surrender value:	Straight line basis
	Earned premium:	
	Mechanical Breakdown	60% Rule of 78, 40% straight line
	Comprehensive Motor, GAP	Straight line amortisation
2019	Premium liability before risk margin and expenses:	71% of net unearned premium
	Risk margin:	10% of future claims plus expenses
	Expense allowance:	12% of future claims
	Future Surrenders:	Nil. Surrender values are lower than unearned premium
	Surrender value:	Straight line basis
	Earned premium:	
	Mechanical Breakdown	Straight line amortisation
	Comprehensive Motor, GAP	Straight line amortisation

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

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

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

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

Group

31 March 2020	Payment Protection & Lifestyle		Motor		Combined	
Policy liability *	797,421		7,806,568		8,603,989	
	Best estimate liability	Variation	Best estimate liability	Variation	Best estimate liability	Variation
Base assumptions	400,704		6,086,781		6,487,485	
Discount rate +1%	400,704	-	6,086,781	-	6,487,485	-
Discount rate -1%	400,704	-	6,086,781	-	6,487,485	-
Claims frequencies x 1.1	412,665	(11,961)	6,625,434	(538,653)	7,038,099	(550,614)
Claims frequencies x 0.9	388,743	11,961	5,548,128	538,653	5,936,871	550,614
Admin costs x 1.1	428,813	(28,109)	6,156,806	(70,025)	6,585,619	(98,134)
Admin costs x 0.9	372,595	28,109	6,016,756	70,025	6,389,351	98,134
Cancellation rate x 1.1	400,704	-	6,086,781	-	6,487,485	-
Cancellation rate x 0.9	400,704	-	6,086,781	-	6,487,485	-

5. Actuarial assumptions and methods (continued)

31 March 2019	Payment Protection & Lifestyle		Motor		Combined	
Policy liability *	551,981		6,255,985		6,807,966	
	Best estimate liability	Variation	Best estimate liability	Variation	Best estimate liability	Variation
Base assumptions	155,217	-	4,974,759	-	5,129,976	-
Discount rate +1%	155,217	-	4,974,759	-	5,129,976	-
Discount rate -1%	155,217	-	4,974,759	-	5,129,976	-
Claims frequencies x 1.1	165,705	10,488	5,418,937	444,175	5,584,642	454,663
Claims frequencies x 0.9	144,729	(10,488)	4,530,584	(444,175)	4,675,313	(454,663)
Admin costs x 1.1	160,251	5,034	5,028,060	53,301	5,188,311	58,335
Admin costs x 0.9	150,183	(5,034)	4,921,458	(53,301)	5,071,641	(58,335)
Cancellation rate x 1.1	155,217	-	4,974,759	-	5,129,976	-
Cancellation rate x 0.9	155,217	-	4,974,759	-	5,129,976	-

* Net of deferred acquisition costs

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

	2020	2019
Group	$000's	$000's
Unearned premium liability (note 27)	(12,706)	(10,460)
Less: Deferred acquisition costs (note 21)	(4,102)	(3,652)
	(16,808)	(14,112)

6. Interest income

	2020	2019
	$000's	$000's
Bank accounts	204	215
Finance receivables	14,154	14,175
Finance receivables - impaired	694	475
Total interest revenue	15,052	14,865

7. Interest expense

	2020	2019
	$000's	$000's
Bank facilities	3,109	3,113
Other borrowings	1,231	1,119
ROU Interest	43	-
Total interest expense	4,383	4,232

8. Net premium revenue

	2020	2019
	$000's	$000's
Premium revenue	13,657	10,831
Movement in unearned premium reserve	(2,246)	(3,375)
	11,411	7,456
Reinsurance expense	(153)	(72)
Net premium revenue	11,258	7,384

9. Net claims expense

	2020	2019
	$000's	$000's
Claims expense	5,396	3,426
Recoveries	(535)	(182)
Net claims expense	4,861	3,244

10. Other revenue

		2020 $000's	2019 $000's
Revenue from contracts with customers			
At a point in time			
Collection services		1,169	1,467
Commission income		531	648
Other fees and finance charges		2,269	2,252
Other income			
Dividends received		340	204
Other Revenue		441	393
Total other revenue		4,750	4,964
Timing of recognition of revenue from contracts with customers			
At a point in time		3,969	4,367
Overtime		-	-
Total revenue from contracts with customers		3,969	4,367

11. Operating expenses

		2020 $000's	2019 $000's
Other operating expenses includes the following:			
Auditor's remuneration			
Audit of financial statements			
- Audit of financial statements		261	203
- Audit of financial statements - prior year		119	-
- Audit of Quest Insurance Group Limited's solvency return		4	5
Other services			
- Tax compliance fees		18	18
- Tax compliance fees - prior year		30	-
Total fees paid to auditor		432	226
Insurance contract acquisition costs		4,254	3,159
Depreciation	(25)	358	73
Amortisation	(24)	383	334
Directors fees		147	146
Employee benefits		4,706	3,888
Lease expense		-	23
(Profit) / Loss on sale of fixed assets		(9)	(9)
Rent		-	374

12. Impaired asset (reversal) / charge

		2020 $000's	2019 $000's
Bad debts written off		9	1
Increase / (decrease) in collective provision		1,797	2,042
Increase / (decrease) in specific provision		48	(346)
	(17)	1,845	1,696
Total impaired asset charge		1,854	1,697

13. Tax reconciliation

		2020	2019
		$000's	$000's
Net profit before taxation		4,102	5,434
Prima facie taxation @ 28%		1,149	1,522
Non-deductible expenses		33	2
Prior year under provision of taxation		-	-
Non-taxable income		(48)	-
Reversal of deferred tax not recognised			
Movement in deferred tax recognised		(401)	726
Deferred tax not recognised		943	307
Deferred tax recognised		542	1,033
Tax losses not recognised / (utilised)		(1,689)	(1,466)
		(13)	1,091
Comprising:	Current	388	314
	Deferred	(401)	726
		(13)	1,040

14. Cash and cash equivalents

	2020	2019
	$000's	$000's
Cash at bank	17,340	15,602
Cash at bank (professional investor scheme) *	325	1,686
Cash at bank (securitisation arrangement) **	2,960	965
Cash and cash equivalents	20,625	18,253

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

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

15. Financial assets at FVTOCI

Financial assets at FVTOCI - Equity securities

	2020	2019
	$000's	$000's
Unlisted medical property investment company	3,684	3,619

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

As a result of COVID-19 the settlement on the sale of the AMPL investment was delayed. A new settlement date of on or before the end of September 2020 was arranged with the purchaser. Under this arrangement, the deposit paid by the purchaser (a property syndicate) has been forfeited. In addition, if the transaction do not settle before the end of September 2020 the purchaser is contractually bound to pay $1.3m in liquidated damages. The Group have since been advised by the purchaser their syndication is oversubscribed, hence the board expect the transaction to settle in full and on time.

16. Finance receivables

		2020	2019
		$000's	$000's
Gross finance receivables		28,805	26,896
Gross finance receivables (The Geneva Warehouse A Trust)		71,548	70,473
Gross finance receivables (Prime Asset Trust Limited)		913	1,739
Total gross finance receivables		101,266	99,107
Less: Unearned interest		4	18
Deferred fee revenue and expenses		(1,262)	3
Less: Provision for credit impairment	(17)	19,656	17,793
Net finance receivables		82,868	81,293

Maturity profile of net finance receivables	2020	2019
	$000's	$000's
Current:		
Within 6 months	21,083	18,704
7 - 12 months	16,412	15,800
	37,495	34,504
Non - Current:		
13 - 24 months	24,555	24,391
25 - 60 months	20,818	22,398
	45,373	46,789
Total	82,868	81,293

During the year ended 31 March 2020, finance receivables totalling approximately $47.8m were sold to the Trust (2019: $43.1m). 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 $63.4m are subject to limitations on disposal (2019: $61.2m).

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 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. Refer to note 18 for further information.

During the year ended 31 March 2020, no finance receivables were sold to or repurchased from the Prime Asset Trust Limited ('PATL') (March 2019: $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 $0.9m are subject to limitations on disposal (2019: $1.7m).

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

17. Provision for credit impairment

		2020	2019
		$000's	$000's
Closing balance at previous 31 March		17,793	25,643
Impact of adopting NZ IFRS 9		-	1,687
Balance as at 1 April		17,793	27,330
Increase / (decrease) in provisions	(12)	1,836	1,695
Decrease in provisioning through sale of impaired debt *		-	(12,646)
Provision arising on the acquisition of subsidiary		-	1,105
Other movement		27	308
Closing balance	(16)	19,656	17,793

* During April 2018, finance receivables with a gross value of $12.8m and a carrying value of $110k were sold to Desktop Management Limited (unrelated to the Group) for $60k, reducing the collective provision by $12.6m. The sale of these finance receivables met the criteria for the derecognition of financial assets under NZ IFRS 9, 'Financial Instruments: Recognition and Measurement' as all of the substantial risks and rewards of ownership of the finance receivables transferred to Desktop Financials Limited and the Group no longer has any involvement in the administration, management and collection of these finance receivables.

18. Securitisation

Geneva Financial Services Limited (GFSL) a wholly owned subsidiary of the Company has a wholesale funding arrangement with Westpac New Zealand Limited (Westpac) under which it securitised loan receivables through The Geneva Warehouse A Trust (the Trust). Under the facility, Westpac provided funding to the Trust secured by loan receivables transferred to the Trust from GFSL. The facility annual review was completed during December 2019 (2019: February 2019) and was extended to 30 September 2021 (2019: July 2020). The current facility is $70,000,000 (2019: $60,000,000). The annual review for financial year 2020 is underway which will be completed in September 2020. 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, via NZGT (GF) Trustee Limited, has been appointed as Trustee for the Trust with GFSL as the sole beneficiary.

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

During year ended 31 March 2020 GFSL transferred $47.8m gross value of loans receivables to the Trust (2019: $43.1m). As at 31 March 2020 the carrying value of these assets were $63.4m (2019: $61.2m).

19. Related parties

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

- **Loans and advances to related parties**

	Directors and other key management	
	2020	2019
Finance receivables	$000's	$000's
Loans receivables	273	273
Impairment provision	(273)	(273)
Net loans receivable	-	-

19. Related parties (continued)

	Directors and other key management	
	2020	2019
Movement in finance receivables	$000's	$000's
Opening balance as at 1 April	-	100
Loans Issued	-	-
Loans repaid	-	(100)
Impairment provision	-	-
	-	-
Interest income earned	-	5

On 21 July 2017 a $100,000 loan was issued to the Credit Manager. The loan was issued for the purchase of Geneva Finance Limited Shares in the open market. The loan carried an interest rate of 7.1% and had a 36 month term with an early settlement option and was repayable on termination of employment with the Company. The loan was settled on 30 November 2018.

- **Loans and advances from related parties**

	Directors and other key management	
	2020	2019
Other borrowings, secured debt and subordinated debt.	$000's	$000's
Subordinated debt	8,150	7,650
Other borrowings	6	214
Total	8,156	7,864

The balance of $8,156m (2019: $7.864m) has been included in the balance of other borrowings (refer to note 31).

	2020	2019
Movement in debentures, subordinated debt and deposits	$000's	$000's
Opening balance as at 1 April	7,650	2,400
Additional deposits received from existing depositors during the year	1,200	50
Withdrawal of deposits by existing depositors during the year	(700)	-
Deposits received from new depositors, Federal Pacific Group Limited (New Zealand)	-	4,550
Deposits received from new depositors, Federal Pacific Group Limited (New Zealand) for consideration paid in the acquisition of the Federal Pacific Finance Limited (Tonga) business	-	650
	8,150	7,650
Interest expense on subordinated debt	590	521

The related party deposits carry interest rates of 8.8% (2019: 9.0%).

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 21). 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 Alistair and Alan Hutchison as Directors of those entities. FPFLT has related party transactions with other entities associated with Alistair and Alan Hutchison.

- **Loans and advances from related parties**

	2020	2019
Federal Pacific Insurance Ltd	$000's	$000's
Opening balance as at 1 April 2018	214	0
Additions through business combinations	-	755
Repayments	(208)	(541)
	6	214
Interest Expense	12	12

19. Related parties (continued)

- Other Operating expenses from related parties

	Entities associated with Alistair and Alan Hutchison	
	2020	2019
	$000's	$000's
Management fees	95	61
Rent	24	-
Secretarial	3	-
Other expenses	14	10
	136	71
Total related party expenses	148	83

- Key management personnel compensation

	2020	2019
Salaries short term employee benefits during the period	$000's	$000's
Salaries	1,389	1,513
Directors Fees	147	147
	1,536	1,660

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

- Investments

	2020	2019
	$000's	$000's
Prime Asset Trust Limited ('PATL')	538	538
	538	538

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

- Others	2020	2019
	$000's	$000's
Revenue from Fexco (NZ)	53	54
	53	54
Accounts payable to Fexco (NZ)	3	662
	3	662

Fexco (NZ) is an entity related via common directorship and shareholding. The revenue and accounts payable balances relates to debt collections services offered to Fexco (NZ) which was terminated in April 2020.

20. Group entities

Subsidiaries

Name	Nature of business	Country of incorporation	Ownership interest (%) 2020	2019
Geneva Finance NZ Limited	Consumer finance	New Zealand	100	100
Quest Insurance Group Limited	Insurance	New Zealand	100	100
Geneva Capital Limited	Invoice factoring	New Zealand	100	100
Stellar Collections Limited	Debt collection	New Zealand	100	100
Geneva Financial Services Limited	Consumer finance	New Zealand	100	100
Prime Asset Trust Limited	Trustee / nominee company	New Zealand	100	100
Federal Pacific Finance Limited (Tonga)	Consumer finance	Tonga	60	60
Geneva Nominees Limited	Dormant	New Zealand	100	100
The Geneva Warehouse A Trust *	Securitisation Trust	New Zealand	N/A *	N/A *

The reporting date of all companies is 31 March.

20. Group entities (continued)

* The Geneva Warehouse A Trust is a special purpose entity set up solely for the purpose of the securitisation facility, (refer note 19).The NZ Guardian Trust Limited, via NZGT (GF) Trustee Limited, has been appointed as Trustee for the Trust with Geneva Financial Services Limited as the sole beneficiary.

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

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

- Federal Pacific Financial Limited (Tonga) (FPFLT)	2020 $000's	2019 $000's
Current assets	4,520	3,227
Non-current assets	86	85
Current liabilities	(527)	(447)
Non-current liabilities	(6)	(214)
Equity attributable to owners of the Group	(3,662)	(2,313)
Non-controlling interest	(410)	(339)

	2020 $000's	2019 $000's
Revenue	1,817	1,835
Expense	(404)	(673)
Profit (loss) for the year before tax	1,413	1,161
Profit (loss) attributable to owners of the Group	615	508
Profit (loss) attributable to owners of the non-controlling interests	410	339
Profit (loss) for the year	1,025	847
Dividends paid to non-controlling interest	-	-
Net cash inflow (outflow) from operating activities	584	790
Net cash inflow (outflow) from investing activities	(43)	-
Net cash inflow (outflow) from financing activities	(207)	(541)
Net cash inflow/(outflow)	334	249

Non-controlling interest

	2020 $000's	2019 $000's
Balance at beginning of year	1,061	-
Non-controlling interest arising on the acquisition of Federal Pacific Finance Ltd (Tonga)	-	722
Share of profit for year - FPFLT	410	339
Balance at end of year	1,471	1,061

21. Deferred insurance contract acquisition costs

	2020 $000's	2019 $000's
Opening balance	3,652	2,733
Deferral of insurance contract acquisition costs incurred during the year	4,645	3,045
Expense of insurance contract acquisition costs incurred during prior years	(4,195)	(2,126)
Closing balance	4,102	3,652

22. Financial assets at FVTPL

	2020 $000's	2019 $000's
Purchased debt	-	352
Transfers out / (in)	-	(352)
	-	-

23. Taxation

a) Deferred income tax

	2020	2019
Deferred tax assets	$000's	$000's
To be recovered within one year	1,480	1,652
Later than one year	3,232	2,659
	4,712	4,311

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**
Balance at 31 March 2018	(140)	2,028	3,442	(765)	4,565
Impact of adopting NZ IFRS 9	-	472	-	-	472
Balance at 1 April 2018	**(140)**	**2,500**	**3,442**	**(765)**	**5,037**
(Charged) / Credited to profit or loss	25	955	(1,449)	(257)	(726)
Balance at 31 March 2019	**(115)**	**3,455**	**1,993**	**(1,022)**	**4,311**
(Charged) / Credited to profit or loss	25	646	(144)	(126)	401
Balance at 31 March 2020	**(90)**	**4,101**	**1,849**	**(1,148)**	**4,712**

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

Tax Losses	**Gross**	**Tax Effected**	**Gross**	**Tax Effected**
	$'000 **2020**	**$'000** **2020**	**$'000** **2019**	**$'000** **2019**
Recognised	6,604	1,849	7,118	1,993
Not recognised	6,333	1,773	11,850	3,318
	12,937	**3,622**	**18,968**	**5,311**

Tax losses available to carry forward for the group total $12.937m, (2019: $18.967m), tax effect $3.622m (2019 tax effect $5.311m). Of this balance, tax losses with a value of $6.604m (2019: $7.118m), tax effect $1.849m (2019 tax effect $1.993m) have been recognised at reporting date. These tax losses can be carried forward, with no expiry, for use against future taxable profits of the Group's New Zealand entities, subject shareholder continuity being maintained as required by New Zealand tax legislation.

b) Imputation credits

The balance of imputation credit at reporting date is Nil (2019: Nil).

24. Intangible assets

	2020	2019
Computer software	$000's	$000's
At cost	3,414	3,013
Accumulated amortisation	(2,740)	(2,425)
Closing balance	674	588
Goodwill		
At cost	1,338	1,338
Accumulated amortisation / impairment	-	-
Closing balance	1,338	1,338
Customer Relationships		
At cost	570	570
Accumulated amortisation / impairment	(211)	(123)
Closing balance	359	447
Total intangible assets	2,371	2,373

24. Intangible assets (continued)

The reconciliations of the carrying value for Intangible assets are set out below:	2020 $000's	2019 $000's
Computer software		
Opening balance	414	392
Additions	508	263
Amortisation	(294)	(241)
Disposals/write offs	-	-
Closing balance	628	414
Computer software in progress		
Opening balance	173	140
Additions	529	274
Transfers/Disposals	(656)	(241)
Closing balance	46	173
Goodwill		
Opening Balance	1,338	758
Additions through business combinations	-	580
Amortisation	-	-
Closing balance	1,338	1,338
Customer Relationships		
Opening Balance	448	501
Additions through business combinations	-	40
Amortisation	(89)	(93)
Closing balance	359	448
Total intangible assets	2,371	2,373

Acquisition of invoice factoring business
On 1 April 2018, invoice factoring business (IF) was acquired as part of a business combination. The excess consideration over the fair value of the net identifiable assets acquired being goodwill of $0.58m is tested for impairment annually.

Goodwill arose in the acquisition because the consideration paid included amounts in relation to the benefit of expected synergies from combining operations of IF to the Group's existing debt collection, finance and revenue growth, future market development and the assembled workforce of IF. Management have assessed that there is no foreseeable limit to the period of time over which the goodwill is expected to generate net cash inflows for the Group, and as such goodwill have been assessed as having an indefinite useful life.

Acquisition of MFL Services business operations
On 1 December 2017, the MFL Services business was acquired as part of a business combination. Non-contractual customer relationships arising on acquisition of $0.53m have been identified and recognised as an intangible asset and will be amortised over it's expected useful life of 7 years. The excess consideration over the fair value of the net identifiable assets acquired being goodwill of $0.76m is tested for impairment annually.

Goodwill arose in the acquisition because the consideration paid included amounts in relation to the benefit of expected synergies from combining operations of the MFL Services business to the Group's existing debt collection, finance and insurance businesses, revenue growth, future market development and the assembled workforce of MFL. Management have assessed that there is no foreseeable limit to the period of time over which the goodwill is expected to generate net cash inflows for the Group, and as such goodwill have been assessed as having an indefinite useful life.

Goodwill	2020 $000's	2019 $000's
Allocated to MFL Services collections business CGU	758	758
Allocated to the Geneva Capital invoice factoring CGU	580	580
	1,338	1,338

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

24. Intangible assets (continued)

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

- *MFL Services collections business CGU*

The year 1 forecast cash flows were extrapolated using the following growth rates; year 2: 24%, year 3: 9%, years 4: 9%, year 5: 9% and 1% terminal rate (2019: year 2: 29%, year 3: 20%, years 4: 5%, year 5: 5% and 2% terminal rate). A pre-tax discount rate of 20.0% (2019: 25.0%) was applied in determining the recoverable amount. The discount rate was established based on weighted average cost of capital taking into account the specific attributes and size of the CGU.

In assessing the impairment of the goodwill in the collections business CGU, a sensitivity analysis for reasonably possible changes in key assumptions was performed. This included increasing and reducing the terminal growth rate by 1% (2019: increasing and reducing the terminal growth rate by 1%) and increasing and decreasing the discount rate by 1% (2019: 1%). These reasonably possible changes in rates did not cause any impairment.

- *Geneva Capital invoice factoring CGU*

The year 1 forecast cash flows were extrapolated using the following growth rates; year 2: 39%, year 3: 7%; years 4: -5%, year 5: -2% and 1% terminal rate (2019, year 2: -219%, year 3: 422%, year 4: 24%, year 5: 5% and 2% terminal rate) . A pre-tax discount rate of 15% (2019: 15%) was applied in determining the recoverable amount. The discount rate was established based on weighted average cost of capital taking into account the specific attributes and size of the CGU.

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

25. Plant and equipment

	2020 $000's	2019 $000's
Computer equipment		
At cost	2,002	2,158
Accumulated depreciation	(1,965)	(2,065)
	37	93
Furniture and fittings		
At cost	798	678
Accumulated depreciation	(756)	(674)
	42	4
Office equipment		
At cost	271	271
Accumulated depreciation	(260)	(260)
	11	11
Leasehold improvements		
At cost	1,453	1,453
Accumulated depreciation	(1,450)	(1,449)
	3	4
Motor vehicles		
At cost	440	195
Accumulated depreciation	(133)	(69)
	307	127
Right of use assets		
At cost	1,094	-
Accumulated depreciation	(277)	-
	817	-
Total plant and equipment	1,217	238

25. Plant and equipment (continued)

The reconciliations of the carrying value for fixed assets are set out below:	2020 $000's	2019 $000's
Computer equipment		
Opening balance	93	35
Additions	20	93
Disposals/write offs	(65)	-
Depreciation	(11)	(34)
Closing balance	37	93
Furniture and fittings		
Opening balance	3	1
Additions	47	3
Disposals/write offs	-	-
Depreciation	(8)	(1)
Closing balance	42	3
Office equipment		
Opening balance	11	12
Additions	-	-
Disposals/write offs	-	-
Depreciation	-	(1)
Closing balance	11	11
Leasehold improvements		
Opening balance	4	3
Additions	-	1
Disposals/write offs	-	-
Depreciation	(1)	(1)
Closing balance	3	4
Motor vehicles		
Opening balance	127	77
Additions	302	109
Disposals/write offs	(61)	(22)
Depreciation	(61)	(37)
Closing balance	307	127
Right of use assets		
Opening balance	-	-
Additions	1,094	-
Disposals/write offs	-	-
Depreciation	(277)	-
Closing balance	817	-
Total plant and equipment	1,217	238

26. Outstanding claims liability

	2020 $000's	2019 $000's
Gross claims undiscounted	717	659
Third party recoverable	(26)	(32)
IBNR provision	271	206
Closing balance	962	833

Reconciliation of movement in outstanding claims liability

	2020 $000's	2019 $000's
Gross claims undiscounted		
Opening balance	659	484
Movement in ultimate incurred costs	(4,803)	(3,069)
Payments	4,861	3,244
Closing balance	717	659

26. Outstanding claims liability (continued)

	2020	2019
Third party recoverable	$000's	$000's
Opening balance	(32)	(57)
Movement	6	25
Closing balance	(26)	(32)
IBNR provision		
Opening balance	206	143
Movement	65	63
Closing balance	271	206

Solvency disclosure - Quest Insurance Group Limited
The solvency position of the Company as at 31 March 2020 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 2020, net of related party investments and unrecoverable deferred acquisition costs amounted to $6.47m (2018:$7.44m). Quest Insurance Group Limited is required to hold minimum solvency capital of $5.0 million and have a solvency margin of at least $1.

2020	Non Life $'000	Life $'000	Total $'000
Actual Solvency Capital	5,080	1,393	6,473
Minimum solvency requirement	4,718	0	5,000
Solvency Margin	**362**	**1,393**	**1,473**
Solvency Cover Ratio	108%	n/a	129%

2019	Non Life $'000	Life $'000	Total $'000
Actual Solvency Capital	6,288	1,150	7,438
Minimum solvency requirement	5,401	0	5,401
Solvency Margin	**887**	**1,150**	**2,037**
Solvency Cover Ratio	116%	n/a	138%

The liabilities recorded on the Statement of Financial Position are $15.2m (2019: $11.6m) and total assets equal $27.7m (2019: $22.4m).

27. Unearned insurance contract premium liabilities

	2020 $000's	2019 $000's
Opening balance	(10,460)	(7,085)
Deferral of premium on contracts written during the year	(13,999)	(10,418)
Earnings of premiums deferred in prior year	11,753	7,043
Closing balance	(12,706)	(10,460)

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.

Derivatives designated as cash flow hedges	2020	2019
Interest rate swap (at fair value) entered into	$000's	$000's
Opening Balance	(285)	(53)
Movement	(266)	(232)
Closing Balance	(551)	(285)
Contract / notional amount - (Swap)	26,576	25,922

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, (2019: Nil).

28. Derivative financial instruments (continued)

Notional amounts and applicable interest rates

	2020		2019	
	Notional Amount	Interest Rate	Notional Amount	Interest Rate
	$000's	%	$000's	%
	-	-	10	4.37
	1,449	2.17	9,043	2.17
	-	-	12,076	2.21
	25,126	2.05	4,794	2.05
	26,576		**25,922**	

29. Bank facilities

	2020 $000's	2019 $000's
Bank facility: Westpac	57,234	56,330
Capitalised transaction costs: Westpac	(35)	(38)
Bank facility: Kiwi Bank	3,400	3,400
Capitalised transaction costs: Kiwi Bank	(1)	(1)
	60,598	59,691

	2020	2019
Maturity profile of bank facilities	$000's	$000's
Current - within 12 months		
- Bank facility: Westpac	1,160	1,527
- Bank facility: Kiwi Bank	218	240
	1,378	1,768
Non - Current - more than 12 months		
- Bank facility: Westpac	56,039	54,765
- Bank facility: Kiwi Bank	3,181	3,158
	59,220	57,923
Total	60,598	59,691

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

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 in August 2016 to 15 June 2018; in July 2017 to 15 June 2019; in July 2018 to 15 June 2020; in July 2020 to 30 June 2022 . The term loan is secured by the present and future assets of Stellar Collections Limited with Geneva Finance Limited as the gurantor of the loan.

30. Other borrowings

	2020 $000's	2019 $000's
Unsecured	13,684	13,318
Total other borrowings	13,684	13,318
Maturity profile of other borrowings		
Current - within 12 months		
- Unsecured	11,987	6,950
	11,987	6,950
Non-current - more than 12 months		
- Unsecured	1,697	6,368
	1,697	6,368
Total	13,684	13,318
Small offer investor	1,275	1,250
Wholesale investor	12,409	12,068
	13,684	13,318

30. Other borrowings (continued)

The other borrowings relate to small offer investor and wholesale investor funding. The current portion of other borrowings is comprised of $6.94m at an interest rate of 8.81% (2019: $6.95m is comprised of $6.95m at an interest rate of 8%). The non-current portion of other borrowings is comprised of $6.73m at an interest rate of 8.34% (2019: $6.37m is comprised of $3.85m at an interest rate of 9.3%, $0.95m at an interest rate of 8.4%, $0.7m at an interest rate of 9%, and $0.65m at an interest rate of 8.5%).

During the prior period the Group settled no wholesale investors funding.

Subsequent to balance date, no investment due to mature within 12 month has been re-invested with new terms which are more than 12 months to maturity (2019: $1.4m).

31. Capital and reserves

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

Share capital (comprised of ordinary shares only):	Ordinary shares (in thousands)	
	2020	2019
	000's	000's
Opening balance	72,935	70,435
Shares issued in consideration for acquisition of subsidiary	-	2,500
Closing balance	72,935	72,935

Capital comprises share capital, other reserves and retained earnings.

Share capital (comprised of ordinary shares only):		
	2020	2019
	$000's	$000's
Opening balance	52,779	51,287
Shares issued in consideration for acquisition of subsidiary	-	1,492
Closing balance	52,779	52,779

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
2020				
Prior year final dividend	14/06/2019	11/07/2019	2.25	1,641
Interim dividend	2/12/2019	30/12/2019	1.25	912
				2,553
Final dividend declared	24/07/2020	29/07/2020	1.50	1,094
2019				
Prior year final dividend	24/08/2018	6/07/2018	2.25	1,585
Interim dividend	6/12/2018	28/12/2018	1.25	912
				2,497
Final dividend declared	14/06/2019	11/07/2019	2.25	1,641

Reserves:	2020	2019
	000's	000's
Cash flow hedge reserve	(551)	(285)
Financial assets at FVTOCI reserve	1,450	1,385
Common control reserve	(2,468)	(2,468)
Foreign currency translation reserve	393	(4)
Total	(1,176)	(1,372)

31. Capital and reserves (continued)

Reconciliation:

	2020 000's	2019 000's
Opening Balance	(1,372)	1,103
Movement	196	(2,474)
Closing Balance	(1,176)	(1,372)

Summary of movement

		2020 000's	2019 000's
Cash flow hedge reserve	(i)	(266)	(232)
Financial assets at FVTOCI reserve	(ii)	65	229
Common control reserve	(iii)	-	(2,468)
Foreign currency translation reserve	(iv)	397	(4)
Total Movement		196	(2,474)

(i) Cash flow hedging reserve:
The hedging reserve relates to the fair value of the effective portion of cash flow hedges (Refer note 28).

	2020 000's	2019 000's
Opening balance	(285)	(53)
Movement	(266)	(232)
Closing balance	(551)	(285)

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

The equity investment was initially acquired for a cost of $2.2m. The FVTOCI reserve represents the difference between the initial cost and the fair value at reporting date of $3.7m (2019: $3.6m) being $1.5m (2019: $1.4m).

	2020 000's	2019 000's
Opening balance	1,385	1,156
Movement	65	229
Closing balance	1,450	1,385

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

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

	2020 000's	2019 000's
Opening balance	(2,468)	-
Movement	-	(2,468)
Closing balance	(2,468)	(2,468)

31. Capital and reserves (continued)

(iv) Foreign currency translation reserve

	2020 000's	2019 000's
Opening balance	(4)	-
Movement	397	(4)
Closing balance	393	(4)

32. Profit / (Loss) per share

Basic profit / (loss) per share
The calculation of basic profit per share at 31 March 2020 was based on the profit attributable to ordinary shareholders of

Profit / (loss) attributable to ordinary shareholders	2020 $000's	2019 $000's
Net profit / (loss) after taxation	3,705	4,055
Dividends on preference shares	-	-
Net profit / (loss) attributable to ordinary shareholders	3,705	4,055

Weighted average number of ordinary shares (thousands)	2020	2019
Opening balance	72,935	70,435
Shares issued in the reporting period	0	829
Weighted average number of ordinary shares in issue	72,935	71,264
Basic profit per share (in cents)	5.08	5.69

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. The company only had outstanding share options in the prior year. A calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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

33. Management of financial, insurance and capital risk

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

Credit risk is the potential loss 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 collateral taken varies and as at reporting date was primarily in the form of motor vehicles and/or household chattels. Loan agreements provide that if an event of default occurs, collateral can be repossessed. The repossessed collateral is either held until overdue payments have been received or sold in the secondary market. An asset quality committee operates and overdue loans are assessed and reviewed on a regular basis by this body.

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

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

The Group performs credit evaluations on all customers requiring advances. The Group requires collateral or other security to support financial instruments with credit risk. 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's credit risk to cash and cash equivalents represents the potential cost to the Group if counterparties fail to fulfil their obligation. To control the level of credit risk taken, the Group only banks with registered banks.

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

i) Concentrations of credit risk

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

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

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

Concentration of credit risk by sector	2020 $000's	2019 $000's
Personal Loans		
Gross finance receivables	100,616	98,424
Provision for credit impairment	(19,006)	(17,110)
	81,610	81,314
Business loans		
Gross finance receivables	650	683
Provision for credit impairment	(650)	(683)
	-	-
Gross finance receivables after provision for credit impairment	81,610	81,314
Less:		
Unearned interest	4	18
Deferred fee revenue and expenses	(1,262)	3
Net finance receivables	82,868	81,293

Concentration of credit risk exposure by security	2020 $000's	2019 $000's
Personal loans		
Secured	81,425	81,489
Unsecured	19,191	16,935
Total personal loan receivables	100,616	98,424
Business loans		
Secured	650	683
Unsecured	-	-
Total business loan receivables	650	683

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 asset category

31 March 2020	Current $000's	<30 $000's	31-60 $000's	61-90 $000's	91-120 $000's	>120 $000's	Total $000's
Personal loans							
Gross finance receivables - secured	61,587	7,618	1,502	811	342	9,565	81,425
Provision for credit impairment	(924)	(129)	(423)	(236)	(130)	(7,251)	(9,093)
Secured	60,663	7,489	1,079	575	212	2,314	72,332

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

31 March 2020	Current $000's	<30 $000's	31-60 $000's	61-90 $000's	91-120 $000's	>120 $000's	Total $000's
Personal loans							
Gross finance receivables - unsecured	6,672	262	528	198	153	11,378	19,191
Provision for credit impairment	(29)	(4)	(703)	(58)	(64)	(9,055)	(9,913)
Secured	6,643	258	(175)	140	89	2,323	9,278
Gross finance receivables after provision for credit impairment	67,306	7,747	904	715	301	4,637	81,610

31 March 2019	Current $000's	<30 $000's	31-60 $000's	61-90 $000's	91-120 $000's	>120 $000's	Total $000's
Personal loans							
Gross finance receivables - secured	61,724	8,755	1,418	304	381	8,906	81,489
Provision for credit impairment	(909)	(152)	(855)	(220)	(215)	(5,273)	(7,624)
Secured	60,816	8,603	563	83	167	3,633	73,865
Gross finance receivables - unsecured	6,042	633	201	181	212	9,664	16,935
Provision for credit impairment	(34)	(8)	(122)	(143)	(157)	(9,022)	(9,486)
Unsecured	6,008	625	79	39	55	642	7,449
Gross finance receivables after provision for credit impairment	66,824	9,229	643	122	222	4,275	81,314

iii) Maximum credit risk

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

	2020 $000's	2019 $000's
Cash and cash equivalents	20,625	18,253
Finance receivables	101,266	99,107
Prepayments & receivables	5,884	3,991

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

The Group has no off balance sheet credit exposures.

iv) Ageing analysis of loan receivables

		Days past due					
2020	**TOTAL**	Current	<30	31-60	61-90	91-120	>120
Expected credit loss rate		1.39%	1.69%	55.47%	29.14%	39.19%	78.53%
Gross Finance Receivables	**101,266**	68,259	7,880	2,030	1,009	495	21,593
Provision for Credit Impairment	**19,656**	952	133	1,126	294	194	16,957
Net Finance Receivables	**81,610**	**67,307**	**7,747**	**904**	**715**	**301**	**4,636**

		Days past due					
2019	**TOTAL**	Current	<30	31-60	61-90	91-120	>120
Expected credit loss rate		1.39%	1.70%	60.31%	74.69%	62.52%	77.79%
Gross Finance Receivables	**99,107**	67,762	9,390	1,620	486	595	19,254
Provision for Credit Impairment	**17,793**	943	160	977	363	372	14,978
Net Finance Receivables	**81,314**	**66,819**	**9,230**	**643**	**123**	**223**	**4,276**

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.

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

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

Interest rates are managed by assessing the demand for funds, new lending, expected debt repayments and maintaining an adequate portfolio of financial assets and liabilities with a sufficient spread between interest rates on the Group's lending and borrowing. Rates are fixed for lending over the term of the contract. 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 least 40% of the interest rate risk. The Group agreed 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.

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.

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.

Interest rates on advances are normally fixed for the life of the advances.

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

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

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

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

31 March 2020
$'000's

Financial assets	Carrying amount	Gross nominal inflow/ (outflow)	0-6 months	7-12 months	13-24 months	25-60 months
Cash and cash equivalents	20,625	20,625	20,625	-	-	-
Finance receivables	82,868	96,450	24,543	19,106	28,587	24,214
Financial assets at FVTOCI	3,684	3,684	-	3,684	-	-
Other receivables	5,884	5,884	5,850	34	-	-
Total finance assets	113,061	126,643	51,018	22,824	28,587	24,214
Financial liabilities						
Bank facilities **	(60,598)	(57,523)	(14,483)	(10,765)	(17,533)	(14,742)
Professional investor scheme	(13,684)	(16,477)	(907)	(7,046)	(6,511)	(2,013)
Other payables	(435)	(435)	(435)	-	-	-
Total financial liabilities	(74,717)	(74,435)	(15,825)	(17,811)	(24,044)	(16,755)
Derivative gross outflow	(551)	(551)	(191)	(144)	(168)	(48)
Net liquidity gap	37,793	51,657	35,002	4,869	4,375	7,411

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

** Management's expectations are that the facilities would be extended (Refer note 18 & 30) otherwise the amounts presented in '25-60 months' would appear in '13-24 months'.

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

31 March 2019
$'000's

Financial assets	Carrying amount	Gross nominal inflow/ (outflow)	0-6 months	7-12 months	13-24 months	25-60 months
Cash and cash equivalents	18,253	18,253	18,253	0	0	0
Finance receivables	81,293	91,049	21,016	17,634	27,427	24,973
Financial assets at FVTOCI	3,619	3,619	0	3,619	0	0
Other receivables	3,991	3,991	3,953	38	0	0
Total finance assets	107,156	116,912	43,222	21,291	27,426	24,973
Financial liabilities						
Bank facilities **	(59,691)	(60,030)	(13,610)	(10,416)	(20,575)	(15,429)
Professional investor scheme	(13,318)	(15,655)	(437)	(7,435)	(3,300)	(4,483)
Other payables	(320)	(320)	(320)	-	-	-
Total financial liabilities	(73,329)	(76,005)	(14,367)	(17,851)	(23,875)	(19,912)
Derivative gross outflow	(285)	(292)	(73)	(73)	(73)	(73)
Net liquidity gap	33,542	40,615	28,782	3,366	3,478	4,987

* The realisation of these cashflows is not contractual and is based on management's expectation.
** Management's expectations are that the facilities would be extended (Refer note 18 & 30) otherwise the amounts presented in '25-60 months' would appear in '13-24 months'.

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

31 March 2020
$'000's

Financial assets	Effective Interest Rate %	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
Cash and cash equivalents	0.00 - 1.25	20,625	-	-	-	20,625
Finance receivables	6.35 - 37	21,083	16,412	24,555	20,818	82,868
Total interest bearing finance assets		41,708	16,412	24,555	20,818	103,493
Financial liabilities						
Bank facilities	2.75 - 7.05	(1,378)	-	-	(59,220)	(60,598)
Other borrowings	7.5 - 9.25	(400)	(6,559)	(5,575)	(1,150)	(13,684)
Total interest bearing financial liabilities		(1,778)	(6,559)	(5,575)	(60,370)	(74,282)
Effect of derivatives held for risk management	2.05 - 4.37	(191)	(144)	(168)	(48)	(551)
Total		39,739	9,709	18,812	(39,600)	28,660

31 March 2019
$'000's

Financial assets	Effective Interest Rate %	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
Cash and cash equivalents	0.00 - 1.25	18,253	-	-	-	18,253
Finance receivables	6.35 - 37	18,762	15,743	24,487	22,301	81,293
Total interest bearing finance assets		37,014	15,743	24,487	22,301	99,545
Financial liabilities						
Bank facilities	3.61 - 7.05	(1,768)	-	-	(57,923)	(59,691)
Professional investor scheme	8 - 9.25	-	(7,168)	(2,450)	(3,700)	(13,318)
Total interest bearing financial liabilities		(1,768)	(7,168)	(2,450)	(61,623)	(73,009)
Effect of derivatives held for risk management	2.05 - 4.37	(73)	(63)	(90)	(58)	(285)
Total		35,174	8,512	21,946	(39,381)	26,250

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

iii) Interest rate sensitivity analysis
The following tables summarise the sensitivity of the Group's financial assets and financial liabilities to interest rate risk. The analysis shows the annualised impact on the profit before tax and equity of a reasonably possible movement of +/- 0.5% movement in interest rates. The equity impact takes into the account tax effect of the profit impacts. The tax effect is $Nil for the year ended 31 March 2020 (2019: $Nil) due to the fact that the Group has 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 23).

31 March 2020			Interest rate risk			
		Carrying Amount	-0.5% Profit	-0.5% Equity	+0.5% Profit	+0.5% Equity
Financial assets		$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	(14)	20,625	(103)	(103)	103	103
Finance receivables	(16)	82,868	(414)	(414)	414	414
Financial liabilities						
Bank facilities	(29)	(60,598)	303	303	(303)	(303)
Other borrowings	(30)	(13,684)	68	68	(68)	(68)
Derivative financial instruments	(28)	(551)	3	3	(3)	(3)
Total increase/(decrease)			(143)	(143)	143	143

31 March 2019			Interest rate risk			
		Carrying Amount	-0.5% Profit	-0.5% Equity	+0.5% Profit	+0.5% Equity
Financial assets		$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	(14)	18,253	(91)	(91)	91	91
Finance receivables	(16)	81,293	(406)	(406)	406	406
Financial liabilities						
Bank facilities	(29)	(59,691)	298	298	(298)	(298)
Other borrowings	(30)	(13,318)	67	67	(67)	(67)
Derivative financial instruments	(28)	(285)	1	1	(1)	(1)
Total increase/(decrease)			(131)	(131)	131	131

c) Fair value financial assets and liabilities

i) Fair values
The carrying value of all financial assets and liabilities not measured at fair value approximates their fair values as they are either short term in nature, rate insensitive and subject to impairment.

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 exchanges 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 Reuters.
- Level 3 - Inputs for assets and liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

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

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

iii) Assets and liabilities measured at fair value

31 March 2020	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at FVTOCI	(15)	-	-	3,684	3,684
Total Assets		-	-	3,684	3,684
Derivative financial instruments	(28)	-	(551)	-	(551)
Total liabilities		-	(551)	-	(551)

31 March 2019	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at FVTOCI	(15)	-	-	3,619	3,619
Total assets		-	-	3,619	3,619
Derivative financial instruments	(28)	-	(285)	-	(285)
Total liabilities		-	(285)	-	(285)

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

iv) Reconciliation of level 3 items

31 March 2020	Purchased Debt $'000	Financial Assets at FVTOCI $'000	Total $'000
Purchased debt and financial assets at FVTOCI			
At 1 April 2019	-	3,619	3,619
Profits - purchased debt	-	-	-
Increase in fair value in financial assets at FVTOCI	-	65	65
Receipts - purchased debt	-	-	-
Transfers in/(out) of level 3	-	-	-
At 31 March 2020	-	3,684	3,684

Total gains for the period included in other revenue in the income statement for assets held at 31 March 2020 -

31 March 2019	Purchased Debt $'000	Financial Assets at FVTOCI $'000	Total $'000
Purchased debt and financial assets at FVTOCI			
At 1 April 2018	423	3,390	3,813
Profits - purchased debt	194	-	194
Increase in fair value in financial assets at FVTOCI	-	229	229
Receipts - purchased debt	(265)	-	(265)
Transfers in/(out) of level 3	(352)	-	(352)
At 31 March 2019	352	3,619	3,619

Total gains for the period included in other revenue in the income statement for assets held at 31 March 2019 194

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

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

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

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

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

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

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

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 (2018: Greater than zero). Effective 31 March 2018 Quest Insurance Group Limited also have a minimum qualifying capital of $5.0m. The Group has complied with these externally imposed capital requirement during the period.

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

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

	2020 $000's	2019 $000's
Trade and other receivables and prepayment		
Collections	340	562
Insurance	5,003	2,831
Other receivables	1	186
Prepayments	540	413
	5,884	3,992

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%.

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.

	2020	2019
Accounts Payables and accruals		
Accounts Payable	981	772
Accruals	2,359	1,198
Other Payables	1,011	1,275
	4,351	3,245
Employee entitlements		
Salaries and Wages	116	71
Annual leave	214	177
Long service leave	105	73
	435	321
(i) Reconciliation of annual leave		
Opening Balance	177	170
Movement	37	7
Closing Balance	214	177
(ii) Reconciliation of long service leave		
Opening Balance	73	82
Movement	32	(9)
Closing Balance	105	73

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

		2020 $000's	2019 $000's
Net profit / (loss) after taxation		4,115	4,394
Add/(Less) Non-cash adjustments			
Depreciation	(25)	358	73
Amortisation	(24)	383	334
Interest on Right of use liabilities		43	-
Share option expense		-	-
Profit on sale of fixed assets and fixed asset written off		9	9
Movement in finance receivables provision		1,845	4,796
Bad debts		9	1
Other impairment provisions		-	-
Net movement on financial assets at fair value		-	71
Deferred taxation		(13)	1,040
Capitalised transaction costs		3	(10)
Add/(Less) Movements in other working capital items			
(Increase) / decrease in finance receivables		1,854	(17,275)
(Increase) / decrease in other receivables and prepayments		(1,893)	152
(Increase) / decrease in tax receivable		-	1
Increase / (Decrease) in trade and other payables		(994)	(649)
(Increase) / Decrease in insurance policyholder liability		2,375	3,638
Increase / (Decrease) in deferred revenue and expenses		(1,714)	(1,309)
Net cash inflow from operating activities		6,380	(4,735)

36. Reconciliation of liabilities arising from financing activities

Summary as at 31 March 2020

	Opening balance	Financing Cash Flows	Acquisition of subsidiary	Disposal of subsidiary	Fair value adjustments	New Finance Leases	Other changes	Closing Balance
Derivate financial instruments	285	-	-	-	266	-	-	551
Bank facilities	59,691	907	-	-	-	-	-	60,598
Other Borrowing advances	13,318	366	-	-	-	-	-	13,684
Issue of new shares	52,779	-	-	-	-	-	-	52,779
Leased liability	-	(255)	-	-	-	-	1,094	839
Dividends paid to Company shareholders	-	(2,553)	-	-	-	-	-	(2,553)
	126,073	(1,535)	-	-	266	-	1,094	125,898

Summary as at 31 March 2019

	Opening balance	Financing Cash Flows	Acquisition of subsidiary	Disposal of subsidiary	Fair value adjustments	New Finance Leases	Other changes	Closing Balance
Derivate financial instruments	53	-	-	-	232	-	-	285
Bank facilities	51,973	7,718	-	-	-	-	-	59,691
Other Borrowing advances	7,950	5,368	-	-	-	-	-	13,318
Issue of new shares	51,285	1,494	-	-	-	-	-	
Dividends paid to Company shareholders	-	(2,496)	-	-	-	-	-	(2,496)
	111,261	12,083	-	-	232	-	-	123,576

37. Current and term aggregates

	2020 $000's	2019 $000's
Aggregate current assets	67,700	60,380
Aggregate term assets	57,775	57,363
Aggregate current liabilities	19,664	13,401
Aggregate term liabilities	74,462	74,751

38. Segment analysis

a) By operating segment

The Group's reportable operating segments are as follows:

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

38. Segment analysis (continued)

Each Group operating segment is operated as a discrete business unit and transactions between segments are on normal commercial terms and conditions. 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 2020

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
External revenues	(184)	13,981	11,765	2,007	1,674	1,817	-	31,060
Revenue - other segments	1,103	1,038	70	167	-	-	(2,378)	-
Total	919	15,019	11,835	2,174	1,674	1,817	(2,378)	31,060
Segment profit/(loss)	(3,733)	4,201	1,700	109	(609)	1,413	1,021	4,102
Taxation expense	401	-	-	-	-	(388)	-	13
Non controlling interest profit	-	-	-	-	-	(410)	-	(410)
Net profit/(loss) after taxation	(3,332)	4,201	1,700	109	(609)	615	1,021	3,705
Interest income	2,125	13,182	237	309	1,179	1,419	(3,399)	15,052
Interest expense	2,505	3,954	-	231	1,079	13	(3,399)	4,383
Depreciation	277	37	17	1	5	21	-	358
Amortisation	-	215	47	96	25	-	-	383
Other material non-cash items:								
Impaired assets expense	1,021	2,497	-	(669)	21	5	(1,021)	1,854

Group summary assets and liabilities as at 31 March 2020

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
Segment assets								
Total assets	30,988	89,681	27,235	9,060	7,309	4,606	(43,404)	125,475
Additions / (Deletions) to non current assets	(95)	384	38	181	23	70	22	623
Segment liabilities								
Total liabilities	16,895	68,035	14,650	3,795	8,533	534	(18,316)	94,126

Group summary revenues and results for the year 31 March 2019

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
External revenues	5	13,978	7,720	2,123	1,368	1,835	-	27,029
Revenue - other segments	1,592	1,078	279	217	-	-	(3,165)	-
Total	1,597	15,056	7,999	2,340	1,368	-	(3,165)	27,029
Segment profit/(loss)	(2,604)	5,609	1,308	406	(615)	1,161	168	5,434
Taxation benefit	(726)	-	-	-	-	(314)	-	(1,040)
Non controlling interest profit	-	-	-	-	-	(339)	-	(339)
Net profit/(loss) after taxation	(3,330)	5,609	1,308	406	(615)	508	168	4,055
Interest income	1,765	13,483	411	291	954	1,294	(3,333)	14,865
Interest expense	2,434	3,945	-	245	920	21	(3,333)	4,232
Depreciation	-	39	12	2	1	20	-	73
Amortisation	-	201	30	89	14	-	-	334
Other material non-cash items:								
Impaired assets expense	168	2,124	-	(740)	-	313	(168)	1,697

38. Segment analysis (continued)

Group summary assets and liabilities as at 31 March 2019

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
Segment assets								
Total assets	30,525	82,808	22,390	10,894	8,944	3,312	(41,131)	117,743
Additions / (Deletions) to non current assets	(3)	219	79	-	659	105	-	1,060
Segment liabilities								
Total liabilities	22,192	65,096	11,571	4,488	9,559	661	(25,413)	88,154

b) By geographical segment

The Group operated predominantly in New Zealand and Tonga. $29.2m revenue are derived from New Zealand (2019: $25.1m) and $1.8m revenue from Tonga (2019: $1.8m).

39. Credit ratings

Credit rating agency AM Best confirmed Quest Insurance Group Limited's on 11 April 2019 with a Financial Strength rating of B and an Issuer Credit rating of bb. Both ratings came with a stable outlook. Subsequent to reporting date, on 30 April 2020 AM Best confirmed Quest Insurance Group Limited's credit rating with a Financial Strength rating of B and an Issuer Credit rating of bb+. Both ratings came with a stable outlook.

40. Contingent liabilities

There are no material contingent liabilities at 31 March 2020 (2019: none).

41. Subsequent events

Global pandemic of coronavirus disease 2019

Note 4(a) of these financial statements described the impact of the ongoing outbreak of COVID-19 pandemic which occurred before 31 March 2020 and continues as at the date of the signing of these financial statements.

Sale of Quest Insurance Group Ltd’s investment in AMPL

This property was unconditionally sold to a property syndicate prior to year end, but as a consequence of COVID-19, the purchaser was unable to settle on the agreed settlement date of 30th June 2020. A new settlement date of on or before the 30 September 2020 has now been agreed with the purchaser. Under this new arrangement, the deposit paid by the purchaser has been forfeited. In addition, if the transaction does not settle on or before 30 September 2020 the purchaser is contractually bound to pay $1.3m in liquidated damages. The Group have since been advised by the purchaser their syndication is oversubscribed, hence the Board expect the transaction to settle in full and on time.

Other

There have been no other material post balance date events that would materially impact the Group's financial statements (March 2019: None).

42. Change in accounting policies

This note explains the impact of the adoption of NZ IFRS 16 on the Group’s financial statements and discloses the new accounting policies that have been applied from the date of initial application (1 April 2019).

NZ IFRS 16 replaces NZ IAS 17 Leases. NZ IFRS 16 eliminates the distinction between operating and finance leases for lessees and will result in lessees bringing most leases onto their Statements of Financial Position.

The Group has adopted and applied NZ IFRS 16 from 1 April 2019 in accordance with the transitional provisions outlined in NZ IFRS 16. The Group has used the modified retrospective approach outlined in NZ IFRS 16 C5(b) and C8 (b) (ii), whereby the ROU asset recognised is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position immediately before the date of initial application.

Accordingly, comparative financial information presented in these financial statements have not been restated and continues to be reported under NZ IAS 17 and reclassifications and the adjustments arising from the adoption of NZ IFRS 16 have been recognised in the opening Statement of Financial Position on 1 April 2019.

42. Change in accounting policies (continued)

The Group used the following practical expedients when applying NZ IFRS 16 to leases previously classified as operating leases under NZ IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise lease liabilities and right-of-use assets for leases for which the lease term ends within 12 months of the date of initial application.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Used the practical expedient allowed with respect to lease and non lease components.
- Excluded short terms leases (less than 12 months lease term) and low value leases (less than $10,000).

a) Reconciliation of operating lease commitments disclosed as at 31 March 2019 to total lease liabilities recognised on adoption 1 April 2019

	$'000
Operating lease commitments as disclosed in the Group's consolidated financial statements at 31 March 2019	1,398
• Recognition exemption for short-term leases	(1)
• Effect of discounting using the incremental borrowing rate	(303)
Lease liabilities recognised at 1 April 2019	1,094

b) Incremental borrowing rate

On adoption of NZ IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of NZ IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.68%.

c) Right of use assets

	Printers $000's	Property $000's	Total $000's
Costs	0	0	0
Additions	41	1,053	1,094
Depreciation expenses	(19)	(258)	(277)
Net book value at 31 March 2020	22	795	817
Cost	41	1,053	1,094
Less accumulated depreciation	(19)	(258)	(277)
Net book value at 31 March 2020	22	795	817

d) Lease Liabilities

	2020 $000's
Printers	24
Property	815
Total lease liabilities	839
Maturity analysis - contractual undiscounted cashflows	
Less than 1 year	353
Later than 1 year and not later than 5 years inclusive	687
More than 5 years	0
Total undiscounted lease liabilities 31 March 2020	1,040

e) Amounts recognised in Statement of Comprehensive Income

Interest on lease liabilties	43
Expenses related to short term leases	1
Total Amount recognised in Statement of Compreshensive Income	44

42. Change in accounting policies (continued)

f) Cash outflows recognised in the Statement of Cashflows:

	2020 $000's
Recognised within cashflows from operating activities	
Interest elements of lease payments	43
Recognised within cashflows from financing activities	
Principle elements of lease payments	255
Total cash flows recognised in the Statement of cash flow	298

g) Impact on financial statements

Impact of the adoption of NZ IFRS 16 on the Statement of Financial Position as at 1 April 2019

	31 March 2019 As originally Presented $000's	1 April 2019 NZ IFRS 16 Adjustment $000's	01 April 2019 Restated $000's
Assets			
Cash and cash equivalents	18,253		18,253
Trade receivables and prepayments	3,991		3,991
Taxation receivable	13		13
Finance receivables	81,293		81,293
Deferred insurance contract acquisition costs	3,652		3,652
Deferred taxation	4,311		4,311
Financial assets at fair value through other comprehensive income	3,619		3,619
Plant and equipment	238	1,094	1,332
Intangible assets	2,373		2,373
Total assets	**117,743**	**1,094**	**118,837**
Liabilities			
Accounts payable and accruals	3,245		3,245
Outstanding claims liability	833		833
Employee entitlements	320		320
Unearned premium liability	10,460		10,460
Derivative financial instruments	285		285
Bank facilities	59,691		59,691
Other borrowings	13,318		13,318
Lease liabilities		1,094	1,094
Total liabilities	**88,152**	**1,094**	**89,246**
Equity			
Share capital	52,779		52,779
Reserves	(1,372)		(1,372)
Retained earnings	(22,877)		(22,877)
Non-controlling interest	1,061		1,061
Total equity	**29,591**	**0**	**29,591**
Total equity and liabilities	**117,743**	**1,094**	**118,837**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

42. Change in accounting policies (continued)

Presentation of the Statement of Comprehensive Income for the year ended 31 March 2020 as if NZ IFRS 16 has not been adopted

	Note	31 March 2020 As reported with adopting NZ IFRS16 $000's	Year Ended 31 March 2020 NZ IFRS 16 Adjustments $000's	31 March 2020 Amounts without adopting NZ IFRS 16 $000's
Interest income	(6)	15,052	-	15,052
Interest expense	(7)	(4,383)	43	(4,340)
Net interest income		10,669	43	10,712
Net premium revenue	(8)	11,258	-	11,258
Net claims expense	(9)	(4,861)	-	(4,861)
Underwriting profit		6,397	-	6,397
Other revenue	(10)	4,750	-	4,750
Operating revenue (net of interest expense and claim expense)		21,816	43	21,859
Operating expenses	(11)	(15,860)	(21)	(15,881)
Operating profit		5,956	22	5,978
Impaired asset expense	(12)	(1,854)	-	(1,854)
Net profit before taxation		4,102	22	4,124
Taxation (expense)/benefit	(13)	13	6	19
Net profit after taxation		4,115	28	4,143
Attributable to				
Group		3,705	28	3,733
Non-controlling interest	(20)	410	-	410
		4,115	28	4,143
Profit per share				
Basic profit per share (cents)	(32)	5.08		5.68
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Movement in fair value of available for sale equity securities	(15)	65	-	65
Exchange differences on translation of foreign operations		397	-	397
Cash flow hedge, net of tax	(28)	(266)	-	(266)
Other comprehensive income, net of tax		196	-	196
Total comprehensive income		4,311	28	4,339
Attributable to				
Group		3,901	28	3,929
Non-controlling interest	(20)	410	-	410
		4,311	28	4,339

42. Change in accounting policies (continued)

Presentation of the Statement of Financial Position as at 31 March 2020 as if NZ IFRS 16 has not been adopted

	Note	31 March 2020 As reported with adopting NZ IFRS16 $000's	Year Ended 31 March 2020 NZ IFRS 16 Adjustments $000's	31 March 2020 Amounts without adopting NZ IFRS 16 $000's
Assets				
Cash and cash equivalents	(14)	20,625	-	20,625
Trade receivables and prepayments	(34)	5,884	-	5,884
Taxation receivable		12	-	12
Finance receivables	(16)	82,868	-	82,868
Financial assets at fair value through other comprehensive income	(15)	3,684	-	3,684
Deferred insurance contract acquisition costs	(21)	4,102	-	4,102
Deferred taxation	(23)	4,712	6	4,718
Plant and equipment	(25)	1,217	(817)	400
Intangible assets	(24)	2,371	-	2,371
Total assets		**125,475**	**(811)**	**124,664**
Liabilities				
Accounts payable and accruals	(34)	4,351	-	4,351
Outstanding claims liability	(26)	962	-	962
Employee entitlements	(34)	435	-	435
Unearned premium liability	(27)	12,706	-	12,706
Derivative financial instruments	(28)	551	-	551
Bank facilities	(29)	60,598	-	60,598
Other borrowings	(30)	13,684	-	13,684
Lease liabilities		839	(839)	-
Total liabilities		94,126	(839)	93,287
Equity				
Share capital	(31)	52,779	-	52,779
Reserves	(31)	(1,176)	-	(1,176)
Retained earnings		(21,725)	28	(21,697)
Non-controlling interest	(20)	1,471	-	1,471
Total equity		31,349	28	31,377
Total equity and liabilities		**125,475**	**(811)**	**124,664**

GENEVA FINANCE LIMITED

SHAREHOLDER AND STATUTORY INFORMATION

Stock exchange listing

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

Registered principal security holders at 23 July 2020

Rank	Name	Units	% of issued capital
1	Federal Pacific Group Nominees Limited	45,707,267	62.67%
2	Peter Edward Francis & Deborah Anne Francis & Nigel Geoffrey Ledgard Burton	2,432,933	3.34%
3	Charles Paul Telford Hutchison & Gregory Rex Eden	2,003,000	2.75%
4	David Gerard O`Connell & Vivienne Ellen O`Connell & Liston Trustee Services Ltd	1,146,141	1.57%
5	Robin King & Lynn King	1,126,005	1.54%
6	Ronald Robin King & Lynn Barbara King <Robin & Lynn King Family A/C>	925,201	1.27%
7	David W Smale & E M Smale <D W & E M Smale Partnership	910,966	1.25%
8	Link Market Services Limited <Trading A/C>	805,286	1.10%
9	Brookes Lands Limited	785,131	1.08%
10	Jack Wakelin & Margo Wakelin	525,359	0.72%
11	Clinton Garwin Hartley & Jillian Leah Hartley & Aswan Hartley Trustees Limited	500,000	0.69%
12	John G Webber Limited	390,000	0.53%
13	Suvira Rani Gupta	376,769	0.52%
14	William Evans Mccready & Gillian Mccready & Lee Trustee Services Limited	353,406	0.48%
15	Forthbank Trustees Limited <Forthbank A/C>	338,926	0.46%
16	William Alexander A Cairns & Terence Stanley Nowland	338,926	0.46%
17	Alexander J Isaac & Pamela A Isaac & Lancelot G Parker	300,206	0.41%
18	Albert Boy & Lizel Boy	285,715	0.39%
19	Fulong Liu	284,211	0.39%
20	Fergley Trustee Limited	279,806	0.38%

Spread of security holders at 18 May 2020

Range	Number of shareholders	Units	% of issued capital
1 - 1,000	1	429	0.00%
1,001 - 5,000	273	898,400	1.23%
5,001 - 10,000	175	1,217,659	1.67%
10,001 - 50,000	158	3,528,394	4.84%
50,001 - 100,000	35	2,531,401	3.47%
100,001 and Over	48	64,758,992	88.79%
TOTAL	**690**	**72,935,275**	**100.00%**

Country	Number of Shareholders	%	Units	% of issued capital
New Zealand	656	99.34%	72,451,608	99.3%
Australia	17	0.19%	136,304	0.2%
United Kingdom	7	0.14%	100,494	0.1%
Other	10	0.33%	246,869	0.3%
	690	**100.0%**	**72,935,275**	**100.0%**

SHAREHOLDER AND STATUTORY INFORMATION

Substantial security holders

Pursuant to Section 35F of the Securities Market Amendment Act 2006, the substantial security holders as at 24 July 2020 were as follows:

	Number of Shares	%
Federal Pacific Group Nominees Limited	45,707,267	62.67%

The total number of voting securities of the company on issues on 24 July 2020 was 72,935,275 paid ordinary shares.

Statement of Directors security holdings

As at 31 March 2020 directors held the following securities in the Company:

	Units
R R King	2,027,599
D G O'Connell	1,146,141
D W Smale	978,392

Share transactions disclosed to the board and entered into the Company's Interest Register for the year ended 31 March 2020 were:

	Date of Transaction	Shares Acquired / (Disposed)	Consideration Paid / (Received) $	Nature of relevant interest
R R King	30/04/2019	3,806	2,132	Beneficial Owner
R R King	9/03/2020	20,000	9,000	Beneficial Owner
R R King	13/03/2020 & 08/03/2020	21,184	9,085	Beneficial Owner
R R King	23/03/2020	22,816	9,355	Beneficial Owner
R R King	30/03/2020	26,393	9,765	Beneficial Owner

Share transactions and holdings

The share transactions effected by directors as noted above have been recorded in the Interest Register.

Directors' remuneration and other benefits

The names of Directors of the Company during the year ended 31 March 2020 and the details of the remuneration and other benefits received for their services to the Company for the period ended on that date are:

	Fees $'000	Salary $'000	Bonus $'000	Other $'000	Total $'000
D S Smale	60,000				60,000
R R King	41,400				41,400
A L M Hutchison	41,400				41,400
MC Johnston	4,154				4,154
D G O'Connell		515,957		50,000	565,957
	146,954	515,957	-	50,000	712,911

Entries recorded in the interests register

Loans

The following director has been granted a loan. The loan carried an interest rate of 8% up to the 30 September 2007, from 1 October 2007 the loan is interest free. The loans was advanced to purchase shares in Financial Investment Holdings Limited. This loan was fully provided for at 31 March 2019.

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

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:

David Smale
DWEM Limited

Robin King
CQ Hotels Wellington Limited
Energy Assets Limited
Athena Debt Management Limited
Advance Loans Limited

David O'Connell
The Warrington Group Limited
WGL - Mitchelson St Limited
Haast Trustee Services Limited
Haast Investment Limited
Anglesea Medical Properties Limited
Architectural Interiors Construction Limited

Alan Hutchison
Fexco (NZ) Limited
Federal Pacific Group Limited
Federal Pacific Group Nominees Limited
Pacific Equity Investments 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 2020, is set out below:

Remuneration range	No. of employees
Geneva Finance Limited	
$140,001 - $150,000	1
$200,001 - $210,000	1
$210,001 - $220,000	1
$220,001 - $230,000	1
$240,001 - $250,000	1

CORPORATE DIRECTORY AND SHAREHOLDER INFORMATION

Corporate directory

Directors

David W Smale (*Chairman*)
Appointed 12 November 2008
Retired 3 August 2020

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

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

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

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

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

Registered office and address for service

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

Auditor
Baker Tilly Staples Rodway

Bankers
ANZ National Bank Limited
Westpac NZ Limited
Kiwi Bank Limited

Solicitor
Dermot Ross

Shareholder information

Company publications

Financial calendar

Half year results announced	November
Half year report	November
End of financial year	31 March
Annual results announced	June
Annual report	August
Annual dividend payment	N/A

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

Share registrar
Link Market Services Limited

Level 7, Zurich House, 21 Queen Street, Auckland 1010
PO Box 91976, Auckland, 1142
Telephone: +64 9 375 5998
Facsimile: +64 9 375 5990
Email: enquiries@linkmarketservices.co.nz

The financial statements are dated 31 August 2020 and are signed on behalf of the board.

D.G.O'Connell

Director **Director**