GENERAL CAPITAL

ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2022

General Capital Limited
Annual Report
For the year ended 31 March 2022

Contents

GENERAL CAPITAL

Directors' Profiles

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

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

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

BRENT DOUGLAS KING, BCom, CA, CMA
Managing Director

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

HUEI MIN LIM, LLB (Hons), MNZM, CMInstD
Non-executive Independent Director

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

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

Directors' Profiles (Continued)

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

Simon John McArley has been a director of General Capital Limited since 20 December 2017. He graduated from Victoria University, Wellington in 1984 with an LLB (Hons). Simon is a lawyer by training who specialises in corporate governance and risk.

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

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

Paul is a real estate professional with extensive property development and property management experience. He was previously Product Owner and Director of New Zealand's first property auction portal, PropFi ® a start-up real estate technology company that facilitated the sale and purchase of property through online auctions. Paul has been successfully trading financial markets for more than twenty years and as a registered Financial Services Provider, he has managed private investment portfolios and provided insurance services and financial mentoring throughout his career. Paul joined General Capital Limited effective 1 March 2022.

General Finance Directors and Executive

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

Don is a member of the Chartered Accountants Australia and New Zealand (CAANZ) and has practised as a Chartered Accountant in public practice since 1980. He retired as a Partner in Price Waterhouse in 1996 and has specialised in acting for small or medium sized enterprise businesses since then often fulfilling the role of finance director for those companies. Don was the Chairman of listed banking software technology company Finzsoft Solutions Ltd. Don is a previous Chairman of the Board of Directors of the Auckland Cricket Association.

He has held a previous public company directorship with Cooks Global Foods Ltd as well as directorships with a number of private companies.

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

Rob is a director of Waikato law firm Ellice Tanner Hart, who has practised law for 16 years. In this role he has wide experience acting on finance and security related matters involving various tiers of lenders. He also advises clients on governance and insolvency related matters. Rob was previously a director of New Zealand Cricket Incorporated and is currently deputy chair of Balloons Over Waikato Trust which annually stages Waikato's largest event.

Rob is a member of the New Zealand Sports Tribunal and has held directorships with a number of private companies.

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

VICTOR PLIEV BCom, CA
General Capital Limited Chief Financial Officer

Victor is a Chartered Accountant and has been a member of the Chartered Accountants Australia and New Zealand (CAANZ) since 2012. He has over 10 years post-university working experience, including several years working in business advisory roles for a chartered accounting firm and other accounting and finance roles for listed and unlisted companies. Victor joined General Capital Group on 28 February 2022.

Directors' Report

The Directors of General Capital are very pleased to present our Annual Report including the Audited Annual Accounts for the year ending 31 March 2022.

1.0 Background

All shareholders will be familiar with the business and economic conditions of the year ended 31 March 2022. We do not want to dwell on the negative issues and the the impact of Covid. These have been widely discussed in the media. This has been an excellent year for us, and we want to remain focused on the positive.
We simply acknowledge the fact that times have been challenging with the Covid pandemic dominating most discussions and decisions.

We have seen this as the challenge of the 2020's but it is simply up to the leaders to lead their organisations through this challenge as it will be for the to do so for the next challenge. There is no reason to dwell on this any further.

2.0 Our Year

This year is one of achievement. In the past years we have focused on growth, building our infrastructure, our market presence and our Brand. That investment has allowed us to grow quickly last year in all aspects of our business.

General Capital Group saw growth in

- Deposits Up 52% to $88.0m
- Loans Up 49% to $80.0m
- Cash Up 128% to $16.7m
- Total Assets Up 51% to $102.9m
- Revenue Up 64% to $8.0m
- NPAT for the Group Up 1,540% to $1.3m

The biggest success is that we have been able to increase the size of the business significantly, and also increase revenue and profits at a faster rate. Growth always incurs cost so to be able to increase the asset size and the profits is very pleasing.

The biggest positive for us is that we are very well set up for the 2023 year.

2.1 General Finance Credit Rating

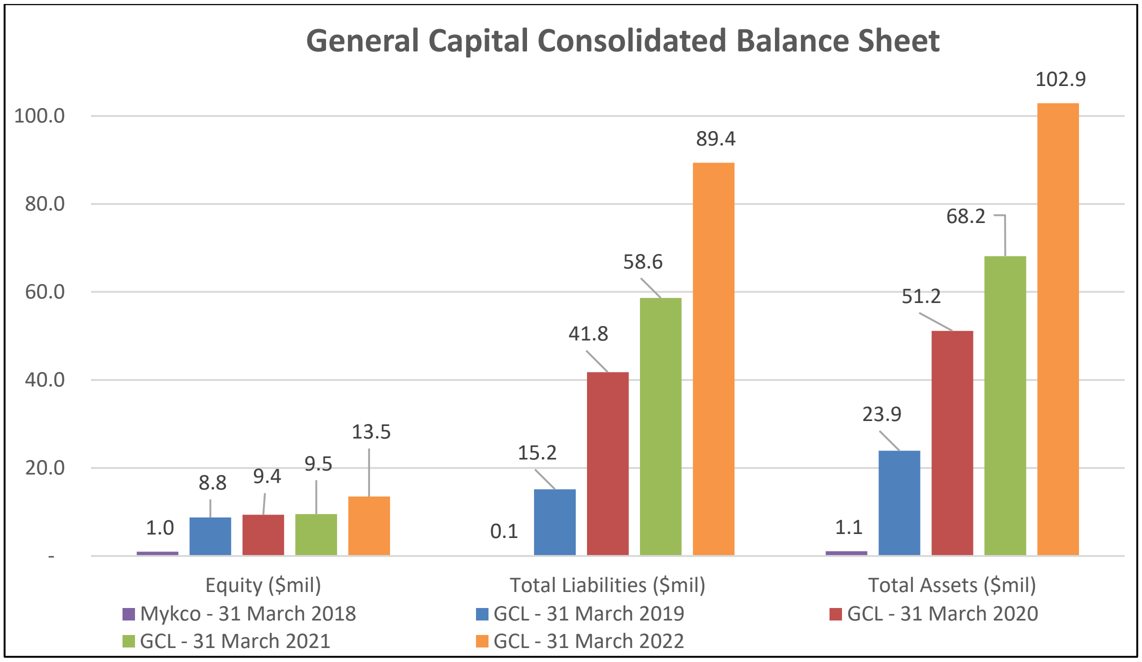
General Finance has had a credit rating from Equifax Australasia Credit Ratings Pty Ltd ("Equifax"). Equifax gives ratings from AAA through to C (excluding ratings attaching to entities in default).

Equifax has issued General Finance a credit rating of BB- with a Stable Outlook. According to Equifax's criteria, this rating is classified as "Near Prime" and has "Low to Moderate" risk level.

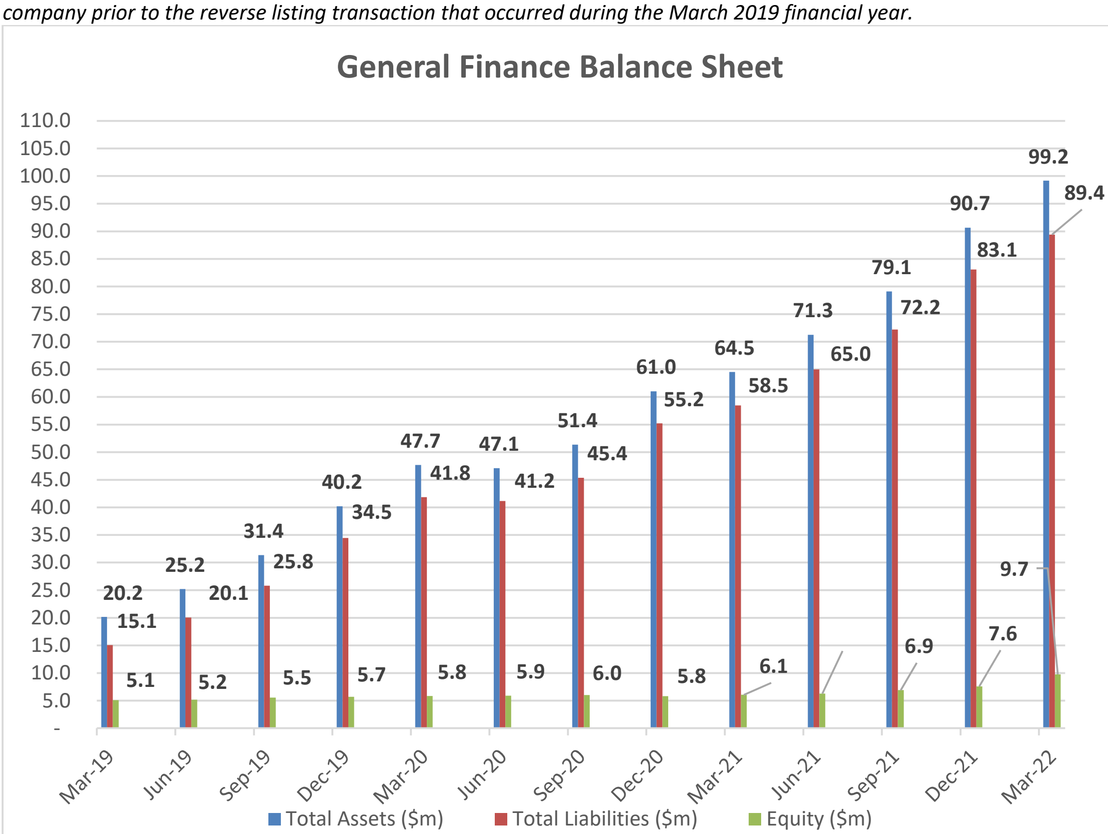
General Finance is very pleased with this rating as a number of participants in the financial services sector have been downgraded due to the impact of the Covid pandemic.

To hold a Credit rating of near prime and low to moderate risk is a strong endorsement of General Finance's performance.

Directors' Report (Continued)



31 March 2019 to 31 March 2022 figures are extracted from audited financial statements of General Capital Limited (GCL). 31 March 2018 figures are extracted from the 31 March 2018 audited financial statements of Mykco Limited, the listed shell company prior to the reverse listing transaction that occurred during the March 2019 financial year.



Directors’ Report (Continued)

3.0 Staff and Directors

There is no question that this year has taken its toll on the staff and Directors. The challenges have been continuous, and it is an absolute credit to the team to be able to produce this result. The Group must seek ways to compensate the team members for their performances. We have seen a number of changes in the staff, and this is an indication of the impact the year has taken on the team. We are all aware of the labour market and also the increase in remuneration packages that have been offered by competitors to attract and retain staff.

We need to ensure that we are competitive in the market and have top quality staff to manage our profitable, fast-growing businesses.

4.0 General Capital in the Community

We operate in the fantastic community that New Zealand offers us all. Our duty is to run our businesses as well as we are able.

We aim to be a good New Zealand citizen in all regards. We have undertaken some interesting initiatives this year and you can find photos of some of these in this Annual Report.

We haven’t undertaken these because we are required to but because we wanted to do so.

Examples

- We have made 2 donations to a food bank because we simply couldn’t stand the thought of the people not having food to eat in New Zealand
- We have sponsored the very popular “ Synthony “ because it was a show piece for New Zealand talented orchestra performers and New Zealanders can have a great night out without having to spend hundreds of dollars to watch some international “ star’ and who will take 60% of the proceeds out of New Zealand
- We sponsored the North Harbour veterans golf tournament because this group of people have given so much to our country and deserve a little support and thanks
- We sponsored a tennis club for the same reason

Obviously, we gain benefits from the above, some being feelings of goodwill, some financial and some simply from seeing people better off. We will continue to make these contributions to our community as we make our company bigger and better.

5.0 Investment Research Group Ltd. (IRG)

IRG has had a very good year in the advisory area, but it has not undertaken the research for the very popular IRG yearbook.

The yearbook is an icon in New Zealand, however with the market in turmoil and the difficulty of getting staff we found it impossible to undertake the project. This reduced revenue and profits for IRG.

We note that the Auditors want forward contracts to justify the carrying value of IRG (including goodwill). Whilst we respect the Auditors views, we have had a good cash return from this business over the last few years. IRG contributes a significant amount to the spreading of overhead costs of the General Capital Group.

This is another reason why we are comfortable with the carrying value. We will review this at the end of each accounting period (the same way we review the carrying value of every asset).

Directors' Report (Continued)

6.0 General Finance Ltd. (General Finance)

General Finance is the largest operating subsidiary of the Group and has the benefit of most of the Group's capital and resources. General Finance has performed very well this year. All financial indicates improved and the balance sheet has continued the strong growth trajectory it has been on for the last three years.

7.0 Cannabis

The listing of Greenfern Industries Ltd (GFI : NZ) managed by IRG was a significant achievement, considering the time and the market. It was profitable for General Capital and added to the awareness of General Capital and IRG. There is no question that the cannabis sector is in rapid growth around the world, and it is likely that it will be in the mainstream within 5 years. We hope New Zealand will be part of that sector in a measured, medical way.

8.0 Governance, Administration and Compliance

We operate in a sector that is one of the most regulated in New Zealand. We have responsibilities to a large number of different regulators and supervisors.

The Boards of Directors are all very competent individuals who are qualified in their own fields of expertise.

They take their responsibilities very seriously and they ensure they take all reasonable steps to ensure compliance with our companies' obligations.

We respect the need for regulators and their objectives; however, we all note that in every major financial collapse there are failures. Rules and regulations will not stop this.

We have a major objective to be in the top performers compliance wise and financial performance wise in the sector.

The interesting point is how quickly financial markets can change. The Covid pandemic and the Russian invasion of Ukraine have "arrived" quickly and had massive impacts on the world economies. Although we have a comprehensive Risk Management Plan, it is almost impossible to predict such events. We must remain vigilant and aware to not only protect ourselves against such events but to also take advantage of them.

9.0 The future

The General Capital Group is extremely well placed to take advantage of opportunities over the next few years.

- We expect to continue the strong balance sheet growth.
- We expect to increase our profit growth
- We will increase staff numbers and staff expertise so we can improve our systems and procedures, so we are more resilient for inevitable financial correction, and more ready to take advantage of the opportunities.
- We will consider new lending niche opportunities to complement our current business.
- We will aim to undertake a significant advisory project in the next 2 years.
- We will take decisions that will enhance our share value.
- We will constantly review regulatory changes (e.g.the Deposit Taker's Bill) to find a way in which we can create a niche for us for the next decade.

Directors' Report (Continued)

10.0 Summary

This has been an excellent year. This is just one more step in our staircase. We will continue to grow and develop the General Capital Group. Our business has matured but there are still very significant opportunities that are untouched. The best is yet to come for the General Capital shareholders.

Rewi Hamid Bugo
Chairman

Brent Douglas King
Managing Director

Corporate Governance Statement

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

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

The Board framework and governance practices for the year ended 31 March 2022 were mostly compliant with the requirements of the NZX rules. The Governance Code contains eight (8) principles and various recommendations for each principle. The Board has reported on the Company's compliance with each of the recommendations which are included below.

The NZX Corporate Governance Code can be found on the NZX Website at: www.nzx.com/regulation/nzx-rules-guidance/corporate-governance-code.

Principal 1 – Code of Ethical Behaviour

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

RECOMMENDATION 1.1

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

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

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

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

Compliance with recommendation during the year ended 31 March 2022:
The Board has a strong belief that ethical behaviour is paramount to good corporate governance and underpins the reputation of the Company. As such, the ethical principles that were applied by the Board (and required of management and employees) were in line with the recommendations above.

The Group's code of ethics complies with the recommendation in full. Employees are required to read the code of ethics, and periodic training is provided. The code of ethics has been published on the Company's website at www.gencap.co.nz/corporate-governance.

Corporate Governance Statement (Continued)

RECOMMENDATION 1.2

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

Compliance with recommendation during the year ended 31 March 2022:

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

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

PRINCIPLE 2 – Board Composition & Performance

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

Board Composition

Board members who have a wide range of business, technical and financial background lead the Company. The Board is responsible and accountable to shareholders and other stakeholders for the Company's performance and its compliance with applicable laws and standards.

The Board of Directors currently comprises five (5) directors, four (4) of which are Non-executive Directors (Rewi Hamid Bugo (Chairman), Huei Min Lim, Paul William Zingel and Simon John McArley) and one (1) Executive Director (Brent Douglas King).

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

Paul William Zingel was appointed as a director effective from 1 March 2022. The Board determined that notwithstanding his association with a significant product holder, there were no particular circumstances that would materially interfere with his ability to exercise independent judgment and he was identified an independent director of the Company.

By virtue of the extent of his product holding, Rewi Hamid Bugo has not been identified as an independent director of the Company and by virtue of being an officer of the Company, Brent Douglas King has not been identified as an independent director of the Company.

Graeme Iain Brown has ceased being a director on 24 March 2022, he was non-executive and independent director during the year ended 31 March 2022.

Refer to the Directors' Profiles section of this Annual Report for further details.

Board Meetings

The Company's Board meetings are conducted in accordance with proper process. This enables the Board to peruse any board papers and review any issues to be deliberated at the Board meeting to enable Directors to make informed decisions. A total of 5 (five) Board meetings were held during the financial year under review. Board attendance has been recorded as follows:

Board Members	Board	Audit Committee
Rewi Hamid Bugo (Chairman)	5	3
Brent Douglas King	5	N/A
Huei Min Lim	5	3
Graeme Iain Brown	4	3
Simon John McArley	4	3
Paul William Zingel	0	0

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

Corporate Governance Statement (Continued)

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

	as at 31 March 2022		as at 31 March 2021	
	Directors	**Officers***	**Directors**	**Officers***
Female	1	1	1	0
Male	4	3	4	3
Total	5	4	5	3

*Officers excludes any directors of the Company.

RECOMMENDATION 2.1
The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.

Compliance with recommendation during the year ended 31 March 2022:

The Board has had in place throughout the year a board charter which sets out the roles and responsibilities of the Board and management and complies with the recommendation in full. The charter was reviewed and confirmed by the Board in November 2021.

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

RECOMMENDATION 2.2
Every issuer should have a procedure for the nomination and appointment of directors to the board.

Compliance with recommendation during the year ended 31 March 2022:

Paul William Zingel has been appointed as director effective from 1 March 2022. The Board follows the requirements of the NZX Rules, the commentary in the NZX Corporate Governance Code and the requirements of its nomination procedure. In November 2021 the Board adopted a board skills matrix to assist when selecting new directors.

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

RECOMMENDATION 2.3
An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.

Compliance with recommendation during the year ended 31 March 2022:

Paul William Zingel was appointed as a director effective from 1 March 2022 and has entered into the written agreement prescribed by the Company's nomination procedure.

The Company's nomination procedure which sets out the form of agreement to be used is included in the Company's Board Policies and Procedures document which is published on the Company's website at www.gencap.co.nz/corporate-governance.

Corporate Governance Statement (Continued)

RECOMMENDATION 2.4

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

Compliance with recommendation during the year ended 31 March 2022:
All of the information detailed in the recommendation is included in the Annual Report and can be found in the Directors Profiles, Corporate Governance Statement and Shareholder and Statutory Information sections.

RECOMMENDATION 2.5

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

Compliance with recommendation during the year ended 31 March 2022:

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

The Company's diversity policy is included in the Company's Board Policies and Procedures document which is published on the Company's website at www.gencap.co.nz/corporate-governance. In November 2021 the Board adopted measurable objectives for achieving diversity and inclusion in accordance with the diversity policy and will report progress against those measures in future annual reports.

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

RECOMMENDATION 2.6

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

Compliance with recommendation during the year ended 31 March 2022:
The Company's Board understand their obligations as Directors of a publicly listed Company and undertake training when necessary to remain current on how to best perform their duties. In November 2021 the Board adopted a board skills matrix to assess training and development needs.

RECOMMENDATION 2.7

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

Compliance with recommendation during the year ended 31 March 2022:
Director and Board performance is considered crucial to the success of the Group. The Board regularly reviews its performance and the performance of its members. This includes an assessment of whether the composition of the board is adequate and whether any training is needed for Directors.

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

Corporate Governance Statement (Continued)

RECOMMENDATION 2.8

A majority of the board should be independent directors.

Compliance with recommendation during the year ended 31 March 2022:

As detailed in the Board Composition section above, 4 of the 6 Directors have been identified as Independent Directors of the Company. Of the 2 remaining directors, 1 is a Non-executive Director.

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

RECOMMENDATION 2.9

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

Compliance with recommendation during the year ended 31 March 2022:

Rewi Hamid Bugo is the Chair of the Company and Brent Douglas King is the Managing Director (CEO). By virtue of the extent of his product holding, Rewi Hamid Bugo has not been identified as an independent director of the Company and by virtue of being an officer of the Company, Brent Douglas King has not been identified as an independent director of the Company.

Principle 3 – Board Committees

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

Recommendation 3.1

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

Compliance with recommendation during the year ended 31 March 2022:

General Capital Limited has an Audit Committee which comprises the following non-executive directors:

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

The Audit Committee responsibilities include the following:

1. Ensuring that processes are in place and monitoring those processes so that the board is properly and regularly informed and updated on corporate financial matters;
2. Recommending the appointment and removal of the independent auditor;
3. Meeting regularly to monitor and review the independent and internal auditing practices;
4. Having direct communication with and unrestricted access to the independent auditor and any internal auditors or accountants;
5. Reviewing the financial reports and advising all Directors whether they comply with the appropriate laws and regulations; and
6. Ensuring that the Key Audit Partner is changed at least every 5 years.

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

Corporate Governance Statement (Continued)

The Company's Audit Committee Charter was reviewed by the committee and the Board in November 2021 and confirmed. The Company's Audit Committee Charter has been published on the Company's website at www.gencap.co.nz/corporate-governance.

Recommendation 3.2
Employees should only attend audit committee meetings at the invitation of the audit committee.

Compliance with recommendation during the year ended 31 March 2022:
Non-committee members including employees only attend audit committee meetings at the invitation of the Audit Committee.

Recommendation 3.3
An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.

Compliance with recommendation during the year ended 31 March 2022:
Remuneration committee responsibilities were dealt with by the full Board during the year ended 31 March 2022. Employees only attended meetings at the invitation of the Board.

The responsibilities included recommending remuneration packages for directors for consideration by shareholders and to approve Managing Director and senior management remuneration. Any directors who were conflicted on matters were unable to participate in the decisions made in relation to those matters.

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

Recommendation 3.4
An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.

Compliance with recommendation during the year ended 31 March 2022:
Nomination committee responsibilities were dealt with by the full Board during the year ended 31 March 2022.

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

Recommendation 3.5
An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

Compliance with recommendation during the year ended 31 March 2022:
Given the size and scale of the Company's business and the resources available, the Board has not considered it necessary to have any other board committees during the year. The Board will review this periodically.

Corporate Governance Statement (Continued)

Recommendation 3.6
The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. It should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.

Compliance with recommendation during the year ended 31 March 2022:
In the event of a takeover bid, the Board would determine the appropriate actions to take including the scope of independent advisory reports to shareholders, and whether an independent takeover committee should be established in accordance with the takeover response procedure.

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

PRINCIPLE 4 – Reporting & Disclosure

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

Recommendation 4.1
An issuer's board should have a written continuous disclosure policy.

Compliance with recommendation during the year ended 31 March 2022:
The Company's Board is committed to keeping investors and the market informed of all material information about the Company and its performance in line with the NZX listing rules and has done so throughout the period.

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

Recommendation 4.2
An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.

Compliance with recommendation during the year ended 31 March 2022:
Key governance documents that have been adopted by the Company are published on the Company's website at www.gencap.co.nz/corporate-governance.

Recommendation 4.3
Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including considering material exposure to environmental, economic and social sustainability factors and practices. It should how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board.

Compliance with recommendation during the year ended 31 March 2022:

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

Corporate Governance Statement (Continued)

For the financial year ended 31 March 2022, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

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

Non-financial reporting

Due to its current size, the Company is in the early stages of considering how and to what extent it should report on non-financial information such as environmental, social and governance matters (ESG). The Company does not currently have a formal ESG reporting framework, however this is being considered by the Board with the intention that the Company will report on these non-financial matters in the future.

PRINCIPLE 5 – Remuneration

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

Recommendation 5.1

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

Compliance with recommendation during the year ended 31 March 2022:

Shareholders approved a total Directors' remuneration fee pool of $300,000 per annum in the Special Meeting of shareholders on 31 July 2018. Director remuneration is disclosed in the Shareholder and Statutory Information section of the Annual Report.

The Directors fees pool has remained unchanged for 5 years and during this time the Group has grown by over 8 times. The Directors are proposing to recommend to this year's Annual Meeting to increase the Director's fee pool to $450,000. This will allow for additional Directors as well as an increase to existing Directors for the increase in responsibilities. Note the fee pool includes payments to Directors of subsidiaries.

Recommendation 5.2

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

Compliance with recommendation during the year ended 31 March 2022:

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

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

Recommendation 5.3

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

Compliance with recommendation during the year ended 31 March 2022:

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

PRINCIPLE 6 – Risk Management

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

Recommendation 6.1

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

Compliance with recommendation during the year ended 31 March 2022:
The Group is committed to proactively managing risk and this has been the responsibility of the entire Board with the assistance of the audit committee during the period. The Board delegates day to day management of risks to the Managing Director. The executive team and senior management are required to regularly identify the major risks affecting the business and develop structures, practices and processes to manage and monitor these risks.

The Board is satisfied that the Group has in place a risk management process to effectively identify, manage and monitor the Group's principal risks. The Group maintains insurance policies that it considers adequate to meet its insurable risks.

The Company's Risk Management and Compliance framework has been under review for some time. Completion of this exercise has been delayed by resource constraints and other disruptions related to the Covid-19 pandemic. The Board is committed to completing this work in the coming year.

Recommendation 6.2

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

Compliance with recommendation during the year ended 31 March 2022:
The Group operates with a small number of employees in a relatively low health and safety risk office environment. Despite this, the Board recognises that effective management of health and safety is essential for the operation of a successful business, and endeavours to prevent harm and promote wellbeing for employees, contractors and customers.

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

PRINCIPLE 7 – Auditors

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

Recommendation 7.1

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

(a) for sustaining communication with the issuer's external auditors;

(b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired or could be reasonably be perceived to be impaired;

(c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer; and

(d) to provide for the monitoring and approval by the issuer's audit committee of any service provided by the external auditors to the issuer other than in their statutory audit role.

Compliance with recommendation during the year ended 31 March 2022:

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

For the financial year ended 31 March 2022, Baker Tilly Staples Rodway was the external auditor for the Company. Baker Tilly Staples Rodway were automatically re-appointed under the Companies Act 1993 at the Company's annual meeting held 3 September 2021. The statutory audit services are fully separated from non-audit services to ensure that appropriate independence is maintained. The amount of fees paid to Baker Tilly Staples Rodway for audit and other services is identified in note 7.2 in the notes to the consolidated financial statements.

Baker Tilly Staples Rodway has provided the Board with written confirmation that, in their view, they were able to operate independently during the year.

Recommendation 7.2

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

Compliance with recommendation during the year ended 31 March 2022:

Baker Tilly Staples Rodway are invited to attend the annual meeting, and the lead audit partner is expected to be available to answer questions from shareholders at that meeting. Baker Tilly Staples Rodway attended the annual meeting held 3 September 2021.

Recommendation 7.3

Internal audit functions should be disclosed.

Compliance with recommendation during the year ended 31 March 2022:

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

Corporate Governance Statement (Continued)

Principle 8 – Shareholder Rights & Relations

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

Recommendation 8.1

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

Compliance with recommendation during the year ended 31 March 2022:

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

Recommendation 8.2

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

Compliance with recommendation during the year ended 31 March 2022:

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

Recommendation 8.3

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

Compliance with recommendation during the year ended 31 March 2022:

Shareholders have been given the right to vote on all major decisions in line with the NZX Rules during the year ended 31 March 2022.

Corporate Governance Statement (Continued)

Recommendation 8.4

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

Compliance with recommendation during the year ended 31 March 2022:

During the year ended 31 March 2022, the Company:

a. Issued 8,333,333 ordinary shares at 6.00 cents per share for proceeds totalling $500,000 on 27 September 2021 under a placement to Borneo Capital Limited. The placement was done to expand the Company's working capital and the directors of the Company determined that the limited scale of the capital raising did not justify the cost of a wider offer to all shareholders at that time.
b. Issued 6,667,775 ordinary shares at 6.00 cents per share for proceeds totalling $400,000 on 8 December 2021 under a placement to a wholesale investor. The placement was done to expand the Company's working capital and the directors of the Company determined that the limited scale of the capital raising did not justify the cost of a wider offer to all shareholders at that time.
c. Issued 34,782,609 ordinary shares at 5.75 cents per share for proceeds totalling $2,000,000 on 23 February 2022 under a placement to a wholesale investor. The placement was done to expand the Company's working capital and the directors of the Company determined that the limited scale of the capital raising did not justify the cost of a wider offer to all shareholders at that time

These issues of financial products were approved by product holders at the 2021 Annual meeting. In the notice of meeting the directors highlighted that they believed that the likely outcome of and the cost of extending this offer to all shareholders was not in the best interest of the Company or its shareholders.

No other capital raising activities were undertaken during the year.

The directors of the Company expect to propose additional capital raising in the coming year to support the capital requirements of General Finance Limited and to expand the working capital of the Company. The proposal is expected to be included with the notice of the 2022 annual shareholders meeting. Again the directors of the Company consider that the likely outcome of and the cost of extending this offer to all shareholders is unlikely to be in the best interest of the Company or its shareholders.

Recommendation 8.5

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

Compliance with recommendation during the year ended 31 March 2022:

The Board encourages shareholder participation in meetings and understands that shareholders need sufficient time to consider information prior to meetings. The notice of the 2021 annual meeting was posted on the Company's website more than 20 working days prior to the meeting. Due to Covid 19 restrictions the 2021 annual meeting was subsequently adjourned for a further 7 working days.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of General Capital Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of General Capital Limited and its subsidiaries ('the Group') on pages 28 to 70, which comprise the consolidated statement of financial position as at 31 March 2022, 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, 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 Qualified Opinion

The Group's goodwill and other indefinite life intangible assets allocated to its research and advisory cash-generating unit ('the research and advisory CGU'), as disclosed in Note 14 of these consolidated financial statements, is carried at $1.06m (2021: $1.06m) on the Group's consolidated statement of financial position as at 31 March 2021 and 31 March 2022. We were unable to obtain sufficient appropriate audit evidence to support critical assumptions and estimates used to determine the recoverable amount of the goodwill and other indefinite life intangible assets allocated to the research and advisory CGU, specifically the achievability of forecast future revenue growth, the associated cash flows and the discount rate applied. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other than in our capacity as auditor, our firm carries out other assignments for General Capital Limited and its subsidiaries in the area of taxation compliance services. The provision of these other services has not impaired our independence.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion section*, we have determined the matters below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Applicability of the going concern basis of accounting

As disclosed in Note 2 and 4.2 of the Group's consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As described in Note 4.1 of the Group's consolidated financial statements, the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events, have lowered economic activity and confidence.

The application of the going concern basis of accounting was significant to our audit due to the subjectivity, complexity and uncertainty inherent in assessing the impact the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events will have of the Group's forecast earnings, cash flow and financial position.

Management has prepared forecast earnings, cash flows and financial position models as part of its assessment of whether the Group's application of the going concern basis of accounting was appropriate for the 31 March 2022 consolidated financial statements.

Given the nature of the Group's business, being a non-bank deposit taker and mortgage lender, term deposit re-investment and new deposit investment rates are critical to the Group's application of the going concern basis of accounting.

This assessment involves complex and subjective estimation and judgement by</td><td>Our audit procedures among others included:
Evaluating Management's assessment as to whether potential impacts as a result of the implications of the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events could be material;
Evaluating Management's response plan to the potential impacts identified as a result of the implications of the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events;
Evaluating Management's assessment of the direct and indirect financial impacts of the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events on the carrying value of the Group's reported assets and liabilities, and reported amounts of revenues and expenses;
Evaluating Management's assessment of the Group's ability to continue to apply the going concern basis of accounting, and the appropriateness of this considering present economic conditions;

Procedures included:
Evaluating Management's process regarding the preparation and review of forecast financial statements (balance sheet, income statement, and cash flow statement);
Comparing Management's forecasts to Board approved forecasts;
Evaluating the cash flow requirements of the Group for twelve months from the date of signing the financial statements based on Management's forecasts;
Evaluating the liquidity of existing financial assets on the Group's Statement of Financial Position;
Evaluating the actual term deposit reinvestment and new term deposit investment rates since March 2021 and comparing them to Management's forecasts up to the date of the signing of these financial statements;
Challenging Management's assumptions, estimates and judgements used; and</td></tr>
</table>

Key Audit Matter	How our audit addressed the key audit matter
Management on the future performance, cashflows and position of the Group. Management have also performed sensitivity analysis for reasonably possible changes in key forecast assumptions.	o Evaluating Management's sensitivity analysis for reasonably possible changes in key assumptions, with an emphasis on the potential downside scenarios and the resultant impact on available funds (these scenarios included stressed analysis which considered the reduction in the property values of loan securities, a reduction in the actual term deposit reinvestment rates and new term deposit investment rates). • Evaluating the disclosures related to the Group's application of the going concern basis of accounting and the impact of the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events on the Group which are included in the Group's consolidated financial statements.
Impairment assessment of loan receivables As disclosed in Note 11 of the Group's financial statements, the Group has loan receivable assets of $80.9m consisting of short and long-term loans secured by residential (including apartments) and commercial property. Loan receivable assets were significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the timing of the recognition of impairment in respect of loan receivables and the amount of that impairment. Management has prepared impairment models to complete its assessment of impairment for the Group's loan receivables as at 31 March 2022. This assessment involves complex and subjective estimation and judgement by Management on credit risk and the future cash flows of the loan receivables.	Our audit procedures among others included: • Understanding and evaluating the Group's internal controls relevant to the accounting estimates used to determine the recoverable value of the Group's finance receivables; • Evaluating the design and operating effectiveness of the key controls over loan receivable origination, ongoing administration and impairment model data and calculations; • Selecting a representative sample of loan receivables and agreeing these loan receivables to the loan agreement, client acceptance documents, mortgage documents, and valuations performed on acceptance; • Challenging and evaluating Management's logic, key assumptions, and calculation of its expected credit loss models against the requirements specified in NZ IFRS 9 for recognising expected credit losses on financial assets; • For individually assessed loan receivables, examining those finance receivables and forming our own judgements as to whether the expected credit losses provision recognised by Management was appropriate (including the consideration of the impact of the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events on the expected credit losses provision); • Testing the key inputs and the mathematical accuracy of the calculations of the loan to value ratio analysis used to individually assess the recoverability of loan receivables. We have specifically challenged the valuation of the underlying security and performed sensitivity analyses for reasonably possible changes to the key inputs (including the consideration of the impact of the ongoing COVID-19 pandemic on the valuation of the underlying security); • For the 12 months expected credit loss provision, challenging and evaluating the logic within Management's model and key assumptions used with our own experience (including the consideration of the impact of the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events on key assumptions used). Also, testing key inputs used in the collective impairment models and the mathematical accuracy of the calculations within the model; • Evaluating the changes made to the expected credit losses impairment model to capture the effect of the changing economic environment at 31 March 2022 compared to the economic environment at the date when the historical data used to determine the expected credit losses was collected; • Evaluating the selection of valuation methods, inputs and assumptions with a view to identifying Management bias; and

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td></td><td>Evaluating the related disclosures (including the accounting policies and accounting estimates) about loan receivable assets, and the risks attached to them which are included in the Group's consolidated financial statements.</td></tr>
<tr><td> Impairment assessment of goodwill and other indefinite life intangible assets
As disclosed in Note 14 of the Group's consolidated financial statements, the Group has goodwill of $2.35m and indefinite life intangible assets of $0.3m, allocated across the two cash-generated units ('CGU's'). Goodwill and other indefinite intangible assets were significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the measurement of the recoverable amount of these CGU's for the purpose of the required annual impairment test. The measurement of a CGU's recoverable amount includes the assessment and calculation of its 'value-in-use'.
Management has completed the annual impairment test for each of the two CGU's as at 31 March 2022.
This annual impairment test involves complex and subjective estimation and judgement by Management on the future performance of the CGU's, discount rates applied to the future cashflow forecasts and future market and economic conditions.
In addition, the Basis for Qualified Opinion section of our report describes that we were unable to obtain sufficient appropriate audit evidence to support critical assumptions and estimates used to determine the recoverable value of the goodwill and other indefinite life intangible assets allocated to the research and advisory CGU. </td>
<td> Our audit procedures among others included:

Understanding and evaluating the Group's internal controls relevant to the accounting estimates used to determine the recoverable value of the Group's CGUs;
Evaluating Management's determination of the Group's CGUs based on our understanding of the nature of the Group's business and the economic environment in which the segments operate. We also analysed the internal reporting of the Group to assess how the CGUs are monitored and reported;
Challenging Management's assumptions and estimates used to determine the recoverable value of its indefinite life intangible assets, including those relating to forecasted revenue, cost, capital expenditure and discount rates, by adjusting for future events and corroborating the key market related assumptions to external data (including the consideration of the impact of the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events).
Procedures included:

Evaluating the logic of the value-in-use calculations supporting Management's annual impairment test and testing the mathematical accuracy of these calculations;
Evaluating Management's process regarding the preparation and review of forecast financial statements (balance sheet, income statement, and cash flow statement);
Comparing forecasts to Board approved forecasts;
Evaluating the historical accuracy of the Group's forecasting to actual historical performance;
Evaluating the inputs to the calculation of the discount rates applied;
Engaging our own internal valuation experts to evaluate the logic of the value-in-use calculation and the inputs to the calculation of the discount rates applied;
Evaluating the forecasts, inputs and any underlying assumptions with a view to identifying Management bias;
Evaluating Management's sensitivity analysis for reasonably possible changes in key assumptions; and
Performing our own sensitivity analyses for reasonably possible changes in key assumptions, the two main assumptions being: the discount rate and forecast growth assumptions.

Evaluating the related disclosures (including the accounting policies and accounting estimates) about goodwill and other indefinite life intangible assets, which are included in the Group's consolidated financial statements.
</td></tr>
</table>

Other Matter - Matters relating to our Independent Auditor's Report on the financial statements of the Group for the year ended 31 March 2021

Our Independent Auditor's Report on the consolidated financial statements of the Group for the year ended 31 March 2021 dated 29 June 2021 was a Qualified Opinion, the Basis for Qualified Opinion upon which was as follows:

> *The Group's goodwill and other indefinite life intangible assets allocated to its research and advisory cash-generating unit ('the research and advisory CGU'), as disclosed in Note 14 of these consolidated financial statements, is carried at $1.06m (2020: $1.06m) on the Group's consolidated statement of financial position as at 31 March 2020 and 31 March 2021. We were unable to obtain sufficient appropriate audit evidence to support critical assumptions and estimates used to determine the recoverable amount of the goodwill and other indefinite life intangible assets allocated to the research and advisory CGU, specifically the achievability of forecast future revenue growth, the associated cash flows and the discount rate applied. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.*

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 2022 (but does not include the consolidated financial statements and our auditor's report thereon).

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed , we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:
https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

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

This audit report relates to the consolidated financial statements of General Capital Limited and its subsidiaries for the year ended 31 March 2022 included on General Capital Limited's website. The Directors of General Capital Limited are responsible for the maintenance and integrity of General Capital Limited's website. We have not been engaged to report on the integrity of General Capital 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 30 June 2022 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 G K Raniga.

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUCKLAND

Auckland, New Zealand

30 June 2022

GENERAL CAPITAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 $	2021 $
Interest income	5	5,574,439	3,533,401
Interest expense	5	(2,976,011)	(2,246,097)
Net interest income		2,598,428	1,287,304
Fee and commission income	5	1,894,291	933,176
Fee and commission expense	5	(500,302)	(247,997)
Net fee and commission income		1,393,989	685,179
Revenue from contracts with customers	5	512,588	279,045
Cost of sales	5	(57,290)	(37,696)
Gross profit from contracts with customers		455,298	241,349
Modification gain on loan receivables	5	-	86,489
Other income	5	36,931	48,193
Net revenue		4,484,646	2,348,514
Increase in allowance for expected credit losses	11	(66,266)	(27,372)
Personnel expenses		(1,010,670)	(781,919)
Occupancy expenses		-	(89,485)
Depreciation		(150,996)	(17,085)
Amortisation of intangible assets	14	(5,230)	(23,431)
Realised losses on bonds sold	7.1	-	(190,085)
Other operating expenses	7.2	(1,362,869)	(1,098,404)
		(2,596,031)	(2,227,781)
Profit before income tax expense		1,888,615	120,733
Income tax (expense) / benefit	8	(547,952)	(38,967)
Net profit after income tax expense		1,340,663	81,766
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income	15, 17(c)	(144,144)	(11,487)
Income tax on these items	8, 17(c)	-	-
Other comprehensive income / (loss) for the year, net of tax		(144,144)	(11,487)
Total comprehensive income		1,196,519	70,279
Earnings per share (cents per share)	9	0.78	0.05
Diluted earnings per share (cents per share)	9	0.78	0.05

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

GENERAL CAPITAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 $	2021 $
Equity			
Share capital	17(a)	13,025,575	10,249,211
Accumulated (losses) / earnings		752,916	(594,651)
Reserves	17(c)	(245,798)	(129,267)
Total equity		13,532,693	9,525,293
Assets			
Cash and cash equivalents	10	16,661,570	7,292,267
Accounts receivables		17,350	194,727
Related party receivables	18	-	110,868
Other current assets		229,725	94,215
Bank deposits	10	2,450,000	3,000,000
Loan receivables	11	80,027,661	53,710,781
Deferred tax asset	8.2	135,049	126,922
Property, plant and equipment		29,431	13,508
Right of use assets	13	146,750	293,500
Investments	15	288,442	401,086
Intangible assets and goodwill	14	2,918,716	2,926,365
Total assets		102,904,694	68,164,239
Liabilities			
Accounts payable and other payables		613,770	402,750
Related party payables	18	13,191	10,229
Term deposits	16	88,047,219	57,863,184
Lease liability	13	174,364	307,207
Income tax payable		523,457	55,576
Total liabilities		89,372,001	58,638,946
Net assets		13,532,693	9,525,293

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

		2022	2021
Net tangible assets (NTA) per share (cents per share)		4.93	3.97
Net assets (NA) per share (cents per share)		6.36	5.85

The financial statements are signed on behalf of the Board.

Rewi Bugo
Chairman

Brent King
Managing Director

Authorised for issue on: 30 June 2022

GENERAL CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Note	Share capital	Reserves	Accumulated (losses) / earnings	Total equity
		$	$	$	$
Balance at 1 April 2020		**10,176,204**	**(117,780)**	**(676,417)**	**9,382,007**
Profit for the year		-	-	81,766	81,766
Other comprehensive income for the year	15, 17(c)	-	(11,487)	-	(11,487)
Total comprehensive income for the year		-	(11,487)	81,766	70,279
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	17(a)	73,007	-	-	73,007
Issue of warrants to directors and senior managers	17(b), 19	-	-	-	-
Total transactions with owners in their capacity as owners		73,007	-	-	73,007
Balance at 31 March 2021		10,249,211	(129,267)	(594,651)	9,525,293
Profit for the year		-	-	1,340,663	1,340,663
Other comprehensive income for the year	15, 17(c)	-	(144,144)	-	(144,144)
Total comprehensive income for the year		-	(144,144)	1,340,663	1,196,519
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	17(a)	2,776,364	-	-	2,776,364
Share based payments		-	(6,903)	6,903	-
Issue of warrants to directors and senior managers	17(b), 19	-	34,516	-	34,516
Total transactions with owners in their capacity as owners		2,776,364	27,613	6,903	2,810,880
Balance at 31 March 2022		13,025,575	(245,798)	752,916	13,532,693

GENERAL CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 $	2021 $
Cash flow from operating activities			
Interest received		5,629,044	3,329,027
Receipts from customers		2,049,602	1,055,068
Other income		5,690	7,961
Payments to suppliers and employees		(2,849,016)	(2,046,491)
Interest paid		(2,710,853)	(2,155,363)
Income tax paid		(88,198)	(23,006)
Net cash flows from operating activities before changes in operating assets and liabilities		2,036,269	167,196
Term deposits (net receipts)		29,953,748	16,320,142
Finance receivables (net advances)		(25,995,057)	(18,407,676)
Net cash (used in) / provided by operating activities	20	5,994,960	(1,920,338)
Cash flow from investing activities			
Proceeds from the sale of bonds		194,018	4,334,514
Purchase of property, plant and equipment		(20,169)	(10,356)
Purchase of software		-	-
Investment in bank deposits		550,000	(3,000,000)
Investment in bonds		-	(4,718,617)
Investment in equities		20,800	(28,184)
Net cash provided by / (used in) investing activities		744,649	(3,422,643)
Cash flow from financing activities			
Issue of ordinary shares		2,776,364	73,007
Lease Payments		(146,670)	-
Net cash provided by financing activities		2,629,694	73,007
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at beginning of the reporting period		7,292,267	12,562,241
Net (decrease) / increase in cash and cash equivalents held during the reporting period		9,369,303	(5,269,974)
Cash and cash equivalents at end of the reporting period	10	16,661,570	7,292,267

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

NOTE 1: REPORTING ENTITY

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

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

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

The Group is a for profit entity.

The Group's principal activities are:
- Finance (deposit taking and mortgage lending);
- Research and advisory (listing and capital management).

The consolidated financial statements were authorised for issue by the directors on 28 June 2022.

NOTE 2: BASIS OF PREPARATION

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. These consolidated financial statements also comply with International Financial Reporting Standards ("IFRS").

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

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

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Revenue and expense recognition

(a) Interest income and expense

Interest income and interest expense

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

Loan fees and commissions

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

(b) Revenue from contracts with customers:

Advisory fee revenue

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

Yearbook and research sales

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

Other fee income

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

Assets and liabilities arising from revenue from contracts with customers

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

(c) Other

Other expense recognition

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

3.3 Financial instruments

Initial recognition

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

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

*(ii) Financial assets at FVTOCI**

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

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

*FVTOCI - Fair Value Through Other Comprehensive Income
**FVTPL - Fair Value Through Profit or Loss

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The Group recognises lifetime ECL** for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate (also refer note 4.3).
For loan receivables, the Group applies a three-stage approach to measuring ECLs**. Loans may migrate through the following stages based on their change in credit quality.

Stage 1 12-month ECL**(past due 30 days or less)
Where there has been no evidence of a significant increase in credit risk since initial recognition, ECLs** that result from possible default events within 12 months are recognised.

Stage 2 Lifetime ECL** not credit impaired (between 30 and 90 days past due)
Where there has been a significant increase in credit risk, ECLs** that result from all possible default events over the life of the loan are recognised.

Stage 3 Lifetime ECL** credit impaired (greater than 90 days past due)
Where loans are in default or otherwise credit impaired, ECLs** that result from all possible default events over the life of the loan are recognised.

(i) Significant increase in credit risk

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

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

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

*FVTOCI - Fair Value Through Other Comprehensive Income
**ECL - Expected Credit Losses

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Definition of default

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

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
a) an increase in loan to valuation ratio caused by either declining property security values or increases in the loan balance;
b) significant financial difficulty of the borrower; and
c) a breach of contract, such as a default or past due event (see (ii) above).

(iv) Write-off policy

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

v) Measurement and recognition of expected credit losses

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

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

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

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

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

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

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

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

*LVR - Loan to Valuation Ratio
**ECL - Expected Credit Losses

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities

Classification of Financial Liabilities
Financial liabilities are measured at amortised cost.

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

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

The Group's financial liabilities measured at amortised cost include trade and other payables and term deposits.

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

3.4 Cash and cash equivalents
Cash includes demand deposits with an original term of less than 183 days which are considered highly liquid investments that are readily convertible into cash and used by the Group as part of day-to-day cash management.

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

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

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

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

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

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

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

3.6 Intangible assets

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

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

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

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

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

3.7 Taxation

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

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

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

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3.8 Impairment of non-financial assets

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

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

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

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

3.9 Employee benefits

Wages, salaries and annual leave

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

Superannuation plans

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

3.10 Statement of cash flows

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

3.11 Comparatives

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

NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 Increased level of inherent uncertainty in the significant accounting estimates and judgments arising from the ongoing global pandemic of coronavirus disease 2019

The current global pandemic of the novel coronavirus disease 2019 ('COVID-19') is still an evolving situation, along with the cessation of COVID-related government support, rising interest rates, rapidly rising inflation, skills shortages, and challenging international conditions, global supply chain disruptions, and the flow on effects from the conflict between Ukraine and Russia and European geopolitical uncertainty, which is having a significant impact on energy prices, as well as financial markets across the globe. The ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events mentioned have lowered overall economic activity and confidence is resulting in significant volatility and instability in financial markets and economic uncertainty. Consequently, there has been an increase in the level of inherent uncertainty in the critical accounting estimates and judgements applied by Management in the preparation of these financial statements. As at the date of the signing of these financial statements, all reasonably known and available information with respect to the COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events has been taken into consideration in the critical accounting estimates and judgements applied by Management, and all reasonably determinable adjustments have been made in preparing these financial statements.

As a result of the pandemic, the Group anticipates that lowered levels of economic activity and confidence will continue for at least the short to medium term and may result in increased business failures and unemployment levels in New Zealand. However, currently the economic activity is considerably stronger than expected.

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

These financial statements have been prepared based upon conditions existing as at 31 March 2022 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 2022, its impacts are considered an event that is indicative of conditions that arose prior to reporting period. Accordingly, as at the date of signing these financial statements, all reasonably known and available information with respect to the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events has been taken into consideration in the critical accounting estimates and judgements applied by Management (refer note 4.2 and 4.3 below) and all reasonably determinable adjustments have been made in preparing these financial statements.

4.2 Applicability of the going concern basis of accounting

Whilst the COVID-19 pandemic, Global Inflation, Supply Chain Disruption and Political instability and measures implemented have lowered overall economic activity and confidence (described above), Management have assessed and determined that the Group's application of the going concern basis of accounting remains appropriate.

The Group has responded to the above economic conditions in the following ways:
- Undertook an analysis of its forecast cashflows to evaluate of the appropriateness of the Group's continued application of the going concern basis of accounting. This forecast cashflows took into consideration the Group's expectation of the impact of the pandemic on its earnings, cash flow and financial position.
- Assessed the direct and indirect financial impacts of the pandemic on the carrying value of reported amounts of assets, liabilities, revenues and expenses.
- Implemented and enacted appropriate health and safety responses.

Cashflow forecast and going concern

When preparing the prior year (31 March 2021) financial statements, the Group determined the main potential downside impacts of the pandemic on the Group's earnings, cash flows, financial position and application of the going concern basis of accounting to be the following:
1) A reduction in term deposit reinvestment rates.
2) A reduction in new term deposit investments.
3) The inability for borrowers to make loan payments on their contractual repayment dates.
4) A reduction in loan security values (residential property values).
5) Reduced net cash flows from the research and advisory cash generating unit.

NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

The Group has performed much more favourably than the highly stressed scenarios which were assumed in the forecasts (and sensitivities) prepared for the 31 March 2021 financial statements going concern consideration. This is detailed further below:

1) The Group forecasted a reduction in term deposit reinvestment rates to 60%. Actual average annual reinvestment rate was 76% for the March 2022 financial year.

2) The Group forecasted a reduction in new term deposit investments to $Nil. Actual new term deposit investments was an average of $3.3m per month for the 2022 financial year (2021: Actual new term deposit investment was an average of $2.6m).

3) The Group assumed that 50% of maturing loans, not past due date, will be repaid on contractual maturity date, with the balance rolled over at the existing interest rates and repaid after a further 12 months. The Group's lending activity has increased and accordingly the loan book has grown to a new record high level of $80.9m as at 31 March 2022 (2021: $54.5m). This increase in the loan book was funded by growth in term deposits and share issues. The growth in the loan book has resulted in increased profitability.

Loans in arrears increased from $2.0m at 31 March 2021 to $2.6m at 31 March 2022. However, as a percentage of the loan book it has reduced to 3.24% as at 31 March 2022 from 3.69% as at 31 March 2021. $487k of loans are in arrears past 90 days as at 31 March 2022 (2021: $Nil). There were no loan write-offs in the year ended 31 March 2022 (March 2021: $nil).

4) The Group also performed sensitivities which forecasted a reduction in loan security values (residential property values) by 25%. The March 2022 monthly property report dated 14 April 2022 published by the Real Estate Institute of New Zealand (REINZ) showed that the median price for residential property had increased by 7.9% nationally from March 2021 to March 2022 with the REINZ House Price Index increasing by 9% nationally year on year.

5) The Group forecasted no cash inflows from the research and advisory cash generating unit in the 31 March 2022 financial year under a stressed scenario. During the 31 March 2022 financial year the cash generating unit generated pre-tax free cash flows of $99,663 (March 2021: $204,724) (excluding $120,000 (March 2021: $72,000) shares received as net revenue), refer to note 14 for further details.

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

Accordingly, Management have assessed and determined based on forecasts prepared for greater than 12 months from the date of signing, that the Group's application of the going concern basis of accounting remains appropriate. The Company has also performed similar highly stressed forecasts (and sensitivity) scenarios, to that performed as at 31 March 2021 for the 31 March 2022 going concerns consideration.

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

Consistent with 31 March 2021 disclosures, there have been no material direct or indirect impacts on the reported amount of assets and liabilities. Refer to note 4.3 below for further information on expected credit losses on loans receivable.

NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.3 Allowance for expected credit losses

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

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

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

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

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

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

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

If the 12-month ECL* rate for loans without a significant increase in credit risk increased/(decreased) by 0.2% higher/(lower) as at 31 March 2022, the loss allowance on finance receivables would have been $158,258higher/(lower) (March 2021: $106,313higher/(lower)).

If the lifetime ECL* rate for loans with a significant increase in credit risk and credit impaired loans increased/(decreased) by 1.0% higher/(lower) as at 31 March 2022, the loss allowance on finance receivables would have been $17,890 higher/(lower) (March 2021: $13,023 higher/(lower)).

Ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events on loan receivables / expected credit losses
Ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events have impacted negatively on some borrowers' ability to make their payments as they fell due, this included:
1)Lending institutions increasing their processing times
2)Difficulties in marketing properties
3)Difficulties in proving borrowers future income
4)Delays in supply chains
5)Delays in the council approvals
6)The availability of funding for potential purchasers of the properties the Group has security over.

Loans in arrears increased to $2.6m at 31 March 2022 (from $2.0m million at 31 March 2021). This is a lower percentage of total loan book than last year. $0.5m loans past due by greater than 90 days at 31 March 2022 (up from $Nil at 31 March 2021). There were no loan write-offs in the year ended 31 March 2022 (March 2021: $Nil).

*ECL - Expected Credit Losses
**LVR - Loan to Valuation Ratio

NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

The highest loan to valuation ratio (LVR)** of the Group's loan book as at 31 March 2022 was 70.6% (March 2021: 75.0%) and the weighted average LVR of the loan book was 55.3% (March 2021: 54.6%), based on loan security valuations on origination of the loan.

According to sensitivity analysis performed on the property security valuations underlying the Group's loan receivables as at 31 March 2022 (factoring in selling costs and time value of money):
1) A 25% drop in residential property values would result in a loss in the range of $0 - $50,000 (March 2021: $150,000 – $200,000).
2) A 25% drop in commercial property values would result in no loan losses (March 2021: $nil).

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

Expected credit losses:
1) Based on the history of the Group's loan book over the last eight years, the average annual write-offs as a percentage of the average loan receivable balance over the same period was less than 0.10%. This would be an appropriate basis for 12-month expected credit losses in 'normal' economic conditions.
2) The Group recognises that New Zealand's economic forecast for the next 12 months is uncertain due to the impacts of the Ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events as described above. As a result, the Group has concluded that the probability of default has increased. However due to the Company's well secured loan book (as described above), the loss given default and expected credit losses have increased but not by a material amount. As such, the Group has determined that 0.25% (March 2021: 0.25%) of the gross loan balance is a more appropriate expectation of losses for the next 12 months.
3) Lifetime ECL's* for loans with a significant increase in credit risk and for loans in default have been calculated based on the Group's expectations for discounted net cash flows from the respective loan receivables over the expected remaining life of the loans in light of ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events.

4.4 Impairment analysis of goodwill and other indefinite life intangible assets

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

A sensitivity analysis performed by Management has highlighted that the carrying value of the Goodwill and other assets in the research and advisory CGU*** are highly reliant on the achievement of revenue forecasts from advisory projects. Management have performed a fair value less costs of disposal impairment test in relation to the carrying value of the Bartercard trade dollars asset at 31 March 2022.

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

Expected impact on cash-generating units
1. Finance CGU*** - The forecasted cash flows used in the impairment analysis factor in the expected impacts of ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events. Notwithstanding the impacts of the above, the results of the model show that there is still significant headroom in the unit.
2. Research and Advisory CGU*** - In the forecasted cash flows used in the CGU*** impairment analysis, the Group has factored in the expected impacts on ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events on the probability of sourcing advisory projects, the project milestones and the impact on timing of cashflows. Notwithstanding the impacts of the above, the results of the impairment testing resulted in no impairment to the CGU***.

Further information on the impairment analysis, assumptions and sensitivity analysis can be found in note 14.

*ECL - Expected Credit Losses
**LVR - Loan to Valuation Ratio
***CGU - Cash Generating Unit

NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

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

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

*Impact of COVID-19 on equity securities classified as financial assets at FVTOCI**
When calculating fair value of the four equity securities carried at FVTOCI*, the Group has taken into consideration all reasonably known and available information with respect to the COVID-19 pandemic (as described in note 4.1).

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

4.6 Classification of Bartercard Trade Dollars

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

Management have classified the Bartercard Trade Dollars as having an indefinite useful life based on the analysis of relevant factors including:
- the participants in the Bartercard network;
- the availability of relevant goods and services in the Bartercard network;
- an assessment of the future viability of the Bartercard platform as a means of payment;
- the level of expenditure required to maintain a Bartercard account and the Group's intention to continue paying these maintenance fees.

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

*FVTOCI - Fair Value Through Other Comprehensive Income

NOTE 5: SEGMENT REPORTING

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

Three reportable segments have been identified as follows:
- **Finance:** Deposit taking and short term property mortgage lending.
- **Research and Advisory:** Provides investment advisory services and produces and sells investment research and publications.
- **Corporate and Other:** Corporate function and investment activities.

Year ended 31 Mar 2022	Finance	Research and Advisory	Corporate and Other	Total Segments	Eliminations	Consolidated
	$	$	$	$	$	$
Revenue - interest income	5,608,931	2	1	5,608,934	(34,495)	5,574,439
Revenue - fee income (finance receivables)	1,894,291	-	-	1,894,291	-	1,894,291
Revenue from contracts with customers						
- Advisory fee revenue	-	394,900	-	394,900	112,769	507,669
- Yearbook and research	-	4,919	-	4,919	-	4,919
- Other fee income	-	-	-	-	-	-
Modification gain on loan receivables	-	-	-	-	-	-
Other income	5,690	2,875	281,854	290,419	(253,488)	36,931
Total revenue	7,508,912	402,696	281,855	8,193,463	(175,214)	8,018,249
Interest expense	(2,970,937)	-	(5,074)	(2,976,011)	-	(2,976,011)
Fee and commission expense	(500,302)	-	-	(500,302)	-	(500,302)
Cost of sales	-	(46,301)	-	(46,301)	(10,989)	(57,290)
Net revenue	4,037,673	356,395	276,781	4,670,849	(186,203)	4,484,646
Increase in allowance for expected credit losses	(66,266)	-	-	(66,266)	-	(66,266)
Realised losses on bonds sold	-	-	-	-	-	-
Personnel expenses	(811,571)	(73,018)	(126,081)	(1,010,670)	-	(1,010,670)
Depreciation and amortisation	(98,435)	-	(57,791)	(156,226)	-	(156,226)
Income tax (expense) / benefit	(525,588)	(2,658)	3,860	(524,386)	(23,566)	(547,952)
Net profit / (loss) after tax	1,536,878	177,643	(332,808)	1,381,713	(41,050)	1,340,663
Total Assets	100,708,611	1,354,605	1,086,776	103,149,992	(245,298)	102,904,694
Total Liabilities	89,394,880	49,493	172,598	89,616,971	(245,298)	89,371,673

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

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

NOTE 5: SEGMENT REPORTING (CONTINUED)

Year ended 31 Mar 2021	Finance	Research and Advisory	Corporate and Other	Total Segments	Eliminations	Consolidated
	$	$	$	$	$	$
Revenue - interest income	3,535,620	3	3	3,535,626	(2,225)	3,533,401
Revenue - fee income (finance receivables)	933,176	-	-	933,176	-	933,176
Revenue from contracts with customers						
- Advisory fee revenue	-	357,642	-	357,642	(119,894)	237,748
- Yearbook and research	-	41,297	-	41,297	-	41,297
- Other fee income	-	-	-	-	-	-
Modification gain on loan	49,770	-	-	49,770	36,719	86,489
Other income	39,996	42,382	107,819	190,197	(142,004)	48,193
Total revenue	4,558,562	441,324	107,822	5,107,708	(227,404)	4,880,304
Interest expense	(2,245,554)	-	(543)	(2,246,097)	-	(2,246,097)
Fee and commission expense	(257,997)	-	-	(257,997)	10,000	(247,997)
Cost of sales	-	(48,686)	-	(48,686)	10,990	(37,696)
Net revenue	2,055,011	392,638	107,279	2,554,928	(206,414)	2,348,514
Increase in allowance for expected credit losses	(27,372)	-	-	(27,372)	-	(27,372)
Realised losses on bonds sold	(190,085)	-	-	(190,085)	-	(190,085)
Personnel expenses	(649,118)	(57,519)	(75,282)	(781,919)	-	(781,919)
Depreciation and amortisation	(33,529)	-	(6,987)	(40,516)	-	(40,516)
Income tax (expense) /	(59,587)	105	4,910	(54,572)	15,605	(38,967)
Net profit / (loss) after tax	223,429	191,879	(284,738)	130,570	(48,804)	81,766
Total Assets	66,073,514	1,318,154	1,030,284	68,421,952	(257,713)	68,164,239
Total Liabilities	58,446,662	132,059	269,134	58,847,855	(208,909)	58,638,946

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

Year ended 31 Mar 2021	Finance	Research and Advisory	Corporate and Other	Total Segments	Eliminations	Consolidated
	$	$	$	$	$	$
Acquired through settlement of transactions / balances	-	107,762	-	107,762	-	107,762
Recognition of right of use assets on new leases	193,535	-	112,194	305,729	-	305,729
Other	-	-	85,356	85,356	-	85,356
Transfers / reallocations between segments	-	(107,762)	107,762	-	-	-
	193,535	-	305,312	498,847	-	498,847

NOTE 6: RISK MANAGEMENT

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

6.1 Credit risk

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

The maximum credit exposure of the Group, assuming a zero value for collateral is $104,859,668 (2021: 66,373,304). This includes loans receivable of $80,918,034 (2021: $54,458,956), undrawn loan commitments of $4,812,714 (2021: $1,316,486), bank deposits of $19,111,570 (2021: $10,292,267), accounts receivable of $17,350 (2021: $194,727) and related party receivables of $Nil (2021: $110,868). Of this exposure, 81.8% is covered by collateral over properties (2021: 84.1%) and 18.2% is deposited with registered New Zealand banks (2021: 15.5%).

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

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

As at 31 March 2022 the Group's loan advances are secured as follows: first mortgages 100% (March 2021: 99.8%), second mortgages 0.0% (March 2021: 0.2%), combined first and second mortgages 0.0% (March 2021: 0.0%). There were no unsecured loans as at 31 March 2022 (March 2021: none).

As at 31 March 2022 the Group's advances were primarily secured over properties which are categorised as follows: residential housing 85.4% (March 2021: 85.8%), residential bare land 10.7% (March 2021: 8.5%), residential development property 0.0% (March 2021: 0.0%) and commercial property 3.8% (March 2021: 5.7%). In some cases, secondary securities may be taken over other property types.

Loan receivables credit exposures are concentrated in the residential property sector, particularly in the North Island and the Auckland Market. As at 31 March 2022, advances by the Group in the North Island residential property sector represented 95.2% (March 2021: 93.5%) of its total exposure, with 73.5% (March 2021 72.1%) being in the Auckland market. The geographical profile of loan receivables is analysed further as follows:

	2022 $	2021 $
Northland	1,388,706	1,998,048
Auckland	59,428,249	39,195,570
Waikato	4,252,908	2,691,087
Bay of Plenty	927,117	102,093
Wellington	8,035,737	5,037,443
Other North Island	2,975,800	1,878,632
Canterbury	2,448,442	1,315,784
Otago	1,461,075	2,240,299
Total	80,918,034	54,458,956

**LVR - Loan to Valuation Ratio

NOTE 6: RISK MANAGEMENT (CONTINUED)

The concentration of the credit exposure to the six largest exposures is 18.8% (March 2021: 23.2%) of the total loan portfolio. The Group has elected to disclose the largest six exposures as this is considered to provide a meaningful indication of concentration of credit risk. An exposure is calculated as the total of all loan exposures to a single borrower or group of linked borrowers. The size of loan exposures is analysed further as follows:

	2022 Number of Exposures	2021 Number of Exposures
Less than $100,000	-	-
Between $100,000 and $250,000	8	10
Between $250,000 and $500,000	23	31
Between $500,000 and $1,000,000	40	27
Between $1,000,000 and $1,500,000	9	6
Between $1,500,000 and $2,000,000	9	5
Between $2,000,000 and $2,500,000	4	1
Between $2,500,000 and $3,000,000	2	2
Between $3000,000 and $3,500,000	1	-
Total No. of Exposures	96	82

The provision for expected credit losses for performing and under-performing loans is detailed and explained in note 11. Gross past due loan receivables total $2,623,376 (March 2021: $2,008,761) which equates to 3.2% (March 2021: 3.7%) of total loan receivables.

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

Stage 1 *12-month ECL**
Gross loans receivable totalling $834,359 (March 2021: $706,420) were past due and the Group has concluded there has not been a significant increase in credit risk.

Stage 2 *Lifetime ECL* not credit impaired*
Gross loans receivable totalling $1,301,738 (March 2021: $1,302,341) were past due by between 30 and 90 days and the Group has concluded there has been a significant increase in credit risk.

Stage 3 *Lifetime ECL* credit impaired*
Gross loans receivable totalling $487,279 (March 2021: $Nil) were past due by greater than 90 days and the Group has concluded there has been a significant increase in credit risk.

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

	2022 $	2021 $
Up to 30 Days	834,359	706,420
31 - 60 Days	1,301,738	1,302,341
61 - 90 Days	-	-
91 - 120 Days	487,279	-
120+ Days	-	-
Total	2,623,376	2,008,761

The Group is also exposed to credit risk from deposits held with banks. As at balance date, the Group holds deposits in New Zealand Registered Banks including 46.2% with Bank of New Zealand (2021: 99.6%), 0.1% with ASB Bank (2021: 0.2%) and 1.2% with ANZ Bank New Zealand (2021: 0.2%) and 52.4% with Heartland Bank (2021: 0.0%).

*ECL- Expected Credit Losses

NOTE 6: RISK MANAGEMENT (CONTINUED)

6.2 Liquidity risk

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

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

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

		Contractual Cash Flows			
2022	**Total**	**0 - 6 Months**	**7 - 12 Months**	**13 - 24 Months**	**24+ Months**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	16,669,772	16,669,772	-	-	-
Bank deposits (>=183 days)[1]	2,469,773	2,469,773	-	-	-
Other financial assets	47,977	47,977	-	-	-
Loan receivables	84,500,841	40,802,322	40,491,805	3,206,714	-
Totals	103,688,363	59,989,844	40,491,805	3,206,714	-
Financial liabilities					
Term deposits	91,171,614	34,980,104	33,643,302	18,046,626	4,501,582
Lease liability	174,364	87,182	87,182	-	-
Other payables	750,342	750,342	-	-	-
Totals	92,096,320	35,817,628	33,730,484	18,046,626	4,501,582
Net cashflow	11,592,042	24,172,215	6,761,321	(14,839,912)	(4,501,582)

		Contractual Cash Flows			
2021	**Total**	**0 - 6 Months**	**7 - 12 Months**	**13 - 24 Months**	**24+ Months**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	7,300,469	7,300,469	-	-	-
Bank deposits (>=183 days)[1]	3,019,773	3,019,773	-	-	-
Other financial assets	305,595	305,595	-	-	-
Loan receivables	57,904,712	18,598,749	24,593,585	9,802,023	4,910,355
Totals	68,530,549	29,224,586	24,593,585	9,802,023	4,910,355
Financial liabilities					
Term deposits	60,177,665	18,460,422	20,981,517	18,473,850	2,261,876
Lease liability	326,040	81,510	81,510	163,020	-
Other payables	104,031	104,031	-	-	-
Totals	60,607,736	18,645,963	21,063,027	18,636,870	2,261,876
Net cashflow	7,922,813	10,578,623	3,530,558	(8,834,847)	2,648,479

[1] *Bank deposits with an original term of greater or equal to 183 days.*

NOTE 6: RISK MANAGEMENT (CONTINUED)

2022	Total	Expected Cash Flows 0 - 6 Months	7 - 12 Months	13 - 24 Months	24+ Months
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	16,729,369	16,729,369	-	-	-
Bank deposits (>=183 days)[1]	2,472,313	2,472,313	-	-	-
Other financial assets	47,977	47,977	-	-	-
Loan receivables	88,171,853	22,149,436	22,061,385	42,357,931	1,603,101
Totals	107,421,511	41,399,094	22,061,385	42,357,931	1,603,101
Financial liabilities					
Term deposits	96,084,633	16,049,163	14,691,395	29,246,723	36,097,352
Lease liability	174,364	87,182	87,182	-	-
Other payables	750,342	750,342	-	-	-
Totals	97,009,339	16,886,687	14,778,577	29,246,723	36,097,352
Net cashflow	10,412,172	24,512,407	7,282,808	13,111,208	(34,494,251)

2021	Total	Expected Cash Flows 0 - 6 Months	7 - 12 Months	13 - 24 Months	24+ Months
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	7,307,242	7,307,242	-	-	-
Bank deposits (>=183 days)[1]	3,026,500	3,026,500	-	-	-
Other financial assets	305,595	305,595	-	-	-
Loan receivables	60,052,839	10,200,816	13,243,507	26,687,091	9,921,425
Totals	70,692,176	20,840,153	13,243,507	26,687,091	9,921,425
Financial liabilities					
Term deposits	62,233,207	7,918,102	8,995,915	19,268,522	26,050,668
Lease liability	326,040	81,510	81,510	163,020	-
Other payables	104,031	104,031	-	-	-
Totals	62,663,278	8,103,643	9,077,425	19,431,542	26,050,668
Net cashflow	8,028,898	12,736,510	4,166,082	7,255,549	(16,129,243)

[1] *Bank deposits with an original term of greater or equal to 183 days.*

The table above shows management's expected maturities of existing financial assets and liabilities. In determining the expected cash flow, the following assumptions have been made based on management's best estimate having regard to past experience, current market conditions and the future outlook including the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events estimated impacts:

- 60% term deposit reinvestment rate for 31 March 2022 (March 2021: 60%).
- Term deposit reinvestments are made for a weighted average 18-month term at 6.26% pa (March 2021: 18-month term at 3.90% pa).
- $2,020,591 of the Term deposits held by related parties has been approved for early withdrawal on 1 April 2022 (refer to note 18).
- 50% of loans (March 2021: 50%) not past due repay on existing contractual maturity date, with the balance rolled over at their existing interest rates and repaid after a further 12 months.

NOTE 6: RISK MANAGEMENT (CONTINUED)

6.3 Market risk

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

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

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

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

2021	Carrying Amount	-1% Profit	-1% Equity	+1% Profit	+1% Equity
Financial Assets	$	$	$	$	$
Cash and cash equivalents	7,292,267	(72,923)	(52,505)	72,923	52,505
Finance Receivables	54,458,956	(544,590)	(392,105)	544,590	392,105
Financial Liabilities					
Term Deposits	57,929,500	579,295	417,092	(579,295)	(417,092)
Total increase / (decrease)		(38,218)	(27,518)	38,218	27,518

6.4 Assets carried at fair value

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

2022	Note	Level 1	Level 2	Level 3	Total
Fair value assets		$	$	$	$
Financial assets at fair value through other comprehensive income - investment in equities	15	116,790	-	171,652	288,442

2021		Level 1	Level 2	Level 3	Total
Fair value assets		$	$	$	$
Financial assets at fair value through other comprehensive income - investment in equities	15	-	-	401,086	401,086

As at 31 March 2021, the Group's investment in Greenfern Industries Limited (refer note 15) was an unlisted investment. During the year ended 31 March 2022, Greenfern Industries Limited was listed on the New Zealand Stock Exchange, and as a result the inputs into the fair value measurement changed from Level 3 to Level 1 of the fair value hierarchy.

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

NOTE 7: OTHER EXPENSES

7.1 Realised losses on bonds sold

A loss of $190,085 was realised from the bonds sold during the 2021 Financial Year due to the bond value movements. Interest income of $35,267 was earned from the bonds during the year ended 31 March 2021. The bonds were all sold by 31 March 2021 with an outstanding settlement amount receivable of $194,018 as at 31 March 2021.

7.2 Other operating expenses

Included in other expenses are the following amounts:	2022 $	2021 $
Directors fees	227,401	177,833
Auditors Remuneration		
- Audit and other assurance services		
- Audit of financial statements	212,626	144,375
- Audit of quarterly trustee certificates	3,623	3,623
- Other Services		
-Taxation compliance	17,084	14,392
Total remuneration paid to auditors	233,333	162,390

NOTE 8: TAXATION

8.1 Income tax

	2022 $	2021 $
Net operating profit / (loss) before taxation	1,888,615	120,733
Income tax (expense) / benefit at prevailing rates	(528,812)	(33,805)
Tax impact of expenses not deductible for tax purposes	(21,452)	(6,142)
Over-provision of tax in prior year	2,312	980
Taxation expense per the statement of comprehensive income	(547,952)	(38,967)
Comprising:		
- Current tax	(556,079)	(69,885)
- Deferred tax	8,127	30,918
	(547,952)	(38,967)

8.2 Deferred tax asset

	2022 $	2021 $
Balance at beginning of year	126,922	96,004
(Charged) / credited to profit or loss		
Increase / (decrease) in impairment loss provision	18,555	7,664
Increase / (decrease) in accrued expenses	7,137	(2,043)
Increase / (decrease) in lease liability	(40,620)	89,442
Increase / (decrease) in unearned income	(18,035)	18,035
Increase / (decrease) in right of use asset	41,090	(82,180)
	8,127	30,918
(Charged) / credited to other comprehensive income		
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-
	135,049	126,922

NOTE 8: TAXATION (CONTINUED)

Deferred tax attributed to:	2022 $	2021 $
Deferred tax assets:		
Impairment loss provision	56,643	38,088
Accrued expenses	27,401	20,264
Fair value of equity investments at fair value through other comprehensive income	43,273	43,273
Lease Liability	48,822	89,442
Unearned income	-	18,035
	176,139	209,102
Deferred tax liabilities		
Right of use assets	41,090	82,180
Net deferred tax assets	135,049	126,922

8.3 Imputation credit account

	2022 $	2021 $
Balance at beginning of year	115,958	93,220
Tax Paid	88,478	18,942
Withholding tax deducted from interest received	-	4,868
Tax Refund Received	(41)	(1,072)
	204,395	115,958

NOTE 9: EARNINGS PER SHARE

	2022 Cents	2021 Cents
Basic earnings per share attributable to the ordinary equity holders	0.78	0.05
Diluted earnings per share attributable to the ordinary equity holders	0.78	0.05

Basic earnings per share	2022 $	2021 $
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:	1,340,663	81,766
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share:	1,340,663	81,766

	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	172,610,675	161,657,561
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	172,610,675	161,657,561

NOTE 10: CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Bank call deposits	11,261,570	3,842,267
Bank term deposits (original maturity of less than 183 days)	5,400,000	3,450,000
	16,661,570	7,292,267
Bank term deposits (original maturity of greater than 183 days)	2,450,000	3,000,000
	2,450,000	3,000,000

Interest Rates: On Call: Between 0.00% and 1.40% (March 2020: Between 0.00% and 0.50%).

Bank term deposits:

- Less than 183 days: Between 1.10% and 1.85% (March 2021: Between 0.80% and 1.05%).
- Greater than or equal to 183 days: Between 1.50% and 2.05% (March 2021: Between 1.60% and 1.85% per annum).

NOTE 11: LOAN RECEIVABLES

	2022 $	2021 $
First mortgage advances	80,918,034	54,351,134
Second mortgage advances	-	107,822
	80,918,034	54,458,956
Less deferred fee income and expenditure	(688,078)	(612,146)
Less impairment allowance	(202,295)	(136,029)
Net carrying value	80,027,661	53,710,781
Current portion	76,954,475	40,292,033
Non-current portion	3,073,186	13,418,748
	80,027,661	53,710,781
Primary loan security		
Residential housing	69,125,122	46,751,105
Residential bare land	8,691,870	4,607,409
Commercial property[1]	3,101,042	3,100,442
	80,918,034	54,458,956

[1]The Group commenced lending on commercial properties during the current financial year ended March 2021. The Group's lending policy allows for a maximum of 30% of total lending to be secured over commercial properties. During the year ended 31 March 2022 the Group had 3.8% of commercial lending (2021: 5.7%).

Loan receivables represent loans at commercial interest rates. Current loan receivables are contractually repayable within 12 months. Non-current loan receivables are contractually repayable within 12 months to 20 months of balance date.

At year end there was $4,812,714 in outstanding loan commitments (loans approved and accepted not yet drawn) including future capitalised interest (March 2021: $1,316,486).

Interest rate: Between 5.45% and 12.90% (2021: Between 5.45% and 16.50%).
Effective interest rate: Between 5.79% and 28.78% (2021: Between 5.79% and 18.73%).
For loans that are in default, additional interest of up to 10% is charged.

NOTE 11: LOAN RECEIVABLES (CONTINUED)

The core lending activity of the Group is providing, through a broker network, short term and bridging finance secured by mortgage over residential property. The majority of loans are entered into with a maturity date within 12 months, with a proposal that repayment will be funded by the sale of the secured property or through refinancing by the borrower. General Finance Limited lending policy allows for a maximum "loan to security value" of 75% (excluding fees and charges) on advances, unless approved by the full board of General Finance Limited. There are no loans with loan to valuation ratio above 75% at the reporting date (2021: none).

At balance date, 30.7% (March 2021: 25.0%) of loans by number and 22.1% (March 2021: 18.9%) by value represent loans that have been rolled over and are into their second or subsequent credit periods. Where loans have been rolled over, their classification in these consolidated financial statements as current or non-current, or as past due, is based on payment due dates as per the terms of the extended contract, and not as per the original or preceding contract.

Borrower payment terms are profiled as follows:

	2022 $	2021 $
Interest only paid monthly	74,273,683	44,299,684
Interest capitalised	6,644,351	10,159,272
Total loan receivables	80,918,034	54,458,956

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

	2022 $	2021 $
Interest income	652,758	537,839
Loan Fees	1,609,775	795,481
Total	2,262,533	1,333,320

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

	12 month ECL* **$**	**Lifetime ECL* not credit impaired** **$**	**Lifetime ECL* credit impaired** **$**	**Total** **$**
Balance as at 31 March 2020	33,673,541	610,369	905,956	35,189,866
New loan advances	52,166,464	-	-	52,166,464
Repayments	(31,381,049)	(610,369)	(905,956)	(32,897,374)
Transfer to lifetime not credit impaired	(1,302,341)	1,302,341	-	-
Balance as at 31 March 2021	53,156,615	1,302,341	-	54,458,956
New loan advances	74,835,252	-	-	74,835,252
Repayments	(47,073,833)	(1,302,341)	-	(48,376,174)
Transfer to lifetime not credit impaired	(1,301,738)	1,301,738	-	-
Transfer to lifetime credit impaired	(487,279)	-	487,279	
Balance as at 31 March 2022	79,129,017	1,301,738	487,279	80,918,034

*ECL - Expected Credit Losses

NOTE 11: LOAN RECEIVABLES (CONTINUED)

Reconciliation of movements in impairment allowance by stage:

	12 month ECL* $	Lifetime ECL* not credit impaired $	Lifetime ECL* credit impaired $	Total $
Balance as at 31 March 2020	103,975	1,885	2,797	108,657
New loan advances	161,076	-	-	161,076
Repayments	(96,896)	(1,885)	(2,797)	(101,578)
Transfer to lifetime not credit impaired	(3,256)	3,256	-	-
Reduction in expected credit losses %	(32,126)	-	-	(32,126)
Balance as at 31 March 2021	132,773	3,256	-	136,029
New loan advances	231,071	-	-	231,071
Repayments	(145,351)	(3,256)	-	(148,607)
Transfer to lifetime not credit impaired	(3,254)	3,254	-	-
Transfer to lifetime credit impaired	(1,505)	-	1,505	-
Reduction in expected credit losses %	(16,198)	-	-	(16,198)
Balance as at 31 March 2022	197,536	3,254	1,505	202,295

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

The LVR** of loans with a significant increase in credit risk or in default was in a range of 50.5% - 68.2% as at 31 March 2022 (53.9% - 63.0% as at 31 March 2021), based on the security property valuation at origination.

NOTE 12: INVESTMENT IN SUBSIDIARIES

		Ownership Interest Held	
Subsidiary		2022	2021
Corporate Holdings Limited (CHL)	Holding company	100.0%	100.0%
General Finance Limited	Finance	100.0%	100.0%
Investment Research Group Limited	Research and advisory	100.0%	100.0%
Commercial and General Finance Limited	Dormant	100.0%	100.0%
General Finance & Investments Limited	Dormant	100.0%	100.0%
General Finance & Leasing Limited	Dormant	100.0%	100.0%
General Leasing Limited	Dormant	100.0%	100.0%
General Loan and Finance Limited	Dormant	100.0%	100.0%
Mykco Limited (previously named General Capital Limited)	Dormant	100.0%	100.0%

All subsidiaries have a 31 March balance date.

*ECL - Expected Credit Losses
**LVR - Loan to Valuation Ratio

NOTE 13: LEASES

Right of use assets	Office Premises and Carparks $
As at 1 April 2020	-
Additions	305,729
Depreciation	(12,229)
As at 31 March 2021	293,500
Additions	-
Depreciation	(146,750)
As at 31 March 2022	146,750

Lease Liability	2022 $	2021 $
Balance at beginning of year	307,207	-
Additions	-	305,729
Accretion of interest	13,827	1,478
Payments	(146,670)	-
Total loan receivables	174,364	307,207
Current	174,364	149,195
Non-current	-	158,012
	174,364	307,207

The Group entered into a two-year office premises and carpark lease with a commencement date of 1 March 2021. The lease is for a term of two years and includes four further rights of renewal of six months each. Management do not expect the renewal rights to be exercised as the Group is expected to grow in size and headcount over the next two years and as such will require a larger office premises. Accordingly, the extension periods have not been included in the lease term in the calculation of the lease liability. The undiscounted potential future rental payments relating to these extension periods which are not included in the lease term total $174,364 (2021: $326,041).

The Group had a lease obligation from 1 March 2021. In the period up to 28 February 2021 and in the prior year ended 31 March 2020, the Group paid a share of office premises lease costs to Moneyonline Limited, a related company. There was no formal agreement in place in relation to this arrangement. Costs were allocated monthly based on the office space utilised by the Company. The costs are included in occupancy costs in the statement of comprehensive income, and further information on related party transactions can be found in note 18.

NOTE 14: INTANGIBLE ASSETS

	Goodwill $	Licences $	Bartercard Trade Dollars $	Software $	Total $
Year ended 31 March 2021					
Opening net book amount	2,350,730	277,000	389,782	29,299	3,046,811
Additions	-	-	11,858	-	11,858
Disposals	-	-	(108,873)	-	(108,873)
Amortisation charge	-	-	-	(23,431)	(23,431)
Closing net book amount	2,350,730	277,000	292,767	5,868	2,926,365
At 31 March 2021					
Cost	2,350,730	277,000	292,767	70,293	2,990,790
Accumulated amortisation and impairment	-	-	-	(64,425)	(64,425)
Net book amount	2,350,730	277,000	292,767	5,868	2,926,365

NOTE 14: INTANGIBLE ASSETS (CONTINUED)

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

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

Goodwill		
Allocated to the finance CGU*	1,323,729	1,323,729
Allocated to the research and advisory CGU*	1,027,001	1,027,001
	2,350,730	2,350,730
Licences with an indefinite useful life		
Allocated to the finance CGU*	247,000	247,000
Allocated to the research and advisory CGU*	30,000	30,000
	277,000	277,000

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

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

Finance CGU*

Pre-tax free cash flows to equity holders (FCFE)** have been forecasted based on growth in the non-bank deposit taking / residential lending business within the current constraints of the licence / trust deed. The forecasted growth in net cash flows is driven primarily by the net interest and fee margin from forecasted growth in deposit funding and the loan book. For reference purposes, pre-tax FCFE** was $2,028,008 (2021: $309,804). Significant expenditure has been incurred since the business was purchased by the Group to ensure that the business has the capacity and resources to allow for the growth.

*CGU - Cash Generating Unit

**FCFE - Free Cash flows to Equity Holders

NOTE 14: INTANGIBLE ASSETS (CONTINUED)

31 March 2022 Assumptions	Total Assets	Total Liabilities	Revenue	Expenditure	FCFE
Year one growth assumptions	40.0%	40.7%	72.2%	78.0%	56.5%[1]
Year two growth assumptions	10.9%	8.2%	33.8%	29.4%	47.3%
Year three growth assumptions	9.9%	7.4%	9.7%	10.9%	6.6%
Year four growth assumptions	9.4%	7.1%	8.9%	7.8%	12.0%
Year five growth assumptions	8.7%	6.5%	8.2%	7.5%	10.1%
Terminal growth beyond year 5		2.0%			
Pre-tax discount rate		15.7%			

[1]FCFE** 56.5% (March 2021: 303.6%) is high compared to the assets growth of 40.0% (March 2021: 24.1%) due to the nature of finance businesses, the benefits of the balance sheet growth in the 2023 financial year (March 2021: 2022 financial year) are not fully realised until the following year (for instance the expected interest income from new lending).

31 March 2021 Assumptions	Total Assets	Total Liabilities	Revenue	Expenditure	FCFE**
Year one growth assumptions	24.1%	21.6%	36.5%	17.1%	303.6%[1]
Year two growth assumptions	28.0%	29.9%	27.9%	22.1%	51.0%
Year three growth assumptions	26.2%	27.3%	27.0%	23.6%	38.1%
Year four growth assumptions	21.9%	22.1%	23.8%	19.6%	35.7%
Year five growth assumptions	21.7%	21.7%	22.0%	18.3%	31.3%
Terminal growth beyond year 5		2.0%			
Pre-tax discount rate		13.9%			

In assessing the impairment of the goodwill and licences in the finance CGU*, a sensitivity analysis for reasonable possible changes in assumptions was performed. This included decreasing and increasing the years 1-5 forecasted cash flows (based on the above growth assumptions) by 25%, decreasing and increasing the terminal growth rate by 0.5%, and decreasing and increasing the discount rate by 1%. These reasonably possible changes in assumptions did not result in an impairment to the CGU* (2021: the same sensitivity analysis did not result in an impairment to the CGU*).

Research and advisory CGU*

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

31 March 2022 Assumptions	Net Revenue	Expenditure	Working Capital Movements	Pre-tax FCFF***
Actual 31 March 2022 year[2]	356,395	(176,094)	39,362	219,663
Forecast 2023	285,300	(165,838)	-	119,462
Forecast 2024	404,100	(161,250)	-	242,850
Forecast 2025	406,238	(158,612)	-	247,626
Forecast 2026	412,331	(155,992)	-	256,339
Forecast 2027	418,516	(157,461)	-	261,055
Terminal growth beyond year five	1.5%			
Pre-tax discount rate	17.4%			

*CGU - Cash Generating Unit
**FCFE - Free Cash flows to Equity Holders
***FCFF - Free Cash flows to the Firm

NOTE 14: INTANGIBLE ASSETS (CONTINUED)

[2]$120,000 of the pre-tax FCFF*** in the 31 March 2022 year as displayed above relates to amounts received in shares for advisory fees (March 2021: $72,000), net of amounts paid in shares for commission expense. These have been included in pre-tax FCFF*** on the basis that the research and advisory CGU* is not in the business of holding shares despite the Group's election to do so and hence the shares could have been sold at fair value on the date they were received. Should this amount not be included as a cash flow, then pre-tax FCFF*** would instead be $99,663 for the 31 March 2022 year (March 2021: $204,724). There is no impact on the future year forecasts, nor on the impairment assessment in respect of this.

31 March 2021 Assumptions	Net Revenue	Expenditure	Working Capital Movements	Pre-tax FCFF***
Actual 31 March 2021 year	392,635	(123,357)	7,446	276,724
Forecast 2022	353,545	(181,467)	-	172,079
Forecast 2023	358,849	(184,189)	-	174,660
Forecast 2024	364,231	(186,952)	-	177,280
Forecast 2025	369,695	(189,756)	-	179,939
Forecast 2026	375,240	(192,602)	-	182,638
Terminal growth beyond year five	1.5%			
Pre-tax discount rate	16.3%			

The forecasted cash flows in the March 2022 and March 2021 impairment analysis include assumptions around the probability of achieving certain milestones in the existing contracts as well as expectations around sourcing future advisory contracts and the expected resulting cashflows.

In assessing the impairment of the goodwill and licences in the research and advisory CGU*, a sensitivity analysis for reasonable possible changes in assumptions was performed. This included decreasing and increasing the years 1-5 forecast cash flows by 100%, decreasing and increasing the terminal growth rate by 0.5%, and decreasing and increasing the discount rate by 1%. A reduction in forecasted cash flows by 100% would result in an impairment of $1,057,001 (2021: $1,057,001) to the CGU*. An increase in the discount rate by 1% did not result in impairment (2021: impairment of $43,498) to the CGU*. The other sensitivity movement did not result in an impairment (2021: no impairment) to the CGU*.

Management have determined that a 100% reduction in forecasted cash flows is a reasonably possible change. This is because the cash flows of the research and advisory group rely most significantly on securing and completing one or more advisory projects per year. Should this not be achieved, then the net cash flows of the CGU* may be breakeven or negative (net cash outflow) in the forecast years. The forecast has been developed based on historical performance and current advisory opportunities. As at the date of signing there are no known adverse factors which would impact on the ability of the CGU* to achieve the forecasts.

Bartercard trade dollars

Bartercard trade dollars comprise the balance of Bartercard Trade Dollars on hand at period end net of accumulated impairment losses.

For the years ended 31 March 2022 and 31 March 2021 it was determined that the fair value less costs of disposal of the Bartercard trade dollars was equivalent to the carrying value of the assets. Fair value less costs of disposal was determined based on the fact that all market participants (being other Bartercard members) accept the terms and conditions of Bartercard which stipulate that a Bartercard Trade Dollar is equivalent to a New Zealand dollar at the date of exchange in respect of future purchases or goods and services. In addition, as there are no significant disposal costs associated with settling transactions in Bartercard trade dollars, management have determined that the fair value less costs of disposal are equal to the carrying value of Bartercard trade dollars.

*CGU - Cash Generating Unit
**FCFE - Free Cash flows to Equity Holders
***FCFF - Free Cash flows to the Firm

NOTE 15: INVESTMENTS

	Note	2022 $	2021 $
Investment in Barter Investments Limited	18	-	35,321
Investment in Sports & Education Corporation Limited	18	-	-
Investment in Cannabis and Bioscience Corporation Limited	18	171,652	265,581
Investment in Greenfern Industries Limited	18	116,790	100,184
		288,442	401,086

Investment in Barter Investments Limited

Investment Research Group Limited received consideration of $30,000 in Bartercard Dollars for the shares held in Barter Investments Limited ("BIL") as part of the company's wind down. As at 31 March 2022 the Investment Research Group Limited still owns 50,800 shares, however it does not have beneficial ownership in the shares and is unable to exercise any of the rights that would normally be attached to such shares.
The investment in the unlisted investment holdings is classified as a financial asset at fair value through other comprehensive income. This equity 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 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 increase / (decrease) the fair value of the investment.

As the consideration for the beneficial ownership has been received a $15,479 gain was recognised in other comprehensive income during the year ended 31 March 2022 to clear out the related Fair Value reserve (2021: A loss of $2,068 has been recognised) and a corresponding loss on sale of investments of $20,800 was recognised in other operating expenses.

Investment in Sports & Education Corporation Limited

The 0.96% stake in Sports & Education Corporation Limited (SEC) is held by Investment Research Group Limited and was acquired in late March 2019 as a portion of revenue for the completion of an advisory project. The investment in the Unlisted Securities Exchange (USX) listed company which owns various brands in the international sports and education sectors is classified as a financial asset at fair value through other comprehensive income. The equity securities are quoted on the Unlisted Securities Exchange in New Zealand, however there has not been significant trading activity in the securities since it was listed in December 2018.

Fair value of SEC investment as at 31 March 2021 and 31 March 2022

The shares of SEC were put into a trading halt on the USX on 1 August 2019 pending the release of its March 2019 Annual Report which still has not been released up to the date of signing these financial statements. This effectively had the effect of delisting the company. When compiling the 31 March 2021 financial statements, the Group determined that the uncertainty inherent in the future cash flows of the investment were so significant that it was unlikely that a market participant would pay a material amount for the equity stake held by the Group. The Group therefore determined that a risk adjustment of -100% per share (a significant unobservable input) be applied (March 2022: -100%). This resulted in a fair value of $nil as at 31 March 2021 (March 2022: $nil). The inter-relationship between the key unobservable input and fair value measurement is that an increase / (decrease) in the risk adjustment (an increase being a higher discount) would (decrease) / increase the fair value of the investment. No fair value movements recognised for the ended 31 March 2022 (March 2021: No fair value movements recognised).

The Company continues to trade and the Golf Course continues to be one of the more successful courses in New Zealand.

Investment in Cannabis and Bioscience Corporation Limited

The 17.3% (March 2021: 17.3%) equity stake in Cannabis and Bioscience Corporation Limited (CBC) was acquired for the payment of $200,000 Bartercard trade dollars in January 2020 and a further payment of $75,000 Bartercard trade dollars in April 2021. CBC is an unlisted investment holdings company and is a related party by virtue of common directorship as described in note 18. The investment has been classified as a financial asset at fair value through other comprehensive income.

Fair value of CBC investment as at 31 March 2021 and 31 March 2022

The fair value of this equity security is based on the Group's share of the entity's net assets at reporting date as reported in the entity's financial statements, net of a discount for illiquidity of 20% (valuation technique). The majority of the entity's assets and liabilities are reported in their financial statements at either their fair value or their carrying value which approximates their fair value (the significant unobservable inputs). A loss of $93,929 has been recognised in other comprehensive income during the year in relation to the fair value of the investment (2021: $9,419).

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

- an increase / decrease in the illiquidity discount by 10% would decrease / increase the fair value of the investment by $21,000 (2021: $33,000).

NOTE 15: INVESTMENTS (CONTINUED)

Investment in Greenfern Industries Limited
729,936 shares (representing a 0.86% stake) (March 2021: 50,092 shares (representing a 0.57% stake)) in Greenfern Industries Limited (Greenfern).

During the year ended 31 March 2021, 40,000 shares were acquired as payment of advisory fees and 4,000 of those shares were transferred to the Managing Director in accordance with his contract (also refer note 18). A further 14,092 shares were also acquired for $2 per share during the year ended 31 March 2021.

During the year ended 31 March 2022, a further 60,000 shares were acquired for $2 per share on 12 October 2021 as payment for advisory fee. On 21 October 2021, Greenfern Industries Limited undertook a 8:1 share split, which increased the share holding to 880,736 shares. 102,800 shares at $0.25 per share were transferred to a non-executive director in relation to advisory work (refer note 18) and 48,000 shares at $0.25 per share were transferred to Managing Director in accordance with his contract (refer note 18).

The investment in the listed investment holdings company is classified as a financial asset at fair value through other comprehensive income. This equity is quoted in an active market for the year ended 31 March 2022 and is worth $0.16 per share at the date, therefore management has determined to adopt a value of $0.16 per share as at 31 March 2022 as the fair value of the equity. A loss of $65,694 has been recognised in other comprehensive income during the year in relation to the fair value of the investments (2021: $Nil).

For the year ended 31 March 2021 management has estimated the fair value of the equity securities based on the transaction price for sales of Greenfern shares of the same class at dates which approximate the date the shares were acquired by the group and at 31 March 2021 year end (valuation technique). A crowdfunding was carried out by Greenfern in late 2020 at a price $2 per share which raised approximately $2.9m. Greenfern management have also advised the Company that further shares have been sold since that date at the same price (the significant unobservable inputs). Management have therefore assessed the fair value of the shares at $2 per share. The inter-relationship between key unobservable inputs and fair value measurement is that an increase / (decrease) in the transaction price for the shares would increase / (decrease) the fair value of the investment. No amounts have been recognised in other comprehensive income during the year ended 31 March 2021 in relation to the fair value of the investment.

NOTE 16: TERM DEPOSITS

	2022 $	2021 $
Gross term deposit liability	88,134,578	57,929,500
Less deferred commission expenditure	(87,359)	(66,316)
Net carrying value	88,047,219	57,863,184
Contractual repayment terms:		
On call	22,504	30,151
Within 12 months	66,407,557	37,888,692
Greater than 12 months	21,617,158	19,944,341
	88,047,219	57,863,184

Repayment Terms:	On call up to 5 years
Interest Rate:	2.95% - 6.25% and 0.15% on call (March 2021: 2.40% - 6.75% and 0.15% on call)
Effective Interest Rate:	2.95% - 6.25% and 0.15% on call (March 2021: 2.40% - 6.75% and 0.15% on call)
Security:	First ranking security interest over the assets and undertakings of General Finance Limited in favour of the Trustee (subject only to any prior security interests permitted by the Trust Deed and preferential claims given priority by operation of law).

The Group has a total of 681 depositors as at 31 March 2022 (March 2021: 545). As at balance date, the largest deposit the Company has is $2,084,512 (March 2021: $3,030,499) which represents 2.37% (March 2020: 5.23%) of total deposits. As at balance date the largest aggregate deposits under a single deposit holder total $6,185,342 (March 2021: $4,057,508) which represents 7.02% (March 2021: 7.00%) of total deposits and have a weighted average maturity date of 3.82 months from balance date (March 2021: 3.74 months from balance date). The largest deposit holder as at 31 March 2022 and 31 March 2021 is a director of General Capital Limited (refer to note 17). As at 31 March 2022 $2,020,591 of the Term deposits held by related parties has been approved for early withdrawal on 1 April 2022 in compliance with the Company's 'early repayment' terms of offer criteria included in the Company's Product Disclosure Statement (refer to note 18).

NOTE 16: TERM DEPOSITS (CONTINUED)

Further analysis of gross deposit funding is as follows:

Concentration of funding	2022 $	2021 $
Northland	2,807,079	1,263,690
Auckland	41,906,519	28,588,679
Waikato	7,313,812	4,375,175
Bay of Plenty	12,694,481	5,519,679
Wellington	10,276,775	5,261,156
Other North Island	4,231,432	3,310,551
South Island	7,490,119	4,654,659
Overseas *	1,414,361	4,955,911
Total gross term deposit liability	88,134,578	57,929,500

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

Contractual maturity of funding	2022 $	2021 $
Maturing in 0 - 6 months	33,836,498	17,701,862
Maturing in 6 - 12 months	32,636,505	20,238,363
Maturing in 12 - 24 months	17,339,988	17,850,727
Maturing after 24 months	4,321,587	2,138,548
Total gross term deposit liability	88,134,578	57,929,500

Profile of deposit holders	2022	2022 $	2021	2021 $
Deposits over $200,000	96	56,009,077	63	34,500,730
Deposits $100,000 - $200,000	92	13,482,741	58	8,322,533
Deposits $50,000 - $100,000	151	10,932,583	121	8,527,002
Deposits $20,000 - $50,000	182	5,986,582	153	4,987,325
Deposits $10,000 - $20,000	87	1,277,268	77	1,109,070
Deposits under $10,000	73	446,327	73	482,840
Total gross term deposit liability	681	88,134,578	545	57,929,500

NOTE 17: EQUITY

		2022		2021	
	Note	Number	$	Number	$
Ordinary shares	(a)	212,657,496	13,025,575	162,873,779	10,249,211

(a) Ordinary shares

	Ordinary shares	
	Number	**$**
Balance at 1 April 2020	161,655,643	10,176,204
Ordinary shares issued on 15 April 2020 - exercise of GENWA Warrants[1]	2,000	155
Ordinary shares issued on 31 March 2021 - Share Placement[2]	1,216,136	76,009
Transaction costs arising on shares issued	-	(3,157)
	1,218,136	73,007
Balance at 31 March 2021	162,873,779	10,249,211
Ordinary shares issued on 27 September 2021 - Share Placement[3]	8,333,333	500,000
Ordinary shares issued on 8/12/21 - Share Placement[4]	6,667,775	400,000
Ordinary shares issued on 23/02/22 - Share Placement[5]	34,782,609	2,000,000
Transaction costs arising on shares issued	-	(123,636)
	49,783,717	2,776,364
Balance at 31 March 2022	212,657,496	13,025,575

All ordinary shares rank equally and entitle the holder to participate in dividends and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. One vote is attached to each fully-paid ordinary share. Shares have no par value. The Company was listed on the NZAX, the secondary market of the New Zealand Stock Exchange up to 1 July 2019, the date it migrated to the NZX main board.

[1]2,000 GENWA Warrants were exercised on 31 March 2021 at $0.0775 per warrant for a total exercise price of $155. The Group allowed the minor parcel warrants to be exercised after the 31 March 2020 expiry date (on 15 April 2020) as the exercise form was received late due to mail delays.

[2]On 31 March 2021, the Company issued 1,216,136 shares at 6.25 cents per share under a placement to a wholesale investor.

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

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

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

NOTE 17: EQUITY (CONTINUED)

(b) Warrants	**GENWA Warrants**		**GENWB Warrants**	
	Number	**$**	**Number**	**$**
Balance at 1 April 2020	2,000	-	320,734,884	6,903
Exercise of GENWA Warrants - 15 April 2020[1]	(2,000)	-	-	-
Balance at 31 March 2021	-	-	320,734,884	6,903
Warrants issued on 11 December 2018 lapsed on expiry date of 30 November 2021	-	-	(307,684,884)	-
Expiry of GENWB warrants to directors and senior managers - issued on 25 June 2019 (note 19)	-	-	(12,650,000)	(4,672)
Expiry of GENWB warrants to directors and senior managers - issued on 17 January 2020 (note 19)	-	-	(400,000)	(2,231)
Issue of GENWB warrants to staff, directors and consultants - 30 June 2021 (note 19)	-	-	2,250,000	492
Warrants issued on 30 June 2021 lapsed on expiry date of 30 November 2021 (note 19)	-	-	(2,250,000)	(492)
Issue of Senior Management warrants - 27 September 2021 (note 19)	-	-	8,500,000	33,817
Issue of Senior Management warrants - 27 September 2021 (note 19)	-	-	8,500,000	35,215
Warrants issued on 27 September 2021 lapsed on non satisfaction of the terms of the warrant (note 19)	-	-	(4,250,000)	(16,908)
Warrants issued on 27 September 2021 lapsed on non satisfaction of the terms of the warrant (note 19)	-	-	(4,250,000)	(17,608)
Balance at 31 March 2022	-	-	8,500,000	34,516

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

(c) Reserves

	Notes	**Financial Assets at FVOCI***	**Share-based payments**	**Total Reserves**
		$	**$**	**$**
Balance at 1 April 2020		(124,683)	6,903	(117,780)
Revaluation of financial assets at FVOCI*	15	(11,487)	-	(11,487)
Balance at 31 March 2021		(136,170)	6,903	(129,267)
Share-based payment expense	19	-	34,516	34,516
Expired Warrants converted to Retained Earnings	19	-	(6,903)	(6,903)
Revaluation of financial assets at FVOCI*	15	(144,144)	-	(144,144)
Balance at 31 March 2022		(280,314)	34,516	(245,798)

*FVOCI - Fair Value through Other Comprehensive Income

NOTE 18: RELATED PARTY BALANCES AND TRANSACTIONS

Major shareholders, directors, directors of subsidiaries and closely related persons or entities to them are considered related parties of the Group.

The Group had dealings with the following related parties during the reporting periods:

Related party	Relationship
Directors (Refer to Director Profiles)	Directors
Graeme Iain Brown	Director up to 24 March 2022
Donald Hattaway	Director of Subsidiary (General Finance Limited)
Gregory Pearce	Director of Subsidiary (General Finance Limited)
Robert Hart	Director of Subsidiary (General Finance Limited)
Michel Developments Limited	A Director is an ultimate beneficiary (shareholder is Bedford Trust)
Belian Holdings Limited	Common Director - up to 24 March 2022
Bedford Trust	A Director is an ultimate beneficiary
Casrom Trustee Company Limited	Common Director
Romana Benevolent Trust	Common Director of a trustee company
Barter Investments Limited	Common Director
Borneo Capital Limited	Common Director
Greenfern Industries Limited	Common Director
Cannabis & Bioscience Corporation Limited	Common Director
Prospect Road Investments Limited	Common Director
Beaconsfield Nominees Limited	Common Director
Ellice Tanner Hart Limited	Common Director
Equity Investment Advisers Limited	Common Director
Moneyonline Limited	Common Director

Related party receivables:	2022 $	2021 $
Cannabis & Bioscience Corporation Limited	-	96,735
Moneyonline Limited	-	14,133
	-	110,868

Related party payables:	2022 $	2021 $
Brent King	2,078	5,145
Equity Investment Advisers Limited	10,469	5,084
Moneyonline Limited	644	-
	13,191	10,229

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

Other related party balances:

	2022 $	2021 $
Term deposits held by related parties[1]	6,943,400	4,708,940

[1]Includes term deposits held by Key Management Personnel, Directors, Directors of subsidiaries, their families and their controlled entities. As at 31 March 2022 $2,020,591 of the Term deposits held by related parties has been approved for early withdrawal on 1 April 2022 in compliance with the Company's 'early repayment' terms of offer criteria included in the Company's Product Disclosure Statement.

NOTE 18: RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Transactions with related parties			2022	2021
Related Party	*Type*	*Transaction*	$	$
Key Management Personnel (KMP)[1]	Expense	Short term Remuneration[2, 3, 4, 5]	722,992	655,384
	Expense	Interest paid or capitalised on term deposits held by KMP or their family members	208,745	165,939
	Expense	Recharge of expenses	38,163	70,823
	Fixed Assets	Recharge for the purchase of fixed assets	15,717	-
Ellice Tanner Hart Limited	Expense	Legal Fees	154	3,510
Equity Investment Advisers Limited	Expense	Recharge of salary costs	4,539	65,005
	Expense	Brokerage paid	104,437	62,241
	Expense	Recharge of expenses	1,146	-
	Contra expense	Recharge of salary costs	11,740	2,643
	Revenue	Advertising, commission and other revenue	-	14,240
Moneyonline Limited	Expense	Recharge of expenses[2]	35,576	117,546
	Expense	Recharge of salary costs		2,625
	Revenue	Lease Income	32,400	
Cannabis & Bioscience Corporation Limited	Revenue	Advisory fees	-	9,488
Greenfern Industries Limited	Revenue	Advisory & Capital Raising fees[7]	375,900	-
Barter Investments Limited	Other Revenue	Proceeds for the sale of shares[6]	30,000	-
Michel Developments Limited	Expense	Recharge of expenses[5]	1,833	-
Bedford Trust	Equity	Commission on share purchase[8]	50,000	-

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

[2]$34,000 (March 2021: $32,000) of the Managing Director's short term remuneration is paid to Moneyonline Limited on behalf of the Managing Director and accordingly is included in two related party categories above.

[3]$12,000 (March 2021: $8,000) of the Managing Director's short term remuneration was settled by the transfer of 48,000 Greenfern Industries Limited shares (March 2021: 4,000), also refer to note 15.

[4]$27,500 (March 2021: $Nil) of the Director's short term remuneration was settled by the transfer of 102,800 Greenfern Industries Limited shares (March 2021: Nil), also refer to note 15.

[5]$1,833 (March 2021: $Nil) of the Director's short term remuneration is paid to Michel Developments Limited on behalf of the Director and accordingly is included in two related party categories above.

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

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

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

Other related party transactions:

During the year ended 31 March 2021, the Group paid $75,000 Bartercard Trade Dollars (March 2022: $Nil Bartercard Trade Dollars) to acquire shares in Cannabis & Bioscience Corporation Limited. Refer to note 15.

During the year ended 31 March 2021, the Group purchased listed corporate and local government bonds totalling $4,718,617 and sold listed corporate and local government bonds for net proceeds totalling $4,545,768 via Equity Investment Advisers Limited. Brokerage of $7,188 was charged by Equity Investment Advisers Limited in relation to these trades. There was no such activity for the year ended 31 March 2022.

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

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

NOTE 19: SHARE BASED PAYMENTS

(a) Warrants issued to directors and senior managers

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

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

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

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

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

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

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

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

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

[1]The above table only includes GENWB warrants issued to Directors and Senior Managers in respect of their services provided to the Group. It excludes any warrants that were issued to Directors and Senior Managers pro rata with other shareholders in respect of their shareholding at 11 December 2018 (refer to note 17). For details of Directors transactions and balances in shares and warrants refer to Shareholder and Statutory Information.

Fair value of warrants issued to directors and senior managers

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

NOTE 19: SHARE BASED PAYMENTS (CONTINUED)

Inputs into model	**Warrants Issued**		
	27-Sep-21	**27-Sep-21**	**30-Jun-21**
Warrants issued	8,500,000	8,500,000	2,250,000
Exercise price per warrant	9.00 cents	8.00 cents	9.00 cents
Share price at grant date	5.90 cents	5.90 cents	5.90 cents
Expected price volatility of the Company's shares[2]	35.34%	35.34%	35.34%
Risk free interest rate	1.18%	0.81%	0.81%
Fair value per warrant	0.637 cents	0.5305 cents	0.0219 cents
Probability Discount	35%	25%	0%
Total fair value of warrants issued[3]	$ 35,215	$ 33,817	$ 492

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

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

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

	Note	2022 $	2021 $
Net profit / (loss) after tax		1,340,663	81,766
Adjustment for non-cash and other items			
Movement in allowance for expected credit losses	11	66,266	27,372
Modification gain - loans receivable	5	-	(86,489)
Deferred tax movement through profit or loss	8	(8,127)	(30,918)
Depreciation and amortisation	5	156,226	40,516
Interest on lease liability	13	13,827	1,478
Realised losses on bonds sold	7.1	-	190,085
Fair value of warrants issued to directors and senior managers	19	34,516	-
Income received in non-cash financial assets	15	(120,000)	(80,000)
Expenses paid in non-cash financial assets	18	37,700	8,000
Adjustment for movements in working capital			
(Increase) / decrease in loan receivables (net advances)		(25,995,057)	(18,407,676)
Increase) / Decrease in term deposits (net receipts)		29,953,749	16,320,142
(Increase) / decrease in accrued interest on loans receivable		(79,380)	(9,226)
(Increase) / decrease in capitalised loan fees		(680,516)	(501,550)
(Increase) / decrease in capitalised interest		232,498	(293,661)
(Increase) / decrease in modification gain receivable		86,489	-
(Increase) / decrease in accounts receivable		(16,641)	2,690
(Increase) / decrease in related party receivable		110,868	(31,045)
(Increase) / decrease in prepayments and other current assets		(124,132)	174,786
(Increase) / decrease in prepaid commission		(21,043)	3,289
(Increase) / decrease in Bartercard trade dollars[1]		32,419	22,015
Increase / (decrease) in income tax payable		467,881	46,879
Increase / (decrease) in deferred income		41,441	421,281
Increase / (decrease) in interest payable		251,331	89,256
Increase / (decrease) in related party payable		2,962	7,304
Increase / (decrease) in accounts and other payables		211,020	83,368
Net cash (outflow) / inflow from operating activities		5,994,960	(1,920,338)

[1]Movement is net of $30,000 Bartercard trade dollars received in proceeds of an equity investment. March 2021: Movement was net of $75,000 Bartercard trade dollars used for acquisition of an equity investments (note 15).

NOTE 21: RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Opening Balance 1 April $	Financing Cash Flows $	Non-cash/Non-Financing Changes[1] $	Opening Balance 31 March $
For the year ended 31 March 2022				
Lease Liability	307,207	(146,670)	13,827	174,364
Total	307,207	(146,670)	13,827	174,364
For the year ended 31 March 2021				
Lease Liability	-	-	307,207	307,207
Total	-	-	307,207	307,207

[1]Non-cash changes relate to the movement in unpaid interest in the term deposit balance. Interest on Lease Liability was recognised in operating activities $13,827 (2021: $1,478).

NOTE 22: COMMITMENTS AND CONTINGENT LIABILITIES

The Group has no material commitments (other than loan receivables commitments in the ordinary course of business as described in note 11) or contingent liabilities at reporting date (2021: none).

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

- Note 4.1 of these financial statements described the impact of the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events which occurred before 31 March 2022 and continues as at the date of the signing of these financial statements.

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

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

SHAREHOLDER AND STATUTORY INFORMATION

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

The Company had two classes of quoted financial products on issue during the year ended 31 March 2022.

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

GENWB Warrants
Warrants were exercisable on or before 30 November 2021 at 9.00 cents per share for each warrant held. Warrants did not have any voting rights attached to them, nor did they have any entitlement to participate in dividends or the proceeds on the winding up of the Company. The GENWB Warrants expired on 30 November 2021 and are no longer on issue as at 31 March 2022.

LARGEST HOLDERS OF QUOTED FINANCIAL PRODUCTS (as at 7 June 2022)

Ordinary Shares

Rank	Registered Holder	Ordinary Shares Held	%
1	Borneo Capital Limited	62,960,957	29.61%
2	Lynn Landmark Michel & Mat Floyd Trustee Co (No 1) Limited	34,782,609	16.36%
3	Brent Douglas King	22,115,317	10.40%
4	Snowdon Peak Investments Limited	14,882,720	7.00%
5	Owen Arvind Daji	7,030,463	3.31%
6	Olivia Ling	6,667,775	3.14%
7	Grant Keith Baker & Donna Jean Baker & Lewis Thomas Grant	6,511,945	3.06%
8	Stephen John Sinclair & Jacqueline Margaret Sinclair & Roger Frederick Wallis	6,290,524	2.96%
9	John Tomson	6,289,722	2.96%
10	Syed Hizam Alsagoff	4,000,000	1.88%
11	Zhenhua Qian	3,030,303	1.42%
12	Bruce Gregory Speers & Fiorano Trust Limited	2,439,512	1.15%
13	New Zealand Depository Nominee Limited	2,143,323	1.01%
14	Harrigens Trustees Limited	2,100,945	0.99%
15	Garth William Ward	1,839,122	0.86%
16	Sii Yih Ting	1,480,000	0.70%
17	Michael Alan Matthews	1,406,664	0.66%
18	CFS NBDT Interest Limited	1,387,280	0.65%
19	Saje Limited	1,333,333	0.63%
20	Koon Weng Lee	1,291,325	0.61%
		189,983,839	89.34%

SHAREHOLDER AND STATUTORY INFORMATION

SPREAD OF FINANCIAL PRODUCT HOLDERS (as at 7 June 2022)

Ordinary Shares

Size of Holding	Number of Shareholders	%	Number of Ordinary Shares	%
1 - 1,999	496	66.3%	29,696	0.0%
2,000 - 4,999	27	3.6%	78,660	0.0%
5,000 - 9,999	63	8.4%	469,828	0.2%
10,000 - 49,999	63	8.4%	1,427,438	0.7%
50,000 - 99,999	24	3.2%	1,645,683	0.8%
100,000 - 999,999	52	7.0%	15,635,808	7.4%
1,000,000 - 9,999,999	19	2.5%	58,628,780	27.6%
10,000,000 and over	4	0.5%	134,741,603	63.5%
	748	100%	212,657,496	100%

Geographic Spread				
New Zealand	640	85.5%	203,265,857	95.6%
Malaysia	68	9.1%	8,144,466	3.8%
Rest of World	40	5.3%	1,247,173	0.6%
	748	100%	212,657,496	100%

SUBSTANTIAL PRODUCT HOLDERS (as at 31 March 2022)

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

As at 31 March 2022 the following shareholders are registered by the company as Substantial Product Holders in the Company, having disclosed a relevant interest in quoted voting products under the Financial Markets Conduct Act 2013.

	Ordinary Shares	% of voting (ordinary) shares at balance date
Borneo Capital Limited	62,960,957	29.61%
Lynn Landmark Michel & Mat Floyd Trustee Co (No 1) Limited	34,782,609	16.36%
Brent Douglas King	22,115,317	10.40%
CFS NBDT Interest Limited	16,270,000	7.65%
	136,128,883	

DIRECTORS' REMUNERATION AND OTHER BENEFITS

	Directors Fees[3]	Other Remuneration
	$	$
Rewi Hamid Bugo[1]	33,000	6,300
Brent Douglas King[4]	22,000	250,888
Huei Min Lim	22,000	-
Graeme Iain Brown	22,000	-
Paul William Zingel	1,833	-
Simon John McArley[2]	27,500	25,700
Donald Frederick Hattaway (director of subsidiary)	33,000	-
Robert Garry Hart (director of subsidiary)	22,000	-
Gregory John Pearce (director of subsidiary)	39,118	-
	222,451	282,888

[1]Other remuneration paid to Rewi Bugo comprises commissions paid during the year.

[2]Other remuneration paid to Simon McArley comprises fees paid for legal services during the year. The figure is shown exclusive of GST.

[3]The above fees are recorded exclusive of GST, if any.

[4]Other remuneration paid to Brent King comprises salaries and other benefits paid to Brent King in his capacity as Managing Director of General Capital Limited and its subsidiaries. Brent King's other remuneration is broken down further as follows:

	$
Base salary	146,000
Car allowance	12,000
Bonus	15,000
Kiwisaver Employer Contributions	6,370
Cashed up annual leave	8,218
Commission[5]	38,620
FY22 Share Profit Entitlement Accrual[6]	24,681
	250,888

Other entitlements of the Managing Director:

[5]Brent King is entitled to a commission payment of 10% of all fee income earned by the Group. For the avoidance of doubt, this excludes any fees earned by General Finance Limited in relation to its lending business.

[6]Brent King is also entitled to a profit share of 8% of any amount by which the Group's net profit after tax exceeds the benchmark for that year. That benchmark is the total equity of the Group at the commencement of the year, multiplied by the Official Cash Rate (set by the Reserve Bank of New Zealand) plus 10% per annum. These amounts are to be paid quarterly based on estimates calculated by the Group Chief Financial Officer. Share Profit entitlement was accrued as at 31 March 2022 as per the above.

GENERAL CAPITAL LIMITED

SHAREHOLDER AND STATUTORY INFORMATION

DIRECTORS DEALINGS IN QUOTED FINANCIAL PRODUCTS DURING THE YEAR ENDED 31 MARCH 2022

	Date of Transaction	Financial Product	Number of Financial Products Acquired / (disposed)	Consideration (received) / paid $	Relevant Interest
Brent Douglas King[1]	8/10/2021	Ordinary Shares	(166,667)	Note 7	Note 1
Brent Douglas King[1]	8/10/2021	Ordinary Shares	(1,333,333)	Note 7	Note 1
Brent Douglas King[1]	8/10/2021	Ordinary Shares	(1,000,000)	Note 7	Note 1
Brent Douglas King[1]	8/10/2021	Ordinary Shares	(666,667)	Note 7	Note 1
Brent Douglas King[1]	8/10/2021	Ordinary Shares	(166,667)	Note 7	Note 1
Brent Douglas King[1]	8/10/2021	Ordinary Shares	(229,136)	Note 7	Note 1
Brent Douglas King[2]	8/10/2021	Ordinary Shares	166,667	Note 7	Note 2
Rewi Hamid Bugo[3]	27/09/2021	Ordinary Shares	8,333,333	500,000	Note 3
Rewi Hamid Bugo[3]	27/09/2021	Ordinary Shares	12,377,869	742,672	Note 3
Graeme Iain Brown[4]	27/09/2021	Ordinary Shares	(12,377,869)	(742,672)	Note 4
Paul William Zingel[5]	23/02/2022	Ordinary Shares	34,782,609	2,000,000	Note 5
Simon John McArley[6]	17/12/2021	Ordinary Shares	298	15	Note 6
Simon John McArley[6]	17/12/2021	Ordinary Shares	30,000	1,560	Note 6
Simon John McArley[6]	17/12/2021	Ordinary Shares	140,198	7,290	Note 6
Brent Douglas King[2]	27/09/2021	Senior Management Warrants	4,250,000	Note 8	Note 2
Brent Douglas King[2]	27/09/2021	Senior Management Warrants	4,250,000	Note 9	Note 2

Relevant Interests

[1]Deemed relevant interest by virtue of Brent Douglas King being a director of Barter Investments Limited (the registered holder).

[2]Brent Douglas King as the registered holder and beneficial owner.

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

[4]Deemed relevant interest by virtue of Graeme Iain Brown owning more than 20% of the voting products of Belian Holdings Limited (the registered holder).

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

[6]Deemed relevant interest by virtue of Simon John McArley owning more than 20% of the voting products of Prospect Road Investments Limited (the registered holder).

Other Notes

[7]The off-market transfers of 3,562,470 shares were completed to effect the winddown of Barter Investments Limited and were made to shareholders of Barter Investments Limited for no consideration.

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

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

DIRECTORS QUOTED FINANCIAL PRODUCT HOLDINGS AT 31 MARCH 2022

	Ordinary Shares Number	Management Warrants Number	Secured Deposit Investments $
Rewi Hamid Bugo[1]	62,960,957	-	-
Rewi Hamid Bugo[2]	-	-	6,185,342
Brent Douglas King[10,11]	22,115,317	8,500,000	-
Huei Min Lim	33,590	-	-
Paul William Zingel[3]	34,782,609	-	-
Simon John McArley[4]	210,496	-	-
Simon John McArley[5]	-	-	76,907
Donald Frederick Hattaway (director of subsidiary)[6]	-	-	101,362
Donald Frederick Hattaway (director of subsidiary)[7]	-	-	101,375
Donald Frederick Hattaway (director of subsidiary)[8]	892,890	-	272,299
Robert Garry Hart (director of subsidiary)[9]	740,741	-	-
Gregory John Pearce (director of subsidiary)	-	-	92,091
	121,736,600	8,500,000	6,829,376

Relevant Interests

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

[2]Rewi Hamid Bugo as the registered holder and beneficial owner.

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

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

[5]Deemed relevant interest by virtue of Simon John McArley owning more than 20% of the voting products of Beaconsfield Nominee Limited (the registered holder).

[6]Donald Frederick Hattaway as the registered holder and beneficial owner.

[7]Deemed relevant interest by virtue of Donald Frederick Hattaway's family member being the registered holder.

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

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

Other Notes

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

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

OTHER DIRECTORSHIPS HELD BY DIRECTORS

Brent Douglas King

A.I.S. Limited
Askridge Holdings Limited
Barter Investments Limited
Cannabis & BioScience Corporation Limited
CBC Manuka Limited
CBC Greenfern Limited
CBC Tetramed Limited
Commercial and General Finance Limited
Corporate Holdings Limited
Equity Investment Advisers Limited
General Capital Limited
General Finance Limited
General Finance & Leasing Limited
General Finance & Investments Limited
General Leasing Limited
General Loan & Finance Limited
Greenfern Industries Limited
Investment Research Group Limited
King Capital & Investment Corporation
Kohaus Limited
Moneyonline Limited
Mykco Limited
Sharechat.co.nz Limited
Snowdon Peak Investments Limited
Red Hot Investments Limited

Paul William Zingel

General Capital Limited
Online Realty International Limited
Propfi.nz Limited
Propfi.com Limited

OTHER DIRECTORSHIPS HELD BY DIRECTORS (Continued)

Rewi Hamid Bugo

Aventura Properties Limited
Bampfylde Holdings Limited
Bay of Islands Property Limited
Borneo Capital Limited
Borneo Investments Limited
Corporate Holdings Limited
General Capital Limited
Global Dominance Limited
Inlet Contractors Limited
Inlet Estate Limited
Selwyn Residential Limited
Billion Jasa Sdn Bhd
BDC Realty Sdn Bhd
Delima Pelita Sdn Bhd
Didi Resources Sdn Bhd
Didi Automotive Sdn Bhd
Didi Capital Sdn Bhd
Didi Motorcycles Sdn Bhd
Era Malindo Sdn Bhd
Gading Kapital Sdn Bhd
Infinite Property Marketing Sdn Bhd
Ik Chin Travel Services (K) Sdn Bhd
Lama Cipta Sdn Bhd
Madeit Media Sdn Bhd
Mesti Perkasa Sdn Bhd
Pacific Unit Sdn Bhd
Parklane Properties Sdn Bhd
Petra Jaya Properties Sdn Bhd
PJP Dua Sdn Bhd
Property Plus Marketing Services Sdn
Profile Equity Sdn Bhd
Reignvest Corporation Sdn Bhd
Rekaruang Sdn Bhd
Santubong Properties Sdn Bhd
Santubong Suites Sdn Bhd
Sara Gemilang Sdn Bhd
Sarasiana Holdings Sdn Bhd
Sarasiana Urusharta Sdn Bhd
Sego Holdings Sdn Bhd
Space Craft Sdn Bhd
Strategen Services Sdn Bhd
Sujicojaya Sdn Bhd
Telagamas Shoji Sdn Bhd
Telaga Air Resourses Sdn Bhd
Thriven Global Bhd
Transnational Insurance Brokers (M) Sdn
Trombol Resort Sdn Bhd
Warble Resources Sdn Bhd

Graeme Iain Brown (ceased 24 March 2022)

Aventura Properties Limited
Belian Holdings Limited
General Capital Limited (ceased 24 March 2022)
Alkaz Sdn Bhd
Asian Acids Pte Ltd
Asian Corn Sdn Bhd
Borneo Plant Technology Sdn Bhd
Fend Digital Pte Limited
Grand Evermore Sdn Bhd
Keresa Mill Sdn Bhd
Keresa Plantations Sdn Bhd
Keresa Sdn Bhd
Malesiana Tropicals Sdn Bhd
Pascali Sdn Bhd
Pesaka Energy Solutions Sdn Bhd
PFS Energy (Malaysia) Sdn Bhd
Premier Space Sdn Bhd
Pro-Formula Sdn Bhd
Rajang Wood Sdn Bhd
Sarawakiana Holdings Sdn
Sarawakiana Leisure Sdn Bhd
Sarawakiana Management Sdn Bhd
Sarawakiana Realty Sdn Bhd
Tera Management Sdn Bhd
Waddell Holding Sdn Bhd
Waddell Holdings Pte Ltd
Yun Ming Wood Industries Sdn Bhd

Huei Min Lim

General Capital Limited
Hartajaya Investments Limited
Kaya Investments Limited
Restaurant Brands New Zealand Limited
Asia New Zealand Foundation
Auckland Regional Amenities Funding Board

Simon John McArley

Auckland Radiology Group Partnership (ceased 8 November 2021)
Beaconsfield Nominees Limited
General Capital Limited
Prospect Road Investments Limited
Prospect Road Services Limited
Greenfern Industries Limited

Donald Frederick Hattaway (director of subsidiary)

General Finance Limited
Casrom Trustee Company Limited

Robert Garry Hart (director of subsidiary)

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

Gregory John Pearce (director of subsidiary)

General Finance Limited

No other entires were made in the interest register during the financial period ended 31 March 2022.

EMPLOYEE REMUNERATION

During the year ended 31 March 2022, the number of employees or former employees of the Group not being directors of General Capital Limited (31 March 2021 included Executive Director of subsidiaries), who received remuneration and other benefits in their capacity as employees, the value of which exceeded $100,000 for the year was as follows:

	Number of Employees	
Remuneration Range	**2022**	**2021**
$100,000 - $109,999	-	1
$110,000 - $119,999	-	-
$120,000 - $129,999	-	-
$130,000 - $139,999	1	-
$140,000 - $149,999	-	-
$150,000 - $159,000	-	-
$160,000 - $169,999	-	-
$170,000 - $179,999	-	1
$180,000 - $189,999	-	-
$190,000 - $199,999	1	-

DONATIONS MADE

During the year ended 31 March 2022 the Group made total donations of $5,078.

GENERAL CAPITAL LIMITED

CORPORATE DIRECTORY

REGISTERED OFFICE:	General Capital Limited Level 8, General Capital House 115 Queen Street Auckland 1010 New Zealand PO Box 1314 Shortland Street Auckland 1010 New Zealand Email: info@gencap.co.nz Web: www.gencap.co.nz Phone: (09) 526 5000
AUDITOR:	Baker Tilly Staples Rodway Level 9, Tower Centre 45 Queen Street Auckland CBD Auckland 1010
SHARE REGISTER:	Computershare Investor Services Limited Level 2, 159 Hurstmere Road Takapuna Auckland 0622
BANKERS:	Bank of New Zealand ANZ Bank New Zealand Limited ASB Bank Limited Westpac New Zealand Limited Heartland Bank Limited

General Capital in Community

General Capital support for New Zealand Synthony

General Capital Support For New Plymouth Synthony

David Higgins and David Letele at General Capital Planning Day

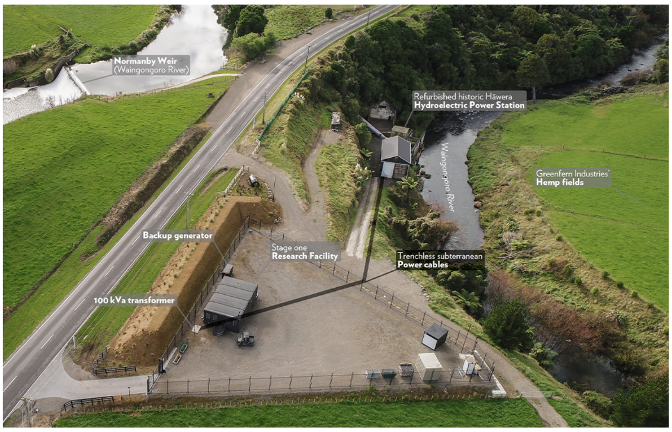
General Finance Support for BBM Food Share

IRG Listed GreenFern (GFI)

The Chair of General Capital Discuss Matters at the planning day

GFI site with construction of Stage II underway

GFI trial of Cannabis Cultivation



GreenFern power station and facility in Normanby Taranaki

The Annual 3 Day North Harbour Veterans Golf Tournament

IRG Investment Yearbook

A must have for any level of investor, from beginners to advanced.
IRG completed the 46th Edition of the Yearbook this year.
General Capital Shareholders can buy a copy using the online bookshop website https://www.irgresearch.nz
Shareholders will get a free copy of two prior years books for free!
Just email us at order@irg.co.nz stating you have ordered and which years you would like.

Investment Research Group

IRG

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GENERAL CAPITAL

GENERAL FINANCE
INC. 1997

IRG