Annual Report

Springs Road Property Limited
For the year ended 31 March 2021

Prepared by RWCA Limited

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Contents

Report of the Directors to the Shareholders

On behalf of the Directors of Springs Road Property Limited we are pleased to present the 2021 Operating Results and Annual Report for the 12 months ended 31 March 2021.

Activities
The Company is involved in the Commercial Property rental business.

Market Commentary and Management report
New Zealand's success at containing Covid-19 and facilitating a return towards normal levels of activity across most industry sectors, coupled with significant fiscal and monetary stimulus has led to a more material bounce back in the economy than previously forecast.
The uncertainty which surrounded the economy at the time meant that consumers adopted a wait and see approach. The latter part of the year however saw consumer and investor sentiment rebounding as the release of economic data supported projections of a 'V-shaped' recovery that was underpinned by historically low interest rates.

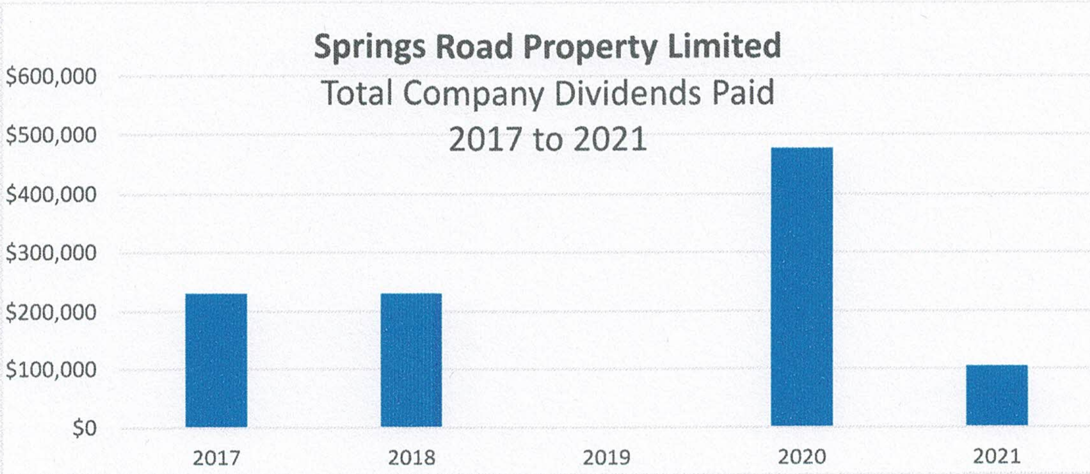
The first and most restricting lockdown saw many commercial tenants refusing to pay rents and opex in all parts of the country. We negotiated with tenants that were not deemed essential workers and agreed 50% rent and opex reductions for the months of April and May. The office market has been severely affected by the pandemic. This property benefitted by having essential health, education and light industrial manufacturing tenants. Our sympathetic ear during the worst times of the lockdown has so far proven to have been worthwhile, as all tenants seem to have weathered the difficult times. All have continued to pay full rents and opex for the remainder of the year. However, we must be uncertain of the continuing viability of smaller private tenants, particularly in industries that have seen significant changes in their customer base.

7 Springs Road, East Tamaki
Counties Manukau District Health Board continues to occupy levels 2 and 3 and have signed a renewal for three more years to April 2024. Skill NZ have extended their current lease term of half of the Ground Floor until the end of 2021 to coincide with government funding arrangements and hope to then renew their lease for a further three years. Kingslea School have leased the remaining half of the Ground Floor for one year to the end of 2021 and again, subject to government funding, hoping to renew their lease for a further year. Café Concepts continue with their lease of the rear annexe, their next renewal being in February 2022.

The First Floor has been vacant for some months with little interest generated by advertising through multiple agents, despite offering incentives, flexible floor areas and reduced rents. Office vacancy rates around Auckland are high so we do not foresee the full occupation of the building soon.

Maintenance during the year has been minimal, but expenditure has been made on consulting engineers assessing the NBS rating and methods of improving the seismic capabilities of the building. Building consent has now been received but has required significant additional improvements to achieve updated fire escape and accessibility compliance. The budget for the works has now increased to $450,000. The works will bring the building up to 100% NBS.

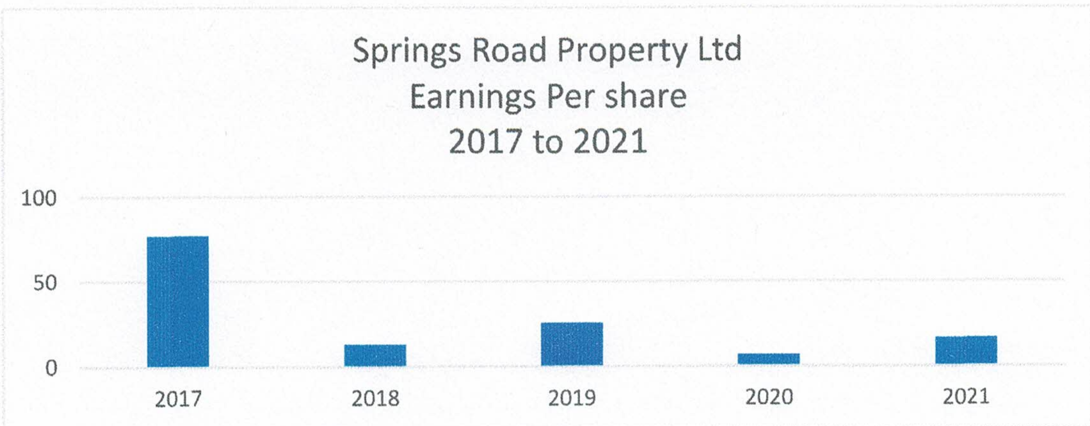
Financial Information
The Company's Gross Rental Income this year was $715,719 (2020 $905,980).



Dividends
$104,072 was paid in Dividends for the period ended 31 March 2021 (2020 $476,971).

The net profit after tax was $ 471,526 (2020 $191,783) This year there was Fair Value Gain on Investment Property of $300,998 and 2020 there was a loss on Investment Property of $-210,000.

Investment Property
The investment property is valued at $8.0 million (2020 $7.4m) which includes a provision this year of $240,000 for the additional seismic strengthening work.



The earnings per share this year is 16 cents (2020 7cents).

Directors
The following Directors held office during the year ended 31 March 2021.

John Murray	(Appointed 28 September 2020)
Damien Prendergast	(Appointed 7 May 2020)
Craig Dennis	(Appointed 7 May 2020) (Resigned 28 September 2020)
David Penrose	(Appointed 5 May 2020) (Resigned 28 September 2020)
Michael Millar	(Resigned 12 May 2020)
Paul Mephan	(Resigned 21 April 2020)
Gillian Bishop	(Appointed 14 April 2020) (Resigned 7 May 2020)

Remuneration of Directors
Directors' remuneration paid during the year ended 31 March 2021 totalled $19,640. There were no other benefits received.

Remuneration of employees
No employees' remuneration exceeded $100,000.

Auditors
Crowe Audit were reappointed as the Company's auditors.

Share Purchases
There were no transactions between the company and the Directors during the year.

Review of the Year:

March onwards 2020
- Covid 19 Lockdown.
- Borders closed and NZ in lockdown.

April 2020
- Paul Mephan stepped down from his CEO and Directors roles.
- Gillian Bishop appointed as a director.

May 2020
- Michael Millar and Gillian Bishop resign as Directors.
- Craig Dennis, David Penrose, and Damien Prendergast appointed as Directors.

July and August 2020
- Recovery of some funds relating to the fraud.

September 2020
- AGM in Nelson.
- John Murray appointed as Director and Damien Prendergast re-appointed.
- Craig Dennis and David Penrose resigned as Directors.

November 2020
- 5 cents gross dividend per share declared – fully imputed.
- Independent review of legal issues undertaken by Duncan Cotterill resulting in Investment Services Limited (ISL) and others put on notice due to irregularities in the historic operation of the company. Draft statement of claim sent to ISL and others for consideration and feedback.

December 2020
- Vero declined to renew the Directors and Officers liability insurance policy.
- Proceedings against ISL and others lodged in the High Court.
- FSS Management Ltd (FSS) incorporated to continue utilising Richard Eberlein as the company property manager due to non-availability of P.I. and D&O insurance cover for the Company. Springs Road owns 14% of FSS.
- Recovery of some funds relating to the fraud.
- Penrose Property Management (PPML) withdrew its offer to manage the Company.

- ISL cancelled the Management Contract on 31 December 2020. Continued with the share registry until 30 June 2021.

January 2021
- FSS Management Ltd utilised to manage the Company. Paul Rosanowski engaged as Project Manager to provide transitional and operational support.

May 2021
- 3 cents gross dividend per share declared – fully imputed.

July 2021
- Syndex take over the registry management from ISL.

August 2021
- Discovery for High Court proceedings to be available for inspection by each party.

For, and on behalf of, the Board

John Murray
Chair

Damien Prendergast
Director

13 AUGUST 2021

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Statement of Profit or Loss and Other Comprehensive Income

Springs Road Property Limited
For the year ended 31 March 2021

	NOTES	2021	2020
Income			
Gross Rental Income	7	715,719	905,980
Operating Income and (Expenses)			
Administrative Expenses	8	(153,633)	(95,709)
Other Operating Expenses	9	(303,616)	(485,521)
Impairment of Non-Current Assets	21	27,650	88,644
Fraudulent Liabilities Written Off	26	-	135,944
Total Operating Income and (Expenses)		**(429,599)**	**(356,642)**
Operating Profit		**286,120**	**549,338**
Financial Income and (Expenses)			
Finance Costs	10	(60,827)	(75,625)
Finance Income	11	457	956
Share of surplus / (loss) of associates, partnerships and joint ventures	11	(855)	-
Total Financial Income and (Expenses)		**(61,225)**	**(74,669)**
Profit Before Other (Expenses)/Income and Tax		**224,894**	**474,668**
Other (Expenses)/Income			
Fair Value Gain on Investment Property	16	300,998	(210,000)
Total Other (Expenses)/Income		**300,998**	**(210,000)**
Profit Before Tax		**525,893**	**264,668**
Income Tax Expense			
Tax Provision	12	(54,366)	(72,885)
Profit for the Year		**471,526**	**191,783**
Total Other Comprehensive Income, Net of Tax		-	-
Total Comprehensive Income for the Year, Net of Tax		**471,526**	**191,783**

	NOTES	2021	2020
Earnings per share			
Basic and diluted earnings per share (cents)	35	16	7

The financial statements should be read in conjunction with the attached Notes to the Financial Statements and Audit Report.

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Statement of Changes in Equity

Springs Road Property Limited
For the year ended 31 March 2021

	NOTES	2021	2020
Equity			
Issued Capital			
Share capital	27	2,890,000	2,890,000
Total Issued Capital		**2,890,000**	**2,890,000**
Retained Earnings			
Opening Balance		1,985,601	2,270,789
Increases			
Profit for the Period		471,526	191,783
Total Increases		**471,526**	**191,783**
Decreases			
Dividends Paid	28	104,072	476,971
Total Decreases		**104,072**	**476,971**
Total Retained Earnings		**2,353,055**	**1,985,601**
Total Equity		**5,243,055**	**4,875,601**

The financial statements should be read in conjunction with the attached Notes to the Financial Statements and Audit Report.

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Statement of Financial Position

Springs Road Property Limited
As at 31 March 2021

	NOTES	31 MAR 2021	31 MAR 2020
Assets			
Current Assets			
Cash and Bank	15	296,601	238,222
Trade and Other Receivables	22	12,943	11,242
GST Receivable	22	1,208	-
Income Tax Receivable	12	15,404	9,833
Other Current Assets	22	3,451	-
Total Current Assets		**329,607**	**259,298**
Non-Current Assets			
Investment Property	16	8,000,000	7,400,000
Investments in Associates	22	13,145	-
Deferred Tax Asset	13	-	16,784
Total Non-Current Assets		**8,013,145**	**7,416,784**
Total Assets		**8,342,752**	**7,676,082**
Liabilities			
Current Liabilities			
Trade and Other Payables	22	110,798	43,529
GST Payable	22	-	7,862
Provisions	25	450,000	210,000
Loans	22	1,925,000	1,937,500
Total Current Liabilities		**2,485,798**	**2,198,891**
Non-Current Liabilities			
Deferred Tax Liability	13	613,898	601,590
Total Non-Current Liabilities		**613,898**	**601,590**
Total Liabilities		**3,099,697**	**2,800,481**
Net Assets		**5,243,055**	**4,875,601**
Equity			
Share Capital	27	2,890,000	2,890,000
Retained Earnings		2,353,055	1,985,601
Total Equity		**5,243,055**	**4,875,601**

The financial statements should be read in conjunction with the attached Notes to the Financial Statements and Audit Report.

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Statement of Cash Flows

Springs Road Property Limited
For the year ended 31 March 2021

	NOTES	2021	2020
Operating Activities			
Receipts from Customers		753,761	908,735
Payments to Suppliers		(441,255)	(572,686)
Interest, Dividend and Investment Income		457	956
Finance Costs		(61,284)	(77,008)
Income Tax Refunded / (Paid)		(30,844)	(9,609)
Net GST Received / (Paid)		(531)	(5,312)
Net Cash Flows from Operating Activities	36	**220,303**	**245,077**
Investing Activities			
Payment for investments		(14,000)	-
Payment for investment properties		(59,002)	-
Net Cash Flows from Investing Activities		**(73,002)**	-
Financing Activities			
Repayment of Long-term Loans		(12,500)	(12,500)
Dividends Paid		(104,072)	(476,971)
DWT Arrears Penalties and Interest Refunded / (Paid)		-	24,675
Fraud Recovery		27,650	88,644
Net Cash Flows from Financing Activities		**(88,922)**	**(376,152)**
Net Cash Flows		**58,380**	**(131,076)**
Cash and Cash Equivalents			
Cash and Cash Equivalents at Beginning of Period		238,222	369,297
Cash and Cash Equivalents at End of Period		296,601	238,222
Net Change in Cash for Period		**58,380**	**(131,076)**

The financial statements should be read in conjunction with the attached Notes to the Financial Statements and Audit Report.

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Notes to the Financial Statements

Springs Road Property Limited
For the year ended 31 March 2021

1. Reporting Entity

These financial statements of Springs Road Property Limited ("the Company") for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 11 August 2021.

Springs Road Property Limited is a Limited Company incorporated and domiciled in New Zealand and registered under the Companies Act 1993, and is engaged in the business of Commercial Investment Property.

2. Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP); the requirements of the Financial Reporting Act 2013, the Companies Act 1993 and the Financial Markets Conduct Act 2013. For the purpose of complying with NZ GAAP, the Company is a for-profit entity. These financial statements comply with New Zealand International Financial Reporting Standards (NZ IFRS).

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain properties that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

Presentation Currency

The financial statements are presented in New Zealand Dollars (NZD), which is the Company's functional currency. All values are rounded to the nearest NZD, except when otherwise indicated.

Reporting Period

The financial statements represent a period of twelve months ending 31 March 2021.

Comparatives

The comparative financial period is twelve months. Comparatives have been reclassified from that reported in the prior year financial statements where appropriate to ensure consistency with the presentation of the current year's position and performance.

3. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are summarised below:

Revenue Recognition

Rental Income

Income arising from operating leases on Investment Properties is recognised on a straight line basis over the life of the lease and included in revenue in the Statement of Profit or Loss. Lease incentives provided in relation to letting the Investment Properties are capitalised to the respective Investment Properties in the Statement of Financial Position and amortised on a straight-line basis over the non-cancellable portion of the lease to which they relate, as a reduction of rental income.

Service Charges Recovered

The tenants also pay the majority of the Company's operating expenses. These are recoveries of expenses incurred by the company in relation to the Investment Properties. The tenants are charged a monthly amount towards these operating costs based on an annual budget, and occupied floor space for each Investment Property. An annual wash-up reconciliation is prepared by the Company and any under or overcharges of actual costs incurred against costs recharged are settled.

Service Charge recoveries are recognised when invoiced, on a monthly basis, which is in line with when the Company meets its performance obligations for the services provided. The service charges recovered are based on what is specified in the tenants leases and the costs on the associated outgoings . The Company does not provide discounts nor is there any finance component in any of the costs so the transaction price is easily determined and allocated on a straight-line basis.

The services charges recovered that the Company identifies as being under the scope of NZ IFRS 15 includes but are not necessarily limited to; Rates, Building WoF, Health and Safety, Insurances, Cleaning, Rubbish and Pest Control, Fire Maintenance, Security, Lifts, Air-Conditioning and Other General Maintenance. This is because the Company deems these to be additional services above the lease of the rental space and so should be considered separately to the lease rental income (Refer to Note 7 for further consideration)

Interest

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Finance costs recorded in the profit or loss comprise the interest expenses charged on borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income Tax

The income tax expense represents the sum of current tax payable and deferred tax movements.

Current Income Taxes

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for the year

Movements in current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Goods and Services Tax

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment Properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of Investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the Property Institute of New Zealand.

The properties are held for both capital appreciation and rental income purposes. Revaluation gains or losses are included in the Statement of Profit or Loss. The Investment properties are not depreciated for accounting purposes however depreciation is claimed for taxation purposes.

Beginning 1 April 2020 IRD increased commercial building depreciation from 0% to 2% diminishing value or 1.5% straight line, any commercial buildings depreciated in prior years are required to now depreciate for tax purposes again. Commercial buildings that have not been depreciated for tax purposes in prior years have the option to be depreciated or not.

7 Springs Road has been depreciated for tax purposes in prior years and is required to be depreciated from 1 April 2020 for tax purposes. from 1 April 2020 the property has been depreciated at 2% diminishing value.

The following tax depreciation rates have been used for the Investment Property.

Category	Tax Depreciation Method	Tax Depreciation Rate
7 Springs Road - Buildings	Diminishing Value	2% (2020: 0%)
7 Springs Road - Plant & Equipment	Diminishing Value	8% - 64%

Investment properties are derecognised either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of Investment Property is determined in accordance with the requirements for determining the transaction price in NZ IFRS 15.

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Financial Instruments

Financial Assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

The Company's accounting policy for each category is as follows:

Fair value through profit or loss

They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income. The Company does not have any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within bad debts in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other financial assets at amortised cost are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise trade and other receivables, accrued fraud recovery and cash and cash equivalents in the Statement of Financial Position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the Statement of Cash Flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the Statement of Financial Position.

Fair value through other comprehensive income

They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

The Company does not have any financial assets as being at fair value through other comprehensive income.

Financial Liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Company's accounting policy for each category is as follows:

Fair value through profit or loss

They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

The Company does not have any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

De-Recognition of Financial Instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Company transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to the provision is recognised in the profit or loss net of any reimbursement.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Impairment of Non-Financial assets

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If any such indication exists for an asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognised whenever the carrying amount of an asset exceeds is recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the reported profit or loss.

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

An impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. An impairment loss on property carried at fair value is reversed through the relevant reserve. All other impairment losses are reversed through profit or loss.

Any reversal of impairments previously recognised is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Share Capital

Share capital represents the consideration received for shares that have been issued. All transaction costs associated with the issuing of shares are recognised as a reduction in equity, net of any related income tax benefits.

Dividend Distribution

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

Fair Value Measurement

A number of the Company's accounting policies and disclosures require measurement at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique adopted as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs), or where there are significant adjustments to market data.

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Current Assets and Liabilities

Current assets and liabilities are stated at estimated realisable value.

4. Adoption of New and Revised Reporting Standards and Changes in Accounting Policies

Financial Reporting Standards Effective in the Reporting Period

There were a number of new standards and amendments to existing standards that came into effect in the current financial year. The details of the standards and their assessed impact on the Company are as follows:

- *NZ IAS 1 Presentation of Financial Statements* is effective 1 January 2020, applicable to the Company from 1 April 2020. Management have assessed NZ IAS 1 and have found that it had minimal impact on the financial reporting.
- *NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* s effective 1 January 2020, applicable to the Company from 1 April 2020. Management have assessed NZ IAS 8 and have found that it had minimal impact on the financial reporting.

Various other new and amended standards and interpretations have become effective, however these are not listed as they are not considered to have any impact on the Company.

There has been no impact on earnings per share as a result of the change in accounting policies.

New NZ IFRS Standards and Interpretations Issued But Not Yet Adopted

Accounting standards and interpretations, considered relevant to the operation of the Company, that have not been applied during the reporting year, or have been issued but are not yet effective as at the date of issuance of these Financial Statements are outlined below. If applicable, the Company intends to adopt these when they become effective.

There are no new and amended standards and interpretations issued but not yet adopted that management have considered will have any impact on the Company.

5. Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with NZ IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgments, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgments in applying the accounting policies of the Company that have a significant effect on the financial statements:

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Board of Directors have determined the appropriate valuation techniques and inputs for fair value measurements. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in later notes.

Impairment

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances.

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax losses or credits. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

Provisions

A provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Further detail around the estimates and judgements relating to the provision are detailed at Note 25.

6. Significant Events

Misappropriated Funds

During the year ended 31 March 2019, a fraud against the company was uncovered.

Once knowledge of the fraud become known, the Directors of Investment Services Limited engaged PwC Forensic Services to investigate and report to the Company. The scope of the review undertaken by PwC was subject to a number of assumptions and limitations including the date to which historical bank information was available, and therefore only covered the period from 8 September 2008 to September 2018.

The misappropriated funds relate to money owing to the IRD for Dividend Withholding Tax (DWT) as well as other amounts owed for Lease Incentives, Management Fee/Opex Washups, Unclaimed Distributions, and Other Payments.

During the years ending 31 March 2019 and 31 March 2020 the Company paid the full $142,032 core tax debt owing to IRD. All penalties and interest charges paid on the money owed were remitted by IRD and refunded to the Company in the 2019 year.

In the 2020 year it was resolved by the Board to write off the remaining balance owed to other parties of $135,944,as it was determined that these amounts were unlikely to be paid as the legitimacy of the transactions were not able to be confirmed.

High Court Proceedings

In December 2020 proceedings were issued in the High Court (Nelson registry)against Michael Millar, Investment Services Limited and Paul Mephan. The proceedings are at a preliminary stage. The claims relate to the fraud and undisclosed payments made to Investment Services Limited. The claims alleged against Michael Millar and Paul Mephan are for breaches of their director's and fiduciary duties and are alleged against Investment Services Limited for fraud, in negligence and for breach of contract.

The total value of the claims is in excess of $650,000. It is likely that the claims will be amended following the exchange of documentation.

The defendants have filed statements of defense denying the claims. In addition, Investment Services Limited has counterclaimed for losses suffered because of the Company's alleged repudiation of the management agreement totaling $41,117 plus interest and costs. A defence to that counterclaim has been filed denying any repudiation.

There has been initial disclosure of the documentation relied on for the preparation of the claims and defenses. The lawyers representing the defendants have agreed that given the factual and legal commonality of the proceedings also issued by First NZ Properties Limited and Superstore Properties Limited at the same time that they should be consolidated and dealt with together. It has also been agreed that the discovery of documentation process, and the inspection of documents will be completed by 1 October 2021. The High Court will review the case on 12 October 2021.

The Company has engaged Duncan Cotterill for legal support and Beattie Varley as independent expert accountants to review the claims and the quantum of those claims.

The litigation is ongoing and will continue into the next financial year.

7. Revenue

Revenue is accounted for in accordance with *IFRS 15 Revenue from Contracts with Customers* where appropriate.
Revenue is recognised when or as control of promised services is transferred to the particular customer with an amount that reflects the consideration that the entity expects to be entitled to in exchange for those services.

	NOTES	2021	2020
Revenue			
Gross Rental Income			
Rental from Investment Properties		494,940	609,564
Service Charge Income Recovered from Tenants (NZ IFRS 15 Revenue from Contracts for Customers)		220,612	294,551
Movement in Impairment Loss		167	1,864
Total Gross Rental Income		**715,719**	**905,980**
Total Revenue		**715,719**	**905,980**

Descriptions of the principal activities the Company generates revenue from are as follows:

- The Company provides additional services to the tenants of the Company's Investment Property. The Company reports the revenue from these additional services in the Gross Rental Income line in the Statement of Profit or Loss and Other Comprehensive Income.
- Additional services involve the management of the Company's Investment Property leased to tenants. The contracts associated for these additional services are structured so the Company is reimbursed for subcontracted vendor costs as well as associated overhead and management fee expenses (service charge income recoveries). Additional services represent a series of distinct services rendered over time to deliver the overall performance obligation of managing the tenancy and property for each tenant.
- The amount of revenue recognised is gross for all additional services – an offsetting amount is recorded under other operating expenses.
- The payment for these additional services are reimbursements of cost of third-party services delivered to tenants that are controlled by the Company, therefore the Company is considered to be Principal for those services.
- Where the Company does not control third-party services delivered to tenant the Company is considered to be agent and therefore offsets the revenue and expense against each other for those services.

	NOTES	2021	2020
8. Administrative Expenses			
Accounting and Registry		13,995	15,474
Audit Fees		25,516	16,350
Management Fees		35,716	37,327
Legal Expenses		54,297	15,343
Insurance		2,912	4,236
Valuation		-	3,750
General Expenses		1,556	3,228
Directors' Fees	30	19,641	-
Total Administrative Expenses		**153,633**	**95,709**

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	NOTES	2021	2020
9. Other Operating Expenses			
Total Operating Expenses			
Cooling Tower Replacement		-	111,902
Light Fixture Refit		-	41,790
Property Repairs & Maintenance		189,106	208,676
Insurance		34,564	30,484
Leasing Costs		6,750	-
Property Management Fee		30,521	40,975
Rates		41,335	50,707
Insurance Valuations		1,340	990
Total Total Operating Expenses		**303,616**	**485,523**
Total Other Operating Expenses		**303,616**	**485,523**

	NOTES	2021	2020
10. Finance Costs			
Interest on Loans		60,827	75,625
Total Finance Costs		**60,827**	**75,625**

	NOTES	2021	2020
11. Investment Income			
Finance Income			
Dividends Received		411	537
Interest Received		45	419
Total Finance Income		**457**	**956**
Share of surplus of associates, partnerships and joint ventures			
Investment Income - FSS Management Ltd		(855)	-
Total Share of surplus of associates, partnerships and joint ventures		**(855)**	**-**
Total Investment Income		**(399)**	**956**

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12. Income Tax

1. Components of income tax expense
2. Income tax expense calculation
3. Income tax payable / (receivable) reconciliation

	NOTES	2021	2020
Components of Income Tax Expense			
Current Taxation		25,124	-
Deferred Taxation		29,243	72,885
Total Income Tax Expense		**54,366**	**72,885**

	NOTES	2021	2020
Income Tax Expense			
Income Tax Expense			
Current Tax		25,124	-
Deferred Tax		29,243	72,885
Total Income Tax Expense		**54,366**	**72,885**
Reported Income			
Profit Before Tax from Continuing Operations		225,750	474,668
Profit Before Tax from Discontinued Operations		-	-
Total Reported Income		**225,750**	**474,668**
Less: Non-assessable income			
Non-taxable income		(855)	-
Total Less: Non-assessable income		**(855)**	-
Taxable Profit / (Loss)		224,894	474,668
At Effective Income Tax Rate of 28%		62,970	132,907
Increase/(Decrease) in Income Tax Due to:			
Rental Rebates to be Amortised Over Remaining Lease Periods		(863)	-
Non-Deductible Expenses		-	2,863
Impairment of Accrued Fraud Recovery		(7,742)	(24,820)
Write off of Funds Owing to Parties as a Result of Fraud		-	(38,064)
Total Increase/(Decrease) in Income Tax Due to:		**(8,605)**	**(60,022)**
Tax Expense		54,366	72,885
Reported as			
Income Tax Reported in Profit or Loss		54,366	72,885
Income Tax Attributable to Discontinued Operations		-	-
Income Tax Expense / (Income)		54,366	72,885

	NOTES	2021	2020

Income Tax Payable / (Receivable)

Income Tax Payable / (Receivable)			
Opening Balance		(9,833)	(371)
Tax Expense		54,366	72,885
Deferred Tax Movement		(12,308)	(3,522)
Losses Brought Forward		(16,935)	(69,363)
Tax Paid			
Imputation Credits Received		108	(4)
Provisional Tax Paid		(40,409)	(9,599)
RWT Paid		(102)	(110)
Tax Refunds Received		9,709	250
Total Tax Paid		**(30,694)**	**(9,463)**
Total Income Tax Payable / (Receivable)		**(15,404)**	**(9,833)**

	NOTES	2021	2020

13. Deferred Tax Assets & Liabilities

Deferred Tax Assets			
Opening Balance		16,784	86,001
Future benefit of tax losses		(16,784)	(69,217)
Total Deferred Tax Assets		**-**	**16,784**
Deferred Tax Liabilities			
Opening Balance		601,590	598,068
Deferred tax		12,308	3,522
Total Deferred Tax Liabilities		**613,898**	**601,590**

	NOTES	2021	2020

Deferred Tax Arises From

Tax Asset Base			
Income Tax Losses Carried Forward		-	59,944
Total Tax Asset Base		**-**	**59,944**
Deferred Tax @ 28%		-	16,784
Tax Liability Base			
Incremental Depreciation for Tax Purposes		2,192,494	2,148,536
Total Tax Liability Base		**2,192,494**	**2,148,536**
Deferred Tax @ 28%		613,898	601,590

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	NOTES	2021	2020

14. Imputation Credit Account

		2021	2020
Imputation Credit Account			
Opening Balance		9,833	371
Increases			
Income Tax Paid		40,409	9,599
Resident Withholding Tax Paid		102	110
Imputation Credits on Dividends Received		42	150
Total Increases		**40,553**	**9,859**
Decreases			
Imputation Credits Attached to Dividends		38,151	-
Income Tax Refund		9,709	250
Imputation Credits Converted to a Loss		150	146
Total Decreases		**48,010**	**397**
Closing Balance		**2,376**	**9,833**

	NOTES	2021	2020

15. Bank and Cash Balances

		2021	2020
Cash at Bank		296,601	238,222
Total Bank and Cash Balances		**296,601**	**238,222**

	NOTES	2021	2020

16. Investment Property

		2021	2020
Investment Property			
Opening Balance		7,400,000	7,400,000
Additions		59,002	-
Net Change in Fair Value		300,998	(210,000)
Provision for Earthquake Strengthening		240,000	210,000
Closing Balance		**8,000,000**	**7,400,000**

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17. Lease Agreement Terms

Counties Manukau District Health Board

Levels 2 & 3.
- Three year lease term expiring 5 April 2024
- One, three year Right of Renewal remaining
- Fixed 3% annually on anniversary of date of commencement

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Part Ground floor
- Initial four year term extended from 7th August 2021 to 31 December 2021
- Two, three year Rights of Renewal remaining through to 31 December 2027
- Two yearly rent reviews.

Cafe Concepts

Rear Annex
- Seven year lease expiring 1 February 2022
- Two Rights of Renewal remaining one of seven years, one of five years

Kingslea School

Ground Floor North
- One year lease term expiring 30 November 2021
- One, one year Right of Renewal remaining
- Rent review based on market rental as at 1 January 2022 if renewed

18. Minimum Lease Income

The Company has entered into commercial property leases on its Investment Property portfolio. These non-cancellable leases have remaining lease terms as noted above. All leases include a clause to enable upward revision of the rental charge on various review dates based on prevailing market conditions.

Future minimum net rentals receivable, after incentive rebates, under non-cancellable leases at the balance sheet date areas follows:

	NOTES	2021	2020
Minimum Lease Income			
Less than 1 year		119,227	479,735
2 to 5 years		-	86,749
5+ years		-	-
Total Minimum Lease Income		**119,227**	**566,485**

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19. Valuations

Investment Property comprises a premises situated at Springs Road, East Tamaki. The property is currently leased under the terms and to the tenants disclosed in Note 17.

The Investment Property is measured at fair value and was valued as at 31 March 2021 by external, independent property valuers, having appropriately recognised professional qualifications and recent experience in the location and categories of the properties being valued.

The latest revaluation of the Investment property is summarised as follows:

Purpose	Financial reporting
Amount of valuation	$8,000,000 (2020: $7,400,000)
Valuer	Colliers International
Basis of valuation	The determination of the values stated were market value subject to existing tenancies and occupational arrangements.
Assessment approach	Discounted cash flow Capitalisation approach
Vacancy rate	Nil (2020: Nil)
Weighted average lease term	1.74 years (2020: .78 years)
Rental value per square metre	$2,003 (2020: $1,853)
Capitalisation rate	7.75% (2020: 8.25%)
Discount rate	8.00% (2020: 8.50%)
Terminal yield	8.00% (2020: 8.625%)
Net market rent	$673,936 (2020: $720,985)
Net passing rent	$531,077 (2020: $732,546)

The valuation reflects the quality of tenants in occupation, the allocation of maintenance and insurance responsibilities between the Company and the tenant and the remaining economic life of the properties. The valuation also assumes on expiry of the current lease terms the company will be able to re-tenant the properties at or above market rates. The valuation acknowledges that the seismic rating of the property is below 67% NBS and takes into account capital expenditure of $200,000 as part of the DCF model of valuation.

The valuation assumes that there will be no future Covid lockdowns and rental rebates.

The fair value measurement for the Investment Property has been categorised as a Level 3 fair value (refer to Note 3) based on the inputs to the valuation technique used being based on unobservable inputs.

The following table outlines the valuation techniques measuring fair value of the Investment Properties, as well as the unobservable inputs used and the interrelationship between the key unobservable inputs and fair value measurement.

Valuation technique	Unobservable inputs	The estimated fair value would increase/(decrease) if
Discounted cash flow approach The discounted cash flow method adopts a 10 year investment horizon and makes appropriate allowances for rental growth and leasing costs on lease expiries, with an estimated terminal value at the end of the investment period. The present value is a reflection of market based income (inflows) and expenditure (outflows) projections over the 10 year period discounted at a market analysed return.	Discount rate of 8%	Discount rate was lower/(higher) by 0.25%, the valuation would decrease / (increase) by $148,000
	Terminal yield of 8% at the end of the 10-year period	The yield was lower/(higher) by 0.25%, the valuation would decrease / (increase) by $164,000
	Assessed market rental of $673,936	The assessed market rental was higher/(lower) by 1%, the valuations would increase / (decrease) by $90,000
Capitalisation approach This approach is considered a "point in time" view of the Investment Properties' value, based on the current contract and market income and an appropriate market yield or return for the properties. Capital adjustments are then made to the value to reflect under or over renting, pending capital expenditure and upcoming expires, including allowances for lessee incentives and leasing costs.	Net rental income has been capitalised in perpetuity at a capitalisation rate of 7.75%	Capitalisation rate in perpetuity was lower/(higher) by 0.25%, the valuation would decrease / (increase) by $284,000
	Assessed market rental of $531,077	The assessed market rental was higher/(lower) by 1%, the valuations would increase / (decrease) by $91,000

In deriving the market value under each approach, all assumptions are based, where possible, on market based evidence and transactions for properties with similar locations, construction detail and quality of lease covenant. The adopted market value is a judgmental combination of both the Capitalisation and the Discounted Cash Flow approaches.

	NOTES	2021	2020
20. Other Non-Current Assets			
Accrued Fraud Recovery		161,682	189,332
Less: Provision For Impairment of Accrued Fraud Recovery	21	(161,682)	(189,332)
Accrued Fraud Recovery - Net		-	-

During the 2019 year it was discovered that funds had been misappropriated in prior years totaling $277,976. The misappropriated funds relate to money owed to the IRD for Dividend Withholding Tax (DWT) as well as other amounts owed for Lease Incentives, Management Fee/Opex Washups, Unclaimed Distributions, and Other Payments.

The Company is seeking to recover the funds mentioned above which were misappropriated in prior years with some success in the 2021 year with $27,649.85 (2020: $88,644) recovered . The Company is pursing multiple avenues to recover the remaining funds, however the outcome of these is currently unknown. At this time a provision for the recovery has been created amounting to the remaining amount owed of core funds misappropriated.

The expected credit loss has been recalculated on the accrued fraud recovery as at 31 March 2021 to recognise the funds recovered. The remaining balance has been calculated with a 100% expected credit loss rate, due to the current uncertainty of any further recovery. This impairment will be reviewed each year to reflect the current recovery likely to be received.

21. Impairment Allowance

Movements in the impairment allowance for accrued fraud recovery for the year ended 31 March 2021 are as follows:

	NOTES	2021	2020
Opening Impairment Allowance of Accrued Fraud Recovery			
At 1 April under IFRS 9		189,332	277,976
Restated Through Opening Retained Earnings		-	-
Opening Impairment Allowance of Accrued Fraud Recovery		**189,332**	**277,976**
Impairment Loss during the year			
Increase / (Decrease) during the year	20	(27,650)	(88,644)
Impairment Loss during the year		**(27,650)**	**(88,644)**
At 31 March		161,682	189,332

22. Summary of Financial instruments

	NOTES	2021	2020
Financial Assets at amortised cost			
Current			
Bank & Cash		296,601	238,222
Trade and Other Receivables		12,943	11,242
GST Receivable		1,208	-
Rental Rebates (Current)		3,451	-
Total Current		**314,204**	**249,464**
Non-current			
Investment in associates			
FSS Management Limited		13,145	-
Total Investment in associates		**13,145**	-
Total Non-current		**13,145**	-
Total Financial Assets at amortised cost		**327,349**	**249,464**
Financial Liabilities at amortised cost			
Current			
Trade and Other Payables		110,798	43,529
GST Payable		-	7,862
Total Current		**110,798**	**51,391**
Interest-bearing Loans & Borrowings			
Current Interest-bearing Loans & Borrowings		1,925,000	1,937,500
Total Interest-bearing Loans & Borrowings		**1,925,000**	**1,937,500**
Total Financial Liabilities at amortised cost		**2,035,798**	**1,988,891**

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Security Held for Loans

The facility has been renewed with a new termination date of 29 February 2024 with a floating interest rate. 33 monthly repayments of interest only will be made following the renewal of the loan dated 20 May 2021, each amounting to the total of all daily interest charges for the relevant monthly period. The daily interest charge is calculated on the closing balance of the loan account each day at the applicable interest rate based on a 365 day year.

One final payment of the closing balance of the loan will be made on the last day of the term of the loan plus interest on all daily balances from the date on which interest was last debited through to the date of this payment, calculated at the applicable interest rate based on a 365 day year.

The loan is secured by a first ranking mortgage over 7 Springs Road, East Tamaki, Auckland plus a first ranking General Security Agreement over all present and after acquired property.

	NOTES	2021	2020
23. Trade and Other Receivables			
Trade Receivables		9,119	9,131
Less: Provision for Impairment of Trade Receivables	24	-	(192)
Total Trade and Other Receivables		**9,119**	**8,939**

	Current	Total
Expected Loss Rate (%)	0%	
Gross Carrying Amount	9,119	9,119
Loss Provision	0	0

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24. Impairment Allowance - Trade Receivables

Movements in the impairment allowance for accrued fraud recovery for the year ended 31 March 2021 are as follows:

	NOTES	2021	2020
Opening Provision for Impairment of Trade Receivables			
At 1 April under IFRS 9		192	2,336
Restated Through Opening Retained Earnings		-	-
Opening Provision for Impairment of Trade Receivables		**192**	**2,336**
Impairment Loss during the year			
Impairment Loss Recognised in Profit or Loss	23	-	192
Impairment Loss Reversed in Profit or Loss	23	(192)	(2,336)
Receivable Written Off During the Year as Uncollectible		-	-
Impairment Loss during the year		**(192)**	**(2,144)**
At 31 March		-	192

	NOTES	2021	2020
25. Provision for Earthquake Strengthening			
Opening		210,000	-
Provisions Made		240,000	210,000
Closing		**450,000**	**210,000**

During the 2020 year the Directors had a preliminary seismic evaluation report completed on the property at 7 Springs Road, East Tamaki, Auckland. The preliminary seismic evaluation report indicates that the majority of the property is in good condition, with some areas of weakness in joints.

In consultation with the appointed engineering company, the directors then sought a quotation to repair these joints, which is $189,029.50 plus GST, in addition an allowance has been made for design and a building Consent of an additional $20,000 plus GST. The application for the Building Consent has been lodged with the Auckland City Council and the directors expect this to be issued soon with work to commence immediately. The repair work is likely to take a few months with an expectation that it would be completed in early 2022. On completion of the identified works a final Seismic report will be issued and will be higher than 67% of NBS.

There has been additional work identified in the 2021 by the Auckland City Council. The work has been made part of the current process to bring the building higher than 67% of NBS. The Building Consent Approval from Auckland Council requires that the Fire Escape and Accessibility compliance of the building be updated to modern standards. The requirements are somewhat above the standards that applied when the building was constructed back in the 1980's. The Fire Escape requirements are primarily covered by improvements to escape lighting. These have been costed at around $85,000. The Accessibility requirements are more extensive requiring some minor improvements to wheelchair accesses, lighting, and surface materials throughout the building. The staircases will require handrail improvements and infilling of open treads, but the majority of the cost will be in the upgrading of the toilet facilities on each of the four floors, altering their layout to an extent that will require full refits.

Together with minor inflation of the original works resulting from greater detailing, the Directors now anticipate that the improvements are likely to cost around $450,000.

A provision for this work has been recognised in the current financial year with the expected expenditure capitalised against the property at 7 Springs Road, East Tamaki.

	NOTES	2021	2020

26. Other Liabilities

	NOTES	2021	2020
Funds Owing to Other Parties as a Result of Fraud		-	-
Total Other Liabilities		-	-

Reconcilation of Funds Owing to Parties as a Result of Fraud

	NOTES	2021	2020
Opening Balance		-	135,944
Funds Recognised as Owing to Parties as a Result of Fraud		-	-
Repayments Made		-	-
Amounts Written Off		-	(135,944)
Closing Balance		-	-

During the 2019 year it was discovered that funds had been misappropriated in prior years totaling $277,976. The misappropriated funds relate to money owing to the IRD for Dividend Withholding Tax (DWT) as well as other amounts owed for Lease Incentives, Management Fee/Opex Washups, Unclaimed Distributions, and Other Payments.

The liability put in place consisted of the following:

- Core DWT owing to Inland Revenue of $142,032. During the 2019 year full amount owed was repaid to Inland Revenue.
- Amounts owed to other parties for Lease Incentives, Management Fee/Opex Wash-ups, Unclaimed Distributions and Other Payments Totaling $135,944. During the 2020 year the board approved the write off of this portion of the liability due to the nature of the amounts included (being a result of fraud) and the reasonable expectation that these amounts would not be paid.

27. Issued Capital

	NOTES	2021	2020
2,890,000 Ordinary Shares		2,890,000	2,890,000

At 31 March 2021 the total number of shares authorised, issued and fully paid comprised 2,890,000 ordinary shares of $1 each (2020: 2,890,000 shares authorised, issued and fully paid to $1 each) rating equally for dividends and other distributions.

The total number of authorised shares at balance date was 2,890,000 (prior year 2,890,000) of $1 each. At balance date all authorised shares were issued and fully paid.

28. Dividends Paid

	NOTES	2021	2020
Cash Dividends Declared and Paid During the Year			
Interim Dividend for Current Year		104,072	216,817
Final Dividend for Prior Year		-	260,154
Total Cash Dividends Declared and Paid During the Year		**104,072**	**476,971**
Dividend Per Share (cents)		4	17

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29. Financial Instrument Risks

This note deals with exposures to interest rate, credit and liquidity risks arising in the normal course of the Company's business as follows:

Interest rate risk

Interest rate risk is that movements in interest rates will affect the Company's performance. The Company has interest rate risk through its bank loans. Loans are subject to floating interest rates. The Company continually reviews these rates and may use interest rate derivates to manage this risk.

Credit risk

The Company in the normal course of business has credit risk from accounts receivable mainly for rent and bank balances. The Company manages bank balance credit risk through transacting only with major trading banks. The Company manages accounts receivable credit risk through accepting only reputable tenants and performing credit assessments prior to accepting the tenancy. At balance date there were no significant concentrations of credit risk.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position. The fair value of each financial asset is the same as the carrying value.

Liquidity risk

If the Company were put in the position of having to repay its bank loan at short notice it would first enter into negotiations with its bank to renegotiate terms failing which the company would look to sell its Investment Property. However, this is unlikely to make funds available immediately. Cash flow is managed to ensure that all creditors are met as and when they fall due.

Contractual Cash Flows (Principle and Interest)

2021	Statement of Financial Postion	Total	<1 Year	1 - 2 Years	2-5 Years	>5 Years
Trade and Other Payables	110,798	110,798	110,798	-	-	-
Interest bearing Liabilities	1,925,000	1,955,228	1,955,228	-	-	-
Total Financial Liabilities	2,035,798	2,066,026	2,066,026	-	-	-

Market risk

Market risk arises from the price risk from the Company's Investment Property. Investment Property that is not fully occupied, or that has not been appropriately positioned in the market will expose the Company to fair value risk and price risk. The Company looks to maintain a strategic refurbishment and leasing plan that is reasonable and achievable through the utilisation of specialist property management experience to ensure re-positioning opportunities that increase rental income across the Company are explored. The Company's properties are assessed at least once a year against several criteria to determine whether property should be sold or remain in the Company.

Apart from the risks detailed above, the Company has no other risks which require disclosure. No collateral is required in respect of financial assets.

Capital Disclosures

The Company monitors "adjusted capital" which comprises all components of equity (i.e. share capital, retained earnings).

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the debt to adjusted capital ratio. This ratio is calculated as net debt adjusted capital as defined above. Net debt is calculated as total debt (as shown in the Statement of Financial Position) less cash and cash equivalents.

The debt-to-adjusted-capital ratios at 31 March 2021 and at 31 March 2020 were as follows:

	NOTES	2021	2020
Debt to Adjusted Capital Ratio			
Loans and Borrowings		1,925,000	1,937,500
Less: Cash and Cash Equivalents		(296,601)	(238,222)
Net Debt		1,628,399	1,699,278
Total Equity		5,243,055	4,875,601
Total Adjusted Capital		5,243,055	4,875,601
Debt to Adjusted Capital Ratio (%)		31	35

30. Related Parties

Investment Services Limited provided management services to the Company until 31 December 2020. All transactions conducted by the Company with Investment Services Limited are related party transactions as Michael Millar is a director of Investment Services Limited. The Company paid Investment Services Limited $48,799.88 (2020: $59,947) being $27,749.97 for Management Fees, $1,720 for Accountancy Fees, $16,964.91 for Property Management Fees and $2,365 for Registry Fees during the year. At balance date the Company owed Investment Services Limited $741.75.Investment Services Limited is a current shareholder. No additional shares were purchased during the year and dividends were received as per all other shareholders.

Michael Millar is a director of Investment Services Ltd and was a director of Springs Road Property Ltd (resigned 12 May 2021). He is a current shareholder. No additional shares were purchased during the year and dividends were received as per all other shareholders.

Gillian Bishop was a director of Springs Road Properties Limited (appointed 14 April 2020 and resigned 7 May 2020). She is not a shareholder of the Company.

Corvus Consulting Limited provided accounting and registry services to the Company until 30 April 2020. All transactions conducted by the Company with Corvus Consulting Limited are related party transactions as Paul Mephan is a director of Corvus Consulting Limited. The Company paid Corvus Consulting Limited $430 (2020: $10,320) in accounting and registry fees during the year.

Paul Mephan was a director of Springs Road Property Ltd and ceased being so on 21 April 2020, he was also the Manager of Investment Services Ltd and ceased being so in April 2020. He is not a shareholder of the Company.

FSS Management Ltd (FSS) provides Management Services to the Company from 1 January 2021. All transactions conducted by the Company with FSS are related party transactions as the Company is a shareholder of FSS. The Company paid FSS $7,966 in management fees for the year, the Company also advanced $14,000 to FSS for start-up capital and as an associate of the Company the net income of FSS has been recognised as investment income by the Company in proportion to the Company's shareholding in FSS.

Gravtec Limited provided property management services to the Company. All transactions conducted by the Company with Gravtec Limited are related party transactions as Richard Eberlein is a director of Gravtec Limited. The Company paid Gravtec Limited $13,556 (2020: $17,380) in property management fees during this period.

Richard Eberlein is a shareholder of Springs Road Property Ltd and is an employee (Property Manager) of FSS from 15 December 2020. FSS paid wages to Richard Eberlein for the period to 31 March 2021. He is a current shareholder. No additional shares were purchased during the year and dividends were received as per all shareholders.

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John Murray (Empowered Business Solutions) is an independent director of the Company, appointed on 28 September 2020. He is not a shareholder of the Company. He is paid directors fees of $13,965 for the period. At balance date the Company owed John $603.75.All transactions between the Company and John are related party transactions. The Company entered into a deed of indemnity with John under which the Company gives certain indemnities in favour of John. As the Company was unable to obtain a renewal of its Directors' and Officers' liability insurance, it (or its wholly owned subsidiaries) provided a guarantee of the Company's obligations under the deed of indemnity in favour of John and that was supported by an unregistered second ranking mortgage in favour of John. The Company and John entered into a deed of postponement with ANZ Bank New Zealand Limited (ANZ) under which ANZ consented to the granting of the second ranking mortgage in return for John agreeing to postpone certain rights as mortgagee. John is also a director of FSS, which is partially owned by the Company. The Company and FSS entered into a management agreement under which FSS provides certain management services to the Company. The Company and FSS are also parties to a shareholders' agreement in respect of FSS.

Damien Prendergast is a director of the Company appointed 7 May 2020 and was re-appointed on 28 September 2020. All transactions conducted by the Company with Damien Prendergast are related party transactions. The Company paid Damien Prendergast directors fees of $3,850 during the year. At balance date the Company owed Damien $1,750. He is a current shareholder through his company A&J Enterprises (2006) Ltd, no additional shares were purchased during the year and received dividends as per all shareholders. The Company entered into a deed of indemnity with Damien under which the Company gives certain indemnities in favour of Damien. As the Company was unable to obtain a renewal of its Directors' and Officers' liability insurance, it (or its wholly owned subsidiaries) provided a guarantee of the Company's obligations under the deed of indemnity in favour of Damien and that was supported by an unregistered second ranking mortgage in favour of Damien. The Company and Damien entered into a deed of postponement with ANZ Bank New Zealand Limited (ANZ) under which ANZ consented to the granting of the second ranking mortgage in return for Damien agreeing to postpone certain rights as mortgagee. Damien is also a director of FSS, which is partially owned by the Company. The Company and FSS entered into a management agreement under which FSS provides certain management services to the Company. The Company and FSS are also parties to a shareholders' agreement in respect of FSS.

Craig Dennis was a director of the Company from 7 May 2020 until 28 September 2020. All transactions conducted by the Company with Craig Dennis are related party transactions. The Company paid Craig Dennis directors fees of $1,825.55 during the year. The Company entered into a deed of indemnity with Craig under which the Company gives certain indemnities in favour of Craig. As the Company was unable to obtain a renewal of its Directors' and Officers' liability insurance, it (or its wholly owned subsidiaries) provided a guarantee of the Company's obligations under the deed of indemnity in favour of Craig and that was supported by an unregistered second ranking mortgage in favour of Craig. The Company and Craig entered into a deed of postponement with ANZ Bank New Zealand Limited (ANZ) under which ANZ consented to the granting of the second ranking mortgage in return for Craig agreeing to postpone certain rights as mortgagee.

Paul Rosanowski is an employee of FSS (Project Manager). FSS paid wages to Paul Rosanowski for the period to 31 March 2021. All transactions conducted by the Company with Paul Rosanowski are related party transactions. He is not a shareholder of the Company.

Kathryn Brownlie is an employee of Investment Services Ltd and FSS. FSS paid wages to Kathryn Brownlie for the period to 31 March 2021. All transactions conducted by the Company with Kathryn Brownlie are related party transactions. She is a current shareholder. No additional shares were purchased during the year and dividends were received as per all shareholders.

David Penrose was a director of Springs Road Property Ltd and CEO of Investment Services Ltd. He resigned as a director on 28 September 2020 and stood down as CEO of Investment Services Ltd on 15 December 2020. All transactions conducted by the Company with David Penrose are related party transactions. He is a director of Penrose Property Management Ltd who were contracted to Investment Services Ltd to manage the operations of The Company. There were no financial benefits during the year. He is a current shareholder via his wife Tracey Penrose's holdings. They did not purchase any additional shares during the year and dividends were received as per all shareholders.

At balance date the following investments, both direct and indirect, were held by the Directors and the Managers:

Michael Millar (resigned 12 May2020)	20,000 Shares
Damien Prendergast (appointed 7May 2020)	522,800 Shares
Richard Eberlein	35,000 Shares
Kathryn Brownlie	20,000 Shares
Investment Services Limited	65,000 Shares
Tracey Penrose	15,000 Shares

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31. Investment in Associate - FSS Management Limited

The Company has a 14% interest in FSS Management Limited, which is involved in the business management of commercial property investment companies. FSS Management Limited is a private entity that is not listed on any public exchange. The Company's interest in FSS Management Limited is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised financial information of the Company's investment in FSS Management Limited:

	NOTES	2021	2020
Summarised Financial Information (Statement of Financial Position) - FSS Management Limited			
Statement of Financial Position			
Current Assets		107,244	-
Non-Current Assets		6,484	-
Current Liabilities		(19,836)	-
Non-Current Liabilities		-	-
Equity		**93,892**	-
Company's Carrying Amount of Investment			
Company's Share in Equity - 14%		13,145	-
Goodwill		-	-
Company's Carrying Amount of Investment		**13,145**	-

	NOTES	2021	2020
Summarised Financial Information (Statement of Profit or Loss) - FSS Management Limited			
Statement of Profit or Loss			
Revenue From Contracts With Customers		61,312	-
Operational Costs		(39,805)	-
Administrative Expenses		(27,615)	-
Profit / (Loss) Before Tax		**(6,108)**	-
Profit / (Loss) for the Year (Continuing Operations)		**(6,108)**	-
Total Comprehensive Income for the Year (Continuing Operations)		**(6,108)**	-
Company's Share of Profit / (Loss) for the Year		**(855)**	-

The associate had non contingent liabilities or capital commitments as at 31 March 2021.

32. Contingent Assets and Contingent Liabilities

The Company entered into a deed of indemnity with John Murray, Damien Prendergast & Craig Dennis under which the Company gives certain indemnities in favour of John, Damien & Craig. As the Company was unable to obtain a renewal of its Directors' and Officers' liability insurance, it (or its wholly owned subsidiaries) provided a guarantee of the Company's obligations under the deed of indemnity in favour of John, Damien & Craig and that was supported by an unregistered second ranking mortgage in favour of John, Damien & Craig. The Company, John, Damien & Craig entered into a deed of postponement with ANZ Bank New Zealand Limited (ANZ) under which ANZ consented to the granting of the second ranking mortgage in return for John, Damien & Craig agreeing to postpone certain rights as mortgagee.

33. Capital Commitments

As at 31 March 2021, the Company had the following major capital commitments:

$450,000 (Last Year: $210,000) in total for seismic strengthening work to be undertaken in the next financial year.

34. Subsequent Events

The Directors resolved in April 2021 to declare a gross dividend to shareholders of 3 cents per share.

35. Earnings Per Share

	NOTES	2021	2020
Reconciliation of those amounts used as the numerator to profit or loss			
Profit for the year and earnings used in basic and diluted EPS		471,526	191,783
Reconciliation of the weighted average of shares used as the denominator to profit or loss			
Weighted average number of shares used in basic and diluted EPS		2,890,000	2,890,000
Basic and diluted earnings per share (cents)		16	7

36. Reconciliation of the Net Cash Flow from Operating Activities to Profit (Loss)

	NOTES	2021	2020
Net Profit / (Loss) After Tax		171,383	191,783
Changes in Assets and Liabilities			
(Increase) / Decrease in Accounts Receivable		(1,700)	28,243
Increase / (Decrease) in Accounts Payable		67,269	8,142
Increase / (Decrease) in Provisions		-	210,000
Increase / (Decrease) in GST Payable		(9,070)	(7,135)
(Increase) / Decrease in Income Tax		23,521	63,307
Increase / (Decrease) in Impairment Allowance		(27,650)	(88,644)
DWT Interest & Penalties Classified Under Financing Activities		-	(24,675)
Non-current Liabilities Written Off to Profit or Loss		-	(135,944)
Rental Rebates to be Amortised Over Remaining Lease Periods		(3,451)	-
Total Changes in Assets and Liabilities		**48,919**	**53,294**
Net Cash Inflow / (Outflow) from Operating Activities		220,302	245,077

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Springs Road Property Limited

Opinion

We have audited the financial statements of Springs Road Property Limited (the Company) on pages 7 to 36, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021, and 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).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). 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 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)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no 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 period. 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.

Key Audit Matter	How we addressed the Key Audit Matter
Valuation of Investment Property – Notes 16 to 19	
The Company's Investment Property was valued at $8,000,000 (2020: $7,400,000) which represented 96% of the total assets at 31 March 2021. A revaluation gain of $300,998 was recognised in the consolidated statement of profit or loss and other comprehensive income (2020: $210,000 loss) We have included the valuation of the investment property as a key audit matter due to: ▪ The significance to the financial statements: the Investment Properties account for 96% of the total assets of the company (2020: 96%), making it a significant balance on the consolidated statement of financial position; ▪ The valuation of the Company's properties is based on a model that is complex and relies on various estimates and assumptions, such as capitalisation rates, comparable sales, current market rent and anticipated growth rates based on available market data;	Our procedures included, but were not limited to, the following: ▪ Assessed the valuation reports prepared by management's expert, including the methodology employed and key assumptions and estimates used. We reviewed the valuation reports for considerations of the impact of COVID-19 including any continued limitations of scope; ▪ Evaluated whether the expert had the necessary competence, capabilities and objectivity to undertake the valuations; ▪ Engaged our own external valuation specialist to critique and challenge the work performed by management's valuation expert, assumptions used and the appropriateness of the valuation methodology adopted. ▪ We considered the adequacy of the disclosures made in Notes 16 to 19, to the financial statements, which set out the key judgements and estimates. These notes explain that an estimation uncertainty exists and there has been an impact on the valuation of investment properties.

Information Other Than the Financial Statements and Auditor’s Report

The Directors are responsible for the other information. The other information comprises the information included in the Report of the Directors to the Shareholders, Directory and Directors’ Interest Register on pages 3 to 6 and 42 to 46, 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, 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.

Directors’ Responsibilities 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 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) 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.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the Directors with a statement that the we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that are of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Restriction on Use

This report is made solely to the Company's Shareholders, as a body. Our audit has been undertaken so that we might state to the Company's Shareholders those matters 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 Ken Sandri.

For and on behalf of:

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Nelson this 13th day of August 2021

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Directory

Springs Road Property Limited
For the year ended 31 March 2021

Nature of Business

Commercial Investment Property

Registered Office

197 Bridge Street
Nelson 7010

Date of Incorporation

02 December 1997

Incorporation Number

886293

New Zealand Business Number

9429037951467

IRD Number

069-248-896

Directors

John Murray (Appointed 28 September 2020)
Damien Prendergast (Appointed 7 May 2020)
Craig Dennis (Appointed 7 May 2020) (Resigned 28 September 2020)
David Penrose (Appointed 5 May 2020) (Resigned 28 September 2020)
Michael Millar (Resigned 12 May 2020)
Paul Mephan (Resigned 21 April 2020)
Gillian Bishop (Appointed 14 April 2020) (Resigned 7 May 2020)

Bankers

ANZ
248 Trafalgar Street
Nelson 7010

Solicitors

Duncan Cotterill
197 Bridge Street
Nelson 7010

rwca
accountancy
+advisory

Auditors

Crowe New Zealand Audit Partnership
72 Trafalgar Street
Nelson

Chartered Accountant

RWCA Limited
Level 3, 7 Alma Street, Buxton Square, Nelson 7010

Investment Manager, Property Manager

FSS Management Limited
Unit 1, 126 Tahunanui Drive
Tahunanui
Nelson 7011

Share Register, Secondary Market

Investment Services Limited
L1, 3/237 Queen Street
PO Box 3637 Richmond
Nelson 7050
Phone (03) 544 2005
Fax (03) 544 2300

Directors' Interests Register

Full name of director	Nature of interest	Value/extent of interest	Date disclosed
Damien Prendergast	Damien in his personal capacity entered into a deed of access, indemnity and insurance with the Company.	The deed of indemnity indemnifies Damien against any liability incurred by Damien as an officer of the Company other than liability to the Company or a related body corporate, liability arising out of conduct involving lack of good faith or if the indemnity is prohibited by statutory provision. The deed also grants Damien access to documents and information relating to the Company.	6 May 2020
Craig Dennis	Craig in his personal capacity entered into a deed of access, indemnity and insurance with the Company.	The deed of indemnity indemnifies Craig against any liability incurred by Craig as an officer of the Company other than liability to the Company or a related body corporate, liability arising out of conduct involving lack of good faith or if the indemnity is prohibited by statutory provision. The deed also grants Craig access to documents and information relating to the Company.	6 May 2020
Damien Prendergast	Damien was appointed a director of the Company.	Three-year appointment at a fixed fee $2,800 per year.	7 May 2020
Craig Dennis	Craig was appointed a director of the Company.	Three-year appointment at a fixed fee $4,200 per year.	7 May 2020
John Murray (Empowered Business Solutions)	John was appointed a director of the Company under a letter of appointment.	Three-year appointment at a fee of $6,300 per year, for up to 25 hours per year and any hours undertaken over 25 to be charged at $250.00 per hour.	28 September 2020
John Murray	John in his personal capacity entered into a deed of indemnity and access with the Company.	The deed of indemnity indemnifies John to the maximum extent permitted by section 162 of the Companies Act 1993 (the **Act**) and allows John access to company documents.	28 September 2020
Damien Prendergast	Damien in his personal capacity entered into a deed of indemnity and access with the Company	The deed of indemnity indemnifies Damien to the maximum extent permitted by section 162 of the Act and allows Damien access to company documents.	28 September 2020

Full name of director	Nature of interest	Value/extent of interest	Date disclosed
Damien Prendergast	Damien was re-appointed as a director of the Company.	Three-year appointment at a fixed fee $4,200 per year.	7 October 2020
Damien Prendergast	Damien is a director and shareholder of A & J Enterprises 2006 Limited. A & J Enterprises Limited is a shareholder of the Company. Damien will receive dividends from the Company from time to time through A & J Enterprises Limited.	Such dividends will be proportionate to A & J Enterprises 2006 Limited's shareholding in the Company.	24 November 2020 (ongoing)
John Murray	John in his personal capacity entered into an agreement to mortgage with the Company.	The Company has granted a mortgage over property held by it in favour of John to secure the Company's obligations to John under the deed of indemnity entered into by John and the Company.	15 December 2020
Craig Dennis	Craig in his personal capacity entered into an agreement to mortgage with the Company.	The Company has granted a mortgage over property held by it in favour of Craig to secure the Company's obligations to Craig under the deed of indemnity entered into by Craig and the Company..	15 December 2020
Damien Prendergast	Damien in his personal capacity entered into an agreement to mortgage with the Company.	The Company has granted a mortgage over property held by it in favour of Damien to secure the Company's obligations to Damien under the deed of indemnity entered into by Damien and the Company.	15 December 2020
John Murray	The Company entered into a shareholders' agreement with First NZ Properties Limited, Superstore Properties Limited and FSS Management Limited. John is a director of each of these companies.	The shareholders' agreement sets out the terms on which the Company, First NZ Properties Limited and Superstore Properties Limited will hold shares in FSS Management Limited.	17 December 2020
Damien Prendergast	The Company entered into a shareholders' agreement with First NZ Properties Limited, Superstore Properties Limited and FSS Management Limited. Damien is a director of each of these companies.	The shareholders' agreement sets out the terms on which the Company, First NZ Properties Limited and Superstore Properties Limited will hold shares in FSS Management Limited.	17 December 2020
John Murray	The Company entered into a management agreement with FSS Management Limited (**FSS**) pursuant to which FSS will provide management services to	The Company will pay the following Fees to FSS: • 9% of net rental from the properties per annum plus GST;	31 March 2021

Full name of director	Nature of interest	Value/extent of interest	Date disclosed
	the Company. John is a director of FSS.	• for matters not contemplated by schedule 1 of the agreement the Company will pay on a time and attendance basis of $120 per hour; FSS may at its discretion provide a rebate to the Company.	
Damien Prendergast	The Company entered into a management agreement with FSS pursuant to which FSS will provide management services to the Company. Damien is a director of FSS.	The Company will pay the following Fees to FSS: • 9% of net rental from the properties per annum plus GST; • for matters not contemplated by schedule 1 of the agreement the Company will pay on a time and attendance basis of $120 per hour; FSS may at its discretion provide a rebate to the Company.	31 March 2021