Pyne Gould Corporation Limited

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

PYNE GOULD CORPORATION LIMITED
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For the year ended 30 June 2022

PYNE GOULD CORPORATION LIMITED
COMPANY REPORT

Managing Director's Report
The operating environment during the year has remained challenging. Whilst the impact of Covid-19 appears to now be behind us, cost of living pressure, supply chain disruption and increasing interest rates bring ongoing challenges for PGC and its subsidiaries (together "the Group").

Revenue for the year, whilst up on 2021, still reflects the legacy impact of Covid-19 related lockdowns on the Group, primarily the RCL business. Whilst RCL has (and maintains) a very strong pre-sale book, delays flowing from lockdowns have impacted timing for stock delivery. RCL remains focused on actively working to deliver its current pre-sales as expediently as possible.

Residential property market conditions have remained robust in Australia and New Zealand even with the more challenging interest rate environment.

As at the balance date, RCL had pre-sales in place of in excess of AUD150 million across the portfolio and is actively focused on delivering product as expediently as possible. Post year end, pre-sale volume has further increased with additional sales releases during the September 2022 quarter continuing to be quickly absorbed at asking price.

The settlement consideration agreed with Bath Street Capital and Andrew Barnes was received in full during the course of the year, bringing closure on the exit of the Group's interest in Perpetual Trust Limited.

During the financial year, Torchlight Fund LP (TFLP) exercised part of its option in respect of KCR and lifted its investment to a controlling interest resulting in the consolidation of KCR into the Group.

Capital management initiatives were also implemented with part of the proceeds from the Perpetual receivable being used to buy back 8.22 million shares during the financial year.

During June 2022, TFLP also successfully completed a non-pro rata exit for a number of Limited Partners which further lifted the Group's interest in TFLP (from 70% to 83%).

TFLP funded the non-pro rata exit via a cash release from RCL (from net settlement proceeds).

Whilst considered a positive outcome for TFLP, and in turn the Group as the largest Limited Partner, the non-pro rata exit has negatively impacted Group reported NTA. This is primarily due to Group accounts reflecting historical cost accounting treatment for the RCL business which is substantially below market value for the assets.

RCL (and in turn the Group on consolidation) adopts the lower of net realisable value or historical cost in respect of the majority of its assets with value from realisation only being reflected as sites are developed, sold and settled.

The non-pro rata exit offer TFLP made to Limited Partners was at a discount to the General Partner's view of the intrinsic value for the RCL business, however this was well in excess of historical cost values.

TFLP expired on 31 May 2022 and has not been further extended. The primary near term focus is on progressing an outcome for TFLP.

The Company continues to see significant upside in TFLP's largest investment RCL and is focused on continued participation in this investment.

A small new investment (USD2.35 million) was also made in what the Group considers to be an exciting iron ore project in Brazil. Although early days, the outlook for this investment is considered very promising and it is expected to deliver strong returns to shareholders over the next few years.

RCL
TFLP's largest investment is 100% of land developer and home builder RCL. RCL has a series of substantial residential land development projects located across Australia (Victoria, New South Wales and Queensland) and New Zealand (Queenstown).

RCL's approach is to effectively manage its portfolio through the successful, timely and efficient re-zoning, construction, development and sale of each project.

RCL's largest project is Hanley's Farm in Queenstown where it is developing in excess of 1,700 sites. This project continues to progress well and as at balance date approximately 1,167 sites had been sold in a series of progressive releases, with approximately 819 sites completed and settled.

Market conditions in Queenstown remain robust, with sales releases continuing to be quickly absorbed. Ongoing sales releases have occurred during the course of this calendar year on a progressive basis. Total pre-sales at balance date of approximately NZD112 million (£57 million) are in place for this project and focus is on delivering this stock as expediently as possible. Pre-sale volume has continued to increase with additional sales releases during the September 2022 quarter exceeding the value of settlements for the quarter (pre-sales of approximately NZD164 million (£84 million) are now held for the New Zealand portfolio).

Managing Director's Report (continued)

RCL (continued)
Post balance date RCL has entered into a conditional agreement to acquire another substantial project in Queenstown (for NZD70 million) and is focused on progressing planning approvals for this site as expediently as possible. Whilst approvals are yet to be obtained, RCL expects to achieve a minimum yield of 1,500 sites from this project.

In the Australian portfolio RCL continues to focus on delivery of its own built form product (turn-key apartments and townhouses) enhancing margins and returns from the existing medium density sites within the portfolio. RCL intends to have its first release of turn-key free-standing houses in the Sunbury project as part of the sales mix during the current financial year. This expansion of built form product is expected to provide access to buyers looking for completed product and capture incremental development margins from construction.

The introduction of completed product into the New Zealand portfolio is also continuing to be explored.

Residential property market conditions in Australia have remained strong with total pre-sales across the Australian portfolio of approximately AUD55 million. Ongoing sales releases are planned subject to market conditions remaining sound.

RCL continues to look for restocking opportunities in Australia in tandem with progressing planning outcomes across a number of sites.

KCR Investment
KCR operates in the private rented residential market in London and its surrounds. KCR also owns and operates a portfolio of retirement living accommodation.

The initial TFLP investment in KCR enabled KCR to restructure its balance sheet and refinance its portfolio to free up capital to support the structuring of the business and enable additional investment in the existing portfolio to assist in driving growth from the existing asset base. Proceeds from the additional option exercise by TFLP are being used by KCR to continue to support operational activities.

KCR is continuing with the transition of its business and whilst not yet generating positive operating cashflow, good progress continues to be made. Following balance sheet restructuring, there has been an active focus on reducing operating costs and implementation of a refurbishment works program to drive revenue growth, KCR is well positioned to continue to drive growth from its existing assets.

KCR's short-term strategy continues to be to achieve an operational cash neutral position by a combination of improving returns from its existing assets and active management to reduce the fixed cost base.

During the 2022 financial year, KCR focused on enhancing revenue from refurbished assets and controlling operating costs.

Covid-19 did not materially impact the business during the course of the financial year with occupancy remaining close to 100% with nominal rental arrears.

We look forward to KCR continuing to improve its underlying operating performance.

Final Comment
We are well advanced with our strategy of building a long-term, sustainable business from distressed assets and expect to reward our shareholders for their patience as the investment strategy reaches maturity.

Capital management remains an ongoing focus for the Board. PGC shares trade at a considerable discount to the underlying value of Group assets and buying them back continues to offer attractive returns for shareholders and is consistent with our value creation strategy.

Fundamentals for TFLP and its core underlying principal investments remain sound, and we believe they are well placed to deliver substantial growth in the coming years.

Successfully achieving an outcome for the RCL investment is the Group's primary near-term focus.

George Kerr
Managing Director
28 October 2022

PYNE GOULD CORPORATION LIMITED
COMPANY REPORT (CONTINUED)

Directors' Report

PGC recorded a Net Profit attributable to security holders of £3.47 million for the year to 30 June 2022 (compared with a Net Loss of £10.72 million for the year to 30 June 2021).

After favourable foreign currency movements in foreign currency translation, PGC recorded Total Comprehensive Income of £6.90 million prior to adjustment for non-controlling interests.

Total Comprehensive Income attributable to PGC shareholders was £6.08 million (compared with a Total Comprehensive Loss of £11.34 million for the year to 30 June 2021).

Net assets attributable to security holders decreased to £22.39 million (compared to £31.03 million as at 30 June 2021). Deterioration in Net Assets attributable to shareholders was primarily the result of the non-pro rata exit TFLP completed with its Limited Partners.

The exit price was struck by reference to market values which are well in excess of historical cost. The component of the exit paid attributed to security holders was reflective of the actual amount paid which has been applied as a reduction against assets mostly carried on a historical cost basis.

Net assets per share was 24.7% lower, falling from 15.33 pence per share for the year end 30 June 2021 to 11.54 pence per share for the year end 30 June 2022 (after allowing for non-controlling interests and other comprehensive income).

Whilst the non-pro rata exit payment made by TFLP has had a negative impact on statutory shareholder equity and Net assets per share, the Directors consider the impact for the Group to be positive on a market value basis. RCL's substantial real estate portfolio is expected to deliver long term value recognition (as sales are made and settled) well in excess of historical cost. This value will only be reflected in Group accounts as settlements actually occur.

Operating Performance

On a consolidated basis (before allowing for non-controlling interests), the result for the 2022 financial year was a Profit after tax of £5.49 million. This compares with a Loss after tax of £13.99 million for the same period last year.

After allowing for foreign exchange translation movements, the consolidated Total Comprehensive Income for the 2022 financial year was £6.90 million. This compares with a consolidated Total Comprehensive Loss of £14.61 million for the 2021 financial year.

Following adjustment for non-controlling interests, the Total Comprehensive Income attributable to PGC shareholders was £6.08 million (compared to a Total Comprehensive Loss of £11.34 million for the same period last year).

Improved operating performance was largely driven by a combination of higher sales revenue and a higher percentage of revenue being driven from the sale of land (rather than completed turn-key product which has a lower overall margin on total development cost compared to sale of land).

Activity levels across the RCL portfolio have been strong over the course of the 2022 financial year and momentum has been maintained into the current financial year which is reflected in continued growth in pre-sale levels post balance date (after allowing for settlements).

Delivery of this stock is expected to underpin strong operational performance from the RCL business during the current financial year.

Market conditions remain buoyant in New Zealand however are slowing in Australia. High level of pre-sales provides a robust buffer against slowing market conditions. There are material constraints on resources (both labour and materials) across all markets RCL operates in which is likely to result in delays in delivering pre-sold stock.

Statement of Financial Position

At 30 June 2022, PGC had a surplus in Net Current Assets of £49.93 million (compared to a surplus of £53.44 million last year). The continued strong surplus in net current assets is driven mainly by the term nature of maturing debt facilities. The KCR investment is now consolidated and predominantly reflected in non-current assets (investment properties). Previously this asset was treated as a current asset, fair valued through profit and loss.

Total Group Assets held were £142.28 million (compared to £112.40 million in the prior financial year) with total equity of £31.14 million (compared to £39.32 million in the prior financial year). The increase in total group assets predominantly reflects the consolidation of KCR following TFLP achieving a control position. Reduction in equity driven by the TFLP non-pro rata exit payment to a number of limited partners, whilst this increased the Group's interest in TFLP to 83% (up from 70%) as outlined above the payment to exiting limited partners using market values as a reference was well in excess of historical cost.

Directors' Report (continued)

After allowing for non-controlling interests of £8.75 million (up from £8.30 million in the prior year), net equity attributable to security holders fell to £22.39 million (down from £31.03 million).

Long-Term Focus

The core strategy of building a long-term sustainable business from distressed assets remains unchanged.

We still have challenges ahead, but progress continues to be made to deliver value to our shareholders.

With the TFLP partnership now expired the near-term focus is on achieving an outcome for TFLP's largest investment, RCL.

No formal exit plan has been communicated to the Limited Partners. TFLP's stand-alone entity accounts are prepared on a break up basis.

We are pleased that the Perpetual Trust Limited receivable has now been collected in full.

Work in respect of optimising value from the remaining non-core assets is ongoing.

The largest remaining non-core asset is the residential project located within the Bethlehem suburb of Tauranga City. Development options and optimising planning outcomes are continuing to be progressed with a view to maximising value from this site.

Share Buyback

Capital management remains an ongoing focus for the Board, and we expect to continue to allocate capital to facilitate the buyback of shares.

During the year 8,218,835 shares were bought back at an average price of NZD0.255 (£0.13) (prior year: 144,705 shares were bought back at an average price of NZD0.250 (£0.13)), which was value accretive for shareholders.

PGC shares trade at a considerable discount to the market value of the underlying assets and buying them back is consistent with our value creation strategy.

Covid-19

With the removal of restrictions and widespread vaccine rollout, Covid-19 did not have a material impact on Group operations during the 2022 financial year.

There remains a degree of uncertainty in assessing the financial impact that the Covid-19 pandemic will ultimately have on the Group, however as restrictions have mostly been removed globally, the Directors are of the opinion that the ongoing Covid-19 situation will not impact the use of the going concern assumption in preparing these Financial Statements.

For and on behalf of the Directors

Russell Naylor
Director
28 October 2022

PYNE GOULD CORPORATION LIMITED
BOARD OF DIRECTORS

GEORGE KERR B Com

Non-Independent Director
George is a sophisticated private equity investor with a successful record in Australasia and the United Kingdom spanning more than 30 years.

He is chairman of Australasian Equity Partners, the cornerstone shareholder in PGC.

George was appointed to the Board of PGC in August 2008 and has been the Group's Managing Director since April 2012. He is also chairman of PGC's Torchlight Group.

RUSSELL NAYLOR

Non-Independent Director
Russell Naylor has an extensive background in banking and finance and is the principal of Naylor Partners, a boutique Sydney-based Corporate Advisory business. Russell is an Executive Director and Investment Committee Member of Torchlight and is a resident of Australia.

Russell was appointed to the PGC Board on 14 February 2012 and is a member of the Audit and Risk Committee.

NOEL KIRKWOOD BAgri. Com

Non-Independent Director
In 2010 Noel joined Real Estate Credit Limited, a PGC subsidiary, where his skills were employed to unlock value from the assets held in the former MARAC bad bank. Noel holds a B. Agr. Com (Economics) from Lincoln University. A New Zealand resident with over 30 years' experience in banking and finance, he has held senior credit and lending roles covering rural, business and property transactions and has extensive experience in the work out of distressed property assets.

Noel Kirkwood was appointed to the PGC Board on 27 August 2014.

MICHELLE SMITH M. Com (Hons), ICAEW

Independent Director
Michelle Smith is a Chartered Accountant with over 30 years' experience in Investment Banking and Asset Management in Europe.

Michelle is the COO of Affirmative Investment Management Partners Limited, a fixed income impact investment management start-up company, based in London.

She trained as a chartered accountant with Ernst & Young, London and worked with Goldman Sachs in London for over 12 years. She has expertise in operational risk, compliance and regulatory risk, processes and controls across complex product lines in a highly control conscious and regulated environment.

Michelle has served as a non-executive director on several boards since 2007, ranging from Fund Management and Insurance to Retail Banking, Mining and Biofuels.

Michelle was appointed to the PGC Board on 4 November 2014 and is Chair of the Audit and Risk Committee.

PAUL DUDLEY BSc (Hons), FCA

Independent Director
Paul Dudley is a Fellow of the Chartered Institute of Accountants of England and Wales and is a Member of the UK's Chartered Institute of Securities and Investment. He is a director of Aer Ventures, a corporate advisory business that is authorised and regulated by the UK's Financial Conduct Authority. Paul has acted as a corporate finance adviser on numerous flotations and fundraisings and provided advice on takeovers and other transactions in the private and public arenas.

Earlier in his career, Paul was seconded to the listing department of the London Stock Exchange, and he also worked at a venture capital investment firm, where he advised on investment in emerging growth companies. He began his career at PricewaterhouseCoopers.

Paul is an Independent Director of PGC, based in the United Kingdom.

Paul was appointed to the PGC Board on 23 May 2016 and is a member of the Audit and Risk Committee.

PYNE GOULD CORPORATION LIMITED
DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with applicable laws and regulations.

The Companies (Guernsey) Law, 2008 requires the directors to prepare consolidated financial statements for each financial year. Under that law, they have elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable law.

The consolidated financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these Consolidated Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of IFRS (as issued by the IASB) used in the preparation of consolidated financial statements;
- state whether applicable IFRS (as issued by the IASB) have been followed subject to any material departures disclosed in the consolidated financial statements; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with The Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, having taken all the steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Board of Directors of Pyne Gould Corporation Limited authorised the Consolidated Financial Statements set out on pages 15 to 62 for issue on 28 October 2022.

For and on behalf of the Board

Russell Naylor
Director

George Kerr
Managing Director

INDEPENDENT AUDITOR'S REPORT

To the members of Pyne Gould Corporation Limited

Opinion

We have audited the consolidated financial statements of Pyne Gould Corporation Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the Consolidated S of Comprehensive Income, the Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position as at 30 June 2022 and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. . The consolidated financial statements framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Standards Board (IASB).

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2022 and of the Group's profit for the year then ended;
- are in accordance with IFRS as issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of the 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.

The key audit matter	How the matter was addressed in our audit
Improper revenue recognition – revenue from land development and resale (2022: £38.857 million, and 2021: £31.75 million) Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. The Group's revenue was mainly revenue from the sale of developed land and revenue generated from the golf course. There is a risk that the revenue may be misstated due to improper revenue recognition and/or fraud. *Refer to the Accounting policies in Note 3(e) of the consolidated financial statements (page 25)*	**In responding to the key audit matter, we performed the following audit procedures:** The Groups revenue mainly consists of the resale of developed land and golf revenue in RCL. Our group audit procedures focused on directing and reviewing the audit work performed by the component auditor and ensuring that they: • Obtained an understanding of the processes, policies and methodologies, and controls in relation to the recognition of revenue from the sale of developed land and golf revenues and performed tests of design and implementation on key controls. • Assessed whether the revenue recognition policies are in line with the requirements of IFRS 15 and consistently applied, as well as in line with the Group accounting policies. • Performed an analytical review of revenue from the sale of developed land and various categories of revenue generated by the golf course, identifying unusual amounts and corroborating to supporting documents (i.e., sale agreements, settlement payments and invoices). • Performed cut-off procedures to identify any cut-off issues and determine if revenue from the sale of

The key audit matter	How the matter was addressed in our audit
	developed land and revenue generated by the golf course have been recorded in the correct period. • In addition to our review of the work performed by the component auditors, we reviewed the associated disclosures within the Consolidated Financial Statements to determine if its IFRS compliant. **Our result** We have not identified any matters to report to those charged with governance in relation to the recognition of revenue from the sale of developed land.
Valuation of inventory – land held for resale (2022: £94.358 million, 2021: £78.94 million) As at 30 June 2022, 66% (2021: 70%) of the carrying value of the Group's total assets, consisting of land held for resale which is carried at the lower of cost or net realisable value ("NRV"). In determining the NRV of inventory, management uses different valuation techniques, including discounted cash flow models, original transaction price, recent transactions in the same or similar instruments and completed third-party transactions in comparable instruments. Management adjusts the discounted cash flow model as deemed necessary for factors such as non-maintainable earnings, tax risk, and growth stage. Management takes into account relevant developments since the acquisition of the land and other factors pertinent to the valuation with reference to such rights in connection with realisation, recent third-party comparable transactions and reliable indicative offers from potential buyers and applying discounted cash flow analysis. Determining the NRV involves complexity and subjective management judgements and estimates. The magnitude of the amounts involved means that there is the potential for material misstatement giving rise to a higher risk of misstatement requiring special audit consideration. There is a risk that inventories may not be stated at the lower of cost and NRV due to inappropriate valuation models and inputs being applied in determining the NRV. Since one of the main drivers of the Group's total assets and the net asset value is the value of inventory, this is the area of focus for stakeholders and a significant audit risk area, and accordingly, this has been reported as a key audit matter. *Refer to the Accounting policies in Note 3(l) of the consolidated financial statements (page 27)*	**In responding to the key audit matter, we performed the following audit procedures:** The Groups inventory mainly consists of land under development in RCL. Our group audit procedures focused on directing and reviewing the audit work performed by the component auditor and ensuring that they: • Obtained an understanding of the processes, policies and methodologies, and controls in relation to the recognition and valuation of inventory and performed tests of design and implementation on key controls. • Assessed whether the inventory accounting policy is in line with the requirements of IAS 2 and consistently applied, as well as in line with the Group accounting policies. • Reviewed the inventory valuation schedule and on a sample basis, assessed whether inventory is valued at the lower of cost and net realisable value at year-end by performing the following procedures. ***NRV testing:*** • Reviewed and examined the reasonableness of the discounted cash flow workings for active developments; and • Engaged Grant Thornton Australia Corporate Finance team to perform testing on these models and use their knowledge of the market to assess and corroborate management's assumptions applied in the model, the discount rate applied to cash flows, testing revenue assumptions against comparable data and actual sales and reviewing the calculations and formula in the model. ***Cost testing:*** • Discussed and documented the methodology applied by management; and • On a sample basis, tested the transactions during the year and ensured that methodology is consistently applied. **For components audited by the primary audit team e.g. Land House Limited ("LHL")** • We assessed whether the inventory is valued at lower of cost or NRV at year-end by performing the following procedures: ***NRV testing*** • We inspected the agreements with the potential buyer and correspondence of management on the ongoing sale of the property post year-end

The key audit matter	How the matter was addressed in our audit
	regarding the selling price of the property and challenged the assumptions made by management and evaluated whether the net realisable value of inventory is reasonable. ***Cost testing*** • We obtained a detailed breakdown of the additions to cost in the current year and agreed to supporting documents. **Our result** We have not identified any matters to report to those charged with governance in relation to the valuation of inventory.
Valuation of investment properties (2022: £24.6m and 2021: nil) The Group, through a subsidiary, KCR Residential REIT plc ("KCR"), owns investment properties held for capital appreciation and rental income. Investment properties are valued by the directors of KCR with reference to independent external desktop or full valuations performed by a third-party independent real estate valuation specialist engaged by KCR. Valuations are based on a market approach which provides an indicative value by comparing the property with other similar properties for which price information is available and the valuation technique is Income capitalisation and/or capital value on a per square foot basis. The valuation of investment properties requires significant judgement in determining the appropriate inputs to be used in the model and there is therefore a risk that the properties are incorrectly valued. *Refer to the Accounting policies in Note 3(h) of the consolidated financial statements (page 26)*	**In responding to the key audit matter, we performed the following audit procedures:** The Group's investment property consists of property held by KCR for capital appreciation and rental income. Our group audit procedures focused on directing and reviewing the audit work performed by the component auditor and ensuring that where necessary, they engaged their own internal real estate valuation specialists, and ensured they: • assessed and corroborated management's market-related judgements and valuation inputs (i.e., gross yield, rate per square foot) by reference to comparable transactions, and independently compiled databases/indices. • determined whether the methodologies used to value investment properties were consistent with methods usually used by market participants for similar types of properties. • assessed the adequacy of the financial statement disclosures in relation to the use of estimates and judgements regarding the fair value of the investment properties.

Other information in the Annual Report

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Consolidated Financial Statements 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, except to the extent otherwise explicitly stated in our report, we do not express any form of 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company and the Group; or
- the Group's consolidated financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the Directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with IFRSs as issued by the International Standards Board (IASB) 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 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 Group or 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 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 our audit.

We also provide the directors with a statement that 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

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

Use of our report

This report is made solely to the Group's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

28 October 2022

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2022

	Note	2022 £000	2021 £000
Revenue from land development and resale		38,857	31,750
Cost of land development sales	16	(14,614)	(20,074)
Net revenue from land development and resale		**24,243**	**11,676**
Interest revenue	4	329	359
Interest expense	4	(11,570)	(13,786)
Net finance costs		**(11,241)**	**(13,427)**
Other investment gains/(losses)	5	1,425	(4,633)
Other revenue	5	2,442	2,049
Total investment gains/(losses) and other revenue		**3,867**	**(2,584)**
Gross operating profit/(loss)		**16,869**	**(4,335)**
Selling and administration expenses	6	(10,129)	(8,940)
Foreign exchange (losses)/gains		(736)	(575)
Impaired asset expense	7	(502)	(168)
Net operating profit/(loss) before income tax		**5,502**	**(14,018)**
Income tax credit	9	(12)	25
Profit/(loss) for the year after tax		**5,490**	**(13,993)**
Other comprehensive income/(loss)			
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Foreign currency adjustment on translation to presentation currency		1,408	(615)
Total other comprehensive income/(loss)		**1,408**	**(615)**
Total comprehensive income/(loss) for the year		**6,898**	**(14,608)**
Profit/(loss) attributable to:			
Owners of the Company		3,467	(10,723)
Non-controlling interests	21	2,023	(3,270)
Profit/(loss) for the year		**5,490**	**(13,993)**
Total comprehensive income/(loss) attributable to:			
Owners of the Company		6,081	(11,343)
Non-controlling interests	21	817	(3,265)
Total comprehensive income/(loss) for the year		**6,898**	**(14,608)**
Earnings/(loss) per share		**Pence**	**Pence**
Basic and diluted earnings/(loss) per share	13	1.73	(5.30)
Basic and diluted earnings/(loss) per share – continuing operations	13	1.73	(5.30)

The notes on pages 20 to 58 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2022

	Attributable to owners of the Company					
2021	**Share Capital (see note 14) £000**	**Foreign Currency Translation Reserve £000**	**Accumulated Losses £000**	**Non-controlling interests acquisition reserve £000**	**Non-controlling interests (see note 21) £000**	**Total Equity £000**
Balance at 1 July 2020	**151,197**	**20,939**	**(134,034)**	**4,285**	**11,561**	**53,948**
Total comprehensive loss for the year						
Loss for the year	-	-	(10,723)	-	(3,270)	(13,993)
Other comprehensive loss						
Foreign currency adjustment on translation to presentation currency	-	(620)	-	-	5	(615)
Total comprehensive loss for the year	**-**	**(620)**	**(10,723)**	**-**	**(3,265)**	**(14,608)**
Transactions with owners						
Share buy-back	(19)	-	-	-	-	(19)
Total transactions with owners	**(19)**	**-**	**-**	**-**	-	**(19)**
Balance at 30 June 2021	**151,178**	**20,319**	**(144,757)**	**4,285**	**8,296**	**39,321**

The notes on pages 20 to 58 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2022

2022	Share Capital (see note 14) £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Non-controlling interests acquisition reserve £000	Non-controlling interests (see note 21) £000	Total Equity £000
	Attributable to owners of the Company					
Balance at 1 July 2021	**151,178**	**20,319**	**(144,757)**	**4,285**	**8,296**	**39,321**
Total comprehensive income for the year						
Profit for the year	-	-	3,467	-	2,023	5,490
Other comprehensive income						
Foreign currency adjustment on translation to presentation currency	-	2,614	-	-	(1,206)	1,408
Total comprehensive income for the year	**-**	**2,614**	**3,467**	**-**	**817**	**6,898**
Acquisition of non-controlling interest	**-**	**-**	-	**(2,257)**	**8,371**	**6,114**
Redemptions of non-controlling interests	**-**	**-**	**-**	**(11,378)**	**(8,735)**	**(20,113)**
Transactions with owners						
Share buy-back	(1,081)		-	-	-	(1,081)
Total transactions with owners	**(1,081)**		**-**	**-**	-	**(1,081)**
Balance at 30 June 2022	**150,097**	**22,933**	**(141,290)**	**(9,350)**	**8,749**	**31,139**

The notes on pages 20 to 58 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Note	2022 £000	2021 £000
ASSETS			
Current assets			
Cash in bank		7,275	10,323
Finance receivables	15	2,126	1,949
Trade and other receivables		3,865	3,074
Investments – Fair value through profit or loss	19	42	12,369
Investments – Loans and receivables at amortised cost	20	1,308	1,787
Inventories	16	37,609	30,144
Prepayments		1,094	161
Total current assets		**53,319**	**59,807**
Non-current assets			
Inventories	16	56,749	48,800
Investment properties	17	24,605	-
Investments – Fair value through profit or loss	19	1,825	-
Advances to related parties	24	3,853	3,249
Property, plant and equipment		1,933	544
Total non-current assets		**88,965**	**52,593**
Total assets		**142,284**	**112,400**
EQUITY AND LIABILITIES			
LIABILITIES			
Current liabilities			
Trade and other payables	23	3,387	6,372
Total current liabilities		**3,387**	**6,372**
Non-current liabilities			
Borrowings	22	106,743	65,751
Deferred tax liability	10	1,015	956
Total non-current liabilities		**107,758**	**66,707**
Total liabilities		**111,145**	**73,079**
EQUITY			
Share capital	14	150,097	151,178
Foreign currency translation reserve		22,933	20,319
Accumulated losses		(141,290)	(144,757)
Non-controlling interests acquisition reserve		(9,350)	4,285
Total equity – attributable to the owners of the Company		**22,390**	**31,025**
Non-controlling interests	21	**8,749**	**8,296**
Total equity		**31,139**	**39,321**
Total equity and liabilities		**142,284**	**112,400**
Net assets per share (pence)	13	11.54	15.33

The Board of Directors of Pyne Gould Corporation Limited approved and authorised for issue the Consolidated Financial Statements set out on pages 15 to 58 for issue on 28 October 2022.

Russell Naylor
Director

George Kerr
Managing Director

The notes on pages 20 to 58 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Interest received		5	66
Rental revenue	5	774	11
Proceeds from sale of inventories		38,882	31,750
Fees and other revenue received		1,668	2,038
Total cash provided from operating activities		**41,329**	**33,865**
Payments to suppliers and employees		(14,427)	(5,843)
Development costs of inventories		(27,532)	(10,095)
Total cash applied to operating activities		**(41,959)**	**(15,938)**
Net cash flows (applied to)/from operating activities	11	**(630)**	**17,927**
Cash flows from investing activities			
Proceeds from disposal of investments		8,421	1,208
Net cash acquired from acquisition of KCR		312	-
Total cash provided from investing activities		**8,733**	**1,208**
Acquisition of property, plant and equipment		(1,662)	(490)
Increase in finance receivables		(102)	(1,229)
Increase in other investments		(1,825)	(118)
Settlement of acquisition of non-controlling interests		-	(14,219)
Settlement of redemption of non-controlling interests		(20,113)	-
Increase in loans and receivables at amortised cost		-	(1,285)
Increase in advances to other related parties	24	(106)	(47)
Total cash applied to investing activities		**(23,808)**	**(17,388)**
Net cash flows applied to investing activities		**(15,075)**	**(16,180)**
Cash flows from financing activities			
Increase in borrowings	12	24,823	20,205
Total cash provided from financing activities		**24,823**	**20,205**
Share buy-backs		(1,082)	(19)
Decrease in borrowings	12	(11,699)	(18,434)
Interest paid		(310)	-
Total cash applied to financing activities		**(13,091)**	**(18,453)**
Net cash flows provided from financing activities		**11,732**	**1,752**
Net (decrease)/increase in cash in bank		**(3,973)**	**3,499**
Foreign currency adjustment on translation of cash balances to presentation currency		925	(429)
Opening cash in bank		10,323	7,253
Closing cash in bank		**7,275**	**10,323**
Represented by:			
Cash in bank		7,275	10,323
		7,275	10,323

The notes on pages 20 to 58 are an integral part of these Consolidated Financial Statements.

1. Reporting Entity

Pyne Gould Corporation Limited is a Guernsey-domiciled company. The Consolidated Financial Statements comprise Pyne Gould Corporation Limited ("the Company") and its subsidiaries (see note 8) (together "the Group").

Entities within the Group variously offer financial and asset management services, engage in real estate development and construction, and invest in financial and real estate assets.

The Company is also listed on the Official List of The International Stock Exchange ("TISE") as of 21st November 2018. The registered office address of the Company is Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 1GR.

2. Basis of Preparation

(a) Statement of compliance

These Consolidated Financial Statements, including comparative figures, are in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

As a Guernsey domiciled company, the Consolidated Financial Statements also comply with the legal and regulatory requirements of The Companies (Guernsey) Law, 2008, and have been prepared under the assumption that the Group operates as a going concern.

(b) Basis of measurement

The Consolidated Financial Statements have been prepared on the basis of historical cost, except for inventories held for sale recorded at the lower of cost or fair value less costs to sell, loans and receivables carried at amortised cost and investment properties and financial assets at fair value through profit or loss.

(c) Functional currency

The Board of Directors ("Board" or "Directors") considers New Zealand dollars ("NZD") to be the functional currency of the Company, as it is the currency in which capital is raised and returned. In addition, all equity related transactions (including dividends) are settled in NZD. Whilst the Group's operations are conducted in multiple currencies, historically the functional currency has been NZD and for this financial year the Directors' have determined the underlying transactions, events and conditions have not changed from the historic functional currency position of NZD. For further details on the functional currency, see note 2(e)(ii).

(d) Presentation currency

Due to the migration of the Company from New Zealand to Guernsey in 2014, the listing on TISE and the intention, in due course, to list on the London Stock Exchange, although the process to list on the London Stock Exchange has not started, the Board agreed the presentation currency of these Consolidated Financial Statements should be British Pound Sterling ("GBP" or "£"). The figures in the Consolidated Financial Statements and related notes have been translated from NZD and from Australian Dollars ("AUD") using the procedures outlined below:

- Assets and liabilities have been translated into GBP using the closing rates of exchange applicable at the relevant reporting date. As at 30 June 2022 the rates applied were NZD1.00 to GBP0.513029 and AUD1.00 to GBP0.567734 (30 June 2021: NZD1.00 to GBP0.503998, AUD1.00 to GBP0.541261);
- Revenue and expenses, including any other comprehensive income, have been translated into GBP at average rates of exchange for the relevant accounting year. For the year ended 30 June 2022 the average rates applied were NZD1.00 to GBP0.510835 and AUD1.00 to GBP0.545760 (30 June 2021: NZD1.00 to GBP0.515250 and AUD1.00 to GBP0.552040);
- Movements in share capital and share premium are translated into GBP at the rates applicable at the dates of the transactions; and
- All differences arising on the above translations have been taken to the foreign currency translation reserve.

All resulting exchange differences are recognised under other comprehensive income and presented as a separate component of equity ("Foreign Currency Translation Reserve").

Unless otherwise indicated, amounts are rounded to the nearest thousand.

2. Basis of Preparation (continued)

(e) Accounting judgements and major sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements and estimation uncertainty

The following are the key accounting judgements and sources of estimation uncertainty at 30 June 2022 that have significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Critical judgements in applying accounting policies:

(i) Going Concern

During the prior year, the Group successfully closed the restructuring of its financing arrangements, providing an increase in funding and an extension of a further three years to the financing term. This enabled the Group to meet certain financial obligations and provided additional working capital.

As a result, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for at least 12 months from the date of approval of the Consolidated Financial Statements, and therefore these Consolidated Financial Statements are presented on a going concern basis.

In reaching this conclusion, the Directors have considered the risks (as explained below) that could impact the Group’s liquidity over the next 12 months from the date of approval of the Consolidated Financial Statements and are of the opinion that it remains appropriate to prepare these Consolidated Financial Statements on a going concern basis.

Covid-19

There remains a degree of uncertainty in assessing the financial impact that the Covid-19 pandemic will ultimately have on the Group, however as restrictions are in the process of largely being removed globally, the Directors are of the opinion that the ongoing Covid-19 situation will not impact the use of the going concern assumption in preparing these Financial Statements.

Torchlight Fund LP

On 13 December 2021, the limited partners of Torchlight Fund LP (“TFLP”), the most significant component of the Group, approved an extension of the life of TFLP by 6 months to 31 May 2022, and in June 2022 the Group facilitated non-pro rata exits for a number of limited partners. TFLP’s audited financial statements for the year ended 31 March 2022 were prepared on a non-going concern basis, however the Group has committed to either rolling its investment in RCL into a new structure to enable ongoing participation in the RCL investment, or to dispose of either 100% of the shares or a non-controlling interest in RCL, as a result of which it is not anticipated that the winding up of TFLP will impact the viability of the Group.

2. Basis of Preparation (continued)

(e) Accounting judgements and major sources of estimation uncertainty (continued)

Critical judgements in applying accounting policies (continued):

(ii) Functional currency
The Board of Directors considers NZD as the functional currency of the Company, as NZD is the currency in which capital is raised, dividends are declared and paid, capital returned and ultimately the currency that would be returned if the Company was wound up. In addition, the Company has no bank facility debt and is wholly funded through equity. All equity related transactions (including dividends) are settled in NZD.

The Directors have also considered the currencies in which the underlying assets are denominated. The Company has exposure to a number of currencies through its underlying assets, principally NZD and AUD. However, the majority of the Company's expenditure during the current financial year has remained in NZD.

Whilst the Company's operations are conducted in multiple currencies, historically the functional currency has been NZD and for this financial year the Directors' have determined the underlying transactions, events and conditions have not changed from the historic functional currency position of NZD.

(iii) Investment in KCR Residential REIT plc ("KCR")
At 30 June 2021, TFLP held 34.1% of the issued share capital in KCR, and Mr. Naylor, a Director of the Company, served on the Board of KCR. Accordingly, in view of the significant influence of the Group through TFLP over KCR, the Directors deemed KCR to be an associate at 30 June 2021. During the year, TFLP exercised options to increase its stake in KCR to 55.4%, and accordingly, the Board has determined that the Group now has control over KCR, which has therefore been reclassified from an associate to a subsidiary (see notes 17, 18 and 19).

(iv) Assets held for sale
As at 30 June 2022, the Group is exploring all options following the expiry of TFLP however, as at 30 June 2022, no decision has been taken and therefore the Group's investment in RCL is not classified as a disposal group held for sale in these Consolidated Financial Statements.

Key sources of estimation uncertainty

(i) Inventories
Inventories are stated at the lower of cost or net realisable value, which have been determined using forecast feasibility estimates. These forecast feasibility estimates require the application of estimations around sales volume rates, development costs, selling prices and financing costs over the life of each project. The basis for which inventories are carried in the Consolidated Financial Statements is disclosed above, whilst the carrying values of inventories are disclosed in note 16.

(ii) *Investments - Fair value through profit or loss (FVTPL) – Level 3*
The key source of estimation uncertainty when estimating the fair value of level 3 investments are the unobservable inputs and assumptions used when determining fair value. The use of different inputs or methodologies could lead to different measurement of fair value however, the Group believes that its estimates of fair value are appropriate (see note 25).

(iii) Investments – Receivable from sale of Perpetual Trust Limited ("PTL")
As at 30 June 2022, there was no balance receivable in respect of the Group's receivable from the sale of Perpetual Trust Limited ("PTL"). As at 30 June 2021, the fair value of the PTL receivable was arrived at on the basis of a settlement agreement between the Group and the sale counterparty, which was settled during the year.

(iv) Impairment
The Group considers expected credit losses (ECLs) for all debt instruments except those held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (see notes 7, 20 and 25).

3. Significant Accounting Policies

The accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years, unless otherwise stated.

(a) Basis of consolidation
The Consolidated Financial Statements comprise the operating results, cash flows and assets and liabilities of the Company and its subsidiaries (the "Group") for the year ended 30 June 2022. Subsidiaries are all entities over which the Company exercises control. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

• Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

• Exposure, or rights, to variable returns from its involvement with the investee

• The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

• The contractual arrangement(s) with the other vote holders of the investee

• Rights arising from other contractual arrangements

• The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group attributes profit or loss and total comprehensive income or loss of subsidiaries between the owners of the Company and the non-controlling interests based on their respective ownership interests.

Investment in subsidiaries
The Company has an investment in TFLP, which is accounted for as a subsidiary. The investment is held through the Company's subsidiary Torchlight Group Limited.

Following the non-pro-rata redemption of certain limited partners' interests on 17 June 2022, as at 30 June 2022, the Company's limited partnership interest in TFLP is 83.0% (30 June 2021: 70.3%). In accordance with the TFLP limited partnership agreement, substantive control over TFLP is deemed to be established when a single investor holds greater than 34% of the limited partnership interests in TFLP (see note 8).

The non-controlling interests in TFLP are measured at their proportionate share of TFLP's net assets.

3. Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

TFLP has an investment in KCR Residential REIT plc, which, following the exercise of options during the year, amounts to 55.4% of the issued share capital of KCR (30 June 2021: 34.1%). Accordingly, KCR has been reclassified during the year from an associate to a subsidiary.

New accounting standards effective and adopted
The following relevant amended standards have been applied for the first time in these Consolidated Financial Statements:

- ‘Replacement issues in the context of the IBOR reform’ published in August 2020. This project has amended certain existing standards effective from accounting periods commencing on or after 1 January 2021; and
- IFRS 16 (amended), “Leases” (amendment to extend the exemption from assessing whether a Covid-19-related rent concession is a lease modification), effective for accounting periods commencing on or after 1 April 2021).

In the opinion of the Directors, the adoption of these standards has had no material impact on the Consolidated Financial Statements of the Group.

New, revised and amended standards applicable to future reporting periods
At the date of approval of these Consolidated Financial Statements, the following relevant new or amended standards and interpretations, which may be applicable to the Group’s operations but have not been applied in these Financial Statements, were in issue but not yet effective:

- IAS 1 (amended), “Presentation of Financial Statements” (amendments regarding the classification of liabilities and the disclosure of accounting policies), effective for accounting periods commencing on or after 1 January 2023;
- IAS 8 (amended), “Accounting Policies, Changes in Accounting Estimates and Errors” (amendments regarding the definition of accounting estimates), effective for accounting periods commencing on or after 1 January 2023;
- IAS 12 (amended), “Income Taxes” (amendments regarding deferred tax on leases and decommissioning obligations), effective for accounting periods commencing on or after 1 January 2023; and
- IAS 37 (amended), “Provisions, Contingent Liabilities and Contingent Assets” (amendments regarding the costs to include when assessing whether a contract is onerous), effective for accounting periods commencing on or after 1 January 2022.

In addition, the IASB has issued the following publications:

- Amendments to various existing standards updating a reference to the Conceptual Framework, effective for accounting periods commencing on or after 1 January 2022; and
- ‘Annual Improvements to IFRS Standards 2018-2020’, published in May 2020. This project has amended certain existing standards effective for accounting periods commencing on or after 1 January 2022.

The Directors do not anticipate that the adoption of these standards in future periods will have a material impact on the Consolidated Financial Statements of the Group.

3. Significant Accounting Policies (continued)

(b) Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle; or
- Held primarily for the purpose of trading; or
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle; or
- It is held primarily for the purpose of trading; or
- It is due to be settled within twelve months after the reporting date; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Interest

Interest revenue and interest expense are recognised in profit or loss within the Consolidated Statement of Comprehensive Income using the effective interest method. The effective interest rate is established on initial recognition of the financial assets and liabilities and is not revised subsequently. The calculation of the effective interest rate includes all yield related fees and commissions paid or received that are an integral part of the effective interest rate.

(d) Employee benefit

Salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits.

(e) Revenue

Revenue arises mainly from land development and resale. The Group also generates revenue from golf and other operations and from dividends on investments.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligations are satisfied. Performance obligations may be satisfied at a point in time (typically for the sale of goods) or over a period of time (typically for the sale of services).

(i) Revenue from land development and resale

Revenue from land development and resale is recognised at a point in time when the Group satisfies performance obligations by transferring the developed property to the buyer.

(ii) Golf and other revenue

Revenue from golf and other operations is recognised at a point in time when the Group satisfies performance obligations by transferring the promised services to its customers.

(iii) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment has been established, normally the ex-dividend date.

3. Significant Accounting Policies (continued)

(f) Foreign currencies

Foreign currency assets and liabilities are translated into New Zealand dollars, the Company's functional currency, at the rate of exchange ruling at the end of the reporting date. Transactions in foreign currency are translated at the rate of exchange ruling at the date of the transaction. Currency gains and losses are included in the profit or loss within the Consolidated Statement of Comprehensive Income.

The results of operation and financial position of subsidiaries that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss in the Consolidated Statement of Comprehensive Income.
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising from translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income ("OCI") or profit or loss are also recognised in OCI or profit or loss, respectively); and
- Income and expenses are translated at average exchange rates.

All resulting exchange differences are recognised under other comprehensive income and presented as a separate component of equity ("Foreign Currency Translation Reserve").

(g) Assets held for sale

Assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. On subsequent remeasurement of a disposal group, the carrying amounts of assets and liabilities included in the disposal group classified as held for sale, shall be remeasured in accordance with applicable IFRSs as set out here before the fair value less costs to sell of the disposal group is remeasured. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

(h) Investment properties

Investment properties comprise properties owned by the Group which are held for capital appreciation, rental income or both. Investment properties are initially measured at cost, including expenditure that is directly attributable to the acquisition of the asset. Investment properties are revalued on acquisition by independent external valuers and then by the directors or independent valuers annually thereafter. Acquisitions and disposals are recognised on completion. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Further details of the investment property valuation methodology are contained in note 25.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(i) Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation and impairment. Subsequent costs are capitalised if it is probable that future economic benefits will flow to the Group and the costs can be measured reliably.

Plant and equipment are depreciated on a straight-line basis, at rates which will write off cost less estimated residual values over their estimated economic lives as follows:

Plant and equipment	1 - 13 years

3. Significant Accounting Policies (continued)

(j) Leasing
The Group applies IFRS 16 Leases. Lessees, with certain exceptions for short term or low value leases, are required to recognise all leased assets on their Statement of Financial Position as 'right-of-use assets' with a corresponding lease liability.

The Group has a small number of operating leases concerning office premises and plant and equipment. IFRS 16 provides an exemption for short term operating leases and leases of low value. The Group has taken advantage of the exemptions rather than establishing a right to use asset.

The costs of leases of low value items and those with a short term at inception are recognised as incurred.

(k) Tax
The Company is exempt from Guernsey income tax and is charged an annual exemption fee of £1,200. In respect of income tax arising in other jurisdictions, the income tax credit or expense for the year comprises current and deferred tax. Income tax credit or expense is recognised in profit or loss within the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity.

Current tax is the expected tax payable in countries where the Company's subsidiaries operate and generate taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

(l) Inventories

Land held for resale
Land held for resale is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Land held for resale includes the cost of acquisition and development costs incurred during development.

3. Significant Accounting Policies (continued)

(m) Financial assets and liabilities

Classification
The Group classifies its financial assets and financial liabilities into categories in accordance with IFRS 9.

Financial assets
On initial recognition, the Group classifies financial assets as measured at amortised cost or at fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal or interest ("SPPI").

All other financial assets of the Group are measured at FVTPL.

Cash and cash equivalents
Cash and cash equivalents consist of cash and liquid assets used in the day-to-day cash management of the Group, including call deposits with original maturities of three months or less where there is an insignificant risk of changes in value. Cash and cash equivalents are carried at amortised cost in the Consolidated Statement of Financial Position.

Investments in loans and receivables
Investments in loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Finance receivables
Finance receivables are initially recognised at fair value plus incremental direct transaction costs and are subsequently measured at amortised cost using the effective interest method, less any allowance for impairment.

Investments – PTL receivable
The investment in the PTL receivable is a financial asset arising from the sale in 2013 by the Company to Bath Street Capital limited ("BSC"), then called Coulthard Barnes Capital Limited, of the Company's shareholding in Perpetual Trust Limited (see note 19). The receivable was collected during the year.

Gains and losses arising from changes in fair value of the investment are recognised directly in profit or loss in the Consolidated Statement of Comprehensive Income.

Investments - Fair value through profit or loss (FVTPL)
Investments at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

Assets in this category are measured at fair value, with gains or losses recognised in profit or loss in the Consolidated Statement of Comprehensive Income. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

3. Significant Accounting Policies (continued)

(m) Financial assets and liabilities (continued)

Investments - Derivative financial instruments
Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Gains or losses arising on revaluation are recognised in profit or loss in the Consolidated Statement of Comprehensive Income.

Financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

The Group classifies non-derivative financial liabilities as financial liabilities at amortised cost. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost comprise borrowings, trade and other payables and advances from other entities.

Non-derivative financial liabilities
The Group initially recognises debt securities issued and subordinated liabilities on the date that they originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Borrowings
Bank borrowings are initially recognised at fair value including incremental direct transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Offsetting
Financial assets and liabilities are offset, and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Recognition
The Group initially recognises finance receivables, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises a financial liability when its contractual obligations are discharged, are cancelled or expire.

3. Significant Accounting Policies (continued)

(n) Impaired financial assets and past due assets

The Group's financial assets at amortised cost are subject to impairment based on the Group's assessment of credit losses incurred and expected credit losses.

The Group has provided fully for its estimated incurred credit losses and for expected credit losses over the 12 months subsequent to the date of signing of these Consolidated Financial Statements. The Group provides for expected credit losses over the life of the asset where there has been a significant increase in credit risk since recognition of the asset.

Past due but not impaired assets are any assets which have not been operated by the counterparty within their key terms but are not considered to be impaired by the Group.

Bad debts provided for are written off against individual or collective valuation allowances. Amounts required to bring the provisions to their assessed levels are recognised in profit or loss within the Consolidated Statement of Comprehensive Income. Any future recoveries of amounts provided for are taken to profit or loss within the Consolidated Statement of Comprehensive Income.

For further information about credit impairment provisioning refer to note 26.

(o) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that a non-financial asset may be permanently impaired. If any indication exists, the Group estimates the asset's recoverable amount, which is the higher of an asset's fair value less costs of disposal and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered permanently impaired and is written down to its recoverable amount. Any such impairment is recognised in profit or loss in the Consolidated Statement of Comprehensive Income.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is recognised profit or loss in the Consolidated Statement of Comprehensive Income.

(q) Goods and services tax (GST)

GST for New Zealand subsidiaries

Upon the Company's re-domicile to Guernsey, its operating activities were no longer subject to GST. As at 30 June 2022, only two wholly-owned subsidiaries remained registered for GST in New Zealand.

All items in the Consolidated Financial Statements are stated exclusive of recoverable GST, except for receivables and payables, which are stated on a GST-inclusive basis. The net amount of GST recoverable from, or payable to, New Zealand Inland Revenue, is included as part of receivables or payables in the Consolidated Statement of Financial Position. Commitments and contingencies are disclosed exclusive of GST.

GST for Australian subsidiaries

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Consolidated Statement of Financial Position.

(r) Statement of cash flows

The Consolidated Statement of Cash Flows has been prepared using the direct method modified by the netting of certain permitted cash flows, in order to provide more meaningful disclosure. Cash and cash equivalents consists of cash and liquid assets convertible to cash within 90 days and used in the day to day cash management of the Group.

3. Significant Accounting Policies (continued)

(s) Segment reporting

The Chief Operating Decision Maker, which is the Board, is of the opinion that the Group is engaged in three reportable segments, of which one segment relates to the Parent Company's activities which are that of an investment company and two segments through its investment in its Subsidiary (Torchlight), being investments in residential land subdivision and property development in Australia and New Zealand and acquiring, developing and managing residential property predominantly for letting to third parties on long and short leases in the United Kingdom. The financial information used by the Chief Operating Decision Maker to manage the Group presents the business in three segments. Segment information is measured on the same basis as that used in the preparation of the Group's Consolidated Financial Statements.

The Company receives no revenues from external customers. Other than the Subsidiary, which is a Cayman fund, the Company holds no non-current assets in any geographical areas other than Guernsey. The Subsidiary owns non-current assets in New Zealand, Australia, the United Kingdom and the Cayman Islands.

For detail segment analysis refer to note 28.

4. Net interest expense

	2022 £000	2021 £000
Interest revenue		
Finance receivables	4	66
Advances to related parties	325	293
Total interest revenue	**329**	**359**
Interest expense		
Borrowings	(11,570)	(13,786)
Total interest expense	**(11,570)**	**(13,786)**
Net interest expense	**(11,241)**	**(13,427)**

5. Investment gains/(losses) and other revenue

	2022 £000	2021 £000
Investment gains/(losses)		
Movement in fair value of listed equity securities	624	(1,274)
Bargain gain on acquisition of controlling interest in listed equity investment (note 18)	2,604	-
Gain on revaluation of investment properties (note 17)	343	-
Loss on disposal of investment at fair value through profit or loss (note 19)	(2,146)	-
Movement in fair value of investments at fair value through profit or loss	-	(1,531)
Movement in fair value of derivative financial instruments	-	(1,828)
	1,425	**(4,633)**
Other revenue		
Golf revenue	1,514	1,759
Miscellaneous revenue	154	279
Rental revenue	774	11
Total other revenue	**2,442**	**2,049**

Golf revenue and expenses have been generated from the operations of a golf course within the Group's subsidiary RCL Pacific Dunes Golf Operations Pty Ltd.

6. Selling and administration expenses

	2022 £000	2021 £000
Directors' fees	120	120
Personnel expenses*	2,453	2,165
Legal and consultancy fees	2,687	2,842
Audit fees	376	145
Golf expenses	973	1,037
Property expenses	385	10
Depreciation	291	81
Other operating expenses**	2,844	2,540
Selling and administration expenses	**10,129**	**8,940**

** Personnel expenses have been incurred within the RCL Group and KCR (2021: RCL Group).*
*** Other operating expenses include administration, listing and regulatory costs and other overhead expenditure. There are no other individual (or aggregated) significant expenses for further disaggregation.*

7. Impaired asset expense

Loans receivable individually assessed	2022 £000	2021 £000
Opening balance as at 1 July	**(1,864)**	**(1,696)**
Movement on impairment during the year	(502)	(168)
Closing balance as at 30 June	**(2,366)**	**(1,864)**

During the year, the Group recognised a provision for impairment in respect of expected credit losses of NZD1.0 million (£0.5 million) (30 June 2021: NZD0.3 million (£0.2 million)) in relation to a group of three related loans, being the full remaining amount of the net loan balances.

8. Significant controlled entities

Significant subsidiaries	Principal place of business	Nature of business	2022 % held	2021 % held
MARAC Financial Services Limited (MFSL)	New Zealand	Investment holding	100%	100%
MARAC Investments Limited	New Zealand	Property and commercial financing	100%	100%
Torchlight Securities Limited[2]	New Zealand	Asset management	100%	100%
Torchlight Fund No.2 LP	New Zealand	Investment holding entity	100%	100%
Torchlight (GP) 2 Limited	New Zealand	Non-trading company	100%	100%
Real Estate Credit Limited	New Zealand	Property asset management	100%	100%
Property Assets Limited	New Zealand	Property asset management	100%	100%
Land House Limited	New Zealand	Property asset management	100%	100%
Torchlight Group	Cayman Islands	Holding company	100%	100%
Torchlight GP Limited	Cayman Islands	Asset management	100%	100%
Torchlight Fund LP[1]	Cayman Islands	Investment holding entity	83.0%	70.3%
Real Estate Southern Holdings Limited[1]	New Zealand	Property Investment	83.0%	70.3%
Henley Downs Village Investments Limited[1]	New Zealand	Property Investment	83.0%	70.3%
Torchlight Real Estate Group[1]	Cayman Islands	Bare Trustee	83.0%	70.3%
RCL Real Estate Holdings[1]	Cayman Islands	Bare Trustee	83.0%	70.3%
RCL Real Estate Pty Ltd[1]	Australia	Holding Company	83.0%	70.3%
RCL Queenstown Pty Ltd[1]	Australia	Property Investment	83.0%	70.3%
RCL PRM Pty Ltd[1]	Australia	Property Investment	83.0%	70.3%
RCL Sanctuary Lakes Pty Ltd[1]	Australia	Property Investment	83.0%	70.3%
Sanctuary Land Development Pty Ltd[1]	Australia	Property Investment	83.0%	70.3%
RCL Links Pty Ltd[1,2]	Australia	Property Investment	83.0%	70.3%
RCL Grandvue Pty Ltd[1]	Australia	Property Investment	83.0%	70.3%
RCL Haywards Bay Pty Ltd[1,2]	Australia	Property Investment	83.0%	70.3%
RCL Port Stephens Pty Ltd[1]	Australia	Property Investment	83.0%	70.3%
RCL Pacific Dunes Golf Operations Pty Ltd[1]	Australia	Property Investment	83.0%	70.3%
RCL Forster Pty Ltd[1,2]	Australia	Property Investment	83.0%	70.3%
RCL St Albans Pty Ltd [1]	Australia	Property Investment	83.0%	70.3%
RCL Merimbula Pty Ltd[1]	Australia	Property Investment	83.0%	70.3%
RCL Renaissance Rise Pty Ltd[1]	Australia	Property Investment	83.0%	70.3%
RCL Real Estate Australia Pty Ltd[1]	Australia	Property Investment	83.0%	70.3%
RCL Sunbury PTY Ltd [1]	Australia	Property Investment	83.0%	70.3%
RCL Kalynda Pty Limited[1]	Australia	Property Investment	83.0%	70.3%
RCL Henley Downs Limited[1]	New Zealand	Property Investment	83.0%	70.3%
RCL Jack's Point Limited[1]	New Zealand	Property Investment	83.0%	70.3%
Jack's Point Village Terraces Limited[1]	New Zealand	Property Investment	83.0%	70.3%
KCR Residential REIT plc[1]	United Kingdom	Property Investment	46.0%	23.9%

[1]Collectively Torchlight Fund LP and its subsidiaries
[2]Dormant entity

8. Significant controlled entities (continued)

All Group subsidiaries have 30 June as their year end, with the exception of Torchlight Fund LP and Real Estate Southern Holdings Limited which, for historical reasons, have a year end of 31 March. These Consolidated Financial Statements incorporate the adjusted results of these two entities for the year ended 30 June 2022. Groups of companies referred to throughout these Consolidated Financial Statements as Torchlight Group, RCL Group and Property Group are as follows:

Torchlight Group*
MARAC Financial Services Limited
Torchlight Securities Limited
Torchlight Fund No.2 LP
Torchlight (GP) 2 Limited
Torchlight Group and its subsidiaries:
Torchlight GP Limited
Torchlight Fund LP
Real Estate Southern Holdings Limited
Henley Downs Village Investments Limited
Torchlight Real Estate Group

RCL Group*
RCL Real Estate Holdings
RCL Real Estate Pty Ltd
RCL Queenstown Pty Ltd
RCL PRM Pty Ltd
RCL Sanctuary Lakes Pty Ltd
Sanctuary Land Development Pty Ltd
RCL Links Pty Ltd
RCL Grandvue Pty Ltd
RCL Haywards Bay Pty Ltd
RCL Port Stephens Pty Ltd
RCL Pacific Dunes Golf Operations Pty Ltd
RCL Forster Pty Ltd
RCL Merimbula Pty Ltd
RCL Renaissance Rise Pty Ltd
RCL Real Estate Australia Pty Ltd
RCL Henley Downs Limited
RCL Sunbury Pty Ltd
RCL Jack's Point Limited
RCL St Albans Pty Ltd
RCL Kalynda Pty Limited
Jack's Point Village Terraces Limited

Property Group
Real Estate Credit Limited
Property Assets Limited
Land House Limited
MARAC Investments Ltd

*Torchlight segment within note 28 includes both the Torchlight Group and RCL Group of companies.

Torchlight Fund LP (TFLP) and its subsidiaries

At 30 June 2022, the Company, through a subsidiary, had an ownership through direct limited partnership interests in TFLP of 83.0% (30 June 2021: 70.3%). In accordance with the TFLP limited partnership agreement, substantive control over TFLP is deemed to be established when a single investor holds greater than 34% of the limited partnership interests in TFLP. As a result, the Company is deemed to have control over TFLP. The Company, through a separate subsidiary, receives remuneration from TFLP in the form of management fees, but the Company has no ability to access or use the assets of TFLP to settle liabilities of the Company or its other subsidiaries.

TFLP was due to expire on 30 November 2021, however on 13 December 2021, the limited partners of TFLP approved an extension of the life of TFLP by 6 months to 31 May 2022, and on 17 June 2022 the Group facilitated non-pro rata exits for a number of limited partners.

The General Partner is continuing to explore options following the expiry of TFLP. No formal exit plan has been communicated to the limited partners. It is anticipated that the winding up of the Partnership will take up to 3 months from the date of publication of these Consolidated Financial Statements, although there are material uncertainties inherent in the disposal process which may result in this time period being extended.

Despite the Partnership's financial statements being prepared on a 'break-up' basis, the Partnership is able to meet its obligations as they fall due within a minimum period of twelve months from the date of publication of its annual report.

8. Significant controlled entities (continued)

Torchlight Fund LP (TFLP) and its subsidiaries (continued)

At 30 June 2022, the Company's investment in TFLP includes material non-controlling interests ("NCI"):

Significant subsidiaries	Proportion of ownership interests and voting rights held by the NCI	Total comprehensive income/(loss) allocated to NCI	Acquisition of KCR NCI	Redemption of TFLP NCI	Accumulated NCI
		£000		£000	£000
30 June 2022					
Torchlight Fund LP and its subsidiaries	17.0%[1]	817	8,371	(8,735)	**8,749**
30 June 2021					
Torchlight Fund LP and its subsidiaries	29.7%	(3,265)	-	-	**8,296**

[1] *The proportion of ownership interests and voting rights held by the NCI in KCR is 54.0%*

Summarised financial information for TFLP, before intra-Group eliminations, is set out below:

Summarised Statement of Financial Position

	2022 £000	2021 £000
Current		
Cash in bank	7,082	10,282
Other current assets (excluding cash)	125,581	89,594
Total current assets	**132,663**	**99,876**
Other current liabilities (including trade payables)	(110,913)	(71,923)
Total current liabilities	**(110,913)**	**(71,923)**
Non-current		
Assets	-	-
Liabilities	-	-
Total non-current net assets/(liabilities)	**-**	**-**
Net assets	**21,750**	**27,953**
Equity attributable to owners	**13,001**	**19,657**
Non-controlling interests	**8,749**	**8,296**

8. Significant controlled entities (continued)

Torchlight Fund LP (TFLP) and its subsidiaries (continued)

Summarised Statement of Comprehensive Income

	2022 £000	2021 £000
Revenue	**28,439**	**12,655**
Profit/(loss) for the year attributable to owners	4,947	(7,746)
Profit/(loss) for the year attributable to NCI	2,023	(3,270)
Profit/(loss) for the year	**6,970**	**(11,016)**
Total comprehensive income/(loss) for the year attributable to owners	6,979	(7,734)
Total comprehensive income/(loss) for the year attributable to NCI	817	(3,264)
Total comprehensive income/(loss) for the year	**7,796**	**(10,998)**

No dividends were paid to the NCI during the financial year ended 30 June 2022 (30 June 2021: £nil).

Summarised statement of changes in equity

	Group interests £000	Non-controlling interests £000	Total £000
Balance at 1 July 2021	**19,657**	**8,296**	**27,953**
Profit for the year	4,947	2,023	6,970
Acquisition of KCR NCI	(2,257)	8,371	6,114
Redemption of TFLP NCI	(11,378)	(8,735)	(20,113)
Foreign currency adjustment on translation to presentation currency	2,032	(1,206)	826
Balance at 30 June 2022	**13,001**	**8,749**	**21,750**

Summarised cash flows

	2022 £000	2021 £000
Net cash applied to operating activities	5,741	(715)
Net cash from investing activities	(21,671)	4,822
Net cash applied to financing activities	12,814	(386)
Foreign currency adjustment on translation to presentation currency	(84)	(511)
Net cash inflow/(outflow)	**(3,200)**	**3,210**

9. Tax

	2022 £000	2021 £000
Current tax expense		
Current year	-	-
Deferred tax (charge)/credit	(12)	25
Total tax (charge)/credit	(12)	25
Attributable to:		
Continuing operations	(12)	25
Reconciliation of effective tax rate		
Taxable profits/(losses) before tax	5,490	(13,993)
Total taxable profits/(losses)	5,490	(13,993)
Prima facie tax (charge)/credit at 30%, 28% and 0%*	(2,342)	2,222
Less tax effect of items not taxable/deductible	(89)	(567)
Unused tax losses/(profits) and tax offsets not recognised as deferred tax assets	2,419	(1,630)
Total tax (charge)/credit	**(12)**	**25**

*30% applicable Australian tax rate, 28% applicable New Zealand tax rate, 0% Guernsey tax rate and 0% Cayman Islands tax rate for the financial year ends 30 June 2022 and 30 June 2021.

The above tax computations relate to the subsidiaries which are subject to tax reporting in Australia and New Zealand. As a Guernsey Company, the Company is exempt from Guernsey income tax and is charged an annual exemption fee of £1,200. There is no tax chargeable relating to any items included in other comprehensive income.

10. Deferred tax

	1 July 2021 £000	Recognised in profit or loss £000	Foreign exchange gain/(loss) on translation £000	30 June 2022 £000
Deferred tax liabilities	1,209	42	61	1,312
Deferred tax assets	(253)	(30)	(14)	(297)
Net deferred tax liability	**956**	**12**	**47**	**1,015**

	1 July 2020 £000	Recognised in profit or loss £000	Foreign exchange gain/(loss) on translation £000	30 June 2021 £000
Deferred tax liabilities	1,126	99	(16)	1,209
Deferred tax assets	(116)	(124)	(13)	(253)
Net deferred tax liability	**1,010**	**(25)**	**(29)**	**956**

10. Deferred tax (continued)

The following deferred tax assets are only available against future taxable profits in New Zealand.

	2022 £000	2021 £000
The following deferred tax assets have not been recognised as at 30 June:		
Tax losses (subject to meeting shareholder continuity requirements)	3,657	8,556
Deductible temporary differences	799	1,024
Total unrecognised deferred tax assets	**4,456**	**9,580**

The following deferred tax assets are only available against future taxable profits in Australia.

	2022 £000	2021 £000
The following deferred tax assets have not been recognised as at 30 June:		
Tax losses (subject to meeting shareholder continuity requirements)	10,469	7,938
Total unrecognised deferred tax assets	**10,469**	**7,938**

The Company is exempt from Guernsey income tax.

The Group has not recognised any deferred tax assets arising from unrealised tax losses due to uncertainty of future trading results, and therefore the ability to be able to utilise the losses.

New Zealand imputation credit account

	2022 £000	2021 £000
Balance at end of the reporting period available for use in subsequent reporting periods	-	-

11. Reconciliation of loss after tax to net cash flows from operating activities

	2022 £000	2021 £000
Profit/(loss) for the year	**5,490**	**(13,993)**
Add/(less) non-cash items:		
Impairment on finance receivables	502	191
Depreciation and amortisation of non-current assets	291	81
Unrealised gain on investment properties	(343)	-
Unrealised (gain)/loss on investments	(2,916)	4,783
Realised loss on investments	2,146	-
Interest expense	11,260	13,787
Interest revenue	(325)	(293)
Foreign exchange loss	736	458
Other non-cash items	519	(25)
Total non-cash items	**11,870**	**18,982**
Add/(less) movements in working capital items:		
Trade and other receivables	(1,658)	(406)
Trade and other payables	(3,439)	3,384
Development costs	(12,893)	9,960
Total movements in working capital items	**(17,990)**	**12,938**
Net cash flows (applied to)/from operating activities	**(630)**	**17,927**

12. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	2022			2021		
	Long-term borrowings £000	Short-term borrowings £000	Total £000	Long-term borrowings £000	Short-term borrowings £000	Total £000
Opening balance	**65,751**	**-**	**65,751**	**23,236**	**26,862**	**50,098**
Cash flows:						
Repayment	(11,699)	-	(11,699)	(18,434)	-	(18,434)
Proceeds	24,823	-	24,823	20,205	-	20,205
Non-cash:						
Acquisition of KCR loans	13,178	-	13,178			
Refinancing	-	-	-	30,167	(30,167)	-
Capitalised interest	11,775	-	11,775	10,482	3,305	13,787
Translation difference	2,915	-	2,915	95	-	95
Closing balance	**106,743**	**-**	**106,743**	**65,751**	**-**	**65,751**

13. Loss per share attributable to owners of the Company

Basic and diluted loss per share is calculated by dividing the net loss after tax by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Profit/(loss) after tax attributable to owners of the Company (£000)	3,467	(10,723)
Profit/(loss) after tax attributable to owners of the Company – continuing operations (£000)	3,467	(10,723)
Weighted average number of ordinary shares in issue (000)	200,104	202,392
Basic and diluted earnings/(loss) attributable to owners of the Company (pence per share)	**1.73p**	**(5.30)p**
Basic and diluted earnings/(loss) attributable to owners of the Company - continuing operations (pence per share)	**1.73p**	**(5.30)p**
Net assets per share attributable to owners of the Company (pence per share)*	**11.54p**	**15.33p**

** Net assets per share are calculated by dividing the net tangible assets by the shares in issue at year end.*

14. Share capital and reserves

Authorised Capital
The Company has the power to issue an unlimited number of shares of no par value which may be issued as redeemable shares or otherwise. The Company only has New Zealand Dollar non-redeemable ordinary shares, authorised, in issue and fully paid at the date of this report.

	2022 shares 000s	2021 shares 000s
Number of issued shares		
Opening balance	**202,319**	**202,463**
Share buy-backs	(8,219)	(144)
Closing balance	**194,100**	**202,319**

14. Share capital and reserves (continued)

The shares have equal voting rights and rights to dividends and distributions and do not have a par value.

	2022 £000	2021 £000
Share capital		
Opening balance	**151,178**	**151,197**
Share buy-back	(1,081)	(19)
Closing balance	**150,097**	**151,178**

Foreign currency translation reserve
The foreign currency translation reserve comprises accumulated exchange differences arising on the conversion of the Group's operations denominated in New Zealand Dollars and Australian Dollars to British Pound Sterling.

Non-controlling interests ("NCI") reserve
NCI reserve represents the accumulated profits attributable to the NCIs.

Non-controlling interests acquisition reserve
NCI acquisition reserve represents the gains and losses recognised in transactions between the Group and NCIs.

15. Finance receivables

	2022 £000	2021 £000
Gross finance receivables	2,126	1,949
Total finance receivables	**2,126**	**1,949**

Finance receivables are loans with various terms and interest rates.

16. Inventories

	2022	2021
Land held for resale	**£000**	**£000**
Current assets		
Cost of acquisition	18,235	18,714
Development costs	19,374	11,430
	37,609	**30,144**
Non-current assets		
Cost of acquisition	40,930	43,308
Development costs	16,481	6,157
Less: impairment	(662)	(665)
	56,749	**48,800**
Total inventories	**94,358**	**78,944**

The majority of the Group's inventories are held in the Torchlight Group segment of the business through the RCL Australian and New Zealand registered subsidiaries. These inventories consist of residential land subdivisions and property development in the geographical areas of Australia and New Zealand. In accordance with note 3(l), inventories are held at the lower of cost and net realisable value. All RCL inventories are held at cost. At 30 June 2022, these inventories are pledged as security to a third party corporate debt facility as detailed further in note 22. The remaining inventories were held in the Property Group segment of the business through Land House Limited ("LHL"). No security is held over these properties.

During the year, NZD 27.7 million (£14.3 million) (30 June 2021: NZD 24.0 million (£12.5 million) and AUD 9.1 million (£5.0 million)) of inventories in respect of the RCL subsidiaries and NZD 0.6 million (£0.3 million) (30 June 2021: NZD 3.4 million (£1.9 million)) of inventories in respect of the RESHL and LHL subsidiaries were recognised as expenses in the Consolidated Statement of Comprehensive Income. No write-down of inventories to fair value less costs to sell was recognised as an expense during the year (30 June 2021: NZD 1.29 million (£0.7 million)).

17. Investment properties

	2022 £000	2021 £000
Acquisition on assuming control of KCR (note 18)	24,262	-
Revaluation	343	-
Total investment properties	**24,605**	**-**

The investment properties were valued by the Directors at 30 June 2022 with reference to independent external valuations performed in August 2022, with a valuation date as at 30 June 2022.

The Directors determined that there were no material factors that would give rise to there being a material variance between the latest external valuation and the fair value as at 30 June 2022.

The total rental income in relation to investment properties for the Group amounted to £668,000 (30 June 2021: £Nil). The total rental expenses in relation to investment properties for the Group equated to £37,000 (30 June 2021: £Nil).

Investment Properties comprises leasehold properties valued at £6.1 million and freehold properties valued at £18.5 million (30 June 2021: £Nil).

For further details of the methods and assumptions used to estimate the fair value of the investment properties see note 25.

18. Acquisition of subsidiary

On 27 October 2021, the Company announced that TFLP had exercised options in respect of an additional 13,500,000 shares in KCR Residential REIT plc (“KCR”). As a result, with effect from 27 October 2021, TFLP held 55.44% (30 June 2021: 34.08%) of KCR’s issued share capital and thus acquired control of KCR. KCR therefore became a subsidiary of the Group and the Group is required to consolidate the balances and results of KCR, and no longer account for its investment as an investment at fair value through profit or loss. The fair values of the assets and liabilities acquired by the Group at the date of acquisition are set out in the following table.

Assets	**£000**
Freehold property	24,262
Cash and cash equivalents	3,009
Other assets	80
Total assets	27,351
Liabilities	
Loans payable	(13,178)
Other payables	(454)
Total liabilities	(13,632)
Net assets acquired	**13,719**
Fair value of net assets attributable to TFLP (55.44%)	7,605
Fair value of net assets attributable to non-controlling interests (44.56%)	6,114
	13,719

18. Acquisition of subsidiary (continued)

The consideration provided for the acquisition comprised a holding of 9,600,000 shares in KCR, together with an additional 13,500,000 KCR shares arising from the exercise of options, as follows:

	£000
Fair value of equity interest in KCR immediately prior to acquisition	2,304
Exercise cost of additional options in KCR	2,697
	5,001
Bargain gain on acquisition of controlling interest in KCR	2,604
Net assets of KCR attributable to TFLP on acquisition	**7,605**

The bargain gain on the acquisition of the controlling interest in KCR is recognised in Other investment gains/(losses) in the Consolidated Statement of Comprehensive Income.

Revenue and gains of £1,242,000 and a net loss of £44,000 relating to KCR have been included in the Condensed Consolidated Statement of Comprehensive Income in respect of the period since the acquisition date. No costs related to the acquisition have been incurred in the period.

Had the acquisition of KCR occurred at the beginning of the current year, the Group's revenue for the year would have been £382,000 higher, and the Group's profit for the year would have been £299,000 lower.

There were no acquisitions of subsidiaries in the prior year.

19. Investments – Fair value through profit or loss (FVTPL)

	2022 £000	**2021 £000**
Current assets		
PTL receivable	-	6,804
KCR Residential REIT	-	1,680
Loans and receivables at FVTPL	42	3,885
	42	12,369
Non-current assets		
4B Mining Corp	1,825	-
	1,825	-
Total Investments – Fair value through profit or loss	**1,867**	**12,369**

PTL receivable

As at 30 June 2021, the fair value of the PTL receivable was arrived at on the basis of a settlement in the amount of NZD 13.5 million (£6.8 million) agreed between the Group and the sale counterparty, which was executed and settled during the period.

KCR Residential REIT

On 27 October 2021, the Group exercised options to increase its shareholding in KCR Residential REIT plc ("KCR"). As a result, with effect from 27 October 2021, the Group acquired control of KCR, which became a subsidiary of the Group and is no longer classified as an investment at fair value through profit or loss. For further details, see note 18.

19. Investments – Fair value through profit or loss (FVTPL) (continued)

The principal financial information of KCR for the year ended 30 June 2021 was as follows:

	2021 £
Cash and cash equivalents	66,915
Other current assets	53,375
Non-current assets	24,285,378
Current liabilities	(2,033,412)
Non-current financial liabilities	(11,052,419)
Revenue	1,036,011
Other operating income	2,803
Fair value through profit or loss – Revaluation of investment properties	501,330
Cost of sales	(20,606)
Total administrative and other expenses	(1,947,069)
Interest income	729
Interest expense	(497,432)
Taxation	-
Total comprehensive loss	**(924,234)**

Loans and receivables

This category comprises a loan to an Australian borrower group that is in default, which is measured at a fair value of AUD0.1 million (£0.04 million) (30 June 2021: AUD0.1 million (£0.04 million)) based on the future discounted cash flows expected to be received. During the prior year, the Group received settlement of the majority of the loan and recognised a fair value increase on this loan of AUD0.3 million (£0.15 million).

As at 30 June 2021, the Group also owned a receivable in the sum of NZD 7.6 million (£3.8 million) due from an Australian investment company in relation to the acquisition by that company of a partnership interest in TFLP. During the year, the receivable was settled in the sum of AUD 2.9 million (£1.6 million) from the proceeds of redemption of the investment company's partnership interest in TFLP, as a result of which the Group recognised a loss on disposal of AUD 3.9 million (£2.1 million) during the year (see note 5).

For details of methods and assumptions used to estimate the fair value of each of the above listed assets see note 25.

4B Mining Corp

On 21 October 2021, the Group, through its subsidiary Torchlight Group Limited, acquired an investment in 4B Mining Corp ("4B"), a company incorporated in Canada, for a total consideration of US$2.35 million (£1.8 million).

The investment comprises a holding in the common shares of 4B and a 1% royalty interest in the gross revenue of a project to be pursued by Mineracao Piramide Participacoes Ltda, a Brazilian subsidiary of 4B. The investment is classified as an investment at fair value through profit or loss.

20. Investments – Loans and receivables at amortised cost

	2022 £000	2021 £000
Current assets		
Loans receivable - gross	2,309	2,268
Impairment of loans receivable	(2,309)	(1,766)
Other receivables	1,308	1,285
Total current loans and receivables at amortised cost	1,308	1,787
Non-current assets		
Loans receivable - gross	35,825	34,154
Impairment of loans receivable	(35,825)	(34,154)
Total non-current loans and receivables at amortised cost	-	-
Total loans and receivables at amortised cost	**1,308**	**1,787**

20. Investments – Loans and receivables at amortised cost (continued)

The following table shows a reconciliation of the balances of impairment on loans during the year:

	2022 £000	2021 £000
Balance brought forward	35,920	36,840
Impaired asset charge	502	168
Foreign exchange on translation	1,712	(1,088)
Balance carried forward	**38,134**	**35,920**

Loans receivable
The non-current loans receivable have been impaired based on expected recoveries from underlying projects. These loans have been valued and assessed for impairment based on discounted cash flow (DCF) analyses of the underlying projects. The discount rates applied within these DCF analyses range from 9% to 20%.

During the year, impairment of NZD 1.0 million (£0.5 million) (30 June 2021: NZD0.3 million (£0.2 million)) on the Group's current loans receivable has been recognised to reflect expected 12 month credit losses, representing 100% (30 June 2021: 25%) of the remaining net loan balances.

Other receivables
Other receivables comprises NZD2.6 million (£1.3 million) (30 June 2021: NZD 2.6 million (£1.3 million)) paid as a deposit towards 50% of development costs on the initial exercise of call options in respect of 42 (30 June 2021: 42) residential lots in a subdivision situated in East Wanaka, New Zealand.

The ageing analysis of the loans and receivables is as follows:

	2022			
	£000	**£000**	**£000**	**£000**
	Not yet due	Past due and impaired	Past due and not impaired	Total
Not yet due	1,308	-	-	1,308
Total	**1,308**	**-**	**-**	**1,308**

	2021			
	£000	**£000**	**£000**	**£000**
	Not yet due	Past due and impaired	Past due and not impaired	Total
Not yet due	1,285	-	-	1,285
Up to 12 months	-	502	-	502
Total	**1,285**	**502**	**-**	**1,787**

21. Non-controlling interest

The Group's allocations/transactions with non-controlling interests ("NCI") can be summarised as follows:

	2022 £000
NCI brought forward at 30 June 2021	**8,296**
NCI's share of profits for the year	**2,023**
Foreign currency adjustment on translation to presentation currency	**(1,206)**
Acquisition of KCR non-controlling interest	**8,371**
Redemption of TFLP non-controlling interests	**(8,735)**
NCI carried forward at 30 June 2022	**8,749**

	2021 £000
NCI brought forward at 30 June 2020	**11,561**
NCI's share of losses for the year	**(3,270)**
Foreign currency adjustment on translation to presentation currency	**5**
NCI carried forward at 30 June 2021	**8,296**

22. Borrowings

	2022 £000	2021 £000
Non-current		
Bank and third party corporate debt facilities – secured	106,743	65,751
Total borrowings	**106,743**	**65,751**

The AUD borrowing facility within the RCL Group was refinanced in January 2021, when the facility was increased to AUD 82.4 million (£46.8 million) and extended to January 2024. Interest is payable on the facility of 13.75%.

The NZD borrowing facility was refinanced at the same time, with the facility being increased to NZD 60.6 million (£31.1 million), reducing to NZD 37.0 million (£19.0 million) in July 2021. The facility was further refinanced in August 2021 and extended to January 2024, providing an additional NZD 30 million (£15.4 million) in working capital to support accelerated development activity across the portfolio. Interest is payable on the facility of 13.75%.

These facilities are cross-collateralised, secured on the RCL Group's inventories (see note 16) and mature in January 2024.

KCR borrowing
The KCR borrowings comprise four separate facilities with three separate lenders (two banks and one third party corporate lender). The expiries of the facilities range between August 2026 and February 2045, and interest is chargeable at rates between 3.5% and 4.7% per annum, payable monthly.

Each facility is secured on a specific investment property within the KCR portfolio.

23. Trade and other payables

	2022 £000	2021 £000
Current		
Trade payables	3,134	6,267
Other payables	253	105
	3,387	**6,372**

Trade and other payables are short-term in nature. The net carrying value of trade and other payables is considered a reasonable approximation of fair value at the end of each reporting period.

24. Related party transactions

(a) Transactions with related parties

Parent and its associated entity

Chase Nominees Limited ("Chase")
Chase is the parent of PGC, holding 51.63% of the Company's shares as at 30 June 2022 (30 June 2021: 51.63%). Entities associated with George Kerr are the ultimate beneficial owners of the shares held by Chase, which is acting as custodian.

Australasian Equity Partners (GP) No. 1 Limited ("AEP GP")
AEP GP is the general partner of Australasian Equity Partners Fund No.1 LP ("AEP LP"), of which George Kerr is the ultimate controlling party. During the year, AEP GP charged Torchlight Group Limited, a subsidiary of the Company, administration fees of £Nil during the year ended 30 June 2022 (30 June 2021: £17,000). At 30 June 2022, there was no balance payable to AEP GP (30 June 2021: £1,500). The above expenses have been included in selling and administration expenses in the Consolidated Statement of Comprehensive Income.

During the year ended 30 June 2022, the Group made additional unsecured loan advances of £106,000 (30 June 2021: £47,000) to AEP GP. At 30 June 2022, the amount receivable from AEP GP was £3.9 million (30 June 2021: £3.2 million). These amounts are repayable by AEP GP on demand, or by the loan expiry date of 30 November 2023, whichever is the earlier. General advances accrue interest at 9% per annum. Total interest recognised during the year was £322,000 (30 June 2021: £293,000).

(b) Transactions with key management personnel

Key management personnel, being Directors of the Group and staff reporting directly to the Managing Director transacted with the Group during the year as follows:

	2022 £000	2021 £000
Directors' fees payable to non-executive Directors	120	120
Consultancy fees payable to executive Directors	1,054	1,239
Total	**1,174**	**1,359**

Directors' fees of £10,000 were outstanding at 30 June 2022 (30 June 2021: £60,000). Consultancy fees of £51,000 were outstanding at 30 June 2022 (30 June 2021: £712,000).

Other personnel compensation payable during the year was as follows:

	2022 £000	2021 £000
RCL Group short-term employee benefits	2,151	2,165
KCR short-term employee benefits	302	-
Total	**2,453**	**2,165**

There were no employee benefits outstanding at 30 June 2022 or 30 June 2021.

25. Fair value

The following methods and assumptions were used to estimate the fair value of each class of asset and financial liability.

Fair value measurement of financial instruments

Finance receivables
The fair values of the Group's finance receivables are considered equivalent to their carrying value due to their short-term nature.

Loans and receivables
Loans and receivables are measured at amortised cost. For purposes of fair value disclosures, the carrying amount of short-term loans and receivables approximates fair value. For long term loans and receivables, fair value is determined based on discounted cash flows using the current market interest rate of a similar instrument and based on this the amortised cost approximates the fair value.

Borrowings
Borrowings are measured at amortised cost. For purposes of fair value disclosures, the carrying amount of short-term borrowings approximates fair value. For long term borrowings, fair value is determined based on discounted cash flows using the current market interest rate of a similar instrument and based on this the amortised cost approximates the fair value.

Investments - Fair value through profit or loss
Listed equity securities
No listed equity securities are held as at 30 June 2022. As at 30 June 2021, listed equity securities comprised UK listed equity securities, which were measured at fair value, based on unadjusted quoted prices in active markets for identical assets.

PTL Receivable
As at 30 June 2022 there was no balance receivable in respect of the Group’s receivable from the sale of Perpetual Trust Limited (“PTL”). As at 30 June 2021, the fair value of the Group’s receivable from sale of Perpetual Trust Limited (“PTL”), was arrived at on the basis of a settlement in the amount of NZD 13.5 million (£6.8 million) agreed between the Group and the sale counterparty, which was settled during the year.

Loans and receivables
Loans and receivables measured at fair value are valued on the basis of the future discounted cash flows expected to be received from the assets, which the Directors consider to be the best estimate of fair value for the assets at the reporting date.

Unlisted investments
Unlisted investments are measured at their fair value as determined by use of appropriate valuation methodologies, for example discounted cash flow analysis, multiple of earnings or comparable transactions.

25. Fair value (continued)

Fair Value Hierarchy

The following table provides an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value grouped as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Note	2022			
		Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets					
Loans and receivables	19	-	-	42	42
Investment properties	17	-	-	24,605	24,605
Unlisted investments	19	-	-	1,825	1,825
Total Assets		**-**	**-**	**26,472**	**26,472**

	Note	2021			
		Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets					
Investments – PTL receivable	19	-	-	6,804	6,804
Listed equity securities	19	1,680	-	-	1,680
Loans and receivables	19	-	-	3,885	3,885
Total Assets		**1,680**	**-**	**10,689**	**12,369**

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2022

25. Fair value (continued)

Reconciliation of Level 3 fair value measurements of assets

2022	**PTL receivable £000**	**Loans and receivables at fair value through profit or loss £000**	**Investment properties £000**	**Unlisted investments £000**	**Total £000**
Investments held at fair value					
Balance at the beginning of the year	6,804	3,885	-	-	10,689
Acquisition	-	-	24,262	1,825	26,087
Disposal	(6,804)	(1,617)	-	-	(8,421)
Movement in fair value	-	(2,146)	343	-	(1,803)
Foreign exchange on translation	-	(80)	-	-	(80)
Balance at the end of the year	**-**	**42**	**24,605**	**1,825**	**26,472**

2021	**PTL receivable £000**	**Loans and receivables at fair value through profit or loss £000**	**Derivative financial instruments £000**	**Total £000**
Investments held at fair value				
Balance at the beginning of the year	8,742	5,095	1,849	15,686
	-	(1,208)	(1,828)	(3,036)
Movement in fair value	(1,682)	150	-	(1,532)
Foreign exchange on translation	(256)	(152)	(21)	(429)
Balance at the end of the year	**6,804**	**3,885**	**-**	**10,689**

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

25. Fair value (continued)

Reconciliation of Level 3 fair value measurements of assets (continued)

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 30 June 2022 £000	Fair value at 30 June 2021 £000	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Unlisted investments	1,825	-	30 June 2022 Directors' valuation based on purchase cost	N/A	N/A	N/A
PTL receivable	-	6,804	30 June 2021 Sale agreement	Sale price agreed Percentage probability weightings Discount rate	See page 47	See page 47
Loan at fair value through profit or loss	42	40	30 June 2022 and 30 June 2021 Based on NPV of future cash flows and cash balance	Discount rate	10% discount rate 30% entitlement	If the discount rate used was higher/lower, the fair value would decrease/increase. The effect of any such decreases/increases would not be material.
Investment properties	24,605	-	30 June 2022 Income capitalisation and/or capital value on a per square foot basis	Adopted gross yield Adopted rate per square foot	3.50% to 6.50% £336 to £1,355	The fair value would increase/decrease if market rents were higher/lower, and/or rates per square foot were higher/lower, and/or capitalisation rates were lower/higher.
Receivable at fair value through profit or loss	-	3,845	30 June 2021 Cost adjusted for any estimated shortfall in future distribution payable to Limited Partner in Torchlight	Torchlight NAV, principally determined by valuation of underlying assets	Torchlight NAV (30 June 2021: AUD 253.3 million (£137.1 million)	Any increase, or a decrease of up to 27%, in the Torchlight NAV would have no effect on the fair value. A decrease of 50% in the Torchlight NAV would result in a decrease of 32% in the fair value.
	26,472	**10,689**				

25. Fair value (continued)

Valuation process

Unlisted investments
During the year, the Group acquired an investment in 4B Mining Corp (see note 19). As at 30 June 2022, the Directors have determined that the fair value of the investment is best represented by its purchase cost.

Investment properties
During the year, the Group acquired a portfolio of investment properties through the acquisition of a controlling stake in KCR Residential REIT plc (see notes 17 and 18).

The fair value of the Group's investment properties is based on current prices in an active market for similar properties in the same location and condition. The current price is the estimated amount for which a property could be exchanged between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuations are based on a market approach which provides an indicative value by comparing the property with other similar properties for which price information is available. Comparisons have been adjusted to reflect differences in age, size, condition, location and any other relevant factors.

26. Financial risk management

The Group is committed to the management of operational and financial risk. The primary financial risks are credit, liquidity and market risk (comprising interest rate, foreign exchange and equity price risk). The Group's financial risk management strategy is set by the Directors. The Group has put in place management structures and information systems to manage the risks arising from financial instruments and has separated monitoring tasks where feasible.

For the purposes of this note the financial instruments can be broken down as follows:

Categories of financial instruments

	2022 £000	2021 £000
Assets		
Financial assets at fair value through profit or loss		
Investments – PTL receivable	-	6,804
Investments – Fair value through profit or loss	1,867	5,565
	1,867	12,369
Financial assets at amortised cost		
Investments – Loans and receivables at amortised cost	1,308	1,787
Cash and cash equivalents	7,275	10,323
Finance receivables	2,126	1,949
Trade and other receivables	3,865	3,074
Advances to related parties	3,853	3,249
	18,427	20,382
Liabilities		
Financial liabilities at amortised cost		
Borrowings	106,743	65,751
Trade and other payables	3,387	6,372
	110,130	72,123

Credit Risk
The credit risk associated with the Group's financial assets is best represented by the carrying value of the assets as disclosed above.

Credit risk management framework
Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. To manage this risk, the Directors approve all transactions that would subject the Group to significant credit risk.

26. Financial risk management (continued)

Credit Risk (continued)

Reviewing and assessing credit risk
The credit risk management strategies ensure that:

- Credit origination meets agreed levels of credit quality at point of approval.
- Maximum total exposure to any one debtor is actively managed.
- Changes to credit risk are actively monitored with regular credit reviews.

Collateral requirements - finance receivables
The Group has partial or full collateral in place over some finance receivables. The collateral is usually by way of first charge over the asset financed and generally includes personal guarantees from borrowers and business owners.

Expected credit losses
Provisions for expected credit losses are made where events have occurred leading to an expectation of reduced future cash flows from certain receivables measured at amortised cost. Specific credit losses are recognised where events have occurred leading to an expectation of reduced future cash flows from certain receivables. Provisions have also been made for expected future credit losses on assets where appropriate.

Credit losses are recognised as the difference between the carrying value of the asset and the discounted value of management's best estimate of future cash repayments and proceeds from any security held (discounted at the loan's original effective interest rate). All relevant considerations that have a bearing on the expected future cash flows are taken into account, including the business prospects for the customer, the likely realisable value of collateral, the Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. Subjective judgements are made in this process. Furthermore, judgement can change with time as new information becomes available or as work-out strategies evolve, resulting in revisions to the expected credit losses as individual decisions are taken. Estimating the timing and amount of future cash repayments and proceeds from the realisation of collateral are difficult and subjective judgements.

During the year, a credit loss of NZD1.0 million (£0.5 million) (30 June 2021: NZD0.3 million (£0.2 million)) was recognised against three related loans receivable with a gross value of NZD4.5 million (£2.3 million) (30 June 2021: NZD4.5 million (£2.3 million)), reflecting expected 12 month credit losses, representing 100% (30 June 2021: 25%) of the remaining net loan balances.

These loans are recorded at amortised cost less provision for expected credit losses.

With the exception of the above receivables, the Group has no other amounts which are past due at the end of each reporting period.

Maximum exposure to credit risk
The carrying amount of the Group's financial assets recorded in the Consolidated Financial Statements, net of impairment losses relating to financial assets at amortised cost, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

26. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in raising funds at short notice to meet its commitments.

The Group manages liquidity and funding risk by actively monitoring cash on a daily basis to ensure sufficient liquid resources are available to meet requirements. Cash flow forecasts are prepared regularly and corrective action taken where a shortfall in cash is expected.

Contractual liquidity profile of financial liabilities

2022	0-12 Months £000	1-2 Years £000	2-5 Years £000	5+ Years £000	Total £000
Financial liabilities					
Borrowings	491	112,724	4,092	17,562	134,869
Trade and other payables	3,387	-	-	-	3,387
Total financial liabilities	**3,878**	**112,724**	**4,092**	**17,562**	**138,256**

2021	0-12 Months £000	1-2 Years £000	2-5 Years £000	5+ Years £000	Total £000
Financial liabilities					
Borrowings	-	-	89,158	-	89,158
Trade and other payables	6,372	-	-	-	6,372
Total financial liabilities	**6,372**	**-**	**89,158**	**-**	**95,530**

The tables above show the undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity.

The AUD borrowing facility within the RCL Group was refinanced in January 2021, when the facility was increased to AUD 82.4 million (£46.8 million) and extended to January 2024. Interest is payable on the facility of 13.75%.

The NZD borrowing facility was refinanced at the same time, with the facility being increased to NZD 60.6 million (£31.1 million), reducing to NZD 37.0 million (£19.0 million) in July 2021. The facility was further refinanced in August 2021 and extended to January 2024, providing an additional NZD 30 million (£15.4 million) in working capital to support accelerated development activity across the portfolio. Interest is payable on the facility of 13.75%.

KCR borrowing
The KCR borrowings comprise four separate facilities with three separate lenders (two banks and one third party corporate lender). The expiries of the facilities range between August 2026 and February 2045, and interest is chargeable at rates between 3.5% and 4.7% per annum, payable monthly.

The Group had no undrawn committed bank facilities at 30 June 2022 or 30 June 2021.

There were no unrecognised loan commitments for the Group for the year ended 30 June 2022 (30 June 2021: £nil).

26. Financial risk management (continued)

Market risk

Interest rate risk

Interest rate risk is the risk that market interest rates will change and impact on the Group's financial results.

	WAIR* %	Floating rate financial instruments £000	Fixed rate financial instruments £000	Non-interest bearing financial instruments £000	Total £000
2022					
Assets					
Cash and cash equivalents	0.04%	7,275	-	-	7,275
Finance receivables		-	-	2,126	2,126
Advances to related parties	9%	-	3,853	-	3,853
Investments – Loans and receivables at amortised cost		-	-	1,308	1,308
Investments – Fair value through profit or loss		-	-	1,867	1,867
Trade and other receivables		-	-	3,865	3,865
Total Assets		**7,275**	**3,853**	**9,166**	**20,294**
Financial liabilities					
Borrowings – floating rate	4.70%	2,375	-	-	2,375
Borrowings – fixed rate	12.68%		104,368	-	104,368
Other financial liabilities		-	-	3,387	3,387
Total financial liabilities		**2,375**	**104,368**	**3,387**	**110,130**
Total interest sensitivity gap		**4,900**	**(100,515)**	**5,779**	**(89,836)**

	WAIR* %	Floating rate financial instruments £000	Fixed rate financial instruments £000	Non-interest bearing financial instruments £000	Total £000
2021					
Assets					
Cash and cash equivalents	0.16%	10,323	-	-	10,323
Finance receivables		-	-	1,949	1,949
Advances to related parties	9%	-	3,249	-	3,249
Investments – Loans and receivables at amortised cost		-	-	1,787	1,787
Investments – Fair value through profit or loss		-	-	12,369	12,369
Trade and other receivables		-	-	3,074	3,074
Total Assets		**10,323**	**3,249**	**19,179**	**32,751**
Financial liabilities					
Borrowings	13.75%	-	65,751	-	65,751
Other financial liabilities		-	-	6,372	6,372
Total financial liabilities		**-**	**65,751**	**6,372**	**72,123**
Total interest sensitivity gap		**10,323**	**(62,502)**	**12,807**	**(39,372)**

*Weighted average interest rate

The sensitivity analysis below has been determined based on the Group's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure table above) at the year end date and the stipulated change taking place at the beginning of the financial year and held constant through the reporting period in the case of instruments that have floating rates.

26. Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

As at 30 June 2022, an increase of 1%/decrease of 0.5% in interest rates on floating rate financial instruments (30 June 2021: increase/decrease of 0.25%), with all other variables held constant, would have resulted in an increase of £49,000/decrease of £25,000 in the Group’s net asset value (30 June 2021: increase of £26,000/decrease of £13,000). The sensitivity rates of 1%/0.5% are regarded as reasonable due to the current increasing rates of global interest rates.

Price risk

The Group is exposed to price risks arising from its unlisted equity investments. Information on the Group's unlisted equity investments is included in note 19.

Any movement in the price of the investment would not have a material impact on its fair value.

Foreign exchange risk

The Group's exposure to foreign currency risk arises from its financial instruments denominated in currencies other than its functional currency, principally Australian Dollar and British Pound Sterling. An increase/decrease of 10% in Australian Dollar and British Pound Sterling against the functional currency of New Zealand Dollar would have resulted in a £2.6 million decrease/increase in the Group’s net asset value (30 June 2021: £0.3 million). The sensitivity rate of 10% is regarded as reasonable, as this is approximately the volatility of the Australian Dollar and British Pound Sterling against the New Zealand Dollar over the past 12 months.

Management of capital

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders, through the optimisation of the debt and equity balance.

For the purpose of the Group’s capital management, capital includes issued capital and all other equity reserves attributable to equity holders of the Company. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares and may seek to increase or decrease its level of net debt. The primary objective of the Group’s capital management is to maximise the shareholder value.

In order to achieve this objective, the Group’s capital management, amongst other things, aims to ensure that it meets financial covenants attached to its borrowing facilities within the RCL Group. There have been no breaches of such financial covenants during the year. The Group has no significant borrowing facilities nor externally imposed capital requirements.

27. Contingent liabilities and commitments

Torchlight Fund LP and its subsidiaries

The Group had the following commitments within the RCL Group:

	2022 £000	2021 £000
Contracted work to complete		
Expenditure contracted for at the reporting date but not recognised as liabilities		
Within one year	15,752	4,373

Torchlight Fund LP and its subsidiaries – Contingent assets

The Group has financial guarantees in respect of completion of development works and maintenance bonds to relevant authorities. The value of these guarantees at 30 June 2022 was £1.0 million (30 June 2021: £0.3 million).

28. Segmental analysis

The Group has three reportable segments, as described below, which are the Group's strategic divisions.

The following summary describes the operations in each of the Group's reportable segments for the current year:

Torchlight Segment Provider of investment management services and a proprietary investor (both directly and in funds it manages). Torchlight is currently invested in RCL, a residential land subdivision and property development business in Australia and New Zealand, and in KCR, a business focused on the acquisition, development and management of residential property in the United Kingdom.

Property Group Management of the Group's property assets.

Parent Company Parent Company that holds investments in and advances to/from subsidiaries.

Information regarding the results of each reportable segment is shown below. Performance is measured based on segment profit/(loss) for the year, as included in the internal management reports that are reviewed by the Board, which is the Chief Operating Decision Maker ("CODM"). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

(a) Group's reportable segments

2022	Continuing Operations Torchlight Segment £000	Property Group £000	Parent Company £000	Inter-segment eliminations £000	Total £000
External revenue					
Interest revenue	329	-	-	-	**329**
Other revenue	1,514	-	-	-	**1,514**
Other income	917	11	-	-	**928**
Gross revenue from land development and resale	38,857	-	-	-	**38,857**
Cost of land development sales	(14,614)	-	-	-	**(14,614)**
Other investment gains	3,571	-	-	-	**3,571**
	30,574	**11**	**-**	**-**	**30,585**
Internal revenue					
Internal interest revenue/(expense)	-	-	-	-	**-**
Foreign exchange losses	(719)	-	(17)	-	**(736)**
Total segment revenue	**29,855**	**11**	**(17)**	**-**	**29,849**
Expenses					
Interest expense	(11,570)	-	-		**(11,570)**
Impairment	(502)	-	-	-	**(502)**
Other investment losses	(2,146)	-	-	-	**(2,146)**
Selling and administration expenses	(9,454)	(124)	(551)	-	**(10,129)**
Total operating expenses	**(23,672)**	**(124)**	**(551)**	**-**	**(24,347)**
Profit/(loss) before tax	**6,183**	**(113)**	**(568)**	**-**	**5,502**
Income tax credit	(12)	-	-	-	**(12)**
Profit/(loss) after tax	**6,171**	**(113)**	**(568)**	**-**	**5,490**
Non-controlling interests	(2,023)	-	-	-	**(2,023)**
Profit/(loss) for the year attributable to owners of the Company	**4,148**	**(113)**	**(568)**	**-**	**3,467**
Total assets	**186,398**	**1,947**	**64,611**	**(110,672)**	**142,284**
Total liabilities	**141,424**	**11,820**	**156**	**(42,255)**	**111,145**

28. Segmental analysis (continued)

(a) Group's reportable segments (continued)

	Continuing Operations				
2021	**Torchlight Segment**	**Property Group**	**Parent Company**	**Inter-segment eliminations**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
External revenue					
Interest revenue	359	-	-	-	**359**
Other revenue	1,759	-	-	-	**1,759**
Other income	279	11	-	-	**290**
Gross revenue from land development and resale	31,616	134	-	-	**31,750**
Cost of land development sales	(19,274)	(800)	-	-	**(20,074)**
Other investment gains	150	-	-	-	**150**
	14,889	**(655)**	**-**	**-**	**14,234**
Internal revenue					
Internal interest revenue/(expense)	-	-	-	-	**-**
Foreign exchange gains	(600)	42	(17)	-	**(575)**
Total segment revenue	**14,289**	**(613)**	**(17)**	**-**	**13,659**
Expenses					
Interest expense	(13,786)	-	-	-	**(13,786)**
Impairment	(168)	-	-	-	**(168)**
Other investment losses	(3,101)	-	(1,682)	-	**(4,783)**
Selling and administration expenses	(8,189)	(125)	(626)	-	**(8,940)**
Total operating expenses	**(25,244)**	**(125)**	**(2,308)**	**-**	**(27,677)**
(Loss)/profit before tax	**(10,955)**	**(738)**	**(2,325)**	**-**	**(14,018)**
Income tax charge	**25**	-	-	-	**25**
(Loss)/profit after tax	**(10,930)**	**(738)**	**(2,325)**	**-**	**(13,993)**
Non-controlling interests	**(3,270)**	-	-	-	**(3,270)**
(Loss)/profit for the year attributable to owners of the Company	**(7,660)**	**(738)**	**(2,325)**	**-**	**(10,723)**
Total assets	**207,724**	**1,887**	**65,720**	**(162,931)**	**112,400**
Total liabilities	**97,822**	**11,474**	**804**	**(37,021)**	**73,079**

28. Segmental analysis (continued)

(b) Geographical information

The Company is domiciled in Guernsey. The Group has subsidiaries incorporated in four (30 June 2021: three) principal geographic areas: New Zealand, Australia, United Kingdom and the Cayman Islands (30 June 2021: New Zealand, Australia and the Cayman Islands).

The Group's revenue from external customers from continuing operations and information about its segment non-current assets by geographical location (of the country of incorporation of the entity earning revenue or holding the asset) are detailed below:

	Revenue from External Customers		Non-Current Assets	
	2022 £000	2021 £000	2022 £000	2021 £000
New Zealand	39,650	27,705	21,294	21,861
Australia	754	6,160	37,333	27,483
United Kingdom	899	-	24,462	-
Cayman Islands	325	293	5,720	3,249
	41,628	**34,158**	**88,809**	**52,593**

29. Events after the reporting date

The following significant events have taken place subsequent to the end of the reporting period to the date that these financial statements were authorised for issue:

On 22 July 2022, the RCL Group entered into a conditional sale and purchase agreement for the acquisition of a property in Queenstown in New Zealand. The site comprises 163ha of land with a future urban designation. RCL intends to work through a plan change to develop this site into a substantial master planned project to follow on from the success of Hanley's Farm.

The Directors do not consider this event impacts the values reflected in the Statement of Financial Position as at the reporting date. Values as reflected are considered appropriate as at 30 June 2022, however this event may impact the future values.

There were no other material events subsequent to 30 June 2022 to the date when these Consolidated Financial Statements were authorised for issue.

STATUTORY DISCLOSURES
The following persons respectively held office as Directors of the Company and the Company's subsidiaries during the year ended 30 June 2022:

Pyne Gould Corporation Ltd
G Kerr
R Naylor
N Kirkwood
M Smith
P Dudley

Torchlight Group
G Kerr
R Naylor

Torchlight GP Limited
G Kerr
R Naylor

Ferrero Investments Limited
R Naylor

MARAC Financial Services Limited
N Kirkwood

MARAC Investments Limited
N Kirkwood

Torchlight (GP) 2 Limited
G Kerr

Torchlight Management Limited
G Kerr

Torchlight Securities Limited
G Kerr

Henley Downs Village Investments Limited
N Kirkwood

Torchlight Real Estate Group
G Kerr
R Naylor

RCL Real Estate Holdings
R Naylor

RCL Real Estate Pty Ltd
R Naylor

RCL Queenstown Pty Ltd
R Naylor

RCL Sanctuary Lakes Pty Ltd
R Naylor

Sanctuary Land Development Pty Ltd
R Naylor

Real Estate Southern Holdings Limited
R Naylor
N Kirkwood

RCL Henley Downs Limited
R Naylor
N Kirkwood

RCL Jack's Point Limited
R Naylor
N Kirkwood

RCL Haywards Bay Pty Ltd
R Naylor

RCL Port Stephens Pty Ltd
R Naylor

RCL Pacific Dunes Golf Operations Pty Ltd
R Naylor

RCL Forster Pty Ltd
R Naylor

RCL St Albans Pty Ltd
R Naylor

RCL Merimbula Pty Ltd
R Naylor

RCL Renaissance Rise Pty Ltd
R Naylor

Jack's Point Village Terraces Limited
R Naylor
N Kirkwood

RCL Sunbury Pty Ltd
R Naylor

RCL Grandvue Pty Ltd
R Naylor

RCL Real Estate Australia Pty Ltd
R Naylor

NZ Real Estate Credit Limited
N Kirkwood

RCL Real Estate Australia Pty Ltd
R Naylor

RCL Links Pty Ltd
R Naylor

RCL Kalynda Pty Ltd
R Naylor

STATUTORY DISCLOSURES (CONTINUED)

Disclosure of interests
The following are disclosures of interest given by the Directors:

G Kerr
Director and shareholder
Australasian Equity Partners (GP) No.1 Limited.

Ownership of limited partnership interests in Australasian Equity Partners Fund No.1 LP.

General disclosure
All Directors have provided a general notice that they may from time to time undertake personal business transactions with the Company, including utilising the Company's services. All such transactions are carried out in accordance with the Company's normal business criteria for those types of transactions. The Group obtains consulting services from Naylor Partners Pty Ltd, of which R Naylor is a director and shareholder, from Cassone Limited, of which Noel Kirkwood is a director and shareholder, and legal services from Burton Partners. These services are provided on normal commercial terms.

Information used by Directors
No notices were received from Directors of the Company requesting to disclose or use Company information received in their capacity as directors which would not otherwise have been available to them.

Indemnification and insurance of Directors and Officers
The Company has given indemnities to Directors and has arranged insurance for Directors and officers of the Company and its subsidiaries.

These indemnify and insure Directors and officers against liability and costs for actions undertaken by them in the course of their duties. The cost of the insurance premiums to the Company and its subsidiaries for the year was £80,000 (30 June 2021: £20,000)

Details of individual Directors' shareholdings are as follows:

	Number of shares
G Kerr	
Balance at 30 June 2022 and 30 June 2021	104,453,556
R Naylor	
Balance at 30 June 2022 and 30 June 2021	-
N Kirkwood	
Balance at 30 June 2022 and 30 June 2021	-
M Smith	
Balance at 30 June 2022 and 30 June 2021	-
P Dudley	
Balance at 30 June 2022 and 30 June 2021	-

Remuneration of Directors

The total remuneration received by each Director who held office in the Company and its subsidiary companies during the year ended 30 June 2022 was as follows:

Parent Company Directors			Remuneration
G Kerr*	Executive	Non-Independent	-
R Naylor*	Executive	Non-Independent	-
N Kirkwood*	Executive	Non-Independent	-
M Smith	Non-Executive	Independent	£60,000
P Dudley	Non-Executive	Independent	£60,000

**Executive Directors do not receive Directors' fees.*

STATUTORY DISCLOSURES (CONTINUED)

Gender composition of Board

Gender	30 June 2022 Number of Directors	30 June 2021 Number of Directors
Male	4	4
Female	1	1

SHAREHOLDER INFORMATION

Executive employees' remuneration

No employees of the Company and its subsidiary companies, who received remuneration, including non-cash benefits, have received in excess of NZD100,000 for the year ended 30 June 2022.

Donations

During the financial year ended 30 June 2022, the Company made no donations.

Substantial security holders

At 30 June 2022 and at 30 June 2021, only three shareholders held more than 5.00% of the issued capital of the Company. Chase Nominees Limited (“Chase”), acting as custodian, held 104,453,556 shares (51.63% of the issued capital) on behalf of entities associated with George Kerr; Pyne Holdings Limited held 28,594,252 shares (14.13% of the issued capital); and Sofiya Machulskaya held 23,436,372 shares (11.58% of the issued capital).

PYNE GOULD CORPORATION LIMITED

DIRECTORY

DIRECTORS
George Kerr
Russell Naylor
Noel Kirkwood
Michelle Smith
Paul Dudley

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