

Gold Band Finance Limited

Annual Report for the year ended
31 August 2025

Gold Band Finance Limited

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As at 31 August 2025

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Gold Band Finance Limited

Company directory

As at 31 August 2025

Share capital:	2,000,000 Preference shares 19,060,705 Ordinary shares
Domicile and country of incorporation:	New Zealand
Company number:	CH321896
Registered office:	Unit 2, 6 Sir William Pickering Drive Burnside, Christchurch 8053
Board of Directors:	Paul Alexander Rogers. Chartered Engineer. Chartered Company Director. Mark Clifford Paget John Philip Thompson David William Lethbridge Tripe Stephen John Tubbs
Auditors:	PricewaterhouseCoopers Christchurch
Bankers:	ASB Bank Limited KiwiBank
Solicitors:	Harmans Lawyers Anthony Harper

Gold Band Finance Limited

Annual Report

For the year ended 31 August 2025

In respect of the year ended 31 August 2025, the directors of Gold Band Finance Limited submit the following

Principal Activities

The principal activity of the Company is the borrowing and lending of money in New Zealand

Directors

The persons who have been directors of the company at any time during or since the end of the financial year and up to the date of this report are:

Paul Alexander Rogers. Chartered Engineer. Chartered Company Director.

Mark Clifford Paget

John Philip Thompson

David William Lethbridge Tripe

Stephen John Tubbs

Result

	Year 31/08/2025	Year 31/08/2024
	\$000	\$000
Total comprehensive income for the year	1,131	1,336
Net assets	13,011	10,880

Dividend

A dividend of \$0.052 per share was declared on 28 May 2025, \$1,000,002 of dividend was paid to shareholders.

Remuneration of Directors

Remuneration and other benefits paid or due and payable are as follows:

	Year 31/08/2025	Year 31/08/2024
	\$000	\$000
Paul Alexander Rogers. Chartered Engineer. Chartered Company Director.	32	32
Mark Clifford Paget	24	23
John Philip Thompson	14	14
David William Lethbridge Tripe	25	23
Stephen John Tubbs	26	26
Robin Wales	-	5

Director's Benefits

No Director of the Company has received during the year, or has become entitled to receive a benefit (other than a benefit included in the Directors' remuneration shown in the financial statements).

Remuneration to Auditors

During the year, the fees paid and payable for services provided by the auditor of the Company and other related practices is amounting to \$109,005. This amount includes \$7,605 GST.

Gold Band Finance Limited

Annual Report

For the year ended 31 August 2025

Employee Remuneration

During the year ended 31 August 2025, there is one employee, not being Director of the Company, received remuneration and other benefits that exceeded NZ\$100,000 in value.

Donations

The Company made donations of \$1,250 during the year (2024: nil).

For and on behalf of the Board dated 21 November 2025.

Director



Director





Independent auditor's report

To the shareholders of Gold Band Finance Limited

Our opinion

In our opinion, the accompanying financial statements of Gold Band Finance Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 31 August 2025, its financial performance, and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 August 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers, PwC Centre, 60 Cashel Street,
PO Box 13-244, Christchurch 8141, New Zealand
T: +64 3 374 3000

In our capacity as auditor, our firm also provides other services relating to registry compliance reporting. The firm has no other relationship with, or interests in, the Company.

Key audit matters

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

Description of the key audit matter	How our audit addressed the key audit matter
<p>Recoverability of Loan Receivables</p> <p>Note 9 of the financial statements provides details of the net loan receivables at amortised cost of \$50.8 million after provision for impairment as at 31 August 2025.</p> <p>Management considers the risk of default when entering into a loan receivable contract based on historic knowledge of the customer, type of security, and other factors in the current macroeconomic environment.</p> <p>All loan receivables where a significant increase in credit risk has been identified are maintained in a watchlist. This is reviewed monthly by management to identify any loans which may be credit impaired.</p> <p>The key judgements applied by management and the Directors include:</p> <ul style="list-style-type: none"> • The credit quality of the receivable, including any adverse change in borrower status and payment history that increases the probability of default; • Macroeconomic factors (regulatory, market and industry risks) that may directly or indirectly impact the ability of the borrower to service their debt; and • The quality of the underlying security provided for the loan receivable. <p>Where a provision is required, this is recognised in the provision for impairment and monitored on a regular basis.</p> <p>We consider this a key audit matter due to the judgement involved regarding the calculation of expected credit losses (ECL), in particular the determination of whether a significant increase in credit risk has occurred, and whether a loan has become credit impaired. If an individual loan is determined to be credit impaired, the corresponding stage 3 provision for impairment may have a material impact within the financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the lending process, and particularly the process for assessing the recoverability of loan receivables and the calculation of the provision for impairment. Further, we obtained an understanding of the relevant controls in place to ensure that loan receivables are recoverable and that provision for impairment is recognised appropriately. • To gain comfort over the approval control for loans, we selected a sample of new loans issued, and inspected the loan agreement and other available information (such as credit scores and details regarding security provided, any available historic knowledge about the customer, and other relevant macroeconomic factors) to determine whether new loans were appropriately approved and that the information available supported any conclusions reached about the quality of the customer and the expected recoverability. • For the provisions for impairment against loans in stages 1 and 2, we recalculated the provision based on the input factors identified by management, and assessed the judgements made by management, including challenging the appropriateness of the risk factors that had been considered when developing the 12 month and lifetime ECL. We have considered the macroeconomic factors built into the model and assessed the reasonableness of the assumptions used. • We obtained management's watchlist at year end, which includes loans where a significant increase in credit risk has been identified. We have tested the completeness of this list to ensure that all loans exhibiting the criteria for potential indicators of impairment are properly captured. • We considered management's conclusion regarding recoverability for each material loan account in their watchlist and whether a related stage 3 provision was recognised at year end or not. We tested whether there was evidence to support an adequate security against each advance in order to recover the outstanding balance. When considering the security, we considered any third-party valuations including the age of the valuation, the independence, objectivity and competence of the valuer, and also verified any prior ranking securities to independent sources. • We also considered the appropriateness of the disclosures in Note 9 against the requirements of the accounting standards.

Our audit approach

Overview

Materiality

Overall materiality: \$130,000, which represents approximately 1% of net assets.

We chose net assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark.

Key audit matters

As reported above, we have one key audit matter, being:

- Recoverability of Loan Receivables
-

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures, and to evaluate the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

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

In preparing the financial statements, the Directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

Who we report to

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

The engagement partner on the audit resulting in this independent auditor's report is Simon Kirkpatrick.

For and on behalf of:



PricewaterhouseCoopers
21 November 2025

Christchurch

Gold Band Finance Limited

Financial Statements

For the year ended 31 August 2025

Statement of comprehensive income

		Year 31/08/2025 \$000	Year 31/08/2024 \$000
	Note		
Interest revenue	3	5,462	5,546
Lending fees		37	19
Establishment fees	4	727	435
Total Finance Income		<u>6,226</u>	<u>6,000</u>
Less Finance Expenses			
Interest expenses	3	2,664	2,327
Other finance expenses		130	106
		<u>2,794</u>	<u>2,433</u>
Gross Finance Margin		<u>3,432</u>	<u>3,567</u>
Other income		-	16
Loans written off (recovered)		17	308
Movement in provision for doubtful loans	9(B)	242	(7)
		259	301
Administration expenses	5	1,570	1,400
Other operating expenses		29	24
		<u>1,599</u>	<u>1,424</u>
Net operating income before tax		1,574	1,858
Income tax expense	6	443	522
Net operating income after tax		<u>1,131</u>	<u>1,336</u>
Total comprehensive income for the year		<u>1,131</u>	<u>1,336</u>

The accompanying notes form part of the financial statements

Gold Band Finance Limited

Financial Statements

For the year ended 31 August 2025

Statement of changes in equity

	Share Capital	Retained Earnings	Total equity
	\$000	\$000	\$000
Opening equity 01/09/2024	9,494	1,386	10,880
Total comprehensive income			
Net income for the year after tax attributable to the owners of the Company	-	1,131	1,131
Dividends paid	-	(1,000)	(1,000)
Issue of Share Capital	2,000	-	2,000
Closing equity 31/08/2025	<u><u>11,494</u></u>	<u><u>1,517</u></u>	<u><u>13,011</u></u>

	Share Capital	Retained	Total equity
	\$000	\$000	\$000
Opening equity 01/09/2023	7,124	2,630	9,754
Total comprehensive income			
Net income for the year after tax attributable to the owners of the Company	-	1,336	1,336
Dividends paid	-	(2,580)	(2,580)
Issue of Share Capital	2,370	-	2,370
Closing equity 31/08/2024	<u><u>9,494</u></u>	<u><u>1,386</u></u>	<u><u>10,880</u></u>

The accompanying notes form part of the financial statements

Gold Band Finance Limited

Financial Statements

As at 31 August 2025

Statement of financial position

		As at 31/08/2025 \$000	As at 31/08/2024 \$000
Assets			
Cash and Cash equivalents	7	18,124	9,245
Sundry receivables	8	37	39
Prepayments		23	21
Loan receivables	9	50,751	42,350
Property, plant and equipment		90	37
Intangible assets		5	5
Deferred Tax	6	174	85
Total Assets		<u>69,204</u>	<u>51,782</u>
Liabilities			
Trading and other liabilities	10	167	130
Income Tax payable		162	137
Shareholder current account	11	1,426	3,037
Employee entitlements	12	106	86
Unearned establishment fees	4	288	246
Finance borrowings	13	54,044	37,266
Total Liabilities		<u>56,193</u>	<u>40,902</u>
Net Assets		<u>13,011</u>	<u>10,880</u>
Closing equity			
Share capital	14	11,494	9,494
Retained Earnings		1,517	1,386
		<u>13,011</u>	<u>10,880</u>

For and on behalf of the Board of Directors, who authorise the issue of the financial statements



Director



Director

21 November 2025

The accompanying notes form part of the financial statements

Gold Band Finance Limited

Financial Statements

For the year ended 31 August 2025

Statement of cash flows

		Year 31/08/2025 \$000	Year 31/08/2024 \$000
	Note		
Cash flow from operating activities			
Interest received		5,465	5,512
Establishment fees		769	381
Lending fees		37	19
Recoveries of loans previously written off		29	6
Other income received		-	16
Interest paid		(1,816)	(1,508)
Payments to suppliers and employees		(1,650)	(1,474)
Income tax (paid) / received		(507)	(551)
Fringe Benefit tax		(1)	(1)
		<u>2,326</u>	<u>2,400</u>
(Increase)/decrease in operating assets			
Net (investment in) / repayment of loan receivables		(8,684)	1,633
Net (decrease) / increase in debentures and deposits		15,903	(1,299)
Net cash inflow / (outflow) from operating activities	15	<u>9,545</u>	<u>2,734</u>
Cash flows to investing activities			
Purchase of plant, equipment and intangibles		(82)	(30)
Net cash (outflow) to investing activities		<u>(82)</u>	<u>(30)</u>
Cash flows to financing activities			
Dividend paid		(730)	(210)
Proceeds from shareholder current account		146	884
Net cash (outflow) / inflow to financing activities		<u>(584)</u>	<u>674</u>
Net increase / (decrease) in cash held		8,879	3,378
Cash balances at beginning of year		<u>9,245</u>	<u>5,867</u>
Cash balances at end of year		<u>18,124</u>	<u>9,245</u>

The accompanying notes form part of the financial statements

1. General information

The financial statements are for Gold Band Finance Limited (the "Company"). The Company is a profit-oriented entity incorporated and domiciled in New Zealand. The registered office is located at Unit 2, 6 Sir William Pickering Drive, Christchurch.

The principal activity of the Company is the borrowing and lending of money in New Zealand. All activities represent continuing activities. The Company is a Non-bank Deposit Taker as defined in the Non-Bank Deposit Takers Act 2013, as an issuer of debt securities is regulated under the Financial Markets Conduct Act 2013, and is a registered Financial Service Provider under the Financial Service Providers Act 2008.

The financial statements have been approved for issue by the Directors on 21 November 2025.

2. Summary of material accounting policies

The following material accounting policies have been adopted in the preparation and presentation of the financial statements. These policies have been consistently applied unless otherwise stated.

(A) Statement of compliance

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards as appropriate for profit-oriented entities. The Company is in compliance with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

The financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Companies Act 1993.

(B) Basis of preparation

These financial statements have been prepared under the historical cost convention.

These financial statements are presented in New Zealand dollars (\$), which is the Company's functional currency. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The application of NZ IFRS required management to make judgements, estimates and assumptions about the carrying values of assets and liabilities not readily available from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Refer to Note 2(L) for significant accounting judgements, estimates and assumptions.

(C) Finance Income and Expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. The following specific recognition criteria must also be met:

Interest revenue

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance).

Interest expense

Interest on debt securities is recognised as an expense in the period it relates to using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Establishment fees

Establishment fees are fees that are amortised over the term of the loan to which they relate as they are intrinsic to the set-up and availability of the credit facility. If a loan is closed before its full term, any unamortised balance of establishment fee is recognised in revenue as an extinguished fee in the period when the loan is closed. The unamortised part of establishment fees is included in liabilities as unearned income.

Administration and other fees

Fees other than establishment and guarantee fees are recognised on an accruals basis as the service is provided.

(D) Financial assets

Financial assets comprise cash and cash equivalents, sundry receivables and loan receivables. The Company has applied NZ IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

Classification and subsequent measurement of loan receivables depend on:

- (i) the Company's business model for managing the asset; and
- (ii) the cash flow characteristics of the asset.

Based on these factors, the Company classifies its loan receivables by:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and similar institutions, other short-term highly liquid investments and bank overdrafts repayable on demand, as set out in Note 7.

Expected Credit Losses

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Modification

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

(E) Other assets

Plant and equipment

All plant and equipment is stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of comprehensive income during the financial period in which they are incurred.

Depreciation of plant and equipment is calculated using diminishing value rates which are estimated to expense the cost of the assets over their useful lives. The following depreciation rates have been applied:

Computer equipment	50%
Furniture and fittings	10 - 24%
Office equipment	10 - 50%
Motor vehicle	30%
Mobile Phones	67%

The residual values and useful lives of these assets are reviewed, and adjusted if appropriate, at least at each financial period for any impairment in value. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of comprehensive income.

Intangible assets

Intangible assets are stated at historical cost less any accumulated amortisation and any accumulated impairment losses.

Computer software has a finite useful life. The amortisation rate applied to software is 50%. The Company does not own any internally developed or internally generated software.

(F) Financial liabilities

Financial liabilities comprise finance borrowings and trading and other liabilities.

Finance borrowings

Debenture stock refers to borrowings that are required to be redeemed on specific dates and are therefore classified as liabilities. They are recognised initially at fair value plus transaction costs incurred and subsequently measured at amortised cost. Any difference between the proceeds (net of transactions costs) and the redemption value is recognised in the Statement of comprehensive income over the period of the borrowings using the effective interest method.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Unsecured deposits include deposits at call which can be redeemed at a date nominated by the investor. They are recognised initially at fair value plus transaction costs incurred and subsequently measured at amortised cost adjusted for any new deposits or repayments.

Trading and other liabilities

Trading liabilities represent liabilities for goods and services provided to the Company prior to the end of the financial period, which are unpaid at the end of that period. Miscellaneous liabilities that are not individually material are disclosed together as other liabilities. These amounts are unsecured. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Expected maturity profile of financial assets and financial liabilities

Judgement is involved in identifying loans where actual repayments are likely to vary from contractual repayments. The estimate of expected maturity profile of financial assets and liabilities involves adjusting their contractual maturity profile for the expected early or late cash flows, based on historic experience of cash flows from different groups of financial assets and liabilities, and on an individual review of high value loans. The key assumptions are set out in note 19B.

(G) Provisions

Provisions are recognised when a legal or constructive obligation exists as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Provision for dividend

Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed by the end of the period.

Dividend distribution to shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(H) Other liabilities

Employee entitlements

Liabilities for salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised as a liability in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. The liability for employee entitlements is carried at the present value of the estimated future cash flows.

Income Tax

The income tax expense (credit) recognised for the period is based on the accounting profit or loss, adjusted for non-taxable and non-deductible differences.

(i) Current Tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the period, calculated using tax laws that are enacted by the reporting date.

(ii) Deferred Tax

Deferred tax is accounted for using the comprehensive liability method, in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset or liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except the temporary differences that may arise on investments in subsidiaries, where the timing of the reversal of these differences can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred income tax assets are recognised in respect of all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In respect of deductible temporary differences that may arise on investments in subsidiaries, deferred tax assets are recognised only to the extent that temporary differences will reverse in the foreseeable future.

Goods and Services Tax

The Company is registered for GST, which enables a recovery of the eligible proportion of GST input in relation to costs incurred in making supplies of financial services. The non-recoverable portion of the GST input component is recognised as part of the underlying asset or expense item as applicable. Otherwise, all figures in the financial statements have been prepared exclusive of GST except for the Statement of Cash Flows.

Receivables and payables are stated with the amount of GST included. The net amount recoverable from, or payable to, the taxation authority is included as a part of receivables or payables in the Statement of financial position.

(I) Equity

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(J) Statement of cash flows

Definitions of the terms used in the Statement of cash flows are as follows:

“Cash balances” include coins and notes, demand deposits and other highly liquid investments readily convertible into cash such as term deposits with banks and similar institutions, and include at call borrowings such as bank overdrafts used by the company as part of its day-to-day cash management.

“Operating Activities” include the principal revenue producing activities and other transactions and other events that are not investing or financial activities.

“Investing Activities” are those activities relating to the acquisition and disposal of non-current assets, and other investments not included in cash and cash equivalents.

“Financing Activities” are those activities relating to changes in the equity and debt capital structure of the Company and those activities relating to the cost of servicing the Company’s equity.

Debenture stock, unsecured deposits and loan receivables are presented net of receipts and payments to provide more meaningful disclosure.

Netting of cash flows

Cash flows resulting from loan receivables and finance borrowings are reported on a net basis in the Statements of Cash Flows as these transactions have been assessed to be cash receipts and payments on behalf of customers and reflect the activities of customers rather than those of the Company and are items in which turnover is quick, the amounts are large and maturities are short.

(K) Fair value measurement

Fair value of assets and liabilities is measured and disclosed in accordance with NZ IFRS 13 “Fair Value Measurement”.

The valuation techniques shall be applied consistently to the same types of assets and liabilities except where an alternative technique is identified that can provide a valuation more representative of fair value of an asset or a liability in the current market circumstances. If a valuation technique is materially changed, the reasons for the change and its effects will be disclosed.

Fair values of loan receivables, debenture stock and unsecured deposits

The estimate of fair value of loan receivables, debenture stock and unsecured deposits involves judgment in identifying financial instruments with a similar risk profile available in the market in order to ascertain market interest rates at the end of the reporting period.

The estimate of the risk of non-performance of assets involves judgment concerning economic conditions affecting credit risk at present and in the future period of settlement. The estimate of non-performance of liabilities involves judgment in identifying organisations or market sectors sufficiently similar to the company to use credit risk rating as the basis of the company’s credit risk calculation, and further judgment in adjusting that information to more closely reflect the Company’s level of credit risk.

(L) Significant accounting judgements, estimates and assumptions

In applying the accounting policies, estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from the resulting accounting estimates.

Significant judgments, estimates and assumptions made by the management in the preparation of these financial statements are outlined below:

Loan receivables - provisions for impairment loss

In applying the accounting requirements for measuring ECL significant judgement is required in determining whether there has been a significant increase in credit risk.

In assessing whether the credit risk on a financial asset has significantly increased since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information such as:

- The credit quality of the receivable, including any adverse change in borrower status and payment history that increases the probability of default; and
- Macroeconomic factors (regulatory, market and industry risks) that may directly or indirectly impact the ability of the borrower to service their debt.

Detailed information about the judgements and estimates made in the above areas is set out in note 9B.

(M) Leases

The Company's leasing activities and how these are accounted for

The Company leases office space. The contract for this is month to month. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

From 1 September 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

(N) New and amended standards adopted by the Company

The Company applied the following standards and amendments for the first time for its annual reporting period commencing 1 September 2024:

- Disclosure of Fees for Audit Firms' Services (Amendments to FRS 44)

The amendment listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(O) New standards and interpretations not yet adopted

The following standards and interpretations have been published but were not mandatory for 31 August 2025 reporting period and have not been early adopted by the Company:

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18)

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) was issued in April 2024 as replacement for IAS 1 Presentation of Financial Statements (IAS 1). Most of the presentation and disclosure requirements would largely remain unchanged together with other disclosures carried forward from IAS 1. IFRS 18 primarily introduces the following:

- a defined structure for the statement of comprehensive income by classifying items into one of the five categories: operating, investing, financing, income taxes and discontinued operations. Entities will also present expenses in the operating category by nature, function, or a mix of both, based on facts and circumstances
 - Disclosure of management-defined performance measures in a single note together with reconciliation requirements, and
- additional guidance on aggregation and disaggregation principles (applied to all primary financial statements and notes).

IFRS 18 also made limited change to certain presentation and disclosure requirements in the financial statements, as well as consequential changes to various IFRS Accounting Standards.

IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027 and entities could early adopt this accounting standard. The Company expects to adopt IFRS 18 and relevant consequential changes of other accounting standards in 2028 financial statements. The Company is currently assessing the impact and will disclose more detailed assessment in the future.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to NZ IFRS 9 and NZ IFRS 7:

Provides guidance on the classification of financial assets (e.g., loans) with environmental, social and corporate governance (ESG) and similar features.

Settlement of liabilities through electronic payment systems. Clarifies the date on which a financial asset or financial liability is derecognised, and provides an accounting policy option to allow an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Introduces additional disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets

This will be effective for annual reporting periods beginning on or after 1 January 2026 and entities could early adopt this accounting standard. The Company expects to adopt this and relevant consequential changes of other accounting standards in 2027 financial statements.

Annual improvements to IFRS:

Annual improvements are limited to changes that clarify the wording in an Accounting Standard and correct relatively minor unintended consequences, oversights or conflicts between the requirements of the Accounting Standards.

Annual Improvements to NZ IFRS 2024 is an amending Standard that updates NZ IFRS 1, NZ IFRS 7, NZ IFRS 9, NZ IFRS 10 and NZ IAS 7.

This will be effective for annual reporting periods beginning on or after 1 January 2026 and entities could early adopt this accounting standard. The Company expects to adopt this and relevant consequential changes of other accounting standards in 2027 financial statements.

Gold Band Finance Limited
Notes to the Financial statements
For the year ended 31 August 2025

3 Interest income and expense

	Year 31/08/2025 \$000	Year 31/08/2024 \$000
Interest income		
Loan receivables	5,034	5,306
Cash and short term funds	428	240
	<u>5,462</u>	<u>5,546</u>
Interest expense		
Finance borrowings	2,664	2,327
	<u>2,664</u>	<u>2,327</u>

4 Amortisation of establishment fees

	As at 31/08/2025 \$000	As at 31/08/2024 \$000
Unearned establishment fees		
Opening balance	246	300
New fees	769	381
Earned fees	(727)	(435)
	<u>288</u>	<u>246</u>
Total credited to Statement of comprehensive income	727	435

5 Administration expenses

(A) Administration expenses	Year 31/08/2025 \$000	Year 31/08/2024 \$000
Fees paid to auditor(s) (5B)	109	123
Directors fees	122	123
Credit rating fees	41	41
Computer consultancy	59	46
Employee benefits	736	706
Legal expenses	130	45
Rent of premises	72	43
Advertising and other promotional expenses	86	48
Insurance	25	22
Other administration expenses	190	203
	<u>1,570</u>	<u>1,400</u>

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(B) Fees paid to auditor(s)	Year	Year
	31/08/2025	31/08/2024
	\$000	\$000
Assurance Engagement		
Audit and review of financial statements	94	109
Audit and review related services		
Supervisor Reporting	10	9
Deposit Register Compliance Audit	5	5
Total fees paid to auditor(s)	<u>109</u>	<u>123</u>
(C) Leases	Year	Year
Amounts recognised in the statement of comprehensive income	31/08/2025	31/08/2024
	\$000	\$000
Expense relating to short-term leases (included in Administration expenses)		
Rent of premises	72	43
The total cashflow for leases in the Year ended 31 August 2025 is \$71,817.		
6 Income Tax	Year	Year
(A) Income Tax charged in Statement of comprehensive income	31/08/2025	31/08/2024
	\$000	\$000
Current Tax expense	532	528
Deferred Tax expense (income)		
Origination and reversal of temporary differences	(89)	(6)
	<u>443</u>	<u>522</u>
(B) Reconciliation of income tax expense with prima facie tax payable on net operating income before tax	Year	Year
	31/08/2025	31/08/2024
	\$000	\$000
Taxable income	1,574	1,858
Prima facie income tax @ 28%	441	520
Tax effect of amounts which are non deductible	2	2
Tax effect of amounts which are non taxable	-	-
	<u>443</u>	<u>522</u>
(C) Deferred income tax assets and liabilities	As at	As at
	31/08/2025	31/08/2024
	\$000	\$000
Deferred income tax assets		
Provision for doubtful debts	116	48
Miscellaneous liabilities	58	37
Deferred Tax Asset	<u>174</u>	<u>85</u>

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(D) Imputation credit account	Year	Year
	31/08/2025	31/08/2024
	\$000	\$000
Balance at the end of the year	326	689
Imputation credits that will arise from the payment of Income Tax that has been provided for	162	137
Amount of imputation credits available for use in the subsequent reporting periods	<u>488</u>	<u>826</u>

7 Cash and cash equivalents	As at	As at
	31/08/2025	31/08/2024
	\$000	\$000
Cash at bank	18,124	9,245

Term deposits are presented as cash equivalents if they are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, which normally have a maturity of three months or less from the date of acquisition. Cash at bank earns interest from 0.6% to 1.50% per annum for savings and call accounts (August 2024: 2.60% to 4.55% per annum). Term deposits earned interest at 2.48% to 12.00% (August 2024: 5.00% to 5.16%).

8 Sundry receivables	As at	As at
	31/08/2025	31/08/2024
	\$000	\$000
Sundry debtors	27	35
GST receivable	10	4
	<u>37</u>	<u>39</u>

9 Loan receivables	As at	As at
	31/08/2025	31/08/2024
(A) At amortised cost	\$000	\$000
Stage 1	45,499	35,433
Stage 2	2,437	7,089
Stage 3	3,229	-
Gross carrying amount	<u>51,165</u>	<u>42,522</u>
Less provision for impairment (B)	<u>(414)</u>	<u>(172)</u>
	<u>50,751</u>	<u>42,350</u>
Due within 12 months	35,510	29,859
Due after 12 months	15,241	12,491
	<u>50,751</u>	<u>42,350</u>

(B) Provision for impairment

NZ IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.

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- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition upon default on their contractual payment, unless the loan is considered low risk at balance date, after consideration of all other reasonable and supportable information.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. The company defines a financial asset as in default when the borrower does not meet their financial obligations, either contractual or alternative terms agreed as part of a subsequent credit control or debt recovery plan.
- Financial assets that are in Stages 1 and 2 are assessed on a collective basis. The following are the inputs, assumptions and estimation techniques used in measuring the ECL:
 - Probability of Default (PD) represents the likelihood of a borrower defaulting on its financial obligations over the remaining lifetime of the obligation.
 - Exposure at Default (EAD) is based on the amounts the Company expects to be owed at the time of defaults over the remaining lifetime (lifetime EAD).
 - Loss Given Default (LGD) - represents the Company's expectation of the extent of loss on a defaulted exposure. Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month for collective segment.
- Financial assets in Stage 3 are assessed on an individual basis. Management consider the value of the underlying security along with all other reasonable and supportable information to assess the recoverability of the loan.
- A pervasive concept in measuring ECL in accordance with NZ IFRS 9 is that it should consider forward-looking information. The Company has considered macroeconomic factors including economic forecasts from the major banks and the OECD, and changes in the Canterbury housing market.

The following table explains the changes in the provision for impairment during the period:

	Stage 1	Stage 2	Stage 3	Total
	\$000	\$000	\$000	\$000
Provision for impairment as at 1 September 2024	113	13	46	172
Net transfers in/out of stages:				
Transfer from Stage 1 to Stage 2	(5)	5		-
Transfer from Stage 1 to Stage 3	(6)		6	-
Transfer from Stage 2 to Stage 1	13	(13)		-
New financial assets originated	82			82
Changes in PDs/LGDs/EADs	(21)		285	264
Financial assets derecognised during the period	(57)			(57)
Write offs	-	-	(47)	(47)
Balance as at 31 August 2025	<u>119</u>	<u>5</u>	<u>290</u>	<u>414</u>

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Company holds collateral against the credit-impaired loan receivables. Collateral mainly consists of residential properties.

Class of financial instrument	Gross carrying amount	Collateral considered in ECL	Net exposure after collateral
	\$000	\$000	\$000
Credit-impaired (Stage 3) loan receivables as at 31 August 2025	3,200	2,910	290

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10 Trade and other liabilities	As at	As at
	31/08/2025	31/08/2024
	\$000	\$000
Accounts payable and accruals	122	97
RWT / NRWT payable	23	11
Other liabilities	22	22
	<u>167</u>	<u>130</u>

11 Shareholder current account	As at	As at
	31/08/2025	31/08/2024
	\$000	\$000
Shareholder current account	1,426	3,037

The shareholder current account represents the net balance of funds introduced and withdrawn by shareholders. Interest on the shareholder advance is paid at 6% per annum (August 2024: 6%). Funds of \$942,777 are repayable at call and \$483,590 is repayable in 6-12 months or earlier without penalty.

12 Employee entitlements	As at	As at
	31/08/2025	31/08/2024
	\$000	\$000
Salaries and wages accrued	21	16
Accumulating leave accrued	85	70
	<u>106</u>	<u>86</u>

13 Finance Borrowings	As at	As at
	31/08/2025	31/08/2024
	\$000	\$000
Secured debenture stock	54,044	37,266
	<u>54,044</u>	<u>37,266</u>
Due within 12 months	30,317	23,110
Due after 12 months	23,727	14,156
	<u>54,044</u>	<u>37,266</u>

Debenture and deposits security

The Company funds its operations through debenture stock and unsecured deposits, in addition to the shareholders' funds.

Debenture stock is secured in terms of a Trust Deed dated 10 December 2024 (as amended) between the Company and Covenant Trust Services Limited, for the debenture stockholders. The security constitutes a charge over the assets of the Company. There is no charge registered over the assets of the Company ranking in point of security ahead of the debenture stock.

The Company maintains its debenture and deposits portfolio from the reinvestment of existing debentures and deposits as well as new investment as required, and expects to continue to do so in the future based on the level of support from investors experienced to date and when compliant with Trust Deed covenants. In the short to medium term, the Company intends to establish alternative sources of funding, in addition to or as an alternative to debenture and deposit investment.

Capital management

Management of finance borrowings is an integral part of the Company's capital management. The objective of the Company's capital management is to provide the Company with a strong capital base to safeguard the Company's ability to successfully continue and develop its business. This objective is met through processes maintaining the mix of equity and finance borrowings at adequate levels.

The Company endeavours to deliver shareholders' returns that ensure their satisfaction and support adequate equity levels. Finance borrowing is maintained during the periods in which a Product Disclosure Statement is issued by offering interest rates considered to fairly reward investors and meet the market expectation.

The Trust Deed securing debenture stock imposes certain borrowing restrictions based on defined ratios of the Company's assets and liabilities specified by the Deed, and certain lending restrictions in respect of value of advances to related parties or to any one company or group of related companies. A list of these restrictions is included in every Product Disclosure Statement issued by the Company.

The Company complies with the Non-Bank Deposit Taker Regulations introduced by the Reserve Bank of New Zealand and incorporates the requirements in its Risk Management Plan. The Regulations include minimum capital requirements, in addition to restrictions to related party exposure, and minimum liquidity requirements. The Company complies with the Non-Bank Deposit Takers Act 2013, which contains director and officer suitability requirements. Other compliance requirements are similar to those included in the Non-Bank Deposit Taker Regulations. Gold Band Finance Limited was granted a Non-Bank Deposit Takers license on 30 April 2015.

The main limits imposed by these Regulations and by the Trust Deed that impact the Company are:

- Total Liabilities (as defined in the Trust Deed) are not permitted to exceed 92.5% of Total Tangible Assets (as defined).
- The aggregate (as defined) of Stock and Prior Charges must not exceed the aggregate of:
 - (i) 96% of First Category Assets (as defined), and
 - (ii) 85% of Second Category Assets (as defined), and
 - (iii) 70% of Third Category Assets (as defined), and
 - (iv) 40% of Total Other Tangible Assets (as defined), or twelve times Adjusted Shareholders' Funds (as defined).
- The aggregate amounts secured under Prior Charges must not exceed 7.5% of Total Tangible Assets.
- The aggregate of advances to related parties must not exceed 10% of Total Tangible Assets, unless prior written approval has been obtained from the Trustee.
- The aggregate of assets other than finance receivables and current contracts must not exceed 5% of Total Tangible Assets.
- The total amount loaned to any one company or group of related companies, other than deposits with banks or similar institutions (as defined in the Trust Deed), must not exceed 10% of Total Tangible Assets.
- Capital is not permitted to be less than 8% of the sum of the amounts of risk weighted credit risk, market risk, and operational risk (the "Capital Ratio" percentage), as defined in the Deposit Takers Regulations.
- Liquidity ratio measuring expected cash inflows against contractual cash outflow obligations for periods up to 60 days, is not permitted to be less than the amount prescribed in the Company's Risk Management Programme.
- Liquidity Mismatch ratio measuring expected cash inflows against expected cash outflows over periods from 61 days up to 24 months, is not permitted to be less than 110%.
- The aggregate of advances to related parties is not permitted to exceed 15% of Capital in accordance with the Deposit Takers Regulations.

The Capital Ratio percentage at 31 August 2025 was 22.0% (at 31 August 2024 22.0%). The minimum requirement is 8% as stated above.

The Company has incorporated the above restrictions and conditions in its capital management process by aligning its borrowing and lending policies with the requirements of the Trust Deed and closely monitoring compliance with these standards.

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A comprehensive monthly financial report is prepared for the Supervisor, comprising extracts from the Statement of comprehensive income and Statement of financial position, a cash flow forecast and other information relating to meeting the conditions stated in the Trust Deed. A monthly report is provided to the Reserve Bank. This report covers the financial performance and financial position of the Company, as well as detailed analysis of its financial assets and liabilities, including various aspects of credit risk management information. The report to Supervisor as well as the report to Reserve Bank are reviewed by the Board.

Six-monthly and Yearly Certificates confirming compliance with all requirements of the Trust Deed are prepared based on reviewed interim and audited annual financial statements. All ratios and limits were complied within the year ended 31 August 2025.

14 Share capital	As at	As at	As at	As at
	31/08/2025	31/08/2024	31/08/2025	31/08/2024
	Number	Number	\$000	\$000
Preference shares	2,000,000	-	2,000	-
Ordinary shares	19,060,705	19,060,705	9,494	9,494
	<u>21,060,705</u>	<u>19,060,705</u>	<u>11,494</u>	<u>9,494</u>

The company issued 2,000,000 fully paid perpetual preference shares with a par value of \$1.00 on 28 August 2025. No voting rights attach to the preference shares, the shares pay dividends of at least 6% per annum in priority to other classes of shares.

Ordinary share capital is 19,060,705 fully paid shares. Ordinary shares have equal voting rights and have no par value.

15 Reconciliation of net operating income after tax to net cash flows from ordinary activities

	Year	Year
	31/08/2025	31/08/2024
	\$000	\$000
Net operating income after tax	<u>1,131</u>	<u>1,336</u>
Add (deduct) non-cash items:		
Depreciation and amortisation	29	24
Loans written off	46	314
Debenture and deposit interest expense compounded	831	673
Movement in provision for impairment of loan receivables	242	(7)
	<u>1,148</u>	<u>1,004</u>
Deferrals or accruals of past or future operating cash flows:		
Net repayment (investment in) loan receivables	(8,684)	1,633
Net (decrease) / increase in debenture stock and unsecured deposits	15,903	(1,299)
Increase in operating creditors and accruals and unearned revenue	116	119
(Decrease)/Increase in sundry debtors, prepayments and accrued interest	(5)	(30)
(Increase)/Decrease in deferred Income Tax	(89)	(6)
Movement in current Income Tax assets and liabilities	25	(23)
	<u>7,266</u>	<u>394</u>
Net cash inflow/(outflow) from operating activities	<u><u>9,545</u></u>	<u><u>2,734</u></u>

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16 Classification of financial assets and liabilities

	As at 31/08/2025	As at 31/08/2024
	\$000	\$000
The total of financial assets classified as "Financial Assets at amortised cost"	68,925	51,651
The total of financial liabilities classified as "Financial liabilities measured at amortised cost"	55,902	40,805

17 Values of assets and liabilities expected to be recovered / settled within 12 months and after 12 months

More detailed information on expected value and timing of recovery of financial assets and settlement of financial liabilities is provided in Note 19B (Liquidity risk management).

Expected recovery of prepayments reflects the period of service which prepayments are expected to cover. Prepaid Income Tax is expected to be applied to the Income Tax liability arising in the current financial year. Expected recovery of Deferred Tax has been estimated by reference to the expected timing of reversal of timing differences between the accounting and tax base value of assets and liabilities.

Property, plant and equipment and intangible assets which consist of computer software are continuously contributing to the business operations and their forecast depreciation is regarded as a close estimate of their value recovered by Income Tax Payable liability (if any) and the dividend liability are always settled as soon as practicable after the financial year end. This period is not expected to exceed 12 months.

Settlement of unearned revenue has been estimated by reference to policies governing recognition of unearned revenue described in Note 2(D). The estimate included the expected impact of early settlement of a proportion of loans receivable.

		As at 31/08/2025	
		Recovery / settlement expected:	
		within 12 months	after 12 months
		\$000	\$000
	Note		
Assets			
Cash and cash equivalents	7	18,124	-
Sundry receivables	8	37	-
Prepayments		23	-
Loan receivables	9	35,510	15,241
Property, plant and equipment		60	30
Intangible assets		-	5
Deferred Tax	6	139	35
Total Assets		53,893	15,311
Liabilities			
Trade and other liabilities	10	145	22
Shareholder current account	11	1,426	-
Employee entitlements	12	97	9
Income Tax payable	6	162	-
Unearned fee revenue	4	202	86
Finance borrowings	13	30,317	23,727
Total Liabilities		32,349	23,844

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		As at 31/08/2024	
		Recovery / settlement expected:	
		within 12 months	after 12 months
		\$000	\$000
	Note		
Assets			
Cash and cash equivalents	7	9,245	-
Sundry receivables	8	39	-
Prepayments		21	-
Loan receivables	9	29,859	12,491
Property, plant and equipment		23	14
Intangible assets		3	2
Deferred Tax	6	60	25
Total Assets		<u>39,250</u>	<u>12,532</u>
Liabilities			
Trade and other liabilities	10	108	22
Shareholder current account	12	3,037	-
Employee entitlements	6	79	7
Income tax payable	4	137	-
Unearned fee revenue		173	73
Finance borrowings	13	23,110	14,156
Total Liabilities		<u>26,644</u>	<u>14,258</u>

18 Related entity transactions

Related parties include the key management personnel, their close family members, and entities controlled or significantly influenced by such persons. Key management personnel are defined as being Directors and senior management of the Company.

Transactions with other related parties include loans, deposits and services provided to or by related parties.

All loans to related parties are secured and provided on normal commercial terms and conditions. Deposits from related parties are accepted on normal commercial terms. Loan transactions comprise loan advances and repayments, fees and interest earned on these loans. No bad or doubtful debt expenses have occurred and no provisions for impairment relate to these receivables.

Deposit transactions comprise investment of funds by a related party in the Company and interest credited to these deposits.

Shareholder current account comprise advances of funds from shareholders to support business operations and interest credited to these accounts.

The following transactions occurred with related parties during the year to 31 August 2025 which resulted in the balances shown as at 31 August 2025.

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	31/08/2025	31/08/2024
	\$000	\$000
Loan receivable balance		
Other related parties	-	999
Net loan advances (repayments)		
Other related parties	(930)	283
Interest earned on loan receivables		
Other related parties	17	50
Deposits balance		
Other related parties	4,216	4,521
Net amount of deposits (withdrawals)		
Other related parties	(300)	(392)
Interest credited to deposits		
Other related parties	66	41
Shareholder current account balance		
Other related parties	1,372	2,966
Net shareholder current account advances		
Other related parties	(1,594)	966
Interest credited to shareholder current accounts		
Other related parties	92	71

Key management personnel

Compensation provided to key management personnel in exchange for services rendered to the Company was as follows:

	Year	Year
	31/08/2025	31/08/2024
	\$000	\$000
Short-term employee benefits	448	482

19 Financial instruments and risk

Financial instruments used by the Company include financial assets comprising deposits with banks and other financial institutions, sundry receivables, loan receivables, and financial liabilities comprising trade payables and other creditors, and finance borrowings.

The Company's activities expose it to financial risks, which include credit risk, liquidity risk and market risk. The Board manages these risks for the Company.

(A) Credit risk

The carrying amount of financial assets recorded in the financial statements is the Company's maximum exposure to credit risk at the reporting date, without taking into account of the value of any collateral or security obtained.

Credit risk on liquid funds is minimised by placing funds on deposit with large retail banks.

Credit risk arising on loan receivables refers to circumstances where a significant amount of loan advances are not repaid, or the collateral or other security taken for those loans proves inadequate for any reason, and full recovery of loans concerned is not possible. This risk is managed by lending and credit management policies and by the Company's strategy of diversifying its exposure to a range of industry and customer sectors.

Lending and credit management policies

Lending and credit management policies include obtaining comprehensive personal and financial information from each loan applicant, assessing each application against a lending policy approved by the Board, securing each loan by taking collateral and other securities to adequately cover the advance, and implementing a structured credit management monitoring and recovery process, to promptly identify any non-performing loans and maximise their recovery.

The Company employs staff who are experienced and suitably qualified, and supports their further training to ensure that the best methodologies are applied in Company's lending and credit management processes.

Diversification of the Company's lending

Diversification of the Company's lending in terms of personal and commercial lending, industry sector, geographic regions within New Zealand and type of security has been achieved as follows:

	As at 31/08/2025	As at 31/08/2024
<u>Categories of customers</u>		
Personal	0%	0%
Commercial	100%	100%
	<u>100%</u>	<u>100%</u>
	As at 31/08/2025	As at 31/08/2024
<u>Industry sectors</u>		
Commercial	40%	38%
Hospitality and tourism	11%	14%
Personal	0%	0%
Property development	3%	8%
Property general	43%	37%
Agricultural	3%	3%
	<u>100%</u>	<u>100%</u>

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	As at 31/08/2025	As at 31/08/2024
<u>Geographic regions</u>		
Auckland / Northland	1%	0%
Central North Island	0%	0%
Wellington	0%	0%
Canterbury	98%	99%
Otago / Southland	1%	1%
	100%	100%

Type of security

Loans secured by first mortgage	83%	78%
Loans secured by second or lower mortgage	2%	3%
Loans secured under PPSA	15%	19%
	100%	100%

There were no unsecured loans in any of the periods reported.

The Company monitors levels of lending to individual counterparties. The following table details numbers of individual counter parties with loan receivables credit exposure shown as a percentage of equity:

	As at 31/08/2025	As at 31/08/2024
Percentage of shareholders' funds		
10-20%	10	7
20-30%	4	3
30-40%	2	2
40-50%	-	1

The largest credit risk exposure to an individual counterparty for the Company as at 31 August 2025 were funds deposited with Kiwibank Limited (31 August 2024:Kiwibank Limited).

(B) Liquidity risk

Liquidity risk is the risk that the Company may encounter in raising funds at short notice to meet its financial commitments as they fall due. This risk may arise from the mismatch of maturities of financial assets and liabilities or from significant amount of loan advances not repaid at the time they are due for repayment by the borrower.

The risk management guidelines adopted by the Company are designed to actively manage and minimise liquidity risk through maintaining sufficient cash reserves held with trading banks to meet the forecast cash flow requirements, and through monitoring and managing the contractual and expected maturity profile of its financial assets and liabilities.

The management of cash flow from financial assets and liabilities includes monitoring of cash reserves and cash flows daily, establishing and implementing authorised lending parameters calculated to minimise any mismatch between maturities of financial asset and liability portfolios, maintaining accurate rolling maturity forecasts and managing overdue payments on daily basis, with recovery action taken as required.

The Company did not have any standby bank overdraft facility in any of the reporting periods.

The liquidity and interest rate profile tables have been prepared on the basis of maturity or contractual repricing, whichever is earlier.

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Contracted Maturity

As at 31 August 2025:

	Effective interest rate %	Total	On demand	Less than 3 months	3-6 months	6-12 months	12-24 months	24-60 months
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets								
Bank deposits	3.1%	18,124	11,104	7,020	-	-	-	-
Loan receivables	10.8%	50,751	5,980	2,603	7,387	19,540	10,124	5,117
New lending	3.9%	1,171	-	224	197	-	750	-
Interest on loans		2,034	-	1,433	78	168	211	144
Total financial assets		72,080	17,084	11,280	7,662	19,708	11,085	5,261
Financial liabilities								
Sundry creditors		273	-	242	-	-	31	-
Shareholder current account	6.0%	1,426	943	-	483	-	-	-
Loan commitments	3.9%	1,171	-	224	197	-	750	-
Debenture stock	5.5%	54,044	255	5,287	4,185	20,590	14,238	9,489
Interest on debentures and deposits		4,095	-	751	673	1,008	976	687
Total financial liabilities		61,009	1,198	6,504	5,538	21,598	15,995	10,176

As at 31 August 2024:

	Effective interest rate %	Total	On demand	Less than 3 months	3-6 months	6-12 months	12-24 months	24-60 months
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets								
Bank deposits	3.2%	9,245	5,245	4,000	-	-	-	-
Loan receivables	12.3%	42,350	1,458	10,954	5,750	11,697	4,280	8,211
New lending	13.0%	1,588	-	1,573	15	-	-	-
Interest on loans		2,827	-	1,234	169	356	543	525
Total financial assets		56,010	6,703	17,761	5,934	12,053	4,823	8,736
Financial liabilities								
Sundry creditors		287	-	258	-	29	-	-
Shareholder current account	6.0%	2,966	800	-	-	2,166	-	-
Loan commitments	13.0%	1,588	-	1,573	15	-	-	-
Debenture stock	5.8%	37,266	433	4,708	5,077	12,892	10,047	4,109
Interest on debentures and deposits		2,528	-	545	465	644	569	305
Total financial liabilities		44,635	1,233	7,084	5,557	15,731	10,616	4,414

Refer to Note 21 for information on commitments not reflected in the contractual liquidity profile tables.

Except for the finance receivables, debenture stock and financial guarantee contracts, the expected maturity profile of financial assets and liabilities is not likely to vary from their contractual maturity profile shown in the tables above.

Expected maturity of financial assets and liabilities:

As at 31 August 2025:

	Total	On demand	Less than 3 months	3-6 months	6-12 months	12-24 months	24-60 months
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets							
Loan receivables	50,751	5,980	2,603	7,385	19,542	10,124	5,117
Finance liabilities							
Debenture stock	54,044	255	5,287	4,185	20,590	14,238	9,489

As at 31 August 2024:

	Total	On demand	Less than 3 months	3-6 months	6-12 months	12-24 months	24-60 months
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets							
Loan receivables	42,350	1,458	10,954	5,747	11,698	4,282	8,211
Finance liabilities							
Debenture stock	37,266	433	4,708	5,077	12,892	10,047	4,109

The expected principal repayment profile of the Company finance receivables varies from the contractual repayment profile presented on page 33 and it reflects the Company's liquidity management. This arises from the expected settlement of loans after their contracted dates which is the Company's experience in the current economic conditions, based on prudent assumptions concerning the timing of settlement. The settlement timing difference is estimated to generate around \$1,000 additional interest (August 2024: \$1,000 additional interest) mostly within 6-12 months after the balance date.

The expected debenture maturity profile would result in a change to debenture interest expense. The additional interest expense is expected to be covered by additional interest income received from new lending enabled by debentures reinvested at maturity.

The expected maturity of fixed term unsecured deposits is anticipated to be similar to the contractual maturity since their reinvestment rate is not likely to make a significant change to their contractual maturity profile.

Concentration of funding

The Company monitors the concentrations of funding and regularly communicates with its existing investors to inform them of the Company's performance and financial position. The geographic concentration of funding was as follows:

	As at 31/08/2025	As at 31/08/2024
Geographic concentration of funding		
Auckland / Northland	12%	2%
Central North Island	12%	6%
Wellington	11%	9%
Nelson / Marlborough	5%	2%
Canterbury	49%	69%
West Coast	6%	8%
Otago / Southland	2%	1%
Overseas	3%	3%
	<u>100%</u>	<u>100%</u>

(C) Market risk

The Company's exposure to market risk is primarily limited to interest rate risk. There is no currency risk at any of the reporting dates covered by these financial statements because all assets and liabilities are denominated in New Zealand dollars. Since the Company does not trade in securities there is no other price risk. The impact of general business risks on the ability to raise future funding and its costs, and the level of returns from future lending opportunities is described in section (D) below.

Interest rate risk

Interest rate risk is the risk of loss to the Company arising from fluctuations in market interest rates.

This risk is managed by the Company through its policy of limiting the maximum term of loans and investments to five years, the fixed nature of interest rates payable on both loans to clients and deposits by investors and the management of maturity profile for interest bearing assets and liabilities. The interest rate markets, pricing trends, and the margin between the weighted average interest rate payable to the investors and earned on loans to clients, are regularly reviewed.

The weighted average interest rates of financial assets and liabilities are included in the maturity profile tables in section (B) above.

The impact of 1% change in interest rates charged on loans would amount to approximately \$467,000 for the Company's profit or loss and equity for the year ended 31 August 2025 (approximately \$433,000 for the year ended 31 August 2024), if the entire loan receivables portfolio was affected by the change and if the levels of default interest remained unaffected. The actual impact of a change in the market interest rate would be less than the above values because all loan contracts carry fixed interest rates and therefore only new loans advanced in each period reflect the increased or decreased market interest rates, limiting the impact on the weighted average interest rate of the whole loan portfolio. Thus the increase or decrease in interest income due to interest rates fluctuations is effectively phased over the term of the loan portfolio.

The impact of 1% change on interest rates earned on deposits at bank would amount to approximately \$137,000 for the Company's profit or loss and equity for the year ended 31 August 2025 (approximately \$76,000 for the year ended 31 August 2024).

The impact of 1% change in rates payable on deposits would amount to approximately \$454,000 for the Company's profit or loss and equity for the year ended 31 August 2025 (approximately \$373,000 for the year ended 31 August 2024), if the entire unsecured deposits and debenture stock portfolio was affected by the change. The actual impact of a change in the market interest rate would be smaller because all deposits carry fixed interest rates and therefore only new deposits accepted in each period reflect the increased or decreased market interest rates, limiting the impact on the weighted average interest rate of the whole deposit portfolio. Thus the increase or decrease in interest expense would be phased over the term of the portfolio of deposits and debentures.

If interest rates on loans as well as deposits and debentures either increased or decreased simultaneously, the impact of rate changes on interest revenue would to some extent off-set the impact on interest expense, with the net amount only affecting the Company's profit or loss and equity.

(D) General business risk

Future general economic situation as well as political or regulatory changes in the form of taxation and compliance cost changes, regulations or controls may affect the market in which the finance industry and the Company operate. Changes in the market may include increased competition within the finance industry, and the risk of adverse New Zealand market sentiment towards the finance industry generally, with the consequent impact on Company's ability to raise funds and on its profitability.

The Company manages these risks through continuing to attempt to diversify its exposure across various industry segments, continuous evaluation of new market opportunities and products, developing best practice in its operating procedures, establishing and maintaining long term commercial relationships, developing specific expertise in its core activities and maintaining the characteristics that differentiate it from competitors.

The Company has incorporated consideration of proposed changes to the regulatory environment into its long-term planning, using professional advisors with the appropriate expertise.

(E) Fair values

All financial assets and liabilities with the exception of loans receivables, unearned revenue, finance borrowings and share capital are short-term instruments where the carrying amount equates to their fair value.

Fair value of assets

The fair value of the loan receivables portfolio net of provision for impairment was estimated using the following process:

In the absence of any Principal market or observable quoted prices for the loan receivables, average bank fixed mortgage interest rates are used as a reference for observable market information. Loan receivables are categorised as Level 3 in the fair value disclosure hierarchy.

A risk margin to the average fixed mortgage interest rate for the corresponding average loan receivables term was calculated as at the weighted average start date of the loan receivables portfolio and applied to each loan risk category. That margin was then added to the current average fixed bank mortgage rate for the corresponding term of average loan receivables as at 31 August 2025, to provide a “market interest rate” for each loan receivables risk category.

Fair value of the loan portfolio was estimated by capitalising the forecast annual interest revenue (based on current contractual rates) at the prevailing “market interest rate” for each loan receivables risk category. Risk categories used are in accordance with those prescribed in the Non-bank deposit taker regulations.

The market interest rates as at 31 August 2025 have decreased over the interest rates of the existing loan portfolios of the Company, resulting in the fair value of the Company’s loan receivables being estimated as \$51,017,679 (comparing to \$50,750,745 respectively carried in the financial statements).

The market interest rates as at 31 August 2024 had decreased over the interest rates of the existing loan portfolios of the Company, resulting in the fair value of the Company’s loan receivables being estimated as \$43,802,717 (comparing to \$42,350,465 respectively carried in the financial statements).

Fair value of liabilities

Unearned revenue consists of unearned loan establishment fees. Loan establishment fees have already been received in cash. They are not refundable and the unearned revenue is the result of spreading of these fees over the life of the loan for revenue recognition purposes, therefore their book value is unlikely to be different from their fair value. Finance borrowings include debenture stock and unsecured deposits, and their fair value has been estimated by reference to bank deposit rates of a corresponding term. In the absence of observable quoted prices and an active market. Finance borrowings are categorised as Level 3 in the fair value disclosure hierarchy. A risk margin, being the difference between the bank deposit rate and the debenture rate for corresponding terms, was calculated as at the weighted average start date of the debenture portfolio. The “market interest rate” for Finance borrowings is calculated as the sum of the fixed deposit rate as at 31 August 2025 and the risk margin for each deposit term, recognising the relationship between movements to the bank deposit rates and Finance borrowings interest rates. Fair value was estimated by capitalising the forecast interest expense (based on current contractual rates) at the prevailing “market interest rates” for each type of investment. Different types of investments are identified by their term.

As at 31 August 2025, the market interest rates have decreased over the interest rates of the existing portfolio of deposits, resulting in the fair value of the Company’s finance borrowings being estimated at \$59,392,522 (comparing to \$54,044,258 carried in the financial statements).

As at 31 August 2024, the market interest rates had decreased over the interest rates of the existing portfolio of deposits, resulting in the fair value of the Company’s finance borrowings being estimated at \$44,485,483 (comparing to \$37,265,456 carried in the financial statements).

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20 Net debt reconciliation

	As at 31/08/2025	As at 31/08/2024
	\$000	\$000
Cash and cash equivalents	18,124	9,245
Borrowings – repayable within one year	(30,317)	(23,110)
Borrowings – repayable after one year	(23,727)	(14,156)
Net debt	<u>(35,920)</u>	<u>(28,021)</u>
Cash and cash equivalents	18,124	9,245
Gross debt – fixed interest rates	(54,044)	(37,266)
Net debt	<u>(35,920)</u>	<u>(28,021)</u>

	Assets		Liabilities	
	Cash	Borrowings due within 1 year	Borrowings due after 1 year	Total
	\$000	\$000	\$000	\$000
Net debt as at 01/09/2024	9,245	(23,110)	(14,156)	(28,021)
Cash flows	8,879	(7,207)	(9,571)	(7,899)
Net debt as at 31/08/2025	<u>18,124</u>	<u>(30,317)</u>	<u>(23,727)</u>	<u>(35,920)</u>

21 Contingent liabilities and other commitments

There were no material contingent liabilities or commitments including capital commitments as at 31 August 2025 (as at 31 August 2024: Nil), other than the information below.

The Company offers certain revolving credit products. There was no undrawn portion of revolving credit type facilities as at 31 August 2025 (31 August 2024: Nil). As at 31 August 2025 there was \$1,172,000 not yet paid out by the Company in respect of loans approved by the balance date (\$1,588,000 as at 31 August 2024).

22 Subsequent events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.