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Annual Report

Superstore Properties Limited

For the year ended 31 March 2023

Prepared by RWCA Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Superstore Properties Limited
For the year ended 31 March 2023

	NOTES	2023	2022
Income			
Gross Rental Income	7	1,538,594	1,526,552
Operating Income and (Expenses)			
Other Operating Income	8	-	2,031
Administrative Expenses	9	(413,975)	(411,515)
Other Operating Expenses	10	(109,601)	(13,976)
Impairment Reversal of Non-Current Assets		-	461,624
Total Operating Income and (Expenses)		**(523,576)**	**38,164**
Operating Profit		**1,015,017**	**1,564,716**
Financial Income and (Expenses)			
Finance Costs	11	(598,451)	(352,702)
Finance Income	12	1,487	294
Share of profit / (loss) of associates	13	3,795	(674)
Total Financial Income and (Expenses)		**(593,168)**	**(353,082)**
Profit Before Other (Expenses)/Income and Tax		**421,849**	**1,211,634**
Other (Expenses)/Income			
Fair Value Gain on Investment Property	18	(4,050,000)	6,500,000
Total Other (Expenses)/Income		**(4,050,000)**	**6,500,000**
Profit Before Tax		**(3,628,151)**	**7,711,634**
Income Tax Expense			
Tax Provision	14	(129,183)	(235,805)
Profit for the Year Attributable to Shareholders		**(3,757,333)**	**7,475,829**
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year Attributable to Shareholders		(3,757,333)	**7,475,829**

	NOTES	2023	2022
Earnings per share			
Basic and diluted earnings per share (cents)	33	(179)	357

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

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Consolidated Statement of Changes in Equity

Superstore Properties Limited
For the year ended 31 March 2023

	NOTES	2023	2022
Equity			
Issued Capital			
Opening Balance		2,095,000	2,095,000
Closing Balance		**2,095,000**	**2,095,000**
Retained Earnings			
Opening Balance		18,097,596	11,384,609
Increases			
Total Comprehensive Income for the Year Attributable to Shareholders		-	7,475,829
Total Increases		**-**	**7,475,829**
Decreases			
Total Comprehensive Income for the Year Attributable to Shareholders		(3,757,333)	-
Dividends Paid	26	(529,591)	(762,841)
Total Decreases		**(4,286,925)**	**(762,841)**
Closing Balance		**13,810,672**	**18,097,596**
Total Equity		**15,905,672**	**20,192,596**

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

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Consolidated Statement of Financial Position

Superstore Properties Limited
As at 31 March 2023

	NOTES	31 MAR 2023	31 MAR 2022
Assets			
Current Assets			
Cash and Bank	17	249,934	899,572
Trade and Other Receivables	22	-	9,430
Income Tax Receivable	14	44,217	-
Other Current Assets		22,675	22,675
Total Current Assets		**316,826**	**931,677**
Non-Current Assets			
Investment Property	18	26,100,000	30,150,000
Investments in Associates	29	41,617	37,822
Other Non-Current Assets		22,675	45,350
Total Non-Current Assets		**26,164,292**	**30,233,172**
Total Assets		**26,481,118**	**31,164,849**
Liabilities			
Current Liabilities			
Trade and Other Payables	22	93,986	72,479
GST Payable		36,685	30,301
Income Tax Payable	14	-	53,091
Loans	23	-	9,924,000
Total Current Liabilities		**130,671**	**10,079,871**
Non-Current Liabilities			
Loans	23	9,524,000	-
Deferred Tax Liability	15	920,776	892,382
Total Non-Current Liabilities		**10,444,776**	**892,382**
Total Liabilities		**10,575,446**	**10,972,253**
Net Assets		**15,905,672**	**20,192,596**
Equity			
Share Capital	25	2,095,000	2,095,000
Retained Earnings		13,810,672	18,097,596
Total Equity		**15,905,672**	**20,192,596**

For, and on behalf of the Board

John Murray
Chair

Damien Prendergast
Director

24 JULY 2023

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

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Consolidated Statement of Cash Flows

Superstore Properties Limited
For the year ended 31 March 2023

	NOTES	2023	2022
Operating Activities			
Receipts from Customers		1,561,269	1,542,241
Payments to Suppliers		(523,001)	(437,405)
Interest Income		1,487	294
Finance Costs		(568,231)	(344,695)
Income Tax Paid		(198,097)	(162,051)
Net GST Received / (Paid)		6,525	4,300
Fraud Recovery		-	461,624
Net Cash Flows from Operating Activities	34	**279,953**	**1,064,308**
Financing Activities			
Repayment of short-term loans		(400,000)	-
Dividends Paid		(529,591)	(762,841)
Net Cash Flows from Financing Activities	35	**(929,591)**	**(762,841)**
Net Cash Flows		**(649,638)**	**301,467**
Cash and Cash Equivalents			
Cash and Cash Equivalents at Beginning of Period		899,572	598,105
Cash and Cash Equivalents at End of Period	17	249,934	899,572
Net Change in Cash for Period		**(649,638)**	**301,467**

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 Consolidated Financial Statements

Superstore Properties Limited
For the year ended 31 March 2023

1. Reporting Entity

These consolidated financial statements ("the financial statements") of Superstore Properties Limited ("the Company") and it's Subsidiaries (collectively "the Group") and the Group's equity accounted interest in associates for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 31 July 2023.

Superstore Properties 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 Group is a Tier 1 for-profit entity. These financial statements comply with New Zealand International Financial Reporting Standards (NZ IFRS) and the International Financial Reporting Standards (IFRS).

Basis of Measurement

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

Presentation Currency

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

Going Concern

The financial statements have been prepared on a going concern basis.

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3. Summary of Significant Accounting Policies

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

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Interests in Equity-Accounted Investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Income 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 recognised on 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.

Income generated from rate charge expenses recovered from tenants is netted off against the related expense, in the accounting period the underlying expenses are incurred. The Group is considered to be an agent for these expenses as amounts collected on behalf of third parties are not economic benefits which flow to the Group.

Interest

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group 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.

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

Finance costs recorded in the profit or loss comprise the interest expenses charged on borrowings. Interest expense is recognised on an accrual basis, using the effective interest rate method.

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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 Group 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 reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

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.

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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 and in compliance with NZ IFRS 13.

The properties are held for both capital appreciation and rental income purposes. The Investment Properties are not depreciated for accounting purposes however depreciation is claimed for taxation purposes.

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.

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Financial Instruments

Financial Assets

The Group classifies its financial assets at amortised cost as stated below.

The Group's accounting policy for the clasification is as follows:

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 Consolidated 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 Group's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and accrued fraud recovery in the Consolidated 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.

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Financial Liabilities

The Group classifies its financial liabilities at amortised cost as stated below.

The Group's accounting policy for this clasification is as follows:

Amortised cost

Financial liabilities at amortised cost 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 Consolidated 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 Group 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 consolidated 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.

Impairment of Non-Financial Assets

At each reporting date, the carrying amounts of tangible and intangible assets, other than investments property and deferred tax 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.

Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount.

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.

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Dividend Distribution

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

Fair Value Measurement

A number of the Group'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 Group

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 Group 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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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 new and amended standards and interpretations that became effective in the current financial year have not been listed as they are not considered to have any material impact on the Group.

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 Group, 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 any). If applicable, the Group 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 Group.

5. Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with NZ IFRS requires management to make judgement, 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 judgements, 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 Group that have a significant effect on the financial statements:

Fair Value Measurements and Valuation Processes

Some of the Group'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.

The carrying amount of the financial assets and liabilities disclosed in note 22 approximate their fair value at the end of each financial year.

Investment Property is carried at Fair Value, the judgements, estimates and assumptions made in relation to the assets are detailed in Note 21.

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6. Significant Events

High Court Proceedings

In December 2020 proceedings were issued in the High Court (Nelson Registry) against Michael Millar and Investment Services Limited. Initially the claims related to the fraud and undisclosed payments made to Investment Services Limited. The claims against Michael Millar are for breaches of his directors and fiduciary's duties.

The defendants filed statements of defence 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 $366,666 plus interest and costs. A defence to the counterclaim has been filed denying any repudiation.

Given the commonality of issues in the proceedings also issued by Springs Road Property Limited and First NZ Property Limited, the three proceedings have been consolidated.

A mediation using Nicolas Till QC as mediator took place on 24 November 2021. After a full day of mediation, no agreement was reached. Subsequently discussions between the respective legal representatives took place regarding the settlement of the fraud aspect of the claim and the assignment of rights of recovery against Neil Barnes. By an agreement dated 21 February 2022 settlement was reached with the payment of $463,959.79 being made up of:

- $461,623.79 in settlement of the claim for the unrecovered balance of the fraud, and;
- $2,336.00 as a contribution to costs.

An amended Statement of Claim, relating to the matters not covered by the February 2022 settlement agreement, was filed in April 2022. In May 2023 the hearing was heard in the Nelson High Court before Justice Gwyn. The hearing ran from 1 May 2023 to 9 May 2023 with closing submissions given at the Wellington High Court on 12 May 2023

Within the closing submissions the Group claimed $656,395 and ISL ISL's expert witness figures counterclaimed for an amount up to $440,062.

The Court has reserved its decision. A judgement will generally follow within 3 months.

	NOTES	2023	2022
7. Rental Income			
Gross Rental Income			
Rental Income from Investment Properties (NZ IFRS 16 Leases)		1,538,594	1,526,552
Total Gross Rental Income		**1,538,594**	**1,526,552**
Total Rental Income		**1,538,594**	**1,526,552**

	NOTES	2023	2022
8. Other Operating Income			
Legal Settlement - Recovery of Costs		-	2,031
Total Other Operating Income		-	**2,031**

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	NOTES	2023	2022
9. Administrative Expenses			
Accountancy Fees		19,087	12,967
Registry Fees		13,405	2,139
Audit Fees - Crowe		-	1,550
Audit Fees - BDO Christchurch		21,000	19,000
Insurance		-	2,203
Legal Expenses		119,686	89,009
Management Fees	28	113,609	131,122
Sundry Expenses		1,393	1,977
Consultancy		10,099	43,500
Directors' Fees	28	108,734	90,118
Licences & Registrations		404	331
Light Power & Heating		187	25
Valuation Fees		6,370	17,575
Total Administrative Expenses		**413,975**	**411,515**

	NOTES	2023	2022
10. Other Operating Expenses			
Non-Recoverable Opex		109,601	13,976
Total Other Operating Expenses		**109,601**	**13,976**

	NOTES	2023	2022
11. Finance Costs			
Interest - IRD		363	-
Interest on Loans - Financial Liabilities at Amortised Cost		598,087	352,702
Total Finance Costs		**598,451**	**352,702**

	NOTES	2023	2022
12. Finance Income			
Interest Received- Financial Assets at Amortised Cost		1,487	294
Total Finance Income		**1,487**	**294**

	NOTES	2023	2022
13. Share of Surplus / (Loss) of Associates			
Equity Accounted Profit or (Loss) - FSS Management Limited		3,795	(674)
Total Share of Surplus / (Loss) of Associates		**3,795**	**(674)**

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14. Income Tax

	NOTES	2023	2022
Income Tax Expense			
Income Tax Expense			
Current Tax		100,789	206,832
Deferred Tax	15	28,393	28,973
Total Income Tax Expense		**129,183**	**235,805**
Reported Income			
Profit Before Tax		421,849	1,211,634
Total Reported Income		**421,849**	**1,211,634**
Less: Non-assessable income			
Share of Profit / (Loss) of Associate		3,795	(674)
Total Non-Assessable Income		**3,795**	**(674)**
Taxable Profit / (Loss)		418,054	1,212,308
At Effective Income Tax Rate of 28%		117,055	339,446
Increase/(Decrease) in Income Tax Due to:			
Non-Deductible Expenses		5,779	21,790
Rental Rebates to be Amortised Over Remaining Lease Periods		6,349	3,824
Impairment of Accrued Fraud Recovery		-	(129,255)
Total Increase/(Decrease) in Income Tax Due to:		**12,128**	**(103,642)**
Tax Expense		129,183	235,805
Reported as			
Income Tax Reported in Profit or Loss		129,183	235,805
Income Tax Expense / (Income)		129,183	235,805

	NOTES	2023	2022
Income Tax Payable / (Receivable)			
Income Tax Payable / (Receivable)			
Opening Balance		53,091	8,310
Current Tax Expense		129,183	235,805
Deferred Tax Movement	15	(28,393)	(28,973)
Losses Brought Forward		-	-
Tax Paid			
Income Tax Paid		(201,745)	(240,119)
RWT Paid		(260)	(51)
Tax Refunds Received		3,909	78,119
Total Tax Paid		**(198,097)**	**(162,051)**
Total Income Tax Payable / (Receivable)		**(44,216)**	**53,091**

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	NOTES	2023	2022

15. Deferred Tax Assets & Liabilities

	NOTES	2023	2022
Deferred Tax Liabilities			
Opening Balance		892,382	863,409
Deferred tax recognised in profit & loss	14	28,393	28,973
Total Deferred Tax Liabilities		**920,776**	**892,382**

Deferred Tax Arises From

	NOTES	2023	2022
Tax Liability Base			
Incremental Depreciation for Tax Purposes		3,288,484	3,187,079
Total Tax Liability Base		**3,288,484**	**3,187,079**
Deferred Tax @ 28%		920,776	892,382

16. Imputation Credit Account

	NOTES	2023	2022
Imputation Credit Account			
Opening Balance		133,250	243,948
Increases			
Income Tax Paid		201,745	240,119
Resident Withholding Tax Paid		260	51
Imputation Credits on Dividends Received		-	-
Total Increases		**202,005**	**240,170**
Decreases			
Imputation Credits Attached to Dividends		201,852	272,749
Income Tax Refund		3,909	78,119
Total Decreases		**205,761**	**350,868**
Closing Balance		**129,494**	**133,250**

17. Bank and Cash Balances

	NOTES	2023	2022
Cash at Bank			
ANZ 001 Distributions Account		1,389	783
ANZ 002 Property Account		136,844	59,216
ANZ 070 Call Account		111,702	839,574
Total Cash at Bank		**249,934**	**899,572**
Total Bank and Cash Balances		**249,934**	**899,572**

During the year ANZ bank was advised that there was a potential for the Group's Interest cover (ICR) covenant to be breach in the next year given the current interest rates. ANZ have advised that they are comfortable with the Group's current (ICR) and have provided a waiverfor any future potential breach.

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	NOTES	2023	2022

18. Investment Property

	NOTES	2023	2022
Investment Property			
Opening Balance		30,150,000	23,650,000
Net Change in Fair Value	21	(4,050,000)	6,500,000
Total Investment Property		**26,100,000**	**30,150,000**
Total Investment Property		**26,100,000**	**30,150,000**

19. Lease Agreement Terms

The Group's two leases have the following terms:

Tauranga - The Warehouse
- 10.5 year term expiring March 2025.
- Three rights of renewal of four years each.
- Three yearly rent reviews based on lesser of current market rental or CPI, and encompassing a ratchet clause.

Christchurch - Placemakers
- Six year term expiring February 2028.
- Two rights of renewal of six years each.
- Three yearly rent reviews based on current market rentals and encompassing a ratchet clause.

20. Minimum Lease Income

The Group 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 reporting date areas follows:

	NOTES	2023	2022
Minimum Lease Income			
Less than 1 year		1,563,594	1,503,376
2 to 5 years		3,351,940	4,261,406
5 + years		-	534,449
Total Minimum Lease Income		**4,915,533**	**6,299,231**

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21. Valuations

The Investment Properties comprises of two bulk retail buildings, one at Cameron Road, Tauranga occupied by The Warehouse and the second at Cranford Street, Christchurch occupied by Placemakers. The properties are currently leased under the terms and to the tenants disclosed in Note 19. They have been provided as security for the borrowings referred to in Note 22.

The Investment Properties are measured at fair value and were valued as at 31 March 2023 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 Properties is summarised as follows:

	Cameron Road, Tauranga	**Cranford Street, Christchurch**
Purpose	Financial reporting	Financial reporting
Amount of valuation	\$17,100,000 (2022: \$18,300,000)	\$9,000,000 (2022: \$11,850,000)
Valuer	Colliers International (2022: Colliers International)	Colliers International (2022: Colliers International)
Basis of valuation	The determination of the values stated were market value subject to existing tenancies and occupational arrangements.	The determination of the values stated were market value subject to existing tenancies and occupational arrangements.
Assessment approach	Discounted cash flow Capitalisation approach	Discounted cash flow Capitalisation approach
Vacancy rate	Nil (2022: Nil)	Nil (2022: Nil)
Weighted average lease term	2 years (2022: 3 years)	4.90 years (2022: 5.90 years)
Rental value per square metre	\$3,385 (2022: \$3,623)	\$2,065 (2022: \$2,718)
Capitalisation rate	5.25% (2022: 4.75%)	7.25% (2022: 5.25%)
Discount rate	7.50% (2022: 6.00%)	8.00% (2022: 6.00%)
Terminal yield	5.50% (2022: 5.125%)	7.75% (2022: 5.45%)
Net market rent	\$925,000 (2022: \$857,830)	\$688,808 (2022: \$645,445)
Net passing rent	\$925,000 (2022: \$864,783)	\$625,236 (2022: \$625,236)

The valuations reflect the quality of tenants in occupation, the allocation of maintenance and insurance responsibilities between the Group and the tenant and the remaining economic life of the properties. The valuations also assume on expiry of the current lease terms the Group will be able to re-tenant the properties at or above market rates. The valuations assume the buildings meet the minimum seismic ratings requirements and that no capital expenditure is required on earthquake strengthening.

The Cranford Street valuation assumes that the current structural strength of the improvements to the property are at a minimum of 67% NBS. The valuation has also factored in an annual lease incentive of \$25,000 to be paid.

There are outstanding earthquake repairs required to floor slabs within the principal building. The repair work is currently covered by an insurance policy however is yet to be completed. The functionality of the space is in the Valuers opinion not compromised and repair works are likely complicated by interruption to the tenant's business operation.

The property is registered on the Hazardous Activities & Industries List (HAIL) because of wood treatment or preservation and bulk storage of treated timber. The site is categorised as 'not investigated'. Given the property is not investigated the assumption has been made that no contamination exists rather that further investigation being required.

The Cameron Road valuation assumes a NBS rating of >100% based on a provided Initial Evaluation Procedure (IEP) prepared by R Booth. For the purposes of the valuation it has been assumed that if further seismic investigations were to be undertaken that the resultant score would not materially differ from the IEP.

The fair value measurement for the Investment Properties has been categorised as a Level 3 fair value (refer to Note 4) based on the inputs to the valuation technique used being based on unobservable inputs.

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

Valuation technique	Unobservable inputs (Cameron/ Cranford)	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 rates of 7.50% and 8.00%	The discount rate was lower/(higher) by .25% the valuations would increase / (decrease) by $323,000 and $161,000
	Terminal yields of 5.50% and 7.75% at the end of the 10 year period	The terminal yield was lower/(higher) by 0.25%, the valuation would increase / (decrease) by $472,000 and $158,000
	Assessed market rentals of $925,000 and $688,808	The assessed market rental was higher/(lower) by 1%, the valuations would increase / (decrease) by $176,000 and $95,000
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 expiries, including allowances for lessee incentives and leasing costs.	Net rental income has been capitalised in perpetuity at capitalisation rates of 5.25% and 7.25%	The capitalisation rate in perpetuity was lower/(higher) by 0.25%, the valuations would increase / (decrease) by $800,000 and $317,000
	Assessed market rentals of $925,000 and $625,236	The assessed market rental was higher/(lower) by 1%, the valuations would increase / (decrease) by $176,000 and $287,000

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.

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	NOTES	2023	2022

22. Summary of Financial instruments

	NOTES	2023	2022
Financial Assets at amortised cost			
Current			
Bank & Cash		249,934	899,572
Trade and Other Receivables			
Other Receivables	24	-	9,430
Trade Receivables - Net		-	**9,430**
Total Current		**249,934**	**909,002**
Total Financial Assets at amortised cost		**249,934**	**909,002**
Financial Liabilities at amortised cost			
Current			
Trade and Other Payables		93,986	72,479
Total Current		**93,986**	**72,479**
Interest-bearing Loans & Borrowings			
Current Interest-bearing Loans & Borrowings		-	9,924,000
Non-current Interest-bearing Loans & Borrowings		9,524,000	-
Total Interest-bearing Loans & Borrowings		**9,524,000**	**9,924,000**
Total Financial Liabilities at amortised cost		**9,617,986**	**9,996,479**

Fair Values

The carrying amount of the above financial assets and liabilities approximate their fair value at the end of each financial year.

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	NOTES	2023	2022
23. Loans			
Current Interest-bearing Loans & Borrowings		-	9,924,000
Non-current Interest-bearing Loans & Borrowings		9,524,000	-
Total Loans		**9,524,000**	**9,924,000**

ANZ Bank repayment terms - terminating 30 April 2024 with floating interest. Monthly repayments of interest only are being made commencing 1 month following the facility drawdown of the loan dated 12 October 2020 and a variation dated 5 August 2022, 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 in a 365 day year.

As at 31 March 2022 the Bank Loan was recognised as current due to the loan falling due within 12 months of balance date. As at 31 March 2023 the loan has been recognised as non-current following a loan variation extending the loan termination date to be more than 12 months after balance date.

One final payment of $9,524,000 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.

Security Held for Loans

The loan is secured by the following:

Cross guarantee and Indemnity between Superstore Properties Limited, Cranford Street Properties Limited, Cameron Road Properties Limited

Registered first ranking Mortgage over 319 Cranford Street, Christchurch by Cranford Properties Limited;

Registered first ranking Mortgage over 483 Cameron Road, Tauranga by Cameron Road Properties Limited;

Registered first ranking General Security Agreement over all the present and after acquired property of Superstore Properties Limited;

Registered first ranking General Security Agreement over all the present and after acquired property of Cranford Street Properties Limited;

Registered first ranking General Security Agreement over all the present and after acquired property of Cameron Road Properties Limited.

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	NOTES	2023	2022

24. Trade and Other Receivables

Other Receivables		-	9,430
Total Trade and Other Receivables		**-**	**9,430**

	NOTES	2023	2022

25. Issued Capital

2,095,000 - Ordinary Shares		2,095,000	2,095,000

The total number of shares on issue at reporting date comprises 2,095,000 (prior year 2,095,000) shares authorised, issued and fully paid, rating equally for dividends and other distributions.

The total number of authorised shares at reporting date was 2,095,000 (prior year 2,095,000). At reporting date all authorised shares were issued and fully paid.

	NOTES	2023	2022

26. Dividends Paid

Cash Dividends Declared and Paid During the Year			
Interim Dividend for Current Year		151,189	610,628
Final Dividend for Prior Year		378,402	152,213
Total Cash Dividends Declared and Paid During the Year		**529,591**	**762,841**
Dividend Per Share (Cents)		25	36

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27. Financial Instrument Risks

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

Interest rate risk

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

Credit risk

The Group in the normal course of business has credit risk from accounts receivable mainly for rent and bank balances. The Group manages bank balance credit risk through transacting only with major trading banks. The Group manages accounts receivable credit risk through accepting only reputable tenants and performing credit assessments prior to accepting the tenancy. At reporting 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 Group 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 Group would look to sell its Investment Properties. However, this is unlikely to make funds available immediately. Cashflow is managed to ensure that all creditors are met as and when they fall due.

Undiscounted Contractual Cash Flows (Principal and Interest)

2023	Statement of Financial Position	Total	<1 Year	1-2 Years	2-5 Years	>5 Years
Trade and Other Payables	130,671	130,671	130,671	-	-	-
Interest bearing Liabilities	9,524,000	10,296,179	712,781	9,583,398	-	-
Total Financial Liabilities	9,654,671	10,426,850	843,452	9,583,398	-	-

2022	Statement of Financial Position	Total	<1 Year	1-2 Years	2-5 Years	>5 Years
Trade and Other Payables	102,780	102,780	102,780	-	-	-
Interest bearing Liabilities	9,924,000	10,095,354	10,095,354	-	-	-
Total Financial Liabilities	10,026,780	10,198,134	10,198,134	-	-	-

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	NOTES	2023	2022
Interest Rate Sensitivity Analysis			
0.72% Increase in Interest Rates Impact on:			
Profit or Loss		(68,573)	(71,453)
Equity		(49,372)	(51,446)
Total 0.72% Increase in Interest Rates Impact on:		**(117,945)**	**(122,899)**
0.30% Decrease in Interest Rates Impact on:			
Profit or Loss		28,572	29,772
Equity		20,572	21,436
Total 0.30% Decrease in Interest Rates Impact on:		**49,144**	**51,208**

Capital Disclosures

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

The Group'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 Group 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 2023 and at 31 March 2022 were as follows:

	NOTES	2023	2022
Debt to Adjusted Capital Ratio			
Loans and Borrowings		9,524,000	9,924,000
Less: Cash and Cash Equivalents		(249,934)	(899,572)
Net Debt		9,274,066	9,024,428
Total Adjusted Capital		15,905,672	20,192,596
Debt to Adjusted Capital Ratio (%)		58	45

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28. Related Parties

FSS Management Ltd (FSS) provides Management Services to the Group from 1 January 2021. All transactions conducted by the Group with FSS are related party transactions as the Group is a Shareholder of FSS. FSS charges a fee of 9% on the net rental from the properties and FSS returns any excess profit by way of rebate at the end of the financial year. The Group paid FSS $113,609 (note 9) in management fees and $13,405 in registry fees for the year. As at 31 March 2023 the Group was owed management fee rebates of $28,509. FSS is also an Associate of the Group, the details which are outlined in note 27.

John Murray (John) is an independent director of the Group, appointed on 28 September 2020. He is not a shareholder of the Group. He was paid directors fees of $77,320 for the year. As at 31 March 2023 the Group owed John $9,025. All transactions between the Group and John are related party transactions. The Group entered into a deed of indemnity with John under which the Group gives certain indemnities in favour of John. As the Group was unable to obtain a renewal of its directors' and officers' liability insurance, it (or its wholly owned subsidiaries) provided a guarantee of the Group'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 Group 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. The Group entered into deeds of postponement on 1 December 2020 with John in favour of ANZ. The deeds of postponement are required by ANZ for ANZ to consent to the granting of a second ranking mortgage by the Group in favour of John. The deed of postponement restricts the Group and John from taking certain actions in relation to any amount the Group owes John Murray under the mortgage. John in his personal capacity entered into a deed of variation and restatement of deed of indemnity and access with the Group. The variations include the requirement that the Group may be required to pay an amount of $75,000 to an escrow agent to be held in escrow for the purposes of meeting any costs which John and/or Damien may incur for which the Group has agreed to indemnify them in accordance with clauses 2.1.1 and 2.1.3 of the deed of indemnity. John is also a director of FSS, which is partially owned by the Group. The Group and FSS entered into a management agreement under which FSS provides certain management services to the Group. The Group and FSS are also parties to a shareholders' agreement in respect of FSS.

Damien Prendergast (Damien) is a director of the Group appointed 7 May 2020 and was re-appointed on 28 September 2020. All transactions conducted by the Group with Damien are related party transactions. The Group paid Damien directors fees of $31,414 during the year. He is a current shareholder through his Company A&J Enterprises (2006) Ltd and a Trustee of the Killaloe No.2 Family Trust. 6,000 shares were transferred from his mother's estate during the year, into Killaloe No.2 Family Trust, and all shares received dividends as per all shareholders. Damien also has an associated interest through his daughter, Alana Sophie Prendergast, who has a relevant interest in 1,000 shares in the Group. The Group entered into a deed of indemnity with Damien under which the Group gives certain indemnities in favour of Damien. As the Group was unable to obtain a renewal of its directors' and officers' liability insurance, it (or its wholly owned subsidiaries) provided a guarantee of the Group'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 Group 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 in his personal capacity entered into a deed of variation and restatement of deed of indemnity and access with the Group. The variations include the requirement that the Group may be required to pay an amount of $75,000 to an escrow agent to be held in escrow for the purposes of meeting any costs which John and/or Damien may incur for which the Group has agreed to indemnify them in accordance with clauses 2.1.1 and 2.1.3 of the deed of indemnity. Damien is also a director of FSS, which is partially owned by the Group. The Group and FSS entered into a management agreement under which FSS provides certain management services to the Group. The Group and FSS are also parties to a shareholders' agreement in respect of FSS.

Paul Rosanowski is an employee of FSS (Project Manager) from 15 December 2020. FSS Management Ltd paid wages ($125,325) to Paul Rosanowski for the year to 31 March 2023. All transactions conducted by the Group with Paul Rosanowski are related party transactions. He is not a shareholder of the Group.

Richard Eberlein was a shareholder of Superstore Properties Ltd and is an employee (Property Manager) of FSS Management Ltd from 15 December 2020. FSS paid wages ($79,404) to Richard Eberlein for the year end to 31 March 2023. He was a shareholder until 25 January 2022 when he sold his shares. No additional shares were purchased during the year.

Kathryn Brownlie is an employee (Administrator) of FSS from 18 January 2021. FSS Management Ltd paid wages to Kathryn Brownlie ($21,642) for the year end to 31 March 2023. All transactions conducted by the Group with Kathryn Brownlie are related party transactions. She is a current shareholder, no additional shares were purchased during the year and she received dividends as per all shareholders.

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

Damien Prendergast (appointed as Director 7 May 2020)

A&J Enterprises (2006) Ltd	307,000 shares
Killaloe No. 2 Family Trust	6,000 shares
Alana Sophie Prendergast	1,000 shares
Kathryn Brownlie	14,500 shares

29. Group Information and Investment in Subsidiaries and Associates

The consolidated financial statements of the group include:

Name	Principle Activity
Parent	
Superstore Properties Limited	Property investment and management
Subsidiaries	
Cranford Street Properties Limited	Property investment
Cameron Road Properties Limited	Property investment
Associates	
FSS Management Limited	Business management services

All group members are incorporated in New Zealand.

The ultimate controlling entity and parent company of the group is Superstore Properties Limited which owns 100% of each subsidiary company.

All subsidiaries are wholly owned, have a principal activity of being property owning companies and have a balance date of 31 March.

FSS Management Limited is an Associate of Superstore Properties Limited, Superstore Properties Limited holds a 41% shareholding in FSS Management Limited. FSS Management Limited has a reporting date of 31 March.

	NOTES	2023	2022
Investments in Subsidiaries & Associates - Shareholding (%)			
Subsidiaries			
Cranford Street Properties Limited		100	100
Cameron Road Properties Limited		100	100
Associates			
FSS Management Limited		41	41

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rwca
accountancy
+advisory

Investment in Associate - FSS Management Limited

The Group has a 41% 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 Group'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 Groups investment in FSS Management Limited:

	NOTES	2023	2022
Summarised Financial Information (Statement of Financial Position) - FSS Management Limited			
Statement of Financial Position			
Current Assets		184,512	122,798
Non-Current Assets		22,856	14,178
Current Liabilities		(87,495)	(35,726)
Non-Current Liabilities		(18,330)	(8,964)
Equity		**101,543**	**92,286**

	NOTES	2023	2022
Summarised Financial Information (Statement of Profit or Loss) - FSS Management Limited			
Statement of Profit or Loss			
Revenue From Contracts With Customers		340,514	337,652
Operational Costs		(277,175)	(259,297)
Administrative Expenses		(53,286)	(79,999)
Total Statement of Profit or Loss		**10,053**	**(1,644)**
Profit / (Loss) Before Tax		10,053	(1,644)
Income Tax Expense			
Income Tax Expense		(796)	-
Total Income Tax Expense		**(796)**	-
Profit / (Loss) for the Year (Continuing Operations)		9,257	(1,644)
Total Comprehensive Income for the Year (Continuing Operations)		9,257	(1,644)
Group's Share of Profit / (Loss) for the Year		3,795	(674)

	NOTES	2023	2022
Reconciliation of Investment in FSS Management Limited (41%)			
Investment at Beginning of Period		37,822	38,496
Funds Advanced to Associate for the Period		-	-
Share of Profit or (Loss) for the Period		3,795	(674)
Investment at End of Period		**41,617**	**37,822**

The associate had no contingent liabilities or capital commitments as at 31 March 2023.

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30. Contingent Assets and Contingent Liabilities

In December 2020 proceedings were issued in the High Court (Nelson Registry) against Michael Millar and Investment Services Limited. Initially the claims related to the fraud and undisclosed payments made to Investment Services Limited. The claims against Michael Millar are for breaches of his directors and fiduciary's duties.

The defendants filed statements of defence 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 $366,666 plus interest and costs. A defence to the counterclaim has been filed denying any repudiation.

Given the commonality of issues in the proceedings also issued by Springs Road Property Limited and First NZ Property Limited, the three proceedings have been consolidated.

A mediation using Nicolas Till QC as mediator took place on 24 November 2021. After a full day of mediation, no agreement was reached. Subsequently discussions between the respective legal representatives took place regarding the settlement of the fraud aspect of the claim and the assignment of rights of recovery against Neil Barnes. By an agreement dated 21 February 2022 settlement was reached with the payment of $463,959.79 being made up of:

- $461,623.79 in settlement of the claim for the unrecovered balance of the fraud, and;
- $2,336.00 as a contribution to costs.

An amended Statement of Claim, relating to the matters not covered by the February 2022 settlement agreement, was filed in April 2022. In May 2023 the hearing was heard in the Nelson High Court before Justice Gwyn. The hearing ran from 1 May 2023 to 9 May 2023 with closing submissions given at the Wellington High Court on 12 May 2023

Within the closing submissions the Group claimed $656,395 and ISL ISL's expert witness figures counterclaimed for an amount up to $440,062.

The Court has reserved its decision. A judgement will generally follow within 3 months.

The Group entered into a deed of indemnity with John Murray & Damien Prendergast (Directors) under which the Group gives certain indemnities in favour of John & Damien. As the Group was unable to obtain a renewal of its Directors' and Officers' liability insurance, it (or its wholly owned subsidiaries) provided a guarantee of the Group'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 Group, John & 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 John & Damien agreeing to postpone certain rights as mortgagee.

John and Damien (Directors) in their personal capacities entered into a deed of variation and restatement of deed of indemnity and access with the Group. The variations include the requirement that the Group may be required to pay an amount of $75,000 to an escrow agent to be held in escrow for the purposes of meeting any costs which John and/or Damien may incur for which the Group has agreed to indemnify them in accordance with clauses 2.1.1 and 2.1.3 of the deed of indemnity.

31. Capital Commitments

There are no capital commitments at reporting date (Last Year: $Nil)

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32. Subsequent Events

Following balance date, the Directors requested marketing proposals from three real estate agents relating to The Warehouse, 483 Cameron Road, Tauranga. These have been reviewed and the Directors have appointed Colliers to market the property for sale and this process has commenced. Currently there are no Sales and Purchase agreements in place.

Following balance date, the $75,000 required by the Group to be held in escrow as part of the deed of variation and restatement of deed of indemnity and access with the Group has been paid to be held in escrow by an escrow agent.

33. Earnings Per Share

	NOTES	2023	2022
Amounts used as the numerator to profit or loss			
Profit for the year and earnings used in basic and diluted EPS		(3,757,333)	7,475,829
Weighted average of shares used as the denominator to profit or loss			
Weighted average number of shares used in basic and diluted EPS		2,095,000	2,095,000
Basic and diluted earnings per share (cents)		(179)	357

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

	NOTES	2023	2022
Net Profit / (Loss) after Tax		(3,757,333)	7,475,829
Changes in Assets and Liabilities			
(Increase) / Decrease in Accounts Receivable		9,430	(7,227)
Increase / (Decrease) in Accounts Payable		21,507	1,972
(Increase) / Decrease in Property Valuations		4,050,000	(6,500,000)
Increase / (Decrease) in GST Payable		6,384	5,649
(Increase) / Decrease in Income Tax		(68,914)	73,754
Total Changes in Assets and Liabilities		**4,018,407**	**(6,425,852)**
Non-Cash Movements			
(Increase) / Decrease in Rental Rebates to be Amortised Over Remaining Lease Periods		22,675	13,658
Share of (Surplus) / Loss in Associates		(3,795)	674
Total Non-Cash Movements		**18,880**	**14,332**
Net Cash Inflow / (Outflow) from Operating Activities		279,953	1,064,309

35. Reconciliation of the Net Cash Flow from Financing Activities to Financing Liabilities

	NOTES	2023	2022
Financing Liabilites			
Opening Financing Liabilities		9,924,000	-
Closing Financing Liabilities		9,524,000	-
Net Change in Financing Liabilities for Period		(400,000)	-
Dividends Paid		(529,591)	(762,841)
Net Cash Inflow / (Outflow) from Financing Activities		(929,591)	(762,841)

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SUPERSTORE PROPERTIES LIMITED

Opinion

We have audited the consolidated financial statements of Superstore Properties Limited ("the Company") and its subsidiaries (together, "the Group"), which comprises of the consolidated statement of financial position as at 31 March 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards ("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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 or any of its subsidiaries.

Key Audit Matters

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

Valuation of Investment Properties

Key audit matter	*How the matter was addressed in our audit*
The Group's Investment Properties were valued at \$26,100,000 (2022: \$30,150,000) which represented 98.5% of the total assets at 31 March 2023. A loss in fair value of \$4,050,000 was recognised in the profit or loss (2022: \$6,500,000 net gain in fair value) 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 98.5% of the total assets of the Group (2022: 97%),	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 use; • Evaluated whether the expert had the necessary competence, capabilities, and objectivity to undertake the valuations;

making it a significant balance on the consolidated statement of financial position; • The valuation of the Group'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.	• Engaged our own internal expert to critique and challenge the work performed by Management's expert, assumptions used, and the appropriateness of the valuation methodology adopted; • We considered the adequacy of the disclosures made in Notes 18 and 21 to the financial statements, which set out the key judgements and estimates.

Other Information

The directors are responsible for the other information. The other information comprises of the Report of the Directors to the Shareholders, Directory, and the Directors' Interest Register, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group, to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/.

This description forms part of our auditor's report.

Who we Report to

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

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

BDO Christchurch Audit Limited

BDO Christchurch Audit Limited
Christchurch
New Zealand
24 July 2023

rwca
accountancy
+advisory

Directory

Superstore Properties Limited
For the year ended 31 March 2023

Nature of Business

Commercial Investment Property

Registered Office

FSS Management Limited
126 Tahunanui Drive
Nelson 7011

Date of Incorporation

25 January 1999

Incorporation Number

942750

New Zealand Business Number

9429037675127

IRD Number

071-404-544

Directors

John Murray
Damien Prendergast

Bankers

ANZ
248 Trafalgar Street
Nelson 7010

Solicitors

Duncan Cotterill
197 Bridge Street
Nelson 7010

Auditors

BDO Christchurch
Awly Building - Level 4
287-293 Durham Street
Christchurch 8013

rwca accountancy + advisory

Chartered Accountant

RWCA Limited
Level 3, 7 Alma Street
Nelson 7010

Investment Manager, Property Manager

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

Share Register, Secondary Market

Syndex Limited
Level 4
5 High Street
Auckland 1010