

# **Greenfern Industries Limited and controlled entities**

**NZCN: 6804155**

**Financial Report**

**For the year ended 31 March 2021**

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**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
**NZCN: 6804155**

**COMPANY DIRECTORY**

<b>IRD number</b>	125-630-936
<b>Nature of business</b>	Producer and wholesaler of therapeutic products
<b>Registered office</b>	Level 8, General Capital House, 115 Queen Street Auckland
<b>Directors</b>	Daniel LEYDEN Daniel CASEY Brent Douglas KING Philip Wesley BROWN Darryl DAVIES
<b>Bankers</b>	Bank of New Zealand
<b>Auditors</b>	Crowe New Zealand Audit Partnership
<b>Accountants</b>	Baker Tilly Staples Rodway Auckland Limited

**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
**NZCN: 6804155**

**DIRECTORS' REPORT**

The directors present their report together with the financial report of the Group, being the Company and its controlled entities, for the year ended 31 March 2021 and auditor's report thereon.

**Directors names**

The names of the directors in office at any time during or since the end of the year are:

Tim Mark JOHNSON Appointed 12 April 2018 and resigned 18 February 2019

Daniel LEYDEN Appointed 25 June 2018

Daniel CASEY Appointed 29 June 2018

Brent Douglas KING Appointed 21 April 2021

Philip Wesley BROWN Appointed 12 July 2021

Darryl DAVIES Appointed 13 July 2021

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

**Principal activities**

The principal activity of the Group during the year was producer and wholesaler of therapeutic products.

No significant change in the nature of these activities occurred during the year.

**Results**

The loss of the Group for the year after providing for income tax amounted to \$1,255,781.

**Review of operations**

The Group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

**Dividends paid, recommended and declared**

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

**Donations**

The Group made no donations during the year.

**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
**NZCN: 6804155**

**DIRECTORS' REPORT**

**Audit fees**

No audit fees were paid during the year.

Audit fees of \$31,500 were accrued during the year

**Interests**

No director has given notice to the Group of an interest in any transaction with the Group. No director has sought authorisation to use Group information.

**Directors' remuneration and other benefits**

Dan Casey received a salary of \$43,801 during the year.

**Employee remuneration**

No cash remuneration exceed \$100,000 during the year.

Signed in accordance with a resolution of the board of directors, dated

Director:   
Daniel LEYDEN

Director:   
Daniel CASEY

**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
**NZCN: 6804155**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 \$	2020 \$
<b>Revenue and other income</b>			
Revenue from contracts with customers	4	17,149	-
Other revenue	5	37,432	22,186
Other income	5	<u>29,631</u>	<u>932</u>
		<u>84,212</u>	<u>23,118</u>
<b>Less: expenses</b>			
Materials and consumables used		(12,380)	(20,000)
Transport expense		(1,456)	(1,672)
Depreciation and amortisation expense	6	(53,027)	(19,495)
Occupancy expense		(3,653)	-
Advertising expense	6	(138,776)	(34,813)
Consultancy expenses		(569,597)	(928,412)
Employee benefits expense		(196,620)	(510,540)
Finance costs	6	(27,743)	(27,809)
Fair value adjustment on shadow shares	19	(97,474)	-
Other expenses		<u>(239,267)</u>	<u>(160,553)</u>
		<u>(1,339,993)</u>	<u>(1,703,294)</u>
<b>Loss before income tax expense</b>		(1,255,781)	(1,680,176)
Income tax expense	8	-	-
<b>Loss for the year</b>		<u>(1,255,781)</u>	<u>(1,680,176)</u>
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive loss</b>		<u>(1,255,781)</u>	<u>(1,680,176)</u>
<b>Earnings per share</b>			
Basic and dilutive earnings per share after tax (\$)	24	(0.16)	(0.25)

The accompanying notes form part of these financial statements.



GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES

NZCN: 6804155

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Note	2021 \$	2020 \$
<b>Current assets</b>			
Cash and cash equivalents	9	1,297,054	991,937
Receivables	11	168,656	45,869
Inventories	12	48,430	12,431
Current tax assets	8	6,349	6,349
Prepayments		<u>125,000</u>	<u>2,174</u>
<b>Total current assets</b>		<u>1,645,489</u>	<u>1,058,760</u>
<b>Non-current assets</b>			
Intangible assets	14	2,877	2,515
Right of use assets	13	-	824,184
Property, plant and equipment	15	1,605,535	309,495
Other financial assets	16	89,227	79,200
Prepayments		<u>72,917</u>	<u>-</u>
<b>Total non-current assets</b>		<u>1,770,556</u>	<u>1,215,394</u>
<b>Total assets</b>		<u>3,416,045</u>	<u>2,274,154</u>
<b>Current liabilities</b>			
Payables	18	131,009	192,419
Lease liabilities	13	<u>-</u>	<u>6,940</u>
<b>Total current liabilities</b>		<u>131,009</u>	<u>199,359</u>
<b>Non-current liabilities</b>			
Lease liabilities	13	-	824,786
Other liabilities	19	<u>933,500</u>	<u>678,026</u>
<b>Total non-current liabilities</b>		<u>933,500</u>	<u>1,502,812</u>
<b>Total liabilities</b>		<u>1,064,509</u>	<u>1,702,171</u>
<b>Net assets</b>		<u>2,351,536</u>	<u>571,983</u>

The accompanying notes form part of these financial statements.



GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES  
NZCN: 6804155

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021

	Note	2021 \$	2020 \$
<b>Equity</b>			
Share capital	23	5,363,473	2,328,139
Accumulated losses		<u>(3,011,937)</u>	<u>(1,756,156)</u>
<b>Total equity</b>		<u><u>2,351,536</u></u>	<u><u>571,983</u></u>

Signed in accordance with a resolution of the board of directors, dated 10th of August 2021

Director:   
Daniel LEYDEN

Director:   
Daniel CASEY

The accompanying notes form part of these financial statements.





**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
**NZCN: 6804155**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	Contributed equity \$	Accumulated losses \$	Total equity \$
<b>Consolidated</b>				
<b>Balance as at 1 April 2019</b>		1,534,626	(75,980)	1,458,646
Loss for the year		<u>-</u>	<u>(1,680,176)</u>	<u>(1,680,176)</u>
<b>Total comprehensive loss for the period</b>		<u>-</u>	<u>(1,680,176)</u>	<u>(1,680,176)</u>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity net of transaction costs	23	<u>793,513</u>	<u>-</u>	<u>793,513</u>
<b>Total transactions with owners in their capacity as owners</b>		<u>793,513</u>	<u>-</u>	<u>793,513</u>
<b>Balance as at 31 March 2020</b>		<u>2,328,139</u>	<u>(1,756,156)</u>	<u>571,983</u>
<b>Balance as at 1 April 2020</b>		2,328,139	(1,756,156)	571,983
Loss for the year		<u>-</u>	<u>(1,255,781)</u>	<u>(1,255,781)</u>
<b>Total comprehensive loss for the year</b>		<u>-</u>	<u>(1,255,781)</u>	<u>(1,255,781)</u>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity net of transaction costs	23	<u>3,035,334</u>	<u>-</u>	<u>3,035,334</u>
<b>Total transactions with owners in their capacity as owners</b>		<u>3,035,334</u>	<u>-</u>	<u>3,035,334</u>
<b>Balance as at 31 March 2021</b>		<u>5,363,473</u>	<u>(3,011,937)</u>	<u>2,351,536</u>

The accompanying notes form part of these financial statements.



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
**NZCN: 6804155**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 \$	2020 \$
<b>Cash flow from operating activities</b>			
Receipts from customers		17,149	-
Receipts from government grant - Covid-19 subsidy		37,432	-
Payments to suppliers and employees		(1,047,718)	(338,768)
Interest received		-	16,327
Finance costs		(27,743)	(27,809)
Tax credits received		<u>-</u>	<u>932</u>
<b>Net cash used in operating activities</b>	10(a)	<u>(1,020,880)</u>	<u>(349,318)</u>
<b>Cash flow from investing activities</b>			
Payment for property, plant and equipment		(1,263,501)	(315,367)
Payment for investments		(10,000)	(20,000)
Payment for intangibles		(662)	(2,250)
Proceeds from term deposit		<u>-</u>	<u>1,000,000</u>
<b>Net cash provided by / (used in) investing activities</b>		<u>(1,274,163)</u>	<u>662,383</u>
<b>Cash flow from financing activities</b>			
Proceeds from share issue		2,905,337	245,903
Principal portion of lease payments		(5,177)	(5,009)
Payment for share issue costs		<u>(300,000)</u>	<u>(17,391)</u>
<b>Net cash provided by financing activities</b>		<u>2,600,160</u>	<u>223,503</u>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		991,937	455,369
Net increase in cash held		<u>305,117</u>	<u>536,568</u>
<b>Cash at end of financial year</b>		<u><u>1,297,054</u></u>	<u><u>991,937</u></u>

The accompanying notes form part of these financial statements.



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
**NZCN: 6804155**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with the *Companies Act 1993* and New Zealand Accounting Standards, Interpretations and other applicable authoritative pronouncements of the New Zealand Accounting Standards Board.

The financial report covers Greenfern Industries Limited and its consolidated entities. Greenfern Industries Limited is a Company limited by shares, incorporated and domiciled in New Zealand. Greenfern Industries Limited is a for-profit entity for the purpose of preparing the financial statements.

The principal activity of the Group is a producer and wholesaler of therapeutic products.

The financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the Group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Basis of preparation of the financial report**

*Compliance with NZ IFRS*

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP').

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

*Historical Cost Convention*

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

*Fair value measurement*

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
**NZCN: 6804155**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Basis of preparation of the financial report (Continued)**

*Fair value measurement (Continued)*

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

*Significant accounting estimates and judgements*

The preparation of the financial report requires the use of certain estimates and judgements in applying the Group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

**(b) Going concern**

The Group is considered to be in its start-up phase and as such the Group has reported a loss for the 2021 year of \$1,257,780 (2020: loss of \$1,680,176) and operating cash outflows for the 2021 year was \$1,820,880 (2020: \$839,318).

The financial statements have been prepared on a going concern basis, which assumes that the Group will have sufficient cash to continue its operations for a minimum of 12 months from the date of signing the financial statements.

During 2021, the Group improved its net cash position, mainly through a \$3.4m equity crowdfunding, net of the capital raising costs. Cash at 31 March 2021 was \$1,297,055 (2020: \$991,937). In assessing the adoption of the going concern principle in the preparation of the financial statements, the Directors have reviewed cash flow forecasts for the 12 months from the date of signing the financial statements.

The Group needs to raise additional equity funding to implement its long-term business strategies.

The cash flow forecasts have assumed that:

1. \$1.5m equity will be raised through wholesale placements of shares by 30 September 2021; and
2. \$5.0m equity will be raised through further capital raising activity by 31 April 2022.



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Going concern (Continued)**

Directors have considered the impact of not being able to raise the capital in the above timeframes and have determined that the Group will still be able to continue to operate with current cash reserves for the 12 months from the date of signing the financial statements by:

- deferring planned capital expenditure; and
- reducing operating costs.

Given the nature of the judgments and estimates noted above and management's ability to take mitigating actions, it is the considered view of the Directors that the Group has adequate resources to meet its ongoing obligations for at least a period of 12 months from the date of signing these financial statements.

On this basis, the Directors have assessed it is appropriate to adopt the going concern basis in preparing its financial statements.

**(c) Principles of consolidation**

The consolidated financial statements are those of the consolidated entity ("the Group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The Group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the Group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position respectively.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Foreign currency transactions and balances**

*Functional and presentation currency*

The financial statements of each entity within the consolidated entity is measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in New Zealand dollars which is the consolidated entity's functional and presentation currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

Transactions in foreign currencies of entities within the consolidated Group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Subsidiaries that have a functional currency different from the presentation currency of the Group are translated as follows:

- Assets and liabilities are translated at the closing rate on reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised in other comprehensive income.

**(e) Goods and services tax (GST)**

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Inland Revenue. 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.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(f) Revenue from contracts with customers**

The Group recognises revenue from contracts with customers when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

A performance obligation may be satisfied at a point in time or over time. For a performance obligation satisfied over time, the Group will select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. An entity will recognise revenue at a point in time (that is, when control transfers) for performance obligations that do not meet the criteria for recognition of revenue over time.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
**NZCN: 6804155**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Revenue from contracts with customers**

*Sale of goods*

The Group is a producer and wholesaler of therapeutic products. Revenue is measured at the fair value of the consideration received or receivable. The Group has determined that the performance obligation is satisfied at a point in time, and so will recognise the related revenue when the performance obligation is satisfied. Revenue from sale of goods is recognised when control of the products has transferred, which occurs upon delivery to the customer.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. There are historically low rates of return and no warranty terms are provided. No element of financing is deemed present as the sales are made with a credit term consistent with market practice.

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The Group includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, when the uncertainty associated with the variable consideration is subsequently resolved.

A receivable is recognised when the ownership of goods has transferred upon delivery, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. As such, there are no resulting related contract assets or contract liabilities.

**(g) Other revenue and other income**

*Interest*

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

**(h) Government grants**

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to depreciable assets are credited to deferred income and are recognised in profit or loss over the period and in the proportions in which depreciation expense on those assets is recognised.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Income tax**

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(j) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

**(k) Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

**(l) Financial instruments**

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(I) Financial instruments (Continued)**

*Classification of financial assets*

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in NZ IFRS 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the Group's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

*Classification of financial liabilities*

Financial liabilities classified as held-for-trading, contingent consideration payable by the Group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the Group are subsequently measured at amortised cost.

*Trade and other receivables*

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30 days.

Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

*Impairment of financial assets*

Financial assets are tested for impairment by applying the 'expected credit loss' impairment model.

The Group applies the simplified approach under NZ IFRS 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the NZ IFRS 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(l) Financial instruments (Continued)**

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Group. Recoveries, if any, are recognised in profit or loss.

*Bartercard*

Bartercard Trade Dollars are units of electronic currency held by the Group which can be used to pay for products and services from other Bartercard members instead of paying in cash. The assets are recognised at cost less accumulated impairment losses. The trade dollars are acquired as earned and consumed as utilised and are tested at least annually for impairment or when indication of an impairment exist. An impairment loss is recognised whenever the carrying amount of a Bartercard exceeds its recoverable amount. The estimated recoverable amount of Bartercard Trade Dollars are the greater of their fair value less costs to sell or value in use. Trade debits arising from sales to customers and trade credits from purchases of services are recognised in the statement of comprehensive income in the period in which the transaction occurs. Where trade credits are used to purchase an asset, the asset is capitalised and recognised in the statement of financial position.

**(m) Property, plant and equipment**

Each class of property, plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

*Property*

Freehold land and buildings are measured at cost, less accumulated depreciation and any accumulated impairment losses.

*Plant and equipment*

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

*Depreciation*

Land is not depreciated. The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(m) Property, plant and equipment (Continued)**

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
Plant and equipment at cost	13.50% - 67%	Diminishing value
Facility Taranaki at cost	2% - 40%	Diminishing value
Facility Otago at cost	8% - 13%	Diminishing value
Hydro Power Station at cost	0%	Diminishing value

**(n) Intangible assets**

*Trademarks*

Trademarks are amortised over 10 years.

*Design*

Design is amortised over 10 years.

**(o) Research and development expenditure**

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the Group can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development. Capitalised development costs are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to capitalised development costs is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, capitalised development costs are measured at cost, less accumulated amortisation and any accumulated impairment losses.

Other development expenditure is recognised as an expense when incurred.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(p) Impairment of non-financial assets**

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

**(q) Investments in associates**

An associate is an entity over which the Group is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's interests in associates are accounted for using the equity method after initially being recognised at cost. Under the equity method, the Group's share of the profits or losses of the associate is recognised in the Group's profit or loss and the Group's share of other comprehensive income items is recognised in the Group's other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(q) Investments in associates (Continued)**

Unrealised gains and losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate.

**(r) Leases**

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

*Right of use assets*

Right of use assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, right of use assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Right of use assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

*Lease liabilities*

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

*Leases of 12-months or less and leases of low value assets*

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a right of use asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(s) Employee benefits**

*(i) Short-term employee benefit obligations*

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

*(ii) Long-term employee benefit obligations*

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

**(t) Share capital**

Share capital is classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(u) Shadow Shares**

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees are granted shadow shares under a shadow equity arrangement, which are settled in cash (cash-settled transactions).

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. This requires a reassessment of the estimates used at the end of each reporting period.

This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using an appropriate valuation model, refer note 19.

The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

*(a) Income tax*

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

*(b) Critical judgements in determining the lease term and incremental borrowing rate*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Lease liabilities are measured by discounting the lease payments using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third party financing received by the individual lease as a starting point, adjusted to reflect any changes in financing conditions since the third party financing was received.

*(c) Cash settled share based payments*

There is significant judgement in determining the fair value of cash settled share based payments. The value was determined with reference to recent capital raises of the Group.

**NOTE 3: FINANCIAL RISK MANAGEMENT**

The Group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- (a) Credit risk
- (b) Liquidity risk
- (c) Other market risk
- (d) Fair values compared with carrying amounts



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)**

The board of directors have overall responsibility for identifying and managing operational and financial risks.

The Group holds the following financial instruments:

	2021	2020
	\$	\$
<b>Financial assets</b>		
<i>Amortised cost</i>		
- Cash and cash equivalents	1,297,054	991,937
- Receivables	14,163	-
- Shares in unlisted entities	200	200
<i>Fair value through profit or loss</i>		
- Shares in unlisted entities	14,000	4,000
- Bartercard	<u>75,027</u>	<u>75,000</u>
	<u>1,400,444</u>	<u>1,071,137</u>
<b>Financial liabilities</b>		
<i>Amortised cost</i>		
- Payables	(123,724)	(182,538)
- Lease liabilities	<u>-</u>	<u>(831,726)</u>
	<u>(123,724)</u>	<u>(1,014,264)</u>

**(a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from balances held with banks. The credit risk is managed by holding all cash and cash equivalents with a New Zealand registered bank.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to financial statements.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The following table outlines the Group's remaining contractual maturities for non-derivative financial instruments. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the Group can be required to pay.

<b>Year ended 31 March</b>	<b>&lt; 6 months</b>	<b>6-12 months</b>	<b>1-5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying amount</b>
<b>2021</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Payables	<u>123,724</u>	<u>-</u>	<u>-</u>	<u>123,724</u>	<u>210,969</u>
Net maturities	<u>123,724</u>	<u>-</u>	<u>-</u>	<u>123,724</u>	<u>210,969</u>
<b>Year ended 31 March</b>					
<b>2020</b>					
Payables	182,538	-	-	182,538	182,538
Lease liabilities	<u>21,739</u>	<u>21,739</u>	<u>941,303</u>	<u>984,781</u>	<u>831,726</u>
Net maturities	<u>204,277</u>	<u>21,739</u>	<u>941,303</u>	<u>1,167,319</u>	<u>1,014,264</u>

The lease liability ceased in 2021 as the Group exercised their option to purchase the underlying asset.

**(c) Other market risk**

Other market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Group faces the risk that the supply of cannabis products available in New Zealand will outstrip the demand, which may result in lower product prices, which in turn may have an adverse effect on the Group's financial performance.

**(d) Fair values compared with carrying amounts**

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in consolidated statement of financial position and notes to financial statements.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 \$	2020 \$
<b>NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS</b>			
Sale of goods		<u>17,149</u>	<u>-</u>
 <b>NOTE 5: OTHER REVENUE AND OTHER INCOME</b>			
Other revenue			
Interest income		-	22,186
Government grant - Covid wage subsidy		<u>37,432</u>	<u>-</u>
		<u>37,432</u>	<u>22,186</u>
Other income		<u>29,631</u>	<u>932</u>
 <b>NOTE 6: OPERATING PROFIT</b>			
Loss before income tax has been determined after:			
Cost of sales			
- Opening inventory		12,431	-
- Purchases/materials used		48,379	32,431
- Other cost of goods sold		1,456	1,672
- Closing inventory		<u>(48,430)</u>	<u>(12,431)</u>
		13,836	21,672
Finance costs			
- Lease liabilities - interest expense		27,432	27,600
- Interest expense - bank		<u>311</u>	<u>209</u>
		27,743	27,809
Depreciation		52,727	19,360
Amortisation		300	135
Impairment	19	-	19,800
Research and development costs		47,830	69,995
Employee benefits:			
- Short term benefits		178,620	83,789
- Share based payments		-	230,000
- Share based payments accrued for future cash settlement		<u>18,000</u>	<u>196,751</u>
		196,620	510,540



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 \$	2020 \$
<b>NOTE 6: OPERATING PROFIT (CONTINUED)</b>			
Advertising Expenses			
- Advertising		43,854	33,584
- PR expenses		11,099	1,229
- Strategic marketing		<u>83,823</u>	<u>-</u>
		138,776	34,813
Remuneration of auditors for:			
<i>Crowe New Zealand Audit Partnership</i>			
Audit and assurance services			
- Audit or review of the financial report		31,500	-
<b>NOTE 7: KEY MANAGEMENT PERSONNEL COMPENSATION</b>			
Key management personnel consists of the managing director.			
Compensation received by key management personnel of the Group			
- short-term employee benefits		70,000	35,594
- share based payments accrued for future cash settlement		14,000	133,751
- equity settled share-based payments		<u>-</u>	<u>230,000</u>
		<u>84,000</u>	<u>399,345</u>
<b>NOTE 8: INCOME TAX</b>			
<b>(a) Income tax reconciliation</b>			
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:			
Prima facie income tax payable on profit before income tax at 28.0% (2020: 28.0%)			
		(351,619)	(470,449)
Add/(less) tax effect of:			
Non deductible expenses		111,141	327
Tax losses not recognised		110,424	274,731
Temporary differences not recognised		<u>130,053</u>	<u>195,391</u>
Income tax expense attributable to profit		<u>(1)</u>	<u>-</u>



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 \$	2020 \$
<b>NOTE 8: INCOME TAX (CONTINUED)</b>			
<b>(b) Current tax</b>			
Current tax relates to the following:			
<i>Current tax liabilities / (assets)</i>			
Opening balance		(6,349)	(137)
RWT receivable		<u>-</u>	<u>(6,212)</u>
Current tax liabilities / (assets)		<u>(6,349)</u>	<u>(6,349)</u>

**(c) Deferred tax assets not recognised**

The Group has not recognised a deferred income tax asset of \$406,426 (2020: \$296,005) in respect of operating tax losses and \$18,620 in respect of temporary differences that can be carried forward against future taxable income subject to meeting Inland Revenue requirements.

**NOTE 9: CASH AND CASH EQUIVALENTS**

Cash at bank		<u>1,297,054</u>	<u>991,937</u>
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**NOTE 10: CASH FLOW INFORMATION**

**(a) Reconciliation of cash flow from operations with profit after income tax**

Profit / (loss) from ordinary activities after income tax		(1,255,781)	(1,680,176)
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**Adjustments and non-cash items**

Amortisation		300	135
Depreciation		52,727	19,360
Impairment of financial assets		-	19,800
Fair value adjustment to financial instruments		97,474	-
Gain on settlement of lease		(37,658)	-
Equity settled share based payments		184,257	490,000

**Changes in operating assets and liabilities**

Increase in receivables		(122,787)	(20,100)
Decrease in other assets		-	6,006
Increase in inventories		(35,999)	(12,431)
Increase in other liabilities		96,587	834,300
Decrease in income tax payable		<u>-</u>	<u>(6,212)</u>
Cash flows from operating activities		<u>(1,020,880)</u>	<u>(349,318)</u>



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 \$	2020 \$
<b>NOTE 11: RECEIVABLES</b>			
CURRENT			
Receivables from contracts with customers		12,163	-
Other receivables			
- GST receivable		154,493	45,869
- Other receivables		<u>2,000</u>	<u>-</u>
		<u>168,656</u>	<u>45,869</u>

*Receivables from contracts with customers*

A receivable from a contract with a customer represents the Group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Invoicing of customers generally occurs on a monthly basis. Outstanding invoices are due for payment within 30 days of the invoice date.

*Impairment of receivables from contracts with customers and other receivables*

The Group applies the simplified approach under NZ IFRS 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the NZ IFRS 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The receivables balance is all due within 90 days and is expected to be collected in full. No impairment has been recorded.

**NOTE 12: INVENTORIES**

CURRENT

*At cost*

Finished goods		6,399	12,431
<i>At net realisable value</i>			
Work in progress		<u>42,031</u>	<u>-</u>
		<u>48,430</u>	<u>12,431</u>



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021	2020
		\$	\$
<b>NOTE 13: RIGHT OF USE ASSETS AND LEASE LIABILITIES</b>			
<b>(a) Right of use assets</b>			
Land under lease		-	836,735
Accumulated depreciation		-	<u>(12,551)</u>
Total carrying amount of right of use assets		<u>-</u>	<u>824,184</u>

**Reconciliations**

Reconciliation of the carry amount of right of use assets at the beginning and end of the financial year:

*Land*

Opening carrying amount		824,184	-
Additions		-	836,735
Depreciation		(12,551)	(12,551)
Transfer to property, plant and equipment		(772,714)	-
Gain on transfer to property, plant and equipment		<u>(38,919)</u>	-
Closing carrying amount		<u>-</u>	<u>824,184</u>

During the year the Group exercised its option to purchase the land it was renting in addition to the Power Station and additional land surrounding the Power Station for a purchase price of \$750,000, \$50,000 below the purchase price outlined in the option agreement.

The Group had a lease agreement with Renewable Power Limited, a related party of the Group. Under the the lease agreement the Group rented land from Renewable Power Limited.

The lease agreement had a term of five years commencing from the day when growing operations commence. The Group had the first right of refusal of a new lease at expiry and the first right to buy the Power Station if it was for sale at the end of or during the term of the lease.

In addition to the lease agreement the Group also had an Option agreement which provided the option to purchase the land it was renting, as well as the Power Station and additional land surrounding the Power Station. The Option Period is was for two years from the date of the deed commencing from September 2019. At the expiry of the Option Period, the Group had first right of refusal for a period of ninety-nine years from the date of expiry. The purchase price was \$800,000.

**(b) Lease liabilities**

**CURRENT**

Lease liability		<u>-</u>	<u>6,940</u>
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**NON CURRENT**

Lease liability		<u>-</u>	<u>824,786</u>
Total carrying amount of lease liabilities		<u>-</u>	<u>831,726</u>



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 \$	2020 \$
<b>NOTE 13: RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)</b>			
<b>(c) Lease expenses and cashflows</b>			
Interest expense on lease liabilities		27,432	27,600
Expense relating to lease payments made for leases of 12-months or less (for which a right of use asset and a lease liability has not been recognised)		5,300	-
Depreciation expense on right of use assets		12,551	12,551
Cash outflow in relation to leases		732,609	32,609
<b>NOTE 14: INTANGIBLE ASSETS</b>			
Patents, trademarks and licences at cost		2,650	2,650
Accumulated amortisation and impairment		<u>(400)</u>	<u>(135)</u>
		2,250	2,515
Design at cost		662	-
Accumulated amortisation and impairment		<u>(35)</u>	<u>-</u>
		<u>627</u>	<u>-</u>
Total intangible assets		<u><u>2,877</u></u>	<u><u>2,515</u></u>
<b>(a) Reconciliations</b>			
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year			
<i>Trademarks at cost</i>			
Opening balance		2,515	400
Additions		-	2,250
Amortisation expense		<u>(265)</u>	<u>(135)</u>
Closing balance		<u><u>2,250</u></u>	<u><u>2,515</u></u>
<i>Design</i>			
Opening balance		-	-
Additions		662	-
Amortisation expense		<u>(35)</u>	<u>-</u>
Closing balance		<u><u>627</u></u>	<u><u>-</u></u>





**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 \$	2020 \$
<b>NOTE 15: PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Plant and equipment</b>			
Plant and equipment at cost		35,659	28,351
Accumulated depreciation		<u>(19,575)</u>	<u>(6,809)</u>
		16,084	21,542
 Hydro Power Station at cost		 810,021	 -
Facility Otago at cost		48,378	-
Accumulated depreciation		<u>(874)</u>	<u>-</u>
		47,504	-
 Facility Taranaki at cost		 758,462	 -
Accumulated depreciation		<u>(26,536)</u>	<u>-</u>
		731,926	-
 Capital work in progress		 <u>-</u>	 <u>287,953</u>
Total property, plant and equipment		<u><u>1,605,535</u></u>	<u><u>309,495</u></u>
 <b>(a) Reconciliations</b>			
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year			
 <i>Plant and equipment</i>			
Opening carrying amount		21,542	937
Additions		7,309	27,414
Depreciation expense		<u>(12,766)</u>	<u>(6,809)</u>
Closing carrying amount		<u><u>16,085</u></u>	<u><u>21,542</u></u>
 <i>Hydro Power Station</i>			
Opening carrying amount		-	-
Transfers from capital work in progress		37,307	-
Transfers from right of use assets		<u>772,714</u>	<u>-</u>
Closing carrying amount		<u><u>810,021</u></u>	<u><u>-</u></u>
 <i>Facility Otago</i>			
Opening carrying amount		-	-
Additions		48,378	-
Depreciation expense		<u>(874)</u>	<u>-</u>
Closing carrying amount		<u><u>47,504</u></u>	<u><u>-</u></u>



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 \$	2020 \$
<b>NOTE 15: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>			
<b>(a) Reconciliations (Continued)</b>			
<i>Facility Taranaki</i>			
Opening carrying amount		-	-
Transfers from capital work in progress		745,777	-
Additions		12,685	-
Depreciation expense		<u>(26,536)</u>	<u>-</u>
Closing carrying amount		<u><u>731,926</u></u>	<u><u>-</u></u>
 <i>Capital work in progress</i>			
Opening carrying amount		287,953	-
Additions		495,131	287,953
Transfer to property, plant and equipment		<u>(783,084)</u>	<u>-</u>
Closing carrying amount		<u><u>-</u></u>	<u><u>287,953</u></u>

**NOTE 16: OTHER FINANCIAL ASSETS**

NON CURRENT

*Financial assets at fair value through profit or loss*

Bartercard		75,027	75,000
Shares in unlisted companies		<u>14,000</u>	<u>4,000</u>
Total financial assets at fair value through profit or loss		<u><u>89,027</u></u>	<u><u>79,000</u></u>

*Financial assets measured at amortised cost*

Shares in unlisted companies		<u>200</u>	<u>200</u>
		<u><u>89,227</u></u>	<u><u>79,200</u></u>

*Investment in Waiapu Investments Limited*

The Group holds 4,000 shares in Waiapu Investments Limited purchased in September 2018 at a cost price of \$4,000 (\$1.00 per share).

This equity investment is not quoted in an active market. The fair value of this equity security is based on the Group's share of the entity's net assets at reporting date as reported in the entity's financial statements (valuation technique). The majority of the entity's assets and liabilities are reported in their financial statements at either their fair value or their carrying value which approximates their fair value (the significant unobservable inputs). The interrelationship between key unobservable inputs and fair value measurement is that an increase / (decrease) in the net assets would increase / (decrease) the fair value of the investment. No amounts were recognised in the profit and loss during the year ended 31 March 2021 in relation to fair value movements of the investment (2020: nil).



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTE 16: OTHER FINANCIAL ASSETS (CONTINUED)**

*Investment in Cannabis and Bioscience Corporation Limited*

The Group acquired 100,000 shares (0.54%) in Cannabis and Bioscience Corporation Limited (CBC) in June 2020 at a cost price of \$10,000 (\$0.10 per share). CBC is an unlisted investment holdings company and is a related party by virtue of common directorship as described in note 25.

The fair value of the investment was estimated by Management to be \$0.10 per share as at 31 March 2021 with reference to the subscription price that the Group paid for CBC's shares and with reference to other third party subscriptions at the same price leading up to and subsequent to 31 March 2021. The subscription price was set based on expectation of returns from the underlying early stage investments within CBC. The probability weighted compound annual growth rate of the investments is 14.9%, expected to be realised over a 5 year investment period and discounted back at a risk-adjusted discount rate of 24.5%. No amounts were recognised in the profit and loss during the year ended 31 March 2021 in relation to fair value movements of the investment.

*Investment in Hempseed Holdings Limited*

The Group holds 20,000 shares (2.0%) in Hempseed Holdings Limited purchased in April 2019 at a cost price of \$20,000 (\$1.00 per share).

Management has assessed the carrying value of this investment and concluded no impairment needs to be recognised. In the previous year an impairment expense of \$19,800 was recognised

*Bartercard trade dollars*

Bartercard trade dollars comprise the balance of Bartercard Trade Dollars on hand at period end net of accumulated impairment losses.

For the year 31 March 2021 it was determined that the fair value less costs of disposal of the Bartercard trade dollars was equivalent to the carrying value of the assets. Fair value less costs of disposal was determined based on the fact that all market participants (being other Bartercard members) accept the terms and conditions of Bartercard which stipulate that a Bartercard Trade Dollar is equivalent to a New Zealand dollar at the date of exchange in respect of future purchases or goods and services. In addition, as there are no significant disposal costs associated with settling transactions in Bartercard trade dollars, management have determined that the fair value less costs of disposal are equal to the carrying value of Bartercard trade dollars.



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**NOTE 17: FAIR VALUE MEASUREMENT**

*(a) Fair Value Hierarchy*

The following table provides the fair value classification of those assets and liabilities held by the group that are measured either on a recurring or non-recurring basis at fair value.

<b>2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Recurring fair value measurements</b>				
<b><i>Financial assets</i></b>				
<i>Financial assets at fair value through profit or loss</i>				
Bartercard	75,027	-	-	75,027
Shares in unlisted companies	-	-	14,000	14,000
<b>Total financial assets</b>	<u>75,027</u>	<u>-</u>	<u>14,000</u>	<u>89,027</u>

**2020**

**Recurring fair value measurements**

***Financial assets***

*Financial assets at fair value through profit or loss*

Bartercard	75,000	-	-	75,000
Shares in unlisted companies	-	-	4,000	4,000
<b>Total financial assets</b>	<u>75,000</u>	<u>-</u>	<u>4,000</u>	<u>79,000</u>

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>NOTE 18: PAYABLES</b>		
<b>CURRENT</b>		
<i>Unsecured liabilities</i>		
Trade creditors	51,619	176,932
PAYE payable	7,284	9,881
Accrued expenses	<u>72,106</u>	<u>5,606</u>
	<u>131,009</u>	<u>192,419</u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2021 \$	2020 \$
<b>NOTE 19: OTHER LIABILITIES</b>			
NON CURRENT			
Cash settled share based payment - shadow shares		<u>933,500</u>	<u>678,026</u>

The Company has a shadow share scheme whereby participants (being an employee, contractor or director of the Company) can receive a bonus if the Company has a positive liquidity event such as a sale or a public listing. Performance conditions may apply to individual participants shadow share arrangements. Once performance conditions are met the shadow shares vest. If there are no vesting terms in the participants shadow share arrangements then shadow shares are deemed to have vested on grant date.

The shadow equity arrangement is determined to be a cash-settled share-based payment due to the Group having the obligation to settle the value of the shadow shares at the trigger event in cash.

Each participant in the shadow share scheme has different vesting conditions which must be met in order for the shares to vest. Vesting conditions include length of service conditions and key performance indicators such as capital raising, business development, key facility milestone, key regulatory milestone and key research milestone targets.

The fair value of the shadow shares was determined by reference to recent capital raises of the Company. Accordingly the directors have determined that \$1 represents the fair value of the shadow shares up to May 2020 and then subsequently \$2 thereafter, recognised during the period.

During the year, the number of shadow shares issued to Founding shareholders was halved by mutual agreement from 856,000 to 347,750.

During the year, the Group issued 50,000 shadow shares to contractors for \$140,000 (2020: 481,276 shadow shares for \$481,276) and 9,000 shadow shares to employees for \$18,000 (2020: 196,750 shadow shares for \$196,750) with grant dates ranging between 19 May 2020 and 27 March 2021 (2020: 31 October 2019 and 26 March 2020).

Opening balance		678,026	-
Cash settled share based payments to employees (recorded in employee benefit expenses)		18,000	196,750
Cash settled share based payments to employees (recorded in consultancy expenses)		140,000	481,276
Fair value adjustment on cash settled share based payments		<u>97,474</u>	-
Total expenses recognised from cash settled share based transactions		<u>933,500</u>	<u>678,026</u>



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

Note	2021	2020
	\$	\$

**NOTE 20: BORROWINGS**

**NOTE 21: INTERESTS IN SUBSIDIARIES**

*(a) Subsidiaries*

The following are the Group's significant subsidiaries:

<b>Subsidiaries of Greenfern Industries Limited:</b>	<b>Country of incorporation</b>	<b>Ownership interest held by the group</b>	
		<b>2021</b>	<b>2020</b>
		%	%
GFI Pharma Limited	New Zealand	100	-
Greenfern Hemp Limited	New Zealand	100	-
Greenfern Power Limited	New Zealand	100	-
Mato Limited	New Zealand	100	-

Ownership interest are the same as voting rights.

All subsidiaries were incorporated in March 2021 and are non trading.

**NOTE 22: INTERESTS IN ASSOCIATES**

*(a) Associates*

	<b>Nature of relationship</b>	<b>Ownership interest</b>		<b>Measurement basis</b>	<b>Quoted fair value (if available)</b>	
		<b>2021</b>	<b>2020</b>		<b>2021</b>	<b>2020</b>
		%	%		\$	\$
<b>Associate</b>						
Greenfern Industries Thailand		49	-	Equity accounted	-	-
Country of incorporation: Thailand						

Greenfern Industries Thailand was incorporated in 1 September 2020. The Company is non trading.



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2021 \$	2020 \$
<b>NOTE 23: SHARE CAPITAL</b>			
The Group does not have a limited number of authorised shares. Both Founder shares and Investor shares have no par value.			
Issued and paid-up capital			
4,573,988 (2020: 4,537,373) Founder shares	(a)	640,000	565,000
4,296,610 (2020: 2,668,610) Investor shares	(b)	<u>4,723,473</u>	<u>1,763,139</u>
		<u>5,363,473</u>	<u>2,328,139</u>
		<b>2021</b>	<b>2020</b>
		<b>Number</b>	<b>Number</b>
		<b>\$</b>	<b>\$</b>
<b>(a) Founder shares</b>			
Opening balance		4,537,373	4,111,488
		565,000	-
Shares issued:			
5 September 2019		-	490,000
		-	490,000
31 March 2020		-	35,885
		-	75,000
17 July 2020		<u>39,115</u>	<u>-</u>
		<u>75,000</u>	<u>-</u>
		39,115	525,885
		75,000	565,000
Shares cancelled:			
25 February 2020		-	(100,000)
		-	-
18 February 2021		<u>(2,500)</u>	<u>-</u>
		<u>-</u>	<u>-</u>
		<u>(2,500)</u>	<u>(100,000)</u>
		<u>-</u>	<u>-</u>
At reporting date		<u>4,573,988</u>	<u>4,537,373</u>
		<u>640,000</u>	<u>565,000</u>



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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	2021		2020	
	Number	\$	Number	\$
<b>NOTE 23: SHARE CAPITAL (CONTINUED)</b>				
<b>(b) Investor shares</b>				
Opening balance	2,668,610	1,763,139	2,289,105	1,534,626
Shares issued:				
2 April 2019	-	-	68,005	68,005
16 April 2019	-	-	179,500	179,500
12 June 2019	-	-	500	500
17 June 2019	-	-	1,500	1,500
4 July 2019	-	-	5,000	5,000
5 September 2019	-	-	25,000	25,000
25 February 2020	-	-	100,000	-
29 May 2020	10,000	20,000	-	-
29 May 2020	100,000	200,000	-	-
25 November 2020	1,325,500	2,673,334	-	-
7 December 2020	165,000	330,000	-	-
1 January 2021	25,000	50,000	-	-
18 February 2021	2,500	-	-	-
Transaction costs relating to shares issued, net of tax	<u>-</u>	<u>(313,000)</u>	<u>-</u>	<u>(50,992)</u>
At reporting date	<u><u>4,296,610</u></u>	<u><u>4,723,473</u></u>	<u><u>2,668,610</u></u>	<u><u>1,763,139</u></u>

**Rights of each type of share**

*Founder*

Founder shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At shareholders meetings each Founder share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

*Investor*

Investor shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. Investor shares are non voting shares except when there is a proposal or resolution that will affect the rights attached to the investor shares.

*Associate*

Associate shares have the same rights as investor share, the only difference being they are issued for nil consideration.





**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 23: SHARE CAPITAL (CONTINUED)**

**Capital management**

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of forecast performance and cashflows.

**NOTE 24: EARNINGS PER SHARE**

	<b>31 March 2021</b>	<b>31 March 2020</b>
	\$	\$
<b>Dollars per share</b>		
Basic earnings per share after tax	(0.16)	(0.25)
Diluted earnings per share after tax	(0.16)	(0.25)

Basic earnings per share is calculated as profit after tax divided by the weighted number of issued shares for the period.

Diluted earnings per share is calculated as profit after tax divided by the weighted number of share plus any deferred shares which are expected to be issued after balance date.

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Reconciliation of earnings used in calculating earnings per share</b>		
Loss used in calculating earnings per unit	(1,255,780)	(1,680,176)
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of shares used as the denominator in calculating basic earnings per share	<u>7,815,450</u>	<u>6,642,120</u>
Weighted average number of shares and potential shares used as the denominator in calculating diluted earnings per shares	<u>7,815,450</u>	<u>6,642,120</u>



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTE 25: RELATED PARTY BALANCES AND TRANSACTIONS**

Related party	Relationship
Dan Casey	Founding shareholder & managing director
John Hussey	Founding shareholder
Daniel Leyden	Founding shareholder and director
Investment Research Group (IRG)	Shareholder and common directorship
Renewable Power Limited	Timothy Johnson is a director
Sarah Leyden	Spouse of Daniel Leyden
Cannabis and Bioscience	Common director and shareholder
Philip Brown	Shareholder and director (appointed 12 July 2021)
Brent King	Shareholder and director of IRG and the Group
CBC Greenfern	Common director and shareholder
Timothy Johnson	Founding shareholder and director
Brendon Partridge	Founding shareholder

**(a) Transactions with related parties**

	2021	2020
	\$	\$
John Hussey - contractor payments	260,069	166,315
Dan Casey - managing director salary	70,000	31,326
Daniel Leyden - director salary	22,000	6,261
Renewable Power Limited - lease payments for Hydro Power Station	32,895	36,022
Investment Research Group - consulting payments	22,375	1,725
Sarah Leyden - wages	3,064	-
Cannabis and Bioscience - equity investment	10,000	-

During the year the Group paid a debt on behalf of a shareholder. To recover the debt from the shareholder, the Company incurred legal fees. Both the debt and the legal fees were recovered in full during the year.

*Share capital transactions*

During the year Investment Research Group was issued shares amounting to \$80,000 (40,000 shares at \$2 per share) in exchange for consulting services provided by Brent King.

During the year Phillip Brown was issued shares amounting to \$250,000 (125,000 shares at \$2 per share) in exchange for consulting services to be provided over a two year period. \$62,500 was recorded in consulting expenses and the balance has been recorded in prepayments at year end.

*Contracts with shareholders*

During the year John Hussey entered into a one year service agreement with the Group to provide various advisory services in exchange for \$16,000 per month, a 4% bonus on funds received from wholesale investors and a 30,000 bonus contingent upon the Group receiving a commercial growing licence.



**GREENFERN INDUSTRIES LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 25: RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)**

Renewable Power Limited entered into a sale and purchase agreement for the Hydro Power Station (recorded in property, plant and equipment) for consideration of \$750,000 consisting of \$700,000 cash and 25,000 ordinary shares at par value of \$2 per share, amounting to \$50,000. Prior to purchase a portion of the land surrounding the Hydro Power Station was leased from Renewable Power Limited (refer note 13).

Cash settled share based payments to related parties amounting to \$77,000 (2020: \$240,774) were accrued during the year (refer note 19). This relates to the fair value movement during the year.

During the prior year CBC Greenfern was issued \$35,885 of Founder shares in exchange for \$75,000 Bartercard Trade Dollars.

During the prior year equity settled share based payments of \$230,000 and \$260,000 were made to Dan Casey and John Hussey (respectively).

During the prior year on 25 February 2020, 100,000 Founder shares were cancelled and 100,000 Investor shares were issued to John Hussey, a related party of the Company for no consideration.

All transactions with related parties were at arm's length.

**NOTE 26: CAPITAL COMMITMENTS**

There are no capital commitments at reporting date (2020: nil).

**NOTE 27: CONTINGENT LIABILITIES**

There are no contingent liabilities at reporting date (2020: nil).

**NOTE 28: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no matter or circumstance, which has arisen since 31 March 2021 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 March 2021, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 March 2021, of the Group.



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Greenfern Industries Ltd

#### Opinion

We have audited the consolidated financial statements of Greenfern Industries Ltd (the Company) and its controlled entities (the Group) on pages 4 to 41, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards - NZ IFRS.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Greenfern Industries Ltd or any of its controlled entities.

#### Information Other Than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information included in the Company Directory and Director's Report on pages 1 to 41, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Directors' Responsibilities for the Consolidated Financial Statements**

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and 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 Group'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 board 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 (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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

### **Restriction on Use**

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



**Crowe New Zealand Audit Partnership**  
CHARTERED ACCOUNTANTS

Dated at Christchurch this 10th day of August 2021