FINANCE DIRECT LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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FINANCE DIRECT LIMITED

COMPANY DIRECTORY
AS AT 31 MARCH 2023

Nature of Business	Consumer Based Finance Company	
Registered Office	Level 8, 57 Symonds Street Grafton, Auckland 1010 Tel: 0800 399 666	
Company Number	981004	
Incorporated	23 September 1999	
Directors	Josh De Jong (Chairman) Wayne Croad (Managing Director) Richard Lott Kirstin Poole	
Shares Issued	22,222,222 Ordinary Shares 415,000 Perpetual Preference Shares	
Shareholders	The Trustees of Gateway Trust	13,999,977
	Richard Lott	5,999,998
	Oaklands Group Holdings Limited	2,222,222
	Wayne Croad	25

	Total Ordinary Shares	22,222,222
		========
	Richard Lott	15,000
	The Trustees of Gateway Trust	50,000
	Charlotte Lee & Vickie Loach (jointly)	250,000
	John Walters	100,000

	Total Perpetual Preference Shares	415,000
		========
Solicitors	KP Legal Level 1, 7 Owens Road Epsom Auckland 1023	
	Buddle Findlay Level 18, HSBC Tower 188 Quay Street Auckland 1010	
Bankers	ANZ Bank Limited ASB Bank Limited	
Auditor	Grant Thornton New Zealand Audit Limited L4, Grant Thornton House 152 Fanshawe Street Auckland 1010	
Trustee	Covenant Trustee Services Limited Level 6, 191 Queen Street Auckland 1010	

FINANCE DIRECT LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The Directors present the consolidated financial statements of Finance Direct Limited (the Parent) and the subsidiary it controls ("the Group") for the year ended 31 March 2023 and the independent auditor's report thereon.

The shareholders of the Parent Company have exercised their rights under Section 211(3) of the Companies Act 1993 (the Act) and unanimously agreed that this report need not comply with any of the Sections (a) and (f) to (j) of Section 211(1) of the Act. The Company opted to voluntarily disclose information required by Sections (f) and (i).

Directors' Interests
The Directors have disclosed the following information in accordance with Section 211(1)(e) of the Companies Act 1993:

Interested Transactions
During the year ended 31 March 2023, the Group paid consulting fees of $123,000 (31 March 2022: $91,000) to KP Legal, a legal firm in which Kirstin Poole (director) is a Partner.

During the year ended 31 March 2023, the Group paid $207,000 (31 March 2022: $207,000) to Oogaware Limited for software development. Robert Durrant (a director of subsidiary company) is a director and shareholder of Oogaware Limited.

During the year ended 31 March 2023, the Group paid a finder's fee of $140,000 to a party related to Wayne Croad as part of capital raising (31 March 2022: Nil).

During the year ended 31 March 2023, the Group received motor vehicle lease payments of $1,000 (31 March 2022: $4,000) from Gateway Family Trust, an entity related to Wayne Croad (Managing Director).

In addition to annual salary and directors' fees, Wayne Croad also received reimbursement of utilities for his home office and general expenses of $53,000 (31 March 2022: $37,000). This is included in Total Directors' Remuneration.

Parties related to Wayne Croad hold secured debenture stock of $2,000 (31 March 2022: $2,000) in the Parent Company, at an interest rate of 6.15% (31 March 2022: 6.95%).

Lending Crowd Trustee Limited, a wholly owned company of subsidiary Lending Crowd Limited, is a non-consolidated related party entity (Note 2). At 31 March 2023, an amount of $48,100 (31 March 2022: $95,000) is receivable from Lending Crowd Trustee Limited. Lending Crowd Trustee Limited was set up to hold funds on behalf of the investors while the investors decide on their investment portfolio. During the year ended 31 March 2023, Lending Crowd Limited received platform fees of $617,000 (31 March 2022: $619,300) and flex income of $591,500 (31 March 2022: $521,000) for providing the services. Amount outstanding represents monies to be transferred from Lending Crowd Trustee Limited to the Company for services provided.

During the year ended 31 March 2023, the Parent company received management fees of $98,500 (31 March 2022: Nil) and referral commission of $313,000 (31 March 2022: $307,000) from its subsidiary Lending Crowd Limited. During the year ended 31 March 2023, the Parent company paid management fees of Nil (31 March 2022: Nil) to its subsidiary Lending Crowd Limited. The balance due from its subsidiary at 31 March 2023 was $126,800 (31 March 2022: $35,000).

The Parent company sold property, plant and equipment at the book value of Nil (31 March 2022: Nil) and intangible assets at the book value of Nil (31 March 2022: Nil) to its subsidiary Lending Crowd Limited during the year ended 31 March 2023.

There were no other outstanding balances with related parties (31 March 2022: Nil). No amounts owed by related parties were written off or forgiven during the year ended 31 March 2023 (31 March 2022: Nil).

Directors' Remuneration
Total remuneration details of Directors were as follows:

	31-Mar 2023	**31-Mar 2022**
	$'000	**$'000**
Wayne Croad	147	110
Richard Lott	46	26
Josh De Jong	11	9
Kirstin Poole	21	10
Robert Durrant (Director of subsidiary company)	53	32
	278	187

Share Transactions
During the year ended 31 March 2023, the existing ordinary shares were split at the ratio of 1 to 25 shares. A further 2,222,222 shares were issued to a new shareholder. No shares were issued during the year ended 31 March 2022.

Directors' Loans
There were no loans made by the Group to Directors during the year ended 31 March 2023 (31 March 2022: Nil).

The Board did not receive any notices from Directors requesting to use Group information received in their capacity as Directors which would not otherwise have been available to them.

For and on behalf of the Board of Directors who approved these consolidated financial statements for issue.

Josh de Jong
………………………………….
Josh De Jong
Chairman

………………………………….
Wayne Croad
Managing Director

Independent Auditor's Report

Grant Thornton New Zealand Audit Limited
L4, Grant Thornton House
152 Fanshawe Street
PO Box 1961
Auckland 1140

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www.grantthornton.co.nz

To the Shareholders of Finance Direct Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Finance Direct Limited on pages 8 to 45 which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Why the audit matter is significant</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Allowance for impairment losses from loans and advances

The allowance for impairment losses from loans and advances to customers amount to $366,000 in the consolidated financial statements as at 31 March 2023.

Due to the significance of the judgements applied in determining the allowance for impairment losses from loans and advances, this matter was considered to be an area which had the greatest impact on our overall audit strategy. If the carrying value of the loan is greater than the recoverable amount of the receivable, the corresponding impairment may have a material impact within the consolidated financial statements.

The determination of assumptions for measurement of impairment is highly subjective due to the level of judgement applied by management. Change in assumptions and the methodology applied may have a material impact on the measurement of the allowance for impairment losses from loans and advances.

The principles for determining the allowance for impairment losses from loans and advances are described in note 1(l) and 1(m) and note 2 of the consolidated financial statements. The description of credit risks and the review of the allowance for impairment losses is disclosed in note 21 and note 24 of the consolidated financial statements.

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We have:

- Obtained an understanding of the lending processes and controls and models used to determine the allowance for impairment losses from loans and advances, including event identification, collateral valuation and how management’s estimates and judgements are determined.
- For a selection of the new loans issued by the Group, we inspected the loan agreement and other available information that formed part of management’s loan approval process (such as credit scores and security details), and reviewed management’s approval process controls, to determine whether new loans were appropriately approved and that the information available supported any conclusions reached about the expected credit loss at that point.
- We obtained the Group’s loan ledger at year end and using our knowledge of the Group and the industry, identified loans for which we believed there may be indicators of impairment. We considered management’s conclusions regarding impairment for each of these loans individually.
- For each significant identified loan with indicators of impairment, we tested whether there was adequate security against each advance in order to recover the outstanding balance. Where provided, we considered adequacy of third-party valuations, and also verified any prior ranking securities to independent sources.
- For the collective provisioning model, we:

  (a) Recalculated the provision based on the input factors identified by management as part of the expected credit loss methodology; and

  (b) Assessed the calculation of the expected credit losses model against the requirements of NZ IFRS 9 *Financial Instruments* for the recognition and measurement of 12-month and lifetime expected credit losses on financial assets.

  (c) Assessed the judgements made by management regarding the assumptions used for the expected credit loss methodology, including challenging the appropriateness of the risk factors such as COVID -19 and industry norms, that had been considered when developing the 12-month and lifetime expected credit loss impairment model.

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	• We assessed the appropriateness of the Group disclosures in the financial statements against the requirements of the accounting standards.

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

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

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

In 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 information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Restriction on use of our report

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

Grant Thornton New Zealand Audit Limited

Grant Thornton

K Price

Partner

Auckland, New Zealand 28 June 2023

FINANCE DIRECT LIMITED

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

	Note	31-Mar 2023 $'000	31-Mar 2022 $'000
Interest revenue	3	2,108	1,744
Interest expense	3	(854)	(827)
Net interest revenue	3	1,254	917
Fee and commission revenue	4	2,165	1,975
Fee and commission expense	4	(884)	(732)
Net fee and commission revenue	4	1,281	1,243
Other revenue	5	73	153
Operating result		2,608	2,313
Net impairment losses	6	(34)	(40)
Operating expenses and staff costs	7	(2,599)	(2,348)
Net loss before income tax		(25)	(75)
Income tax benefit	9	12	-
Loss for the period		(13)	(75)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period, net of tax attributable to the shareholders		(13)	(75)
Profit for the period attributable to:			
Non-controlling interest		18	12
Owners of the parent		(31)	(87)
		(13)	(75)
Total comprehensive income attributable to:			
Non-controlling interest		18	12
Owners of the parent		(31)	(87)
		(13)	(75)

The accompanying notes form part of and are to be read in conjunction with the Consolidated Financial Statements.

FINANCE DIRECT LIMITED

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

	Note	Share Capital	Retained Earnings	Total Attributable to Owners of Parent	Non-controlling Interest	Total
		$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2022		1,495	836	2,331	5	2,336
Profit for the period		-	(31)	(31)	18	(13)
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	(31)	(31)	18	(13)
Dividends Paid	20	-	(175)	(175)	(12)	(187)
Issue of Shares		2,000	-	2,000	-	2,000
Capital Raising Costs		(250)	-	(250)	-	(250)
Transactions with Owners		1,750	(175)	1,575	(12)	1,563
Balance as at 31 March 2023		**3,245**	**630**	**3,875**	**11**	**3,886**
Balance as at 1 April 2021		1,495	982	2,477	6	2,483
Profit for the period		-	(87)	(87)	12	(75)
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	(87)	(87)	12	(75)
Dividends Paid	20	-	(59)	(59)	(13)	(72)
Issue of Shares		-	-	-	-	-
Transactions with non-controlling interests		-	-	-	-	-
Transactions with Owners		-	(59)	(59)	(13)	(72)
Balance as at 31 March 2022		**1,495**	**836**	**2,331**	**5**	**2,336**

The accompanying notes form part of and are to be read in conjunction with the Consolidated Financial Statements.

FINANCE DIRECT LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	31-Mar 2023 $'000	31-Mar 2022 $'000
Assets			
Cash and cash equivalents	10	930	1,013
Loans and advances to customers	11	16,945	12,043
Trade and other receivables	12	109	193
Property, plant and equipment	13	293	321
Intangible assets	14	334	364
Income tax receivable		113	83
Other assets	16	283	205
Deferred tax asset	15	145	109
Total assets		19,152	14,331
Liabilities			
Trade and other payables	17	477	475
Loans and borrowings	18	14,508	11,416
Other liabilities	19	281	104
Total liabilities		15,266	11,995
Net assets		3,886	2,336
Equity			
Equity attributable to owners of the parent:			
Share capital	20	3,245	1,495
Retained earnings		630	836
		3,875	2,331
Non-controlling interest		11	5
Total equity		3,886	2,336

For and on behalf of the Board of Directors who approved these consolidated financial statements for issue on 28 June 2023.

Josh de Jong
…………………………………..
Josh De Jong
Chairman

…………………………………..
Wayne Croad
Managing Director

The accompanying notes form part of and are to be read in conjunction with the Consolidated Financial Statements.

FINANCE DIRECT LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	31-Mar 2023 $'000	31-Mar 2022 $'000
Cash Flows from Operating Activities			
Interest received		2,108	1,744
Interest paid		(854)	(827)
Fee and commission revenue received		2,433	2,000
Fee and commission expenses paid		(978)	(739)
Other revenue received		74	173
Payments to suppliers and employees		(2,287)	(2,150)
Taxation paid		(54)	(14)
Net decrease in loans and advances to customers	1(q)	(4,936)	(53)
Net Cash Flows (to) / from Operating Activities		(4,494)	134
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(37)	(118)
Purchase of intangible assets		(208)	(249)
Net Cash Flows to Investing Activities		(245)	(367)
Cash Flows from Financing Activities			
Net increase / (decrease) in secured debenture stock	1(q)	3,092	(994)
Share capital issued during the year		1,751	-
Dividend Paid		(187)	(72)
Net Cash Flows from / (to) Financing Activities		4,656	(1,066)
Net decrease in cash held		(83)	(1,299)
Cash balance at start of the period		1,013	2,312
Cash balance at end of the period		930	1,013
Made up as follows:			
Cash and cash equivalents	10	930	1,013

The accompanying notes form part of and are to be read in conjunction with the Consolidated Financial Statements.

FINANCE DIRECT LIMITED

RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2023

	Note	31-Mar 2023 $'000	31-Mar 2022 $'000
(Loss) for the Period		(14)	(75)
Add:			
Depreciation of property, plant and equipment		64	66
Amortisation of intangible assets		238	260
Increase in Expected Credit Loss		34	23
Bad debts written off		-	17
Deduct:			
(Increase) / decrease in loans and advances to customers	1(q)	(4,936)	(53)
Decrease / (increase) in accounts receivable and other assets		6	(31)
Increase / (decrease) in accounts payable and other liabilities		180	(59)
(Increase) / decrease in current tax assets		(30)	1
(Increase) / decrease in deferred tax asset		(36)	(15)
		-	
Net Cash Flows from / (to) Operating Activities		(4,494)	134

The accompanying notes form part of and are to be read in conjunction with the Consolidated Financial Statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) General Information

The reporting entity is Finance Direct Limited and its subsidiary (the "Group"). The Group is profit oriented and incorporated and domiciled in New Zealand. The Group is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 ("FMCA 2013").

Finance Direct Limited (the "Company" or the "Parent Company") is the Group's ultimate parent company.

(b) Basis of Preparation

The Group financial statements have been prepared on the basis of historical cost. Cost is initially based on the fair values of the consideration given in exchange for assets.

The Consolidated Statement of Comprehensive Income discloses the net interest revenue, net fee and commission revenue and other revenue in line with the Statement of Comprehensive Income presentation used by other financial institutions.

The Consolidated Statement of Financial Position discloses assets and liabilities in order of their liquidity in line with the Statement of Financial Position presentation used by other financial institutions. Where it is not evident from the financial statement line item, disclosure of the current/non-current split has been made in the Maturity Profile of Financial Assets and Financial Liabilities (see Note 23) or the relevant note.

The Group financial statements are presented in New Zealand dollars ($), which is the functional currency of the Group. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars ($'000).

(c) Statement of Compliance

The financial statements for the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They have also been prepared under the assumption that the Group operates on a going concern basis. They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial standards and interpretations issued by the New Zealand Accounting Standards Board, as appropriate for profit-oriented entities that fall into the Tier 1 for-profit category as determined by the External Reporting Board in its Accounting Standards Framework because it has public accountability. The consolidated financial statements also comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

(d) Changes in Accounting Policies and Disclosures

(i) New and revised standards that are effective for these financial statements
A number of revised standards are effective for annual periods beginning on or after 1 April 2022, but none of them have a direct impact on the 31 March 2023 consolidated financial statements.

(ii) Accounting Policies
The accounting policies below have been consistently applied in the preparation of the 31 March 2023 Group financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Segment Reporting

The Group operates in one industry as a Financial Institution and provider of financial services. Due to the size and nature of the Group's activities, business operations are not organised into separate operating segments. Management monitors the operating results of the business on an entity wide basis for the purpose of making decisions about resource allocation and performance assessment. All business activities are carried out within New Zealand so there is no geographic segment reporting to management. Concentration of credit exposure information has been disclosed in Note 22 to comply with NZ IFRS 7 *Financial Instruments: Disclosures*.

The Chief Operating Decision Maker is the Group's Managing Director.

(f) Basis of Consolidation

The Group financial statements include the Parent Company and its subsidiary as of 31 March 2023. The Parent Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiary company has an annual statutory reporting date of 31 March.

All transactions and balances between Group companies are eliminated on consolidation. Amounts reported in the financial statements of the subsidiary company have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period, if any, are recognised from the effective date of acquisition or up to the effective date of disposal, as applicable.

Non-controlling interests presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent Company and the non-controlling interests based on their respective ownership interests.

(g) Revenue

Recognition of revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

To determine whether we recognise revenue, the Group follows a 5 step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The following specific recognition criteria must also be met before revenue is recognised:

Interest
For all financial instruments measured at amortised cost, interest is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest revenue or expense within profit or loss within the Consolidated Statement of Comprehensive Income.

The Group recognises interest revenue on an accruals basis using the effective interest rate method.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Revenue (continued)

Fee and commission revenue
The Group earns fee revenue from a range of services it provides to customers. Fee revenue can be divided into the following categories:

Lending/Establishment fees
Fees and direct costs relating to loan origination, financing or restructuring and to loan commitments are deferred and amortised to profit or loss in the Consolidated Statement of Comprehensive Income.

Lending/Establishment Fees are amortised over the Ioan churn period, to be consistent with the treatment of amortising brokerage fees from insurance, as described below.

Commissions and other fees
When commissions or fees relate to specific transactions or events, they are recognised in profit or loss in the Consolidated Statement of Comprehensive Income when the service is provided to the customer. When they are charged for services provided over a period, they are recognised in profit or loss in the Consolidated Statement of Comprehensive Income on an accruals basis as the service is provided.

Fee revenue and commissions are amortised over the loan churn period.

Payment protection insurance
The Group acts as an agent for payment protection insurance. Given its agency relationship, revenue from payment protection insurance is presented on a net basis rather than on a gross basis.

Insurance revenue and expense on loans is amortised over time, which is determined to be the historical loan churn period instead of term of loan.

Repayment waiver
The Parent company introduced Repayment Waiver as payment protection insurance in November 2019. Borrowers have the option of including the cost of repayment waiver as part of their loan. If a borrower chooses to include payment protection cover, the Company will remit instalments on their loan for up to 6 months if they get injured or sick. The Parent Company has determined that Repayment Waiver is a self-insurance arrangement in accordance with NZ IFRS 4 Appendix B “Definitions of an insurance contract” B19(c) and therefore NZ IFRS 4 “Insurance Contracts” does not apply. Repayment Waiver income is recognized over time, which is the average life of the loans.

The Group has not entered into any other material contracts with customers.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments

Financial instruments are classified in one of the following categories at initial recognition: Financial Assets at Fair Value through Profit or Loss, Financial Assets at Fair Value through Other Comprehensive Income or Financial Assets at amortised cost. All Financial Liabilities measured at amortised cost. Furthermore, financial instruments are split between derivative and non-derivative financial instruments, where applicable.

Financial instruments are transacted on a commercial basis to derive an interest yield/cost with terms and conditions having due regard to the nature of the transaction and the risks involved.

To determine the classification of a financial asset's subsequent measurement basis a Business Model Test and a Cash Flow Characteristics Test was performed. Amortised cost was applied where the loan or receivable is held to collect cash flows of principal and interest and not with the intention of selling instruments. Amortised cost is consistent with existing classification applied by the Group to loans and receivables at cost less impairment allowances.

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, such as most loans and advances recognised by the Group have been recognised at amortised cost.

The carrying value of any financial assets at initial recognition includes any directly attributable transaction costs.

At each reporting date, the Group did not hold any of the following types of financial instruments: Financial assets measured at Fair Value through Profit or Loss, Financial assets measured at Fair Value through Other Comprehensive Income and none of its financial liabilities were accounted for at Fair Value through Profit or Loss.

Financial Assets at Amortised Cost
These assets are recorded upon initial recognition at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment. This category of Financial Assets includes:

Cash and cash equivalents
These include cash at bank on call and short term deposits. Refer 1(r).

Loans and advances to customers
These are recorded at amortised cost using the effective interest rate method, less allowance for credit losses and impairment.

Trade and other receivables
These include accounts receivable, accrued interest on loans and advances to customers and other sundry debtors, less any applicable impairment.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

Financial Liabilities Measured at Amortised Cost

This category includes all financial liabilities other than those at Fair Value through Profit or Loss. Liabilities in this category are measured at amortised cost using the effective interest rate method and include:

Loans and borrowings
All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Other liabilities
These are recorded at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments. These amounts are unsecured.

(i) Share Capital

Ordinary Shares and Perpetual Preference Shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of tax, from the proceeds.

(j) Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss in the Consolidated Statement of Comprehensive Income as incurred.

Depreciation

Depreciation is provided on motor vehicles and office furniture and equipment. Depreciation is recognised in profit or loss in the Consolidated Statement of Comprehensive Income to write off the cost of an item of property, plant and equipment, less any residual value, over its expected useful life, at the following rates for each reporting period presented:

Office Furniture and Equipment	11.4% - 50% Diminishing Value
Motor Vehicles	21% - 30% Diminishing Value
Leasehold Improvements	11.1% - 20% Diminishing Value

The useful lives and residual values are reviewed annually and the depreciation method selected best reflects the decline in service potential of each class of asset according to management.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leases

Right-of-use Assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group used the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below US$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the remaining lease term.

The Group does not have any right-of-use assets or lease liabilities to recognise in its financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Asset Quality

Loan quality is measured in terms of past due status and impairment status. When the quality of loan is classified as Past Due or Impaired, it is the entire balance of that loan classified as such.

Past Due Assets

An asset is Past Due when a counterparty has failed to make a payment when contractually due.

Impaired Assets

Impaired assets include restructured assets, assets acquired through the enforcement of security and other impaired assets.

"Restructured asset" means an impaired asset for which:

a) the original terms have been changed to grant the counterparty a concession that would not otherwise have been available, due to the counterparty's difficulties in complying with the original terms; and
b) the revised terms of the facility are not comparable with the terms of new facilities with comparable risks; and
c) the yield on the asset following restructuring is equal to, or greater than, the Group's average cost of funds, or that a loss is not otherwise expected to be incurred.

(m) Impairment of Loans and Advances

Expected credit losses ("ECL") are recognised for loans and advances and other financial assets held at amortised cost. At initial recognition, allowance is required for ECL resulting from default events that are possible within with next 12 months, or less where the remaining life is less than 12 months ("12 month ECL"). In the event of a significant increase in credit risk, an allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument ("lifetime ECL"). Financial assets that have not deteriorated significantly in credit quality since initial inception or that of low credit risk, where 12 month ECL is recognised are considered to be "Stage 1". Financial assets which are considered to have experienced a significant increase in credit risk are in "Stage 2" and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit-impaired are in "Stage-3".

Stage 1 – Unimpaired and without significant increase in credit risk
ECL resulting from default events that are possible within the next 12 months are recognised for financial instruments that remain in Stage 1.

Stage 2 – Significant increase in credit risk
An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The assessment compares the risk of default occurring at the reporting date to that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions. Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when past due.

The introduction of the expected losses model is expected to reduce the level of 12 months expected credit loss. Lifetime expected credit loss remained fairly similar to the existing method of specifically providing for impaired loans. Interest revenue derived from loans with lifetime expected credit loss is expected to have minimal impact as the Group has the policy of ceasing interest charge on loans which are considered to be high risk of lifetime expected credit loss.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of Loans and Advances(continued)

Stage 3 – Credit-impaired
The Group determines that a financial instrument is credit-impaired and in Stage 3 by considering relevant objective evidence such as:

- Contractual payments of either principal or interest are past due for more than 90 days;
- Other indications that the borrower is unlikely to pay, for example a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- The loan is otherwise considered to be in default.

If an unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due. Interest revenue is recognised by applying the effective interest rate to the amortised cost, i.e., gross carrying amount less ECL allowance.

Write-off
Financial assets and the related impairment allowances are normally written off in full when there is no realistic prospect of recovery. Where loans are secured, this is generally after the receipt of any proceeds from the realisation of security.

Movement between stages

Financial assets can be transferred between the different categories depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of Stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition. Financial instruments are transferred out of Stage 3 when they no longer exhibit any evidence of credit impairment and there is sufficient evidence to demonstrate significant reduction in the risk of non-payment of future cash flows, observed over a minimum one year period and there are no other indicators of impairment. For loans that are assessed for impairment on individual basis, all available evidence is assessed on a case-by-case basis. Aging of past due balances is a key factor in determining the stage of a loan or portfolio of loans.

Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss in the Consolidated Statement of Comprehensive Income.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Expense Recognition

All expenses are recognised in profit or loss in the Consolidated Statement of Comprehensive Income on an accruals basis.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee Benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee expense in profit or loss in the Consolidated Statement of Comprehensive Income when they are due.

(p) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In principle deferred tax liabilities are recognised from taxable temporary timing differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax losses and tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(q) Cash Flows

The Consolidated Statement of Cash Flows has been prepared using the direct approach. The following are the definitions used in the Consolidated Statement of Cash Flows:

Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Cash Flows (continued)

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.

In accordance with NZ IAS 7 *Statement of Cash Flows*, cash receipts and payments shown under the following headings in the Statement of Cash Flows have been disclosed on a net basis:

(a) Net decrease/(increase) in loans and advances to customers;
(b) Net (decrease)/increase in secured debenture stock.

The Group manages its ongoing day to day lending, cash flow and funding requirements on a net basis and believes that the disclosure of cash receipts and payments on a net basis for the above items provides users of the financial statements with a better understanding on how the Group has managed its cash flows during each reporting period.

(r) Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) Intangible Assets

Intangible assets comprise acquired computer software and websites.

Costs associated with developing or maintaining computer software and website are recognised as an expense as incurred. However, some costs directly attributable to creating, producing and preparing identifiable and unique products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. These assets are amortised using the diminishing value method over their useful lives at a rate of 50% because that amortisation method best reflects the decline in service potential according to management.

Computer software and websites are subject to the same impairment review process as property, plant and equipment. Any impairment loss is recognised under operating expenses in the Consolidated Statement of Comprehensive Income.

2 CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES

The Group prepares its consolidated financial statements in accordance with NZ IFRS, the application of which often requires judgements to be made by management when formulating the Group's financial position and results. Under NZ IFRS, the Directors are required to adopt those accounting policies most appropriate to the Group's circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provides an explanation of each below.

The discussion below should also be read in conjunction with the Group's disclosure of significant NZ IFRS accounting policies, which is provided in Note 1 to the consolidated financial statements, "Significant Accounting Policies".

2 CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES (Continued)

Impairment losses on loans and advances

Within NZ IFRS 9, in determining Estimated Credit Losses, management is required to exercise judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Judgement has been applied in determining the lifetime and point of initial recognition of revolving facilities.

Management regularly reviews and adjusts the methodology and assumptions for impairment testing as improved analysis becomes available, to minimise any differences between loss estimates and actual loss experience. Further disclosures are found in Note 11, Note 22, and Note 24.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the Group.

Management believes that sufficient and suitable taxable profits will be made available by the Group in the future and has accordingly accounted for a deferred tax asset of $150,000 (31 March 2022: $104,000).

Consolidation of Lending Crowd Trustee Limited

Lending Crowd Limited, a subsidiary of Finance Direct Limited wholly owns a company Lending Crowd Trustee Limited. Lending Crowd Trustee Limited is a corporate trustee company and holds cash on behalf of depositors solely in a fiduciary capacity. Management has applied judgement in determining whether the Group controls LCTL. The determination whether the Group exercises power and has rights over returns of LCTL, as defined by NZ IFRS 10 *Consolidated Financial Statements* involves judgement and is not usually straightforward and involves various factors. Management, in its assessment, considered the terms of the standard Investor Agreement for LCTL defining any investor's rights and the arrangement undertaken by LCTL for and on behalf of the investors, as well as LCTL's constitution defining the relationship between LCTL and the Group. By virtue of the underlying agreements, the conclusion is that the control criteria are not met, even though LCL wholly owns LCTL, and therefore LCTL is not reported as part of the Group. LCL is also not considered to have significant influence due to the limitations imposed by the agreements.

LCTL qualifies as a "structured entity" which is defined by NZ IFRS 12 as "An entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements." While LCL wholly owns the share of LCTL and there are common directors within the Group, its activities are mainly directed by the contractual agreements it has with investors and the Trustees. Its activities are limited to holding and facilitating the exchange of funds coming in from the investors and disbursing the same to the borrowers.

At 31 March 2023 $1,862,997 (31 March 2022: $2,138,636) was held on trust and the Directors hold the view that these amounts and the company should not be consolidated into this reporting group because Lending Crowd Limited does not control Lending Crowd Trustee Limited nor these funds and any balance on LCTL's financial statements related to the investments received and loans advanced to borrowers.

3 NET INTEREST REVENUE

	31-Mar 2023	31-Mar 2022
	$'000	$'000
Interest revenue		
Loans and advances	2,097	1,734
Impaired loans and advances	5	8
Cash and short term investments	6	2
Total interest revenue	2,108	1,744
Interest expense		
Secured debenture stock	(840)	(818)
Other	(14)	(9)
Total interest expense	(854)	(827)
Net interest revenue	1,254	917

Interest from impaired loans and advances include interest revenue from restructured assets of Nil (31 March 2022: Nil). Refer note 24(d).

4 NET FEE AND COMMISSION REVENUE

	31-Mar 2023	31-Mar 2022
	$'000	$'000
Fee and commission revenue		
Lending and credit related fee revenue	1,720	1,591
Brokerage revenue	74	57
Payment protection insurance commission	23	9
Repayment waiver revenue	348	318
Total fee and commission revenue	2,165	1,975
Fee and commission expense		
Brokerage and documentation fees	(545)	(432)
Repayment waiver expenses	(339)	(300)
Total fee and commission revenue	(884)	(732)
Net fee and commission revenue	1,281	1,243

5 OTHER REVENUE

	31-Mar 2023	31-Mar 2022
	$'000	$'000
Other sundry revenue	73	153
	73	153

6 NET IMPAIRMENT LOSSES

	Note	31-Mar 2023 $'000	31-Mar 2022 $'000
Movement in expected credit loss –Stage 1	11	(51)	(16)
Movement in expected credit loss –Stage 2	11	13	47
Movement in expected credit loss –Stage 3	11	4	(54)
Bad debts written off		-	(17)
		(34)	(40)

7 OPERATING EXPENSES AND STAFF COSTS

	Note	31-Mar 2023 $'000	31-Mar 2022 $'000
Net profit before income tax includes the following expenses:			
Executive Director's remuneration		147	145
Non-Executive Directors' fees		175	133
Auditor's remuneration	8	157	160
Depreciation of property, plant and equipment	13	64	66
Amortisation of intangible assets	14	238	260
Leasing and rental costs		79	59
Personnel costs		707	778
Marketing and selling costs		306	319
Legal, accounting, trustee and other corporate costs		270	286
Insurance costs		91	85
Administrative expenses		365	57
		2,599	2,348
Key management compensation included in the above:			
Short-term employee benefits		147	182

No post-employment benefits, other long-term benefits, termination benefits or share-based payments have been made to key management personnel during the reporting period 31 March 2023 (31 March 2022: Nil).

8 AUDITOR'S REMUNERATION

	31-Mar 2023 $'000	31-Mar 2022 $'000
Amounts paid/payable to the auditor for:		
Audit of the consolidated financial statements	146	150
Assurance services	11	10
Total auditor's remuneration	157	160

9 INCOME TAX EXPENSE

	Note	31-Mar 2023 $'000	31-Mar 2022 $'000
Income tax			
Current period		24	14
Deferred tax			
Origination and reversal of temporary differences		(36)	(14)
Income tax expense reported in the Statement of Comprehensive Income		(12)	-
Numerical reconciliation of income tax expense to prima facie tax payable:			
Net profit before income tax expense		(25)	(75)
Tax at the New Zealand tax rate of 28%		(7)	(21)
Benefit of tax losses		33	9
Prior period adjustment to add back LCL income from FDL losses		(14)	-
Non-deductible expenses		(24)	12
		(12)	-

Imputation Credit Account
Imputation credits of $194,000 (31 March 2022: $258,000) are available for use in subsequent reporting periods.

The Group has losses to carry forward of $118,000 (31 March 2022: $32,000).

10 CASH AND CASH EQUIVALENTS

	31-Mar 2023 $'000	31- Mar 2022 $'000
Cash and cash equivalents include the following components:		
Cash at bank and in hand	930	1,013
	930	1,013

11 LOANS AND ADVANCES TO CUSTOMERS

	31-Mar 2023 $'000	31-Mar 2022 $'000
Loans and advances to customers	17,311	12,375
Less: Expected Credit Loss Allowance	(366)	(332)
Net loans and advances to customers	16,945	12,043
Gross amount of loans, individually determined to be impaired, before deducting the individually assessed impairment allowance	353	341

Expected Credit Loss Allowance

	31 March 2023			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
As at 1 April 2022	34	14	284	332
Transfer of financial instruments:				
Transfer from Stage 0 to 1	-	14	-	14
Transfer from Stage 1 to 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net further lending / repayment	33	(14)	1	20
Total Expected Credit Loss as at 31 March 2023	67	14	285	366

	31 March 2022			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
As at 1 April 2021	18	61	230	309
Transfer of financial instruments:				
Transfer from Stage 0 to 1	-	-	-	-
Transfer from Stage 1 to 2	(1)	1	-	-
Transfer to Stage 3	-	(22)	22	-
Net further lending / repayment	17	(26)	32	23
Total Expected Credit Loss as at 31 March 2022	34	14	284	332

Lifetime expected credit loss allowance includes allowance for restructured assets of Nil (31 March 2022: Nil). No restructured assets were written off during the period (31 March 2022: Nil).

The maturity profile of loans and advances to customers is shown in Note 23.

12 TRADE AND OTHER RECEIVABLES

	31-Mar 2023 $'000	31-Mar 2022 $'000
Sundry Debtors	47	95
Accrued Income	-	42
Prepayments	62	56
	109	193

13 PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicle $'000	Office Furniture & Equipment $'000	Leasehold Improvements $'000	Total $'000
Cost				
Balance at 1 April 2022	172	333	109	614
Additions	-	33	4	37
Disposals	-	-	-	-
Balance at 31 March 2023	172	366	113	651
Depreciation and impairment losses				
Balance at 1 April 2022	79	196	19	294
Depreciation charge for the reporting period	26	28	10	64
Disposals	-	-	-	-
Balance at 31 March 2023	105	224	29	358
Carrying Amount At 31 March 2023	**67**	**142**	**84**	**293**
Cost				
Balance at 1 April 2021	133	322	41	496
Additions	39	11	68	118
Disposals	-	-	-	-
Balance at 31 March 2022	172	333	109	614
Depreciation and impairment losses				
Balance at 1 April 2021	50	167	10	227
Depreciation charge for the reporting period	28	30	8	66
Disposals	-	-	-	-
Balance at 31 March 2022	78	197	18	293
Carrying Amount At 31 March 2022	**94**	**136**	**91**	**321**

14 INTANGIBLE ASSETS

	Software $'000	Website $'000	Total $'000
Cost			
Balance at 1 April 2022	1,430	261	1,691
Additions	208	-	208
Disposals	-	-	-
Balance at 31 March 2023	1,638	261	1,899
Amortisation and impairment losses			
Balance at 1 April 2022	1,069	258	1,327
Amortisation charge for the reporting period	237	1	238
Disposals	-	-	-
Balance at 31 March 2023	1,306	259	1,565
Carrying Amount At 31 March 2023	**332**	**2**	**334**
Cost			
Balance at 1 April 2021	1,181	261	1,442
Additions	249	-	249
Disposals	-	-	-
Balance at 31 March 2022	1,430	261	1,691
Amortisation and impairment losses			
Balance at 1 April 2021	811	256	1,067
Amortisation charge for the reporting period	258	2	260
Disposals	-	-	-
Balance at 31 March 2022	1,069	258	1,327
Carrying Amount At 31 March 2022	**361**	**3**	**364**

15 DEFERRED TAX ASSET

	Note	31-Mar 2023 $'000	31-Mar 2022 $'000
The balance comprises temporary differences attributable to:			
Expected Credit Losses	11	103	93
Holiday pay accrual		10	7
Income tax losses carried forward		32	9
Net deferred tax asset		145	109
Movements			
Opening balance		109	94
Expected Credit Losses		10	8
Holiday pay accrual		3	(2)
Income tax losses carried forward		23	9
Closing balance		145	109

16 OTHER ASSETS

	31-Mar 2023 $'000	31-Mar 2022 $'000
Deferred brokerage fees	159	81
Deferred Repayment Waiver Cost	124	124
	283	205
Current	229	181
Non-Current	54	24
	283	205

17 TRADE AND OTHER PAYABLES

	31-Mar 2023 $'000	31-Mar 2022 $'000
Accounts payable	70	53
Accrued expenses	407	422
	477	475

Trade and other payables are all current.

18 LOANS AND BORROWINGS

	31-Mar 2023 $'000	31-Mar 2022 $'000
Secured debenture stock	14,508	11,416

The debenture stock issued by Finance Direct Limited is secured under a Debenture Stock Trust Deed between Finance Direct Limited and Covenant Trustee Services Limited as Trustee. The Deed creates a floating charge in favour of the Trustee over all of the assets and undertakings of Finance Direct Limited. Total carrying value of assets used as security for the debenture stock at 31 March 2023 is $18,673,000 (31 March 2022: $13,854,000). At 31 March 2023, liabilities totalling $127,000 (31 March 2022: $100,000) rank in priority to secured debenture stockholders in the event that Finance Direct Limited was put into receivership.

Interest rates on Debenture Stock deposits range from 3.75% p.a. to 10.50% p.a. (31 March 2022: 1.30% p.a. to 9.50% p.a.). Refer to Note 23 for the current weighted average interest rates and the maturity profile.

The maturity profile of secured debenture stock is shown in Note 23.

19 OTHER LIABILITIES

	31-Mar 2023	31-Mar 2022
Deferred fee revenue:	$'000	$'000
Current	245	79
Non-Current	36	25
	281	104

20 SHARE CAPITAL

Issued and paid up capital:

	31-Mar 2023 No. of Shares	31-Mar 2023 $'000	31-Mar 2022 No. of Shares	31-Mar 2022 $'000
Ordinary Shares	22,222,222	3,080	789,157	1,080
Perpetual Preference Shares	415,000	415	415,000	415
Number of Shares issued	22,637,222	3,495	1,204,157	1,495
Less: Share issue costs	-	(250)	-	-
	22,637,222	3,245	1,204,157	1,495

During the year ended 31 March 2023, the existing ordinary shares were split at the ratio of 1 to 25 shares. A further 2,222,222 shares were issued to a new shareholder. No shares were issued during the year ended 31 March 2022.

All Ordinary Shares are issued and fully paid, have no par value and have an equal right to vote, to dividends and to any surplus on winding up.

No Perpetual Preference Shares were issued during the year ended 31 March 2023 (31 March 2022: Nil). Perpetual Preference Shares are not redeemable.

Perpetual Preference Shares have no voting rights. In liquidation of the Parent Company, the Perpetual Preference Shares rank ahead of the Ordinary Shares for a return of the Issue Price. The holders of Perpetual Preference Shares rank equally with each other upon a liquidation of the Company.

20 SHARE CAPITAL (continued)

Perpetual Preference Shares carry the right to a dividend, payable quarterly at a rate determined by the directors of the Parent Company. Dividends on Perpetual Preference Shares will not be paid if the financial condition of the Group would not support the payment of dividend or if the Board of Directors is not satisfied that the Parent Company can satisfy solvency test immediately after the payment of dividend. In the event that the dividends were not paid due to the financial condition of the Group, the Parent Company has no liability to pay the dividend.

	31-Mar 2023 $'000	31-Mar 2022 $'000
Dividends paid during the period	175	72

21 FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities not carried at fair value
The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the consolidated financial statements.

Loans and advances to customers
Each loan has particular circumstances, which determine its fair value. Fair value for loans and advances is estimated using discounted cash flow models. Discount rates applied in this calculation are based on current interest rates for advances with similar credit and maturity profiles.

Loans and borrowings
Fair value is calculated based on the present value of contractual principal and interest cash flows, discounted at market rates of interest at the reporting date.

Cash and cash equivalents, trade and other receivables and trade and other payables
Due to the relatively short term nature of these financial arrangements, the carrying amounts of these items are considered to be equivalent to their fair value.

Set out below is a comparison by class of the carrying amounts and fair values of financial instruments that are not carried at fair value in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

Fair value of financial assets and liabilities
The carrying amounts of assets and liabilities at the reporting date approximate their fair values. The table below analyses financial assets and liabilities carried at fair value, by valuation method. The different levels have been defined as follows:
- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

As loan receivables are not traded in an active market, fair values are estimated by discounting the future contractual cash flows using the current weighted average interest rate at the reporting date applicable for loans with similar terms and conditions. They have accordingly been classified as Level 3.

Fair values for Loans and borrowings are estimated by using the discounted cash flow approach using current rates offered for similar liabilities for similar remaining maturities.

The Directors consider the carrying value of all other assets and liabilities approximate their respective fair values as they are either short-term in nature or re-price frequently and are of a high credit quality.

21 FINANCIAL INSTRUMENTS (continued)

Valuation Techniques and Significant Unobservable Inputs

Neither loans and advances, nor the Loans and borrowings (secured debenture) are traded in an active market. Fair values for loans and advances are estimated by discounting the future contractual cash flows using the current weighted average interest rate at the reporting date applicable for loans with similar terms and conditions. Fair values for secured debenture stock are estimated by discounting the future contractual cash flows using the current weighted average interest rate at the reporting date applicable for secured debenture stock deposits with similar terms and conditions.

Both loans and advances and secured debenture stock have accordingly been classified as Level 3.

The following table shows the discounted future contractual cash flow Level 3 valuation techniques used in measuring the fair value of loans and advances and secured debenture stock.

Description	Valuation ('000s)	Valuation technique	Unobservable inputs	Sensitivity of fair value to changes in inputs. The Estimated Fair Value would increase/(decrease) if
Secured debenture stock	$14,508 (31 March 2022: $11,761)	Discounted contractual cashflow - Level 3	• Weighted average interest rate 6.67% p.a. (31 March 2022: 6.72%) • Weighted average months to maturity 12.75 (31 March 2022: 17.57) • Current weighted average interest rate 6.67% p.a. (31 March 2022: 6.71%)	• Weighted average interest rate was higher/(lower) • Weighted average months to maturity was higher/(lower) • Current weighted average interest rate was (higher)/lower
Loans and advances	$16,945 (31 March 2022: $12,131)	Discounted contractual cashflow - Level 3	• Weighted average interest rate 14.24% (31 March 2022: 13.67%) • Weighted average months to maturity 30.33 (31 March 2022: 27.90) • Current weighted average interest rate 14.24% p.a. (31 March 2022: 13.67% p.a.)	• Weighted average interest rate was higher/(lower) • Weighted average months to maturity was higher/(lower) • Current weighted average interest rate was (higher)/lower

21 FINANCIAL INSTRUMENTS (continued)

The fair values of financial assets and financial liabilities are stated on the following table:

	31-Mar 2023 Carrying Amount $'000	31-Mar 2023 Total Fair Value $'000	31-Mar 2022 Carrying Amount $'000	31-Mar 2022 Total Fair Value $'000
Financial Assets				
Amortised cost:				
Cash and cash equivalents	930	930	1,013	1,013
Loans and advances to customers	16,945	16,904	12,043	12,131
Trade and other receivables	109	109	193	193
Total Financial Assets	17,984	17,943	13,249	13,337
Financial Liabilities				
Amortised cost:				
Loans and borrowings	14,508	14,466	11,416	11,761
Trade and other payables	477	478	475	475
Total Financial Liabilities	14,985	14,944	11,891	12,236

Financial risk management objectives
The Group's management monitors and manages the financial risks relating to the operations of the Group through monthly Board reporting which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Foreign currency risk management
All of the Group's operations are carried out within New Zealand. As a result, the Group is not exposed to any direct foreign currency exchange risks.

Interest rate risk management
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Loans and advances to customers are provided at fixed interest rates in order to mitigate interest rate risk, terms of which typically range for periods between two and five years. Should loans go into default, interest is charged at penalty rates set when the respective loan agreements are entered into.

Interest rates on secured debenture stock are subject to market influences, but are fixed for the duration of the investment term at the time the relevant investments are made by the investors. Loans and borrowings are at interest rates of between 5.03% and 22.95% (31 March 2022: 5.03% and 22.95%). Contractual maturity dates range between a period of 6 months and 60 months.

As a result, the Group is not exposed to material cash flow interest rate risk. If interest rates increase / decrease by 1% profit and equity will increase/decrease by $5,000 (31 March 2022: $5,000).

The Group is also not exposed to fair value interest rate risk as no financial instruments are carried at fair value.

21 FINANCIAL INSTRUMENTS (continued)

Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments which potentially subject the Group to credit risk principally consist of cash and cash equivalents, loans and advances to customers, and trade and other receivables.

The Group's cash balances and call deposits are placed with major trading banks with high credit ratings assigned by international credit-rating agencies. The Group performs credit evaluations on all customers requiring loans and advances. The Group requires collateral or other security to support financial instruments with credit risk.

The Group operates a lending policy with various levels of authority depending on the size and loan to value ratio of the loan, ensuring compliance with all Trust Deed covenants. The Group closely monitors the performance of its borrowers, the payment of instalments under its loans, and has adopted a formal debt management process to be followed when a loan falls into arrears.

Risk gradings categorise exposures according to the degree of risk of financial loss faced and focus management on the attendant risks. Risk grades are used to determine where impairment allowances may be required. Following the adoption of NZ IFRS 9 *Financial Instruments*, where Expected Credit Losses are recognised, the current risk grading framework consists of three grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. They are as follows:

- Stage 1 – Unimpaired and without significant increase in credit risk
- Stage 2 – Significant increase in credit risk
- Stage 3 – Credit Impaired

See note 1(m) for further details.

The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances to customers are:

- Mortgages over properties.
- General Security Agreements.
- Charges over business assets and motor vehicles.
- Personal guarantees.

Maximum exposure to credit risk is represented by the carrying value of each financial asset in the Consolidated Statement of Financial Position which is net of any impairment allowance. Concentration of credit exposures set out in Note 22 do not take into account the fair value of any collateral, in the event of counterparties failing to meet their contractual obligations.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The Group has prepared liquidity forecasts which indicate there is sufficient liquidity to meet its commitments. The forecasts are prepared on the assumption that loan repayments will continue to be received and a level of reinvestment, based on recent reinvestment rates, will continue to occur.

21 FINANCIAL INSTRUMENTS (continued)

The Group has complied with all Trustee imposed liquidity requirements following their introduction on 1 December 2010 and continues to manage its liquidity risk by maintaining adequate cash reserves and funding facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The tables in Note 23 detail the Group's expected maturity for its financial assets and the remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the contractual maturities of the financial assets except where the Group anticipates that the cash flow will occur in a different period and the cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. In addition, an expected maturity analysis for loans and advances to customers has been provided.

Capital management

The Group considers share capital and retained earnings to be capital for management purposes. In implementing current capital requirements, the Board of Directors is cognisant of its responsibilities for ensuring that the Group complies with the following requirements:

- To maintain a Capital Ratio of not less than 10% of Total Exposure, as required under the Non-bank Deposit Takers Act 2013 and its regulations. The Group's Capital Ratio as at 31 March 2023 was 16.19% (31 March 2022: 13.30%) with a margin of 6.19% (31 March 2022: 3.30%).
- To ensure that Aggregate Related Party Exposures do not exceed 15% of Capital, as required under the Non-bank Deposit Takers Act 2013 and its regulations and the Debenture Stock Trust Deed dated 30 September 2004 between Finance Direct Limited and Covenant Trustee Services Limited as Trustee. The Group does not have related party exposures.
- To maintain a Capital Ratio of not less than 12% of Total Exposure, as required under the Debenture Stock Trust Deed dated 30 September 2004 between Finance Direct Limited and Covenant Trustee Services Limited as Trustee. The Group's Capital Ratio as at 31 March 2023 was 16.19% (31 March 2022: 13.30%) with a margin of 6.19% (31 March 2022: 1.30%).
- To not at any time permit Total Liabilities to exceed 88% of Total Tangible Assets, as required under the Debenture Stock Trust Deed dated 30 September 2004 between Finance Direct Limited and Covenant Trustee Services Limited as Trustee. The Group's Total Liabilities Limitation Ratio as at 31 March 2023 was 81.75% (31 March 2022: 86.46%) with a margin of 6.25% (31 March 2022: 1.54%).

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group also monitors the level of dividends it is able to pay to ordinary shareholders at each reporting date.

The Group has complied with all Trustees imposed capital requirements throughout the year ended 31 March 2023 and the year ended 31 March 2022. There has been no material change in the Group's approach to capital management during each reporting period.

All Non-Bank Deposit Takers were relicensed by the Reserve Bank of New Zealand by 30 April 2016. The parent company received its Non-Bank Deposit Taker Licence on 13 February 2015.

The Group is exempt from requirements to have a credit rating under Non-bank Deposit Takers (Credit Ratings Minimum Threshold) Exemption Amendment Notice 2020. This notice expires on 28 February 2024.

22 CONCENTRATION OF CREDIT EXPOSURE

LOANS AND ADVANCES TO CUSTOMERS
Geographical Concentration of Loans and Advances

	31-Mar 2023 %	31-Mar 2023 $'000	31-Mar 2022 %	31-Mar 2022 $'000
Auckland and Northland	65.27	11,323	65.53	8,109
Bay of Plenty	1.38	239	3.50	433
Central North Island	5.78	997	5.54	686
Overseas	0.78	135	0.00	-
South Island	11.44	1,958	11.90	1,473
Waikato	6.28	1,088	6.27	776
Wellington	9.07	1,571	7.26	898
	100.00	17,311	100.00	12,375

Product Concentration of Loans and Advances

	31-Mar 2023 %	31-Mar 2022 %
Personal Loans	58.27	66.87
Business Loans	41.73	33.13
	100.00	100.00

Loans are classified as business loans when loans were raised specifically for business purposes. All other loans are treated as personal loans.

At 31 March 2023, the Group had 2,370 (31 March 2022: 1,938) open loans with an average balance of $7,339 (31 March 2022: $6,385) which provides a relatively low credit risk. All loans are secured by registered security interests over motor vehicles, boats, charges over business assets, General Security Agreements, personal guarantees and agreements to mortgage real estate (secured by caveats over the relevant real estate) owned by borrowers.

Concentration of Loans and Advances to Individual Counterparties

	Number of Counterparties	
	31-Mar 2023	31-Mar 2022
% of Shareholder Funds		
10 - 19.99%	3	4

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue during any of the period reported on.

22 CONCENTRATION OF CREDIT EXPOSURE (continued)

Geographical Concentration of Funding

	31-Mar 2023 %	31-Mar 2023 $'000	31-Mar 2022 %	31-Mar 2022 $'000
Auckland and Northland	46.04	6,679	46.65	5,325
Bay of Plenty	2.43	353	1.80	205
Central North Island	5.41	785	4.07	465
Overseas	15.56	2,257	26.23	2,995
South Island	8.35	1,212	12.01	1,371
Waikato	18.61	2,700	6.72	767
Wellington	3.60	522	2.52	288
	100.00	14,508	100.00	11,416

Expected Credit Loss

Expected credit loss for loans and advances as at 31 March 2023 and 31 March 2022 was determined as follows:

31 March 2023		Loans and Advances Past Due				
	Current $'000	1-30 Days $'000	31-60 Days $'000	61-90 Days $'000	90+ Days $'000	Total $'000
Gross carrying amount	16,296	427	115	141	332	17,311
Lifetime expected credit loss	-	-	-	-	298	298
Lifetime expected credit loss rate	-	-	-	-	89.76%	-
12-month expected credit loss	67	-	-	-	-	67
12-month credit loss rate	0.41%	-	-	-	-	-

31 March 2022		Loans and Advances Past Due				
	Current $'000	1-30 Days $'000	31-60 Days $'000	61-90 Days $'000	90+ Days $'000	Total $'000
Gross carrying amount	11,625	315	103	-	332	12,375
Lifetime expected credit loss	-	-	-	-	298	298
Lifetime expected credit loss rate	-	-	-	-	89.76%	-
12-month expected credit loss	34	-	-	-	-	34
12-month credit loss rate	0.29%	-	-	-	-	-

23 LIQUIDITY RISK

(a) Residual contractual maturities of financial assets and financial liabilities

The table below analyses the Group's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the undiscounted contractual cash flows and differ from the net carrying amounts as reported in the Consolidated Statement of Financial Position owing to interest to be incurred in subsequent periods and do not reflect any expected loss rates. Contractual cash flows differ from the expected cash flows owing to management's estimates of the expected average life of the finance receivables based on historical experience and asset quality of the ledger. These estimates are reviewed and revised where necessary at each financial reporting date.

31-March 2023

	Weighted Average Effective Interest Rate %	0 - 6 Months $'000	7 - 12 Months $'000	1 - 2 Years $'000	2 - 5 Years $'000	5+ Years $'000	Gross Nominal Inflow/ (Outflow) $'000	Carrying Amount $'000
Financial Assets								
Non-Derivative:								
Cash and cash equivalents	0.00	930	-	-	-	-	930	930
Loans and advances to customers	14.24	7,381	3,216	4,518	6,818	-	21,933	17,311
Trade and other receivables	0.00	109	-	-	-	-	109	109
		8,420	3,216	4,518	6,818	-	22,972	18,350
Financial Liabilities								
Non-Derivative:								
Trade and other payables		(477)	-	-	-	-	(477)	(477)
Secured debenture stock	6.67	(4,633)	(5,001)	(3,826)	(2,083)	-	(15,543)	(14,508)
		(5,110)	(5,001)	(3,826)	(2,083)	-	(16,020)	(14,985)
Total		3,310	(1,785)	692	4,735	-	6,952	3,365

The expected maturity differs from the contractual maturity in respect of loans and advances for the Group as at 31 March 2023 because the expected maturity of loans and advances is reduced by allowance for impairments on loans, being management's best estimate of the expected impact to the gross contractual maturity of loans and advances.

The expected maturity of loans and advances and the adjusted contractual cash flows are as follows:

31-March 2023

	0 - 6 Months $'000	7 - 12 Months $'000	1 - 2 Years $'000	2 - 5 Years $'000	5+ Years $'000	Gross Nominal Inflow/ (Outflow) $'000
Loans and advances to customers net of expected credit loss	6,988	3,216	4,518	6,818	-	21,540
Adjusted Total	2,916	(1,785)	692	4,735	-	6,558

23 LIQUIDITY RISK (continued)

				31-March 2022				
	Weighted Average Effective Interest Rate %	0 - 6 Months $'000	7 - 12 Months $'000	1 - 2 Years $'000	2 - 5 Years $'000	5+ Years $'000	Gross Nominal Inflow/ (Outflow) $'000	Carrying Amount $'000
Financial Assets								
Non-Derivative:								
Cash and cash equivalents	0.00	1,013	-	-	-	-	1,013	1,013
Loans and advances to customers	13.67	4,436	3,150	3,212	4,200	10	15,008	12,375
Trade and other receivables	0.00	193	-	-	-	-	193	193
		5,642	3,150	3,212	4,200	10	16,214	13,581
Financial Liabilities								
Non-Derivative:								
Trade and other payables		(475)	-	-	-	-	(475)	(475)
Secured debenture stock	6.72	(3,043)	(2,865)	(3,319)	(3,255)	-	(12,482)	(11,416)
		(3,518)	(2,865)	(3,319)	(3,255)	-	(12,957)	(11,891)
Total		2,124	285	(107)	945	10	3,257	1,690

The expected maturity differs from the contractual maturity in respect of loans and advances for the Group as at 31 March 2022 because the expected maturity of loans and advances is reduced by allowance for impairments on loans, being management's best estimate of the expected impact to the gross contractual maturity of loans and advances.

The expected maturity of loans and advances and the adjusted contractual cash flows are as follows:

			31-March 2022			
	0 - 6 Months $'000	7 - 12 Months $'000	1 - 2 Years $'000	2 - 5 Years $'000	5+ Years $'000	Gross Nominal Inflow/ (Outflow) $'000
Loans and advances to customers net of expected credit loss	4,104	3,150	3,212	4,200	10	14,676
Adjusted Total	1,792	285	(107)	945	10	2,925

23 LIQUIDITY RISK (continued)

(b) Current and non-current of gross carrying amounts of loans and advances to customers and secured debenture stock

	31-Mar 2023 $'000	31-Mar 2022 $'000
Current		
Loans and Advances to Customers	6,730	4,589
Secured Debenture Stock	(8,953)	(5,348)
Total	(2,223)	(759)
Non-Current		
Loans and Advances to Customers	10,581	7,786
Secured Debenture Stock	(5,555)	(6,068)
Total	5,026	1,718
Total		
Loans and Advances to Customers	17,311	12,375
Secured Debenture Stock	(14,508)	(11,416)
Total	2,803	959

24 ASSET QUALITY

(a) Summary of Lending

	31-Mar 2023 $'000	31-Mar 2022 $'000
Neither past due nor credit impaired	16,275	11,616
Past due but not credit impaired	683	418
Impaired	353	341
Gross loans and advances	17,311	12,375
Less: Expected Credit Loss	(366)	(332)
Net loans and advances	16,945	12,043

The Group closely monitors the performance of its borrowers and the payment of instalments under its loans. The Directors have adopted a formal debt management process to be followed when a loan falls into arrears, which includes specified time driven debt collection procedures, although management may take such actions earlier as circumstances require. Special monitoring of assets occurs when there is a risk of the asset becoming impaired and active management is required to maintain full recovery of the outstanding debt amount.

24 ASSET QUALITY (continued)

(b) Loans and Advances Past Due but Not Credit Impaired

	31-Mar 2023 $'000	31-Mar 2022 $'000
Past Due Assets Not Credit Impaired		
Opening balance	418	383
Collected during the period	(414)	(376)
Additions to Past Due asset status	674	408
Reclassified as Impaired assets	5	3
Closing balance	683	418

	31-Mar 2023			31-Mar 2022		
	Total $'000	Instalment Arrears $'000	Balance of Loan Principal $'000	Total $'000	Instalment Arrears $'000	Balance of Loan Principal $'000
Analysis of Past Due Assets Not Credit Impaired:						
0 - 30 Days	427	14	413	315	7	308
31 - 60 Days	115	7	108	103	7	96
61 - 90 Days	141	6	135	-	-	-
90+ Days	-		-	-	-	-
Total Past Due Assets Not Credit Impaired	683	27	656	418	14	404

Past Due Assets Not Credit Impaired represent Loans and Advances to Customers where contractual interest or principal payments are past due but the Directors believe that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

c) Impaired Assets

At 31 March 2023, there were no real estate assets or other assets acquired through the enforcement of security (31 March 2022: Nil). The breakdown of the gross amount of other individually impaired loans and advances and individual impairment allowances is as follows:

24 ASSET QUALITY (continued)

c) Impaired Assets (continued)

	31-Mar 2023 $'000	31-Mar 2022 $'000
Total Gross Impaired Assets		
Opening balance	341	339
Net additions	35	36
Loan repayments received	(23)	(17)
Amounts written off	-	(17)
Closing balance	353	341
Expected Credit Losses	(299)	(298)
Total Net Credit Impaired Assets	54	43

d) Restructured Assets

At 31 March 2023, there was 1 restructured asset (31 March 2022: 1).

	31-Mar 2023 $'000	31-Mar 2022 $'000
Personal loans	1	1
Total Restructured Assets	1	1

25 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	31-Mar 2023		31-Mar 2022	
	Loans and borrowings $'000	Total $'000	Loans and borrowings $'000	Total $'000
Opening Balance	11,416	11,416	12,410	12,410
Cash flows:				
- Repayment	(4,691)	(4,691)	(2,452)	(2,452)
- Proceeds	7,579	7,579	1,080	1,080
- Interest paid	204	204	378	378
Closing Balance	14,508	14,508	11,416	11,416

26 INTEREST IN SUBSIDIARIES

In October 2015, Lending Crowd Limited obtained its peer-to-peer lending license under the FMCA 2013. The platform that supports its day-to-day operations was launched on 21 December 2015 and Lending Crowd Limited is structured as a subsidiary of Finance Direct Limited, controlled 76% by Finance Direct Limited and 24% by Robert Durrant (31 March 2022: 76% Finance Direct Limited, 24% Robert Durrant).

Lending Crowd Limited also has 100 (31 March 2022: 100) Perpetual Preference Shares on issue to C Lee & V Loach.

Lending Crowd Limited is incorporated in New Zealand and its principal place of business is in New Zealand. This company has an annual reporting date of 31 March to align with the Parent Company.

As at 31 March 2023, Finance Direct Limited advanced consumer loans of $5,340,900 (31 March 2022: $2,891,000) through the peer to peer lending platform. These advances were included in Loans and Advances to Customers on the Consolidated Statement of Financial Position. Similar to loans advanced by the Parent Company, these loans were secured by motor vehicles and properties. As at 31 March 2023, there were 132 (31 March 2022: 59) overdue loans (not impaired) at the value of $181,700 (31 March 2022: $46,000).

27 CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2023 (31 March 2022: Nil).

28 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets or contingent liabilities at 31 March 2023 (31 March 2022: Nil).

29 RELATED PARTY TRANSACTIONS

During the year ended 31 March 2023, the Group paid consulting fees of $123,000 (31 March 2022: $91,000) to KP Legal, a legal firm in which Kirstin Poole (director) is a Partner.

During the year ended 31 March 2023, the Group paid $207,000 (31 March 2022: $207,000) to Oogaware Limited for software development. Robert Durrant (a director of subsidiary company) is a director and shareholder of Oogaware Limited.

During the year ended 31 March 2023, the Group paid a finder’s fee of $140,000 to a party related to Wayne Croad as part of capital raising (31 March 2022: Nil).

During the year ended 31 March 2023, the Group received motor vehicle lease payments of $1,000 (31 March 2022: $4,000) from Gateway Family Trust, an entity related to Wayne Croad (Managing Director).

In addition to annual salary and directors’ fees, Wayne Croad also received reimbursement of utilities for his home office and general expenses of $53,000 (31 March 2022: $37,000). This is included in Total Directors’ Remuneration.

Parties related to Wayne Croad hold secured debenture stock of $2,000 (31 March 2022: $2,000) in the Parent Company, at an interest rate of 6.15% (31 March 2022: 6.95%).

Lending Crowd Trustee Limited, a wholly owned company of subsidiary Lending Crowd Limited, is a non-consolidated related party entity (Note 2). At 31 March 2023, an amount of $48,100 (31 March 2022: $95,000) is receivable from Lending Crowd Trustee Limited. Lending Crowd Trustee Limited was set up to hold funds on behalf of the investors while the investors decide on their investment portfolio. During the year ended 31 March 2023, Lending Crowd Limited received platform fees of $617,000 (31 March 2022: $619,300) and flex income of $591,500 (31 March 2022: $521,000) for providing the services. Amount outstanding represents monies to be transferred from Lending Crowd Trustee Limited to the Company for services provided.

29 RELATED PARTY TRANSACTIONS (continued)

During the year ended 31 March 2023, the Parent company received management fees of $98,500 (31 March 2022: Nil) and referral commission of $313,000 (31 March 2022: $307,100) from its subsidiary Lending Crowd Limited. During the year ended 31 March 2023, the Parent company paid management fees of Nil (31 March 2022: Nil) to its subsidiary Lending Crowd Limited. The balance due from its subsidiary at 31 March 2023 was $126,800 (31 March 2022: $35,000).

The Parent company sold property, plant and equipment at the book value of Nil (31 March 2022: Nil) and intangible assets at the book value of Nil (31 March 2022: Nil) to its subsidiary Lending Crowd Limited during the year ended 31 March 2023.

There were no other outstanding balances with related parties (31 March 2022: Nil). No amounts owed by related parties were written off or forgiven during the year ended 31 March 2023 (31 March 2022: Nil).

30 SUBSEQUENT EVENTS

There are no other known subsequent events requiring disclosure in the financial statements (31 March 2022: Nil).