

Pyne Gould Corporation Limited

**ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 30 June 2021

PYNE GOULD CORPORATION LIMITED

Contents

For the year ended 30 June 2021

Company Report	4-9
Board of Directors	10
Directors' Responsibility Statement	11
Independent Auditor's Report	12-18
Consolidated Financial Statements	
Consolidated Statement of Comprehensive Income	19
Consolidated Statement of Changes in Equity	20-21
Consolidated Statement of Financial Position	22
Consolidated Statement of Cash Flows	23
Notes to the Consolidated Financial Statements	24-65
Statutory Disclosures	66-68
Shareholder Information	68
Directory	69

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT

Managing Director's Report

The operating environment during the year remained challenging, with Covid-19 related lockdowns continuing to negatively impact the Group.

Primary impact on the RCL business was the inability to achieve new sales releases during most of 2020 and delays with completing works to enable delivery of pre-sold stock which resulted in an overall reduction in the level of activity during the 2021 financial year.

Ongoing easing of Covid-19 related lockdowns, vaccine rollout and removal of travel restrictions is expected to positively impact the Group.

Residential property market conditions have remained robust in Australia and New Zealand and once sales release activity recommenced, strong market demand resulted in upsizing of sales release activity.

RCL now has pre-sales in place of in excess of AUD 160 million (£86.6 million) across the portfolio and is actively focussed on delivering product as expediently as possible.

Post reporting date RCL has refinanced its New Zealand debt facility with a new 3-year facility that provides an additional NZD 30 million of working capital to support the current level of development activity.

As we announced earlier this year, a full and final settlement with Bath Street Capital and Andrew Barnes was reached in respect of all matters in dispute regarding the sale and purchase of the Company's shareholding in Perpetual Trust Limited in 2013. We are pleased to have been able to resolve this matter on terms satisfactory to all parties. This provides certainty for all stakeholders and allows us to move forward without the ongoing distraction of litigation and the costs associated with this.

The primary near-term focus is on progressing a liquidity event for Torchlight Fund LP (TFLP) which is the most significant group asset. TFLP is due to expire 30 November 2021 and no formal exit plan has been agreed or approved by the limited partners, including the amendment of the LPA to permit further extension of the life of TFLP. It is anticipated that the winding up of the Partnership may take up to 6 months from the date of publication of these financial statements, although there are material uncertainties inherent in the disposal process which may result in this time period being extended.

The Company continues to see significant upside in TFLP's largest investment RCL and is exploring options to enable it to continue to participate in the ongoing growth of this investment.

The General Partner of TFLP is continuing to progress strategic options for RCL, including a General Partner led restructure of TFLP to sell the investment in RCL to a new structure to enable value optimisation of RCL to continue.

As we have previously outlined, the Company has committed to roll its investment into a new structure to enable ongoing participation in the RCL investment.

RCL

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

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

RCL's largest project is Hanley's Farm in Queenstown, where it is developing in excess of 1,700 sites. This project continues to progress well and as at the reporting date, approximately 890 sites had been sold in a series of progressive releases, with approximately 590 sites completed and settled.

Market conditions in Queenstown remain robust, with sales releases continuing to be quickly absorbed. Ongoing sales releases have occurred during the course of this calendar year on a progressive basis. Total pre-sales of approximately NZD112m are in place for this project and focus is on delivering this stock as expediently as possible.

In the Australian portfolio, RCL continues to focus on delivery of its own built form product (turn-key apartments and townhouses) enhancing margins and returns from the existing medium density sites within the portfolio. RCL intends to also progressively introduce a component of turn-key free-standing houses as part of the sales mix within the existing residential estates to both provide access to buyers looking for completed product and capture incremental development margins from construction.

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT (CONTINUED)

Managing Director's Report (continued)

RCL (continued)

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

Covid-19 related disruptions negatively impacted the RCL business over the course of 2020 and 2021 with substantial delays being incurred in being able to deliver pre-sold stock. New sales releases were also deferred resulting in a reduction in overall activity levels during the course of the 2021 financial year.

As lockdowns have eased and sales releases have been able to occur, the business has built a very strong pre-sale book in both Australia and New Zealand.

The Sunbury project, originally planned to launch in 2020, was deferred, with marketing commencing in the first half of calendar year 2021. The market has responded well and the first 3 stages have been quickly absorbed, with the fourth stage currently being marketed.

Residential property market conditions in Australia have remained strong with total pre-sales across the Australian portfolio approximately AUD55 million (£29.8 million). Ongoing sales releases are planned subject to market conditions remaining sound.

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

KCR Investment

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

The initial TFLP investment in KCR enabled KCR to restructure its balance sheet and refinance its portfolio to free up capital to support the structuring of the business and enable additional investment in the existing portfolio to assist in driving growth from the existing asset base.

KCR is continuing with the transition of its business and whilst not yet generating positive operating cashflow, good progress continues to be made.

Substantive reductions in operating costs have been achieved since the initial TFLP investment in August 2019.

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

During the 2021 financial year, KCR had a heavy focus on modernising and improving the standard of its portfolio to assist in enhancing returns from its existing assets. Outcomes from this investment are expected to be reflected during the current financial year.

Covid-19 did not materially impact on the business during the course of the financial year, with the main impact being an increase in supply of rented properties previously used predominantly in the short-let market being repositioned into longer-let product.

This increase in supply resulted in longer void periods to fill vacancies and impacted achievable rental levels in some parts of KCR's portfolio. Notwithstanding this KCR maintained almost full occupancy over the course of the year with only a nominal level of rent arrears.

Cash burn over the course of the financial year continued to reduce and is at its lowest level since KCR's admission to AIM.

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

Post reporting date, TFLP exercised its option to acquire an additional 13.5m shares, taking its interest in KCR to 55.44%. The additional capital this delivers to KCR will support the ongoing focus on achieving improved operational performance and provide scope for acquisition activity should suitable assets be found.

TFLP has the ability to subscribe for a further 35.9m shares under the option agreement.

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT (CONTINUED)

Managing Director's Report (continued)

Final Comment

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

Covid-19 has created additional unplanned challenges for the Group, however we are well placed to continue proactively dealing with these.

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

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



George Kerr
Managing Director
Date: 22 November 2021

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT (CONTINUED)

Directors' Report

PGC recorded a Net Loss attributable to security holders of £10.72 million for the year to 30 June 2021 (compared with a Net Loss of £0.11 million for the year to 30 June 2020).

After unfavourable foreign currency movements in foreign currency translation, PGC recorded a Total Comprehensive Loss of £14.61 million prior to adjustment for non-controlling interests (compared with a Total Comprehensive Loss of £1.58 million for the year to 30 June 2020).

Total Comprehensive Loss attributable to PGC shareholders was £11.34 million (compared with a Total Comprehensive Loss of £1.23 million for the year to 30 June 2020).

Net Assets attributable to security holders decreased to £31.03 million (compared to £42.39 million as at 30 June 2020). Total Comprehensive Loss and consequent deterioration in Net Assets attributable to shareholders is primarily driven by:

- Restructure of RCL financing arrangements during the course of the financial year bringing forward the timing of future interest charges. Whilst a negative impact in the current financial year this is expected to have a favourable impact in future financial periods;
- Slow down in activity levels across the RCL portfolio largely relating to Covid-19 disruptions and the impact this had on planned sales releases during the 2020 calendar year and the delays in completing works to enable delivery of pre-sold stock;
- Loss recognition in respect of the Perpetual Trust receivable following settlement of this dispute (£1.7 million);
- Continued deterioration in KCR share price resulting in a write down of the value of this investment (£1.3 million); and
- Full exercise of the East Wanaka option removing the value attributable to the option from the accounts (£1.8 million). Carrying value for this asset is now the cost of the option exercise. Whilst this has had a negative impact on the 2021 financial year result, this is a timing issue as the value that will be generated from sale of the lots when received is well in excess of the cost of the option exercise. This value will be recognised as the lots are received and settled.

On a per share basis this was 26.8% lower, falling from 20.94 pence per share for the year end 30 June 2020 to 15.33 pence per share for the year end 30 June 2021 (after allowing for non-controlling interests and other comprehensive income).

The financial year was a challenging one with ongoing Covid-19 related disruption for PGC's largest asset, TFLP and its investments. This has been well managed and they are well placed to deliver stronger financial performance during the financial year ending 30 June 2022.

Whilst the settlement of the dispute relating to the sale of Perpetual Trust resulted in a loss, the Directors consider the certainty provided as a result is a positive for all stakeholders.

This also removes the uncertainty associated with outcomes from continuing the litigation and the ongoing costs that would also have been incurred.

Operating Performance

On a consolidated basis (before allowing for non-controlling interests), the result for the 2021 financial year was a Loss after tax of £13.99 million. This compares with a Loss after tax of £0.41 million for the same period last year.

After allowing for foreign exchange translation movements, the consolidated Total Comprehensive Loss for the 2021 financial year was £14.61 million. This compares with a consolidated Total Comprehensive Loss of £1.58 million for the 2020 financial year.

Following adjustment for non-controlling interests, the Total Comprehensive Loss attributable to PGC shareholders was £11.34 million (compared to a Total Comprehensive Loss of £1.23 million for the same period last year).

As outlined above the deterioration in operating performance was largely driven by a number of non-recurring events.

The restructuring undertaken of RCL's finance arrangements is expected to deliver significantly lower finance costs in subsequent financial periods.

Activity levels across the RCL portfolio have quickly re-built as Covid-19 disruptions have eased. Residential property market conditions have remained robust which is reflected in the strong pre-sale book now in place.

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

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT (CONTINUED)

Directors' Report (continued)

Statement of Financial Position

At 30 June 2021, PGC had a surplus in Net Current Assets of £53.44 million (compared to a deficit of £21.06 million last year). The surplus in net current assets was driven by the refinancing of maturing debt facilities and an agreement reached for the sale of the PTL receivable.

Total Group Assets held were £112.40 million (compared to £122.28 million in the prior financial year) with total equity of £39.32 million (compared to £53.95 million in the prior financial year). Total Group assets reduced in line with write-downs in carrying value of investments, conversion of inventory to cash with net cashflows used primarily to reduce debt, including payment of the amount owing for acquisition of non-controlling interests.

After allowing for non-controlling interests of £8.30 million (down from £11.56 million in the prior year), net equity attributable to security holders fell to £31.03 million (down from £42.39 million).

Going Concern

During the year, the Group successfully closed a restructure and increase in its financing arrangements providing an increase in funding and an extension of a further 3 years to the financing term. This enabled the Group to meet certain financial obligations, principally the settlement of AUD 25.5 million (£14.2 million) due to certain Limited Partners of TFLP in respect of the redemption of their partnership interests, and provided additional working capital.

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

In reaching this conclusion, the Directors have considered the risks that could impact the Group's liquidity over the next 12 months from the date of approval of the financial statements and are of the opinion that it remains appropriate to prepare these financials on a going concern basis.

Long-Term Focus

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

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

With the life of TFLP due to end 30 November 2021 the near-term focus is on achieving an outcome for TFLP's largest investment, RCL. As we have previously outlined, the General Partner of TFLP is running a multi-track process to explore options which include a General Partner led restructure of TFLP to sell the investment in RCL to a new partnership structure to allow RCL value optimisation to continue.

PGC has committed to roll its investment into a new structure to enable ongoing participation in the RCL investment and whilst this is PGC's preferred outcome, outright sale of the investment is also being explored. This process is ongoing and no formal offers have been made or accepted to date.

As there is no formal exit plan agreed or approved by the Limited Partners, including the amendment of the LPA to permit further extension of the life of TFLP, the stand-alone TFLP accounts are prepared on a break-up basis. It is anticipated that the winding up of the Partnership may take up to 6 months from the date of publication of these financial statements, although there are material uncertainties inherent in the disposal process which may result in this time period being extended.

We are pleased that certainty in respect of the Perpetual Trust Limited receivable has been achieved, with all amounts owing from this to be received by the end of February 2022.

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

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

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT (CONTINUED)

Directors' Report (continued)

Share Buyback

Capital management remains an ongoing focus for the Board and we expect part of the proceeds generated from the divestment of non-core assets (all assets other than the investment in TFLP) to be used to facilitate buyback of shares on market.

During the year 144,705 shares were bought back at an average price of NZD0.25 (£0.13p) (prior year: 5 million shares were bought back at NZD0.29 (£0.15p)) which was value accretive for shareholders.

PGC shares trade at a considerable discount to NAV and buying them back is consistent with our value creation strategy.

For and on behalf of the Directors



Russell Naylor

Director

Date: 22 November 2021

PYNE GOULD CORPORATION LIMITED

BOARD OF DIRECTORS

GEORGE KERR B Com

Non-Independent Director

George is a sophisticated private equity investor with a successful 25-year record in Australasia and the United Kingdom. He is chairman of Australasian Equity Partners, the cornerstone shareholder in PGC.

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

RUSSELL NAYLOR

Non-Independent Director

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

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

NOEL KIRKWOOD BAgri. Com

Non-Independent Director

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

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

MICHELLE SMITH M. Com (Hons), ICAEW

Independent Director

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

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

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

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

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

PAUL DUDLEY BSc (Hons), FCA

Independent Director

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

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

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

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

PYNE GOULD CORPORATION LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

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

The Board of Directors of Pyne Gould Corporation Limited authorised the Consolidated Financial Statements set out on pages 19 to 65 for issue on 22 November 2021.

For and on behalf of the Board



Russell Naylor
Director



George Kerr
Managing Director

Independent auditor’s report To the members of Pyne Gould Corporation Limited

Opinion

We have audited the consolidated financial statements of Pyne Gould Corporation Limited (the “Company”) and its subsidiaries (together, the “Group”), which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, consolidated statement of financial position as at 30 June 2021 and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. The consolidated financial statements framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the consolidated financial statements:


- give a true and fair view of the state of the Group’s affairs as at 30 June 2021 and of the Group’s loss for the year then ended;
- are in accordance with IFRSs as issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the consolidated financial statements’ section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

Overview

 <p>The diagram shows a circular process with three interconnected segments: Materiality, Scoping, and Key audit matters, all contained within a larger circular frame.</p>	<p>Materiality</p> <p>Overall materiality was £2.2 million, which represents 2% of the Group’s Total assets (2020: 1% of the Group’s Total assets, £1.2 million).</p> <p>Audit scope</p> <ul style="list-style-type: none"> • We conducted our audit of the consolidated financial statements based on information provided by the appointed service providers to the Group to whom the directors have delegated the provision of certain functions, including Praxis Fund Services Limited (“Praxis”). • Our audit opinion covers the consolidated financial statements of the Group only. We have not been engaged to provide individual statutory opinions on the financial statements of the Company. • We engaged with our own real estate expert (Grant Thornton Melbourne Corporate Finance team) to challenge the valuations of the inventory properties held for sale based on market information and industry knowledge and expertise. • We have carried out our audit work in Guernsey. We have tailored the scope of our audit taking into account the types of investments within the Group, the accounting processes and controls and the industry in which the Group operates. <p>The Company is a Guernsey-incorporated company which is listed on The International Stock Exchange.</p>
--	---

	<p>Key audit matters</p> <ul style="list-style-type: none"> • Improper revenue recognition – revenue from land development and resale – Same as previous year; • Valuation of inventory – land held for resale - Same as previous year; and • Going concern assumption used in preparation of the consolidated financial statements - new for the year ended 30 June 2021.
--	---

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

<i>Overall group materiality</i>	£2.2 million (2020: £1.2 million)
<i>How we determined it</i>	2% (2020: 1%) of the Group's Total assets
<i>Rationale for the materiality benchmark</i>	We believe that Total assets is a primary measure used by the shareholders in assessing the performance of the Group. It is also a generally accepted measure used for companies in this industry.

Key audit matters

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

The key audit matter	How the matter was addressed in our audit
<p>Improper revenue recognition – revenue from land development and resale (2021: £31.75 million, and 2020: £54.95 million)</p> <p>The Group’s revenue was mainly revenue from sale of developed land.</p> <p>There is a risk that the revenue may be misstated due to improper revenue recognition and / or fraud.</p> <p><i>Refer to the Accounting policies in Note 3(g) of the consolidated financial statements (page 30)</i></p>	<p>Our audit procedures consisted of:</p> <ul style="list-style-type: none"> • Updating our understanding of the Group’s revenue recognition processes in relation to revenue from sale of developed land and assessing the adequacy of the relevant controls in place to prevent and detect fraud and errors in revenue recognition by performing walkthrough tests; • Assessing whether the Group’s revenue recognition policy is in accordance with IFRS as issued by the IASB and applied consistently; • Performing analytical substantive procedures on revenue recognised from the sale of developed land to identify any inconsistencies against expected levels based on our knowledge of business gathered in the course of audit; • On a sample basis, agreeing revenue recognised from the sale of developed land in the general ledger to supporting documentation, such as sale and purchase agreements, settlement statements and settlement payments to bank statements; and • Held fraud discussion with Management to identify any evidence of fraud or fraud related matters and reviewed a sample of journal entries to address the risk of management override of controls. <p>Our result</p> <p>We reported to the Audit Committee that overall there were no material matters arising from our audit work on the recognition of revenue from the sale of developed land that we wished to bring to their attention.</p>

The key audit matter	How the matter was addressed in our audit
<p>Valuation of inventory – land held for resale (2021: £78.94 million, 2020: £87.24 million)</p> <p>As at 30 June 2021, 70% (2020: 71%) of the carrying value of the Group’s total assets, consist of land held for resale which are carried at the lower of cost or net realisable value (“NRV”).</p> <p>There is a risk that inventories may not be stated at lower of cost and NRV due to inappropriate valuation models and inputs being applied in determining the NRV.</p> <p>In determining the NRV of inventory, management uses different valuation techniques which include a discounted cash flow model, original transaction price, recent transactions in the same or similar instruments and completed third-party transactions in comparable instruments. Management adjusts the model as deemed necessary for factors such as non-maintainable earnings, tax risk, and growth stage. Management takes into account relevant developments since the acquisition of the land and other factors pertinent to the valuation with reference to such rights in connection with realisation, recent third-party comparable transactions and reliable indicative offers from potential buyers and applying discounted cash flow analysis.</p> <p><i>Refer to the Accounting policies in Note 3(l) of the consolidated financial statements (page 31)</i></p>	<p>Our audit procedures consisted of:</p> <ul style="list-style-type: none"> • Updating our understanding of the processes, policies and methodologies, and controls in relation to the valuation and measurement of inventory and confirmed our understanding by performing walkthrough tests; • Assessing whether the valuation of inventory’s accounting policy of the Group is in line with the requirements of IFRS as issued by the IASB and consistently applied; <p><i>Inventory valued at NRV</i></p> <ul style="list-style-type: none"> • Obtaining and inspecting the independent appraisals regarding inventory (where available), and supporting data to assess whether the data used is appropriate and relevant, and discussed these with management to evaluate whether the NRV of inventory is reasonably stated, challenging the assumptions made by management; • Vouching valuation inputs that do not require specialist knowledge to independent sources and tested the arithmetical accuracy of the calculations; • Engaging GT Australia real estate valuation specialists to: <ul style="list-style-type: none"> - Use their knowledge of the market to assess and corroborate management’s market related judgments and valuation inputs (i.e. discount rates, recent relevant transaction and comparable data, rental per square foot (PSF), selling price PSF and buildable square foot) by reference to comparable transactions and independently compiled databases/indices; - Assist us to determine whether the methodologies used to value inventories were consistent with methods usually used by market participants for similar types of inventories; and - Assist us in determining whether the Group’s specialists were appropriately qualified and independent. <p><i>Inventory valued at cost</i></p> <ul style="list-style-type: none"> • Obtaining the detail cost break-down and on a sample basis, agreeing the selected transactions to supporting documents (i.e. agreements and invoices); and • For all transactions close to year end, determine if the transactions have been recorded in the correct period.

The key audit matter	How the matter was addressed in our audit
	<p>Our result</p> <p>We reported to the Audit Committee that overall there were no material matters arising from our audit work on the valuation of inventory.</p>
<p>Preparation of the consolidated financial statements on a going concern basis</p> <p>The Group has various operating segments and activities across multiple countries. The largest operating segment within the Group is the Torchlight segment (including both the Torchlight Group and underlying RCL Group of companies).</p> <p>The life of Torchlight Fund LP (“TFLP”) is due to expire on 30 November 2021 and at the present there are no terms or conditions within the LPA which allow for an extension for further periods.</p> <p>We understand that the General Partner of TFLP continues to explore options to achieve a transaction prior to the expiry date, including the potential outright sale of the RCL Group or possible GP-led restructuring into a new vehicle. However at present there is no exit strategy in place.</p> <p>Owing to the uncertainty over the future of the Torchlight operating segment and given its financial significance to the Group, there is a risk that the preparation of the consolidated financial statements on a going concern basis may not be appropriate.</p>	<p>Our audit procedures consisted of:</p> <ul style="list-style-type: none"> • Assessing the determination made by the Board of Directors that the Group is a going concern and the appropriateness of the consolidated financial statements to be prepared on a going concern basis and reviewing if management’s assessment has considered the impact of COVID-19; • Holding discussions with Management/the Board to assess the reasonableness of their plan to ascertain the continuous going concern status of the Group and obtaining corroborative evidence to support their assessment, including the considerations made on the upcoming expiry of the life of TFLP, the timing of the winding up and realisation of assets and the future plans of management; • Reviewing the work performed by the component auditors on going concern assessment to assess the reasonableness of the components’ liquidity and if these support the going concern assessment of the Group, including work performed on the refinancing of bank facilities, pre-sold stock and delays in the completion of development of land; • Reviewing the Group’s financial position and liquidity, including management’s scenario to reflect its expectation of the impact of ongoing COVID-19, if any, and applying further sensitivities to understand the overall impact on liquidity of the Group; and • Assessing the disclosures in the Annual Report and Consolidated Financial Statements relating to going concern, to ensure that they were fair, balanced and understandable and in compliance with International Accounting Standards 1. <p>Our result</p> <p>We reported to the Audit Committee that we concur with Management’s assessment that the use of the going concern assumption remains appropriate.</p>

Other information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the annual report and audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 11, directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with IFRSs as issued by the IASB and applicable law, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's responsibilities for the audit of the consolidated financial statements (cont.)

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Use of our report

This report is made solely to the Group's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton Limited

Grant Thornton Limited

Chartered Accountants
St Peter Port
Guernsey

Date: 22 November 2021

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

		2021	2020
	Note	£000	£000
Revenue from land development and resale	4	31,750	54,952
Cost of land development sales	17	(20,074)	(40,172)
Net revenue from land development and resale		11,676	14,780
Interest revenue	5	359	731
Interest expense	5	(13,786)	(7,768)
Net finance costs		(13,427)	(7,037)
Other investment losses	6	(4,633)	(1,500)
Other revenue	6	2,049	1,553
Total investment losses and other revenue		(2,584)	53
Gross operating (loss)/profit		(4,335)	7,796
Selling and administration expenses	7	(8,940)	(8,832)
Foreign exchange (losses)/ gains		(575)	213
Impaired asset expense	8	(168)	(536)
Net operating loss before income tax		(14,018)	(1,359)
Income tax credit	10	25	948
Loss for the year after tax		(13,993)	(411)
Other comprehensive loss			
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met</i>			
Foreign currency adjustment on translation to presentation currency		(615)	(1,170)
Total other comprehensive loss		(615)	(1,170)
Total comprehensive loss for the year		(14,608)	(1,581)
Loss attributable to:			
Owners of the Company		(10,723)	(113)
Non-controlling interests	21	(3,270)	(298)
Loss for the year		(13,993)	(411)
Total comprehensive loss attributable to:			
Owners of the Company		(11,343)	(1,234)
Non-controlling interests	21	(3,265)	(347)
Total comprehensive loss for the year		(14,608)	(1,581)
Loss per share		Pence	Pence
Basic and diluted loss per share	14	(5.30)	(0.06)
Basic and diluted loss per share – continuing operations	14	(5.30)	(0.06)

The notes on pages 24 to 65 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

		Attributable to owners of the Company					
2020	Share Capital (see note 15) £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Non-controlling interests acquisition reserve £000	Non-controlling interests (see note 21) £000	Total Equity £000	
Balance at 1 July 2019	151,940	22,060	(133,921)	4,285	11,908	56,272	
Total comprehensive loss for the year	-	-	(113)	-	(298)	(411)	
Loss for the year	-	-	(113)	-	(298)	(411)	
Other comprehensive loss	-	(1,121)	-	-	(49)	(1,170)	
Foreign currency adjustment on translation to presentation currency	-	(1,121)	-	-	(49)	(1,170)	
Total comprehensive loss for the year	-	(1,121)	(113)	-	(347)	(1,581)	
Transactions with owners	(743)	-	-	-	-	(743)	
Share buy-back	(743)	-	-	-	-	(743)	
Total transactions with owners	(743)	-	-	-	-	(743)	
Balance at 30 June 2020	151,197	20,939	(134,034)	4,285	11,561	53,948	

The notes on pages 24 to 65 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

		Attributable to owners of the Company					
2021	Share Capital (see note 15) £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Non-controlling interests acquisition reserve £000	Non-controlling interests (see note 21) £000	Total Equity £000	
Balance at 1 July 2020	151,197	20,939	(134,034)	4,285	11,561	53,948	
Total comprehensive loss for the year	-	-	(10,723)	-	(3,270)	(13,993)	
Loss for the year	-	-	(10,723)	-	(3,270)	(13,993)	
Other comprehensive loss	-	(620)	-	-	5	(615)	
Foreign currency adjustment on translation to presentation currency	-	(620)	-	-	5	(615)	
Total comprehensive loss for the year	-	(620)	(10,723)	-	(3,265)	(14,608)	
Transactions with owners	(19)	-	-	-	-	(19)	
Share buy-back	(19)	-	-	-	-	(19)	
Total transactions with owners	(19)	-	-	-	-	(19)	
Balance at 30 June 2021	151,178	20,319	(144,757)	4,285	8,296	39,321	

The notes on pages 24 to 65 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021 £000	2020 £000
ASSETS			
Current assets			
Cash in bank		10,323	7,253
Finance receivables	16	1,949	706
Trade and other receivables		3,074	2,915
Investments – Fair value through profit or loss	18	12,369	-
Investments – Loans and receivables at amortised cost	20	1,787	693
Inventories	17	30,144	11,343
Prepayments		161	113
Total current assets		59,807	23,023
Non-current assets			
Inventories	17	48,800	75,899
Investments – Fair value through profit or loss	18	-	16,672
Investments – Derivative financial instruments	19	-	1,849
Investments – Loans and receivables at amortised cost	20	-	1,583
Advances to related parties	24	3,249	3,113
Property, plant and equipment		544	136
Total non-current assets		52,593	99,252
Total assets		112,400	122,275
EQUITY AND LIABILITIES			
LIABILITIES			
Current liabilities			
Borrowings	22	-	26,862
Settlement payable re acquisition of non-controlling interests	9	-	14,219
Trade and other payables	23	6,372	3,000
Total current liabilities		6,372	44,081
Non-current liabilities			
Borrowings	22	65,751	23,236
Deferred tax liability	11	956	1,010
Total non-current liabilities		66,707	24,246
Total liabilities		73,079	68,327
EQUITY			
Share capital	15	151,178	151,197
Foreign currency translation reserve		20,319	20,939
Accumulated losses		(144,757)	(134,034)
Non-controlling interests acquisition reserve		4,285	4,285
Total equity – attributable to the owners of the Company		31,025	42,387
Non-controlling interests	21	8,296	11,561
Total equity		39,321	53,948
Total equity and liabilities		112,400	122,275
Net assets per share (pence)	14	15.33	20.94

The Board of Directors of Pyne Gould Corporation Limited approved and authorised for issue the Consolidated Financial Statements set out on pages 19 to 65 for issue on 22 November 2021.



Russell Naylor
Director



George Kerr
Managing Director

The notes on pages 24 to 65 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Interest received	5	66	275
Rental revenue	6	11	10
Proceeds from sale of inventories	4	31,750	54,952
Fees and other revenue received	6	2,038	1,543
Total cash provided from operating activities		33,865	56,780
Payments to suppliers and employees		(5,843)	(7,211)
Development costs of inventories		(10,095)	(38,718)
Total cash applied to operating activities		(15,938)	(45,929)
Net cash flows from operating activities	12	17,927	10,851
Cash flows from investing activities			
Proceeds from disposal of investments	25	1,208	108
Proceeds of repayment of loans from related parties		-	10
Total cash provided from investing activities		1,208	118
Acquisition of property, plant and equipment		(490)	-
Increase in finance receivables		(1,229)	(49)
Increase in other investments	18	(118)	(4,050)
Settlement of acquisition of non-controlling interests	9	(14,219)	-
Increase in loans and receivables at amortised cost	20	(1,285)	-
Increase in advances to other related parties	24	(47)	(57)
Total cash applied to investing activities		(17,388)	(4,156)
Net cash flows applied to investing activities		(16,180)	(4,038)
Cash flows from financing activities			
Increase in borrowings	13	20,205	30,800
Total cash provided from financing activities		20,205	30,800
Share buy-backs		(19)	-
Decrease in borrowings	13	(18,434)	(43,709)
Total cash applied to financing activities		(18,453)	(43,709)
Net cash flows provided from/(applied to) financing activities		1,752	(12,909)
Net increase/(decrease) in cash in bank		3,499	(6,096)
Foreign currency adjustment on translation of cash balances to presentation currency		(429)	(1,747)
Opening cash in bank		7,253	15,096
Closing cash in bank		10,323	7,253
Represented by:			
Cash in bank		10,323	7,253
		10,323	7,253

The notes on pages 24 to 65 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements
For the year ended 30 June 2021

1. Reporting Entity

Pyne Gould Corporation Limited is a Guernsey-domiciled company. The financial statements presented are the Consolidated Financial Statements comprising Pyne Gould Corporation Limited ("the Company") and its subsidiaries (see note 9) (together "the Group").

Entities within the Group offer financial and asset management services and invest in a portfolio of financial and real estate assets.

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

These Consolidated Financial Statements were authorised by the Directors for issue on 22 November 2021.

2. Basis of Preparation

(a) Statement of compliance

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

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

(b) Basis of measurement

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

(c) Functional currency

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

(d) Presentation currency

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

- Assets and liabilities have been translated into GBP using the closing rates of exchange applicable at the relevant reporting date. As at 30 June 2021 the rates applied were NZD1.00 to GBP0.503998 and AUD1.00 to GBP0.541261 (30 June 2020: NZD1.00 to GBP0.521461, AUD1.00 to GBP0.55761);
- Revenue and expenses, including any other comprehensive income, have been translated into GBP at average rates of exchange for the relevant accounting year. For the year ended 30 June 2021 the average rates applied were NZD1.00 to GBP0.51525 and AUD1.00 to GBP0.55204 (30 June 2020: NZD1.00 to GBP0.50421 and AUD1.00 to GBP0.53281);
- Movements in share capital and share premium are translated into GBP at the rates applicable at the dates of the transactions; and
- All differences arising on the above translations have been taken to the foreign currency translation reserve.

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

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

2. Basis of Preparation (continued)

(e) Accounting judgements and major sources of estimation uncertainty

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

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

Critical accounting judgements and estimation uncertainty

The following are the key accounting judgements and sources of estimation uncertainty at 30 June 2021 that have significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Critical judgements in applying accounting policies:

(i) Going Concern

During the year, the Group successfully closed a restructuring of its financing arrangements, providing an increase in funding and an extension of a further 3 years to the financing term. This enabled the Group to meet certain financial obligations, principally the settlement of AUD 25.5 million (£14.2 million) due to certain Limited Partners of TFLP in respect of the redemption of their partnership interests, and provided additional working capital.

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

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

Covid-19

The Covid-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the Group. The full scale and duration of these developments remain uncertain as at the date of this report.

The Covid-19 pandemic is an ongoing situation, and as such there is a degree of uncertainty involved when assessing the financial impact that the pandemic will ultimately cause. The Group has considered the likely impact when assessing the carrying value of its assets and liabilities as at 30 June 2021 and its cash flows and ability to meet its financial obligations. The directors are of the opinion that the Group is a going concern, and the Covid-19 situation will not impact the use of the going concern assumption in preparing the Group's Consolidated Financial Statements.

Torchlight Fund LP

Due to the upcoming expiry of the life of TFLP on 30 November 2021 and that no formal exit plan has been agreed or approved by the limited partners (which includes the amendment of the LPA to permit further extension of the life of the Partnership), the General Partner of TFLP has considered the impact on the basis of preparation of the TFLP financial statements. The General Partner is of the view that the preparation of the TFLP financial statements for the year ended 31 March 2021 on a 'break-up' basis is appropriate.

It is anticipated that the winding up of the Partnership will take up to 6 months from the date of publication of these financial statements, although there are material uncertainties inherent in the disposal process which may result in this time period being extended.

Although the Partnership's financial statements have been prepared on a non-going concern basis, the Company has committed to rolling its investment in RCL into a new structure to enable ongoing participation in the RCL investment, as a result of which it is not anticipated that the winding up of TFLP will impact the viability of the Group.

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

2. Basis of Preparation (continued)

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

Critical judgements in applying accounting policies (continued):

(ii) Functional currency

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

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

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

(iii) Investment in associate

At 30 June 2021, the Company held 34.08% (30 June 2020: 32.64%) of the issued share capital in KCR Residential REIT plc ("KCR") through its investment in subsidiary, TFLP. While Mr. Naylor, a director of the Company was appointed to the Board of KCR, the Company has considered this and TFLP's voting rights and consider that TFLP has significant influence but not control and do not deem this sufficient to enforce any operational or financial changes to KCR at this stage. In view of the significant influence of the Group through TFLP over KCR, the Directors deem KCR to be an associate.

(iv) Assets held for sale

As at 30 June 2021, the Group is exploring all options for the disposal of either a non-controlling interest in RCL or alternatively a sale of 100% of the shares in RCL. However, as at 30 June 2021, no decision has been taken and therefore the Group's investment in RCL is not classified as a disposal group held for sale in these Consolidated Financial Statements.

Key sources of estimation uncertainty

(i) Inventories

Inventories are stated at the lower of cost or net realisable value, which have been determined using forecast feasibility estimates. These forecast feasibility estimates require the application of estimations around sales volume rates, development costs, selling prices and financing costs over the life of each project. The basis for which inventories are carried in the Consolidated Financial Statements is disclosed above, whilst the carrying values of inventories are disclosed in note 17.

(ii) *Investments - Fair value through profit or loss (FVTPL) – Level 3*

The key source of estimation uncertainty when estimating the fair value of level 3 investments are the unobservable inputs and assumptions used when determining fair value. The use of different inputs or methodologies could lead to different measurement of fair value however, the Group believes that its estimates of fair value are appropriate (see notes 18 and 25).

(iii) Investments – Receivable from sale of Perpetual Trust Limited ("PTL")

As at 30 June 2021, the fair value of the Group's receivable from sale of Perpetual Trust Limited ("PTL"), has been arrived at on the basis of a settlement agreed between the Group and the sale counterparty and settled subsequent to the year end. As at 30 June 2020, the fair value was determined on the basis of a valuation carried out as at the reporting date by Simmons Corporate Finance, an external party to the Group (see notes 18 and 25).

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

2. Basis of Preparation (continued)

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

Critical accounting judgements and estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

(iv) Investments – Derivative financial instruments

As at 30 June 2021, the Group held no derivative financial instruments. As at 30 June 2020, the fair value of the Group's investment in the Derivative financial instruments was arrived at on the basis of a valuation carried out by an external valuer (see notes 19 and 25).

(v) Impairment

The Group considers expected credit losses (ECLs) for all debt instruments except those held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (see notes 8, 20 and 26).

3. Significant Accounting Policies

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

(a) Basis of consolidation

The Consolidated Financial Statements comprise the operating results, cash flows and assets and liabilities of the Company and its subsidiaries (the "Group") for the year ended 30 June 2021. Subsidiaries are all entities over which the Company exercises control. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

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

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

3. Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

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

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

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

Investment in subsidiary

The Company has an investment in Torchlight Fund LP ("TFLP"), which is accounted for as a subsidiary. The investment is held through the Company's subsidiary Torchlight Group Limited.

The Company's limited partnership interest in TFLP is 70.3% at 30 June 2021 (30 June 2020: 70.3%). In accordance with the TFLP limited partnership agreement, substantive control over TFLP is deemed to be established when a single investor holds greater than 34% of the limited partnership interests in TFLP (see note 9).

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

Investment in associate

Through its subsidiary TFLP, the Group has an investment in KCR Residential REIT plc, which is accounted for as an associate. An investment is classified as an associate where the Group is deemed to have significant influence over the operations of the investee.

(b) New accounting standards effective and adopted

The following relevant amended standards have been applied for the first time in these Consolidated Financial Statements:

- IFRS 3 (amended), "Business Combinations" (amendments to clarify the definition of a business, effective for periods commencing on or after 1 January 2020);
- IFRS 9, IAS 39 and IFRS 7 (amended), "Interest rate benchmark reform" (amendments issued on 26 September 2019, effective for periods commencing on or after 1 January 2020);

In addition, the IASB has issued the following publications:

- Amendments to References to the Conceptual Framework in IFRS Standards, effective for periods commencing on or after 1 January 2020; and
- Definition of Material (Amendments to IAS 1 and IAS 8), effective for periods commencing on or after 1 January 2020.

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

(c) New, revised and amended standards applicable to future reporting periods

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

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2021

3. Significant Accounting Policies (continued)

(c) New, revised and amended standards applicable to future reporting periods (continued)

In addition, the IASB has issued the following publications:

- Amendments regarding replacement issues in the context of the IBOR reform (amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16);
- 'Replacement issues in the context of the IBOR reform' published in August 2020. This project has amended certain existing standards effective from accounting periods commencing on or after 1 January 2021; and
- 'Annual Improvements to IFRS Standards 2018-2020', published in May 2020. This project has amended certain existing standards effective for accounting periods commencing on or after 1 January 2022.

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

(d) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

(e) Interest

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

(f) Employee benefit

Salaries and annual leave

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

3. Significant Accounting Policies (continued)

(g) Revenue

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

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

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

(i) Revenue from land development and resale

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

(ii) Golf and other revenue

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

(iii) Dividend income

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

(h) Foreign currencies

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

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

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

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

(i) Assets held for sale

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

3. Significant Accounting Policies (continued)

(j) Plant and equipment

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

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

Plant and equipment	1 - 13 years
---------------------	--------------

(k) Tax

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

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

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

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

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

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

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

(l) Inventories

Land held for resale

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

3. Significant Accounting Policies (continued)

(m) Financial assets and liabilities

Classification

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

Financial assets

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

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

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

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

Cash and cash equivalents

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

Investments in loans and receivables

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

Finance receivables

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

Investments – PTL receivable

The investment in the PTL receivable is a financial asset arising from the sale in 2013 by the Company to Bath Street Capital limited ("BSC"), then called Coulthard Barnes Capital Limited, of the Company's shareholding in Perpetual Trust Limited (see note 18).

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

Investments - Fair value through profit or loss (FVTPL)

Investments at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

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

Investments - Derivative financial instruments

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

3. Significant Accounting Policies (continued)

(m) Financial assets and liabilities (continued)

Financial liabilities

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

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

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

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

Non-derivative financial liabilities

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

Borrowings

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

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

Offsetting

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

Recognition

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

Derecognition

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

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

(n) Impaired financial assets and past due assets

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

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

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

3. Significant Accounting Policies (continued)

(n) Impaired financial assets and past due assets (continued)

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

For further information about credit impairment provisioning refer to note 26 - Credit risk exposure.

(o) Impairment of non-financial assets

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

(p) Provisions

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

(q) Goods and services tax (GST)

GST for New Zealand subsidiaries

Upon the Company's re-domicile to Guernsey, its operating activities were no longer subject to GST. As at 30 June 2021, only two wholly-owned subsidiaries remained registered for GST in New Zealand.

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

GST for Australian subsidiaries

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

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

(r) Statement of cash flows

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

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the Managing Director, who is the CODM, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

4. Geographical analysis of revenue

The Group's revenue, all of which is recognised at a point in time, is as follows, disaggregated by primary geographical markets:

	For the year ended 30 June 2021		
	Net revenue from land development and resale	Golf operations, interest and other revenue	Total
	£000	£000	£000
Australia	4,122	2,331	6,453
New Zealand	27,628	77	27,705
Total	31,750	2,408	34,158

	For the year ended 30 June 2020		
	Net revenue from land development and resale	Golf operations, interest and other revenue	Total
	£000	£000	£000
Australia	19,521	2,127	21,648
New Zealand	35,431	156	35,587
Total	54,952	2,283	57,235

5. Net interest expense

	2021 £000	2020 £000
Interest revenue		
Finance receivables	66	469
Advances to related parties	293	262
Total interest revenue	359	731
Interest expense		
Bank borrowings	(13,786)	(7,768)
Total interest expense	(13,786)	(7,768)
Net interest expense	(13,427)	(7,037)

6. Investment losses and other revenue

	2021 £000	2020 £000
Investment losses		
Movement in fair value of investments at fair value through profit or loss	(1,531)	(1,223)
Movement in fair value of derivative financial instruments	(1,828)	(246)
Movement in fair value of listed equity securities	(1,274)	(31)
	(4,633)	(1,500)
Other revenue		
Golf revenue	1,759	1,245
Miscellaneous revenue	279	298
Rental revenue	11	10
Total other revenue	2,049	1,553

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

7. Selling and administration expenses

	2021	2020
	£000	£000
Directors' fees	120	120
Personnel expenses*	2,165	1,627
Legal and consultancy fees	2,842	3,232
Golf expenses	1,037	843
Depreciation	81	48
Other operating expenses**	2,695	2,962
Selling and administration expenses	8,940	8,832

* Personnel expenses have been incurred within the RCL Group (see note 9).

** Other operating expenses include property expenses, listing and regulatory costs, audit fees and other overhead expenditure. There are no other individual (or aggregated) significant expenses for further disaggregation.

Details of fees paid/payable to the Auditor are as follows:

	2021	2020
	£000	£000
Audit fees		
Grant Thornton – Guernsey statutory audit	73	174
– AUS regulatory audit	72	106
	145	280

8. Impaired asset expense

	2021		
	Loans receivable individually assessed £000	Inventories £000	Total £000
Opening balance as at 1 July	(1,696)	(772)	(2,468)
Movement on impairment during the year	(168)	-	(168)
Closing balance as at 30 June	(1,864)	(772)	(2,636)
	2020		
	Loans receivable individually assessed £000	Inventories £000	Total £000
Opening balance as at 1 July	(1,467)	(465)	(1,932)
Movement on impairment during the year	(229)	(335)	(564)
Reversal of previous impairment	-	28	28
Closing balance as at 30 June	(1,696)	(772)	(2,468)

During the year the Group recognised a provision for impairment in respect of expected credit losses of NZD0.3 million (£0.2 million) (30 June 2020: NZD0.4 million (£0.2 million)) in relation to a group of three related loans, being 7.383% (25% of the carrying value) (30 June 2020: 9.844% (25% of the carrying value)) of the gross loan balances.

Impairment of inventories/(reversal) of impairment of inventories

The impairment of inventories for the year consists of impairment of inventories held within Land House Limited amounting to NZD1.29 million (£0.7 million) (30 June 2020: NZD0.7 million (£0.3 million) impairment in respect of inventories held within the RCL Jack's Village Point Ltd entity). This impairment is included within cost of sales in the Statement of Comprehensive Income.

Reversal of Impairment of inventories

During the year ended 30 June 2021, there was no reversal of impairment recorded (30 June 2020: NZD0.05 million (£0.03 million) in respect of inventories held within the RCL Jack's Village Point Ltd entity)

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

9. Significant controlled entities

Significant subsidiaries	Principal place of business	Nature of business	2021	2020
			% held	% held
MARAC Financial Services Limited (MFSL)	New Zealand	Investment holding	100%	100%
MARAC Investments Limited	New Zealand	Property and commercial financing	100%	100%
Equity Partners Asset Management Limited ^{2,3}	New Zealand	Asset management	0%	100%
Torchlight Securities Limited ²	New Zealand	Asset management	100%	100%
Ferrero Investments Limited ³	New Zealand	Holding company	0%	100%
Torchlight Fund No. 2 Limited Partnership ³	New Zealand	Investment holding	0%	100%
Equity Partners Infrastructure Management Ltd ^{2,3}	New Zealand	Asset management	0%	100%
NZ Credit Fund (GP) 1 Limited (in liquidation) ³	New Zealand	Asset management	0%	100%
Torchlight (GP) 2 Limited	New Zealand	Non-trading company	100%	100%
Torchlight Management Limited ^{2,3}	New Zealand	Asset management	0%	100%
Real Estate Credit Limited	New Zealand	Property asset management	100%	100%
Property Assets Limited	New Zealand	Property asset management	100%	100%
Land House Limited	New Zealand	Property asset management	100%	100%
Torchlight Group	Cayman Islands	Holding company	100%	100%
Torchlight GP Limited	Cayman Islands	Asset management	100%	100%
Torchlight Fund LP ¹	Cayman Islands	Investment holding entity	70.3%	70.3%
Australasian Credit Fund Limited ^{1, 2,3}	New Zealand	Finance	0%	70.3%
Real Estate Southern Holdings Limited ¹	New Zealand	Property Investment	70.3%	70.3%
Henley Downs Village Investments Limited ¹	New Zealand	Property Investment	70.3%	70.3%
Torchlight Real Estate Group ¹	Cayman Islands	Bare Trustee	70.3%	70.3%
RCL Real Estate Holdings ¹	Cayman Islands	Bare Trustee	70.3%	70.3%
RCL Real Estate Pty Ltd ¹	Australia	Holding Company	70.3%	70.3%
RCL Queenstown Pty Ltd ¹	Australia	Property Investment	70.3%	70.3%
RCL PRM Pty Ltd ¹	Australia	Property Investment	70.3%	70.3%
RCL Sanctuary Lakes Pty Ltd ¹	Australia	Property Investment	70.3%	70.3%
Sanctuary Land Development Pty Ltd ¹	Australia	Property Investment	70.3%	70.3%
RCL Links Pty Ltd ^{1,2}	Australia	Property Investment	70.3%	70.3%
RCL Grandvue Pty Ltd ¹	Australia	Property Investment	70.3%	70.3%
RCL Haywards Bay Pty Ltd ^{1,2}	Australia	Property Investment	70.3%	70.3%
RCL Port Stephens Pty Ltd ¹	Australia	Property Investment	70.3%	70.3%
RCL Pacific Dunes Golf Operations Pty Ltd ¹	Australia	Property Investment	70.3%	70.3%
RCL Forster Pty Ltd ^{1,2}	Australia	Property Investment	70.3%	70.3%
RCL St Albans Pty Ltd ¹	Australia	Property Investment	70.3%	70.3%
RCL Merimbula Pty Ltd ¹	Australia	Property Investment	70.3%	70.3%
RCL Renaissance Rise Pty Ltd ¹	Australia	Property Investment	70.3%	70.3%
RCL Real Estate Australia Pty Ltd ¹	Australia	Property Investment	70.3%	70.3%
RCL Sunbury PTY Ltd ¹	Australia	Property Investment	70.3%	70.3%
RCL Henley Downs Limited ¹	New Zealand	Property Investment	70.3%	70.3%
RCL Jack's Point Limited ¹	New Zealand	Property Investment	70.3%	70.3%
NZ Real Estate Credit Limited ^{1, 2,3}	New Zealand	Finance	0%	70.3%
Jack's Point Village Terraces Limited Holdings Limited)	New Zealand	Property Investment	70.3%	70.3%

¹Collectively Torchlight Fund LP and its subsidiaries

²Dormant entity

³Struck-off from the NZCO

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

9. Significant controlled entities (continued)

All Group subsidiaries have 30 June as their year end, with the exception of Torchlight Fund LP and Real Estate Southern Holdings Limited which, for historical reasons, have a year end of 31 March. These Consolidated Financial Statements incorporate the adjusted results of these two entities for the year ended 30 June 2021. Groups of companies referred to throughout these Consolidated Financial Statements as Torchlight Group, RCL Group and Property Group are as follows:

Torchlight Group*

MARAC Financial Services Limited
Equity Partners Asset Management Limited
Torchlight Securities Limited
Ferrero Investments Limited
Torchlight Fund No. 2 Limited Partnership
NZ Credit Fund (GP) 1 Limited
Torchlight (GP) 2 Limited
Torchlight Management Limited
Torchlight Group and its subsidiaries:
Torchlight GP Limited
Torchlight Fund LP
Australasian Credit Fund Limited
Real Estate Southern Holdings Limited
Henley Downs Village Investments Limited
Torchlight Real Estate Group
Equity Partners Infrastructure Management Ltd

RCL Group*

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

Property Group

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

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

Torchlight Fund LP (TFLP) and its subsidiaries

At 30 June 2021, the Company, through a subsidiary, had an ownership through direct limited partnership interests in TFLP of 70.3% (30 June 2020: 70.3%). In accordance with the TFLP limited partnership agreement, substantive control over TFLP is deemed to be established when a single investor holds greater than 34% of the limited partnership interests in TFLP. As a result, the Company is deemed to have control over TFLP. The Company, through a separate subsidiary, receives remuneration from TFLP in the form of management fees, but the Company has no ability to access or use the assets of TFLP to settle liabilities of the Company or its other subsidiaries.

A winding up petition was filed by certain Limited Partners of TFLP with the Grand Court of The Cayman Islands and served at the registered office of TFLP on 26 June 2015. The petition sought an order to wind up TFLP. In July 2018, a confidential settlement was reached in respect of the Petition and the Conspiracy Proceedings, and the petition was withdrawn with no order as to costs. As part of this settlement, the Petitioners agreed to the redemption of their limited partnership interests for a fixed redemption payment by TFLP of AUD25.5 million (£14.2 million), which was settled by the Group on 8 January 2021.

The life of TFLP expires on 30 November 2021 and no formal exit plan has been agreed or approved by the limited partners, including the amendment of the LPA to permit further extension of the life of TFLP. It is anticipated that the winding up of the Partnership will take up to 6 months from the date of publication of these Consolidated Financial Statements, although there are material uncertainties inherent in the disposal process which may result in this time period being extended.

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2021

9. Significant controlled entities (continued)

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

At 30 June 2021, the Company's investment in TFLP includes material non-controlling interests ("NCI"):

Significant subsidiaries	Proportion of ownership interests and voting rights held by the NCI	Total comprehensive income/(loss) allocated to NCI £000	Redemption of NCI £000	Accumulated NCI £000
30 June 2021				
Torchlight Fund LP and its subsidiaries	29.7%	(3,265)	-	8,296
30 June 2020				
Torchlight Fund LP and its subsidiaries	29.7%	(347)	-	11,561

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

Summarised Statement of Financial Position

	2021 £000	2020 £000
Current		
Cash in bank	10,282	7,073
Other current assets (excluding cash)	89,594	14,475
Total current assets	99,876	21,548
Other current liabilities (including trade payables)	(71,923)	(43,482)
Total current liabilities	(71,923)	(43,482)
Non-current		
Assets	-	85,134
Liabilities	-	(24,246)
Total non-current net assets/(liabilities)	-	60,888
Net assets	27,953	38,954
Equity attributable to owners	19,657	27,393
Non-controlling interests	8,296	11,561

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2021

9. Significant controlled entities (continued)

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

Summarised Statement of Comprehensive Income

	2021 £000	2020 £000
Revenue	12,655	14,286
Loss for the year attributable to owners	(7,746)	(705)
Loss for the year attributable to NCI	(3,270)	(298)
Loss for the year	(11,016)	(1,003)
Total comprehensive loss for the year attributable to owners	(7,734)	(820)
Total comprehensive loss for the year attributable to NCI	(3,264)	(346)
Total comprehensive loss for the year	(10,998)	(1,166)

No dividends were paid to the NCI during the financial year ended 30 June 2021 (30 June 2020: £nil).

Summarised statement of changes in equity

	Group interests £000	Non- controlling interests £000	Total £000
Balance at 1 July 2020	27,393	11,561	38,954
Loss for the year	(8,564)	(3,615)	(12,179)
Foreign currency adjustment on translation to presentation currency	510	(473)	37
Balance at 30 June 2021	19,339	7,473	26,812

Summarised cash flows

	2021 £000	2020 £000
Net cash applied to operating activities	(715)	(12,400)
Net cash from investing activities	4,822	22,411
Net cash applied to financing activities	(386)	(16,752)
Foreign currency adjustment on translation to presentation currency	(511)	(1,188)
Net cash inflow/(outflow)	3,210	(7,929)

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

10. Tax

	2021 £000	2020 £000
Current tax expense		
Current year	-	-
Deferred tax credit	25	948
Total tax credit	<u>25</u>	<u>948</u>
Attributable to:		
Continuing operations	<u>25</u>	<u>948</u>
Reconciliation of effective tax rate		
Taxable losses before tax	(13,993)	(1,359)
Total taxable losses	<u>(13,993)</u>	<u>(1,359)</u>
Prima facie tax credit/(charge) at 30%, 28% and 0%*	2,222	568
Less tax effect of items not taxable/deductible	(567)	(726)
Unused tax (profits)/ losses and tax offsets not recognised as deferred tax assets	(1,630)	1,106
Total tax credit/(charge)	<u>25</u>	<u>948</u>

*30% applicable Australian tax rate, 28% applicable New Zealand tax rate, 0% Guernsey tax rate and 0% Cayman Islands tax rate for the financial year ends 30 June 2021 and 30 June 2020.

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

11. Deferred tax

	1 July 2020 £000	Recognised in profit or loss £000	Foreign exchange gain/(loss) on translation £000	30 June 2021 £000
Deferred tax liabilities	1,126	99	(16)	1,209
Deferred tax assets	(116)	(124)	(13)	(253)
Net deferred tax liability	<u>1,010</u>	<u>(25)</u>	<u>(29)</u>	<u>956</u>
	1 July 2019 £000	Recognised in profit or loss £000	Foreign exchange gain/(loss) on translation £000	30 June 2020 £000
Deferred tax liabilities	2,097	(972)	1	1,126
Deferred tax assets	(111)	24	(29)	(116)
Net deferred tax liability	<u>1,986</u>	<u>(948)</u>	<u>(28)</u>	<u>1,010</u>

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

11. Deferred tax (continued)

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

	2021 £000	2020 £000
The following deferred tax assets have not been recognised as at 30 June:		
Tax losses (subject to meeting shareholder continuity requirements)	8,556	9,030
Deductible temporary differences	1,024	347
Total unrecognised deferred tax assets	9,580	9,377

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

	2021 £000	2020 £000
The following deferred tax assets have not been recognised as at 30 June:		
Tax losses (subject to meeting shareholder continuity requirements)	7,938	6,274
Total unrecognised deferred tax assets	7,938	6,274

The Company is exempt from Guernsey income tax.

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

New Zealand imputation credit account

	2021 £000	2020 £000
Balance at end of the reporting period available for use in subsequent reporting periods	-	-

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

	2021 £000	2020 £000
Loss for the year	(13,993)	(411)
Add/(less) non-cash items:		
Impairment on finance receivables	191	564
Depreciation and amortisation of non-current assets	81	48
Movement in unrealised loss on investments	4,783	1,500
Interest expense	13,787	7,574
Interest revenue	(293)	(262)
Foreign exchange gain/(loss)	458	(202)
Other non-cash items	(25)	(948)
Total non-cash items	18,982	8,274
Add/(less) movements in working capital items:		
Trade and other receivables	(406)	2,191
Trade and other payables	3,384	(2,955)
Development costs	9,960	3,752
Total movements in working capital items	12,938	2,988
Net cash flows from operating activities	17,927	10,851

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

13. Reconciliation of liabilities arising from financing activities

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

	2021			2020		
	Long-term borrowings	Short-term borrowings	Total	Long-term borrowings	Short-term borrowings	Total
	£000	£000	£000	£000	£000	£000
Opening balance	23,236	26,862	50,098	52,758	617	53,375
Cash flows:						
Repayment	(18,434)	-	(18,434)	(37,997)	(5,736)	(43,733)
Proceeds	20,205	-	20,205	-	30,800	30,800
Non-cash:						
Refinancing	30,167	(30,167)	-	-	-	-
Capitalised interest	10,482	3,305	13,787	9,371	2,591	11,962
Translation difference	95	-	95	(896)	(1,410)	(2,306)
Closing balance	65,751	-	65,751	23,236	26,862	50,098

14. Loss per share attributable to owners of the Company

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

	2021	2020
Loss after tax attributable to owners of the Company (£000)	(10,723)	(113)
Loss after tax attributable to owners of the Company – continuing operations (£000)	(10,723)	(113)
Weighted average number of ordinary shares in issue (000)	202,392	204,970
Basic and diluted loss attributable to owners of the Company (pence per share)	(5.30)p	(0.06)p
Basic and diluted loss attributable to owners of the Company - continuing operations (pence per share)	(5.30)p	(0.06)p
Net assets per share attributable to owners of the Company (pence per share)*	15.33p	20.94p

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

15. Share capital and reserves

Authorised Capital

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

	2021	2020
	shares	shares
	000s	000s
Number of issued shares		
Opening balance	202,463	207,463
Share buy-backs	(144)	(5,000)
Closing balance	202,319	202,463

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

15. Share capital and reserves (continued)

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

	2021 £000	2020 £000
Share premium		
Opening balance	151,197	151,940
Share buy-back	(19)	(743)
Closing balance	<u>151,178</u>	<u>151,197</u>

Foreign currency translation reserve

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

Non-controlling interests ("NCI") reserve

NCI reserve represents the accumulated profits attributable to the NCIs.

Non-controlling interests acquisition reserve

NCI acquisition reserve represents the gains recognised in transactions between the Group and NCIs.

16. Finance receivables

	2021 £000	2020 £000
Gross finance receivables	1,949	706
Total finance receivables	<u>1,949</u>	<u>706</u>

Finance receivables are loans with various terms and interest rates.

17. Inventories

	2021 £000	2020 £000
<i>Land held for resale</i>		
Current assets		
Cost of acquisition	18,714	6,088
Development costs	11,430	5,255
	<u>30,144</u>	<u>11,343</u>
Non-current assets		
Cost of acquisition	43,308	62,709
Development costs	6,157	13,162
Less: (impairment)/reversal of impairment (see note 8)	(665)	28
	<u>48,800</u>	<u>75,899</u>
Total inventories	<u>78,944</u>	<u>87,242</u>

The majority of the Group's inventories are held in the Torchlight Group segment of the business through the RCL Australian and New Zealand registered subsidiaries. These inventories consist of residential land subdivisions and property development in the geographical areas of Australia and New Zealand. In accordance with note 3(l), inventories are held at the lower of cost and net realisable value. All RCL inventories are held at cost. At 30 June 2021, these inventories are pledged as security to a third party corporate debt facility as detailed further in note 22. The remaining inventories were held in the Property Group segment of the business through Land House Limited ("LHL"). No security is held over these properties.

During the year, AUD 9.1 million (£5.0 million) and NZD 24.0 million (£12.5 million) (30 June 2020: AUD26.4 million (£14.1 million)) of inventories in respect of the RCL subsidiaries and NZD 3.4 million (£1.9 million) (30 June 2020: NZD 1.4 million (£0.7 million)) of inventories in respect of the RESHL and LHL subsidiaries were recognised as an expense in the Consolidated Statement of Comprehensive Income. During the year, inventories of NZD 1.29 million (£0.7 million) held in LHL were written down to net realisable value (30 June 2020: £Nil).

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2021

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

	2021 £000	2020 £000
Current assets		
KCR Residential REIT	1,680	-
PTL receivable	6,804	-
Loans and receivables at FVTPL	3,885	-
	12,369	-
Non-current assets		
KCR Residential REIT	-	2,835
PTL receivable	-	8,742
Loans and receivables at FVTPL	-	5,095
	-	16,672
Total Investments – Fair value through profit or loss	12,369	16,672

(i) KCR Residential REIT

On 6 August 2019, a subsidiary of the Group, Torchlight Fund LP, acquired 9,000,000 New Ordinary Shares, each at 45 pence per share for a total amount of £4.05 million, in KCR Residential REIT plc (“KCR”), an AIM-listed real estate trust. On 6 May 2021, Torchlight Fund LP exercised an option to acquire a further 600,000 Ordinary Shares in KCR at 19.8 pence per share for a total amount of £0.118 million. As at 30 June 2021, the Company held 34.08% (30 June 2020: 32.64%) of the issued share capital in KCR Residential REIT plc (“KCR”) through its investment in subsidiary, TFLP. While Mr. Naylor, a director of the Company, was appointed to the Board of KCR, the Company has considered this and TFLP’s voting rights and consider that TFLP has significant influence but not control and do not deem this sufficient to enforce any operational or financial changes to KCR at this stage. KCR is deemed an associate however, for the purposes of the financial statements, the Directors have elected to account for KCR as a financial asset at fair value through profit or loss under the provisions of IAS 28 and in accordance with IFRS 9.

Subsequent to the year end, TFLP has exercised an option to acquire a further 13.5 million shares in KCR at 19.982p per share, a total consideration of £2.7 million. Following exercise, TFLP holds 55.44% of KCR.

The principal financial information of KCR for the years ended 30 June 2021 and 2020 is as follows:

	2021 £000	2020 £000
Cash and cash equivalents	66,915	1,535,946
Other current assets	53,375	63,889
Non-current assets	24,285,378	23,638,410
Current liabilities	(2,033,412)	(2,045,674)
Non-current financial liabilities	(11,052,419)	(11,052,419)
Revenue	1,036,011	1,035,816
Other operating income	2,803	14,576
Fair value through profit or loss – Revaluation of investment properties	501,330	(311,888)
Cost of sales	(20,606)	(152,605)
Total administrative and other expenses	(1,947,069)	(3,665,430)
Interest income	729	2,645
Interest expense	(497,432)	(483,932)
Taxation	-	-
Total comprehensive loss	(924,234)	(3,560,818)

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

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

(ii) PTL receivable

The PTL receivable arose from the sale in 2013 by the Company to Bath Street Capital limited (“BSC”), then called Coulthard Barnes Capital Limited, of the Company’s shareholding in Perpetual Trust Limited.

As at 30 June 2021, the fair value of the Group’s receivable from sale of Perpetual Trust Limited (“PTL”), has been arrived at on the basis of a settlement in the amount of NZD 13.5 million (£6.8 million) agreed between the Group and the sale counterparty and settled subsequent to the year end. As at 30 June 2020, the fair value was determined on the basis of a valuation carried out as at the reporting date by Simmons Corporate Finance, an external party to the Group, which assessed the fair value of the PTL receivable to be NZD16.8 million (£8.7 million). A fair value loss of NZD3.3 million (£1.7 million) has been recognised in other comprehensive income during the year (30 June 2020: Gain of NZD0.2 million (£0.1 million)).

(iii) Loans and receivables

This category comprises the following amounts:

(a) a loan to an Australian borrower group that is in default, which is measured at a fair value of AUD0.1 million (£0.04 million) (30 June 2020: AUD2.0 million (£1.1 million)) based on the future discounted cash flows expected to be received. During the year, the Group received settlement of the majority of the loan and recognised a fair value increase on this loan of AUD0.3 million (£0.15 million) (30 June 2020: decrease of AUD0.2 million (£0.1 million));

(b) a receivable of NZD7.6 million (£3.8 million) (30 June 2020: NZD7.6 million (£4.0million)) due from an Australian investment company in relation to the acquisition by that company of a partnership interest in Torchlight Fund LP.

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

19. Investments – Derivative financial instruments

	2021 £000	2020 £000
Non-current assets		
Derivative financial instruments	-	1,849
Total Investments – Derivative financial instruments	-	1,849

The Group held no derivative instruments at the year end. The derivative financial instrument held at 30 June 2020 was a call option for the right to receive 25 residential lots in a subdivision situated in East Wanaka, New Zealand following the development of 400 sections in a number of tranches. The call option was exercised during the year.

As at 30 June 2020, the Directors engaged an external party to the Group, Northington Partners, who assessed the Derivative financial instrument to have a fair value in the range of NZD3.4 million to NZD3.7 million. In the opinion of the Directors, a valuation of NZD3.5 million (£1.8 million), in the middle of this range, best represented the fair value of the Derivative financial instruments at 30 June 2020.

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

20. Investments – Loans and receivables at amortised cost

	2021 £000	2020 £000
Current assets		
Loans receivable - gross	2,268	2,347
Impairment of loans receivable	(1,766)	(1,654)
Other receivables	1,285	-
Total current loans and receivables at amortised cost	1,787	693
Non-current assets		
Loans receivable - gross	34,154	35,186
Impairment of loans receivable	(34,154)	(35,186)
Loans receivable – net of impairment	-	-
Other receivables	-	1,583
Total non-current loans and receivables at amortised cost	-	1,583
Total loans and receivables at amortised cost	1,787	2,276

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

	2021 £000	2020 £000
Balance brought forward	36,840	36,342
Impaired asset charge	168	229
Foreign exchange on translation	(1,088)	269
Balance carried forward	35,920	36,840

Loans receivable

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

During the year, impairment of NZD0.3 million (£0.2 million) (30 June 2020: NZD0.4 million (£0.2 million)) on the Group's current loans receivable has been recognised to reflect expected 12 month credit losses, representing 7.383% (30 June 2020: 9.844 %) of the gross loan balances.

Other receivables

Other receivables comprises NZD2.6 million (£1.3 million) (30 June 2020: NZD 3.0 million (£1.6 million)) paid as a deposit towards 50% of development costs on the initial exercise of call options in respect of 50 (30 June 2020: 50) residential lots in a subdivision situated in East Wanaka, New Zealand.

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

	2021			£000
	£000	£000	£000	
	Not yet due	Past due and impaired	Past due and not impaired	Total
Not yet due	1,285	-	-	1,285
Up to 12 months	-	502	-	502
Total	1,285	502	-	1,787
	2020			£000
	£000	£000	£000	
	Not yet due	Past due and impaired	Past due and not impaired	Total
Not yet due	1,583	-	-	1,583
Up to 12 months	-	693	-	693
Total	1,583	693	-	2,276

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

21. Non-controlling interest

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

	2021
	£000
NCI brought forward at 30 June 2020	11,561
NCI's share of losses for the year	(3,270)
Foreign currency adjustment on translation to presentation currency	5
NCI carried forward at 30 June 2021	8,296
	2020
	£000
NCI brought forward at 30 June 2019	11,908
NCI's share of losses for the year	(298)
Foreign currency adjustment on translation to presentation currency	(49)
NCI carried forward at 30 June 2020	11,561

22. Borrowings

	2021	2020
	£000	£000
Current		
Third party corporate debt facilities – secured	-	26,862
Non-current		
Third party corporate debt facility – secured	65,751	23,236
Total borrowings	65,751	50,098

The AUD borrowing facility within the RCL Group expired in February 2021 and was refinanced on 8 January 2021. The facility was increased to AUD 82.4 million (£44.6 million) and extended to January 2024. Interest is payable on the facility of 13.75%. The NZD borrowing facility was refinanced at the same time, with the facility being increased to NZD 60.6 million (£30.5 million), reducing to NZD 37.0 million (£18.6 million) in July 2021. Interest is payable on the facility of 10% until July 2021 and 13.75% thereafter. These facilities are cross-collateralised, secured on the RCL Group's inventories (see note 17) and mature in January 2024.

Subsequent to the year end, RCL has refinanced its NZD facility. On 31 August 2021, RCL entered into a new facility with a 3 year term providing an additional NZD 30 million (£15.1 million) in working capital to support accelerated development activity across the portfolio.

23. Trade and other payables

	2021	2020
	£000	£000
Current		
Trade payables	6,267	2,670
Other payables	105	330
	6,372	3,000

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

24. Related party transactions

(a) Transactions with related parties

Parent and its associated entity

Chase Nominees Limited (“Chase”)

Chase is the parent of PGC, holding 51.63% of the Company’s shares as at 30 June 2021 (30 June 2020: Nil). Entities associated with George Kerr are the ultimate beneficial owners of the shares held by Chase, which is acting as custodian.

Australasian Equity Partners (GP) No. 1 Limited (“AEP GP”)

As at 30 June 2020, AEP GP, as general partner of Australasian Equity Partners Fund No.1 LP (“AEP LP”), was the parent of PGC, holding 65.71% of the Company’s shares. George Kerr is the ultimate controlling party of AEP LP. AEP GP charged Torchlight Group Limited, a subsidiary of the Company, administration fees of £17,000 during the year ended 30 June 2021 (30 June 2020: £63,000). At 30 June 2021, an amount of £1,500 was payable to AEP GP (30 June 2020: £41,467). The above expenses have been included in selling and administration expenses in the Consolidated Statement of Comprehensive Income.

During the year ended 30 June 2021, the Group made additional unsecured loan advances of £47,000 (30 June 2020: £57,000) to AEP GP. At 30 June 2021, the amount receivable from AEP GP was £3.2 million (30 June 2020: £3.1 million). These amounts are repayable by AEP GP on demand, or by the loan expiry date of 30 November 2023, extended from 13 November 2020, whichever is the earlier. General advances accrue interest at 9% per annum. Total interest recognised during the year was £293,000 (30 June 2020: £262,000).

(b) Transactions with key management personnel

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

	2021 £000	2020 £000
Key management personnel compensation from Parent Company is as follows:		
Directors’ fees payable to non-executive Directors	120	120
Consultancy fees payable to executive Directors	1,239	893
Total	1,359	1,013

Directors’ fees of £60,000 were outstanding at 30 June 2021 (30 June 2020: £25,000). Consultancy fees of £712,000 were outstanding at 30 June 2021 (30 June 2020: £159,000).

	2021 £000	2020 £000
Personnel compensation within RCL Group companies is as follows:		
Short-term employee benefits	2,165	1,627
Total	2,165	1,627

There were no employee benefits outstanding at 30 June 2021 or 30 June 2020.

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

25. Fair value

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

Fair value measurement of financial instruments

Finance receivables

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

Loans and receivables

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

Borrowings

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

Investments - Fair value through profit or loss

Listed equity securities

Listed equity securities comprises UK listed equity securities. (30 June 2020: UK listed equity securities). The listed equity securities are measured at fair value, based on unadjusted quoted prices in active markets for identical assets.

PTL Receivable

The PTL receivable is measured at fair value. As at 30 June 2021, it was valued in accordance with a settlement agreed between the Group and the settlement counterparty and settled subsequent to the year end. As at 30 June 2020, the PTL receivable was measured on the basis of a valuation prepared by an external valuer, which was based on the probability weighted Net Present Values (NPVs) of the receivable under three separate scenarios (see note 18). The Directors consider the fair value of the PTL receivable at the reporting date to be best represented by the amount of the settlement agreed between the Group and the settlement counterparty.

Loans and receivables

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

Derivative financial instruments

Derivative financial instruments are measured at fair value. There are no derivative financial instruments at 30 June 2021 (30 June 2020: a call option for the right to receive 25 residential lots in a subdivision situated in East Wanaka, New Zealand following the development of 400 sections in a number of tranches). As at 30 June 2020, the derivative financial instrument was valued by an external valuer, using a stochastic discounted cash flow ("DCF") analysis over an assumed development period for the 25 lots. The Directors consider the fair value of the derivative financial instrument at 30 June 2020 to be best represented by the valuation assessment provided by the external valuer.

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2021

25. Fair value (continued)

Fair Value Hierarchy

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

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

	Note	Level 1 £000	2021 Level 2 £000	Level 3 £000	Total £000
Assets					
Investments – PTL receivable	18	-	-	6,804	6,804
Listed equity securities	18	1,680	-	-	1,680
Loans and receivables	18	-	-	3,885	3,885
Total Assets		1,680	-	10,689	12,369
	Note	Level 1 £000	2020 Level 2 £000	Level 3 £000	Total £000
Assets					
Investments – PTL receivable	18	-	-	8,742	8,742
Listed equity securities	18	2,835	-	-	2,835
Loans and receivables	18	-	-	5,095	5,095
Investments – Derivative financial instruments	19	-	-	1,849	1,849
Total Assets		2,835	-	15,686	18,521

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2021

25. Fair value (continued)

Reconciliation of Level 3 fair value measurements of assets

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

2020	PTL receivable £000	Loans and receivables at fair value through profit or loss £000	Derivative financial instruments £000	Total £000
Investments held at fair value				
<i>Balance at the beginning of the year</i>	8,765	5,255	2,119	16,139
Change in fair value through profit or loss within investment revenue	99	(107)	(246)	(254)
Foreign exchange on translation	(122)	(53)	(24)	(199)
Balance at the end of the year	8,742	5,095	1,849	15,686

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2021

25. Fair value (continued)

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

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

Description	Fair value at 30 June 2021 £000	Fair value at 30 June 2020 £000	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Derivative financial instruments	-	1,849	Stochastic discounted cash flow analysis	See page 57	See page 57	See page 57
PTL receivable	6,804	8,742	30 June 2021 Sale agreement	Sale price agreed	See pages 54 to 56	See pages 54 to 56
Loan at fair value through profit or loss	40	1,116	30 June 2020 External valuation using probability weighted scenarios	Percentage probability weightings Discount rate	See pages 54 to 56	See pages 54 to 56
Receivable at fair value through profit or loss	3,845	3,979	Based on NPV of future cash flows and cash balance	Discount rate	10% discount rate 30% entitlement	If the discount rate used was higher/lower, the fair value would decrease/increase. The effect of any such decreases/increases would not be material.
			Cost adjusted for any estimated shortfall in future distribution payable to Limited Partner in Torchlight	Torchlight NAV, principally determined by valuation of underlying assets	Torchlight NAV (30 June 2021: AUD 253.3 million (£137.1 million), 30 June 2020: AUD 251.8 million (£140.4 million))	Any increase, or a decrease of up to 27%, in the Torchlight NAV would have no effect on the fair value. A decrease of 50% in the Torchlight NAV would result in a decrease of 32% in the fair value.

10,689 **15,686**

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

25. Fair value (continued)

Valuation process

PTL receivable

As at 30 June 2021, the fair value of the Group's receivable from sale of Perpetual Trust Limited ("PTL"), has been arrived at on the basis of a settlement in the amount of NZD 13.5 million (£6.8 million) agreed between the Group and the sale counterparty and settled subsequent to the year end.

As at 30 June 2020, in order to ascertain the fair value of the PTL receivable, the Directors engaged an external valuer (see note 18) who assessed the receivable to have a fair value of NZD16.8 million (£8.7 million). Set out below are details of the inputs used in determining the fair value of the PTL receivable at 30 June 2020, and analysis as to how the fair value of the receivable would change under varying scenarios.

Valuation assumptions

In determining the fair value of the PTL receivable as at 30 June 2020, the valuer considered three primary scenarios that could occur in the future:

1. The litigation scenario in which PGC would successfully pursue payment of the PTL receivable through litigation;
2. The IPO scenario in which PGC receives payment under the terms of the Deed of Termination of Agreements and Carry (DTAC) after a Newco containing PTL is successfully listed on the NZX Main Board; and
3. The balance is not recovered, i.e. litigation is unsuccessful and no IPO occurs.

The valuer assigned an 90% likelihood that the receivable would be subject to litigation and a 10% likelihood that the receivable would be recovered through an IPO between 30 June 2021 and 30 June 2023. In the event litigation were to occur, the valuer assigned a 70% probability that the litigation would be successful, so effectively a 63.0% likelihood that the receivable would be recovered via a litigation scenario. The valuer also recognised that an IPO might not occur and that PGC's litigation might not be successful, resulting in PGC receiving no return from the PTL receivable. The valuer applied a 20% likelihood of no recovery under that scenario.

Under the IPO scenario, the valuer assumed three sub-scenarios in which the IPO could take place in one year's time (i.e. on or around 30 June 2021), in two years' time (on or around 30 June 2022), or in three years' time (on or around 30 June 2023), with probabilities of 0%, 30% and 70% respectively. In addition, the valuer assessed the likelihood of the Newco not achieving a prospective EBITDA multiple of 8.5x to be negligible, and attributed a probability of 0% to this outcome. All cash flows under the IPO scenario were discounted using a discount rate of 9.86%.

Using the above valuation assumptions the fair value of the PTL receivable was calculated as follows:

	Litigation scenario	IPO – thee sub-scenarios			No return scenario
	NZD000	NZD000	NZD000	NZD000	NZD000
Gross Value	22,000	22,000	22,000	22,000	0
Date received	31 Dec 2022	30 June 2021	30 June 2022	30 June 2023	
Discount rate – pre-tax	0.00%	9.86%	9.86%	9.86%	
Present value – 30 June 2019	22,000	20,025	18,228	16,592	
Probability	63.0%	0.0%	5.1%	11.9%	20.0%
Fair Value – 30 June 2020	16,764				
	£000				
Fair Value in £ – 30 June 2020	8,742				

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

25. Fair value (continued)

Valuation process (continued)

PTL receivable (continued)

Litigation, IPO scenarios and timings

- a 10% decrease in the probability weighting of the successful litigation scenario would result in a reduction in the fair value of the PTL receivable of £917,000;
- a 5% decrease in the probability weighting of the general litigation scenario would result in a decrease in the fair value of the PTL receivable of £1,246,000;
- a 6 month delay in each of the IPO sub-scenarios would result in a reduction in the fair value of the PTL receivable of £70,000;
- a 12 month delay in each of the IPO sub-scenarios would result in a reduction in the fair value of the PTL receivable of £136,000; and
- a 2% decrease in the discount rate used would result in an increase in the fair value of the PTL receivable of £38,000.

The following sensitivity table illustrates the potential impact to the fair value of the PTL receivable arising from potential changes to the litigation success rate and potential delays in the timing of IPO scenarios, with all other variables consistent with initial assumptions.

Success %	IPO delay							Successful litigation probability
	31-Dec-20	30-Jun-21	31-Dec-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	
0%	3,111	2,969	2,832	2,702	2,460	2,239	2,038	0.0%
10%	3,926	3,794	3,666	3,546	3,320	3,115	2,928	9.0%
20%	4,741	4,619	4,500	4,389	4,180	3,990	3,818	18.0%
30%	5,555	5,444	5,335	5,232	5,040	4,866	4,707	27.0%
40%	6,370	6,268	6,169	6,076	5,901	5,742	5,597	36.0%
50%	7,185	7,092	7,003	6,919	6,761	6,618	6,487	45.0%
60%	7,999	7,917	7,838	7,762	7,622	7,493	7,377	54.0%
70%	8,814	8,742	8,672	8,606	8,482	8,369	8,267	63.0%
80%	9,629	9,567	9,506	9,449	9,342	9,245	9,157	72.0%
90%	10,443	10,391	10,340	10,292	10,202	10,121	10,046	81.0%
100%	11,258	11,216	11,174	11,136	11,063	10,997	10,936	90.0%

The following sensitivity table illustrates the potential impact to the fair value of the PTL receivable arising from potential changes to the litigation scenario weighting and potential delays in the timing of IPO scenarios, with all other variables consistent with initial assumptions.

Litigation %	IPO delay							Successful litigation probability
	31-Dec-20	30-Jun-21	31-Dec-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	
70%	7,063	6,997	6,933	6,873	6,761	6,659	6,566	49.0%
75%	7,501	7,433	7,368	7,307	7,191	7,086	6,991	52.5%
80%	7,939	7,869	7,803	7,740	7,622	7,514	7,416	56.0%
85%	8,376	8,306	8,237	8,173	8,052	7,942	7,842	59.5%
90%	8,814	8,742	8,672	8,606	8,482	8,369	8,267	63.0%
95%	9,252	9,178	9,106	9,038	8,912	8,797	8,692	66.5%

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2021

25. Fair value (continued)

Valuation process (continued)

PTL receivable (continued)

Litigation, IPO scenarios and timings (continued)

Discount rate

Assessment of fair value requires consideration of a willing buyer and a willing seller on an open market. It is probable that a hypothetical willing buyer of this asset may apply an additional risk premium to the discount rate to reflect the uncertainties associated with the recovery of the PTL receivable. In the sensitivity table below, we show the potential impact to the fair value of the PTL receivable arising from potential changes to the pre-tax discount rate with all other variables consistent with initial assumptions.

Success %	Discount rate							Successful litigation probability
	3.86%	5.86%	7.86%	9.86%	11.86%	13.86%	15.86%	
0%	3,453	3,280	3,119	2,969	2,829	2,699	2,576	0.0%
10%	4,244	4,083	3,933	3,794	3,664	3,542	3,428	9.0%
20%	5,034	4,886	4,747	4,619	4,498	4,385	4,280	18.0%
30%	5,825	5,689	5,562	5,444	5,332	5,229	5,132	27.0%
40%	6,616	6,492	6,376	6,268	6,167	6,073	5,984	36.0%
50%	7,407	7,295	7,190	7,092	7,002	6,917	6,837	45.0%
60%	8,197	8,097	8,004	7,917	7,836	7,760	7,689	54.0%
70%	8,988	8,900	8,818	8,742	8,670	8,604	8,541	63.0%
80%	9,779	9,703	9,632	9,567	9,505	9,447	9,393	72.0%
90%	10,570	10,506	10,431	10,391	10,340	10,291	10,246	81.0%
100%	11,361	11,309	11,261	11,216	11,174	11,134	11,098	90%

The following sensitivity table illustrates the potential impact to the fair value of the PTL receivable arising from potential changes to the litigation scenario weighting and the discount rate, with all other variables consistent with initial assumptions.

Litigation %	Discount rate							Successful litigation probability
	3.86%	5.86%	7.86%	9.86%	11.86%	13.86%	15.86%	
70%	7,221	7,141	7,067	6,997	6,932	6,872	6,815	49.0%
75%	7,663	7,581	7,504	7,433	7,424	7,305	7,246	52.5%
80%	8,105	8,021	7,942	7,869	7,802	7,737	7,678	56.0%
85%	8,547	8,461	8,380	8,306	8,236	8,136	8,110	59.5%
90%	8,988	8,900	8,818	8,742	8,670	8,604	8,541	63.0%
95%	9,430	9,340	9,256	9,178	9,105	9,036	8,973	66.5%

Litigation, IPO scenarios and timings

Prospective EBITDA multiple

As set out above, the PTL receivable was determined on the basis of the prospective EBITDA multiple of the Newco on listing.

Having considered the past trading multiples of comparable companies and the headline indices of NZ and Australia, the valuer concluded that the likelihood of this being less than 8.5x (as per the DTAC) is negligible.

In summary, various factors could impact the fair value of the PTL receivable and while the above analysis provides information in respect to the potential impact of changes to the underlying assumptions of the independent expert, the actual fair value may vary significantly from the amount recorded within the Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

25. Fair value (continued)

Valuation process (continued)

Listed equity securities

Listed equity securities comprises UK listed equity securities, which are measured at fair value, based on an unadjusted quoted price in an active market for identical assets. The investment is classified as level 1 financial instruments in the fair value hierarchy.

Derivative financial instruments

As at 30 June 2021, the Group held no derivative financial instruments. The derivative financial instrument was a call option for the right to receive a fourth tranche of 25 residential lots in a subdivision situated in East Wanaka, New Zealand and was exercised during the year. The Group had previously exercised options over 75 residential lots in three tranches. As at 30 June 2020, the derivative financial instrument was valued by an external valuer, using a stochastic discounted cash flow ("DCF") analysis over an assumed development period for the 25 lots.

The primary assumptions used in the valuation were: estimated average sale price of NZD350,000 per lot; average lot size of 600 square metres; development costs of NZD121,500 per lot; and each section to be pre-sold subject to title and an overall development and sale period of 4.67 years.

Within the methodology the valuer allowed for certain parameters to vary as follows:

Number of sections released in future tranches

The developer is to develop and market at least 25 sections in the remaining tranche, meaning the Group will have the option to purchase at least 25 properties at the conclusion of the option's life. The valuer applied a broad spectrum of possibilities in case this tranche is not completed in line with the agreed timeline for whatever reason.

The escalation or reduction in sale price of the sections

The sale price is determined by the market at the time of sale. The valuer applied an assumption of 2.5% per annum increases in sales prices, in line with then recent land appreciation rates.

The escalation in the exercise price

The valuer applied an assumption that there would be no increase in the exercise price, as this remained constant for the first three tranches of residential lots.

Valuation results

The valuer modelled a range of possible outcomes using a stochastic DCF analysis with varying assumptions as detailed above. The valuer estimated a low to high range of values of the remaining tranche being between NZD3.4 million and NZD3.7 million respectively. As at 30 June 2020, the Directors determined that a valuation of NZD3.5 million (£1.8 million), in the middle of this range, best represented the fair value of the residual option for 25 lots.

26. Financial risk management

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

26. Financial risk management (continued)

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

Categories of financial instruments

	2021 £000	2020 £000
Assets		
<i>Financial assets at fair value through profit or loss</i>		
Investments – PTL receivable	6,804	8,742
Investments – Derivative financial instruments	-	1,849
Investments – Fair Value through profit or loss	5,565	7,930
	<hr/> 12,369	<hr/> 18,521
<i>Financial assets at amortised cost</i>		
Investments – Loans and receivables at amortised cost	1,787	2,276
Cash and cash equivalents	10,323	7,253
Finance receivables	1,949	706
Trade and other receivables	3,074	2,915
Advances to related parties	3,249	3,113
	<hr/> 20,382	<hr/> 16,263
Liabilities		
<i>Financial liabilities at amortised cost</i>		
Borrowings	65,751	50,098
Trade and other payables	6,372	17,218
	<hr/> 72,123	<hr/> 67,316

Credit Risk

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

Credit risk management framework

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

Reviewing and assessing credit risk

The credit risk management strategies ensure that:

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

Collateral requirements - finance receivables

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

Expected credit losses

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

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

26. Financial risk management (continued)

Credit Risk (continued)

Expected credit losses (continued)

During the year, a credit loss of NZD0.3 million (£0.2 million) (30 June 2020: NZD0.4 million (£0.2 million)) was recognised against three related loans receivable with a gross value of NZD4.5 million (£2.3 million) (30 June 2020: NZD4.5 million (£2.3 million)). These loans were impaired by a further 7.383% (30 June 2020: 9.844%) to reflect expected future credit losses.

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

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

Concentrations of credit risk

The Group holds cash balances totalling £2.5 million with ASB Bank Limited and £0.6 million with Commonwealth Bank of Australia, both of which have a long-term Fitch credit rating of A+ (30 June 2020: both A+). Cash balances of £7.0 million are held on trust accounts with an Australian and a New Zealand law firm, for which no credit ratings are available. There are no other material cash balances with any other banks.

The Group has a concentration of credit risk at 30 June 2021 in relation to its investments in loans and receivables and investment in the PTL receivable (see note 18).

The amount of the PTL receivable is NZD13.5 million (£6.8 million) (30 June 2020: NZD22.0 million (£11.5 million)) and this amount was settled subsequent to the year end.

Maximum exposure to credit risk

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

Liquidity risk

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

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

Contractual liquidity profile of financial liabilities

2021	0-12 Months £000	1-2 Years £000	2-5 Years £000	5+ Years £000	Total £000
Financial liabilities					
Borrowings	-	-	89,158	-	89,158
Other financial liabilities	6,372	-	-	-	6,372
Total financial liabilities	6,372	-	89,158	-	95,530
2020	0-12 Months £000	1-2 Years £000	2-5 Years £000	5+ Years £000	Total £000
Financial liabilities					
Borrowings	30,032	-	-	34,389	64,421
Other financial liabilities	17,218	-	-	-	17,218
Total financial liabilities	47,250	-	-	34,389	81,639

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

26. Financial risk management (continued)

Liquidity risk (continued)

Contractual liquidity profile of financial liabilities (continued)

The AUD borrowing facility within the RCL Group expired in February 2021 and was refinanced during the year. The facility was increased to AUD 82.4 million (£44.6 million) and extended to January 2024, and incurs interest at 13.75%. The NZD borrowing facility was refinanced at the same time, with the facility being increased to NZD 60.6 million (£30.5 million), reducing to NZD 37.0 million (£18.6 million) in July 2021. This facility is cross-collateralised with the AUD facility and matures in January 2024. Interest is payable on the facility of 10% until July 2021, and 13.75% thereafter.

The Group had no undrawn committed bank facilities at 30 June 2021 or 30 June 2020.

There were no unrecognised loan commitments for the Group for the year ended 30 June 2021 (30 June 2020: £nil).

Market risk

Interest rate risk

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

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

26. Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

	WAIR*	Floating rate financial instruments £000	Fixed rate financial instruments £000	Non-interest bearing financial instruments £000	Total £000
2020					
Assets					
Cash and cash equivalents	1.37%	7,253	-	-	7,253
Finance receivables		-	-	706	706
Advances to related parties	9.00%	-	3,113	-	3,113
Investments – Loans and receivables at amortised cost		-	-	2,276	2,276
Investments – Fair value through profit or loss		-	-	16,672	16,672
Trade and other receivables		-	-	2,915	2,915
Total Assets		7,253	3,113	22,569	32,935
Financial liabilities					
Borrowings	10.04%	-	50,098	-	50,098
Other financial liabilities		-	-	17,219	17,219
Total financial liabilities		-	50,098	17,219	67,317
Total interest sensitivity gap		7,253	(46,985)	5,350	(34,382)

*Weighted average interest rate

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

As at 30 June 2021, an increase/decrease in interest rates on floating rate financial instruments of 0.25%, with all other variables held constant, would have resulted in an increase of £26,000/decrease of £13,000 in the Group's net asset value (30 June 2020: increase of £36,000/decrease of £30,000). The sensitivity rate of 0.25% is regarded as reasonable due to the current low rates of global interest rates and the relative stability of global interest rates in recent years.

Equity Price risk

The Group is exposed to equity price risks arising from its listed equity investments. Information on the Group's equity investments is included in note 18.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at 30 June 2021.

As at 30 June 2021, an increase/decrease in equity prices of 10%, with all other variables held constant, would have resulted in an increase/decrease of £0.2 million in the Group's net asset value (30 June 2020: £0.3 million).

Foreign exchange risk

The Group's exposure to foreign currency risk arises from its financial instruments denominated in currencies other than its functional currency, principally Australian Dollar and British Pound Sterling. An increase/decrease of 10% in Australian Dollar and British Pound Sterling against the functional currency of New Zealand Dollar would have resulted in a £0.3 million decrease/increase in the Group's net asset value (30 June 2020: £5.1 million). The sensitivity rate of 10% is regarded as reasonable, as this is approximately the volatility of the Australian Dollar and British Pound Sterling against the New Zealand Dollar over the past 12 months.

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

26. Financial risk management (continued)

Management of capital

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

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

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

27. Contingent liabilities and commitments

Torchlight Fund LP and its subsidiaries

The Group had the following commitments within the RCL Group:

	2021 £000	2020 £000
Contracted work to complete		
<i>Expenditure contracted for at the reporting date but not recognised as liabilities</i>		
Within one year	4,373	3,554

Torchlight Fund LP and its subsidiaries – Contingent assets

The Group has financial guarantees in respect of completion of development works and maintenance bonds to relevant authorities. The value of these guarantees at 30 June 2021 was £0.3 million (30 June 2020: £0.6 million).

28. Segmental analysis

The Group has 3 reportable segments, as described below, which are the Group's strategic divisions.

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

Torchlight Segment	Provider of investment management services and a proprietary investor (both directly and in funds it manages).
Property Group	Management of the Group's property assets.
Parent Company	Parent Company that holds investments in and advances to/from subsidiaries.

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

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

28. Segmental analysis (continued)

(a) Group's reportable segments

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

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

28. Segmental analysis (continued)

(a) Group's reportable segments (continued)

2020	Continuing Operations				Total £000
	Torchlight Segment £000	Property Group £000	Parent Company £000	Inter-segment eliminations £000	
External revenue					
Interest revenue	663	-	68	-	731
Other revenue	1,245	-	-	-	1,245
Other income	298	10	-	-	308
Gross revenue from land development and resale	53,974	978	-	-	54,952
Cost of land development sales	(39,752)	(420)	-	-	(40,172)
Other investment gains	-	-	99	-	99
	16,428	568	167	-	17,163
Internal revenue					
Internal interest revenue/(expense)	1	-	(1)	-	-
Foreign exchange gains	185	1	27	-	213
Total segment revenue	16,614	569	193	-	17,376
Expenses					
Interest expense	(7,756)	(12)	-	-	(7,768)
Impairment	(536)	-	-	-	(536)
Other investment losses	(1,599)	-	-	-	(1,599)
Selling and administration expenses	(7,772)	(127)	(933)	-	(8,832)
Total operating expenses	(17,663)	(139)	(933)	-	(18,735)
(Loss)/profit before tax	(1,049)	430	(740)	-	(1,359)
Income tax charge	948	-	-	-	948
(Loss)/profit after tax	(101)	430	(740)	-	(411)
Non-controlling interests	298	-	-	-	298
(Loss)/profit for the year attributable to owners of the Company	298	430	(740)	-	(113)
Total assets	157,708	2,765	69,973	(108,171)	122,275
Total liabilities	94,638	11,894	426	(38,631)	68,327

PYNE GOULD CORPORATION LIMITED

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2021

28. Segmental analysis (continued)

(b) Geographical information

The Company is domiciled in Guernsey. The Group has subsidiaries incorporated in three principal geographic areas: New Zealand, Australia and the Cayman Islands.

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

	Revenue from External Customers		Non-Current Assets	
	2021 £000	2020 £000	2021 £000	2020 £000
New Zealand	13,360	9,653	21,861	18,111
Australia	1,095	7,315	27,483	76,035
Cayman Islands	294	195	3,249	5,107
	14,749	17,163	52,593	99,252

29. Events after the reporting date

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

On 15 July 2021, the Company, Bath Street Capital and Andrew Barnes reached a full and final settlement of all matters in dispute between them regarding the sale and purchase of the Company's shareholding in Perpetual Trust Limited in 2013, including all matters before the High Court of New Zealand. The agreed settlement amount of NZD 13.5 million is payable by 28 February 2022 at the latest. NZD 6.75 million has been paid to date.

On 31 August 2021, RCL refinanced its New Zealand debt facility. The new facility has a 3 year term and includes an additional NZD 30 million of working capital to support development across the portfolio.

On 26 October 2021, TFLP exercised an option to acquire 13.5 million ordinary shares in KCR Residential REIT plc. The exercise price was 19.982p per share for a total consideration of £2.7 million. Subsequent to the exercise TFLP owns 55.44% of the issued capital of KCR.

There were no other material events subsequent to 30 June 2021 to the date when these Consolidated Financial Statements were authorised for issue.

PYNE GOULD CORPORATION LIMITED

STATUTORY DISCLOSURES

The following persons respectively held office as Directors of the Company and the Company's subsidiaries during the year ended 30 June 2021:

Pyne Gould Corporation Ltd

G Kerr
R Naylor
N Kirkwood
M Smith
P Dudley

Torchlight Group

G Kerr
R Naylor

Torchlight GP Limited

G Kerr
R Naylor

Ferrero Investments Limited

R Naylor

MARAC Financial Services Limited

N Kirkwood

MARAC Investments Limited

N Kirkwood

Torchlight (GP) 2 Limited

G Kerr

Torchlight Management Limited

G Kerr

Torchlight Securities Limited

G Kerr

Henley Downs Village Investments Limited

N Kirkwood

Torchlight Real Estate Group

G Kerr
R Naylor

RCL Real Estate Holdings

R Naylor

RCL Real Estate Pty Ltd

R Naylor

RCL Queenstown Pty Ltd

R Naylor

RCL Sanctuary Lakes Pty Ltd

R Naylor

Sanctuary Land Development Pty Ltd

R Naylor

Real Estate Southern Holdings Limited

R Naylor
N Kirkwood

RCL Henley Downs Limited

R Naylor
N Kirkwood

RCL Jack's Point Limited

R Naylor
N Kirkwood

RCL Haywards Bay Pty Ltd

R Naylor

RCL Port Stephens Pty Ltd

R Naylor

RCL Pacific Dunes Golf Operations Pty Ltd

R Naylor

RCL Forster Pty Ltd

R Naylor

RCL St Albans Pty Ltd

R Naylor

RCL Merimbula Pty Ltd

R Naylor

RCL Renaissance Rise Pty Ltd

R Naylor

Jack's Point Village Terraces Limited

R Naylor
N Kirkwood

RCL Sunbury Pty Ltd

R Naylor

RCL Grandvue Pty Ltd

R Naylor

RCL Real Estate Australia Pty Ltd

R Naylor

NZ Real Estate Credit Limited

N Kirkwood

RCL Real Estate Australia Pty Ltd

R Naylor

RCL Links Pty Ltd

R Naylor

RCL Kalynda Pty Ltd

R Naylor

PYNE GOULD CORPORATION LIMITED

STATUTORY DISCLOSURES (CONTINUED)

Disclosure of interests

The following are disclosures of interest given by the Directors:

G Kerr

Director and shareholder

Australasian Equity Partners (GP) No.1 Limited.

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

General disclosure

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

Information used by Directors

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

Indemnification and insurance of Directors and Officers

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

These indemnify and insure Directors and officers against liability and costs for actions undertaken by them in the course of their duties. The cost of the insurance premiums to the Company and its subsidiaries for the year was £20,000 (30 June 2020: £59,000)

Details of individual Directors' shareholdings are as follows:

	Number of shares
G Kerr	
Balance at 30 June 2021 (30 June 2020: 133,047,808)	104,453,556
R Naylor	
Balance at 30 June 2020 and 30 June 2021	-
N Kirkwood	
Balance at 30 June 2020 and 30 June 2021	-
M Smith	
Balance at 30 June 2020 and 30 June 2021	-
P Dudley	
Balance at 30 June 2020 and 30 June 2021	-

Remuneration of Directors

The total remuneration received by each Director who held office in the Company and its subsidiary companies during the year ended 30 June 2021 was as follows:

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

*Executive Directors do not receive Directors' fees.

PYNE GOULD CORPORATION LIMITED

STATUTORY DISCLOSURES (CONTINUED)

Gender composition of Board

Gender	30 June 2021 Number of Directors	30 June 2020 Number of Directors
Male	4	4
Female	1	1

SHAREHOLDER INFORMATION

Executive employees' remuneration

No employees of the Company and its subsidiary companies, who received remuneration, including non-cash benefits, have received in excess of NZD100,000 for the year ended 30 June 2021.

Donations

During the financial year ended 30 June 2021, the Company made no donations.

Substantial security holders

At 30 June 2021, only three shareholders (2020: two shareholders) held more than 5.00% of the issued capital of the Company. Chase Nominees Limited ("Chase"), acting as custodian, held 104,453,556 shares (51.63% of the issued capital) on behalf of entities associated with George Kerr; Pyne Holdings Limited held 28,594,252 shares (14.13% of the issued capital); and Sofiya Machulskaya held 23,436,372 shares (11.58% of the issued capital) (30 June 2020: entities associated with George Kerr held 133,047,808 shares and Baker Street Capital Limited held 33,261,952 shares, representing 65.71% and 16.43% of the issued capital respectively).

PYNE GOULD CORPORATION LIMITED

DIRECTORY

DIRECTORS

George Kerr
Russell Naylor
Noel Kirkwood
Michelle Smith
Paul Dudley

REGISTERED OFFICE

Sarnia House
Le Truchot
St Peter Port
GUERNSEY
GY1 1GR
Website: www.pgc.co.nz

SOLICITORS

Burton Partners
Level 3, 10 Viaduct Harbour Avenue
PO Box 8889
Symonds Street
Auckland
NEW ZEALAND
Telephone: +64 9 913 1743

Carey Olsen (Guernsey) LLP
PO Box 98
Carey House
Les Banques
St Peter Port
GUERNSEY
GY1 4BZ
Telephone: +44 1481 727272

Conyers Dill & Pearman
Boundary Hall, 2nd Floor
Cricket Square
P.O. Box 2681
Grand Cayman, KY1-1111
CAYMAN ISLANDS
Telephone: +1 345 945 3901

COMPANY SECRETARY AND ACCOUNTANTS

Praxis Fund Services Limited
Sarnia House
Le Truchot
St Peter Port
GUERNSEY
GY1 1GR

STATUTORY AUDITOR

Grant Thornton Limited
PO Box 313
Lefebvre House
Lefebvre Street
St Peter Port
GUERNSEY
GY1 3TF
Telephone: + 44 1481 753400

BANKERS

Credit Suisse (Schweiz) AG
Postfach 357
CH-6301 Zug
SWITZERLAND

Bank of New Zealand
80 Queen Street, Auckland
NEW ZEALAND

SHARE REGISTRAR

Link Market Services (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
GUERNSEY
GY2 4LH