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Results for announcement to the market		
Name of issuer	Geneva Finance Limited	
Reporting Period	12 months to 31 March 2024	
Previous Reporting Period	12 months to 31 March 2023	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$63,551	26.3%
Total Revenue	$63,551	26.3%
Net profit/(loss) from continuing operations	$1,823	-45.2%
Total net profit/(loss)	$1,823	-45.2%
Final Dividend		
Amount per Quoted Equity Security	Not Applicable	
Imputed amount per Quoted Equity Security	Not Applicable	
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$0.49	$0.47
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to attached commentary	
Authority for this announcement		
Name of person authorised to make this announcement	Albert Boy	
Contact person for this announcement	Malcolm Johnston	
Contact phone number	0800 800 132	
Contact email address	investments@genevafinance.co.nz	
Date of release through MAP	30 May 2024	

GENEVA FINANCE LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

	Group	
	Unaudited	**Restated and Unaudited**
	2024	2023
	$000's	$000's
Interest income	19,809	16,654
Interest expense	(8,246)	(5,467)
Net interest income	11,563	11,187
Net premium revenue	39,847	30,900
Net claims expense	(20,703)	(17,528)
Net premium revenue	19,144	13,372
Other revenue	3,895	2,771
Operating revenue (net of interest expense and claim expense)	34,602	27,330
Operating expenses	(26,312)	(22,717)
Operating profit	8,290	4,613
Impaired asset expense	(4,707)	(70)
Net profit before taxation	3,583	4,543
Taxation (expense) / benefit	(1,760)	(1,219)
Net profit after taxation	1,823	3,324
Profit attributable to:		
Owners of the parent	1,312	2,903
Non-controlling interest	511	421
	1,823	3,324
Profit per share		
Basic profit per share (cents)	1.80	3.98

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Group	
	Unaudited	**Restated and Unaudited**
	2024	2023
	$000's	$000's
Net profit after taxation	1,823	3,324
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Movement in financial assets at fair value through other comprehensive income	(90)	83
Exchange differences on translation of foreign operations - Owners of the Parent	232	278
Cash flow hedge, net of tax	(390)	93
Other comprehensive income, net of tax	(248)	454
Total comprehensive income	1,575	3,778
Total comprehensive income attributable to:		
Owners of the parent	1,064	3,357
Non-controlling interest	511	421
	1,575	3,778

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Group	
	Unaudited	Restated and Unaudited
	2024	2023
	$000's	$000's
Assets		
Cash and cash equivalents	38,227	27,844
Trade and other receivables, and prepayments	21,839	17,804
Taxation receivable	31	31
Finance receivables	110,228	105,730
Deferred insurance contract acquisition costs	9,145	7,568
Deferred taxation	1,217	2,367
Financial assets at fair value through comprehensive income	8,873	10,794
Derivative financial instruments	205	595
Plant and equipment	505	241
Intangible assets	447	1,699
Right-of-use assets	5,034	-
Total assets	**195,751**	**174,673**
Liabilities		
Accounts payable and accruals	6,599	5,680
Outstanding claims liability	5,853	4,832
Employee entitlements	720	686
Unearned premium liability	39,010	33,499
Bank facilities	83,756	76,864
Other borrowings	17,041	14,841
Leased liabilities	5,247	12
Total liabilities	**158,226**	**136,414**
Equity		
Share capital	52,779	52,779
Treasury stock	(342)	(342)
Reserves	(1,810)	(1,562)
Retained earnings	(15,755)	(14,903)
Non-controlling interest	2,653	2,287
Total equity	**37,525**	**38,259**
Total equity and liabilities	**195,751**	**174,673**
Net tangible assets per share	**0.49**	**0.47**

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARTCH 2024

	Equity attributable to the equity holders of the parent						
	Share Capital	Treasury Stock	Reserves	Retained earnings	**Attributable to owners of the parent**	Non Controlling Interest	**Total equity**
	$000's	$000's	$000's	$000's			$000's
Balance at 31 March 2022	52,779	(342)	(2,016)	(14,717)	**35,704**	2,056	**37,760**
Adjustments on initial application of NZ IFRS 17, net of tax				(384)	**(384)**		**(384)**
Restated & unaudited balance at 1 April 2022	**52,779**	**(342)**	**(2,016)**	**(15,101)**	35,320	2,056	**37,376**
Net profit for the period				2,903	**2,903**	421	**3,324**
Other comprehensive income							
Increase in financial assets at FVTOCI	-	-	83	-	**83**	-	**83**
Exchange differences on translation of foreign operations	-	-	278	-	**278**	-	**278**
Change in cash flow hedge reserve, net of tax	-	-	93	-	**93**	-	**93**
Total other comprehensive income	**-**	**-**	**454**	**-**	**454**	**-**	**454**
Total comprehensive income	-	-	454	2,903	**3,357**	421	**3,778**
Transaction with owners							
Shares held by Geneva	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(2,705)	**(2,705)**	(190)	**(2,895)**
Total transactions with owners	**-**	**-**	**-**	**(2,705)**	**(2,705)**	**(190)**	**(2,895)**
Restated & unaudited Balance at 31 March 2023	**52,779**	**(342)**	**(1,562)**	**(14,903)**	**35,972**	**2,287**	**38,259**
Net profit for the period	-	-	-	1,312	**1,312**	511	**1,823**
Other comprehensive income							
Decrease in financial assets at FVTOCI	-	-	(90)	-	**(90)**	-	**(90)**
Exchange differences on translation of foreign operations	-	-	232	-	**232**	-	**232**
Change in cash flow hedge reserve, net of tax	-	-	(390)	-	**(390)**	-	**(390)**
Total other comprehensive income	**-**	**-**	**(248)**	**-**	**(248)**	**-**	**(248)**
Total comprehensive income	-	-	(248)	1,312	**1,064**	511	**1,575**
Transaction with owners							
Shares held by Geneva	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(2,165)	**(2,165)**	(145)	**(2,310)**
Total transactions with owners	**-**	**-**	**-**	**(2,165)**	**(2,165)**	**(145)**	**(2,310)**
Unaudited Balance at 31 March 2024	**52,779**	**(342)**	**(1,810)**	**(15,755)**	**34,872**	**2,653**	**37,525**

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Group	
	Unaudited	**Restated and Unaudited**
	2024	2023
	$000's	$000's
Cash flow from operating activities:		
Cash was provided from:		
Interest received	16,743	15,072
Receipts from insurance policy sales, collections activities and	50,217	42,256
	66,960	**57,328**
Cash was applied to:		
Net movement in finance receivables	(5,588)	(10,875)
Interest paid	(8,246)	(5,467)
Payments to suppliers and employees	(50,818)	(46,230)
	(64,652)	**(62,572)**
Net cash inflow / (outflow) from operating activities	**2,308**	**(5,244)**
Cash flows from investing activities:		
Cash was provided from:		
AMPL Investment Proceeds	-	33
Net movement of corporate bonds	1,921	-
	1,921	**33**
Cash was applied to:		
Purchase of plant and equipment	(391)	(44)
Acquisition of plant and equipment - ROU asset	(5,376)	-
Purchase of bank bonds	-	(10,678)
Purchase of intangible assets	(79)	(229)
Purchase of third-party debt ledger	-	-
	(5,846)	**(10,951)**
Net cash outflow from investing activities	**(3,925)**	**(10,918)**
Cash flows from financing activities:		
Cash was provided from:		
Net movement of term facilities: Westpac	7,969	7,753
Net movement of other borrowings	2,200	599
Principle elements of lease payments	5,217	-
	15,386	**8,352**
Cash was applied to:		
Net movement of bank facilities: Kiwi Bank	(1,077)	-
Principle elements of lease payments	-	(285)
Dividends paid to company shareholders	(2,164)	(2,705)
Dividends paid to NCI	(145)	(190)
	(3,386)	(3,180)
Net cash inflow from financing activities	**12,000**	**5,172**
Net increase in cash and cash equivalents held	**10,383**	**(10,990)**
Add: Opening cash and cash equivalents balance at the beginning of the year	27,844	38,834
Cash and cash equivalents at the end of the year	**38,227**	**27,844**
Represented by:		
Cash at bank	38,227	27,844
Cash and cash equivalents at the end of the year	**38,227**	**27,844**

Segment analysis

a) By operating segment

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

Each Group operating segment is operated as a discrete business unit. The eliminations arise from transactions between the Group segments and are predominantly interest, commission/brokerage, marketing subsidy, debt collection and rent/lease charges.

None of the Group's operating segments place any reliance on a single major customer amounting to 10% or more of the applicable segments revenue.

Group summary revenues and results for the year 31 March 2024

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
External revenues	1	17,286	38,968	3,939	997	2,360	-	63,551
Revenue - other segments	4,526	1,349	89	110	-	-	(6,074)	-
Total	4,527	18,635	39,057	4,049	997	2,360	(6,074)	63,551
Segment profit/(loss)	(3,248)	1,725	5,740	1,269	(498)	1,776	(3,181)	3,583
Taxation expense	345	-	(1,608)	-	-	(497)	-	(1,760)
Non controlling interest profit	-	-	-	-	-	(511)	-	(511)
Net profit/(loss) after taxation	(2,903)	1,725	4,132	1,269	(498)	768	(3,181)	1,312
Interest income	1,346	17,046	1,903	427	818	1,162	(2,893)	19,809
Interest expense	3,141	7,451	-	261	286	-	(2,893)	8,246
Depreciation	418	25	16	9	4	16	-	488
Amortisation	-	154	6	71	-	-	-	231
Other material non-cash items:	-	-	-	-	-	-	-	
Impaired assets expense	(1,432)	2,617	-	1,043	1,007	40	1,432	4,707

Group summary assets and liabilities as at 31 March 2024

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
Segment assets								
Total assets	38,875	130,192	72,724	6,736	2,745	7,666	(63,187)	195,751
Additions to non current assets	196	181	(21)	102	2	-	10	470
Segment liabilities								
Total liabilities	46,160	99,091	49,016	2,758	1,552	620	(40,971)	158,226

<u>Segment analysis (continued)</u>

a) By operating segment (continued)

Group summary revenues and results for the year 31 March 2023 (Restated - Insurance)

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Elimination s	Group
External revenues	-	14,132	31,474	1,060	1,627	2,031	-	50,324
Revenue - other segments	1,342	1,008	89	53	-	-	(2,491)	1
Total	1,342	15,140	31,563	1,113	1,627		(2,491)	50,325
Segment profit/(loss)	(3,860)	2,838	4,222	(108)	(9)	1,468	(8)	4,543
Taxation expense	(378)	-	(427)	-	-	(414)	-	(1,219)
Non controlling interest profit	-	-	-	-	-	(421)	-	(421)
Net profit/(loss) after taxation	(4,238)	2,838	3,795	(108)	(9)	633	(8)	2,903
Interest income	1,334	13,726	671	181	1,148	2,077	(2,483)	16,654
Interest expense	2,288	4,725	-	241	694	2	(2,483)	5,467
Depreciation	270	31	22	9	11	17	-	360
Amortisation	-	177	35	100	202	-	-	514
Other material non-cash items:	-	-	-	-	-	-	-	-
Impaired assets expense	992	423	-	(595)	173	69	(992)	70

Group summary assets and liabilities as at 31 March 2023 (Restated - Insurance)

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Elimination s	Group
Segment assets								
Total assets	36,022	115,211	62,190	7,212	7,804	6,445	(60,211)	174,673
Additions to non current assets	(22)	182	(9)	107	-	-	15	273
	-	-	-	-	-	-	-	
Segment liabilities	-	-	-	-	-	-	-	
Total liabilities	34,383	85,443	41,491	3,788	6,113	553	(35,357)	136,414

b) By geographical segment

The Group operated predominantly in New Zealand. Revenues are derived from New Zealand with the exception of Federal Pacific Finance Ltd (Tonga) which operates in Tonga.

CHANGE IN ACCOUNTING POLICY

This note explains the impact of the adoption of NZ IFRS 17 Insurance Contracts on the Group's financial statements and discloses the new accounting policies that have been applied from 1 April 2023.

The Group has adopted NZ IFRS 17 retrospectively from 1 April 2023 and has restated certain comparative amounts, the retrospective restatement does not have a material effect on the information in the statement of financial position at the beginning of the preceding period.

Changes in accounting policies resulting from the adoption of NZ IFRS 17 have been applied using the full retrospective approach.

The change in accounting policy only relates to the insurance segment and has affected the following items in the Statement of financial position.

	31-Mar-23		31-Mar-22
Increase in iunsurance liabilities	744,671		533,371
Decrease in deferred tax	208,508		149,344
Decrease in retained earnings	536,163		384,027

A. Identifying contracts in the scope of NZ IFRS 17
NZ IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts

B. Level of aggregation
Under NZ IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are
• any contracts that are onerous on initial recognition;
• any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
• any remaining contracts in the annual cohort.

The Group reviews whether each group of contract is onerous, based on the facts and circumstances relating to that group. This assessment is based on:
•the historical and recent profitability of each group, and the portfolio of which each group forms a part;
•the variability of past claims experience; and
•the results of a test of the adequacy of the LRC to meet all future cash-flows arising from that group of contracts, together with an additional allowance for non-financial risk.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that each group comprises a single contract. The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a Contractual Service Margin ('CSM'), against losses on groups of onerous contracts, which are recognised immediately.

The Group does not expect significant changes arising from the application of these requirements and based on the implementation work carried out to date, the Group's assessment is that there are no groups of insurance or reinsurance contracts that are onerous, or are likely to become onerous in future.

C. Contract boundaries
Under NZ IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group.

Insurance contracts
For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

•the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
•the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.
The Group does not expect significant changes arising from the application of these requirements.

D. Measurement – Overview

NZ IFRS 17 introduces two methods for determining policy liabilities:

Premium Allocation Approach (PAA)

The PAA is an optional simplified measurement model in NZ IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria.

The GMM approach is the default valuation method, however the simpler PAA method may be used for:
a)Contracts with a term of 12 months or less, and
b)Contracts with a term of longer than 12 months, if it can be demonstrated that the resulting policy liabilities and emergence of profit are not materially different from applying the GMM method.

The Group's Comprehensive Motor Vehicle Insurance business has a contract boundary of twelve months or less, and is valued using the PAA method.

The Group's Payment Protection, Lifestyle Protection, Mechanical Breakdown, and Guaranteed Asset Protection (GAP) business is all written on the basis of a single up-front premium, and each of these portfolios has a contract boundary of longer than 12 months. The Group has reviewed the reserving and profit emergence pattern of these products and is satisfied that the PAA method leads to reserving and earnings patterns that are not materially different from applying the GMM method. These products are therefore valued using the PAA method.

For groups of contracts that apply the premium allocation approach and have a coverage period of one year or less, NZ IFRS 17 provides an option to recognise any insurance acquisition costs as expenses when incurred. The Group is not exercising this option, and is amortising acquisition costs over the coverage period of the related insurance contracts, consistent with current accounting under NZ IFRS 4. For other groups of contracts with a contract boundary of longer than 12 months, the Group is amortising acquisition costs over the coverage period, consistent with IFRS 17 and IFRS 4.

Under the PAA method:
•The valuation of the unearned portion of the liability (referred to as the liability for remaining coverage (LRC)) can be seen as being similar to the calculation under current accounting of (a) the unearned premium reserve less (b) deferred acquisition costs less (c) premium receivables (plus (d) any additional unexpired risk reserve for unprofitable business).
•The liability for incurred claims (LIC) represents the estimate of amounts due to policyholders for claims incurred from earned portions of the liability, i.e. all liabilities relating to past periods of coverage are captured under the Liability for Incurred Claims.

This provision includes:
•The expected future cost of past claims that have been notified; and
•The expected future cost of past claims that have not yet been notified (IBNR)

Under IFRS 17, this provision should:
•Be based on expected future cash-flows;
•Future cash-flows of longer than 12 months should be discounted;
•Include an allowance for claim management expenses;
•Include a risk adjustment, providing the shareholders with a reward for the risk to which their capital is exposed in supporting a claim provision about which there is some uncertainty.

This approach differs from the calculation of claim provisions under IFRS 4. As a life insurer reporting under Appendix C of IFRS 4, the Company determined its claim provisions with no additional risk adjustment.

E. Measurement – Significant judgements and estimates
Risk adjustment

NZ IFRS 17 requires a risk adjustment to be included in the Value of Fulfilment Cash-flows when applying the GMM method, and in determining the Liability for Incurred Claims (LIC) when applying the PAA method.

Risk adjustments for non-financial risk will be determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion.

Under NZ IFRS 4, the Group was classified as a life insurer and has therefore reported under Appendix C, where no risk margins were required.

Under NZ IFRS 17, the Group has added an allowance for non-financial risk to its Liability for Incurred Claims and has also added an allowance for claim management expenses, which is also required under NZ IFRS 17 but not under Appendix C of NZ IFRS 4.

When applying PAA, no explicit risk adjustment is determined for the Liability for Remaining Coverage (LRC), except when measuring onerous contracts.

Discount rates
NZ IFRS 17 requires the net central estimate of outstanding claims with a term of longer than 12 months to be discounted. Future cash-flows are also to be discounted in assessing the eligibility for applying the PAA method in determining the Liability for Remaining Coverage (LRC) of contracts of longer than 12 months.

The Group is not discounting future claim payments in determining the Liability for Incurred Claims (LIC) under NZ IFRS 17, as the average claim payment term is 3 months or less, and the impact of discounting is not material.

The discount rate adopted for determining the eligibility for PAA for contracts of longer than 12 months is be set using a ‘bottom-up approach’ which requires the use of risk-free rates adjusted to reflect the illiquidity characteristics of the insurance contracts. The illiquidity premium within discount rates is determined based on a review of the impact of liquidity on interest rates, and the level of illiquidity implicit in the Group's insurance contracts.

F. Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to all the Group’s insurance contracts.

Under the full retrospective approach, at 1 April 2023, and for prior period comparison purposes as at 1 April 2022, the Group has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always been applied, recognising any resulting net difference in equity.

<u>Insurance contract liabilities</u>

Portfolio	Contract boundary	Valuation method
Payment Protection / Lifestyle Insurance	> 12 Months	PAA
Guaranteed Asset Protection	> 12 Months	PAA
Mechanical Breakdown	> 12 Months	PAA
Comprehensive Motor Vehicle insurance	<= 12 Months	PAA

Premiums, and acquisition costs, are amortised over the period of the insurance contract in proportion to the underlying risk pattern of each class of business.

Contracts issued under the Company's agency agreement with Janssen Insurance are treated as separate portfolios from other contracts issued by the Group.

The Liability for Incurred Claims (LIC) is measured as the central estimate of expected future payments relating to claims incurred at the reporting date, with an additional allowance for non-financial risk, and an allowance for claim management expenses. Future payments are not discounted due to the short-term nature of claim settlements. The LIC includes estimates of future claim payments in respect of claims that have yet to be reported (IBNR). Delays can be experience in the notification and settlement of claims, therefore the ultimate cost of these cannot be known at reporting date and are estimated based on past experience.

The assumptions adopted for the determination of the LIC are as follows:

	1 Apr 2022	1 Apr 2023
Non-financial risk adjustment:	10%	10%
Claim management expenses	7%	7%

The allowance for non-financial risk is estimated to provide a 75% probability of sufficiency.

The calculation of the LIC involves a number of key assumptions and is the most critical accounting estimate. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. however, given the uncertainty in establishing the liability, it is likely that the final outcome will be different from the original liability established. Changes in claims estimates impact profit and loss in the year in which the estimates are changed.

Onerous Contracts (remove Liability Adequacy Test reference)
The Company assesses whether any groups of contracts are Onerous, or could become onerous in future. A group of contracts is Onerous based on the facts and circumstances relating to that group. In particular, the Company considers whether the Liability for Remaining Coverage determined using the PAA method is expected to be sufficient to cover all future claim and expenses directly attributable to that group of contracts, together with an allowance for non-financial risk, for the remaining period of cover. Any shortfall is recognised as a loss at reporting date, and is amortised over the remaining period of cover of that group.

No groups of contract are considered to be onerous at the current reporting date, or were considered onerous at previous reporting dates.

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