NZ AUTOMOTIVE INVESTMENTS LIMITED

Financial statements

For the year ended

31 March 2023

NZ AUTOMOTIVE INVESTMENTS LIMITED

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NZ AUTOMOTIVE INVESTMENTS LIMITED

Director's Report

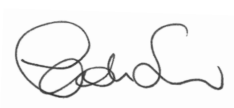
For the Year ended 31 March 2023

The Board of Directors of NZ Automotive Investments Limited present the consolidated financial statements of the Group for the year ended 31 March 2023.

The Board of Directors of NZ Automotive Investments Limited authorised the issue of these consolidated financial statements on this 28 day of May 2023

Approved for and on behalf of the Board of Directors

Director



Director

28th of May 2023

Date

NZ AUTOMOTIVE INVESTMENTS LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March 2023

	Note	MAR 2023 $'000	MAR 2022 $'000
Revenue			
Revenue and Income	4	82,704	64,231
Sundry Income	5	33	1,725
Expenses			
Cost of sales		(67,905)	(51,680)
Administration expenses		(3,265)	(2,720)
Advertising expenses		(1,738)	(1,192)
Depreciation expenses		(2,134)	(1,779)
Employee benefits		(4,105)	(3,847)
Finance expenses	8	(1,090)	(689)
Property expenses		(680)	(853)
Profit before Income Tax		1,820	3,196
Income Tax Expense	20	(528)	(602)
Profit for the period		1,292	2,594
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Translation of foreign operations		77	(90)
Total Other Comprehensive Income		77	(90)
Total Comprehensive income for the Period		1,369	2,504
Earnings per share			
Basic earnings per share	10	0.03	0.06
Diluted earnings per share	10	0.03	0.06

The accompanying notes form part of these consolidated financial statements

NZ AUTOMOTIVE INVESTMENTS LIMITED

Consolidated Statement of Financial Position

As At 31 March 2023

	Note	MAR 2023 $'000	MAR 2022 $'000
Equity			
Share Capital	23	39,344	39,365
Amalgamation Reserve		(35,956)	(35,956)
Foreign Currency Translation Reserve		(8)	(85)
Retained Earnings		12,794	11,789
Total Equity		16,174	15,113
Current Liabilities			
Trade and Other Payables	16	2,743	1,890
Employee Benefit liabilities	19	834	933
Borrowings	22	900	11,800
Income tax Payable		91	-
Derivative financial liabilities	18	55	414
Related Party Payable	25	10	10
Lease liability	17	1,856	1,484
Other Current Liabilities		627	126
Total Current Liabilities		7,116	16,657
Non-Current Liabilities			
Lease Liability	17	6,078	5,833
Total Non-Current Liabilities		6,078	5,833
Total equity and liabilities		29,368	37,603
Current assets			
Cash and cash equivalents	12	3,767	3,790
Trade and other receivables	15	669	739
Other current assets	15	3,416	4,126
Income tax receivable		-	288
Loans receivable	14	1,767	2,954
Inventories	13	8,377	13,008
Total current assets		17,997	24,905
Non-current assets			
Plant, property and equipment	27	1,319	1,335
Intangible assets		5	4
Loans receivable	14	2,142	3,870
Deferred tax asset	20	445	433
Right-of-use assets	17	7,461	7,056
Total non-current assets		11,371	12,698
Total assets		29,368	37,603

Approved on behalf of the Board on 29th May 2022

Director Date 28 May 2023

Director Date 28 May 2023

The accompanying notes form part of these consolidated financial statements

NZ AUTOMOTIVE INVESTMENTS LIMITED

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2022

	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Amalgamation Reserve	Total Equity/ (Accumulated Losses)
	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2021	39,344	12,220	5	(35,956)	15,613
Profit for the Period	-	2,594	-	-	2,594
Translation of Foreign Operations	-	-	(90)	-	(90)
Total Comprehensive Income for the Period	-	2,594	(90)	-	2,504
Share options recognised at fair value net of options lapsed	21	0	0	0	21
Dividends paid	-	(3,025)	-	-	(3,025)
Total transactions with owners of the Group	21	(3,025)	-	-	(3,004)
Balance as at 31 March 2022	39,365	11,789	(85)	(35,956)	15,113

	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Amalgamation Reserve	Total Equity/ (Accumulated Losses)
Balance as at 1 April 2022	39,365	11,789	(85)	(35,956)	15,113
Profit for the Period	-	1,292	-	-	1,292
Translation of Foreign Operations	-	-	77	-	77
Total Comprehensive Income for the Period	-	1,292	77	-	1,369
Share options recognised at fair value net of options lapsed	(21)		-	-	(21)
Dividends paid	-	(287)	-	-	(287)
Total transactions with owners of the Group	(21)	(287)	-	-	(308)
Balance as at 31 March 2023	39,344	12,794	(8)	(35,956)	16,174

The accompanying notes form part of these consolidated financial statements

NZ AUTOMOTIVE INVESTMENTS LIMITED

Consolidated Statement of Cash Flows

For The Year Ended 31 March 2023

	MAR 2023 $'000	MAR 2022 $'000
Cash flows from operating activities		
Cash receipts from customers	82,768	65,068
Government Grants Received	31	351
Cash paid to suppliers and employees	(71,160)	(63,047)
Interest received	130	26
Interest paid - retail operations	(700)	(263)
Tax paid	(161)	(1,570)
Net cash inflow from operating activities before Changes in Operating Assets and Liabilities	10,908	565
Loan receivables advanced	(1,785)	(6,576)
Proceeds from loan receivables	4,450	3,514
Net cash inflow / (outflow) from operating activities	13,573	(2,497)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	138	242
Purchase of property, plant and equipment	(305)	(656)
Net cash outflow from investing activities	(167)	(414)
Cash flows from financing activities		
Dividend paid	(287)	(3,025)
Interest paid - finance operations	(310)	(187)
Principal elements of lease payments	(2,009)	(1,645)
Trade finance advance / (repayments)	(10,900)	3,380
Net cash outflow from financing activities	(13,506)	(1,477)
Net decrease in cash and cash equivalents	(100)	(4,388)
Cash and cash equivalents at beginning of period	3,790	8,267
Effect of exchange rate	77	(89)
Cash and cash equivalents at end of period	3,767	3,790

The accompanying notes form part of these consolidated financial statements

Notes to the Financial Statements

1. Reporting entity

NZ Automotive Investments Limited (the Company) is a company domiciled in New Zealand.
The Company is incorporated in New Zealand, registered under the Companies Act 1993 and is publicly traded on the New Zealand Stock Exchange.

These consolidated financial statements comply with the requirements of the Companies Act 1993 and the Financial Markets Conduct Act 2013.

These consolidated financial statements as at 31 March 2023 comprise the Company and its subsidiaries:
2 Cheap Cars Limited, NZ Motor Finance Limited, 2CC International Limited, 2 Cheap Rental Cars Limited and Car Plus K.K. (collectively, the Group).

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP) and the requirements of the Financial Markets Conduct Act 2013.

These financial statements comply with New Zealand equivalents of International Financial Reporting Standards (NZ IFRS). As such, they also comply with International Financial Reporting Standards (IFRS).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except that certain assets and liabilities are measured at fair value where stated under their specific accounting policies.

• Derivative financial instruments (Note 18)

• Loans receivable (Note 14)

(c) Functional and presentation currency

These consolidated financial statements for the Group are presented in New Zealand dollars ($), which is the Group's functional and the Group's presentation currency. All financial information presented has been rounded to the nearest thousand dollars.

(d) Going Concern

The Directors consider that the Group is a going concern and the consolidated financial statements have been prepared on that basis.

(e) Critical accounting estimates and judgements

The preparation of the consolidated financial statements, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(f) Changes in accounting policies

None during the period.

(g) Changes in accounting estimates

None during the period.

(h) New and amended standards adopted by the group

The group has applied the following amendments for the first time for their annual reporting period commencing 1 April 2022:
- Property, plant and equipment: proceeds before intended use - Amendments to IAS 18
- Annual improvements to IFRS standards 2018-2020
- Onerous contracts - cost of fulfilling a contract - amendments to IFRS 3.
- Reference to the conceptual framework - amendments to IFRS 3.

Certain new accounting standards and amendments have been published that are not mandatory for 31 March 2023 reporting periods. These standards are not expected to have a material impact on the entity.

3. Significant Accounting Policies

The Group has applied the same accounting policies and methods of computation in these financial statements as its previous annual financial statements, except for those detailed in note 2(f) and (g) above.

Details of the Group's significant accounting policies are provided below.

In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

a) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intra-group transactions and balances are therefore eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries

The subsidiaries of NZ Automotive Investments Limited, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest	
		MAR 2023	MAR 2022
2 Cheap Cars Limited	New Zealand	100%	100%
NZ Motor Finance Limited	New Zealand	100%	100%
2CC International Limited	New Zealand	100%	100%
2 Cheap Rental Cars Limited	New Zealand	100%	100%
Car Plus K.K	Japan	100%	100%

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Foreign currency differences arising from settlement at a different exchange rate are recognised in profit or loss.

(ii) Foreign currency monetary assets and liabilities

At balance date, foreign monetary assets and liabilities are translated to the functional currency at the closing rate and exchange variations are recognised in profit or loss.

(iii) Foreign currency non-monetary assets and liabilities

Foreign non-monetary assets and liabilities that are measured based on historical costs are translated using the exchange rate at the date of the transactions. Any foreign currency difference arising due to translating to functional currency are recognised in profit or loss.

(c) Revenue

The specific revenue recognition policies associated with the Group’s distinct performance obligations (as presented in Note 4) are detailed below:

(i) Vehicles sold

Revenue is recognised at a point-in-time, with the transfer of control determined as the point purchaser takes final physical possession of the vehicle.

(ii) Insurance policies

Commission revenue is recognised on an agent basis at a point-in-time , with the transfer of control determined at the point the end customer enters into a signed insurance policy with the insurance provider (principal). As the uncertainty associated with any commission clawbacks is resolved, previously deferred revenue recognised as contract liabilities is released and recognised as revenue.

(iii) Sale of scrap parts

Revenue is recognised at a point-in-time, with the transfer of control determined as the point that the purchaser takes final physical possession of the scrap parts.

(iv) Commissions received (booking fee, sales, finance)

Revenue is recognised on an agent basis at a point-in-time , with the transfer of control determined as the point the end customer enters into a signed finance agreement with the finance provider (principal). As the uncertainty associated with any commission clawbacks is resolved, previously deferred revenue recognised as contract liabilities is released and recognised as revenue.

(v) Interest revenue calculated using the effective interest method

Interest revenue comprises interest on loans receivable and cash and cash equivalents. Interest revenue is recognised based on the effective interest method.

Performance obligations and timing of revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled to, excluding amounts collected on behalf of third parties and net of rebates, discounts and payments to customers that are not in consideration for separate goods or services provided. This represents the fair value of total consideration payable, including both cash and in the case of vehicles sold, any vehicle trade-ins.

Where the ultimate transaction price receivable is subject to variability (such as in the case of vehicle returns or clawbacks on commissions) revenue is recognised only to the extent that it is highly probable that the revenue recognised would not be subsequently reversed.

Revenue is recognised when the control associated with a good or service (or in aggregate thereof) representing a distinct performance obligation is transferred from the Group to the customer.

Where a single contract contains two or more distinct performance obligations, the total transaction price of the contract is allocated between the separate performance obligations based on their stand-alone-sales-prices, and represents the revenue to be recognised with respect to that separate performance obligation.

Revenue is recognised on an over-time basis subject to meeting specific criteria, otherwise, revenue is recognised at a point-in-time , being the point that the customer obtains control of the good or service subject to various indicators.

Payment received from customers before revenue is recognised and presented as a “Contract liability” in the consolidated statement of financial position.

Receivables resulting from revenue being recognised before the Company is able to contractually invoice for the goods or services provided is recognised and presented as a “Other current asset” in the consolidated statement of financial position.

The Group recognises revenue on a net basis as an "Agent" (rather than on a gross basis as "Principal") when
(i) it is not the party primarily responsible for fulfilling to provide goods or services to the end customer,
(ii) when it does not assume the (inventory) risk of the goods or services, and/or
(iii) it does not have discretion in setting the price payable by the end customer.

(d) Insurance contracts

NZ IFRS 17 Insurance contracts becomes effective for annual reporting periods commencing on or after 1 January 2023.

NZ IFRS 17 Insurance contracts provides a scope exception for certain contracts that provide waivers (forgiveness) of loan balances upon the occurrence of specified events. Rather than accounting for these waivers as insurance contracts, the scope exemptions permits the Group to elect to account for such loans entirely as financial instruments.

The Group has elected to apply this scope exemption. Further details of the accounting policy relating to Loans receivable to which the scope exemption directly effects can be found in Note 7.

(e) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that they relate to items recognised directly in equity or in other comprehensive income. In such cases, the tax is also recognised directly in equity or in other comprehensive income, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

(i) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,

(ii) temporary differences arising on the initial recognition of goodwill; and

(iii) temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that the timing of the reversal of the temporary differences is controlled by the Group and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

(f) Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date. The Group recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Defined contribution plans (Kiwisaver etc.)

Contributions to defined contribution plans are recognised in the consolidated statement of profit or loss and other comprehensive income in the year to which they relate.

(iii) Share-based payment arrangements

Equity Settled Transactions.

The Group has provided benefits to key management personnel in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). The cost of these equity-settled transactions with employees is measured by reference to the fair value benefit of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, conditions linked to the price of the shares of NZ Automotive Investments (NZX:NZA - market conditions) are considered where applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

(g) Property, plant and equipment

(i) Recognition and measurement

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The useful lives and depreciation method used for significant items of property, plant and equipment are as follows:

Leasehold improvements	6.7% - 20.0% SL
Furniture and fittings	6.3% - 50.0% SL
Motor vehicles	10.0% - 50.0% SL
Computer equipment	20.0% - 100% SL
Workshop equipment	10.0% - 50.0% SL

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value with due allowance for any damaged and obsolete stock items. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Vehicles acquired via trade-in from car sales with customers are initially measured at their trade-in date fair value.

(i) Financial instruments

The Group recognises financial instruments when it becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value. For those financial instruments that are classified as amortised cost this includes directly attributable transaction costs. For those financial instruments classified as at fair value through profit or loss, any directly attributable transaction costs are expensed in profit or loss as incurred. Financial liabilities are measured net of transaction costs.

(i) Financial assets – classification and subsequent measurement

Financial assets are classified based on whether their repayments represent solely payments of principal and interest (SPPI), and whether the instrument is held to collect those repayments, and/ or to be sold.

At Amortised cost

These financial assets represent those held to collect SPPI, and include: Trade and other receivables; Loans receivable (those that do not include waiver clauses); Cash and cash equivalents (including cash in hand, deposits held at call with banks).

These financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment.

Impairment allowances for Trade receivables

Are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated impairment allowance.

Impairment allowances for Loans receivable

Are recognised based on a forward-looking expected credit loss ("ECL") model. The methodology used to determine the amount of the allowance is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised ("Stage 1").

For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised ("Stage 2"). The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

For those that are determined to be credit impaired (in default), lifetime expected credit losses along with interest income on a net basis are recognised ("Stage 3"). The Group considers a financial asset to be in default when the financial asset is more than 90 days past due, as well as observable evidence with respect to:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or being more than 90 days past due;
- granting to the borrower a concession for economic or contractual reasons relating to the borrower's financial difficulty; that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

When determining whether there has been a significant increase in credit risk since initial recognition of the financial asset, and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward looking information.

The gross carrying amount of Loans receivable is written off when the Group has no reasonable expectation of recovering the balance in its entirety or a portion thereof.

Impairment allowances for Cash and cash equivalents

Balances held with "investment grade" counterparties a significant increase in credit risk is deemed not be present.

At Fair value through profit or loss (non-derivatives)

These financial assets represent Loans receivable (that include waiver clauses). In applying the scope exemption in NZ IFRS 17 Insurance Contracts to these contracts, such that they are accounted for as financial assets in their entirety, the presence of the waiver clauses results in repayments not representing SPPI. Loans receivable includes loans on which customers voluntarily elect to opt for additional Asset Waiver and/or Income Waiver products which are offered by the Group.

Accordingly, these balances are classified and measured subsequently as at fair value through profit or loss.

Repayments of these loans are recognised as reductions in the carrying amount, with fair value gains or losses at each reporting date recognised in profit or loss.

At Fair value through profit or loss (derivatives)

Derivatives financial assets represent "in the money" derivative contracts that are classified and measured subsequently as at fair value through profit or loss, with fair value gains or losses at each reporting date recognised in profit or loss.

(ii) Financial liabilities - classification and subsequent measurement

Financial liabilities are classified as at fair value through profit or loss if it is held-for-trading, it is a derivative or it is designated as such on initial recognition, otherwise the it is classified as At Amortised cost.

At Amortised cost

Includes; Trade and other payables; Borrowings; Lease liabilities.

These financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

At Fair value through profit or loss (derivatives)

Derivatives financial liabilities represent "out of the money" derivative contracts that are classified and measured subsequently as At Fair value through profit or loss, with fair value gains or losses at each reporting date recognised in profit or loss.

(iii) Derecognition of financial assets and financial liabilities

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, 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 whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

The estimated recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A cash-generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of the other assets or groups of assets.

Impairment losses are reversed when there is a change in the estimate used to determine the recoverable amount and there is an indication that the impairment loss has decreased or no longer exists. 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. All impairment losses are reversed through profit or loss, other than those related to goodwill.

(j) Share capital

Ordinary shares

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

(k) Goods and services tax

With the exception of trade payables and receivables, all items are stated exclusive of Goods and Services Tax.

(l) Reserves

Amalgamation reserve

The amalgamation reserve represents the difference between the fair value of consideration paid and the carrying amount of net assets in a business combination where the acquirer and acquiree are controlled by the same (ultimate) party (business combination under common control).

(m) Leases

All leases in which the Group is a lessee are accounted for by recognising a Right-of-use asset and a Lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Payments associated with all leases of low-value assets and short-term leases of equipment and vehicles are recognised on a straight-line basis as an expense in profit or loss.

(i) Initial measurement
Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate, however in such cases the initial present value determination assumes that the variable element will remain unchanged throughout the lease term.

Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the Lease liability also includes:

• amounts expected to be payable under any residual value guarantee;

• the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;

• any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the Lease liability, reduced for any lease incentives received, and increased for:

• Lease payments made at or before commencement of the lease;

• Initial direct costs incurred; and

• The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically make-good provisions on buildings).

(ii) Subsequent measurement
Subsequent to initial measurement Lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Right-of-use assets are also subject to impairment assessment at reporting date.

(iii) Remeasurement 0
When the Group revises its determination of the use (or non-use) of renewal and/or termination options, the carrying amount of the lease liability is adjusted to reflect the payments to make over the revised term, which are discounted at the revised discount rate.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, however this is discounted at the original discount rate.

In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For changes in lease payments as a result of COVID-19, the carrying value of lease liabilities is revised and discounted at the original discount rate, with a corresponding adjustment to profit or loss (variable lease payment).

(iv) Modifications to lease agreements
When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

Increases in scope:
• If the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price (i.e. market rate) for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

• In all other cases (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the revised discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

Decreases in scope:

• Both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss.

The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date.

The right-of-use asset is adjusted by the same amount.

(n) Government grants

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the periods in which the associated expenses are recognised.

(o) Finance income and finance expenses

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

Finance expenses comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(p) Intangible assets

Finite Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- Trademarks 10 years

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(q) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

Notes to and Forming part of the Consolidated the Financial Statements

4. Revenue from Contracts with Customers

	MAR 2023 $'000	MAR 2022 $'000
Sale of cars	74,902	56,653
Fair value gain/(loss) on revaluation	(222)	8
Contractual income earned on loans at fair value through profit or loss	508	762
Interest on bank accounts, short term deposits and investments	693	463
Agent commissions received		
- Interest agent commissions	4,427	4,132
- Insurance agent commissions	2,396	2,213
Total revenue from contracts with customers	**82,704**	**64,231**
Timing of transfer of goods and services		
Point of sale income	82,564	64,204
Over time income	139	27
Total Revenue	**82,704**	**64,231**

5. Sundry Income

	MAR 2023 $'000	MAR 2022 $'000
Gain/(loss) on sale of property, plant and equipment	2	6
Government grants received[1]	37	351
Consideration for reassignment of leases[2]	-	1,085
Other	(6)	283
Total sundry income	**33**	**1,725**

[1] During the period the Group received government grants in the form of COVID-19 related Wage subsidies from the New Zealand Government.

[2] The Group received consideration from an external party for the assignment of two leased properties.

6. Segment reporting

Description of segments

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

Reportable segments have been identified as follows:

Operating Segments

As at 31 March 2023	Automotive Retail	Finance	Other Entities	Inter-entity transactions	Total
	$'000	$'000	$'000	$'000	$'000
Revenue including interest	81,990	909	1,979	(2,174)	82,704
Sundry Income	(22)	3	50	2	33
Cost of sale	(68,871)	2	(1,008)	1,972	(67,905)
Interest expense - finance	-	(222)	-	-	(222)
Operating expense	(8,112)	(510)	(3,299)	1	(11,920)
Operating profit	4,985	181	(2,278)	(199)	2,689
Dividend received	-	-	287	(287)	-
Interest expense - trading	(781)	(336)	(7)	255	(869)
Net profit before tax	**4,204**	**(155)**	**(1,998)**	**(231)**	**1,820**

As at 31 March 2022	Automotive Retail	Finance	Other Entities	Inter-entity transactions	Total
	$'000	$'000	$'000	$'000	$'000
Revenue including interest	63,381	1,185	2,547	(2,882)	64,231
Sundry Income	1,681	16	28	-	1,725
Cost of sale	(52,649)	-	(1,567)	2,536	(51,680)
Interest expense - finance	-	(90)	-	-	(90)
Operating expense	(7,208)	(674)	(2,690)	181	(10,391)
Operating profit	5,205	437	(1,682)	(165)	3,795
Dividend received	-	-	3,025	(3,025)	-
Interest expense - trading	(361)	(441)	-	203	(599)
Net profit before tax	**4,844**	**(4)**	**1,343**	**(2,987)**	**3,196**

7. Determination of fair values

Face value versus carrying amounts

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Consolidated Statement of Financial Position, are as follows.

31 March 2023	Note	Carrying Amount $'000	Fair value (level 3) $'000
Assets			
Cash and cash equivalents	12	3,767	3,767
Trade receivables at amortised cost	15	669	669
Other receivables	15	3,416	3,416
Loans receivable - Amortised Cost	14	2,240	2,248
Loans receivable - Fair Value through Profit or Loss	14	1,769	1,769
Total		**11,862**	**11,870**
Current Liabilities			
Trade and Other Payables	16	2,743	2,743
Borrowings	22	900	900
Derivative financial liabilities	18	55	55
Related Party Payable	25	10	10
Total		**3,708**	**3,708**

31 March 2022	Note	Carrying Amount $'000	Fair value (level 3) $'000
Assets			
Cash and cash equivalents	12	3,790	3,790
Trade receivables at amortised cost	15	739	739
Other receivables	15	4,126	4,126
Loans receivable - Amortised Cost	14	3,456	3,673
Loans receivable - Fair Value through Profit or Loss	14	3,442	3,442
Total		**15,553**	**15,770**
Current Liabilities			
Trade and Other Payables	16	1,890	1,890
Borrowings	22	11,800	11,800
Derivative financial liabilities	18	414	414
Related Party Payable	25	10	10
Total		**14,114**	**14,114**

The carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables has been determined to be a reasonable approximation of the fair value of the financial instrument given the short-term nature of these financial instruments.

Borrowings relate to facilities that are repaid within a short timeframe.

Refer to Note 14 for fair value measurement information regarding Loans receivable.

The sensitivity analysis of a reasonably possible change in one significant unobservable input, holding other inputs constant, of level 3 financial instruments is provided below:

	Profit or loss		Other comprehensive income (net of tax)	
Significant unobservable inputs	**Increases**	**Decreases**	**Increases**	**Decreases**
	$'000	$'000	$'000	$'000
Discount rate used (+/- 5%)	106	(97)	76	(70)
Default provision used (+/- 5%)	94	(94)	68	(68)
Waiver provision rate used (+/- 5%)	68	(68)	49	(49)

8. Finance Expenses

	Note	**MAR 2023**	**MAR 2022**
		$'000	$'000
Interest expense on financial liabilities measured at amortised cost		(715)	(263)
Interest expense on lease liabilities	17	(310)	(189)
Other		(66)	(237)
Finance Expenses		**(1,090)**	**(689)**

9. Key operating expenses

Key operating expenses includes the following:	Note	**MAR 2023**	**MAR 2022**
		$'000	$'000
Audit fees		(104)	(87)
Depreciation - property, plant and equipment	27	(211)	(204)
Depreciation - right-of-use assets	17	(1,924)	(1,574)
Employee benefit expenses - excluding direct wages included in cost of sale			
Wages and salaries, Including kiwisaver contributions		(2,673)	(2,620)
Expenses related to restructuring business [3]		(977)	-
Expenses related to reassignment of leases		-	(200)

[3] The business incurred non-recurring restructuring costs of $0.98m associated with significant changes at board and management level during the year.

10. Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of ordinary shares on issue during the year, excluding shares held as treasury stock.
Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator.

	MAR 2023	MAR 2022
Numerator	$'000	$'000
Profit for the period	1,292	2,594
Denominator		
Weighted average number of shares	45,554,500	45,554,500
EPS basic	0.03	0.06
EPS Diluted	0.03	0.06

11. Dividends

	MAR 2023	MAR 2022
	$'000	$'000
Final Dividend	287	2,296
Interim Dividend	-	729
Total	**287**	**3,025**

12. Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and short term deposits with an original maturity of three months or less which are subject to an insignificant risk of changes in value.

	Held with	Credit Rating	Interest	Interest	MAR 2023	MAR 2022
	Credit Rating 31 Mar 2023		31 Mar 2023	31 Mar 2022	$'000	$'000
Cash at Bank	ASB Bank & Mitsui Bank	AA- & A-	4.61%	0.11%	3,767	3,790

As cash and cash balances are held with counterparties with “investment grade” credit ratings, there is not deemed to be a significant increase in credit risk associated with the Group’s Cash and cash equivalents balance. Credit rating is as per Standard & Poor.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours’ notice with no loss of interest. See note 3(q) for the group’s other accounting policies on cash and cash equivalents.

13. Inventories

	MAR 2023	MAR 2022
	$'000	$'000
Gross stock on hand	8,664	13,334
Inventory provision	(288)	(326)
Total inventories	**8,377**	**13,008**

14. Loans Receivable

Opening balance (1 Apr 2021)	*Amortised Cost*	*Fair value through profit and loss*	*Total*
Gross carrying value	829	2,998	3,827
Less: Impairment allowance	(24)	-	(24)
Total Loans receivable	**805**	**2,998**	**3,803**
Movements during the period			
Advances of loans to customers	3,611	2,677	6,288
Repayments of loans by customers	(1,273)	(2,241)	(3,514)
Movement in accrued interest	288	-	288
Movement in Impairment Allowance	(49)	-	(49)
Fair value gain/(loss) on revaluation	-	8	8
Total Movements	**2,577**	**444**	**3,021**
Gross carrying value	3,455	3,442	6,897
Less: Impairment allowance	(73)	-	(73)
Total Loans receivable	**3,382**	**3,442**	**6,824**
Closing balance (31 March 2022)			
Current portion	1,343	1,684	3,027
Non-current portion	2,112	1,758	3,870
Less: Impairment allowance	(73)	-	(73)
Total Loans receivable	**3,382**	**3,442**	**6,824**

Opening balance (1 Apr 2022)	*Amortised Cost*	*Fair value through profit and loss*	*Total*
Gross carrying value	3,455	3,442	6,897
Less: Impairment allowance	(73)	-	(73)
Total Loans receivable	**3,382**	**3,442**	**6,824**
Movements during the period			
Advances of loans to customers	622	707	1,329
Repayments of loans by customers	(2,292)	(2,158)	(4,450)
Movement in accrued interest	456	-	456
Movement in Impairment Allowance	(28)	-	(28)
Fair value gain/(loss) on revaluation	-	(222)	(222)
Total Movements	**(1,242)**	**(1,673)**	**(2,915)**
Gross carrying value	2,241	1,769	4,010
Less: Impairment allowance	(101)	-	(101)
Total Loans receivable	**2,140**	**1,769**	**3,909**
Closing balance (31 March 2023)			
Current portion	1,029	839	1,868
Non-current portion	1,212	930	2,142
Less: Impairment allowance	(101)	-	(101)
Total Loans receivable	**2,140**	**1,769**	**3,909**

The effective interest rate on Loans receivable at Amortised cost are 9.95% - 17.95%. (2021: 15.95% - 17.95%)

Loans Receivable measured at amortised cost (financial assets which represent solely payments of principal and interest) have been impaired at 4.6% (2022: 2%), using the expected credit loss model.

Loans receivable measured at fair value (financial instruments that include waiver based clauses) are modelled at fair value and include an effective default risk impairment rate of 4.6% (2022: 2%), collection costs of 1% and a discount rate of 11.1% which are factored into the inputs of the valuation.

The impairment rate used is higher than the current actual current rate of impairment, which stood at 0.51% at 31 March 2023 (31 March 2022: 0.05%). Consideration was made with reference to additional default risks that could be caused from the effects that COVID-19 could have on borrowers ability to repay debt and was taken into account when determining the impairment rate.

The following table details the risk profile of the Group's provision matrix for loan receivables collectively assessed for impairment. The provision disclosed relates to loans assured at amortised cost only. Provision on loans valued at fair value are included in the fair value gain or loss.

	Expected loss rate	Gross finance receivable $'000	Collective impairment provision $'000	Net finance receivables $'000
31 Mar 2023				
Current	2%	3,316	(46)	3,270
Past due up to 30 days	7%	427	(11)	416
Past due 30 - 60 days	17%	144	(12)	131
Past due 60 - 90 days	27%	7	(2)	5
91 days and over	53%	116	(30)	86
	4.6%	4,010	(101)	3,909
31 Mar 2022				
Current	2%	6,528	(29)	6,499
Past due up to 30 days	2%	211	(8)	203
Past due 30 - 60 days	2%	56	(8)	48
Past due 60 - 90 days	2%	71	(18)	53
91 days and over	2%	31	(10)	21
	2%	6,897	(73)	6,824

	MAR 2023 $'000	**MAR 2022** $'000
Movement in the impairment provisions:		
Specific impairment provision		
Opening balance	(73)	(24)
Impairment Movement through profit or loss	(46)	(49)
Amounts written off	17	-
	(102)	(73)

15. Trade and other Receivables

	MAR 2023 $'000	MAR 2022 $'000
Trade receivables	538	461
Less: Impairment allowance	(83)	(42)
Net trade receivables	**455**	**419**
Lease deposits and bonds	214	320
Trade receivables at amortised cost	**669**	**739**

Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted. These financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment.

Prepayments	3,146	3,797
Other current assets	271	329
Other current assets	**3,416**	**4,126**

16. Trade and other payables

	MAR 2023 $'000	MAR 2022 $'000
Trade payables	2,210	1,319
Financial liabilities At Amortised cost	**2,210**	**1,319**
Contract liabilities	152	207
Other payables	381	364
Total trade and other payables	**2,743**	**1,890**

Trade payables generally have terms of 30 days and are interest free. Trade payable of a short-term duration are not discounted.

17. Leases

The Group leases a number of properties and equipment in the jurisdiction from which it operates.

(i) Right of use Assets	MAR 2023 $'000	MAR 2022 $'000
Opening Balance	7,056	6,246
Additions and modifications	2,406	4,958
Less:		
Depreciation	(1,924)	(1,574)
Terminations	(78)	(2,574)
Closing Balance	**7,461**	**7,056**
(ii) Lease Liabilities		
Opening Balance	7,317	6,603
Additions and modifications	2,402	4,958
Interest	310	189
Gain on changes to leases	(12)	(154)
Less:		
Terminations	(78)	(2,574)
Repayments	(2,009)	(1,645)
COVID Relief	-	(45)
Effects of movements in exchange rates	3	(15)
Closing Balance	**7,934**	**7,317**
Current portion	1,856	1,484
Non-current portion	6,078	5,833
Total lease liabilities	**7,934**	**7,317**

(iii) Balance sheet and cash flow statement	MAR 2023 $'000	MAR 2022 $'000
Carrying amount of RoU asset (by asset class)		
• Premises	7,461	7,056
• Equipment	-	-
Total cash outflow related to leases (principal repayments)	(2,009)	(1,645)
Total cash outflow related to leases (interest)	(310)	(189)

(i) Variable lease payments

As standard industry practice, several of the Groups property leases are subject to periodic CPI increases and/or market rent reviews. A 1% increase in these payments would result in an additional $20,090 (2022: $16,510) cash outflow compared to the current period's cash outflow. (2022: 1%)

(ii) Lease term – use of renewal and termination options

The Group's property leases typically include renewal and termination options. The Group must assess whether it reasonably expects (or not) to exercise these when determining the lease term.

As at 31 March 2023, there is no leases where the group has assessed it does not reasonably expect to exercise all available renewal options, resulting in potential future lease payments not currently being included in the lease liability recognised for these leases:

(i) Amounts recognised in the financial statements

(ii) Short-term lease expense (excluding leases of 1 year or less) being $75,150 (2022: $400,186).

These are all leases that exclude 1 month or less in duration, which management have assessed do not qualify as a lease under NZ IFRS16 leases and have not been capitalised as a result.

18. Derivative financial instruments

Forward contracts were taken out during the year to provide cover for risks that could potentially arise from foreign currency fluctuations in the buying & selling of inventories. If the contracts are realised at fair market value at balance date, this would result in a foreign exchange loss on derivatives of $55k as at 31 March 2023 (31 March 2022: Foreign exchange loss of $414k).

19. Employee benefit liabilities

	MAR 2023	MAR 2022
	$'000	$'000
Liability for annual leave	560	730
Wages payables	274	203
Total	**834**	**933**

20. Income tax

(a) Income tax recognised in profit or loss and other comprehensive income	MAR 2023	MAR 2022
	$'000	$'000
Income tax recognised in profit or loss		
Current tax	540	558
Deferred tax	(12)	44
Total income tax expense	**528**	**602**

(b) Reconciliation of income tax expense

	MAR 2023	MAR 2022
Income tax recognised in profit or loss	$'000	$'000
Profit before income tax expense	1,820	3,196
Tax expense at the domestic tax rate (28%)	510	895
Permanent differences	52	(278)
Timing differences	(35)	(43)
Intergroup eliminations	(4)	21
Effects of tax rate in foreign jurisdictions	6	7
Income tax expense	**528**	**602**

(c) Deferred tax

	MAR 2023	MAR 2022
Income tax recognised in profit or loss	$'000	$'000
Balance at the beginning of the period	433	477
Current period movement	12	(44)
Deferred tax asset	**445**	**433**
Made Up Of:		
Deferred tax asset	2,411	2,399
Deferred tax liability	(1,966)	(1,966)
Net balance as per above	**445**	**433**

Deferred tax assets are attributable to the following:	MAR 2023	MAR 2022
	$'000	$'000
Inventory provision	81	91
Employee benefits	143	179
Doubtful debt	51	32
Others	-	7
Contract liabilities	37	51
Lease liabilities	2,215	2,039
Right-of-use asset	(2,082)	(1,966)
Total	**445**	**433**

21. Imputation Credits

	MAR 2023	MAR 2022
	$'000	$'000
Imputation credits at 1 April	(3,595)	(3,461)
New Zealand Tax payments, net of refunds	(142)	(1,310)
Imputation credits attached to dividends received	-	-
Imputation credits attached to dividends paid	112	1,176
	(3,625)	**(3,595)**

The imputation credits are available to shareholders of the group:

- Through the company
- Through subsidiaries

22. Borrowings

	MAR 2023	MAR 2022
	$'000	$'000
Motor Vehicle Finance Credit Facility	900	3,800
Retail Trade Finance Facility	-	8,000
Total Trade finance facility	**900**	**11,800**

The Retail Trade Finance Facility was due to expire on 30 April 2023 and the Motor Vehicle Finance Credit Facility will expire on 1 October 2023. Post balance date, a new retail trade finance facility is close to being in place. See note 30, Subsequent events for further details. The Company was in compliance with all covenants throughout the year.

23. Share capital

Number of Ordinary Shares	MAR 2023	MAR 2022
Opening balance	45,554,500	45,554,500
Total issued and authorised capital	**45,554,500**	**45,554,500**

Dollar value of Ordinary Shares	MAR 2023	MAR 2022
	$'000	$'000
Opening balance	39,365	39,344
Share Option Scheme	(21)	21
Total issued and authorised capital	**39,344**	**39,365**

All issued shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group and rank equally with regard to the Group's residual assets.

24. Share-based payment arrangements

31 March 2023

The share option programme has become non active as at 31 March 2023 with the departure of the previous CEO.

31 March 2022

Refer accounting Policy in Note 3 (f)

On 1 October 2021 the group established a share option programme that entitles key management personnel to purchase shares in the group. Under this programme holders of vested options are entitled to purchase shares at a pre-determined rate at the grant date. The programme is limited to select key management personnel approved by the board.

This Programme is active as at 31 March 2022.

Tranche	Average ESOP Value	Grant Date	Number of Instruments	Vesting Date	Contractual life
Tranche 1	0.31	1 October 2021	175,000	30 September 2024	3 years
Tranche 2	0.13	1 October 2021	150,000	30 September 2024	3 years
Tranche 3	0.62	1 October 2021	94,230	30 September 2024	3 years
			419,230		

The Vesting Conditions are linked to Profitability, Share price and Liquidity in publicly traded shares of NZ Automotive investments.

Each option entitles the holder to subscribe for one ordinary share in the group, for nil consideration, in the event that certain performance hurdles are met and they remain employed by the Company at the end of the performance period

The Fair Value of the options was determined using a Monte Carlo option pricing model.

The significant inputs in the model were share price at grant date of $0.83, Annual Volatility of 41.6% and an annual Risk free rate of 1.52%.

25. Related parties

Identity of related parties

The group has a related party relationship with its key management personnel being the Directors and Executive Officers.

Key management personnel

Key management personnel represent the Board of Directors, and the Senior Leadership team including the Managing Directors, Chief Executive Officer and Chief Financial Officer.

	MAR 2023	MAR 2022
	$'000	$'000
Short-term employee benefits	1,460	1,496
Defined contribution plans	33	45
Termination benefits	250	-
Total key management personnel remuneration	**1,743**	**1,541**

Transactions with related parties	Transactions for the period		Balance outstanding at balance date	
	MAR 2023	**MAR 2022**	**MAR 2023**	**MAR 2022**
	$'000	$'000	$'000	$'000
Eugene Williams		10	-	-
Yusuke Sena	-	-	10	10
	-	**10**	**10**	**10**

26. Financial instruments - risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's internal finance team also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Groups competitiveness and flexibility. Further details regarding these policies as they relate to the specific financial risks that the Group is exposed to are set out below.

Through its operations, the Group is exposed to the following financial risks:

(a) Credit risk

(b) Market risk

(c) Liquidity risk

(d) Currency risk

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial asset fails to meet their contractual obligations.

The Group's exposure to credit risk is represented by the carrying amount of cash and cash equivalents and investments.

The Group only holds cash and cash equivalents and investments with financial institutions that are independently determined credit ratings of "A" or higher.

The Group has an Audit & Risk Committee that monitors credit risk as part of its wider duties.
Cash and cash equivalents held with financial institutions are presented in the table below:

31 March 2023	**Credit rating ***	**Cash and cash equivalents**	**Investments**	**Total**
		$'000	$'000	$'000
ASB Bank	AA-	3,491	-	3,491
Mitsui Bank	A-	276	-	276
		3,767	**-**	**3,767**

31 March 2022	**Credit rating ***	**Cash and cash equivalents**	**Investments**	**Total**
		$'000	$'000	$'000
ASB Bank	AA-	3,705	-	3,705
Mitsui Bank	A-1	85	-	85
		3,790	**-**	**3,790**

* Standard & Poor's

Interest rates on interest bearing cash and cash equivalents and investments range between 0.86% - 4.61% (2022: 0.11% - 0.86%).

(b) Market risk

Market risk arises from the Group's:

- Use of interest-bearing borrowings (interest rate risk); and
- Purchases in foreign currencies (foreign currency exchange risk).

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to fair value interest rate risk from its fixed / variable rate borrowing and lease liabilities, with rates between 9.4% - 3.75% (2022: 3.3% - 3.75%).

ii. Foreign currency exchange risk

The Group currently does not have any sales transactions denominated in foreign currencies, however the Group has purchases transactions denominated in foreign currencies.

During the current reporting period the Group has purchased used cars with purchase prices denominated in foreign currencies (YEN).

To mitigate foreign exchange risk on significant purchases, the Group enters into forward exchange contracts to match the timing and amount of payments due. Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period.

The Group does not apply hedge accounting to these transactions, and they are classified as held for trading for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. They are considered level 2 fair value measurements being based on the present value of future cash flows based on the forward exchange rates at the reporting date.

There are open forward exchange contracts of $5.2m at the end of the reporting period (2022: $6.3m).

The net foreign exchange loss recognised for the year was $0.32m (2022: $0.78m loss).

(c) Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this the Group maintains a monthly forecast on its future cash position to ensure it can meet financial obligations when they fall due.

The Board receives monthly financial statements which include statements of financial position, performance and cash flows, as well as budge/forecast variance reports, to ensure it holds or will hold cash equivalents to meet its obligations.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

As at 31 March 2023	Up to 3 months $'000	Between 3 and 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Trade and other payables	2,357	339	20	27	-	2,743
Borrowings	900	-	-	-	-	900
Lease liabilities	486	1,370	1,357	3,240	1,481	7,934
Total	**3,743**	**1,709**	**1,377**	**3,267**	**1,481**	**11,577**

As at 31 March 2022	Up to 3 months $'000	Between 3 and 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Trade and other payables	1,809	26	48	7	-	1,890
Borrowings	11,800	-	-	-	-	11,800
Lease liabilities	380	1,104	1,409	2,620	1,804	7,317
Total	**13,989**	**1,130**	**1,457**	**2,627**	**1,804**	**21,007**

27. Property, plant and equipment

Cost	Leasehold improvements $'000	Motor vehicles $'000	Furniture and fittings $'000	Computer equipment $'000	Workshop equipment $'000	Total $'000
Balance at 1 April 2022	511	593	644	578	112	2,438
Additions	125	26	102	44	8	305
Disposals		(94)	(28)	(12)	(4)	(138)
Balance at 31 March 2023	**636**	**525**	**718**	**610**	**117**	**2,605**
Accumulated depreciation						
Balance at 1 April 2022	(115)	(238)	(297)	(429)	(24)	(1,103)
Depreciation	(43)	(52)	(42)	(59)	(14)	(211)
Disposals		15	2	1	1	19
Effect of exchange rate	-	9	-	-	-	9
Balance at 31 March 2023	**(158)**	**(266)**	**(337)**	**(487)**	**(38)**	**(1,286)**
Net Book Value						
As at 31 March 2023	**477**	**259**	**381**	**123**	**79**	**1,319**

The Group has reviewed each items of property, plant and equipment and no impairment charge was recognised for the year ended 31 March 2023 (March 2022: Nil).

Cost	Leasehold improvements $'000	Motor vehicles $'000	Furniture and fittings $'000	Computer equipment $'000	Workshop equipment $'000	Total $'000
Balance at 1 April 2021	706	349	602	519	62	2,238
Additions	213	255	70	68	50	656
Disposals	(408)	(11)	(28)	(9)	-	(456)
Balance at 31 March 2022	**511**	**593**	**644**	**578**	**112**	**2,438**
Accumulated depreciation						
Balance at 1 April 2021	(212)	(181)	(273)	(382)	(14)	(1,062)
Depreciation	(42)	(66)	(35)	(51)	(10)	(204)
Disposals	139	4	11	4	-	158
Effect of exchange rate	-	5	-	-	-	5
Balance at 31 March 2022	**(115)**	**(238)**	**(297)**	**(429)**	**(24)**	**(1,103)**
Net Book Value						
As at 31 March 2022	**396**	**355**	**347**	**149**	**88**	**1,335**

Depreciation Methodology

The group recognises depreciation on a Straight line basis.

28. Notes supporting statement of cash flows

Reconciliation of Profit after tax with Net Cash Flow from Operating Activities

	MAR 2023 $'000	MAR 2022 $'000
Net Profit for the year	1,292	2,594
Non-cash / Non-operating items:		
Depreciation of property, plant and equipment	2,134	1,779
Amortisation of intangible fixed assets		
Loss/(gain) on sale of property, plant and equipment	(2)	(6)
Foreign exchange	77	(90)
Income tax expense	528	602
Finance expense	(255)	277
	-	-
	2,482	**2,562**
Movements in working capital:		
(Increase)/decrease in trade and other receivables	3,982	(3,669)
Increase/(decrease) in trade and other payables	1,346	(1,298)
(Increase)/decrease in Inventory	4,631	(1,116)
	9,960	**(6,083)**
Cash generated from operations	13,734	(927)
Income taxes paid	(161)	(1,570)
Net cash flows from operating activities	**13,573**	**(2,497)**

29. Contingent liabilities

ASB Bank Limited has given a guarantee to the landlord on behalf of the Group to secure premises.

The maximum guarantee is for $1,316,959 (March 2022: $1,643,000).

30. Subsequent events

The retail trade finance facility with ASB was due to expire on 30 April and has been extended until 31 May 2023 to provide the business time to execute a new trade facility. At the date of signing the financial statements, the Company was in the final stages of executing a new retail trade facility agreement with Finance Now, with a limit of $5.0m.

There are no other significant events have occurred subsequent to balance date. (2022: None)

UHY Haines Norton
Chartered Accountants

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Independent Auditor's Report

To the Shareholders of NZ Automotive Investments Limited

Opinion

I have audited the consolidated financial statements of NZ Automotive Investments Limited ("the Company") and its subsidiaries ("the Group"), which comprise:

- the consolidated statement of financial position as at 31 March 2023;
- the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements including a summary of significant accounting policies.

I am a partner with UHY Haines Norton Chartered Accountants Sydney (the Firm) and I have used the staff and resources of the Firm to perform the audit of the Group.

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

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)") issued by the New Zealand Auditing and Assurance Standards Board. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report.

I am 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 I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other than in my capacity as auditor, neither myself, the firm or the firm's staff have no relationship with, or interests in, the Group.

Key Audit Matters

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

Why the audit matter is significant	How my audit addressed the key audit matter
Revenue recognition The Group has recognised revenue of $83m (FY 2022: $ 64m) (Note 4). NZAI Group's net sales comprises revenue from the sale of cars, insurance agent commissions and finance agent commissions. Revenue is recognised when the control associated with a good or service (or in aggregate thereof) representing a distinct performance obligation is transferred from the Group to the customer. There are a number of factors that could affect this reported amount, including the risk for revenue recognition policies being incorrectly applied or recognised in an incorrect period. This presents a key audit matter due to the financial significance and nature of net sales in the financial statements.	To address the risk associated with revenue recognition, the following audit procedures were carried out: • Evaluated the design of management's internal controls related to revenue recognition. • Reviewed revenue recognition policies for appropriateness and compliance with relevant accounting standards. • Selected a sample of transactions and inspected supporting sales documentation, cash received and assessed whether all criteria related to revenue recognition has been met before being recognised as revenue. • Reviewed credit notes posted after year end to ascertain revenue recognition during the year. • Performed revenue cut off procedures by selecting revenue samples before and after year end and testing whether cut off on revenue was accurate. • Performed analytical procedures by comparing average gross margins by make of the cars on a year on year basis, and by analysing the movement of gross margins relative to the prior period and on a monthly basis. • Reviewed manual revenue journals as part of the journal entry testing process. • Assessed the reasonability and completeness of the revenue related disclosures to ensure compliance with the requirements of the accounting standards.
Valuation of loan receivables with waiver clauses Loan receivables have been classified into those with waiver clauses and those without. The Group has recognised loan receivables with waiver clauses at fair value through profit of loss at $ 1.8m (FY 2022: $ 3.4m) (Note 14). There was a fair value loss on revaluation recognised through profit or loss of $ 222k (FY 2022: gain of $ 8k) (Note 4 and 14). Accounting policies relevant to loan receivables	To address the risk associated with the valuation of the waiver loan receivables at fair value through profit or loss, the following audit procedures were carried out: • Evaluated the design of key controls related to valuation of loan receivables. • Reviewed the loan receivables measurements policies for appropriateness and compliance with relevant accounting standards. • Performed substantive procedures by selecting a sample of loans, agreed key information to supporting documentation and recalculated the closing fair value amount.

have been disclosed under Note 3(d), 3(i), 7 and 14. The Group has early adopted NZ IFRS 17 Insurance Contracts and applied the scope exemption allowing them to measure the loan receivables that include waiver clauses as financial assets in their entirety at fair value through profit or loss. Repayments of the loans are recognised as reductions in carrying amount, with any fair value gains or losses at each reporting date recognised in profit or loss. The determination of the fair value for loan receivables with waiver clauses requires management judgment and continuous monitoring.	• Assessed the reasonability and accuracy of management's fair value model, ensuring the valuation is in compliance with the requirements of the relevant accounting standards. • Assessed the reasonability of key management estimates and judgements by recalculating the balance using independently sourced inputs relating to key assumptions (including discount rate, default provision rate, asset and income waiver provision, etc). • Assessed the reasonability and completeness of the loan receivables related disclosures to ensure compliance with the requirements of the relevant 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 annual report. The annual report is expected to be made available to me after the date of this auditor's report.

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to report that fact.

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 NZ IFRS, 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

My objective is 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

This description forms part of my auditor's report.

Restriction on use of my report

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

Vikas Gupta
Audit Partner - UHY Haines Norton Chartered Accountants Sydney
Signed at Sydney, Australia on 28 May 2023

NZ AUTOMOTIVE INVESTMENTS LIMITED

Company Directory

Nature of Business
Used automotive vehicle retailer and motor vehicle finance provider

Registered Office
102 Mays Road
Onehunga
Auckland 1061

Head Office
102 Mays Road
Onehunga
Auckland 1061

Directors
Michael Stiassny (Appointed 21 August 2022)
Gordon Shaw (Appointed 21 August 2022)
Yusuke Sena

Bankers
ASB Bank

Solicitors
Lowndes Jordan

Independent Auditors
UHY Haines Norton Sydney

Share Register
Computershare