



# Annual Report

For the year ended 31 March 2021



**G3 GROUP**

# G3 GROUP LIMITED AND SUBSIDIARIES

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# G3 GROUP LIMITED AND SUBSIDIARIES

## Directors' report

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Attached are the unaudited consolidated financial statement of G3 Group Limited and its subsidiaries for the year ended 31 March 2021, together with certain statutory disclosures.

G3 Group Limited is a New Zealand Limited Company, incorporated 8 October 2008.

For and on behalf of the board



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Evan Christian

18/10/23

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Date



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Paul Forno

19/10/23

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Date

## G3 GROUP LIMITED AND SUBSIDIARIES

### Consolidated Statement of Comprehensive Income For the Year Ended 31 March 2021

	Note	2021 \$'000	2020 \$'000
Revenue	1	32,269	37,676
Other income	1	206	5
Expenditure	2	(33,253)	(36,398)
Finance income	3	53	12
Finance expenses	3	(260)	(392)
<b>Profit (Loss) before income tax</b>		<b>(985)</b>	<b>903</b>
Income tax expense	5	437	(207)
<b>Profit (Loss) for the year after taxation</b>		<b>(548)</b>	<b>696</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss:</b>			
Translation of foreign operations		-	
<b>Other comprehensive income for the year, net of income tax</b>		<b>-</b>	
<b>Total comprehensive income for the year</b>		<b>(548)</b>	<b>696</b>

#### Reconciliation to operating profit before tax, interest, depreciation, and extraordinary items

	Note	2021 \$'000	2020 \$'000
<b>Profit (Loss) before income tax</b>		<b>(985)</b>	<b>903</b>
Amortisation		600	314
Depreciation		165	157
Goodwill impairment		0	
Subvention payment		1,380	1,176
Charitable donations		1,087	402
Employee Profit Share	2	260	328
<b>Operating profit before tax, interest, depreciation, and extraordinary items</b>		<b>2,507</b>	<b>3,281</b>

# G3 GROUP LIMITED AND SUBSIDIARIES

## Consolidated Statement of Changes in Equity For the Year Ended 31 March 2021

Note	Share capital \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 April 2019	4,198	1,124	(264)	1,371	6,429
<b>Total comprehensive income for the year</b>					
Profit for the year	0	0	0	696	696
<i>Total comprehensive income for the year</i>	0	0	(6)	696	690
<b>Transactions with owners of the company in their capacity as owners</b>					
Privatisation Costs	0	0	0	(7)	(7)
Share based payments	(245)	0	0	0	(245)
Opening adjustment to retained earnings	0	0	0	39	39
Shares repurchased/cancelled on termination	0	0	0	0	0
Dividends Paid	-	-	-	(1)	(1)
<i>Total transactions with owners of the company in their capacity as owners</i>	(245)	0	0	(506)	(750)
<b>Balance at 31 March 2020</b>	<b>3,953</b>	<b>1,124</b>	<b>(270)</b>	<b>1,562</b>	<b>6,369</b>

## G3 GROUP LIMITED AND SUBSIDIARIES

### Consolidated Statement of Changes in Equity (continued) For the Year Ended 31 March 2021

Note	Share capital \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 April 2020</b>	3,953	1,124	(270)	1,562	6,369
<b>Total comprehensive income for the year</b>					
Profit for the year	0	0	0	(548)	(548)
- Translation of foreign operations		0	0		0
<b>Total comprehensive income for the year</b>	0	0	0	(548)	(548)
<b>Transactions with owners of the company in their capacity as owners</b>					
Privatisation Costs	0	0	0	0	0
Share based payments	0	0	0	0	0
Opening adjustment to retained earnings	(10)	0	6	84	80
Shares repurchased/cancelled on termination	0	0	0	0	0
Dividends Paid	0	0	0	(919)	(919)
<b>Total transactions with owners of the company in their capacity as owners</b>	(10)	0	6	(835)	(839)
<b>Balance at 31 March 2021</b>	3,943	1,124	(264)	179	4,982

# G3 GROUP LIMITED AND SUBSIDIARIES

## Consolidated Statement of Financial Position As at 31 March 2021

	Note	2021 \$'000	2020 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	5,074	5,218
Intangible assets	11	5,501	6,211
<i>Total non-current assets</i>		<u>10,575</u>	<u>11,429</u>
<b>Current assets</b>			
Inventories	7	5,495	1,551
Receivables and prepayments	8	4,368	4,834
Cash and cash equivalents	9	2,641	2,408
<i>Total current assets</i>		<u>12,504</u>	<u>8,793</u>
<b>Total assets</b>		<u><u>23,079</u></u>	<u><u>20,222</u></u>
<b>EQUITY</b>			
Share capital	6	3,943	3,953
Foreign Currency Translation Reserve		(264)	(270)
ESOP Reserve		1,124	1,124
Retained earnings		179	1,563
<i>Parent's total equity</i>		<u>4,982</u>	<u>6,370</u>
<b>Total equity</b>		<u><u>4,982</u></u>	<u><u>6,370</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other payables	15	66	-
Deferred Tax	5	(98)	142
<i>Total non-current liabilities</i>		<u>(32)</u>	<u>142</u>
<b>Current liabilities</b>			
Trade and other payables	13	8,880	4,688
Taxation payable	5	247	687
Employee benefits	14	312	667
Interest-bearing loans and borrowings	15	8,690	7,669
<i>Total current liabilities</i>		<u>18,129</u>	<u>13,711</u>
<b>Total liabilities</b>		<u><u>18,097</u></u>	<u><u>13,852</u></u>
<b>Total equity and liabilities</b>		<u><u>23,079</u></u>	<u><u>20,222</u></u>

The above statements should be read in conjunction with the notes to and forming part of the financial statements

## G3 GROUP LIMITED AND SUBSIDIARIES

### Consolidated Statement of Cash Flows For the Year Ended 31 March 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		40,166	36,739
Cash paid to suppliers and employees		(38,136)	(30,473)
Income taxes paid		(562)	(918)
<b>Net cash inflow from operating activities</b>	19	1,468	5,349
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary/business unit, net of cash acquired		(85)	-
Purchase of property, plant and equipment		(66)	(284)
Sale of property, plant and equipment		6	9
Purchase of other intangibles		0	(220)
Interest and foreign exchange gain received		2	-
<b>Net cash outflow from investing activities</b>		(143)	(496)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		0	-
Redemption of Shares		0	(245)
Borrowings		469	7,669
Repayment of borrowings - bank		(982)	(10,640)
Repayment of borrowings - shareholders		0	-
Dividends paid to company shareholders		(500)	(537)
Interest paid		(79)	(380)
<b>Net cash outflow from financing activities</b>		(1,092)	(4,133)
<b>Net (decrease)/increase in cash and cash equivalents</b>		233	720
Cash and cash equivalents at beginning of year		2,408	1,688
Cash and cash equivalents at end of year	9	2,641	2,408

The above statements should be read in conjunction with the notes to and forming part of the financial statements



# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### Reporting Entity

Financial Statements for G3 Group Limited, the “Company” and its subsidiaries, together referred to as the “Group” and the Group’s interests in associates are presented. All entities within the Group, except for the entities associated with the investment in the Formfile Records Management Group Unit Trust (the “Formfile entities”), are companies incorporated and domiciled in New Zealand, registered under the Companies Act 1993. The Formfile entities are incorporated in Australia. These consolidated financial statements of the Group have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 2013. The Group is designated as a for-profit entity for financial reporting purposes.

The Group is primarily involved in providing postal services and document management services in New Zealand. It disposed of its Australian document management services business effective 6 July 2018. The related inactive companies were deregistered on the Australian Companies register 31 January 2021.

These financial statements were authorised for issue by the Board of Directors on 19 October 2023.

### Basis of Preparation

These financial statements have been prepared in accordance with NZ IFRS RDR.

### Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year. No new standards and amendments to standards were applied during the current reporting period.

The Group does not expect any other standards issued by the NZASB (or the IASB), but not yet effective, to have a material impact on the Group.

### Basis of consolidation

#### (i) *Business combinations*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The Group measures goodwill at the acquisition date as:

- The fair value of consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

### **(ii) Subsidiaries**

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

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### **(iii) Interests in equity-accounted investees**

The Group's interests in equity-accounted investees comprises its interest in associates. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognised initially at cost which includes transaction costs.

### **(iv) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### **Basis of Measurement**

The financial statements are prepared on the historical cost basis except for the following assets and liabilities which are stated at their fair value:

- Non-derivative financial instruments designated at fair value through profit or loss
- Contingent consideration payable

### **Presentation Currency**

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand dollars (unless otherwise stated) which is the functional currency of the Parent and its New Zealand subsidiaries. The functional currency of the Formfile entities is the Australian dollar.

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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### **Management Judgements and Estimates**

The preparation of the financial statements in conformity with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### ***Critical accounting estimates and judgements***

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

### ***Judgements***

#### **Impairment assessment**

The carrying values of goodwill are assessed at least annually to ensure that they are not impaired. This assessment requires the directors to estimate future cash flows to be generated by cash generating units to which goodwill has been allocated. Estimating cash flows entails making judgements including the expected rate of growth in revenues and margin, expenses and market shares to be achieved, and an appropriate discount rate to apply to the cash flows. These judgements are further set out in Note 11 to the financial statements.

#### **Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **a) *Property, plant and equipment***

##### **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

##### **Subsequent costs**

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense when incurred.

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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### Depreciation

Depreciation is charged on a straight-line basis at rates that will allocate the cost of items of property, plant and equipment, less any estimated residual values, over their estimated useful life.

Current estimated useful lives of the major classes of property, plant and equipment are as follows:

Plant, Machinery and Equipment	3-30 years
Office Furniture and Equipment	1-14 years
Motor Vehicles	4-5 years
Buildings	20-50 years

The depreciation method, rate and residual value of assets are reassessed annually.

### Disposals

Gains and losses on disposals are determined by comparing proceeds with carrying amount of the assets. Gains and losses on disposals are included in profit or loss.

#### **b) Intangible assets and goodwill**

Intangible assets other than goodwill are recorded at cost less any accumulated amortisation and accumulated impairment losses. The cost of identifiable intangible assets acquired in a business combination is their fair value at date of acquisition. Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful life of the asset, with any amortisation charge being recognised in profit or loss. Useful lives are reviewed annually and adjusted, if appropriate. Assets with indefinite useful lives are not amortised but are tested at least annually for impairment. Realised gains and losses arising from disposal of intangible assets are recognised in profit or loss in the period in which the transaction occurs.

Current estimated useful lives are 5 – 10 years

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset. All other expenditure is expensed as incurred.

### Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing and is tested annually for impairment.

#### **c) Financial Instruments**

Financial instruments are recognised in the statement of financial position initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

### **Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, bank overdrafts, loans and borrowings and trade and other payables.

#### *Trade and other receivables*

Trade and other receivables are measured at amortised cost, using the effective interest method, less impairment losses. Trade receivables of a short-term nature are not discounted.

An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss within 'other expenses'. When a trade receivable is uncollectible, it is written off against the impairment allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other expenses' in profit or loss.

The Group also makes a general impairment provision according to the length of time the trade receivable has been outstanding.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### *Non-derivative financial liabilities*

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. 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.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### **Derivative financial instruments**

## G3 GROUP LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in profit or loss.

Derivative instruments comprise forward contracts.

#### **d) Inventories**

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

#### **e) Impairment**

##### **Financial assets**

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. The remaining financial assets are assessed collectively in groups that share similar risk characteristics.

All impairment losses are recognised in profit or loss and reflected in an allowance account against receivables.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted. For trade receivables, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default in payments are considered indicators that the receivable is impaired.

When the receivable is uncollectible, it is written off against the allowance account for receivables.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available for sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available for sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

##### **Non-financial assets**

The carrying amounts of the Group's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated annually and whenever there is an indication of impairment.

## G3 GROUP LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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

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

A cash-generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of the other assets or groups of assets.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount and there is an indication that the impairment loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All other impairment losses are reversed through profit or loss.

#### **f) Foreign currency**

##### **(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Foreign currency gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based at historical cost are translated using the exchange rate at the date of the transaction.

##### **(ii) Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand Dollars at exchange rates at the dates of the transactions.

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented in the foreign currency translation reserve in equity.

### **g) Share Capital**

#### **Ordinary shares**

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

#### **Redeemable preference shares**

The Group's redeemable preference shares are classified as equity if they do not include a contractual obligation to deliver cash or other financial assets.

### **h) Employee benefits**

#### **Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled 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 on an undiscounted basis.

#### **Defined contribution pension plans**

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

#### **Share based payment transactions**

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.



# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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### *i) Revenue*

Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, net of returns, Goods and Services Tax, volume rebates and trade discounts. Revenue is recognised as follows:

#### *(i) Goods sold*

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted, and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. Transfer of the risks and rewards of ownership generally occur when the goods leave the warehouse.

#### *(ii) Services*

Revenue from services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction. The stage of completion is assessed on the basis of the actual service provided as a proportion of the total services to be provided.

#### *(iii) Rental income*

Rental income from subleased property is recognised as other income.

### *j) Income tax*

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- Temporary differences arising on the initial recognition of goodwill; and
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **k) Goods and services tax**

With the exception of trade payables and trade receivables, all items are stated exclusive of goods and services tax.

### **l) Leases**

#### **The Group as lessee**

NZ IFRS 16 (Leases) is effective for annual periods beginning on or after 1 January 2019. This standard replaces the guidance in NZ IAS 17. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use' (ROU) asset for virtually all lease contracts.

From the effective date of adoption, the income statement is impacted by the removal of operating lease expenses, the recognition of an interest expense applicable to the future lease payment obligations and the recognition of a depreciation expense in respect of the ROU asset.

A lessee may elect not to apply the requirements of NZ IFRS to short-term leases; and leases for which the underlying asset is of low value.

For the reporting period the Group had leases for computer equipment and a photo copier. These leases ended in May 2020 and were of low value, totalling a 12-month cost of \$11 thousand. Consequently, the Group has chosen to expense the cost of these leases on a straight-line basis over the lease term.

#### **The Group as lessor**

Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### **m) Finance income and expenses**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and is recognised as it accrues in profit or loss, using the effective interest method.

## G3 GROUP LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

**n) Dividends**

An accrual is made for the amount of any dividend declared on or before the end of the financial year but not distributed at reporting date.

A dividend distribution owing to the Group shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

**o) Standards or interpretations issued but not yet effective**

Certain new standards, amendments and interpretations of existing standards have been published that are mandatory for later periods and which the Group has not early adopted. These will be applied by the Group in the mandatory periods listed below. The key items applicable to the Group are:

NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (this version is effective for reporting periods beginning on or after 1 January 2020).

NZ IAS 10 Events after the Reporting period (this version is effective for reporting periods beginning on or after 1 January 2020).

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

### 1. INCOME

	2021 \$'000	2020 \$'000
<b>Operating revenue</b>		
Sales of mail products & services	29,810	34,949
Sales of other products & services	2,459	2,727
	<u>32,269</u>	<u>37,676</u>
<b>Other income</b>		
Sundry income	206	5
	<u>206</u>	<u>5</u>

### 2. EXPENDITURE

	Note	2021 \$'000	2020 \$'000
Purchases of finished goods, services and consumables		31,092	24,457
Change in inventories of finished goods, WIP and consumables	7	(3,944)	5,279
Amortisation of brands/trademarks	11	309	314
Depreciation	10	165	157
Salaries and wages (includes directors' remuneration)		2,037	3,220
Superannuation - defined contribution plans		61	83
Property operating lease and rental costs		4	0
Other premises expenses		49	65
Auditor's fees for Statutory audits		0	0
Other expenses		3,480	2,824
		<u>33,253</u>	<u>36,399</u>

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

### 3. NET FINANCE COSTS

Recognised in Profit or Loss	2021 \$'000	2020 \$'000
<b>Finance income</b>		
Interest income from cash and deposits	2	14
Foreign exchange gain	51	(3)
	<u>53</u>	<u>12</u>
<b>Finance expenses</b>		
Interest expense on long-term debt:		
- Bank funding	(260)	(392)
	<u>(260)</u>	<u>(392)</u>
<b>Net finance costs</b>	<u>(207)</u>	<u>(380)</u>

### 4. SEGMENT INFORMATION

#### Basis of segmentation

The Group's operating segments have primarily been determined with reference to differences in primary markets and reflect the structure and internal reporting used by the Board, as the major operating decision maker, and to assist strategic decision-making and allocation of resources.

Operating segments have been aggregated for reporting purposes where the following criteria have been met:

- (1) aggregation is consistent with the core principle of NZ IFRS 8 *Operating Segments*
- (2) segments have similar economic characteristics
- (3) segments are similar in each of the following respects:
  - a. nature of the products and services
  - b. nature of production process
  - c. type or class of customer for their products and services
  - d. methods used to distribution their products or provide their services
  - e. nature of the regulatory environment

The Group's reportable segments are:

Mail NZ	-	Provision of tailored postal services to New Zealand businesses
Documents NZ	-	Provision of document management services in New Zealand
Documents AU	-	Provision of document management services in Australia

The Mail NZ segment has one individual customer that represents \$7.3 million of revenue, which is more than 10% of external sales revenue.

The Group evaluates segmental performance based on profit and loss from operations calculated in accordance with IFRS but excluding non-recurring losses, such as goodwill impairment.

Inter-segment sales are priced along the same lines as sales to external customers.

## G3 GROUP LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

#### 4. SEGMENT INFORMATION (continued)

Segment assets exclude deferred tax assets and assets primarily for corporate purposes. Segment liabilities exclude deferred tax liabilities and defined benefit liabilities. Loans and borrowings are not allocated directly to the segments as the Board assesses this separately on group funding requirements.

	New Zealand		Australia	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
External revenue from operations	32,269	37,676	-	-
Non-current assets	10,575	11,429	0	0

  

Functional Information	GROUP			
	Mail		Other	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
External revenue from operations	29,780	35,193	2,488	2,482
Non-current assets	2,644	3,208	7,931	8,221

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

### 4. SEGMENT INFORMATION (continued)

Revenues are attributed to individual countries based on the country of residence of the entity earning the revenue.

2021	Mail NZ \$'000	Documents NZ \$'000	Documents Australia \$'000	Property NZ \$'000	Total \$'000
Total revenue from external customers	29,510	2,459	-	300	32,269
Depreciation	40	11	-	18	69
Amortisation	105	201	-	0	306
Goodwill impairment	291	0	-	-	291
Segment profit	319	471	-	132	922
Net corporate expenditure					(498)
Net subvention payment					(1,380)
Finance expense					(31)
Finance income					2
Group profit before tax					(985)

  

2020	Mail NZ \$'000	Documents NZ \$'000	Documents Australia \$'000	Property NZ \$'000	Total \$'000
Total revenue from external customers	34,649	2,727	-	300	37,676
Depreciation	42	14	-	19	76
Amortisation	110	201	-	0	311
Goodwill impairment	-	-	-	-	-
Segment profit	2,646	506	(19)	204	3,337
Net corporate expenditure					(1,036)
Net subvention payment					(1,286)
Finance expense					(127)
Finance income					14
Other					0
Group profit before tax					903

## G3 GROUP LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

#### 4. SEGMENT INFORMATION (continued)

2021	Mail NZ	Documents	Documents	Property NZ	Total
	\$'000	NZ \$'000	Australia \$'000	\$'000	\$'000
Reportable segment assets	9,302	853	-	3,975	14,130
Goodwill	2,332	2,280	-		4,612
Other non-current assets					4,338
Other corporate assets					-
Total group assets					23,080
Reportable segment liabilities	8,502	184	-	66	8,752
Deferred tax liability					(98)
Employee benefits					312
Loans and borrowings					8,756
Other corporate liabilities					375
Total group liabilities					18,097

  

2020	Mail NZ	Documents	Documents	Property NZ	Total
	\$'000	NZ \$'000	Australia \$'000	\$'000	\$'000
Reportable segment assets	6,031	1,477	-	4,809	12,317
Goodwill	2,733	2,280	-	-	5,013
Other non-current assets					2,450
Other corporate assets					442
Total group assets					20,222
Reportable segment liabilities	5,217	342	441	50	6,050
Deferred tax liability					354
Employee benefits					667
Loans and borrowings					7,669
Other corporate liabilities					(888)
Total group liabilities					13,852



# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

### 5. INCOME TAX

The reasons for the difference between the actual tax charge for the year and the standard rate of company tax in New Zealand applied to profits for the year are as follows:

	2021 \$'000	2020 \$'000
Profit before income taxes	(985)	903
Expected tax charge based on the standard rate of New Zealand company tax at the domestic rate of 28%	(276)	258
Non-deductible expenditure net of non-assessable income	387	37
Foreign tax rate difference	0	0
Prior year timing differences not previously recognised	(548)	(88)
Other		0
Total tax expense	(437)	207
<i>Comprising:</i>		
Current tax		
- In respect of current year	15	420
Deferred tax		
- In respect of current year	96	(125)
Prior year timing differences not previously recognised	(548)	(88)
	(437)	207

The New Zealand tax rate for the year ended 31 March 2021 is 28% (2020: 28%).  
The Australian tax rate for the year ended 31 March 2021 is 30% (2020: 30%).

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

### 5. INCOME TAX (continued)

	Note	2021 \$'000	2020 \$'000
<b>Income tax payable</b>			
Taxation payable - opening balance		687	1,221
Opening Balance Adjustment on disposal of subsidiary			
Income tax charge for the year		15	420
Income tax paid		(487)	(918)
Prior Year Tax Adjustments		32	0
Other Adjustments			(36)
Taxation payable - closing balance		<u>247</u>	<u>687</u>
<b>Deferred tax asset/(liability)</b>			
Balance at the beginning of the year		(142)	(354)
Opening Balance Adjustment on disposals			
Current year movement		96	213
Other adjustments		143	0
Deferred tax asset/(liability)		<u>98</u>	<u>(142)</u>
<b>Made up of:</b>			
Deferred tax liability		(45)	(335)
Deferred tax asset		143	194
Net balance as per above		<u>98</u>	<u>(142)</u>
<b>Deferred tax assets/ (liabilities) are attributable to the following:</b>			
Property, plant and equipment			
Intangible assets		0	(335)
Inventories		31	0
Employee benefits		42	167
Deferred Revenue		0	0
Accruals		20	13
Other		5	14
		<u>98</u>	<u>(142)</u>

There are no significant unrecognised income tax losses or temporary differences carried forward.

## G3 GROUP LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

#### 6. EQUITY

##### *Share Capital*

	2021 Number of shares	2020 Number of shares	2021 \$	2020 \$
<b>Ordinary shares</b>				
Balance brought forward	43,047,167	43,047,167	3,953,437	4,197,770
Opening Adjustment			(10,267)	263
Shares repurchased/cancelled on termination	-	-		(244,596)
<b>Preference shares</b>				
Redeemable preference shares issued	-	-		
	43,047,167	43,047,167	3,943,170	3,953,437

At 31 March 2021, share capital comprised 43,047,167 authorised and issued ordinary shares (2020: 43,047,167) and Nil redeemable preference shares (2020: Nil redeemable preference shares). All issued shares are fully paid and have no par value.

All ordinary shares rank equally with regard to the company's residual assets. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

##### *Issue of Shares*

No shares were issued in the year ended 31 March 2021.

#### 7. INVENTORIES

	2021 \$'000	2020 \$'000
Finished goods	5,493	1,549
WIP	2	2
	5,495	1,551

In 2021, the write-down of inventories to net realisable value amounted to \$112,000 (2020: \$Nil).

Inventory is secured by the ANZ Bank under a registered first ranking general security agreement over all the present and future assets and undertakings of all group entities (Note 15).

## G3 GROUP LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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#### 8. RECEIVABLES AND PREPAYMENTS

	2021 \$'000	2020 \$'000
Trade receivables	4,347	4,822
Non trade receivables	-	-
Prepayments	19	12
Receivables from related parties	2	-
	<u>4,368</u>	<u>4,834</u>

The standard terms of trade are payment by the 20th of the following month. The Group reserves the right to charge interest at the directors' discretion for late payment.

#### 9. CASH AND CASH EQUIVALENTS

	2021 \$'000	2020 \$'000
Bank balances	<u>2,641</u>	<u>2,408</u>
Total cash and cash equivalents	<u>2,641</u>	<u>2,408</u>

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

### 10. PROPERTY, PLANT & EQUIPMENT

	Note	Plant and machinery \$'000	Motor vehicles \$'000	Office furniture & equipment \$'000	Building & Land \$'000	Total \$'000
<b>Balance at 31 March 2021</b>						
Cost at 1 April 2020		2,399	83	771	3,974	7,227
Opening cost adjustment						-
Additions		32	-	34	-	66
Foreign Currency Translation Reserve		-	-	-	-	-
Acquisition through business combinations		-	-	-	-	-
Disposals		(1,366)	(83)	(54)	-	(1,503)
Disposals from selling businesses						-
Cost at 31 March 2021		1,065	-	751	3,974	5,790
Accumulated depreciation		(151)	-	(565)	-	(716)
Carrying value at 31 March 2021		914	-	186	3,974	5,074
Current year depreciation	2	37	-	128	-	165
<b>Balance at 31 March 2020</b>						
Cost at 1 April 2019		785	60	1,215	4,396	6,456
Opening cost adjustment		1,130	23	(3)	0	1,150
Additions		628	0	111	312	1,051
Foreign Currency Translation Reserve		0	0	0	0	0
Acquisition through business combinations						
Disposals		(143)	0	(553)	(734)	(1,429)
Cost at 31 March 2020		2,399	83	771	3,974	7,227
Accumulated depreciation		(1,437)	(83)	(489)	0	(2,009)
Carrying value at 31 March 2020		962	0	282	3,974	5,218
Current year depreciation	2	42	0	115	0	157

Property, plant and equipment is secured by the ANZ Bank under a registered first ranking general security agreement over all the present future assets and undertakings of all group entities (Note 15).

There are no contractual commitments for the acquisition of property, plant and equipment at 31 March 2021 (31 March 2020: \$Nil).

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

### 11. INTANGIBLE ASSETS AND GOODWILL

	Note	Goodwill \$'000	Other intangibles \$'000	Total \$'000
<b>Balance at 31 March 2021</b>				
Cost at 1 April 2020		5,013	2,897	7,910
Opening Balance Adj			123	123
Additions (Disposals)		(401)	-	(401)
Foreign Currency Translation Reserve			-	0
Cost at 31 March 2021		4,612	3,020	7,632
Accumulated amortisation and impairment losses		0	(2,131)	(2,131)
Carrying value		<u>4,612</u>	<u>889</u>	<u>5,501</u>
Current year amortisation	2	0	309	309
Current year impairment	2	0	-	0
<b>Balance at 31 March 2020</b>				
Cost at 1 April 2019		4,612	2,897	7,509
Additions		401	0	401
Foreign Currency Translation Reserve			0	0
Cost at 31 March 2020		5,013	2,897	7,910
Accumulated amortisation and impairment losses		0	(1,699)	(1,699)
Carrying value		<u>5,013</u>	<u>1,198</u>	<u>6,211</u>
Current year amortisation	2	0	314	314
Current year impairment	2	-	-	-

Other intangibles consist primarily of brand and customer relationships recognised on the acquisitions of Pete's Post, Fastway Post Limited, RocketMail, Simpsons Data and G3 NZ Limited, including Filecorp NZ Limited. Other intangible assets are amortised over periods from 5 to 10 years.

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

### 11. INTANGIBLE ASSETS AND GOODWILL (continued)

#### Goodwill impairment testing

Cash generating units are the smallest groups of assets for which separately identifiable cash in-flows can be attributed. Goodwill is allocated to the following cash generating units for the purpose of impairment testing.

On an annual basis, the recoverable amount of goodwill is tested for impairment based on its value-in-use. This was determined by discounting estimated future cash flows to be generated by the cash generating unit (CGU).

The board has reviewed impairment tests of all material goodwill balances and is comfortable no impairment is required.

#### Goodwill

	Note	2021 \$'000	2020 \$'000
New Zealand mail operations		2,332	2,733
United Kingdom tourist collateral		0	0
New Zealand document management services		2,280	2,280
Australian document management services		0	
		<u>4,612</u>	<u>5,013</u>

#### Other Intangibles

	Note	2021 \$'000	2020 \$'000
New Zealand mail operations		196	301
United Kingdom tourist collateral		0	0
New Zealand document management services		678	879
Australian document management services		0	0
Corporate		15	18
		<u>889</u>	<u>1,198</u>

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

### 12. INVESTMENTS IN SUBSIDIARIES

The subsidiaries of the G3 Group Limited, all of which have been included in these consolidated financial statements, are as follows:

Subsidiaries	Principal activity	Country	Acquisition date	Proportion of ownership interest at 31 March	
				2021	2020
Send Group Limited	Non-active	New Zealand	8-Oct-08	100%	100%
New Zealand Mail Limited	NZ Postal operator	New Zealand	5-May-04	100%	100%
Send New Zealand Limited	Non-active	New Zealand	1-Apr-11	100%	100%
Filecorp NZ Limited	Document management NZ	New Zealand	31-Mar-15	100%	100%
G3 Formfile Investments Pty Ltd	Non-active	Australia	27-Nov-15	100%	100%
G3 (Aust) Holdings Pty Ltd	Non-active	Australia	26-Nov-15	100%	100%
Formfile Records Management Group Pty Ltd	Non-active	Australia	1-Jan-16	100%	100%
Formfile Records Management Group Unit Trust	Non-active	Australia	1-Jan-16	100%	100%
G3 Property Holdings Limited	Property Management	New Zealand	28-Sep-18	100%	100%



## G3 GROUP LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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#### 13. TRADE AND OTHER PAYABLES

	2021 Current \$'000	2020 Current \$'000
Trade payables	8,955	4,107
Payables to related parties	-	0
Other payables	382	297
Contingent consideration on business combination	-	195
Accruals	76	13
Goods and services tax payable	(533)	76
Deferred Income	-	0
	<u>8,880</u>	<u>4,688</u>

#### 14. EMPLOYEE BENEFITS

	2021 \$'000	2020 \$'000
Current liability for:		
Salary Accrual	-	-
Bonus accrual	230	504
Annual leave	70	150
Long service leave		
Employer deductions	12	13
	<u>312</u>	<u>667</u>

## G3 GROUP LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

#### 15. INTEREST-BEARING LOANS AND BORROWINGS

	2021 \$'000	2020 \$'000
<b>Current</b>		
Secured bank loans	1,000	1,000
Other secured loans	7,690	6,669
Loans and borrowings from shareholders	-	-
	<u>8,690</u>	<u>7,669</u>
Other payables	<u>66</u>	<u>-</u>
<b>Non-current</b>		
	2021 \$'000	2020 \$'000
<b>Non-Current</b>		
Secured bank loans	-	-
Other secured loans	-	-
	<u>-</u>	<u>-</u>
<b>Total interest-bearing loans and borrowings</b>	<u><u>8,756</u></u>	<u><u>7,669</u></u>

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

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### 16. LEASES

	Note	2021 \$'000	2020 \$'000
Leases as lessee			
Non-cancellable operating lease rentals are payable as follows:			
Less than one year		11	43
Between one and five years		-	11
		<u>11</u>	<u>54</u>

During the year ended 31 March 2021, \$11 thousand was recognised as an expense in respect of operating leases (2020: \$43 thousand).

### 17. RELATED PARTIES

#### *Identity of related parties*

The Group has a related party relationship with its key management personnel. All members of the Group are considered to be related parties of the Parent (G3 Group Limited). This includes the subsidiaries identified in note 12.

The Group also has a related party relationship with Wilshire Treasury Limited.

#### *Transactions with related parties*

Transactions with related parties are to be either settled in cash, or other arrangements by the directors. There has been no impairment of related party balances during the year (2020: \$Nil) and there have been no write-offs of related party balances during the year (2020: \$Nil).

The Group and Wilshire Treasury have entered into security sharing arrangements with ANZ Bank in consideration for which Wilshire Treasury provides interest bearing funding to the Group. The Group has also agreed to allow Wilshire Treasury to secure its advances to the Group over the assets of G3 Group Limited.

All transactions with related parties are considered to be priced on an arm's length basis.

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### 17. RELATED PARTIES

## G3 GROUP LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

	Note	2021 \$'000	2020 \$'000
<b>Other related parties</b>			
- Advances receivable from staff and other related parties			0
- Advances payable to Wilshire Treasury Limited	15	(7,690)	(6,669)
<i>Total balances for Other related parties</i>		<u>(7,690)</u>	<u>(6,669)</u>

#### **Key Management Personnel**

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly. Key management personnel are the Directors and Executive Team Members of the Group and Parent. Salaries and management fees were paid to directors and key management personnel in respect to their services rendered. These services were undertaken on normal commercial terms.

	2021 \$'000	2020 \$'000
<b>Key management personnel</b>		
- Short term employment benefits	419	363
- Share based payments		
	<u>419</u>	<u>363</u>

Directors' remuneration is included in salaries and wages in Note 2.

# G3 GROUP LIMITED AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

### 18. FINANCIAL INSTRUMENTS

As at 31 March 2021, the Group had the following classes of financial instruments:

2021

	Note	Loans and receivables \$'000	Other financial liabilities \$'000	Designated at Fair Value \$'000
<b>Financial assets not measured at fair value</b>				
Trade and other receivables	8	4,349	-	-
Cash and cash equivalents	9	2,641	-	-
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables	13	-	(9,413)	-
Interest bearing loans and borrowings	15	-	(8,756)	-
<b>Financial liabilities measured at fair value</b>				
Contingent consideration		-	-	-
		6,990	(18,169)	-

2020

	Note	Loans and receivables \$'000	Other financial liabilities \$'000	Designated at Fair Value \$'000
<b>Financial assets not measured at fair value</b>				
Trade and other receivables	8	4,789	-	-
Cash and cash equivalents	9	2,408	-	-
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables	13	-	4,417	-
Interest bearing loans and borrowings	15	-	7,669	-
<b>Financial liabilities measured at fair value</b>				
Contingent consideration		-	-	195
		7,197	12,086	195

## G3 GROUP LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021

#### 19. RECONCILIATION OF PROFIT/(LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES TO UPDATE

		2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>	<b>Note</b>		
Profit for the year		(548)	696
<i>Adjustments for:</i>			
Privatisation Costs		-	7
Opening adjustment to retained earnings			(39)
Amortisation of brands/trademarks	11	309	314
Depreciation of property, plant and equipment	10	165	157
Share based payments to directors and staff	2		
Finance income	3	(53)	(12)
Finance expense	3	260	392
Impairment of receivables		10	41
Impairment of inventory		110	
Impairment of goodwill		197	-
Loss/gain on disposal		39	12
Shareholder Tax management		1,843	-
Effect of movements in foreign exchange rates		57	(6)
Income tax expense/(credit)	5	(437)	207
		1,952	1,769
(Increase) / decrease in trade and other receivables		466	(891)
(Increase) / decrease in inventories		(3,945)	3,624
Increase / (decrease) in trade and other payables		3,482	1,764
<b>Cash generated from operations</b>		1,955	6,267
Income taxes paid	5	(487)	(918)
<b>Net cash flows from operating activities</b>		1,468	5,349

## **G3 GROUP LIMITED AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements For the Year Ended 31 March 2021**

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#### **20. CAPITAL COMMITMENTS**

There are no capital commitments as at 31 March 2021 (2020: \$Nil).

#### **21. CONTINGENT LIABILITIES**

The Group has allowed its assets to be pledged as security and given a guarantee to support banking facilities provided to Wilshire Treasury Limited by ANZ Bank, refer Note 15.

An unconditional bank guarantee for \$0.78 million is outstanding in 2021 (2020: \$0.78 million), to secure the payment of charges from New Zealand Post in respect of certain mail services.

Other than these exposures there are no contingent liabilities as at 31 March 2021 (2020: \$Nil).

#### **22. EVENTS OCCURRING AFTER THE REPORTING DATE**

There are no material events after balance date (2020: the Covid pandemic impacted the Group's performance in financial year ending March 2021 with reduced customer demand. The resulting lower revenue flowed through to reduced profits, offset to a small degree by the Government Wage Subsidy Scheme. The Group responded to the pandemic by cutting operating costs, having staff work from home, and outsourcing its mailhouse operations and reducing the associated resourcing cost.

# G3 GROUP LIMITED AND SUBSIDIARIES

## Statutory Information For the Year Ended 31 March 2021

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### PRINCIPAL ACTIVITIES

The Group provides document management products and services in New Zealand and in Australia, tourist collateral products in the United Kingdom and postal products and services in New Zealand.

### DIRECTORS

G3 Group Limited (*previously Letter Box Channel Limited*)  
(*Letter Box Channel Limited amalgamated with G3 Group Limited on 31 July 2018 and was renamed G3 Group Limited*)

Stephen Phillips (resigned 31 March 2021)  
Evan Christian (appointed 31 July 2018)  
Paul Forno (appointed 9 June 2021)

G3 Group Limited  
(*amalgamated with Letter Box Channel Limited on 31 July 2018 which was renamed G3 Group Limited*)

Evan Christian (appointed 31 July 2018)  
Stephen Phillips (resigned 31 March 2021)  
Paul Forno (appointed 9 June 2021)

Send Group Limited

Robin Alker (resigned 13 August 2019)  
Stephen Phillips (resigned 31 March 2021)  
Paul Forno (appointed 13 August 2019)

New Zealand Mail Limited

Robin Alker (resigned 13 August 2019)  
Stephen Phillips (resigned 31 March 2021)  
Paul Forno (appointed 13 August 2019)  
Michael Dunshea (appointed 8 June 2021)

Send New Zealand Limited

Robin Alker (resigned 13 August 2019)  
Stephen Phillips (resigned 31 March 2021)  
Paul Forno (appointed 13 August 2019)

Filecorp NZ Limited

Robin Alker (resigned 13 August 2019)  
Stephen Phillips (resigned 31 March 2021)  
Paul Forno (appointed 13 August 2019)  
Michael Dunshea (appointed 9 June 2021)

G3 Formfile Investments Pty Ltd

Jane Storey (resigned 13 January 2021)  
Robin Alker (resigned 13 August 2019)  
Evan Christian (resigned 13 January 2021)

G3 (Aust) Holdings Pty Ltd

Jane Storey (resigned 13 January 2021)  
Robin Alker (resigned 13 August 2019)  
Evan Christian (resigned 13 January 2021)

Formfile Records Management Group Pty Ltd

Jane Storey (resigned 13 January 2021)  
Robin Alker (resigned 13 August 2019)  
Evan Christian (resigned 13 January 2021)

### DONATIONS

Donations of \$1.1 million were made by the Group in the year ended 31 March 2021 (2020: \$Nil).



# G3 GROUP LIMITED AND SUBSIDIARIES

## INDEMNITY AND INSURANCE

In accordance with section 162 of the Companies Act 1993 and the constitution of the company, the company has provided insurance for, and indemnity to Directors and employees of the Group and its subsidiaries for losses from actions undertaken in the course of their duties.

## Company Directory

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<b>Company Name</b>	G3 Group Limited
<b>Nature of Business</b>	Providers of document and data management services and business mail services in New Zealand.
<b>Registered Office</b>	Level 2 BDO House 116 Harris Road East Tamaki Auckland
<b>Directors</b>	Paul Forno Evan Christian
<b>Bankers</b>	ANZ Bank New Zealand Limited 23 Albert Street Auckland New Zealand
<b>Solicitors</b>	Chapman Tripp 23 Albert Street Auckland New Zealand  Brown Partners 18 Shortland Street Auckland New Zealand