GENEVA FINANCE LIMITED – Full Results

GENEVA FINANCE LIMITED RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting period: 12 months to 31 March 2019.
Previous reporting period: 12 months to 31 March 2018.

Geneva Finance has confirmed the Group's results for the reporting period for the 12 months to 31 March 2019.

The results, as follows, includes the percentage change for the previous reporting period of the 12 months to 31 March 2018.

Revenue from ordinary activities:
$27,945,000 47% increase

Profit/(Loss) from ordinary activities after tax attributable to security holders:
$4,210,000 31% decrease

Profit/(Loss) attributable to security holders:
$4,210,000 31% decrease

Interim/final dividend: $1,641,000
Amount per security: $0.0225
Imputed amount per security: $0.00
Record date: 5 July 2019
Dividend payment date: 12 July 2019

Comments:

Financial Result (12 months to 31st March 2019)
The after tax unaudited* financial result for the year was a profit of $4.2m vs $6.1m in 2018. The tax charge for the year of $1.0m as compared to a tax benefit/credit in the prior year of $1.6m caused the $2.6m adverse variance in after tax profit between the periods. This is a non cash item. The unaudited* profit before tax for the year was $5.3m which was 16% above the $4.5m prior year result.
* Audit is currently in progress

Business Sector Performance:

Geneva Financial Services- Lending: Mar 19 pretax profit $5.6m (Mar 18 $5.5m)
The March 19 year has been a challenging period for GFSL. Protecting asset quality was prioritized over growing lending volumes, as a consequence Lending was similar to the prior year, as was the profit result. The benefit of this strategy is that this business sector is well positioned to take advantage of opportunities in the market as they arise. The net receivables ledger amounted to $63.9m at year end.

Quest Insurance Group- Insurance: Mar 19 pretax profit $1.3m (Mar 18 $0.9m)
Premiums written increased by 26.6%. This was driven by good growth from both the Quest direct and Janssen' distribution channels. A substantial portion of this premium growth is reflected in the unearned premium balance which increased by 47.6% to $10.4m. Quest is now seeing the benefit of release to profit of prior period premium growth which in conjunction with investment income and operating being within budget parameters delivered a net profit before tax increase of 44% for the period.

Stellar Collections: Mar 19 pretax profit $0.4m (Mar 18 $0.4m)
The newly acquired MFL collection business acquired in the previous year performed at an acceptable level and is positioned to deliver good profit growth. The debt collection operation similarly performed at an acceptable level. Operational changes, primarily investment in infrastructure have been made over the last six months and we expect this will have a positive impact on the performance of this business segment in the coming year.

Geneva Capital - Invoice Factoring: Mar 19 pretax loss $0.6m (Mar 18 $0.0m)
The newly acquired invoice factoring operation made $0.6m loss in its first year of operation. The ledger growth achieved during the year was lower than expected and was the prime contributor to this result. Systems and operations are all fully integrated and the board expect this business to move into profit for the coming year.

Federal Pacific Finance Tonga – Mar 19 pretax profit $1.2m (Mar 18 N/A)
The company acquired a 60% stake in the operation effective April 2018. This operation has delivered on profit expectations and has shown itself to be a good investment for shareholders. We anticipate this business will continue to deliver good growth over the coming period.

Parent Company (Geneva Finance, Corporate) Mar 19 pretax loss $2.9m (Mar 18 $1.9m loss)
The parent company result includes, the group's corporate and governance costs, adjustment for non controlling interests, and the group tax charge / benefit. As noted above the March 18 result includes a tax benefit of $1.6m as compared to a $1m tax charge in the March 19 year.

Revenues:
Operating revenues comprise interest from receivables ledgers of $14.9m up $2.6m (+21%) on last year. Net insurance premium income of $7.4m up $3.3m (+79%), mainly from the direct introducer channels. Other income amounted to $5.7m, up $3.1m (+117%) and includes a full period of revenue from the Tonga, the invoice factoring and MFL businesses acquired in the prior periods.

Operating Costs:
Group total operating costs increased by 48%. Again this is primarily as result of the operating costs associated with the new businesses acquired.

Balance Sheet:
The net receivables ledger increased to $80.9m (+19.6%), majority if this increase is due to the addition of the invoice factoring business. Term debt increased to $59.7m and other borrowings increased to $13.3m. The Group's equity to total assets ratio of reduced to 25.12% compared to 29.5% the prior year.

Funding:
The group's securitization facility's was extended through to July 2020. Other borrowings comprise funding sourced from wholesale investors and a 2 year evergreen banking term loan of $3.4m from a major trading bank.

Credit Rating:
Quest insurances credit rating was confirmed by AM Best in March 2019 as B outlook stable for its Financial Strength and bb+ outlook stable for its issuer credit rating.

Impairment
The group reviewed its provisioning to align with IFRS9: "Financial Instruments in line with expected credit losses and the treatment of asset impairment". As a result of this review an adjustment of $1.7m was made to the opening provisioning, $1.2m was allocated against opening retained earnings and $0.5m deferred tax.

Dividends:
The board have approved a final dividend of 2.25 cents per share. The total dividend being 3.5 cents per share up 7.7% on the prior year. The final dividend is payable on 12th July 19.

Summary:

It has been a challenging year but despite these challenges the company delivered a 16% lift in pretax profits and increased dividend to shareholders to 3.50 cents per share up 7.7% on last year. The insurance business has been given the highest profit lift (+ 44%), and this in conjunction with the investment in the Tonga business has driven the profit growth. While both the lending operation and the debt collection business have delivered profit levels in line with last year, both these companies are positioned to regain the growth levels achieved in prior years. The losses incurred in the Invoice factoring operation have been disappointing remedying this is the key focus of the board.

Strategic Direction:

The key focus is on expanding each of the business segments with increased investment in infrastructure, both people and IT. The group continues to consider acquisitions opportunities. The board and management are confident that the business is well positioned to continue to deliver earnings growth to shareholders.

GENEVA FINANCE LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	Group	
	Un Audited	**Audited**
	2019	2018
	$000's	$000's
Interest income	14,865	12,242
Interest expense	4,232	3,584
Net interest income	10,633	8,658
Net premium revenue	7,383	4,126
Other revenue	5,696	2,624
Operating revenue (net of interest expense)	23,713	15,408
Net claims expense	(3,244)	(1,399)
Operating expenses	(13,523)	(9,122)
Operating profit	6,947	4,887
Impaired asset release	(1,697)	(363)
Net profit before taxation	5,250	4,524
Taxation (expense) / benefit	(1,040)	1,599
Net profit after taxation	4,210	6,123
Profit attributable to:		
Owners of the parent	4,060	6,123
Non-controlling interest	150	0
	4,210	6,123
Profit per share		
Basic profit per share (cents)	5.70	8.69

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Group	
	Un Audited	**Audited**
	2019	2018
	$000's	$000's
Net profit after taxation	4,210	6,123
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Movement in property revaluation reserve	-	-
	-	-
Items that may be subsequently reclassified to profit or loss		
Movement in fair value of available for sale equity securities	228	200
Cash flow hedge, net of tax	(232)	96
Income tax relating to cash flow hedge	-	-
	(3)	296
Other comprehensive income, net of tax	(3)	296
Total comprehensive income	4,206	6,419
Total comprehensive income attributable to:		
Owners of the parent	4,056	6,419
Non-controlling interest	150	-
	4,206	6,419

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Group	
	Un Audited	**Audited**
	2019	2018
	$000's	$000's
Assets		
Cash and cash equivalents	18,253	14,473
Trade and other receivbales, and prepayments	3,798	4,143
Taxation receivable	12	11
Finance receivables	80,941	67,664
Financial assets at fair value through profit or loss	352	423
Deferred insurance contract acquisition costs	3,652	2,733
Deferred taxation	3,997	4,565
Financial assets at fair value through comprehensive income	3,618	3,390
Plant and equipment	238	128
Intangible assets	2,354	1,791
Total assets	**117,216**	**99,321**
Liabilities		
Accounts payable and accruals	2,912	2,211
Outstanding claims liability	833	570
Employee entitlements	320	313
Unearned premium liability	10,460	7,085
Derivative financial instruments	285	53
Bank facilities	59,691	51,971
Other borrowings	13,318	7,950
Total liabilities	**87,820**	**70,153**
Equity		
Share capital	53,029	51,287
Reserves	(1,628)	1,103
Retained earnings	(22,876)	(23,221)
Equity attributable to the equity holders of the parent	28,524	29,168
Non-controlling interest	872	-
Total equity	**29,396**	**29,168**
Total equity and liabilities	**117,216**	**99,321**
Net tangible assets per share	**0.36**	**0.36**

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Equity attributable to the equity holders of the parent					
	Share Capital	Reserves	Retained earnings	**Attributable to owners of the parent**	Non Controlling Interest	**Total equity**
	$000's	$000's	$000's	**$000's**	$000's	**$000's**
Balance at 1 April 2017	**51,287**	**807**	**(27,231)**	**24,862**	**-**	**24,862**
Net profit for the period	-	-	6,123	**6,123**	-	**6,123**
Other comprehensive income						
Increase in available for sale equity reserve	-	200	-	**200**	-	**200**
Change in cash flow hedge reserve, net of tax	-	96	-	**96**	-	**96**
Total other comprehensive income	**-**	**296**	**-**	**296**	**-**	**296**
Total comprehensive income	**-**	**296**	**6,123**	**6,419**	**-**	**6,419**
Transaction with owners						
Dividend relating to 2017 paid	-	-	(2,113)	**(2,113)**	-	**(2,113)**
Total transactions with owners	**-**	**-**	**(2,113)**	**(2,113)**	**-**	**(2,113)**
Balance at 31 March 2018	**51,287**	**1,103**	**(23,221)**	**29,168**	**-**	**29,168**
Effect of changes in accounting policies resulting from the adoption of NZ IFRS 9 & 15	-	-	(1,215)	**(1,215)**	-	**(1,215)**
Balance at 1 April 2018 (Restated)	**51,287**	**1,103**	**(24,436)**	**27,953**	**-**	**27,953**
Net profit for the period	-	-	4,060	**4,060**	150	**4,210**
Other comprehensive income						
Increase in available for sale equity reserve	-	-	-	**-**	-	**-**
Exchange differences on translation of foreign operations	-	-	123	**123**	-	**123**
Change in cash flow hedge reserve, net of tax	-	-	-	**-**	-	**-**
Total other comprehensive income	**-**	**-**	**123**	**123**	**-**	**123**
Total comprehensive income	**-**	**-**	**4,183**	**4,183**	**150**	**4,333**
Transaction with owners						
Shares issued in consideration for aquistion of subsidiary	1,742	-	-	**1,742**	-	**1,742**
Common control reserve arising on the aquistion of subsidiary	-	(2,726)	-	**(2,726)**	-	**(2,726)**
Increase in available for sale equity reserve	-	228	-	**228**	-	**228**
Change in cash flow hedge reserve, net of tax	-	(233)	-	**(233)**	-	**(233)**
Dividends paid	-	-	(2,623)	**(2,623)**	-	**(2,623)**
Non-controlling interest arising on acquisition of subsidiary	-	-	-	**-**	722	**722**
Total transactions with owners	**1,742**	**(2,731)**	**(2,623)**	**(3,612)**	**722**	**(2,890)**
Balance at 31 March 2019	**53,029**	**(1,628)**	**(22,876)**	**28,524**	**872**	**29,397**

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Group	
	Un Audited	**Audited**
	2019	2018
	$000's	$000's
Cash flow from operating activities:		
Cash was provided from:		
Interest received	11,623	10,968
Dividends Received	204	231
Receipts from insurance policy sales, collections activities and other	16,333	10,478
Proceeds from collections made on purchased debt ledger	265	456
	28,424	**22,133**
Cash was applied to:		
Net movement in finance receivables	(11,343)	(2,483)
Interest paid	(4,232)	(3,584)
Payments to suppliers and employees	(17,482)	(14,960)
	(33,058)	**(21,027)**
Net cash outflow from operating activities	**(4,633)**	**1,106**
Cash flows from investing activities:		
Cash was provided from:		
Proceeds from the sale of plant and equipment	-	-
	-	**-**
Cash was applied to:		
Purchase of plant and equipment	(183)	(53)
Purchase of intangible assets	(896)	(245)
Purchase of investments	(2,727)	(1,140)
	(3,806)	**(1,438)**
Net cash outflow from investing activities	**(3,806)**	**(1,438)**
Cash flows from financing activities:		
Cash was provided from:		
Net movement of term facilities: Westpac	7,730	5,846
Net movement of term facilities: Kiwi Bank	-	-
Net movement of other borrowings	5,368	-
Issue of new shares	1,744	-
	14,842	**5,846**
Cash was applied to:		
Net movement of other borrowings	-	-
Dividends paid to company shareholders	(2,623)	(2,113)
	(2,623)	**(2,113)**
Net cash inflow from financing activities	**12,219**	**3,733**
Net increase in cash and cash equivalents held	3,780	3,401
Add: Opening cash and cash equivalents balance at the beginning of the year	14,473	11,072
Cash and cash equivalents at the end of the year	**18,253**	**14,473**
Represented by:		
Cash at bank	18,253	14,473
Cash and cash equivalents at the end of the year	**18,253**	**14,473**

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 segaments 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 and transactions between segments are on normal commercial terms and conditions. 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 2019

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
External revenues	5	14,894	7,720	2,123	1,368	1,835	-	27,945
Revenue - other segments	1,657	1,078	279	217	-	-	(3,231)	-
Total	1,662	15,972	7,999	2,340	1,368	1,835	(3,231)	27,945
Segment profit/(loss)	(2,723)	5,609	1,308	406	(430)	827	103	5,100
Taxation expense	(1,040)	-	-	-	-	-	-	(1,040)
Non controlling interest profit	-	-	-	-	(184)	335	-	150
Net profit/(loss) after taxation	(3,763)	5,609	1,308	406	(615)	1,161	103	4,210
Interest income	1,765	13,483	411	291	954	1,294	(3,333)	14,865
Interest expense	2,434	3,945	-	245	920	21	(3,333)	4,232
Depreciation	-	39	12	2	1	+RC[-3]*100	-	53
Amortisation	-	201	30	89	14	-	-	334
Other material non-cash items:	-	-	-	-	-	-	-	
Impaired assets expense	103	2,124	-	(740)	-	313	(103)	1,697

Group summary assets and liabilities as at 31 March 2019

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
Segment assets								
Total assets	30,342	82,808	22,390	10,894	8,924	3,312	(41,454)	117,217
Additions to non current assets	(3)	219	79	-	679	105	-	1,080
Segment liabilities								
Total liabilities	22,192	65,096	11,571	4,488	9,539	347	(25,413)	87,820

Segment analysis (continued)

a) By operating segment (continued)

Group summary revenues and results for the year 31 March 2018

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
External revenues	5	13,277	4,435	1,275	-	-	-	18,992
Revenue - other segments	1,560	587	299	229	-	-	(2,675)	-
Total	1,565	13,864	4,734	1,504	-		(2,675)	18,992
Segment profit/(loss)	(1,913)	5,493	855	612	(27)	-	(495)	4,524
Taxation expense	1,591	-	-	8	-	-	-	1,599
Net profit/(loss) after taxation	(322)	5,493	855	620	(27)	-	(495)	6,123
Interest income	1,070	12,707	377	268	-	-	(2,180)	12,242
Interest expense	1,565	3,951	-	248	-	-	(2,180)	3,584
Depreciation	-	31	11	1	-	-	-	43
Amortisation	-	176	7	30	-	-	-	213
Other material non-cash items:	-	-	-	-	-	-	-	-
Impaired assets expense	(495)	1,392	-	(1,029)	-	-	495	363

Group summary assets and liabilities as at 31 March 2018

$'000	Corporate	New Business	Insurance	Old Business	Invoice Factoring	Overseas	Eliminations	Group
Segment assets								
Total assets	40,364	81,900	17,621	10,505	-	-	(51,069)	99,321
Additions to non current assets	28	167	85	18	-	-	-	298
	-	-	-	-	-	-	-	
Segment liabilities	-	-	-	-	-	-	-	
Total liabilities	33,017	63,291	8,339	4,320	-	-	(38,814)	70,153

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.

Acquisitions of business operations in the year ending 31 March 2019

a) Acquisition of Federal Pacific Finance Limited (Tonga) business

On 1 April 2018, the Group acquired 60% of the shares and voting interests in Federal Pacific Finance Limited, Tonga ('FPFLT'), thus obtaining control. The principal activity of the FPFLT business is consumer finance. The FPFLT business will fall under the ownership of Geneva Financial Services Limited. The primary reason for the acquisition was to expand the Group's presence in the Pacific region.

	1 April 2018
Fair Value of consideration transferred;	$'000
Cash	1,410
Share Consideration (2.5m shares at a price of 70c per share)	1,750
Deferred Consideration (Loan from Federal Pacific Group Ltd (NZ), 5 years at 8.5%)	650
	3,810
Identified assets acquired and liabilities assumed	
Property plant and equipment	84
Cash in bank	261
Finance receivables	2,810
Prepayments & accruals	(124)
Accounts payable	(68)
Other borrowings	(755)
Deferred tax liability	(402)
Identifiable net assets	1,806
Non-controlling interest	(722)
Common control reserve	2,726
Net Assets Required	3,810

Acquisitions of business operations in the year ending 31 March 2019 (continued)

a) Acquisition of Federal Pacific Finance Limited (Tonga) business (continued)

Translation of presentation currency
The presentation currency of FPFLT is the Tongan Pa'anga (TOP). This has been translated to the functional currency of GFL, being the New Zealand Dollar (NZD), at a rate on 1 April 2018 of 1 TOP to 0.6344 NZD.

Share issue
The share issue at 70 cps represented a 14.7% premium against the share price at the time of acquisition, however the directors considered the 70 cps price more accurately reflected the underlying value of the Group's ordinary shares.

Common control reserve
The Board of Directors and Management have determined that the acquisition represents a business combination under common control. There is no NZ IFRS or IFRS that specifically applies to an acquisition and consolidation under common control and therefore outside of the scope of NZ IFRS, the predecessor value ('pooling of interests') method has been adopted. In this case the net assets of the combining entities or businesses are combined using the existing book values (predecessor book values) from the controlling parties' perspective (and not adjusted to fair value upon combining). No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the controlling party's interest. Any difference between the cost of investment recognised by the controlling entity and the nominal value of the net assets of the combining entities or businesses on the date at which the combining entities or businesses first came under the control of the controlling entity results in the recognition of a common control reserve.

Contribution to the Group results
In the twelve months to 30 March 2019 the business contributed revenue of $1.8m and profit of $0.8m to the Group's consolidated results.

b) Acquisition of Geneva Capital Limited

On 1 April 2018, the Group purchased Geneva Capital Limited ('GCL'). The principal activity of the Geneva Capital business is invoice factoring. The GCL business will be reported as a separate entity within the Group. The primary reason for the acquisition was to add another finance product that complements the Group's existing financial services offered.

	01/04/2018
Fair Value of consideration transferred;	$'000
Cash	8,850
Identified assets acquired and liabilities assumed	
Balance of disbursement account	156
Invoice factoring loan balances	8,094
Legal costs associated with acquisition	(46)
Identifiable net assets	8,204
Goodwill on acquisition	646
Consideration transferred settled in cash	8,850
Net cash outflow on acquisition	8,850

Goodwill on acquisition
Given the acquisition took place within six months prior to reporting date, the Group is still in the process of completing its initial acquisition accounting. The residual intangible asset arising on acquisition has been provisionally allocated to goodwill while the acquisition accounting is being completed. This intangible asset is expected to include the benefit of customer relationships. If these benefits do not meet the recognition criteria for identifiable intangible assets then they will be included within the goodwill as they can not be recognised separately from goodwill.

Contribution to the Group results
In the twelve months to 30 March 2019 the business contributed revenue of $0.95m and loss of $0.37m to the Group's consolidated results.

Changes in accounting policies

The group adopted NZ IFRS 9 and NZ IFRS 15, respectively from 1 April 2018.

a) NZ IFRS 9 Financial Instruments

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in NZ IAS 39, 'Financial Instruments: Recognition and Measurement', that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ('OCI') and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

There is now a new expected credit losses model for impairment that replaces the incurred loss model used in NZ IAS 39. For financial liabilities, there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The adoption of NZ IFRS 9, did however, result in the following:

- Changes to the Group's accounting policies with respect to the recognition and measurement of impairment of the Group's financial assets.
- Adjustments to the amounts of impairment recognised against the Group's financial assets in the financial statement on adoption date, 1 April 2018.

The Group's financial assets and liabilities include only those measured, at amortised cost (being financial assets currently classified under loans and receivables), at fair value through profit or loss (being financial assets and liabilities currently classified under financial assets and liabilities at fair value through profit or loss); and at fair value through other comprehensive income (being financial assets currently classified under available for sale). The Group's classification measure of financial assets and liabilities under NZ IFRS 9 remains largely the same as it was under NZ IAS 39.

The adoption of the ECL requirements of NZ IFRS 9 resulted in an increase in impairment allowance for the Group's finance receivables. The increase in allowance resulted in a ($1,688,000) adjustment to retained earnings which is disclosed in the tables following.

b) NZ IFRS 15 revenue from Contracts with Customers

NZ IFRS 15 'Revenue from Contracts with Customers' will replace NZ IAS 18 'Revenue'. Under NZ IFRS 15 the Group recognises revenue when (or as) it satisfies a performance obligation by transferring a promised service to a customer (which is when the customer obtains control of that service). A performance obligation may be satisfied at a point in time (e.g. upon the supply or recruitment of staff) or over time (e.g. consulting services). For a performance obligation satisfied over time, the Group determines how much revenue should be recognised as the performance obligation is satisfied based on appropriate measure of progress.

The way in which the Group recognised revenue from contacts with its customers under the requirements of NZ IAS 18 'Revenue' is materially consistent with the revenue recognition requirements of NZ IFRS 15 and therefore the adoption of NZ IFRS 15 has not had material impact on the way in which the Group's recognises revenue.

Accordingly, neither the comparative financial information nor the opening balance sheet on 1 April 2018 have been restated.

c) The total impact on the Group's retained earnings as at 1 April 2018 is as shown below

Opening Retained earning 31 March 2018	(23,221)
Impact of adopting NZ IFRS 9 as at 1 April 2018	
Increase in the impairement provision for financial receivables	(1,688)
Increase in the impairement provision for trade receivables	-
Increase in the impairement provision for other receivables	-
Increase in deferred tax assets relating to increase in the impairment provisions above	473
Total impact of adopting NZ IFRS 9 as at 1 April 2018	(1,215)
Impact of adoping NZ IFRS 15 as at 1 April 2018	
Increase in interest revenue	-
Increase in other revenue	-
Increase in deferred tax assets relating to increase in the impairment provisions above	-
Total impact of adopting NZ IFRS 15 as at 1 April 2018	-
Total impact of adopting NZ IFRS 9 and 15 as at 1 April 2018	(1,215)
Adjusted opening retained earnings 1 April 2018	(24,437)

Changes in accounting policies (continued)

d) Impact of the adoption of NZ IFRS 9 and NZ IFRS 15 on the Statement of Financial Position as at 1 April 2018

	31 March 2018 as originally presented	1 April 2018 NZ IFRS 9 adjustment	2 April 2018 NZ IFRS 15 adjustment	1 April 2018 Restated
	$'000	$'000	$'000	$'000
Assets				
Cash and cash equivalents	14,473			14,473
Prepayments and other debtors	4,143			4,143
Taxation receivable	11			11
Finance receivables	67,664	(1,688)		65,976
Financial assets at fair value through profit or loss	423			423
Deferred insurance contract acquisition costs	2,733			2,733
Deferred taxation	4,565	473		5,038
Available for sale equity securities	3,390			3,390
Plant and equipment	128			128
Intangible assets	1,791			1,791
Total assets	99,321	(1,215)	-	98,106
Liabilities				
Trade payable and accruals	2,211			2,211
Outstanding claims liability	570			570
Employee entitlements	313			313
Unearned premium liability	7,085			7,085
Derivative financial instruments	53			53
Bank facilities	51,971			51,971
Other borrowings	7,950			7,950
Related party facility	-			-
Related party payables	-			-
Total liabilities	70,153	-	-	70,153
Equity				
Share capital	51,287			51,287
Reserves	1,103			1,103
Retained earnings	(23,221)	(1,215)	-	(24,437)
Non-controlling interest	-			-
	29,168	(1,215)	-	27,953
	99,321	(1,215)	-	98,106