

# Blackwell Global Holdings Limited

## Annual Report For the year ended 31 March 2020

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# CHAIRMAN'S REPORT

## BLACKWELL GLOBAL HOLDINGS LIMITED

For the year ended 31 March 2020

Dear Shareholders

The last quarter of the financial year has been particularly disrupted due to the Covid pandemic, and the Board is pleased that the Company has been able to traverse the period of financial and uneconomic uncertainty.

During the financial year the Group's focus has been on:

- continuing to develop its internal operational infrastructure to provide a platform for growing its finance company operations;
- deploying its funds towards good quality, moderate margin loan receivables, structured across a mix of capitalised interest arrangements, and interest only loans. The loans have all been secured by first ranking mortgage securities over quality real estate assets;
- Further developing a bespoke investment/funding structure whereby the Group can facilitate investment by third party investors into loan facilities procured and managed by the Group.

The Group's revenue comprises interest and fee income from mortgage lending activities.

The Group considers that there is strong demand for good quality second tier/non-bank funding in the New Zealand market, and there is still an opportunity to make more good quality loans, subject to the availability of additional capital of third party funding to the Group which would enable the Group to fund the loans.

The ongoing challenge for the Group in respect of growing its finance company operation is the ability to continue to raise debt finance from third party investors which can then be deployed towards funding loan receivables, and generating a profit margin for the Group. The Group is continuing to explore innovative new initiatives to secure more funding with a view to aggressively growing the finance company operation in the future.

The loan book as at 31 March 2020 was \$1.55 million. All loans were secured by first mortgages over residential properties. The average lending to value ratio (LVR) was very low at an average of 58.61%. All loans are current with no past-due assets.

The Group has adequate cash reserves to meet ongoing needs for the foreseeable future, but lending growth is required to increase revenue, and this requires additional funding from the major shareholder and attracting new investors.

The Board is currently considering developing a range of initiatives which may assist the future growth of the business, including but not limited to:

- Potentially undertaking a capital raising initiative to raise additional capital to fund the growth of the loan book; and/or
- Consider exploring the potential acquisition of a complimentary finance business.

The Board will keep you apprised of any developments with respect to progress made with any of the potential initiatives.

Yours sincerely



**Sean Joyce**  
Chairman

24 August 2020

# Corporate Governance Statement

## BLACKWELL GLOBAL HOLDINGS LIMITED

For the year ended 31 March 2020

The Board of the Group is committed to acting with integrity and expects high standards of behaviour and accountability from all its officers and staff. These standards are detailed in the Group's Board approved Code of Ethics Policy document. Other key governance documents are available to investors and stakeholders on BGI's website. They include the Code of Ethics, Insider Trading and Financial Products Dealing Policy, Health and Safety Policy, Continuous Disclosure Policy, Remuneration Policy, Whistleblowing Policy and Board and Committee Charters.

The Board recognises the need to continue to enhance its governance standards in line with developing best practice. In doing so, the Board has considered standards, guidelines and principles published by a range of interested parties in New Zealand and internationally. The governance principles adopted by the Board are designed to meet best practice.

### Role of the Board

The Chairman is elected by the Board of Directors and it is his role to manage the Board in the most effective manner and to provide a conduit between the Board and the Chief Executive Officer. He has no significant external commitments that conflict with this role. The Company maintains an Interests Register and if necessary, conflicts of interest are recorded in the minutes. Procedures for the operation of the Board, including the appointment and removal of Directors, are governed by the Company's Constitution.

The Board Charter sets out, in detail, the composition, responsibilities and roles of the Board and directors. The Board reviews its performance against these responsibilities annually.

The Board of Directors' corporate governance responsibilities include overseeing the management of the Company and Group to ensure proper direction and control of Blackwell's activities. Corporate Governance encompasses the requirement for the Board to discharge such responsibilities, to be accountable to shareholders and other stakeholders for the performance of the Group, and to ensure that the Group is compliant with laws and standards.

The Board establishes the corporate objectives of the Group and monitors management's implementation of strategies to achieve the objectives. It is engaged in on-going strategic planning in order to meet the objectives. It provides an oversight of compliance and risk, it measures, and monitors management performance and it sets in place the policy framework within which the Group operates.

The Board's primary objective is the enhancement of shareholder value by following appropriate strategies and ensuring effective and innovative use of available Group resources. Day-to-day management of the Company is delegated to the Group Chief Executive Officer.

### Board Meetings

The Board normally meets quarterly each year for scheduled meetings. Additional meetings are held where specific matters require attention between scheduled meetings. Board meetings are used to monitor, challenge, develop and fully understand business and operational issues.

### Composition of the Board

The Board of the Group has a broad base of knowledge and experience in energy, engineering, financial management, legal compliance and other expertise to meet the Company and Group's objectives. The details and backgrounds of the directors are detailed on the Company's website.

The Constitution provides that there will be no less than three and not more than nine directors. NZX requirements are that at least two directors are independent directors.

The Board has determined, based on information provided by directors regarding their interests, that at 31 March 2020, Sean Joyce and Craig Alexander, are independent directors. The Board makes an assessment on the independence of each director after consideration of the listing rules, the NZX Corporate Governance Code, guidance notes and legal advice.

# Corporate Governance Statement

## BLACKWELL GLOBAL HOLDINGS LIMITED

For the year ended 31 March 2020

### Criteria for Board Membership

When a vacancy arises, the Board will identify candidates with a mix of capabilities and perspectives considered necessary for the Board to carry out its responsibilities effectively. A director appointed by the Board must stand for election at the next annual meeting. At each annual meeting one-third of directors (excluding the Managing Director) must retire by rotation. Retiring directors are eligible for re-election.

### Board Committees

The Board has established standing Committees (described below) that focus on specific responsibilities in greater detail than is possible for the Board as a whole. All committee proceedings are reported back to the Board and each operates under a Board approved Committee Charter that sets out its delegation and responsibility.

#### Audit and Risk Committee

The Audit and Risk Committee is responsible for monitoring the on-going effectiveness of risk management activities. The Committee monitors trends in the Group's risk profile and considers how the business manages or mitigates key risk exposures. It implements risk management through its business processes of planning, budgeting, investment, project analysis and operations management. The Group has a Risk Management Policy that guides the risk management framework and the maintenance and monitoring of the Company's risk register.

The Audit and Risk Committee also monitors and oversees the quality of financial reporting and financial management. In order to achieve this the Committee considers accounting and audit issues and makes recommendations to the Board of Directors as required and monitors the role, responsibility and performance of the external auditor. The function of the Audit and Risk Committee is to assist the Board in carrying out its responsibilities under the Companies Act 1993 and the Financial Reporting Act 2013 on matters relating to the Group's accounting practices, policies and controls relevant to the financial position, and to liaise with external auditors on behalf of the Board of Directors.

The Audit and Risk Committee at the end of the financial year comprised Sean Joyce (Chair), Craig Alexander and Ewe Leong Lim.

#### Remuneration and Nomination Committee

The Remuneration and Nomination Committee's purpose is to review Directors' fees, the Chief Executive Officer's remuneration package and performance, the policy for remuneration of senior management, ensure the Company has formal and transparent processes for the nomination and appointment of Directors and to identify any skill gaps to ensure diversity and experience on the Board. These duties form the basis of recommendations to the Board.

The Remuneration and Nomination Committee is also responsible for: obtaining assurance that the Group's human resources policies and practices support achievement of the Group's goals; overseeing appointments of the Group Chief Executive Officer, roles reporting to the Group Chief Executive Officer, and key professional advisors in the area of legal, tax and public relations, and overseeing the development of key employees.

The Remuneration and Nomination Committee at the end of the financial year comprised Sean Joyce (Chair), Craig Alexander and Ewe Leong Lim.

#### Health and Safety Committee

The Health and Safety Committee's primary objective is to assist the Board in fulfilling its responsibilities and objectives in all matters related to health and safety. The Health and Safety Committee at the end of the financial year comprised Sean Joyce (Chair), Craig Alexander and Ewe Leong Lim.

#### Trading in Shares

The Group has a detailed Insider Trading and Financial Products Dealing Policy applying to all directors and employees. A procedure must be followed to obtain consent to trade in the Company's shares at all times.

# Corporate Governance Statement

## BLACKWELL GLOBAL HOLDINGS LIMITED

For the year ended 31 March 2020

Generally trading is permitted from the release of interim results until 28 February and from the release of the final results until 31 August. However, directors and employees are not able to trade in Company shares if they are in possession of unpublished price sensitive information.

The Group reinforces these measures by requiring that anyone designated as having the opportunity to access price sensitive information can transact in the Company's securities only with the prior approval of the Group Secretary and Chairman.

### Timely and Balanced Disclosure

BGI maintains a Continuous Disclosure Policy. Continuous disclosure obligations in the NZX Main Board Listing Rules require all listed companies to advise the market about any material events and developments as soon as the Company becomes aware of them. The Company complies with these obligations on an on-going basis. The Group has in place procedures designed to ensure compliance with the NZX listing rules such that all investors have equal and timely access to material information concerning the Group, including its financial situation, performance, ownership and governance. Group announcements are factual and presented in a clear and balanced way. Accountability for compliance with disclosure obligations is with the Group Chief Executive Officer, Mark Thornton. Significant market announcements, including the preliminary announcement of the half year and full year results, and the consolidated financial statements for those periods, require review by the full Board.

### NZX Corporate Governance Code

A full statement on the extent to which the Group has followed the recommendations in the NZX Corporate Governance Code during the year is available on BGI's website, [www.bgholdings.co.nz/investor-calendar/](http://www.bgholdings.co.nz/investor-calendar/).

Generally the Group does follow the recommendations in the NZX Corporate Governance Code. However, the Group does not follow the following recommendations:

- Recommendation 2.5: The Group does not have a formal diversity policy, and has not had one at any stage during the year. The Group does not have a formal diversity policy given there are only male directors and executives working within the Group at this time. While there is no formal diversity policy, and no formal alternative governance practices relating to diversity have been adopted, the Group recognises the wide-ranging benefits that diversity brings to an organisation and its workplaces. The Group endeavours to ensure diversity at all levels of the organisation to ensure a balance of skills and perspectives are available in the service of our shareholders and customers.
- Recommendation 2.8: The Group does not have a majority of independent directors, and has not at any stage during the year. Only two of the five directors are considered independent. The current composition of the Board in respect of independent directors versus non-independent directors arose following the restructure of the Group several years ago, where the incoming majority shareholder nominated three new non-independent directors to join the Board. Since that time, the composition of the Board has remained unchanged and the Board has sought nominations for new directors each year, but has yet to receive any such nominations. Similarly, the Board does not consider it appropriate to incur additional costs associated with proactively seeking to engage an additional independent director at this time. In the event of any transactions between the Group and a non-independent director, or their associates, the general principle followed is that the independent directors must approve any such transaction before such a transaction will proceed.
- Recommendation 3.1: The Group does not follow one aspect of this recommendation because the chair of the Audit and Risk Committee is also the chair of the Board and has been for the full year. The members of the Audit and Risk Committee consider the Chair of the Audit and Risk Committee to be the best qualified member of the Audit and Risk Committee to assume that role given his prior experience in a wide range of audit process during his other engagements as a director and an advisor to various listed companies. All decisions to be made by the Audit and Risk Committee require approval of a majority of the Audit and Risk Committee. The Chair does not have a second or casting vote.

**Corporate Governance Statement**  
**BLACKWELL GLOBAL HOLDINGS LIMITED**  
For the year ended 31 March 2020

**Diversity**

As at 31 March 2020, the gender balance of the Group's directors, officers and all employees were as follows:

	<b>Directors</b>		<b>Officers</b>		<b>Employees</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Female	0	0	0	0	0	0
Male	6*	5	2	1	2	1
<b>Total</b>	<b>6*</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>

\*One of the directors is an alternate director.

# Consolidated Statement of Comprehensive Income

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Revenue</b>			
Interest and fee income	5	436,170	822,430
Other income	5	156,359	431,707
<b>Total Income</b>		<b>592,529</b>	<b>1,254,137</b>
<b>Expenses</b>			
Directors' fees	25.1	(286,500)	(281,250)
Employee expenses		(275,400)	(622,717)
Interest expense		(283,283)	(519,919)
Other operating expenses	6	(412,693)	(415,181)
<b>Total expenses</b>		<b>(1,257,876)</b>	<b>(1,839,067)</b>
<b>Loss before income tax</b>		<b>(665,347)</b>	<b>(584,930)</b>
Income tax benefit/(expense)	7	-	-
<b>Total comprehensive loss for the year</b>		<b>(665,347)</b>	<b>(584,930)</b>
<b>Attributable to:</b>			
Owners of the parent company		<b>(665,347)</b>	<b>(584,930)</b>
<b>Earnings/(loss) per share</b>			
Basic (loss) per share (cents per share):	10	(0.15)	(0.13)
Diluted (loss) per share (cents per share):	10	(0.15)	(0.13)

The accompanying notes form part of these consolidated financial statements and should be read in conjunction with them.

## Consolidated Statement of Changes in Equity

### Blackwell Global Holdings Limited

For the year ended 31 March 2020

	Notes	Share capital	Contributed capital	Convertible note reserve	Accumulated losses	Total equity
		\$	\$	\$	\$	\$
<b>Balance at 1 April 2018</b>		<b>12,110,746</b>	<b>102,013</b>	<b>114,716</b>	<b>(10,793,382)</b>	<b>1,534,093</b>
Loss for the period		-	-	-	(584,930)	(584,930)
Total comprehensive loss for the year		-	-	-	(584,930)	(584,930)
Contributed capital on the bonds	17.1	-	25,503	-	-	25,503
<b>Balance at 31 March 2019</b>		<b>12,110,746</b>	<b>127,516</b>	<b>114,716</b>	<b>(11,378,312)</b>	<b>974,666</b>
<b>Balance at 1 April 2019</b>		<b>12,110,746</b>	<b>127,516</b>	<b>114,716</b>	<b>(11,378,312)</b>	<b>974,666</b>
Loss for the year		-	-	-	(665,347)	(665,347)
Total comprehensive loss for the year		-	-	-	(665,347)	(665,347)
Convertible notes converted to shares	17.2	495,631	-	-	-	495,631
Reversal of convertible note reserve		-	-	(114,716)	-	(114,716)
<b>Balance at 31 March 2020</b>		<b>12,606,377</b>	<b>127,516</b>	<b>-</b>	<b>(12,043,659)</b>	<b>690,233</b>

The accompanying notes form part of these consolidated financial statements and should be read in conjunction with them.

# Consolidated Statement of Financial Position

## Blackwell Global Holdings Limited

As at 31 March 2020

	Notes	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	18	1,805,615	1,513,055
Prepayments and other receivables	12	16,894	26,399
Loan receivables	16	1,548,901	5,377,175
<b>Total current assets</b>		<b>3,371,411</b>	<b>6,916,629</b>
<b>Non-current assets</b>			
Prepayments and other receivables	12	75,000	75,500
Property, plant and equipment	13	10,126	3,780
<b>Total non-current assets</b>		<b>85,126</b>	<b>79,280</b>
<b>Total assets</b>		<b>3,456,537</b>	<b>6,995,909</b>
<b>Current liabilities</b>			
Trade and other payables	14	83,279	103,583
Accruals, provisions and other liabilities	15	170,901	103,765
Borrowings	17	44,178	2,955,904
<b>Total current liabilities</b>		<b>298,358</b>	<b>3,163,252</b>
<b>Non-current liabilities</b>			
Borrowings	17	2,467,946	2,857,991
<b>Total non-current liabilities</b>		<b>2,467,946</b>	<b>2,857,991</b>
<b>Total liabilities</b>		<b>2,766,303</b>	<b>6,021,243</b>
<b>Net assets</b>		<b>690,233</b>	<b>974,666</b>
<b>Equity</b>			
Share capital	20	12,606,377	12,110,746
Contributed capital	17.1	127,516	127,516
Convertible note reserve	17.2	-	114,716
Accumulated losses		(12,043,659)	(11,378,312)
<b>Total equity</b>		<b>690,233</b>	<b>974,666</b>
Net tangible assets per share (cents per share):	11	0.14	0.22

For and on behalf of the Board:



Director

Dated: 24 August 2020



Director

The accompanying notes form part of these consolidated financial statements and should be read in conjunction with them.

# Consolidated Statement of Cash Flows

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

	Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Interest received		346,725	539,930
Lending, credit fees and other income received		125,066	208,659
<b>Operating inflows</b>		<b>471,791</b>	<b>748,589</b>
Net advances in loan receivables		3,820,159	(2,044,375)
Payments to suppliers and employees		(775,745)	(924,155)
Interest paid		(290,040)	(385,553)
Income taxes refunded		47	-
Repayment of GST liability		(18,750)	(82,838)
<b>Operating outflows</b>		<b>2,735,672</b>	<b>(3,436,921)</b>
<b>Net cash from / (used in) operating activities</b>		<b>3,207,463</b>	<b>(2,688,332)</b>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment		(10,532)	-
<b>Net cash from / (used in) investing activities</b>		<b>(10,532)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Increase in funding from bonds	17.1	-	500,000
Proceeds from borrowings	17	-	2,900,000
Payments of borrowings	17	(2,900,000)	-
Payments for issue of share capital		(4,370)	-
<b>Net cash from / (used in) financing activities</b>		<b>(2,904,370)</b>	<b>3,400,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>292,561</b>	<b>711,668</b>
Cash and cash equivalents at the beginning of the period	24.3	1,513,055	801,387
<b>Cash and cash equivalents at the end of the year</b>	<b>18</b>	<b>1,805,615</b>	<b>1,513,055</b>

The accompanying notes form part of these consolidated financial statements and should be read in conjunction with them.

## Reconciliation of Net Operating Cash Flows to Net Loss After Tax

### Blackwell Global Holdings Limited

For the year ended 31 March 2020

	Notes	2020 \$	2019 \$
Net loss for the year		<b>(665,347)</b>	<b>(584,930)</b>
<i>Adjustments for:</i>			
Depreciation	13	4,186	2,957
Capitalised interest expense		(4,159)	80,036
Non-operating items in sundry income		(103)	(5,069)
		<b>(665,423)</b>	<b>(507,006)</b>
<i>Changes in net assets and liabilities:</i>			
(Increase) / decrease in loan receivables (excluding deferred revenue)	16	3,843,807	(2,094,415)
Increase / (decrease) in deferred revenue	15,16	(1,943)	(23,800)
(Increase) / decrease in prepayments and other receivables	12	9,506	(17,251)
Increase / (decrease) in trade and other payables	14	(20,303)	(33,142)
Increase / (decrease) in accruals, provisions and other liabilities	15	53,545	(30,404)
Increase / (decrease) in interest accrual on borrowings	17	(11,726)	17,686
<b>Net cash (used in)/generated by operating activities</b>		<b>3,207,463</b>	<b>(2,688,332)</b>

The accompanying notes form part of these consolidated financial statements and should be read in conjunction with them.

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

### 1. General Information

These consolidated financial statements are for Blackwell Global Holdings Limited (the “Company”) and its subsidiaries (together the “Group”).

The Company and its subsidiaries are limited liability companies, domiciled and incorporated in New Zealand. The Company is listed by NZX Limited on the NZX Main Board (“NZX”).

The Company is registered under the Companies Act 1993 and is an FMC Reporting Entity under part 7 of the Financial Markets Conduct Act 2013.

The Group operates a financial services business focusing on mortgage lending. There has been no change in the nature of the Group’s business during the year.

There are no seasonal or cyclical influences on these financial results.

### 2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (‘NZ GAAP’) and with the requirements of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules. The Company is a for-profit entity for the purposes of NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (‘NZ IFRS’) and International Financial Reporting Standards (IFRS).

The consolidated financial statements have been prepared on a historical cost basis except for any financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

The consolidated financial statements are presented in New Zealand dollars.

### 3. Summary of significant accounting policies

Apart from the changes noted below, the consolidated financial statements have been prepared using the same accounting policies detailed in the Group’s audited consolidated financial statements for the year ended 31 March 2019.

#### 3.1 Application of new and revised NZ IFRSs, amendments and interpretations

##### *Application of NZ IFRS 16*

NZ IFRS 16, ‘Leases’, replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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 asset’ for virtually all lease contracts. The standard is effective for accounting periods beginning on or after 1 January 2019. The Group adopted NZ IFRS 16 on 1 April 2019.

Adoption of NZ IFRS 16 has not had a material impact on the Group’s financial performance or financial position because the Group has no material lease commitments.

There are no other NZ IFRS, or NZ IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

#### 3.2 Basis of consolidation

The consolidated financial statements of the Group incorporate the assets, liabilities and results of all controlled entities. Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

All intercompany transactions, balances and any recognised income and expense (except for foreign currency transaction gains or losses) between controlled entities are eliminated in full on consolidation.

### 3.3 Revenue

Loan fee revenue is recognised as each performance obligation is satisfied. Loan acceptance fees charged at the initiation of a loan are recognised as deferred income and amortised over the expected life of the loan. Fees for other services are recognised as the service is performed.

In the 2019 income year, sundry income represents the benefit received from Blackwell Global Investments Limited paying costs on behalf of the Group. This year \$155,891 of the sundry income related to the same. It has been agreed that these costs will not be recovered from the Group. Refer to note 25: Related Parties.

### 3.4 Interest income and similar expenses from financial instruments measured at amortised cost

For all financial instruments measured at amortised cost, interest income and expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

The interest expense includes the amortisation of bonds and convertible notes premiums.

### 3.5 Government Grants

Government grant income is recorded in the Statement of Comprehensive Income as it is utilised. The unused portion is recorded as deferred income reported within accruals, provisions and other liabilities. The Government's Wage Subsidy Scheme was designed to support employers and their staff to maintain an employment connection and ensure an income for affected employees during the initial impact of COVID-19.

The conditions of the grant are that the Company pay its staff at least 80% of their salary for a twelve-week period, with best efforts to keep staff employed after the twelve weeks.

### 3.6 Expense Recognition

All expenses are recognised in the Consolidated Statement of Comprehensive Income on an accrual basis.

### 3.7 Employee Expenses

Liabilities for wages and salaries, including non-monetary benefits, are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current liabilities and included in the accruals, provisions and other liabilities in the Consolidated Statement of Financial Position.

### 3.8 Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for 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 the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit at the time of the transaction, and differences relating to investments in subsidiaries and joint operations to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In principle deferred tax liabilities are recognised from taxable temporary timing differences. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax losses and tax credits can be recognised. 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 recognised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

### 3.9 Goods and Services Tax (GST)

The Group is not registered for GST. Therefore, all amounts are stated inclusive of GST.

### 3.10 Financial Instruments

#### *Recognition and Derecognition*

Financial assets and financial liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### **Financial Assets**

##### *Classification and initial measurement*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### *Loan Receivables*

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

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

Individually impaired assets were those loans for which the Group had evidence that it would be unable to collect all principal and interest due according to the contractual terms of the loan.

Credit impairment provisions were made where events had occurred leading to an expectation of reduced future cash flows from certain receivables. These provisions were made in some cases against an individual loan and in other cases on a collective basis. When all appropriate collection and legal action had been performed and the loan was known to be non-recoverable, it was written off against the related provision for impairment.

Bad debts provided for were written off against individual or collective provisions. Amounts required to bring the provisions to their assessed levels were recognised in profit or loss. Any future recoveries of amounts provided for were recognised in profit or loss.

### *Individual provisioning*

Specific impairment provisions were made where events have occurred leading to an expectation of reduced future cash flows from certain receivables. For individually significant loans for which the assessed risk grade was considered a 'Grade 5 - Some loss expected from forced sale of securities if full repayment cannot be done by refinance', an individual assessment was made of an appropriate provision for credit impairment.

Credit impairments were recognised as the difference between the carrying value of the loan and the discounted value of management's best estimate of future cash repayments and proceeds from any security held (discounted at the loan's original effective interest rate). All relevant considerations that had a bearing on the expected future cash flows were taken into account, including the business prospects for the customer, the likely recognised value of collateral, the Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. Subjective judgement was made in this process. Furthermore, judgement could change with time as new information became available or as work-out strategies evolved, resulting in revisions to the impairment provision as individual decisions were taken. Changes in judgement could have a material impact on the consolidated financial statements.

Adequacy of individual provisions was assessed in respect of each loan depending on the size of the loan at the board meetings.

### **Subsequent measurement of financial assets**

#### *Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

#### *Financial assets at fair value through profit or loss (FVTPL)*

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments.

#### *Financial assets at fair value through other comprehensive income (FVOCI)*

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group did not have any assets classified at FVOCI at reporting date.

### *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and assigning the related interest income over the appropriate period. For financial assets other than those purchased or assets that are credit impaired on initial recognition, the effective interest rate is the rate that exactly discounts estimated future cash through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition.

### *Impairment of financial assets*

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Relevant instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

Stage 1: Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;

Stage 2: Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low;

Stage 3: Financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second and third category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information. The nature of the Group's finance receivables is short-term residential property lending with a predominant focus on the underlying security value of the finance receivable (i.e. the residential property value) in the credit assessment. Credit risk information is updated and monitored regularly. Loan receivables are subject to regular scrutiny, as a key component of credit risk management. This includes a review of the borrower's repayment history and any interest arrears; any changes in the borrowers' circumstances which could impact on their ability to repay either interest or principal amounts on their due date; and any movement in the security value. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

### **Financial Liabilities**

Financial liabilities are classified into one of the following measurement categories:

- those to be measured subsequently at fair value through profit or loss ('FVTPL'); and
- those to be measured at amortised cost.

At initial recognition financial liabilities are measured at fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

amount. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. The Group's financial liabilities measured at amortised cost include Bonds. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 3.11 Property, Plant and Equipment and Depreciation

All property, plant and equipment are recorded at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation of the assets has been calculated at the maximum rates permitted by the Income Tax Act 2007. The entity has asset classes as set out below:

Plant and IT equipment: depreciation rates of 40-50%

### 3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision resulting from the passage of time is recognised in finance costs. If economic resources required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be reliably measured.

### 3.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

### 3.14 Convertible Notes

Compound financial instruments issued by the Group in the prior year comprise convertible notes.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

On 28 January 2020 the major shareholder, Blackwell Global Group Limited exercised its right to convert \$500,000 of the convertible notes into ordinary shares in Blackwell Global Holdings Limited. The conversion

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

into ordinary shares has been calculated at an issue price of \$0.008 resulting in the issue of 62,500,000 ordinary shares.

The aggregated amortisation of the convertible notes, which related to the net present value of the bond liability was netted against interest expense upon conversion of the notes into ordinary shares.

### 3.15 The Impact of Coronavirus

At the end of the year the Government implemented containment measures to stop the spread of the Coronavirus. The country's borders were closed to non-residents from 19 March 2020. From 25 March 2020 alert level 4 meant the Company's offices were forced to shut down completely until 27 April 2020 where only some restrictions were lifted. The staff of Blackwell Global Group were able to continue working from their homes.

The Company experienced a 30% decline in revenue in at least one month over the lockdown and restricted period in comparison to prior year. They therefore were entitled and received a Government wage subsidy to help pay two of its staff over 12 weeks.

Other than the above, there has been no reassessment of the useful life of assets or their residual values. While the Company has secured a varied bond term, and interest rate (refer to note 17.1), and the present value discount rate has been adjusted to reflect this change, it has not been further adjusted due to any impact from the Coronavirus, as it is not deemed to have been affected.

Revenue from contracts with loan holding customers have not been impacted. No impairment losses have been recognised on financial instruments in these audited results, as there has been no significant change in the risk profile of the loan receivables.

### 3.16 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 3.17 Share Capital

#### *Ordinary Shares*

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

### 3.18 Cash Flows

The following are the definitions used in the Consolidated Statement of Cash Flows:

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

### 4. Critical Estimates and Judgements used in applying Accounting Policies

The Group prepares its consolidated financial statements in accordance with NZ IFRS, the application of which often requires judgements to be made by management when formulating the Group's financial position and results. Under NZ IFRS, the Directors are required to adopt those accounting policies most appropriate to the Group's circumstances for the purpose of presenting a true and fair view of the Group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate.

Below are the critical accounting estimates and judgements.

#### *Provisions for Impairment*

In determining expected credit loss (ECL), management is required to exercise judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions.

Furthermore, judgement has been applied in determining the lifetime and point of initial recognition of revolving facilities.

The calculated probability of default, loss given default and exposure at default are reviewed regularly considering differences between loss estimates and actual loss experience. To date there has been limited opportunities to make these comparisons. Therefore, these assumptions, including how they react to forward-looking economic conditions remain subject to review and refinement.

### 5. Revenue

The Group recognises revenue from the following major sources:

- Interest from loan receivables
- Loan fee income
- Interest income from term deposits and bank accounts

	2020	2019
	\$	\$
Interest income from loan receivables	306,932	588,998
Loan fee income	129,193	232,459
Interest income from term deposits and bank accounts	45	973
	<b>436,170</b>	<b>822,430</b>
Sundry income	156,359	431,707
<b>Total income</b>	<b>592,529</b>	<b>1,254,137</b>

### 6. Other Operating Expenses

	2020	2019
	\$	\$
Audit fees - for the audit of the financial statements	28,750	109,250
Accounting, consulting and legal	111,695	196,546
NZX fees and list charges	24,445	29,882
Insurance expenses	24,825	24,079
Depreciation expenses	4,186	2,957

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

Professional Services	7,636	8,250
Office Rent	135,417	-
Other operating expenses	75,739	44,217
	<b>412,693</b>	<b>415,181</b>

Refer to note 25 for more information about the office rent expense.

Audit fees comprises:	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Audit of the current year financial statements	28,750	69,000
Audit of the prior year financial statements	-	40,250
	<b>28,750</b>	<b>109,250</b>

### 7. Income Tax

This note provides an analysis of the Group's income tax expense, shows how the tax expense is affected by non-assessable and non-deductible items.

#### *Reconciliation of income tax expense to prima facie tax payable*

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax	(665,347)	(584,930)
Current year tax at the tax rate of 28%	(186,297)	(163,780)
Prior period tax adjustment	-	15,973
	<b>(186,297)</b>	<b>(147,807)</b>
Tax effect of amounts which are not deductible in calculating taxable income/(loss):		
Non-deductible expenses	35,298	1,013
Current tax losses not recognised	150,999	151,267
Adjustment to prior period tax losses not recognised	-	(4,472)
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

In view of the current financial position of the Group, the directors have decided not to recognise the deferred tax asset and accordingly no income tax has been recognised within equity in respect of the convertible note - equity component or the contributed equity.

#### 7.1 Tax Losses

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Tax losses for which no deferred tax asset has been recognised	(1,819,324)	(1,280,043)
Tax losses for which no deferred tax asset has been recognised (prior year adjustment)	(51,736)	
<b>Potential tax benefit @ 28%</b>	<b>(523,897)</b>	<b>(358,412)</b>

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

In view of the current financial position and loss position of the Group, the directors have decided not to recognise any tax benefit on tax losses carried forward by the Group. The availability of tax losses carried forward are subject to continuity of shareholders requirements being met in order to be utilised by the Group.

### 8. Imputation Credit Account

	2020	2019
	\$	\$
Imputation credits available for use in subsequent periods	137	-

### 9. Dividends Declared and Paid

No dividends were declared or paid relating to the Group results for the year ended 31 March 2020 (2019: \$ Nil).

### 10. Earnings Per Share

	2020	2019
Basic earnings/(loss) per share (cents):	(0.15)	(0.13)
Diluted earnings/(loss) per share (cents):	(0.15)	(0.13)

The losses and weighted average number of ordinary shares used in the calculation of loss per share are as follows:

	2020	2019
Loss for the period attributable to owners of the parent company (\$)	(665,347)	(584,930)
Number of ordinary shares used in the calculation of basic and diluted earnings per share	450,446,926	439,830,488

At 31 March 2020, there were no financial instruments or rights held by any shareholders that were considered to be dilutive (2019: Nil). Accordingly, basic and diluted earnings per share are identical for the accounting periods being reported on.

The Group presents basic and diluted earnings per share (EPS) information for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares on issue throughout the year. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares. There were no financial instruments considered to be dilutive as at 31 March 2020.

### 11. Net Tangible Assets per Share

	2020	2019
Net tangible assets (\$)	690,233	974,666
Issued shares at balance date	502,330,488	439,830,488
Net tangible assets per share (cents)	0.14	0.22

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

### 12. Prepayments and Other Receivables

	2020	2019
	\$	\$
Prepayments	91,757	101,624
Other receivables	137	276
	<b>91,894</b>	<b>101,899</b>
Current	16,894	26,399
Non-current	75,000	75,500
	<b>91,894</b>	<b>101,899</b>

### 13. Property, Plant and Equipment

	2020	2019
	\$	\$
<b>Cost</b>		
Balance at 1 April	7,738	2,669
Additions	10,532	5,069
<b>Balance at 31 March</b>	<b>18,270</b>	<b>7,738</b>
<b>Accumulated depreciation</b>		
Balance at 1 April	(3,958)	(1,001)
Depreciation	(4,186)	(2,957)
<b>Balance at 31 March</b>	<b>(8,144)</b>	<b>(3,958)</b>
<b>Carrying value</b>	<b>10,126</b>	<b>3,780</b>

### 14. Trade and Other Payables

	2020	2019
	\$	\$
Trade payables	18,902	45,569
GST arrears	-	18,076
Non-residents withholding tax	64,377	39,938
	<b>83,279</b>	<b>103,583</b>

### 15. Accruals, Provisions and Other Liabilities

	2020	2019
	\$	\$
Accrued expenses	105,000	71,855
Employee benefits	52,310	31,910
Deferred income	13,591	-
	<b>170,901</b>	<b>103,765</b>

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

### 16. Loan receivables

	2020 \$	2019 \$
Short term loan receivables	1,560,301	5,399,070
Accrued interest	5,684	10,722
Deferred revenue	(17,083)	(32,617)
	<b>1,548,901</b>	<b>5,377,175</b>

#### 16.1 Credit Risk Grading

The Group's receivables are monitored by regular assessment of their credit risk grade based on an objective review of defined risk characteristics. The portfolio risk is regularly refreshed based on current information.

The loan receivables consist mainly of lending for:

- Residential construction
- Land purchase
- Refinancing

Loans are individually risk graded based on loan status, financial information, security and debt servicing ability. Exposures in the portfolio are credit risk graded by an internal risk grading mechanism and is part of the loan application and approval process. All loans are secured on the assets and the portfolio LVR is 58.61%.

	2020 \$	2019 \$
Neither at least 90 days past due nor impaired	1,548,901	5,377,175
At least 90 days past due	-	-
Individually impaired	-	-
	<b>1,548,901</b>	<b>5,377,175</b>
Expected credit loss allowance	-	-
	<b>1,548,901</b>	<b>5,377,175</b>

*Loan receivables by expected credit loss (ECL) allowance:*

	Stage 1 \$	Stage 2 \$	Stage 3 \$
<b>As at 1 April 2019</b>	5,377,175	-	-
Transfer from Stage 1 to Stage 2	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-
Transfer to Stage 3	-	-	-
Transfer from Stage 3	-	-	-
Net further lending/(repayments)	(20,721)	-	-
Asset derecognised (including final repayments)	(5,714,882)	-	-
New financial assets originated	1,907,329	-	-
<b>As at 31 March 2020</b>	<b>1,548,901</b>	-	-

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

	Residential construction		Land purchase, refinancing and other matters		Total	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
The concentration of credit risk by loan type	99,471	1,298,948	1,449,430	4,078,227	1,548,901	5,377,175
					<b>1,548,901</b>	<b>5,377,175</b>

### 17. Borrowings

	2020	2019
	\$	\$
<b>Current borrowings</b>		
Short term liability for special purpose lending	-	2,900,000
Bonds	44,178	46,644
Convertible notes	-	9,260
	<b>44,178</b>	<b>2,955,904</b>
<b>Non-current borrowings</b>		
Bonds	2,467,946	2,423,783
Convertible notes	-	434,208
	<b>2,467,946</b>	<b>2,857,991</b>

#### 17.1 Bonds

The Group issued \$2,000,000 bonds on 18 December 2017 at a fixed interest rate of 6%. The bonds were to mature three years from the issue date at their nominal value of \$2,000,000.

The Group issued a further \$500,000 bonds to Blackwell Global Group Limited on 27 April 2018 at a fixed interest rate of 6%. The interest is payable six monthly. The bonds were to mature three years from the issue date at their nominal value of \$500,000.

The bonds are secured by a first ranking general security deed over all the present and after acquired property of Blackwell Global Holdings Limited.

The contributed capital component of the bonds represents the difference in fair value between the current fixed interest rate and the estimated interest rate of a similar bond issued to a third party.

The bond agreement with Blackwell Global Group Limited was amended by Deed of Variation dated 24 March 2020. The maturity date was extended from three to four years, and the interest rate reduced from 6% to 0% for six months starting 24 March 2020. The net present value of the bonds has been adjusted accordingly on the balance sheet.

No new bonds have been issued in the period. The value of the bonds recognised in the Consolidated Statement of Financial Position is calculated as follows:

	2020	2019
	\$	\$
<b>Balance at beginning of year</b>	2,470,427	1,942,536
Value of bonds issued on 27 April 2018	-	500,000
Contributed capital on bonds issued	-	(25,503)
<b>Liability component carried forward</b>	<b>2,470,427</b>	<b>2,417,033</b>
Interest accrual	147,534	147,781

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

Payment of interest on bonds	(150,000)	(135,000)
Amortisation of the premium on the bonds	44,163	40,613
<b>Bond liability</b>	<b>2,512,124</b>	<b>2,470,427</b>

### Bond liability

- in current borrowings	44,178	46,644
- in non-current borrowings	2,467,946	2,423,783
	<b>2,512,124</b>	<b>2,470,427</b>

### 17.2 Convertible Notes

The Group issued \$500,000 convertible notes as part of the restructure on 22 June 2017 at a fixed interest rate of 8% payable. The convertible notes were to mature three years from the issue date at their nominal value of \$500,000 or converted into shares at the holder's option anytime from the time of issue to the maturity date at the rate \$0,008 per share per \$1 of convertible notes held.

The convertible notes were unsecured.

On 28 January 2020 the major shareholder, Blackwell Global Group Limited exercised its right to convert \$500,000 of the convertible notes into ordinary shares in Blackwell Global Holdings Limited. The conversion into ordinary shares has been calculated at an issue price of \$0.008 resulting in the issue of 62,500,000 ordinary shares. \$4,369 of costs relating to the issue of the shares were netted against the \$500,000 share conversion, resulting in increased capital of \$495,631.

The aggregated amortisation of the convertible notes, which related to the net present value of the bond liability was transferred to other comprehensive income upon conversion of the notes into ordinary shares.

No new convertible notes have been issued in the period. The value of the convertible notes recognised in the Consolidated Statement of Financial Position is calculated as follows:

	2020	2019
	\$	\$
<b>Balance at beginning of year</b>	443,469	399,142
Equity component recognised in convertible notes reserve	114,716	-
<b>Liability component carried forward</b>	<b>558,185</b>	<b>399,142</b>
Interest accrual	30,137	39,905
Payment of interest on convertible notes	(40,000)	(35,000)
Convertible notes exercised	(500,000)	-
Amortisation of premium	28,679	39,422
Amortisation of premium netted against interest expense	(77,001)	-
<b>Convertible notes liability</b>	<b>-</b>	<b>443,469</b>
<b>Convertible note liability</b>		
- in current borrowings	-	9,260
- in non-current borrowings	-	434,208
	<b>-</b>	<b>443,469</b>

### 18. Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	1,805,615	1,513,055
	<b>1,805,615</b>	<b>1,513,055</b>

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

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The current floating interest rate on cash in bank accounts is 0.05% per annum. The current overdraft interest rate on any unarranged overdraft is 22.5% per annum and is subject to change.

### 19. Net Debt

This section sets out an analysis of net debt for the periods presented for the Group.

	2020 \$	2019 \$
Cash and cash equivalents	1,805,615	1,513,055
Borrowings - current	(44,178)	(2,955,904)
Borrowings - non-current	(2,467,946)	(2,857,991)
	<b>(706,508)</b>	<b>(4,300,841)</b>

### 20. Share Capital

	No. of Shares	\$
<b>Ordinary shares at 1 April 2018</b>	439,830,488	12,110,746
Ordinary shares issued during the year	-	-
<b>Ordinary shares as at 01 April 2019</b>	<b>439,830,488</b>	<b>12,110,746</b>
<b>Ordinary Shares as at 1 April 2019</b>	439,830,488	12,110,746
Ordinary shares issued during the year	62,500,000	495,631
<b>Ordinary shares as at 31 March 2020</b>	<b>502,330,488</b>	<b>12,606,377</b>

All Ordinary Shares are issued and fully paid, have an equal right to vote, to dividends and to any surplus on winding up. The Group does not have a total number of authorised shares. The Board may issue shares or other equity securities to any person in any number it thinks fit provided that while the Group is Listed, the issue is made in accordance with the NZX listing rules.

### 21. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Proportion of interest and voting power held by the Group	
		2020	2019
Blackwell Global Finance Limited	Diversified financial services	100%	100%
NZF Money Limited (in receivership)	In receivership	100%	100%
Blackwell Global Funds Limited	Special purpose vehicle established as custodian for funding arrangement	100%	100%

The place of incorporation and operation for all subsidiaries is New Zealand. The balance date of all companies in the Group is 31 March.

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

### 22. Fair Values

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices), or indirectly (derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No assets or liabilities were recognised at fair value at balance date (2019: Nil).

As at 31 March 2020 and 31 March 2019, cash and cash equivalents, trade and other receivables (excluding prepayments), trade and other payables and accruals approximated their fair value due to being short term.

### 23. Financial Instruments by Category

<b>Financial Assets</b>	<b>At amortised cost \$</b>	<b>Total \$</b>
<b>2020</b>		
Loan Receivables	1,548,901	1,548,901
Cash and cash equivalents	1,805,615	1,805,615
Other Receivables	16,894	16,894
	<b>3,371,411</b>	<b>3,371,411</b>
<b>2019</b>		
Loan receivables	5,377,175	5,377,175
Cash and cash equivalents	1,513,055	1,513,055
Other receivables	276	276
	<b>6,890,506</b>	<b>6,890,506</b>
<b>Financial Liabilities</b>		
	<b>At amortised cost \$</b>	<b>Total \$</b>
<b>2020</b>		
Trade and other payables	83,279	87,834
Borrowings	2,512,124	2,512,124
Accruals and other liabilities	105,000	105,000
	<b>2,700,403</b>	<b>2,704,958</b>
<b>2019</b>		
Trade and other payables	103,583	103,583
Borrowings	5,813,896	5,813,896
Accruals and other liabilities	71,855	71,855
	<b>5,989,334</b>	<b>5,989,334</b>

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

### 24. Risk Management

#### 24.1 Market Risk

Market risk is the risk that market interest rate or foreign exchange rates will change and impact on the Group's earnings due to either mismatches between repricing dates of interest-bearing assets and liabilities. Refer to note 24.3 on interest rate risk for further details regarding interest rate risk. The Group has no exposure to pricing or foreign exchange risks.

#### 24.2 Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations as they fall due. The timing mismatch of cash flows and the related liquidity risk is inherent in all financial operations and is closely monitored by the Group.

Management of liquidity risk is designed to ensure that the Group has the ability to generate or obtain sufficient cash in a timely manner and at a reasonable price to meet its financial commitments on a daily basis.

The objective of the Group is to derive the most appropriate strategy in terms of the mix of assets and liabilities given its expectations of future cash flows, liquidity constraints and capital adequacy.

Although the Group is not bound by any restrictive lending limit restrictions, current strategies include minimum loan no less than \$50,000 and maximum lending limit of \$2,000,000. All loans require sign off by the board members.

The Group holds the following financial assets for the purpose of managing liquidity risk:

- Cash and cash equivalents \$1,805,615 (2019: \$1,513,055).

#### *Liquidity table*

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts are disclosed in the table are the contractual undiscounted cash flows.

2020	0-6 Months \$	7-12 Months \$	1-2 Years \$	2-5 Years \$	5+ Years \$	Total \$
Borrowings	-	44,178	2,000,000	500,000	-	2,544,178
Trade and other payables	83,279	-	-	-	-	83,279
Accruals, provisions and other liabilities	170,901	-	-	-	-	170,901
	<b>254,180</b>	<b>44,178</b>	<b>2,000,000</b>	<b>500,000</b>	<b>-</b>	<b>2,798,357</b>
2019	0-6 Months \$	7-12 Months \$	1-2 Years \$	2-5 Years \$	5+ Years \$	Total \$
Borrowings	2,980,000	95,000	2,670,000	515,000	-	6,260,000
Trade and other payables	103,083	-	-	-	-	103,083
Accruals, provisions and other liabilities	71,855	-	-	-	-	71,855
	<b>3,154,938</b>	<b>95,000</b>	<b>2,670,000</b>	<b>515,000</b>	<b>-</b>	<b>6,434,938</b>

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

### 24.3 Interest Rate Risk

Currently the Group has only one interest bearing cash and cash equivalents bank account. This relates to the bank account with floating interest rates. The impact on loss after tax and equity would be as follows if the interest rates deviated by 1% from the current interest rates:

	2020	2019
	\$	\$
<b>Cash and cash equivalents</b>	1,805,615	1,513,055
Rate (+/-1%)	18,057/(18,057)	15,131/(15,131)

All other interest-bearing financial assets and liabilities are at fixed interest rates.

### 24.4 Credit Risk

Credit risk is the risk that a borrower will default on any type of debt by failing to make payments which it is obligated to make. The risk is primarily that of the lender and includes loss of principal and interest, disruption to cash flows and increased collection costs.

The Group's exposure to credit risk is governed by a credit risk policy approved by the Board by special resolution on 22 June 2017. This policy sets out the nature of risk which may be taken and aggregate risk limits, and the Group must conform to this.

Credit risk is managed to achieve sustainable risk-reward performance whilst maintaining exposures within acceptable risk parameters. This is achieved through the combination of governance, policies, systems and controls, underpinned by commercial judgement as described below.

Formal credit risk management strategies are in place to oversee and manage the Group's credit risk exposures typically on six monthly basis to ensure consistency with the Group's credit policies to manage all aspects of credit risk. The credit risk management strategies ensure that:

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

The loan recommendation aims to cover the following in order to achieve the overall objective to evaluate the firm's or individual's financial capabilities and determine if they are able to settle their loan obligations with the Group in the long run:

- Background
- Purpose
- Ownership and management
- Security
- Market information
- Financial information
- Value of security and guarantee(s)
- Cashflow and financial strength of the borrower, owner and guarantor(s).

	2020	2019
	\$	\$
<b>Loans receivable</b>		
Secured by mortgage or caveat over property	1,548,901	5,377,175
	<u>1,548,901</u>	<u>5,377,175</u>

Principal and interest loans are secured loans where the debtor repays capital and interest on a regular basis. Current year loans are ranging from \$102,500 to \$915,000 varying from 4-month to 12-month terms. Generally, these loans are to finance transactions relating to property, refinancing or personal matters. These are generally secured loans over property.

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

In some instances, interest may be capitalised or partially capitalised during the term of the loan and the debtor repays the full capital plus any capitalised interest at the end of the loan. Loans may be rolled over or extended at the end of their initial term if approved by the board.

	2020	2019
	\$	\$
<b>Capitalising interest loans</b>		
Balance of loans with full/partial capitalising interest	539,250	2,498,509
Accrued interest capitalised	3,311	64,724
	<b>542,561</b>	<b>2,563,233</b>

### Cash Management

Any cash on hand is held by the ASB Bank which is a registered bank and has an AA- rating with Standard and Poor's.

### Loan to value ratio (LVR) range

Loan to value ratios are reviewed prior to any lending approvals and are subject to the approved credit policy. The maximum LVR varies by region:

Location	LVR
Metropolitan - Auckland	58%
Metropolitan - Other	62%
Regional	59%

The Board approve any lending not within the credit policy. In 2020 there was no lending outside of the scope of the credit policy (2019: Nil).

## 25. Related Parties

The Group is controlled by Blackwell Global Group Limited (incorporated in the Cayman Islands) which owns 62.01% of the Company's shares. The Group's ultimate controlling party is Mr Kaw Sing Chai, who also owns 11.12% of the Company's shares in his own name. The remaining 26.87% of the Company's shares are widely held.

### Related party transactions

The following expenses were paid by Blackwell Global Investments Limited on behalf of the Group. It has been agreed that these costs will not be recovered from the Group. The benefit of these transactions is recognised in sundry income (note 5) with the corresponding expenses included in operating expenses.

	2020	2019
	\$	\$
Asset purchase	-	5,069
Consultants	-	48,130
Cleaning and Laundry	1,628	-
Electricity	3,690	-
Employee expenses	-	378,081
Legal fees	-	427
Printing and Stationery	1,240	-
Telephone, Tolls and Internet	13,915	-
Office Rent	135,417	-
	<b>155,891</b>	<b>431,707</b>

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

Blackwell Global Investments Limited also provided the Group with premises and paid the premises related costs at no charge to the Group. It has been agreed that these costs will not be recovered from the Group. The following are the costs incurred by Blackwell Global Investments Limited from which the Group received benefit that were not included in the financial statements.

	2020	2019
	\$	\$
Rent	-	134,240
	-	<b>134,240</b>

### Other related party transactions

	2020	2019
	\$	\$
<b>Invoices issued by:</b>		
<b>Related party</b>		
Boston Kiwi Corporation	4,485	16,773
Anthony Harper	6,982	20,864

Anthony Harper, where director Ewe Leong Lim is a partner, provided legal services to the Group. Boston Kiwi Corporation, where director Craig Alexander is a partner, provided consulting services to the Group.

### 25.1 Remuneration of Directors

	2020	2019
	\$	\$
Sean Joyce	86,250	86,250
Craig Alexander	51,750	51,750
Say Chan Law (James)	51,750	51,750
Ewe Leong Lim	51,750	51,750
Kaw Sing Chai (Michael)	45,000	39,750
	<b>286,500</b>	<b>281,250</b>

All directors are common to all the subsidiary companies in the Group.

### 25.2 Key Management Personnel Remuneration

Key management personnel include directors and senior management. The total remuneration and benefits paid or payable to key management is show below.

	2020	2019
	\$	\$
Salaries and fees	275,400	530,085
Number of personnel remunerated	2	4

Last year, remunerated key management personnel included remuneration to a derivatives team of 2 employed by Blackwell Global Investments Limited, on-charged to Blackwell Global Holdings Limited. See note 25.

The Chief Executive was paid a base salary of \$180,000 per annum for the year ended 31 March 2020 (2019: \$180,000). There is currently no long, or short-term incentive scheme. The Chief Executive has certain entitlements for the reimbursement of expenses. These are mostly in relation to travel expenses and home office costs.

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

### 25.3 Directors Shareholdings

Director	Holder(s)	Number of Shares	
		2020	2019
Kaw Sing Chai (Michael)	Kaw Sing Chai (Michael)	55,871,667	55,871,667
Say Chan Law (James)	Say Chan Law (James)	27,826,000	27,826,000

All directors are common to all the subsidiary companies in the Group.

As at 31 March 2020, Kaw Sing Chai also has 100% shareholding in Blackwell Global Group Limited (2019: 100%) which holds 311,501,199 shares in the Group.

During 2019 and 2018, bonds were issued to Blackwell Global Group Limited based in Singapore in which Kaw Sing Chai has shareholding interests. Refer to note 17 for further details.

In 2017, convertible notes were issued to Blackwell Global Group Limited based in Singapore in which Kaw Sing Chai has shareholding interests. Refer to note 17 for further details.

### 25.4 Interested Transactions

During the year legal services were obtained from Anthony Harper where Ewe Leong Lim is a partner totalling \$6,982 (2019: \$20,864).

During the year consulting services were received from Boston Kiwi Corporation where Craig Alexander is a partner totalling \$4,485 (2019: 16,773).

#### *Directors' Remuneration*

Remuneration details of Directors are provided above.

#### *Indemnification and Insurance of Officers and Directors*

The Group indemnifies Directors and Executive Officers of the Group against all liabilities which arise out of the performance of their normal duties as Directors or Executive Officers, unless the liability relates to conduct involving lack of good faith. To manage this risk, the Group has indemnity insurance. The total cost of this insurance expensed in the Group during the financial year was \$19,818 (2019: \$18,975).

#### *Share Transactions*

No directors acquired or disposed of any Ordinary Shares in the Group during the year (2019: Nil). However, Blackwell Global Group Limited, in which Kaw Sing Chai has shareholding interests, exercised its right to convert convertible note issued into Ordinary Shares. Refer to note 17 for further details.

#### *Directors' Loans*

There were no loans made by the Group to the Directors or by the Directors to the Group during the year.

#### *Use of Group Information*

The Board received no notices during the year from Directors requesting to use Group information received in their capacity as Directors which would not otherwise have been available to them.

### 26. Going Concern

The Group has incurred a net loss for the year of \$665,347 (2019: loss of \$584,930) and as of 31 March 2020 has positive equity of \$690,233. The Company is reliant upon the continued support of its lenders including shareholder advances. The going concern basis assumes continued support of these parties in following financial periods. The directors in determining that the financial statements be prepared on a going concern basis have taken into account events subsequent to balance date.

# Notes to the Consolidated Financial Statements

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

### 27. Segment Reporting

Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is identified as the Board of Directors. The Group internally reported as a single operating segment to the chief decision-maker.

### 28. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust issue of new shares or borrowings to reduce debt.

### 29. Lease Commitments

As at 31 March 2020, the Group had no material lease commitments (2019: Nil).

### 30. Capital Commitments

There were no capital commitments at 31 March 2020 (2019: Nil).

The Group had the following drawdown commitments to extend credit to borrowers:

	2020	2019
	\$	\$
Drawdown commitments to extend credit to borrowers	177,500	715,119

### 31. Contingent Assets and Liabilities

There are no material contingencies as at 31 March 2020 (2019: Nil).

### 32. Subsequent Events

There have been no significant events after balance date.

### 33. Approval of Financial Statements

The financial statements were approved by the directors and authorised for issue on 24 August 2020.

## **Additional Information**

### **Blackwell Global Holdings Limited**

**For the year ended 31 March 2020**

The names of the Directors of the Group in office at the date of this Report are:

#### **Directors**

Craig Irving Alexander  
Kaw Sing Chai (Michael)  
Kim Chan Steve Chua (Alternate)  
Sean Robert Joyce (Chair)  
Say Chan Law (James)  
Ewe Leong Lim

#### **Auditors**

Fees accrued to William Buck in the 2020 year are \$34,500. The accounts include reversal of \$5,750 PricewaterhouseCoopers accrual in relation to the audit of the previous financial year, that is no longer relevant.

#### **Employees**

The number of employees not being directors, within the Group receiving annual remuneration and benefits above \$100,000 are as shown in the following table.

	<b>2020</b>	<b>2019</b>
\$180,000 - \$189,999	1	1

#### **Donations**

There were no donations paid during the year (2019: \$Nil).

#### **Shareholders**

As at 01 April 2020 there were 432 shareholders.

#### **Share Issues**

During the year ended 31 March 2020, 62,500,000 ordinary shares were issued (2019: Nil).

#### **Shareholder Details**

The ordinary shares of Blackwell Global Holdings Limited are listed on the NZX Main Board market operated by NZX Limited.

## Additional Information

### Blackwell Global Holdings Limited

For the year ended 31 March 2020

#### Largest Shareholders

Shareholder data in Additional Information is as at 30 June 2020, unless otherwise stated.

Name	Fully Paid Ordinary Shares Number Held	% Held
Blackwell Global Group Limited	311,501,199	62.01%
Chai Kaw Sing (Michael)	55,871,667	11.12%
Say Chan Law (James)	27,826,000	5.54%
Pat Redpath O'Connor & Kay O'Connor & Robert Norman Burnes	17,010,002	3.39%
New Zealand Depository Nominee	11,548,996	2.30%
Lynton Ross Campbell & Dennis Michale Graham & Mark Hume Thonton	9,095,514	1.81%
Barbara Charlotte Thornton & SW Trust Services Limited	7,834,488	1.56%
Minhua Chen	4,195,528	0.84%
PKB Trustees Limited	4,001,596	0.80%
Fiona Patrica Lyons & Kim Nigel Lyons & Wyndham Trustees Limited	3,001,915	0.60%
David Burton Gibson	2,969,040	0.59%
W Custodians Limited	2,642,622	0.53%
Bin Zheng & Robert Bruce Alderton Costain	2,612,142	0.52%
Best Investments Limited	2,451,664	0.49%
Paul Richard Huljich & Mark Richard Huljich & Simon Paul Huljich	2,451,664	0.49%
Walter Mick George Yovich & Jeanette Julia Yovich	2,193,409	0.44%
New Zealand Central Securities Depository Limited	2,142,710	0.43%
Ted Burak	1,890,000	0.38%
Land Securities Limited	1,689,752	0.34%
Shiwei Kwong	1,530,684	0.30%

#### Distribution of Equity Securities

Size of Holding	Number of Security Holders		Number of Securities	
	Number	%	Number	%
1-1,000	26	6.07%	18,836	0.00%
1,001-5,000	127	29.67%	443,409	0.09%
5,001-10,000	65	15.19%	546,926	0.11%
10,001-50,000	101	23.60%	2,314,916	0.46%
50,001-100,000	31	7.24%	2,359,376	0.47%
100,001 or more	78	18.22%	496,647,025	98.87%
	428	100.00%	502,330,488	100.00%

## **Additional Information**

### **Blackwell Global Holdings Limited**

**For the year ended 31 March 2020**

#### **Substantial Product Holders**

Pursuant to Section 293 of the Financial Markets Conduct Act 2013, details of substantial product holders and their total relevant interests as at 31 March 2020 is as follows:

	<b>Number of Shares</b>
Blackwell Global Group Limited	311,501,199
Chai Kaw Sing (Michael)	55,871,667
Say Chan Law (James)	27,826,000

The total number of Shares on issue as at 31 March 2020 was 502,330,488 (2019: 439,830,488).

#### **Shareholder Enquiries**

Shareholders should send changes of address to Link Market Services Limited at the address noted in the Company Directory. Notification must be in writing. Questions relating to shareholdings should also be addressed to Link Market Services Limited. For information about the Company please contact the Company at the Registered Office by sending an e-mail to [info@bgholdings.co.nz](mailto:info@bgholdings.co.nz) or visit the website [www.bgholdings.co.nz](http://www.bgholdings.co.nz).

#### **Announcement and Reporting to Shareholders**

The Company has established an e-mail list of Shareholders that want to receive announcements and reports made by Blackwell Global Holdings Limited to the NZX. Announcements and reports are e-mailed to Shareholders who wish to receive them shortly after they are released. This will include the Annual Meeting addresses, Annual Reports and Interim Reports. If you want to be added to this listing, please e-mail [registry@bghholdings.co.nz](mailto:registry@bghholdings.co.nz) and advise us of your preferred e-mail address. Your e-mail details will be kept confidential.

#### **Waivers**

During the course of the financial year ended 31 March 2020 the Company obtained no waivers from NZX Limited.

# COMPANY DIRECTORY

## Blackwell Global Holdings Limited

For the year ended 31 March 2020

As at 31 March 2020

### Independent Directors

Sean Joyce  
Craig Alexander

### Non-executive Directors

Kaw Sing Chai  
Say Chan Law  
Ewe Leong Lim  
Kim Chan Steve Chua

### Registered Office

Level 17, 191 Queen Street, Auckland  
Tel: 0800 379 9090

### Company Number

1474151

### Incorporated

22 January 2004

### Shares Issued

502,330,488 Ordinary

### Share Registrar

Link Market Services Limited  
Deloitte Centre, 80 Queen Street, Auckland  
Tel: 09 375 5998

### Solicitors

Anthony Harper  
Chorus House, 66 Wyndham Street  
Auckland

### Bankers

ASB Bank Limited  
ASB, North Wharf, 12 Jellicoe Street, Auckland

### Auditor

William Buck  
Level 4  
21 Queen Street  
Auckland 1010

## Blackwell Global Holdings Limited

Independent auditor's report to the Shareholders

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Blackwell Global Holdings Limited (the Group), which comprise the consolidated statement of financial position as at 31 March 2020, 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 give a true and fair view of the financial position of the Group as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

#### Basis for Opinion

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 26 in the financial statements, which indicates that the Group incurred a net loss of \$665,347 during the year ended 31 March 2020, and as of that date, has equity of \$690,233. The Group is reliant on ongoing support from its key shareholder, which has been provided. As stated in Note 26, these events or conditions, along with other matters as set forth in Note 26, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### ACCOUNTANTS & ADVISORS

Level 4, 21 Queen Street  
Auckland 1010, New Zealand  
PO Box 106 090  
Auckland 1143, New Zealand  
Telephone: +64 9 366 5000  
[williambuck.co.nz](http://williambuck.co.nz)

William Buck Audit (NZ) Limited

## Information Other than the Financial Statements and Auditor’s Report Thereon

The Directors are responsible for the other information. The other information comprises the Chairman’s Report, Corporate Governance Statement, Additional Information, and Company Directory, but does not include the 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 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.

## Key Audit Matters

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

Loan Impairment	
Area of focus	How our audit addressed it
<p>The Group’s loan receivables \$1,548,901 as detailed in Note 16 to the financial statements form a significant asset for the Group. Given the risk profile of such loans, these represent a key focus of audit testing.</p> <p>The Group has not recorded any bad debt expense for the year and has no provision for doubtful debts at 31 March 2020. The Group’s assessment of this provision is a significant judgement in preparation of the financial statements and accordingly represents an area of audit focus.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Reviewing all loan files to ensure all appropriate loan documentation has been prepared and executed;</li> <li>- Reviewing the level of security over the loans and ensuring such security is correctly registered;</li> <li>- Reviewing the repayment profile of each loan and assessing any loans which have not maintained their contracted level of repayments;</li> <li>- Reviewing the likely doubtful debt position and assessing this against the level of provision applied.</li> </ul>

## Directors’ Responsibilities

The directors are responsible on behalf of the Group for the preparation of consolidated financial statements that give a true and fair view in accordance with New Zealand equivalents to International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/>

This description forms part of our independent auditor's report.

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

### **Restriction on Distribution and Use**

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

A handwritten signature in blue ink that reads 'William Buck'.

**William Buck Audit (NZ) Limited**

Auckland  
25 August 2020