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General Capital (GEN:NZ) Announces Discussions on Goodwill

Listed financial services group General Capital (GEN:NZ) advises it is in discussion with the FMA concerning the carrying value of Investment Research Group Ltd (IRG) in the books of General Capital. IRG was purchased in August 2017 for \$1.0m. It has generated \$1,180,000 for General Capital over the 4 years.

The issue was driven by the Audit Qualification of the 2022 accounts concerning this matter.

Managing Director Brent King said “Carrying value of intangible assets is always arbitrary as it deals with the future. Last year IRG had a very good year with the listing of cannabis company Greenfern Industries Ltd. Based on the trading of IRG and the outlook for 2023 and beyond the Board was comfortable to retain the carrying value. The amount in question is less than 1% of total assets.”

We have received a letter from FMA and we are working through a response. There seem to be several misunderstandings and misinterpretations of the Goodwill issue. We will continue to work the matter through with FMA and update the market as appropriate.

Mr. King said “We understand the reason that FMA is making an enquiry and we will be working with them. The Directors are confident that the correct processes have been followed in previous accounts. Items such as weighted average cost of capital (WACC), growth rates etc. can vary substantially as interest rates move. We will ensure that these are fully explained in the future accounts.”

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