

NZ AUTOMOTIVE INVESTMENTS LIMITED (NZAI)

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Document 1

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Interim Report and Consolidated Financial Statements

For the Six Months Ended 30 September 2020

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

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NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Company Directory
As at 30 September 2020

Nature of Business

Used car retail and motor vehicle finance

Registered Office

BDO Auckland
Level 4
4 Graham Street
Auckland

Directors

Yusuke Sena
Eugene Williams
Karl Smith (appointed 10 September 2020)

Shareholders

E & Co Trust
Sena Family Trust
Yusuke Sena
Eugene Williams

	<u>Shares</u>
	7,499,999
	7,499,999
	1
	1
	<u>15,000,000</u>

Bankers

ASB Bank

Accountants

BDO Auckland
Level 4
4 Graham Street
Auckland

Independent Auditor

Grant Thornton New Zealand Limited
Auckland

Solicitors

Lowndes Jordan

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Interim Report
For the Six Months Ended 30 September 2020

The Board of Directors of NZ Automotive Investments Limited (formerly 2CC Holdings Limited) present their Interim Report including the consolidated financial statements of the Group for the six months ended 30 September 2020.

The Board of Directors of NZ Automotive Investments Limited (formerly 2CC Holdings Limited) authorised the issue of these interim consolidated financial statements on the 5th day of February 2021:

Approved for and on behalf of the Board of Directors



Director



Director

05/02/2021

Date

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Compilation Report and Disclaimer of Liability to the Directors For the Six Months Ended 30 September 2020

Scope

We have compiled the attached interim consolidated financial statements of NZ Automotive Investments Limited (formerly 2CC Holdings Limited) for the six months ended 30 September 2020 on the basis of information provided to us by the Directors and in accordance with Service Engagement Standard No 2: Compilation of Financial Information issued by the Chartered Accountants Australia and New Zealand. These have been prepared in accordance with the financial reporting framework described in Note 2 to the financial statements.

Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the financial reporting framework used is appropriate to meet their needs and the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for the Directors' benefit. We do not accept responsibility to any other person for the contents of the financial statements.

Independence

We are not independent of NZ Automotive Investments Limited (formerly 2CC Holdings Limited) because a partner of this firm is a trustee of the shareholder trusts.

On 1 December 2020 a partner of our firm also became a Director of the business.

No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information provided to us by the Directors. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer of liability

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.



BDO Auckland
Level 4
4 Graham Street
Auckland

05 February 2021 Date

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Six Months Ended 30 September 2020

	Note	SEP 2020 \$'000	SEP 2019 \$'000
Revenue			
Revenue from car sales operations	6	29,606	39,145
Cost of sales from car sales operations		(23,588)	(30,813)
Gross profit		<u>6,018</u>	<u>8,332</u>
Finance income			
Finance income		249	51
Finance expenses		(196)	(288)
Net finance income/(costs)	9	<u>53</u>	<u>(237)</u>
Gross profit after net financing income/(costs)		<u>6,071</u>	<u>8,095</u>
Sundry income			
Sales and marketing expenses	7	811	17
Administration expenses		(1,939)	(2,802)
		(2,179)	(2,291)
Profit before income tax	8	<u>2,764</u>	<u>3,019</u>
Income tax expense	10	(897)	(1,135)
Profit for the period		<u>1,867</u>	<u>1,884</u>
Other Comprehensive Income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Translation of foreign operations		(28)	(28)
Total other comprehensive income		<u>(28)</u>	<u>(28)</u>
Total comprehensive income for the period		<u>1,839</u>	<u>1,856</u>
Profit for the year attributable to:			
Owners of the Company		1,843	1,876
Non-controlling interest		24	8
		<u>1,867</u>	<u>1,884</u>
Total comprehensive income attributable to:			
Owners of the Company		1,815	1,848
Non-controlling interest		24	8
		<u>1,839</u>	<u>1,856</u>
		\$	\$
Earnings per share			
Basic earnings per share	22	0.12	0.12
Diluted earnings per share	22	0.12	0.12

The accompanying notes form part of these consolidated financial statements

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

 Interim Consolidated Statement of Changes in Equity
 For the Six Months Ended 30 September 2020

	Note	Attributable to the Owners of the Company					Non-Controlling Interests	Total Equity/ (Accumulated Losses)
		Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Amalgamation Reserve	Total attributable to equity holders of parent		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 April 2019	15	15,442	6,814	7	(35,441)	(13,178)	69	(13,109)
Profit for the period		-	1,876	-	-	1,876	8	1,884
Translation of foreign operations		-	-	(28)	-	(28)	-	(28)
Total comprehensive income for the period		-	1,876	(28)	-	1,848	8	1,856
Transactions with owners of the Group in their capacity as owners								
Dividends paid		-	(532)	-	-	(532)	(5)	(537)
Total transactions with owners of the Group		-	(532)	-	-	(532)	(5)	(537)
Balance at 30 September 2019		<u>15,442</u>	<u>8,158</u>	<u>(21)</u>	<u>(35,441)</u>	<u>(11,862)</u>	<u>72</u>	<u>(11,790)</u>
Balance at 1 April 2020	15	15,442	10,062	89	(35,441)	(9,848)	67	(9,781)
Profit for the period		-	1,843	-	-	1,843	24	1,867
Translation of foreign operations		-	-	(28)	-	(28)	-	(28)
Total comprehensive income for the period		-	1,843	(28)	-	1,815	24	1,839
Transactions with owners of the Group in their capacity as owners								
Dividends paid		-	(1,065)	-	-	(1,065)	(14)	(1,079)
Total transactions with owners of the Group		-	(1,065)	-	-	(1,065)	(14)	(1,079)
Balance at 30 September 2020		<u>15,442</u>	<u>10,841</u>	<u>61</u>	<u>(35,441)</u>	<u>(9,097)</u>	<u>76</u>	<u>(9,021)</u>

The accompanying notes form part of these consolidated financial statements

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

**Interim Consolidated Statement of Financial Position
As at 30 September 2020**

	Note	SEP 2020 \$'000	MAR 2020 \$'000
Equity			
Share capital	15	15,442	15,442
Amalgamation reserve	3(k)	(35,441)	(35,441)
Foreign currency translation reserve		61	89
Retained earnings		10,841	10,062
Equity attributable to owners of the parent		(9,097)	(9,848)
Non-controlling interest		76	67
Total equity		(9,021)	(9,781)
Current liabilities			
Trade and other payables	16	2,115	1,763
Employee benefit liabilities	17	757	698
Borrowings	18	7,870	7,999
Other current liabilities		19	18
Income tax payable		1,444	818
Derivative financial liabilities	23	66	-
Related party payable	20	20,020	20,016
Lease liability	21	1,650	1,575
Total current liabilities		33,941	32,887
Non-current liabilities			
Lease liability	21	5,571	6,307
Total non-current liabilities		5,571	6,307
Total liabilities		39,512	39,194
Total equity and liabilities		30,491	29,413

The accompanying notes form part of these consolidated financial statements

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Interim Consolidated Statement of Financial Position (continued)
As at 30 September 2020

	Note	SEP 2020 \$'000	MAR 2020 \$'000
Current assets			
Cash and cash equivalents	12	8,304	1,775
Trade and other receivables	14	493	1,001
Derivative financial assets	23	-	293
Loans receivable	19	856	676
Inventories	13	11,120	15,245
Total current assets		<u>20,773</u>	<u>18,990</u>
Non-current assets			
Plant, property and equipment	11	1,270	1,417
Intangible assets		4	2
Loans receivable	19	1,196	925
Deferred tax asset	10	395	428
Right-of-use assets	21	6,853	7,651
Total non-current assets		<u>9,718</u>	<u>10,423</u>
Total assets		<u>30,491</u>	<u>29,413</u>

Approved for and on behalf of the Board of Directors.



Director

05/02/2021

Date



Director

05/02/2021

Date

The accompanying notes form part of these consolidated financial statements

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Interim Consolidated Statement of Cash Flows For the Six Months Ended 30 September 2020

	Note	SEP 2020 \$'000	SEP 2019 \$'000
Cash Flows from Operating Activities			
Proceeds from sale of goods		29,979	38,909
Cash payments to suppliers and employees		(21,318)	(33,611)
Government grants received		588	-
Loans receivable advanced		(1,011)	(257)
Proceeds from loans receivable		580	5
Interest received		143	25
Interest paid - retail operations		(120)	(142)
Income tax paid		(264)	(1,537)
Net Cash Inflow from Operating Activities		8,577	3,392
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(108)	(561)
Proceeds from sale of property, plant and equipment		44	36
Net Cash Outflow from Investing Activities		(64)	(525)
Cash Flows from Financing Activities			
Dividends paid		(1,077)	(537)
Principal elements of lease liability payments	21	(717)	(707)
Advance from related party		3	-
Interest paid - finance operations		(77)	(146)
Repayment of borrowings		(129)	(561)
Net Cash Outflow from Financing Activities		(1,997)	(1,951)
Net Increase in cash and cash equivalents		6,516	916
Cash and Cash Equivalents at Beginning of Period		1,775	5,024
Effect of exchange rate fluctuations		13	(70)
Cash and Cash Equivalents at End of Period	12	8,304	5,870

The accompanying notes form part of these consolidated financial statements

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Notes to and forming part of the Interim Consolidated Financial Statements For the Six Months Ended 30 September 2020

1. Reporting entity

NZ Automotive Investments Limited (formerly 2CC Holdings Limited) (the Company) is a company domiciled in New Zealand.

The Company is incorporated in New Zealand, registered under the Companies Act 1993.

These interim consolidated financial statements comply with the requirements of the Companies Act 1993.

These interim consolidated financial statements as at 30 September 2020 comprise the Company and its subsidiaries: 2 Cheap Cars Limited, NZ Motor Finance Limited, 2CC International Limited, 2 Cheap Rental Cars Limited, 2CC (Canada) Limited and Car Plus K.K. (collectively, the Group).

The Group is primarily involved in used car retail and motor vehicle finance.

The interim consolidated financial statements were authorised for issue by the Board of Directors on 5 February 2021.

2. Basis of preparation

(a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting.

These interim consolidated financial statements, including the description of the accounting policies adopted, do not include all the information and disclosures required in the annual financial statements. As outlined below, the Group has voluntarily adopted two financial reporting standards in this interim period. Apart from the adoption of these standards, these interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the annual financial statements for the entities comprising the Group for the year ended 31 March 2020.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Group is a for-profit entity and has elected to report in accordance with Tier 2 For-profit Accounting Standards as issued by the New Zealand External Reporting Board (XRB). The Company is eligible to report in accordance with Tier 2 For-profit Accounting Standards, NZ IFRS (RDR), on the basis that they do not have public accountability and is not a large for-profit public sector entity.

These interim consolidated financial statements have been prepared in anticipation of a direct listing on the New Zealand Stock Exchange and additional information can be obtained in the Profile prepared in relation to the direct listing.

(b) Basis of measurement

The interim consolidated financial statements have been prepared on the historical cost basis except that certain assets and liabilities are measured at fair value where stated under their specific accounting policies.

- Derivative financial instruments (Note 23)
- Loans receivable (Note 19)

(c) Functional and presentation currency

These interim consolidated financial statements for the Group are presented in New Zealand dollars (\$), which is the Company's functional and the Group's presentation currency. All financial information presented has been rounded to the nearest thousand dollars.

(d) Critical accounting estimates and judgements

The preparation of the interim consolidated financial statements, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

In particular, information about the sources of estimation uncertainty that have the most significant effect on the amounts recognised in the interim consolidated financial statements are described below.

- Measurement of loss allowance on the loans receivable (Note 3(h))
- Measurement of the inventory provision (Note 3(g))
- Measurement of contract liability on commission income (Note 3(c))

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Notes to and forming part of the Interim Consolidated Financial Statements For the Six Months Ended 30 September 2020

(e) Changes in accounting policies

New standards, interpretations and amendments adopted during the period

New standards impacting the Group that have been adopted in the interim consolidated financial statements for the period ended 30 September 2020, and which have given rise to the changes in the Group's accounting policies are as follows:

NZ IFRS 8 Segment Reporting, and NZ IAS 33 Earnings per share

The Group has applied NZ IFRS 8 and NZ IAS 33 to these interim financial statements in anticipation of the Company's public listing on the NZX.

NZ IFRS 17 Insurance contracts

NZ IFRS 17 becomes effective for annual reporting periods commencing on or after 1 January 2023.

The Group has elected to early adopt the new standard in the period, and has applied this retrospectively.

NZ IFRS 17 provides a scope exception for certain contracts that provide waivers (forgiveness) of loan balances upon the occurrence of specified events. Rather than accounting for these waivers as insurance contracts, the scope exemption permits the Group to elect to account for such loans entirely as financial instruments.

The Group has elected to apply this scope exemption. Further details of the accounting policy relating to Loans receivable to which the scope exemption directly effects can be found in Note 4.

Other than the above, the application of NZ IFRS 17 has no other impact to the Group.

Amendments to NZ IFRS 16: COVID-19-Related Rent Concessions

The amendment becomes effective for annual reporting periods commencing on or after 1 June 2020.

The Group has elected to early adopt the amendment in the period.

Following the amendment, the Group is not required to account for the rent concessions as lease modifications, subject to meeting certain criteria.

Accordingly, COVID-19-related rent concessions received by the Group as lessee are recognised in profit or loss as a variable lease payments.

(f) COVID-19

As a result of the COVID-19 pandemic, there was a substantial reduction in economic activity throughout the world as governments have introduced measures in a bid to slow transmission of the virus.

The impact of COVID-19 and outlook like other retail businesses, the Group and the general automotive sector were significantly impacted by the shutdowns relating to COVID-19 which occurred from 23 March 2020 to 13 May 2020 and 12 August 2020 to 23 September 2020. The first lockdown applied to all sites of the Group and affected the business significantly, with cars sold in April 2020 being down -99% (compared to April 2019). The second lockdown primarily only affected Auckland sites but still had a significant impact on the business. Car sales in August 2020 were down -43% compared to August 2019. After each lockdown, trading recovered strongly back to normal levels, reflecting the nature of the Group's car sales as necessary purchases for its customers.

The ongoing pandemic has increased the estimation uncertainty in the preparation of these interim consolidated financial statements. The Group has developed accounting estimates based on forecasts of economic conditions which reflect expectations and assumptions as at September 2020 about future events that are reasonable in the circumstances. There is a significant degree of judgement involved with these assumptions. The accounting estimates impacts by the pandemic are detailed under Note 19 *Loans Receivable*.

Based on the impact of COVID-19, management expects that Automotive Retail profit before tax for FY21 will be lower than FY20. However, the Group also expects that sales numbers in FY22 will return to FY20 levels, barring any further disruptions related to COVID-19. In the longer term, the Company believes that health concerns relating to COVID-19 may support greater demand for private vehicles, as opposed to public transport or other shared transport options. Also, given the nature of the Group's cars as necessities for its customers, the Company believes it will be well positioned to weather any extended economic downturn.

(g) Going concern

As a result of the COVID-19 pandemic, there has been a substantial reduction in economic activity throughout the world, as governments have introduced measures (such as the closure of all non-essential businesses and the cancellation of all public events) in a bid to halt, or at least slow, transmission of the virus. At the time of signing the financial statements, there is uncertainty about how much further economic activity will fall and how long the period of reduced economic activity will last.

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Notes to and forming part of the Interim Consolidated Financial Statements For the Six Months Ended 30 September 2020

(g) Going concern (continued)

The Directors have assessed the likely impact of COVID-19 on the Company and have concluded that, for the 12 months from the date of signing the financial statements, COVID-19 will not impact the ability of the Company to continue operating, because:

- Profit before tax for the period ended 30 September 2020 was \$2,764k (September 2019: \$3,019k);
- Operating cashflows for the period ended 30 September 2020 were a net inflow of \$8,577k (September 2019: a net inflow of \$3,392k);
- The loans of \$20m from E & Co Trust and Sena Family Trust were capitalised subsequent to the reporting date (on 2 November 2020).

Based on these factors, the Directors consider that the Company is a going concern and the financial statements have been prepared on that basis.

3. Significant accounting policies

The Group has applied the same accounting policies and methods of computation in these interim financial statements as its previous annual financial statements, except for those detailed in note 2(e) above.

Details of the Group's significant accounting policies are provided below.

In preparing the interim consolidated interim financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

(a) Basis of consolidation

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

The interim consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intra-group transactions and balances are therefore eliminated in full.

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

Subsidiaries

The subsidiaries of NZ Automotive Investments Limited, all of which have been included in these interim consolidated financial statements, are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest		Non-Controlling interests Ownership/voting interest	
		Sep 2020	Sep 2019	Sep 2020	Sep 2019
2 Cheap Cars Limited	New Zealand	99%	99%	1%	1%
NZ Motor Finance Limited	New Zealand	89%	89%	11%	11%
2CC International Limited	New Zealand	100%	100%	0%	0%
2 Cheap Rental Cars Limited	New Zealand	100%	100%	0%	0%
2 Cheap Cars (Canada) Inc.	Canada	100%	100%	0%	0%
Car Plus K.K	Japan	100%	100%	0%	0%

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Foreign currency differences arising from settlement at a different exchange rate are recognised in profit or loss.

(ii) Foreign currency monetary assets and liabilities

At balance date, foreign monetary assets and liabilities are translated to the functional currency at the closing rate and exchange variations are recognised in profit or loss.

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Notes to and forming part of the Interim Consolidated Financial Statements For the Six Months Ended 30 September 2020

(c) Revenue

Performance obligations and timing of revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled to, excluding amounts collected on behalf of third parties and net of rebates, discounts and payments to customers that are not in consideration for separate goods or services provided. This represents the fair value of total consideration payable, including both cash and in the case of vehicles sold, any vehicle trade-ins.

Where the ultimate transaction price receivable is subject to variability (such as in the case of vehicle returns or clawbacks on commissions) revenue is recognised only to the extent that it is highly probable that the revenue recognised would not be subsequently reversed.

Revenue is recognised when the control associated with a good or service (or in aggregate thereof) representing a distinct performance obligation is transferred from the Group to the customer.

Where a single contract contains two or more distinct performance obligations, the total transaction price of the contract is allocated between the separate performance obligations based on their stand-alone-sales-prices, and represents the revenue to be recognised with respect to that separate performance obligation.

Revenue is recognised on an *over-time* basis subject to meeting specific criteria, otherwise, revenue is recognised at a *point-in-time*, being the point that the customer obtains control of the good or service subject to various indicators.

Payment received from customers before revenue is recognised is recognised and presented as a “Contract liability” in the statement of financial position.

Receivables resulting from revenue being recognised before the Company is able to contractually invoice for the goods or services provided is recognised and presented as a “Contract asset” in the statement of financial position.

The Group recognises revenue on a net basis as an “Agent” (rather than on a gross basis as “Principal”) when (i) it is not the party primarily responsible for fulfilling to provide goods or services to the end customer, (ii) when it does not assume the (inventory) risk of the goods or services, and/or (iii) it does not have discretion in setting the price payable by the end customer.

The specific revenue recognition policies associated with the Group’s distinct performance obligations (as presented in Note 6) are detailed below.

(i) Vehicles sold

Revenue is recognised at a point-in-time, with the transfer of control determined as the point purchaser takes final physical possession of the vehicle.

(ii) Life insurance policies

Commission revenue is recognised on an agent basis at a *point-in-time*, with the transfer of control determined as the point the end customer enters into a signed life insurance policy with the insurance provider (principal). As the uncertainty associated with any commission clawbacks is resolved, previously deferred revenue recognised as contract liabilities is released and recognised as revenue.

(iii) Sale of scrap parts

Revenue is recognised at a point-in-time, with the transfer of control determined as the point purchaser takes final physical possession of the scrap parts.

(iv) Commissions received (booking fee, sales, finance)

Revenue is recognised on an agent basis at a *point-in-time*, with the transfer of control determined as the point the end customer enters into a signed finance agreement with the finance provider (principal). As the uncertainty associated with any commission clawbacks is resolved, previously deferred revenue recognised as contract liabilities is released and recognised as revenue.

(v) Interest revenue calculated using the effective interest method

Interest revenue comprises interest on loans receivable and cash and cash equivalents. Interest revenue is recognised based on the effective interest method.

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Notes to and forming part of the Interim Consolidated Financial Statements For the Six Months Ended 30 September 2020

(d) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that they relate to items recognised directly in equity or in other comprehensive income. In such cases, the tax is also recognised directly in equity or in other comprehensive income, respectively.

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

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

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

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

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

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

(e) Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date. The Group recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Defined contribution plans (Kiwisaver etc.)

Contributions to defined contribution plans are recognised in the interim consolidated statement of profit or loss and other comprehensive income in the year to which they relate.

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Notes to and forming part of the Interim Consolidated Financial Statements
For the Six Months Ended 30 September 2020

(f) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

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

(iii) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets are depreciated separately.

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment.

The useful lives and depreciation method used for significant items of property, plant and equipment are as follows:

Leasehold improvements	4.0% - 30.0% DV
Furniture and fittings	8.0% - 67.0% DV
Motor vehicles	10.0% - 40.0% DV
Computer equipment	20.0% - 67.0% DV
Workshop equipment	10.0% - 67.0% DV

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value with due allowance for any damaged and obsolete stock items. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Vehicles acquired via trade-in from car sales with customers are initially measured at their trade-in date fair value.

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Notes to and forming part of the Interim Consolidated Financial Statements For the Six Months Ended 30 September 2020

(h) Financial instruments

The Group recognises financial instruments when it becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value, plus for those financial instruments classified as At Amortised cost, directly attributable transaction costs. For those financial instruments classified as At Fair value through profit or loss, any directly attributable transaction costs are expensed in profit or loss as incurred. Financial liabilities are measured net of transaction costs.

(i) Financial assets - classification and subsequent measurement

Financial assets are classified based on whether their repayments represent solely payments of principal and interest (SPPI), and whether the instrument is held to collect those repayments, and/or to be sold.

At Amortised cost

These financial assets represent those held to collect SPPI, and include: Trade and other receivables; Loans receivable (those that do not include waiver clauses); Cash and cash equivalents (including cash in hand, deposits held at call with banks).

These financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment (as detailed below).

Impairment allowances for Trade receivables

Are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated impairment allowance.

Impairment allowances for Loans receivable

Are recognised based on a forward-looking expected credit loss ("ECL") model. The methodology used to determine the amount of the allowance is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised ("Stage 1").

For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised ("Stage 2"). The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

For those that are determined to be credit impaired (in default), lifetime expected credit losses along with interest income on a net basis are recognised ("Stage 3"). The Group considers a financial asset to be in default when the financial asset is more than 90 days past due, as well as observable evidence with respect to:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or being more than 90 days
- granting to the borrower a concession for economic or contractual reasons relating to the borrower's financial difficulty that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

When determining whether there has been a significant increase in credit risk since initial recognition of the financial asset, and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward looking information.

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

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For the Six Months Ended 30 September 2020

(h) Financial instruments (continued)

The gross carrying amount of Loans receivable is written off when the Group has no reasonable expectation of recovering the balance in its entirety or a portion thereof.

Impairment allowances for Cash and cash equivalents

Balances held with “investment grade” counterparties a significant increase in credit risk is deemed not be present.

At Fair value through profit or loss (non-derivatives)

These financial assets represent Loans receivable that include waiver clauses. In applying the scope exemption in NZ IFRS 17 Insurance Contracts to these contracts, such that they are accounted for as financial assets in their entirety, the presence of the waiver clauses results in repayments not representing SPPI. Loans receivable includes loans on which customers voluntarily elect to opt for additional Asset Waiver and/or Income Waiver products which are offered by the Company.

Accordingly, these balances are classified and measured subsequently as At Fair value through profit or loss.

Repayments of these loans are recognised as reductions in the carrying amount, with fair value gains or losses at each reporting date recognised in profit or loss.

At Fair value through profit or loss (derivatives)

Derivatives financial assets represent “in the money” derivative contracts that are classified and measured subsequently as At Fair value through profit or loss, with fair value gains or losses at each reporting date recognised in profit or loss.

(ii) Financial liabilities - classification and subsequent measurement

Financial liabilities are classified as At Fair value through profit or loss if it is held-for-trading, it is a derivative or it is designated as such on initial recognition, otherwise the it is classified as At Amortised cost.

At Amortised cost

The include: *Trade and other payables; Borrowings; Lease liabilities.*

These financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

At Fair value through profit or loss (derivatives)

Derivatives financial liabilities represent “out of the money” derivative contracts that are classified and measured subsequently as At Fair value through profit or loss, with fair value gains or losses at each reporting date recognised in profit or loss.

(iii) Derecognition of financial assets and financial liabilities

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

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

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

Notes to and forming part of the Interim Consolidated Financial Statements For the Six Months Ended 30 September 2020

(h) Financial instruments (continued)

The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

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

(i) Share capital

Ordinary shares

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

(j) Goods and services tax

With the exception of trade payables and receivables, all items are stated exclusive of Goods and Services Tax.

(k) Reserves

Amalgamation reserve

The amalgamation reserve represents the difference between the fair value of consideration paid and the carrying amount of net assets in a business combination where the acquirer and acquiree are controlled by the same (ultimate) party (business combination under common control).

(l) Leases

All leases in which the Group is a lessee are accounted for by recognising a *Right-of-use asset* and a *Lease liability* except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Payments associated with all leases of low-value assets and short-term leases of equipment and vehicles are recognised on a straight-line basis as an expense in profit or loss.

NZ AUTOMOTIVE INVESTMENTS LIMITED (FORMERLY 2CC HOLDINGS LIMITED)

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(l) Leases (continued)

(i) Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate, however in such cases the initial present value determination assumes that the variable element will remain unchanged throughout the lease term.

Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the *Lease liability* also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the Lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically make-good provisions on buildings).

(ii) Subsequent measurement

Subsequent to initial measurement Lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Right-of-use assets are also subject to impairment assessment at reporting date.

(iii) Remeasurement

When the Group revises its determination of the use (or non-use) of renewal and/or termination options, the carrying amount of the lease liability is adjusted to reflect the payments to make over the revised term, which are discounted at the revised discount rate.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, however this is discounted at the original discount rate.

In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For changes in lease payments as a result of COVID-19, the carrying value of lease liabilities is revised and discounted at the original discount rate, with a corresponding adjustment to profit or loss (variable lease payment).

(iv) Modifications to lease agreements

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

Increases in scope:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price (i.e. market rate) for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the revised discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

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For the Six Months Ended 30 September 2020

(l) Leases (continued)

Decreases in scope:

- Both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss.

The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date.

The right-of-use asset is adjusted by the same amount.

(m) Government grants

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the periods in which the associated expenses are recognised.

(n) Finance income and finance expenses

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(o) Intangible assets

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Trademarks	10 years
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Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Notes to and forming part of the Interim Consolidated Financial Statements
 For the Six Months Ended 30 September 2020

4. Determination of fair values

The following table shows the valuation techniques used as well as the significant unobservable inputs used.

Item	Valuation technique	Significant unobservable inputs
Loans and receivables - <i>At Fair Value through profit and loss</i>	Discounted cash flow	<ul style="list-style-type: none"> Timing and amount of future cash flows Effect of eligible loan waiver features
Derivatives - <i>At Fair Value through profit and loss</i>	Discounted cash flow	<ul style="list-style-type: none"> Timing and amount of future cash flows

Face value versus carrying amounts

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Interim Consolidated Statement of Financial Position, are as follows.

SEP 2020	Note	Carrying Amount \$'000	Fair value \$'000
Assets			
Cash and cash equivalents	12	8,304	8,304
Trade and other receivables	14	177	177
Loans receivable - At Amortised cost	19	446	481
Loans receivable - At Fair value through profit or loss	19	1,607	1,607
Total assets		10,534	10,569
Liabilities			
Trade and other payables	16	1,503	1,503
Borrowings	18	7,870	7,870
Derivative financial liabilities	23	66	66
Related party payable	20	20,020	20,020
Total liabilities		29,459	29,459
MAR 2020			
Assets			
Cash and cash equivalents	12	1,775	1,775
Trade and other receivables	14	234	234
Derivative financial assets	23	293	293
Loans receivable - At Amortised cost	19	454	494
Loans receivable - At Fair value through profit or loss	19	1,148	1,148
Total assets		3,904	3,944
Liabilities			
Trade and other payables	16	1,432	1,432
Borrowings	18	7,999	7,999
Related party payable	20	20,016	20,016
Total liabilities		29,447	29,447

The carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables has been determined to be a reasonable approximation of the fair value of the financial instrument given the short-term nature of these financial instruments.

Borrowings relate to facilities that are repaid within a short timeframe.

Related party payable relates to loans from E & Co Trust and Sena Family Trust that were subsequently capitalised on 2 November 2020.

Refer to Note 19 for fair value measurement information regarding *Loans receivable*.

Notes to and forming part of the Interim Consolidated Financial Statements
 For the Six Months Ended 30 September 2020

5. Segment reporting

The Group has disaggregated revenue into various categories in the following table which is intended to:
 - Depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data.

Period to 30 Sep 2020	Car Sales	Other Segments	Intercompany eliminations	Total
<i>Primary Geographic markets</i>				
New Zealand	30,111	151	(656)	29,606
Period to 30 Sep 2019				
<i>Primary Geographic markets</i>				
New Zealand	39,589	11	(455)	39,145

The Group operates in a single Geographic segment, New Zealand.

6. Revenue from contracts with customers

	SEP 2020 \$'000	SEP 2019 \$'000
Sale of cars	26,030	33,675
Agent commissions received		
- Insurance agent commissions	1,556	2,429
- Interest agent commissions	1,828	2,694
- Other agent commissions	192	347
Total revenue from contracts with customers	<u>29,606</u>	<u>39,145</u>
<i>Timing of transfer of goods and services</i>		
Point of sale income	29,384	38,807
Over time income	222	338
	<u>29,606</u>	<u>39,145</u>

7. Sundry income

	SEP 2020 \$'000	SEP 2019 \$'000
Gain on sale of property, plant and equipment	1	1
Government grants received ¹	610	-
Other	200	16
Total sundry income	<u>811</u>	<u>17</u>

¹ During the period the Group received government grants in the form of COVID-19 related Wage subsidies from the New Zealand Government.

Revenue from motor vehicle finance operations is included in finance income detailed in Note 9.

8. Profit before income tax

	Note	SEP 2020 \$'000	SEP 2019 \$'000
Profit before income tax includes the following:			
Depreciation - property, plant and equipment	11	148	137
Depreciation - right-of-use assets	21	863	839
Employee benefit expenses			
Wages and salaries		2,750	3,778
KiwiSaver		46	68

9. Finance income and finance expenses

	Note	SEP 2020 \$'000	SEP 2019 \$'000
Recognised in profit or loss			
Interest income		2	20
Fair value gain on derivative financial assets at fair value through profit or loss	19	207	27
Interest income on <i>Loans receivable</i> At amortised cost		40	4
Finance income		<u>249</u>	<u>51</u>
Interest expense on financial liabilities measured at amortised cost		(73)	(145)
Interest expense on lease liabilities	21	(123)	(143)
Finance expenses		<u>(196)</u>	<u>(288)</u>
Net finance income/(expenses) recognised through profit or loss		<u>53</u>	<u>(237)</u>

10. Income tax

(a) Income tax recognised in profit or loss and other comprehensive income

	SEP 2020 \$'000	SEP 2019 \$'000
Income tax recognised in profit or loss		
Current tax	864	1,068
Deferred tax	33	67
Total income tax expense	897	1,135

(b) Reconciliation of income tax expense

	SEP 2020 \$'000	SEP 2019 \$'000
Profit before income tax expense	2,764	3,019
Tax expense at the domestic tax rate (28%)	774	845
Permanent differences	(277)	(29)
Timing differences	(31)	70
Intergroup eliminations	406	144
Recognition of tax losses	(9)	37
Effects of tax rate in foreign jurisdictions	1	1
Income tax expense	864	1,068

(c) Deferred tax

	SEP 2020 \$'000	SEP 2019 \$'000
Balance at the beginning of the period	428	378
Current period movement	(33)	(67)
Deferred tax asset	395	311

Made up of:

Deferred tax liability	(1,918)	(2,389)
Deferred tax asset	2,313	2,700
Net balance as per above	395	311

Deferred tax assets are attributable to the following:

Inventory provision	71	85
Employee benefits	130	103
Provisions	88	85
Bad debts	3	2
Lease liabilities	2,021	2,425
Right-of-use asset	(1,918)	(2,389)
Total	395	311

Notes to and forming part of the Interim Consolidated Financial Statements
 For the Six Months Ended 30 September 2020

11. Property, plant and equipment

	Leasehold improvements	Motor vehicles	Furniture and fittings	Computer equipment	Workshop equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Balance at 1 April 2020	724	320	655	496	49	2,244
Additions	-	46	12	1	7	66
Disposals	(18)	(31)	(29)	(5)	(16)	(99)
Balance at 30 September 2020	706	335	638	492	40	2,211
Accumulated depreciation						
Balance at 1 April 2020	(172)	(90)	(246)	(309)	(9)	(826)
Depreciation	(26)	(44)	(30)	(44)	(4)	(148)
Disposals	6	7	12	3	3	31
Effect of exchange rate	-	2	-	-	-	2
Balance at 30 September 2020	(192)	(125)	(264)	(350)	(10)	(941)
Net book value						
At 31 March 2020	552	230	409	187	40	1,417
At 30 September 2020	514	210	374	142	30	1,270

The Group has reviewed each items of property, plant and equipment and no impairment charge was recognised for the six months ended 30 September 2020 (March 2020: Nil).

12. Cash and cash equivalents

a) Cash and cash equivalents

Cash and cash equivalents in the Interim Consolidated Statement of Financial Position comprise cash at bank and short term deposits with an original maturity of three months or less which are subject to an insignificant risk of changes in value.

	Held with	Credit Rating	Credit Rating	Interest	Interest	SEP 2020	MAR 2020
		30 Sep 2020	31 Mar 2020	30 Sep 2020	31 Mar 2020	\$'000	\$'000
Cash at bank	ASB Bank & Mitsui Bank	AA- & A-1	AA- & A-1	0.11%	0.11%	8,293	1,764
Term deposits	TD Canada Trust	A-1+	A-1+	0.15%	0.20%	11	11
Total cash and cash equivalents						8,304	1,775

As cash and cash balances are held with counterparties with "investment grade" credit ratings, there is not deemed to be a significant increase in credit risk associated with the Group's Cash and cash equivalents balance.

Credit rating is as per Standard & Poor.

13. Inventories

	SEP 2020	MAR 2020
	\$'000	\$'000
Gross stock on hand	11,371	15,679
Inventory provision	(252)	(435)
Merchandise	1	1
Total inventories	11,120	15,245

14. Trade and other receivables

Trade receivables	93	85
Less: Impairment allowance	(60)	(67)
Net trade receivables	33	18
Lease deposits and bonds	144	216
Financial assets At Amortised cost	177	234
Prepayments	262	295
GST receivable	-	467
Other current assets	54	5
Total trade and other receivables	493	1,001

Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted.

15. Share capital

	SEP 2020	MAR 2020
	\$'000	\$'000
Ordinary Shares		
On issue at opening date	15,442	15,442
Issued in the period	-	-
On issue at balance date	15,442	15,442

At 30 September 2020, share capital comprised 15,000,000 authorised and issued ordinary shares (March 2020: 15,000,000). All issued shares are fully paid and have no par value.

Notes to and forming part of the Interim Consolidated Financial Statements
For the Six Months Ended 30 September 2020

15. Share capital (continued)

Ordinary Shares

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

16. Trade and other payables

	SEP 2020 \$'000	MAR 2020 \$'000
Trade payables	1,503	1,432
Financial liabilities At Amortised cost	1,503	1,432
Contract liabilities	239	284
GST payable	322	-
Deferred wage subsidy received	-	28
Other payables	51	19
Total trade and other payables	2,115	1,763

Trade payables generally have terms of 30 days and are interest free. Trade payable of a short-term duration are not discounted.

17. Employee benefit liabilities

	SEP 2020 \$'000	MAR 2020 \$'000
Liability for annual leave	542	443
Wages payables	215	255
	757	698

18. Borrowings

	SEP 2020 \$'000	MAR 2020 \$'000
Trade finance facility	7,870	7,999
	7,870	7,999

The trade facility finance is secured by a general security deed over the assets of the Company.

The interest rates at 30 September 2020 varied from 1.75% to 2.88% (March 2020 : 2.27% to 2.88%).

The loan facilities expire on 31 December 2020 and have subsequently been renewed from 1 January 2021 on the same terms and conditions.

All covenants on facilities were met throughout the year.

Notes to and forming part of the Interim Consolidated Financial Statements
 For the Six Months Ended 30 September 2020

19. Loans receivable

	<i>At Amortised Cost</i>	<i>At Fair value through profit and loss</i>	Total
Opening balance (1 Apr 2019)			
- Gross carrying value	-	-	-
- Less: Impairment allowance	-	-	-
Movements during the period			
- Advances of loans to customers	523	1,018	1,541
- Repayments of loans by customers	(87)	(141)	(228)
- Movement in accrued interest	26	-	26
- Fair value gain/(loss)	-	271	271
Closing balance (31 Mar 2020)			
- Gross carrying value	462	1,148	1,610
- Less: Impairment allowance	(9)	-	(9)
Movements during the period			
- Advances of loans to customers	162	626	788
- Repayments of loans by customers	(208)	(375)	(583)
- Movement in accrued interest	39	-	39
- Fair value gain/(loss)	-	207	207
Closing balance (30 Sep 2020)			
- Gross carrying value	455	1,606	2,061
- Less: Impairment allowance	(9)	-	(9)
Current portion	227	638	865
Non-current portion	228	968	1,196
Total Loans receivable	<u>455</u>	<u>1,606</u>	<u>2,061</u>

The effective interest rate on Loans receivable At Amortised cost are 15.95% - 17.95% (31 Mar 2020: 15.95% - 17.95%).

Loans Receivable measured at amortised cost (financial assets which represent solely payments of principal and interest) have been impaired at 2%, using the expected credit loss model. See note 3(h)i for further details.

Loans receivable measured at fair value (financial instruments that include waiver based clauses) are modelled at fair value and include an effective default risk impairment rate of 2% which is factored into the inputs of the valuation.

The impairment rate used is higher than the current actual current rate of impairment, which stood at Nil to Sep-20. Consideration was made with reference to additional default risks that could be caused from the effects that COVID-19 could have on borrowers ability to repay debt and was taken into account when determining the impairment rate.

20. Related parties

Identity of related parties

The Company has a related party relationship with its key management personnel being the Directors and Executive Officers.

Key management personnel

Key management personnel represent the Board of Directors, and the Senior Leadership team including the Managing Directors, Chief Executive Officer and Chief Financial Officer.

	SEP 2020	SEP 2019
	\$'000	\$'000
Short-term employee benefits	542	608
Defined contribution plans	16	18
Total key management personnel remuneration	<u>558</u>	<u>626</u>

Transactions with related parties

	Transactions for the period		Balance outstanding at balance date	
	SEP 2020	SEP 2019	SEP 2020	MAR 2020
	\$'000	\$'000	\$'000	\$'000
E & Co Trust	-	-	10,000	10,000
Sena Family Trust	-	-	10,000	10,000

The loans of \$20m from E & Co Trust and Sena Family Trust were subsequently capitalised on 2 November 2020.

21. Leases

The Group leases a number of properties and equipment in the jurisdiction from which it operates.

(i) Amounts recognised in the financial statements

(i) Expenses and income in the period	SEP 2020 \$'000	SEP 2019 \$'000
Depreciation expense (by asset class)		
• Premises	863	839
Interest expense	123	143
Short-term lease expense (excluding leases of 1 month or less)	148	265
Variable lease payments expense/(income)		
• Lease payment changes from COVID-19	(120)	-
(ii) Balance sheet and cash flow statement	SEP 2020 \$'000	SEP 2019 \$'000
Carrying amount of RoU asset (by asset class)		
• Premises	6,853	8,526
Additions to RoU asset	-	9,011
Total cash outflow related to leases (principal repayments)	(717)	(707)
Total cash outflow related to leases (interest)	(123)	(143)

(i) Variable lease payments

As standard industry practice, several of the Group's property leases are subject to periodic CPI increases and/or market rent reviews. A 1% increase in these payments would result in an additional \$8,453 cash outflow compared to the current period's cash outflow.

(ii) Lease term - use of renewal and termination options

The Group's property leases typically include renewal and termination options. The Group must assess whether it reasonably expects (or not) to exercise these when determining the lease term.

As at 30 September, there are 4 leases where the group has assessed it does not reasonably expect to exercise all available renewal options, resulting in potential future lease payments not currently being included in the lease liability recognised for these leases:

- Period: 2 - 10 years
- Annual payments: \$607,736 (based on current lease payment amounts).

(ii) Short-term lease expense (excluding leases of 1 month or less)

These are all leases that exclude 1 month or less in duration, which management have assessed do not qualify as a lease under NZ IFRS16 and have not been capitalised as a result.

22. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares on issue during the year, excluding shares held as treasury stock.

Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator.

Numerator	SEP 2020 \$'000	SEP 2019 \$'000
Profit for the year and earnings (basic and diluted EPS)	1,867	1,884
Denominator	SEP 2020 No. shares	SEP 2019 No. shares
Weighted average number of shares (basic and diluted EPS)	15,442,000	15,442,000

23. Derivative financial instruments

Forward contracts were taken out during the year to provide cover for risks that could potentially arise from foreign currency fluctuations in the buying & selling of inventories. If the contracts are realised at fair market value at balance date, this would result in a foreign exchange loss on derivatives of \$65,961 as at 30 September 2020 (March 2020: Foreign exchange gain of \$293,550).

24. Contingent liabilities

ASB Bank Limited has given a guarantee to the landlord on behalf of the Company to secure premises. The maximum guarantee is for \$654,478 (March 2020: \$537,442). This is secured by the arrangements detailed in note 18.

There are no other known contingent liabilities.

25. Subsequent events

The loans of \$20m from E & Co Trust and Sena Family Trust were capitalised on 2 November 2020.

NZAI (the Group) successfully carried out a private capital raise in November 2020 and raised \$3.35m net of capital raise costs. A total of 3,509,500 shares were issued at \$1 per share.

Between September to December 2020 the Group, appointed a new board of directors, who included; Karl Smith as Chair, Tracy Rowsell, Charles Bolt, Michele Kernahan as well as the existing directors - Eugene Williams and David Sena.

During December 2020 the board appointed David Page as CEO of the Group.

The loan facilities with ASB bank that expired on 31 December 2020 and have subsequently been renewed from 1 January 2021 on the same terms and conditions.

2CC HOLDINGS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2CC HOLDINGS LIMITED

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2CC HOLDINGS LIMITED

Report on the Engagement to Compile Financial Statements

For the Year Ended 31 March 2020

COMPILATION REPORT AND DISCLAIMER OF LIABILITY TO THE DIRECTORS

Reporting Scope

On the basis of information that you provided we have compiled, in accordance with "Service Engagement Standard Number 2: Compilation of Financial Information", the Financial Statements of 2CC Holdings Limited for the year ended 31 March 2020 as set out on the following pages.

These statements have been prepared on the basis disclosed in note 1 to the financial statements.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis used is appropriate to meet your needs and for the purpose that the financial statements were prepared. The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information that you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We are not independent of the Company because a Partner of this firm is a Trustee of the ultimate shareholding trust.

Disclaimer of Liability

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

BDO Auckland

BDO Auckland

BDO Centre
Level 4
4 Graham Street
Auckland

17 November 2020. Date

2CC HOLDINGS LIMITED

Directory

As at 31 March 2020

Nature of Business	Investment	
Address	PO Box 12940 Penrose Auckland 1642	
Directors	Yusuke Sena Eugene Hamilton Williams	
Shareholders	E & Co Trust Sena Family Trust Yusuke Sena Eugene Hamilton Williams	7,499,999 Ordinary Shares 7,499,999 Ordinary Shares 1 Ordinary Share 1 Ordinary Share
Accountants	BDO Auckland Chartered Accountants BDO Centre Level 4 4 Graham Street Auckland	
Bankers	ASB Bank	
Solicitors	Lowndes Jordan	
IRD Number	122-273-938	
Company Number	6134438	
Business Number	9429043375523	

2CC HOLDINGS LIMITED

Statement of Profit or Loss

For the Year Ended 31 March 2020

	Note	2020	2019
		\$	\$
Revenue			
Dividends Received		2,727,384	4,255,522
Interest Received		4,896	-
Total Revenue		<u>2,732,280</u>	<u>4,255,522</u>
Net Profit		<u><u>2,732,280</u></u>	<u><u>4,255,522</u></u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC HOLDINGS LIMITED

Statement of Changes in Equity

For the Year Ended 31 March 2020

	2020	2019
	\$	\$
Revenues and Expenses		
Net Profit	2,732,280	4,255,522
Total Recognised Revenues and Expenses	<u>2,732,280</u>	<u>4,255,522</u>
Distributions		
Dividend Paid	(957,492)	(4,255,522)
Equity at the Beginning of the Year	15,442,000	15,442,000
Equity at the End of the Year	<u><u>17,216,787</u></u>	<u><u>15,442,000</u></u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.


2CC HOLDINGS LIMITED


Balance Sheet

As at 31 March 2020

	Note	2020 \$	2019 \$
Current Assets			
Related Parties	4	1,774,787	73,781
Non-Current Assets			
Term Investments	5	35,442,100	35,442,100
Total Assets		37,216,887	35,515,881
Current Liabilities			
Payables & Accruals	6	-	73,881
Shareholders' Current Accounts		20,000,000	20,000,000
Related Parties	4	100	-
Total Liabilities		20,000,100	20,073,881
Net Assets		17,216,787	15,442,000
Equity			
Paid up Share Capital	7	15,442,000	15,442,000
Retained Earnings	8	1,774,787	-
Total Equity		17,216,787	15,442,000

For and on behalf of the Board of Directors who authorise the issue of these financial statements


 _____ Director Date _____
 Yusuke Sena


 _____ Director Date _____
 Eugene Hamilton Williams

2CC HOLDINGS LIMITED

Statement of Shareholders' Current Accounts

For the Year Ended 31 March 2020

	2020	2019
	\$	\$
E & Co Trust		
Opening Balance	10,000,000	10,000,000
Closing Balance	<u>10,000,000</u>	<u>10,000,000</u>
Sena Family Trust		
Opening Balance	10,000,000	10,000,000
Closing Balance	<u>10,000,000</u>	<u>10,000,000</u>
Total of Shareholders' Current Accounts	<u><u>20,000,000</u></u>	<u><u>20,000,000</u></u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC HOLDINGS LIMITED

Notes to and forming part of the Financial Statements

For the Year Ended 31 March 2020

1 Statement of Accounting Policies

Reporting Entity

2CC Holdings Limited is a company incorporated in New Zealand, registered under the Companies Act 1993.

Historical Cost

The financial statements have been prepared on a historical cost basis.

Statement of Compliance and Basis of Preparation

These special purpose financial statements have been prepared in accordance with the requirements outlined under the Tax Administration (Financial Statements) Order 2014.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Profit or Loss and Balance Sheet on a historical cost basis are followed by the company, unless otherwise stated in the Specific Accounting Policies.

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar, except where otherwise indicated.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Profit or Loss and Balance Sheet have been applied:

(a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt, net of non-refundable tax credits.

(b) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in the Statement of Profit or Loss represents the estimated current obligation payable to Inland Revenue.

(c) Investments

Investments are stated at cost.

2CC HOLDINGS LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2020

(d) Provisions

Provisions are recognised when the entity has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the entity will be required to settle the obligation.

Where the entity expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in the Statement of Profit or Loss.

(e) Goods and Services Taxation (GST)

Revenue and expenses have been recognised in the financial statements inclusive of GST. The company is not registered for GST.

(f) Changes in Accounting Policies

The company transitioned on 1 April 2019 to special purpose financial reporting in accordance with the requirements outlined under the Tax Administration (Financial Statements) Order 2014. The transition had minimal impact on the accounting policies of the company.

2	Tax Reconciliation	2020	2019
		\$	\$
	Profit before Income Tax	2,732,280	4,255,522
	Permanent Differences		
	Imputation Credits	1,060,649	1,654,925
	Taxable Income	<u>3,792,929</u>	<u>5,910,447</u>
	Tax Expense at 28%	1,062,020	1,654,925
	Imputation Credits	<u>(1,060,649)</u>	<u>(1,654,925)</u>
	Tax Expense	<u>1,371</u>	<u>-</u>
3	Imputation Credits	2020	2019
		\$	\$
	The amount of imputation credits available for use	688,291	-
	Total Imputation Credits	<u>688,291</u>	<u>-</u>
4	Related Parties	2020	2019
		\$	\$
	2 Cheap Cars Limited	-	73,781
	NZ Motor Finance Limited	1,774,787	-
	Total Receivables from Related Parties	<u>1,774,787</u>	<u>73,781</u>

2CC HOLDINGS LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2020

	2 Cheap Cars Limited	100	-
	Total Payables to Related Parties	<u>100</u>	<u>-</u>
	Total Related Parties	<u>1,774,687</u>	<u>73,781</u>
5	Term Investments	2020	2019
		\$	\$
	Shares in 2 Cheap Cars Limited	35,442,000	35,442,000
	Shares in 2CC International Limited	<u>100</u>	<u>100</u>
	Total Term Investments	<u>35,442,100</u>	<u>35,442,100</u>
6	Payables & Accruals	2020	2019
		\$	\$
	Accounts Payable		
	Trade Creditors	-	73,881
	Total Payables & Accruals	<u>-</u>	<u>73,881</u>
7	Share Capital	2020	2019
		\$	\$
	Share Capital	<u>15,442,000</u>	<u>15,442,000</u>
	Total Share Capital	<u>15,442,000</u>	<u>15,442,000</u>
8	Retained Earnings	2020	2019
		\$	\$
	Opening Balance	-	-
	Plus:		
	Net Profit	2,732,280	4,255,522
	Less:		
	Dividend Paid	957,492	4,255,522
	Retained Earnings Closing Balance	<u>1,774,787</u>	<u>-</u>
9	Capital Commitments		
	The company has no capital commitments as at 31 March 2020. (2019 Nil).		
10	Contingent Liabilities		
	The company has no contingent liabilities and no guarantees as at 31 March 2020. (2019: Contingent Liabilities Nil. Guarantees Nil.)		

2CC HOLDINGS LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2020

11 Events Occurring After Balance Date

No significant events have occurred subsequent to balance date.

12 Going Concern

As at 31 March 2020, COVID -19 had become widespread globally, and the World Health Organization had announced that the outbreak is considered a pandemic. The result of this pandemic has been a substantial reduction in economic activity throughout the world, as governments have introduced measures (such as the closure of all non-essential businesses and the cancellation of all public events) in a bid to halt, or at least slow, transmission of the virus. At the time of signing the financial statements, there is uncertainty about how much further economic activity will fall and how long the period of reduced economic activity will last.

The Directors have assessed the likely impact of COVID-19 on the Company and have concluded that, for the 12 months from the date of signing the financial statements, COVID-19 will not impact the ability of the Company to continue operating. That conclusion has been reached because the Company will be able to satisfy its obligations as they become due with continued support of the shareholders. The Directors consider that the Company is a going concern and the financial statements have been prepared on that basis.

2CC HOLDINGS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2CC HOLDINGS LIMITED

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2CC HOLDINGS LIMITED

Report on the Engagement to Compile Financial Statements

For the Year Ended 31 March 2019

COMPILATION REPORT AND DISCLAIMER OF LIABILITY TO THE DIRECTORS

Reporting Scope

On the basis of information that you provided we have compiled, in accordance with "Service Engagement Standard Number 2: Compilation of Financial Information", the Financial Statements of 2CC Holdings Limited for the year ended 31 March 2019 as set out on the following pages.

These statements have been prepared on the basis disclosed in note 1 to the financial statements.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis used is appropriate to meet your needs and for the purpose that the financial statements were prepared. The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information that you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We are not independent of the Company because a Partner of this firm is a Trustee of the ultimate shareholding trust.

Disclaimer of Liability

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

BDO Auckland

BDO Auckland

BDO Centre
Level 4
4 Graham Street
Auckland

23 September 2019 Date

2CC HOLDINGS LIMITED

Directory

As at 31 March 2019

Nature of Business	Investment
Address	PO Box 12940 Penrose Auckland 1642
Directors	Yusuke Sena Eugene Hamilton Williams
Shareholders	E & Co Trust 7,499,999 Ordinary Shares Sena Family Trust 7,499,999 Ordinary Shares Yusuke Sena 1 Ordinary Share Eugene Hamilton Williams 1 Ordinary Share
Accountants	BDO Auckland Chartered Accountants BDO Centre Level 4 4 Graham Street Auckland
Bankers	ASB Bank
Solicitors	Lowndes Jordan
IRD Number	122-273-938
Company Number	6134438
Business Number	9429043375523

2CC HOLDINGS LIMITED

Statement of Profit or Loss

For the Year Ended 31 March 2019

	Note	2019 \$	2018 \$
Revenue			
Dividends Received		4,255,522	2,063,928
Net Profit		<u>4,255,522</u>	<u>2,063,928</u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC HOLDINGS LIMITED

Statement of Changes in Equity

For the Year Ended 31 March 2019

	2019	2018
	\$	\$
Revenues and Expenses		
Net Profit	4,255,522	2,063,928
Total Recognised Revenues and Expenses	<u>4,255,522</u>	<u>2,063,928</u>
Distributions		
Dividend Paid	(4,255,522)	(2,063,928)
Equity at the Beginning of the Year	15,442,000	15,442,000
Equity at the End of the Year	<u><u>15,442,000</u></u>	<u><u>15,442,000</u></u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC HOLDINGS LIMITED


Balance Sheet

As at 31 March 2019

	Note	2019 \$	2018 \$
Current Assets			
Related Parties	4	73,781	14,776
Non-Current Assets			
Term Investments	5	35,442,100	35,442,100
Total Assets		<u>35,515,881</u>	<u>35,456,876</u>
Current Liabilities			
Payables & Accruals	6	73,881	14,876
Shareholders' Current Accounts		20,000,000	20,000,000
Total Liabilities		<u>20,073,881</u>	<u>20,014,876</u>
Net Assets		<u>15,442,000</u>	<u>15,442,000</u>
Equity			
Paid up Share Capital	7	15,442,000	15,442,000
Retained Earnings	8	-	-
Total Equity		<u>15,442,000</u>	<u>15,442,000</u>

For and on behalf of the Board of Directors who authorise the issue of these financial statements


 _____ Director Date _____
 Yusuke Sena


 _____ Director Date _____
 Eugene Hamilton Williams

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC HOLDINGS LIMITED

Statement of Shareholders' Current Accounts

For the Year Ended 31 March 2019

	2019	2018
	\$	\$
E & Co Trust		
Opening Balance	10,000,000	10,000,000
Closing Balance	<u>10,000,000</u>	<u>10,000,000</u>
Sena Family Trust		
Opening Balance	10,000,000	10,000,000
Closing Balance	<u>10,000,000</u>	<u>10,000,000</u>
Total of Shareholders' Current Accounts	<u><u>20,000,000</u></u>	<u><u>20,000,000</u></u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC HOLDINGS LIMITED

Notes to and forming part of the Financial Statements

For the Year Ended 31 March 2019

1 Statement of Accounting Policies

Reporting Entity

2CC Holdings Limited is a company incorporated in New Zealand, registered under the Companies Act 1993.

Historical Cost

The financial statements have been prepared on a historical cost basis.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by Chartered Accountants Australia and New Zealand.

The financial statements have been specifically prepared for the purposes of meeting the company's income tax requirements and internal use.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Profit or Loss and Balance Sheet on a historical cost basis are followed by the company, unless otherwise stated in the Specific Accounting Policies.

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar, except where otherwise indicated.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Profit or Loss and Balance Sheet have been applied:

(a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

Sales of services are recognised in the period by reference to the stage of completion of the transaction at the end of the reporting period.

Dividends received are recognised on receipt, net of non-refundable tax credits.

(b) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in the Statement of Profit or Loss represents the estimated current obligation payable to Inland Revenue.

(c) Investments

Investments are stated at cost.

2CC HOLDINGS LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2019

(d) Financial Instruments

Financial instruments are recognised in the Balance Sheet when the company becomes party to a financial contract. They include cash balances, deposits, bank overdraft, payables, receivables and intercompany balances.

All of the financial instruments of the company are initially recorded at cost and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (credit losses).

(e) Financial Instruments – Financial Assets

At initial recognition, the entity determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

Amortised cost

Includes assets where the entity intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Fair value

Financial assets not held at amortised cost or costs are held at fair value and include financial derivatives such as forward contracts and interest rate swaps. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available, the instrument shall be measured at the fair value for a prior year less any accumulated impairment loss.

Gains and losses are recognised in the Statement of Profit or Loss for movements in the fair value of the assets and when the assets are derecognised.

(f) Financial Instruments – Financial Liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in the Statement of Profit or Loss on an effective yield basis.

(g) Provisions

Provisions are recognised when the entity has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the entity will be required to settle the obligation.

Where the entity expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in the Statement of Profit or Loss.

2CC HOLDINGS LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2019

(h) Goods and Services Taxation (GST)

Revenue and expenses have been recognised in the financial statements inclusive of GST. The company is not registered for GST.

(i) Changes in Accounting Policies

All accounting policies were applied consistently during the year.

2	Tax Reconciliation	2019	2018
		\$	\$
	Profit before Income Tax	4,255,522	2,063,928
	Permanent Differences		
	Imputation Credits	1,654,925	802,639
	Taxable Income	<u>5,910,447</u>	<u>2,866,567</u>
	Tax Expense at 28%	1,654,925	802,639
	Imputation Credits Utilised	(1,654,925)	(802,639)
	Tax Expense	<u>-</u>	<u>-</u>
3	Imputation Credits	2019	2018
		\$	\$
	The amount of imputation credits available for use	-	-
4	Related Parties	2019	2018
		\$	\$
	2 Cheap Cars Limited	73,781	14,776
	Total Receivables from Related Parties	<u>73,781</u>	<u>14,776</u>
5	Term Investments	2019	2018
		\$	\$
	Shares in 2 Cheap Cars Limited	35,442,000	35,442,000
	Shares in 2CC International Limited	100	100
	Total Term Investments	<u>35,442,100</u>	<u>35,442,100</u>
6	Payables & Accruals	2019	2018
		\$	\$
	Accounts Payable		
	Trade Creditors	73,881	14,876
	Total Payables & Accruals	<u>73,881</u>	<u>14,876</u>

2CC HOLDINGS LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2019

7	Share Capital	2019	2018
		\$	\$
	Share Capital	15,442,000	15,442,000
	Total Share Capital	<u>15,442,000</u>	<u>15,442,000</u>
8	Retained Earnings	2019	2018
		\$	\$
	Opening Balance	-	-
	Plus:		
	Net Profit	4,255,522	2,063,928
	Less:		
	Dividend Paid	4,255,522	2,063,928
	Retained Earnings Closing Balance	<u>-</u>	<u>-</u>
9	Capital Commitments		
	The company has no capital commitments as at 31 March 2019. (2018 Nil).		
10	Contingent Liabilities		
	The company has no contingent liabilities and no guarantees as at 31 March 2019. (2018: Contingent Liabilities Nil. Guarantees Nil.)		
11	Events Occurring After Balance Date		
	No significant events have occurred subsequent to balance date.		

2CC HOLDINGS LIMITED

**SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2CC HOLDINGS LIMITED

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2CC HOLDINGS LIMITED

Report on the Engagement to Compile Financial Statements

For the Year Ended 31 March 2018

COMPILATION REPORT AND DISCLAIMER OF LIABILITY TO THE DIRECTORS

Reporting Scope

On the basis of information that you provided we have compiled, in accordance with "Service Engagement Standard Number 2: Compilation of Financial Information", the Financial Statements of 2CC Holdings Limited for the year ended 31 March 2018 as set out on the following pages.

These statements have been prepared on the basis disclosed in note 1 to the financial statements.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis used is appropriate to meet your needs and for the purpose that the financial statements were prepared. The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information that you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We are not independent of the Company because a Partner of this firm is a Trustee of the ultimate shareholding trust.

Disclaimer of Liability

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

BDO Auckland

BDO Auckland

BDO Centre
Level 4
4 Graham Street
Auckland

11 March 2019 Date

2CC HOLDINGS LIMITED

Directory

As at 31 March 2018

Nature of Business	Investment	
Address	PO Box 12940 Penrose Auckland 1642	
Directors	Yusuke Sena Eugene Hamilton Williams	
Shareholders	E & Co Trust Sena Family Trust Yusuke Sena Eugene Hamilton Williams	7,499,999 Ordinary Shares 7,499,999 Ordinary Shares 1 Ordinary Share 1 Ordinary Share
Accountants	BDO Auckland Chartered Accountants BDO Centre Level 4 4 Graham Street Auckland	
Bankers	ASB Bank	
Solicitors	Lowndes Jordan	
IRD Number	122-273-938	
Company Number	6134438	
Business Number	9429043375523	

2CC HOLDINGS LIMITED

Statement of Profit or Loss

For the Year Ended 31 March 2018

	Note	2018	2017
		\$	\$
Other Income			
Dividends Received		2,063,928	-
Net Profit		<u>2,063,928</u>	<u>-</u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC HOLDINGS LIMITED

Statement of Changes in Equity

For the Year Ended 31 March 2018

	2018	2017
	\$	\$
Revenues and Expenses		
Net Profit	2,063,928	-
Total Recognised Revenues and Expenses	<u>2,063,928</u>	<u>-</u>
Contributions and Distributions		
Contributions		
Share Capital	-	15,442,000
Distributions		
Dividend Paid	(2,063,928)	-
Equity at the Beginning of the Year	15,442,000	-
Equity at the End of the Year	<u><u>15,442,000</u></u>	<u><u>15,442,000</u></u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC HOLDINGS LIMITED

Balance Sheet

As at 31 March 2018

	Note	2018 \$	2017 \$
Current Assets			
Related Parties	4	14,776	-
Non-Current Assets			
Term Investments	5	35,442,100	35,442,100
Total Assets		35,456,876	35,442,100
Current Liabilities			
Payables & Accruals	6	14,876	100
Shareholders' Current Accounts		20,000,000	20,000,000
Total Liabilities		20,014,876	20,000,100
Net Assets		15,442,000	15,442,000
Equity			
Paid up Share Capital	7	15,442,000	15,442,000
Retained Earnings	8	-	-
Total Equity		15,442,000	15,442,000

For and on behalf of the Board of Directors who authorise the issue of these financial statements



Director

Date

Yusuke Sena



Director

Date

Eugene Hamilton Williams

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC HOLDINGS LIMITED

Statement of Shareholders' Current Accounts

For the Year Ended 31 March 2018

	2018	2017
	\$	\$
E & Co Trust		
Opening Balance	10,000,000	-
Plus:		
Capital Introduced	-	10,000,000
Closing Balance	<u>10,000,000</u>	<u>10,000,000</u>
Sena Family Trust		
Opening Balance	10,000,000	-
Plus:		
Capital Introduced	-	10,000,000
Closing Balance	<u>10,000,000</u>	<u>10,000,000</u>
Total of Shareholders' Current Accounts	<u><u>20,000,000</u></u>	<u><u>20,000,000</u></u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC HOLDINGS LIMITED

Notes to and forming part of the Financial Statements

For the Year Ended 31 March 2018

1 Statement of Accounting Policies

Reporting Entity

2CC Holdings Limited is a company incorporated in New Zealand, registered under the Companies Act 1993.

Historical Cost

The special purpose financial statements have been prepared on a historical cost basis.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by Chartered Accountants Australia and New Zealand.

The special purpose financial statements have been specifically prepared for the purposes of meeting the company's income tax requirements and internal use.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Profit or Loss and Balance Sheet on a historical cost basis are followed by the company, unless otherwise stated in the Specific Accounting Policies.

These special purpose financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar, except where otherwise indicated.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Profit or Loss and Balance Sheet have been applied:

(a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

Sales of services are recognised in the period by reference to the stage of completion of the transaction at the end of the reporting period.

Dividends received are recognised on receipt, net of non-refundable tax credits.

(b) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in the Statement of Profit or Loss represents the estimated current obligation payable to Inland Revenue.

(c) Investments in subsidiaries

Investments in subsidiaries are stated at cost.

2CC HOLDINGS LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2018

(d) Financial Instruments

Financial instruments are recognised in the Balance Sheet when the company becomes party to a financial contract. They include related party receivables, payables and shareholders' current accounts.

All of the financial instruments of the company are initially recorded at cost and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (credit losses).

(e) Financial Instruments – Financial Assets

At initial recognition, the entity determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

Amortised cost

Includes assets where the entity intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Fair value

Financial assets not held at amortised cost or costs are held at fair value and include financial derivatives such as forward contracts and interest rate swaps. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available, the instrument shall be measured at the fair value for a prior year less any accumulated impairment loss.

Gains and losses are recognised in the Statement of Profit or Loss for movements in the fair value of the assets and when the assets are derecognised.

(f) Financial Instruments – Financial Liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in the Statement of Profit or Loss using the effective interest rate method.

(g) Provisions

Provisions are recognised when the entity has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the entity will be required to settle the obligation.

Where the entity expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in the Statement of Profit or Loss.

2CC HOLDINGS LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2018

(h) Goods and Services Taxation (GST)

Revenue and expenses have been recognised in the financial statements inclusive of GST. The company is not registered for GST.

(i) Changes in Accounting Policies

All accounting policies were applied consistently during the year.

2	Tax Reconciliation	2018	2017
		\$	\$
	Profit before Income Tax	2,063,928	-
	Permanent Differences		
	Imputation Credits	802,639	-
	Taxable Income	<u>2,866,567</u>	<u>-</u>
	Tax Expense at 28%	802,639	-
	Imputation Credits	(802,639)	-
	Tax Expense	<u>-</u>	<u>-</u>
3	Imputation Credits	2018	2017
		\$	\$
	The amount of imputation credits available for use	-	-
4	Related Parties	2018	2017
		\$	\$
	2 Cheap Cars Limited	14,776	-
	Total Receivables from Related Parties	<u>14,776</u>	<u>-</u>
5	Term Investments	2018	2017
		\$	\$
	Shares in 2 Cheap Cars Limited	35,442,000	35,442,000
	Shares in 2CC International Limited	100	100
	Total Term Investments	<u>35,442,100</u>	<u>35,442,100</u>
6	Payables & Accruals	2018	2017
		\$	\$
	Accounts Payable		
	Trade Creditors	14,876	100
	Total Payables & Accruals	<u>14,876</u>	<u>100</u>

2CC HOLDINGS LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2018

7	Share Capital	2018	2017
		\$	\$
	Share Capital		
	Opening Balance	15,442,000	-
	Movements	-	15,442,000
	Closing Balance	<u>15,442,000</u>	<u>15,442,000</u>
	Total Share Capital	<u>15,442,000</u>	<u>15,442,000</u>

8	Retained Earnings	2018	2017
		\$	\$
	Opening Balance	-	-
	Plus:		
	Net Profit	2,063,928	-
	Less:		
	Dividend Paid	2,063,928	-
	Retained Earnings Closing Balance	<u>-</u>	<u>-</u>

9 Capital Commitments

The company has no capital commitments as at 31 March 2018. (2017 Nil).

10 Contingent Liabilities

The company has no contingent liabilities and no guarantees as at 31 March 2018. (2017: Contingent Liabilities Nil. Guarantees Nil.)

11 Events Occurring After Balance Date

No significant events have occurred subsequent to balance date.

2 CHEAP CARS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020

2 CHEAP CARS LIMITED
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AS AT 31 MARCH 2020

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2 CHEAP CARS LIMITED
COMPANY DIRECTORY
AS AT 31 MARCH 2020

Nature of Business
Car Dealership

Registered Office
Level 4
4 Graham Street
Auckland

Directors
Yusuke Sena
Eugene Williams

Independent Auditor
William Buck Audit (NZ) Limited
Auckland

Bankers
ASB Bank

Solicitors
Lowndes Jordan

Shareholders	Shares
2CC Holdings Limited	198
Eugene Williams	1
Yusuke Sena	1

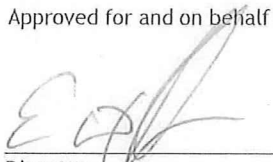
Share Capital
200 shares

2 CHEAP CARS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020

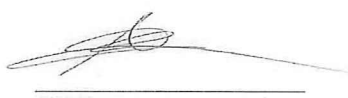
The Board of Directors present their annual report including the financial statements of the Company for the year ended 31 March 2020 and the independent Auditor's Report thereon.

The Shareholders of the Company have exercised their right under section 211(3) of the Companies Act 1993, and unanimously agreed that this annual report need not comply with paragraphs (a) and (e)-(j) of section 211(1) of the Act.

Approved for and on behalf of the Board of Directors.



Director



Director

6/8/2020

Date

2 Cheap Cars Limited

Independent auditor's report to the Shareholders

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of 2 Cheap Cars Limited (the Company), which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

Basis for Opinion

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

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

Other Matter

The financial statements of 2 Cheap Cars Limited for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion on those statements dated 30 August 2019.

ACCOUNTANTS & ADVISORS
Level 4, 21 Queen Street
Auckland 1010, New Zealand
PO Box 106 090
Auckland 1143, New Zealand
Telephone: +64 9 366 5000
williambuck.co.nz

William Buck Audit (NZ) Limited

Directors' Responsibilities

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

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

Restriction on Distribution and Use

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



William Buck Audit (NZ) Limited

Auckland
7 August 2020

2 CHEAP CARS LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 \$'000	2019 \$'000
Revenue	4	69,825	72,671
Commissions Received	4	5,861	5,742
Cost of Sales		(60,390)	(64,249)
Gross Profit		15,296	14,164
Sundry income		28	20
Sales & marketing expenses		(4,237)	(4,651)
Administration expenses		(4,625)	(4,375)
Operating profit before net financing costs	5	6,462	5,158
Finance income		57	104
Finance expenses		(522)	(252)
Net finance costs	6	(465)	(148)
Profit before income tax		5,997	5,010
Income tax expense	7	(1,951)	(1,416)
Profit for the period		4,046	3,594
Total comprehensive income for the year		4,046	3,594

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

2 CHEAP CARS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

Attributable to Owners of the Company

	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2018	-	7,781	7,781
Total Comprehensive income for the year			
Profit for the year	-	3,594	3,594
Total comprehensive income for the year	-	3,594	3,594
Transactions with owners of the company in their capacity as owners			
Dividends paid	-	(4,299)	(4,299)
Total transactions with owners of the company	-	(4,299)	(4,299)
Balance as at 31 March 2019	-	7,076	7,076
	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2019	-	7,076	7,076
Total Comprehensive income for the year			
Profit for the year	-	4,046	4,046
Total comprehensive income for the year	-	4,046	4,046
Transactions with owners of the company in their capacity as owners			
Dividends paid	-	(2,755)	(2,755)
Total transactions with owners of the company	-	(2,755)	(2,755)
Balance as at 31 March 2020	-	8,367	8,367

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

2 CHEAP CARS LIMITED
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2020

	Note	2020 \$'000	2019 \$'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	-	-
Retained earnings		8,367	7,076
Total Equity		<u>8,367</u>	<u>7,076</u>
LIABILITIES			
Non - Current Liabilities			
Lease liabilities	12	6,148	-
Total Non - Current Liabilities		<u>6,148</u>	
Current Liabilities			
Trade and other payables	13	2,456	2,908
GST payable		-	107
Income tax payable		818	927
Finance lease liabilities		-	10
Lease liabilities	12	1,464	-
Borrowings	14	8,000	8,000
Total Current Liabilities		<u>12,738</u>	<u>11,952</u>
Total Liabilities		<u>18,886</u>	<u>11,952</u>
Total Equity and Liabilities		<u>27,253</u>	<u>19,028</u>

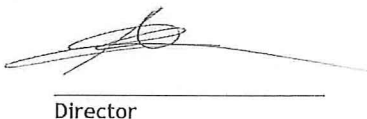
The above statements should be read in conjunction with the notes to and forming part of the financial statements.

2 CHEAP CARS LIMITED
 STATEMENT OF FINANCIAL POSITION (continued)
 AS AT 31 MARCH 2020

	Note	2020 \$'000	2019 \$'000
ASSETS			
Non - Current Assets			
Property, plant and equipment	8	1,304	1,312
Deferred tax asset	7	416	378
Right-of-use assets	12	7,383	-
Total Non - Current Assets		<u>9,103</u>	<u>1,690</u>
Current Assets			
Cash and cash equivalents		1,496	4,872
Trade and other receivables	10	733	797
GST receivable		523	-
Inventories	9	15,241	11,240
Related party receivables	16	157	429
Total Current Assets		<u>18,150</u>	<u>17,338</u>
Total Assets		<u>27,253</u>	<u>19,028</u>

Approved for and on behalf of the Board of Directors.


 Director


 Director

6/8/2020
 Date

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

2 CHEAP CARS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	75,849	78,730
Cash paid to suppliers and employees	(70,568)	(76,390)
Interest received	57	94
Interest paid	(272)	-
Tax paid	(2,728)	(1,694)
Net cash inflow from operating activities	<u>2,338</u>	<u>740</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(431)	(404)
Sale of property, plant and equipment	82	34
Net cash outflow from investing activities	<u>(349)</u>	<u>(370)</u>
Cash flows from financing activities		
Dividend paid	(2,755)	(4,299)
Repayments from related parties	24	-
Advance to related parties	(974)	(346)
Interest paid	(250)	(252)
Principal elements of lease payments	(1,410)	(53)
Trade finance advance	-	3,934
Net cash outflow from financing activities	<u>(5,365)</u>	<u>(1,016)</u>
Net decrease in cash and cash equivalents	<u>(3,376)</u>	<u>(646)</u>
Cash and cash equivalents at beginning of year	<u>4,872</u>	<u>5,518</u>
Cash and cash equivalents at end of year	<u>1,496</u>	<u>4,872</u>

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. REPORTING ENTITY

2 Cheap Cars Limited (the "Company") is a company registered under the Companies Act 1993.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS (RDR)") as appropriate for profit oriented entities.

The Company is a for-profit entity and has elected to report in accordance with Tier 2 For-profit Accounting Standards as issued by the New Zealand External Reporting Board (XRB). The Company is eligible to report in accordance with Tier 2 For-profit Accounting Standards on the basis that it does not have public accountability and is not a large for-profit public sector entity.

These financial statements were authorised for issue by the Board of Directors on the date as stated on the Statement of Financial Position.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Company's functional and presentation currency, rounded to the nearest thousand.

(d) Use of estimates and judgements

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

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

Key estimates are:

- Inventory provision
- Contract liability on commission income

(e) Changes in accounting policies

New standards, interpretations and amendments effective from 1 April 2019.

New standards impacting the Company that have been adopted in the annual financial statements for the year ended 31 March 2020 and which affect the Company's accounting policies include:

- NZ IFRS 16 Leases

The Company elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 April 2019. This is disclosed in note j.

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Foreign currency differences are recognised in profit or loss.

(ii) Foreign currency monetary assets and liabilities

At balance date, foreign monetary assets and liabilities are translated to the functional currency at the closing rate and exchange variations are recognised in profit or loss.

(b) Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled to, excluding amounts collected on behalf of third parties and net of rebates, discounts and payments to customers that are not in consideration for separate goods or services provided. This represents the fair value of total consideration payable, including both cash and in the case of Vehicles sold, any vehicle trade-ins.

Where the ultimate transaction price receivable is subject to variability (such as in the case of vehicle returns or clawbacks on commissions) revenue is recognised only to the extent that it is highly probable that the revenue recognised would not need to be subsequently reversed.

Revenue is recognised when the control associated with a good or service (or group thereof) representing a distinct performance obligation is transferred from the Company to the customer.

Where a single contract contains two or more distinct performance obligations, the total transaction price of the contract is allocated between the separate performance obligations based on their stand-alone-sales-prices, and represents the revenue to be recognised with respect to that separate performance obligation.

Revenue is recognised on an *over-time* basis subject to meeting specific criteria, otherwise, revenue is recognised at a *point-in-time*, being the point that the customer obtains control of the good or service subject to various indicators.

Payment received from customers before revenue is recognised is recognised and presented as a "Contract liability" in the statement of financial position.

Receivables resulting from revenue being recognised before the Company is able to contractually invoice for the goods or services provided is recognised and presented as a "Contract asset" in the statement of financial position.

The Company recognises revenue on a net basis as an "Agent" (rather than on a gross basis as "Principal") when (i) it is not the party primarily responsible for fulfilling to provide goods or services to the end customer, (ii) when it does not assume the (inventory) risk of the goods or services, and/or (iii) it does not have discretion in setting the price payable by the end customer.

The specific revenue recognition policies associated with the Company's distinct performance obligations (as presented in Note 3) are detailed below.

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Revenue (continued)

(i) Vehicles sold

Revenue is recognised at a *point-in-time*, with the transfer of control determined as the point purchaser takes final physical possession of the vehicle.

(ii) Life insurance policies

Revenue is recognised on an agent basis at a *point-in-time*, with the transfer of control determined as the point the end customer enters into a signed life insurance policy with the insurance provider (principal). As the uncertainty associated with any commission clawbacks is resolved, previously deferred revenue recognised as contract liabilities is released and recognised as revenue.

(iii) Sale of scrap parts

Revenue is recognised at a *point-in-time*, with the transfer of control determined as the point purchaser takes final physical possession of the scrap parts.

(iv) Commissions received (booking fee, sales, finance)

Revenue is recognised on an agent basis at a *point-in-time*, with the transfer of control determined as the point the end customer enters into a signed finance agreement with the finance provider (principal). As the uncertainty associated with any commission clawbacks is resolved, previously deferred revenue recognised as contract liabilities is released and recognised as revenue.

(c) Finance income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings.

(d) Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Tax (continued)

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

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

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

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

(e) Employee benefits

(i) Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date. The Company recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

(f) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

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

(iii) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment.

The depreciation rates for the current and comparative years of significant items of property, plant and equipment are as follows:

- Leasehold improvements	4.0% - 30.0% DV
- Furniture and fittings	8.0% - 67.0% DV
- Motor vehicles	10.0% - 40.0% DV
- Computer equipment	20.0% - 67.0% DV
- Workshop equipment	10.0% - 67.0% DV

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value with due allowance for any damaged and obsolete stock items. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments

(i) Financial assets

The Company classifies its financial assets into the following categories, depending on the purpose for which the asset was acquired; fair value through profit or loss, amortised cost, or fair value through other comprehensive income. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At balance date all of the Company's financial assets are classified at amortised cost.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other expenses in profit or loss. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Company may elect to renegotiate the terms of trade receivables due from debtors with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised as part of the impairment through profit or loss.

The Company's financial assets measured at amortised cost comprise cash and cash equivalents, trade and other receivables and loans to related parties in the statement of financial position.

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(i) Financial assets (continued)

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown as current liabilities on the statement of financial position.

(ii) Financial liabilities

The Company classifies its financial liabilities into the following categories, depending on the purpose for which the liability was incurred: fair value through profit or loss or amortised cost. Management determines the classification of its financial liabilities at initial recognition and re-evaluates this designation at every reporting date. At balance date all of the Company's financial liabilities are classified at amortised cost.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Amortised cost

Trade and other payables and borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position.

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

(i) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of non-financial assets (continued)

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

(j) Leases

On adoption of NZ IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of NZ IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 3.30%.

(i) Practical expedients applied

In applying NZ IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying NZ IAS 17 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(ii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019.

2 CHEAP CARS LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leases (continued)

(iii) Measurement of lease liabilities

	\$'000
Operating lease commitments disclosed as at 31 March 2019	11,091
Discounted using the lessee's incremental borrowing rate at the date of initial application	10,725
Add: adjustments as a result of a different treatment of extension and termination operations	(1,714)
Lease liability recognised as at 1 April 2019:	<u>9,011</u>
Of which are:	
Current lease liabilities	1,399
Non-current lease liabilities	<u>7,612</u>
	<u>9,011</u>

Leases - accounting policy applied until 31 March 2019

Until 31 March 2019, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

(k) Share capital

Ordinary shares

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

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

4. REVENUE

	Note	2020 \$'000	2019 \$'000
Revenue			
Vehicles sold		69,691	72,592
Life insurance policies		58	65
Sale of scrap parts		21	14
Agency service income		55	-
		<u>69,825</u>	<u>72,671</u>
Commissions Received			
Finance and booking fee commission		5,183	5,073
Sales commission		648	630
Finance commission		30	39
		<u>5,861</u>	<u>5,742</u>

5. OPERATING PROFIT BEFORE NET FINANCING COSTS

Operating profit before finance costs includes the following:

- Depreciation - property, plant & equipment	8	255	278
- Depreciation - right-of-use assets	12	1,628	-
- Rental and operating lease costs	12	290	2,171
- Wages and salaries (including KiwiSaver)		1,805	1,839
- Advertising		1,584	1,964
- Impairment of related party loans	16	360	-

6. NET FINANCE COSTS

Recognised In profit or loss:

Finance Income			
Interest income on loans and receivables		57	104
		<u>57</u>	<u>104</u>
Finance Expense			
Interest expenses on financial liabilities measured at amortised cost (including finance leases)		(522)	(252)
		<u>(522)</u>	<u>(252)</u>
Net Finance Costs		<u>(465)</u>	<u>(148)</u>

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

2 CHEAP CARS LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020

7. INCOME TAX

a) Income tax recognised in profit or loss and other comprehensive income

Income tax recognised in profit or loss:	2020	2019
	\$'000	\$'000
Current tax	1,989	1,555
Deferred tax expense	(38)	(139)
	<u>1,951</u>	<u>1,416</u>

b) Reconciliation of income tax expense

Profit before income tax expense	<u>5,997</u>	<u>5,010</u>
Tax expense at 28%	1,679	1,403
Permanent differences	337	54
Timing differences	(27)	98
	<u>1,989</u>	<u>1,555</u>

c) Deferred tax

Balance at the beginning of the year	378	239
Current year movement	38	139
Deferred tax asset	<u>416</u>	<u>378</u>

Made up of:

Deferred tax asset	<u>378</u>	<u>378</u>
Net balance as per above	<u>378</u>	<u>378</u>

Deferred tax assets are attributable to the following:

Inventory provision	117	75
Employee benefits	136	84
Provisions	99	217
Bad debts	-	2
Lease liabilities	64	-
	<u>416</u>	<u>378</u>

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

2 CHEAP CARS LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Motor vehicles	Furniture and fittings	Computer equipment	Workshop equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Balance at 1 Apr 2019	666	228	658	344	15	1,911
Additions	87	166	69	91	18	431
Disposals	(29)	(149)	(84)	(9)	(3)	(274)
Balance at 31 Mar 2020	724	245	643	426	30	2,068
Accumulated depreciation						
Balance at 1 Apr 2019	(116)	(89)	(199)	(193)	(2)	(599)
Depreciation	(58)	(30)	(68)	(95)	(4)	(255)
Disposals	2	57	22	8	1	90
Balance at 31 Mar 2020	(172)	(62)	(245)	(280)	(5)	(764)
Net book value						
At 31 March 2019	550	139	459	151	13	1,312
At 31 March 2020	552	183	398	146	25	1,304

9. INVENTORIES

	2020 \$'000	2019 \$'000
Gross stock on hand	15,657	11,499
Inventory provision	(417)	(268)
Merchandise	1	9
Total inventories	15,241	11,240

10. TRADE AND OTHER RECEIVABLES

Net trade and other receivables	76	280
Prepayments	257	344
Lease deposits and bonds	106	142
Foreign exchange	294	31
Total trade and other receivables	733	797

Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted.

The expected credit losses at 31 March 2020 is \$49,727 (2019: \$1,531).

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

2 CHEAP CARS LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020

11. SHARE CAPITAL

Ordinary Shares	2020	2019
	\$	\$
On issue at 1 April	200	200
On issue at 31 March	<u>200</u>	<u>200</u>

At 31 March 2020, share capital comprised 200 authorised and issued ordinary shares (2019: 200). All issued shares are fully paid and have no par value.

Ordinary Shares

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

12. LEASES

(a) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

	Note	2020	1 April 2019
		\$'000	\$'000
Right-of-use assets			
Buildings		7,383	9,011
		<u>7,383</u>	<u>9,011</u>
Lease liabilities			
Current		1,464	1,399
Non-current		6,148	7,612
		<u>7,612</u>	<u>9,011</u>

There were no additions to the right-of-use assets during the 2020 financial year.

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Note	2020	2019
		\$	\$
Depreciation charge of right-of-use assets			
Buildings		1,628	-
		<u>1,628</u>	<u>-</u>
Interest expense (included in finance expenses)		272	-
Expense relating to short-term leases		290	-

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

2 CHEAP CARS LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020

12. LEASES (continued)

(c) The Company's leasing activities and how these are accounted for

The Company leases premises and office equipment.

Until 31 March 2019, leases of property, plant and equipment were classified as either finance or operating leases. From 1 April 2019, leases are recognised as the right-of-use asset and a corresponding liability at the date at which the lease asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company has used the bank bill market rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability, and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

13. TRADE AND OTHER PAYABLES

	Note	2020 \$'000	2019 \$'000
Trade payables		1,650	1,692
Liability for annual leave		502	438
Provisions		304	778
Total trade and other payables		2,456	2,908

Trade payables generally have terms of 30 days and are interest free. Trade payable of a short-term duration are not discounted.

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

2 CHEAP CARS LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020

14. BORROWINGS

	2020 \$'000	2019 \$'000
Trade facility finance	8,000	8,000
	<u>8,000</u>	<u>8,000</u>

The terms and conditions of outstanding loans are as follows:

	2020 \$'000		2019 \$'000	
	Face value	Carrying amount	Face value	Carrying amount
Trade facility finance	8,000	8,000	8,000	8,000
Total interest bearing liabilities	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>

The trade facility finance is secured by a general security deed over the assets of the Company.

The interest rates at 31 March 2020 varied from 2.27% to 2.88% (2019: 3.43% to 3.45%).

The facilities expire on 17 April 2020, 4 May 2020 and 15 May 2020.

All covenants on facilities were met throughout the year.

15. FINANCIAL INSTRUMENTS

Fair values versus carrying amounts

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows.

2020	Note	Carrying Amount \$'000	Fair Value \$'000
Assets			
Cash and cash equivalents		1,496	1,496
Trade and other receivables	10	733	733
Related party receivables	16	157	157
Total assets		<u>2,386</u>	<u>2,386</u>
Liabilities			
Trade and other payables	13	(1,650)	(1,650)
Lease liabilities	12	(7,612)	(7,612)
Borrowings	14	(8,000)	(8,000)
Total liabilities		<u>(17,262)</u>	<u>(17,262)</u>

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

2 CHEAP CARS LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020

15. FINANCIAL INSTRUMENTS (continued)

2019	Note	Carrying Amount \$'000	Fair Value \$'000
Assets			
Cash and cash equivalents		4,872	4,872
Trade and other receivables	10	797	797
Related party receivables	16	429	429
Total assets		<u>6,098</u>	<u>6,098</u>
Liabilities			
Trade and other payables	13	(1,692)	(1,692)
Finance lease liabilities	12	(10)	(10)
Borrowings	14	(8,000)	(8,000)
Total liabilities		<u>(9,702)</u>	<u>(9,702)</u>

16. RELATED PARTIES

Identity of related parties

The Company has a related party relationship with its key management personnel being the Directors and Executive Officers.

Transactions with related parties

Transactions with related parties are to be settled in cash.

Key management personnel

Salaries were paid to the Directors during the year of \$643,846 (2019: \$600,019). As at 31 March 2020 \$16,636 was due to the Directors (2019: \$Nil).

Related entities

Related parties include:

- 2CC Holdings Limited
- Car Plus K.K.
- 2CC International Limited
- 2 Cheap Rental Cars Limited
- 2 Cheap Cars (Canada) Inc.
- NZ Motor Finance Limited

All entities are related by common Directors/Shareholders.

The following transactions occurred during the year with regards to parties directly related to the Company.

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

2 CHEAP CARS LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020

16. RELATED PARTIES (continued)

2CC Holdings Limited

	2020	2019
	\$'000	\$'000
Dividends received from 2 Cheap Cars Limited	(2,727)	(4,256)
Payments made on behalf of the Company	891	4,196

At reporting date, the Company had a receivable from 2CC Holdings Limited of \$100 (2019: \$73,881 payable).

The balance is unsecured, non-interest bearing and payable on demand.

Car Plus K.K.

	2020	2019
	\$'000	\$'000
Advance loan to assist with working capital	30	30

At reporting date, the Company had a payable to Car Plus K.K. of \$78,899 (2019: \$67,271).

The balance is unsecured, non-interest bearing and payable on demand.

2CC International Limited

At reporting date, the Company had a receivable from 2CC International Limited of \$124,614 (2019: \$124,834).

The balance is unsecured, non-interest bearing and receivable on demand.

2 Cheap Rental Cars Limited

	2020	2019
	\$'000	\$'000
Payments made on behalf of the Company	325	5
Payments received from the Company	(11)	-
Subvention payment to the Company	(387)	

At reporting date, the Company had a payable to 2 Cheap Rental Cars Limited of \$18,546 (2019: \$4,626 receivable).

The balance is unsecured, non-interest bearing and receivable on demand.

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

2 CHEAP CARS LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020

16. RELATED PARTIES (continued)

2 Cheap Cars (Canada) Inc.

	2020 \$'000	2019 \$'000
Payments made on behalf of the Company	579	350
Payments received from the Company	(21)	-
Interest	-	10
Impairment	360	-

At reporting date, the Company had a receivable from 2 Cheap Cars (Canada) Inc. of \$84,342 (2019: \$359,865).

The balance is unsecured, non-interest bearing and receivable on demand. (2019: 5% interest was charged on the amount owing at balance date).

NZ Motor Finance Limited

	2020 \$'000	2019 \$'000
Payments made on behalf of the Company	270	7
Payments received from the Company	(277)	-

At reporting date, the Company had no balance due from NZ Motor Finance Limited (2019: \$6,825).

The impairments to related party balances are as disclosed above (2019: Nil). There were no debts written off (2019 Nil).

Summary of related party balances

2020	Balance Sheet Receivable/ (Payable) \$'000	Accounts Receivable \$'000	Accounts Payable \$'000	Net \$'000
Car Plus K.K.	36	-	(115)	(79)
2CC International Limited	125	-	-	125
2 Cheap Rental Cars Limited	(69)	62	(12)	(19)
2 Cheap Cars (Canada) Inc.	81	3	-	84
NZ Motor Finance Limited	-	-	-	-
Eugene Williams (director)	(8)	-	-	(8)
Yusuke Sena (director)	(8)	-	-	(8)
Total related party receivables/(payables)	157	65	(127)	95

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

2 CHEAP CARS LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020

16. RELATED PARTIES (continued)

2019	Balance Sheet Receivable/ (Payable) \$'000	Accounts Payable \$'000	Net \$'000
2CC Holdings Limited	(74)	-	(74)
Car Plus K.K.	6	(73)	(67)
2CC International Limited	125	-	125
2 Cheap Rental Cars Limited	5	-	5
2 Cheap Cars (Canada) Inc.	360	-	360
NZ Motor Finance Limited	7	-	7
Total related party receivables	429	(73)	356

17. CONTINGENT LIABILITY

ASB Bank Limited has given a guarantee to the landlord on behalf of the Company to secure premises in Auckland. The maximum guarantee is for \$537,442 (2019: \$569,067). This is secured by the arrangements detailed in note 14.

There are no other known contingent liabilities.

18. CAPITAL COMMITMENTS

There are no capital commitments as at 31 March 2020 (2019: \$Nil).

19. GOING CONCERN

As at 31 March 2020, COVID-19 had become widespread globally and the World Health Organization had announced that the outbreak is considered a pandemic. The result of this pandemic has been a substantial reduction in economic activity throughout the world, as governments have introduced measures (such as the closure of all non-essential businesses and the cancellation of all public events) in a bid to halt, or at least slow, transmission of the virus. At the time of signing the financial statements, there is uncertainty about how much further economic activity will fall and how long the period of reduced economic activity will last.

The Directors have assessed the likely impact of COVID-19 on the Company and have concluded that, for the 12 months from the date of signing the financial statements, COVID-19 will not impact the ability of the Company to continue operating. That conclusion has been reached because the Company will be able to satisfy its obligations as they become due with continued support of the shareholders. The Directors consider that the Company is a going concern and the financial statements have been prepared on that basis.

20. SUBSEQUENT EVENTS

No significant events have occurred subsequent to balance date.

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

Document 6

**2 CHEAP CARS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

**2 CHEAP CARS LIMITED
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AS AT 31 MARCH 2019**

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**2 CHEAP CARS LIMITED
COMPANY DIRECTORY
AS AT 31 MARCH 2019**

Nature of Business
Car Dealership

Registered Office
Level 4
4 Graham Street
Auckland

Directors
Yusuke Sena
Eugene Williams

Independent Auditor
KPMG
Auckland

Bankers
ASB Bank

Solicitors
Lowndes Jordan

Shareholders	Shares
2CC Holdings Limited	198
Eugene Williams	1
Yusuke Sena	1

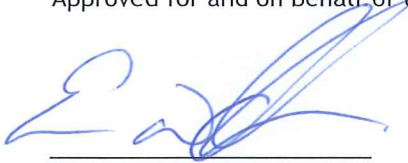
Share Capital
200 shares

**2 CHEAP CARS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The Board of Directors present their annual report including the financial statements of the Company for the year ended 31 March 2019 and the independent Auditor's Report thereon.

The Shareholders of the Company have exercised their right under section 211(3) of the Companies Act 1993, and unanimously agreed that this annual report need not comply with paragraphs (a) and (e)-(j) of section 211(1) of the Act.

Approved for and on behalf of the Board of Directors.



Director



Director

30 August 2019
Date



Independent Auditor's Report

To the shareholders of 2 Cheap Cars Limited

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements of 2 Cheap Cars Limited (the 'company') on pages 7 to 28:

- i. present fairly in all material respects the company's financial position as at 31 March 2019 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2019;
- the statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Subject to certain restrictions, partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. These matters have not impaired our independence as auditor of the company. The firm has no other relationship with, or interest in, the company.



Other information

The Directors, on behalf of the company, are responsible for the other information included in the entity's Annual Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

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



Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent 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 shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

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

KPMG
Auckland

30 August 2019

2 CHEAP CARS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 \$'000	2018 \$'000
Revenue	4	72,671	69,184
Commissions Received	4	5,742	4,435
Cost of Sales		(64,249)	(58,489)
Gross Profit		<u>14,164</u>	<u>15,130</u>
Sundry income		20	33
Sales & marketing expenses		(4,651)	(5,213)
Administration expenses		(4,375)	(3,676)
Operating profit before net financing costs	5	<u>5,158</u>	<u>6,274</u>
Finance income		104	80
Finance expenses		(252)	(183)
Net finance costs	6	<u>(148)</u>	<u>(103)</u>
Profit before income tax		5,010	6,171
Income tax expense	7	(1,416)	(1,791)
Profit for the period		<u>3,594</u>	<u>4,380</u>
Total comprehensive income for the year		<u>3,594</u>	<u>4,380</u>

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



2 CHEAP CARS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

Attributable to Owners of the Company

	Share Capital	Retained Earnings	Total
	\$'000	\$'000	\$'000
Balance at 1 April 2017	-	5,486	5,486
Total Comprehensive income for the year			
Profit for the year	-	4,380	4,380
Total comprehensive income for the year	-	4,380	4,380
Transactions with owners of the company in their capacity as owners			
Dividends paid	-	(2,085)	(2,085)
Total transactions with owners of the company	-	(2,085)	(2,085)
Balance as at 31 March 2018	-	7,781	7,781

Note

	Share Capital	Retained Earnings	Total
	\$'000	\$'000	\$'000
Balance at 1 April 2018	-	7,781	7,781
Total Comprehensive income for the year			
Profit for the year	-	3,594	3,594
Total comprehensive income for the year	-	3,594	3,594
Transactions with owners of the company in their capacity as owners			
Dividends paid	-	(4,299)	(4,299)
Total transactions with owners of the company	-	(4,299)	(4,299)
Balance as at 31 March 2019	-	7,076	7,076

Note

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

2 CHEAP CARS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 \$'000	2018 \$'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	-	-
Retained earnings		7,076	7,781
Total Equity		<u>7,076</u>	<u>7,781</u>
LIABILITIES			
Non - Current Liabilities			
Finance lease liabilities	12	-	19
Total Non - Current Liabilities		<u>-</u>	<u>19</u>
Current Liabilities			
Trade and other payables	13	3,015	2,393
Income tax payable		927	1,066
Finance lease liabilities	12	10	44
Borrowings	14	8,000	4,066
Total Current Liabilities		<u>11,952</u>	<u>7,569</u>
Total Liabilities		<u>11,952</u>	<u>7,588</u>
Total Equity and Liabilities		<u>19,028</u>	<u>15,369</u>

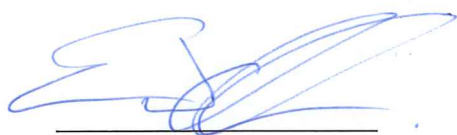


The above statements should be read in conjunction with the notes to and forming part of the financial statements.

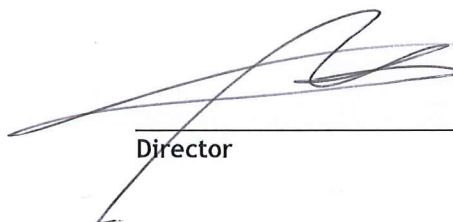
2 CHEAP CARS LIMITED
STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 MARCH 2019

	Note	2019 \$'000	2018 \$'000
ASSETS			
Non - Current Assets			
Property, plant and equipment	8	1,312	1,234
Deferred tax asset	7	378	239
Total Non - Current Assets		<u>1,690</u>	<u>1,473</u>
Current Assets			
Cash and cash equivalents		4,872	5,518
Trade and other receivables	10	797	761
Inventories	9	11,240	7,544
Related party receivables	16	429	73
Total Current Assets		<u>17,338</u>	<u>13,896</u>
Total Assets		<u><u>19,028</u></u>	<u><u>15,369</u></u>

Approved for and on behalf of the Board of Directors.



Director



Director

30 August 2019
Date

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

**2 CHEAP CARS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019	2018
Note	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	78,730	73,443
Cash paid to suppliers and employees	(76,390)	(69,742)
Interest received	94	80
Tax paid	(1,694)	(1,163)
Net cash inflow from operating activities	<u>740</u>	<u>2,618</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(404)	(754)
Sale of property, plant and equipment	34	16
Net cash outflow from investing activities	<u>(370)</u>	<u>(738)</u>
Cash flows from financing activities		
Dividend paid	(4,299)	(2,085)
Advance to related parties	(346)	43
Interest paid	(252)	(183)
Finance lease	(53)	-
Trade finance advance	3,934	-
Net cash outflow from financing activities	<u>(1,016)</u>	<u>(2,225)</u>
Net decrease in cash and cash equivalents	<u>(646)</u>	<u>(345)</u>
Cash and cash equivalents at beginning of year	<u>5,518</u>	<u>5,863</u>
Cash and cash equivalents at end of year	<u><u>4,872</u></u>	<u><u>5,518</u></u>

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

2 CHEAP CARS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. REPORTING ENTITY

2 Cheap Cars Limited (the “Company”) is a company registered under the Companies Act 1993.

The financial statements were authorised for issue by the Board of Directors on the date stated on the statement of financial position.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (“NZ IFRS (RDR)”) as appropriate for profit oriented entities.

The Company is a for-profit entity and has elected to report in accordance with Tier 2 For-profit Accounting Standards as issued by the New Zealand External Reporting Board (XRB). The Company is eligible to report in accordance with Tier 2 For-profit Accounting Standards on the basis that it does not have public accountability and is not a large for-profit public sector entity.

These financial statements were authorised for issue by the Board of Directors on the date as stated on the Statement of Financial Position.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Company’s functional and presentation currency, rounded to the nearest thousand.

(d) Use of estimates and judgements

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

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

Key estimates are:

- Inventory provision
- Contract liability on commission income.

(e) Changes in accounting policies

New standards, interpretations and amendments effective from 1 April 2018.

New standards impacting the Company that have been adopted in the annual financial statements for the year ended 31 March 2019, and which affect the Company’s accounting policies include:

- NZ IFRS 9 Financial Instruments (NZ IFRS 9); and
- NZ IFRS 15 Revenue from Contracts with Customers (NZ IFRS 15)

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. BASIS OF PREPARATION (continued)

(e) Changes in accounting policies (continued)

NZ IFRS 9

NZ IFRS 9 has replaced NZ IAS 39 Financial Instruments: Recognition and Measurement (NZ IAS 39). The Company has applied IFRS 9 retrospectively with a transition date of 1 April 2018, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous financial instruments accounting policy (see note 3(k)). The new accounting policies in accordance with NZ IFRS 9 are set out in note 3(i) and note 3(j).

The measurement of the Company's financial assets and financial liabilities at initial recognition and subsequent to initial recognition did not change on adoption of NZ IFRS 9. Therefore, the adoption of this standard did not have a recognition or measurement impact on the Company's financial statements.

NZ IFRS 15

The new standard has replaced NZ IAS 18 Revenue (NZ IAS 18) and various Interpretations previously issued by the NZ IFRS Interpretations Committee. NZ IFRS 15 introduces a principles based approach for revenue recognition and requires an entity to recognise revenue when or as it satisfies a performance obligation by transferring control of a good or service to the customer.

NZ IFRS 15 also requires an entity to determine whether the entity has promised to provide the specified good or service itself (as a principal) or to arrange for those specified goods or services to be provided by another party (as an agent). This determination requires judgement and can impact the amount and timing of revenue recognition. The Company has determined that it acts as a principal and an agent.

On adoption of NZ IFRS 15 the Company has concluded that it is an agent with respect to commission received from the sale of finance and insurance products.

The Company has adopted NZ IFRS 15 from 1 April 2018 using the cumulative effect method. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous revenue recognition policy (see note 3(b)).

The new accounting policies in accordance with NZ IFRS 15 are set out in note 3(b).

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Foreign currency differences are recognised in profit or loss.

(b) Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled to, excluding amounts collected on behalf of third parties, and net of rebates, discounts, and payments to customers that are not in consideration for separate goods or services provided. This represents the fair value of total consideration payable, including both cash, and in the case of Vehicles sold, any vehicle trade-ins.

Where the ultimate transaction price receivable is subject to variability (such as in the case of vehicle returns or clawbacks on commissions) revenue is recognised only to the extent that it is highly probable that the revenue recognised would not need to be subsequently reversed.

Revenue is recognised when the control associated with a good or service (or group thereof) representing a distinct performance obligation is transferred from the Company to the customer.

Where a single contract contains two or more distinct performance obligations, the total transaction price of the contract is allocated between the separate performance obligations based on their stand-alone-sales-prices, and represents the revenue to be recognised with respect to that separate performance obligation.

Revenue is recognised on an *over-time* basis subject to meeting specific criteria, otherwise, revenue is recognised at a *point-in-time*, being the point that the customer obtains control of the good or service subject to various indicators.

Payment received from customer before revenue is recognised is recognised and presented as a “Contract liability” in the statement of financial position.

Receivables resulting from revenue being recognised before the Company is able to contractually invoice for the goods or services provided is recognised and presented as a “Contract asset” in the statement of financial position.

The Company recognises revenue on a net basis as an “Agent” (rather than on a gross basis as “Principal”) when (i) it is not the party primarily responsible for fulfilling to provide goods or services to the end customer, (ii) when it does not assume the (inventory) risk of the goods or services, and/or (iii) it does not have discretion in setting the price payable by the end customer.

The specific revenue recognition policies associated with the Company’s distinct performance obligations (as presented in Note 3) are detailed below.

(i) Vehicles sold

Revenue is recognised at a *point-in-time*, with the transfer of control determined as the point purchaser takes final physical possession of the vehicle.

(ii) Life insurance policies

Revenue is recognised on an agent basis at a *point-in-time*, with the transfer of control determined as the point the end customer enters into a signed life insurance policy with the insurance provider (principal). As the uncertainty associated with any commission clawbacks is resolved, previously deferred revenue recognised as contract liabilities is released and recognised as revenue.

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Revenue (continued)

(iii) Sale of scrap parts



Revenue is recognised at a *point-in-time*, with the transfer of control determined as the point purchaser takes final physical possession of the scrap parts.

(iv) Commissions received (booking fee, sales, finance)

Revenue is recognised on an agent basis at a *point-in-time*, with the transfer of control determined as the point the end customer enters into a signed finance agreement with the finance provider (principal). As the uncertainty associated with any commission clawbacks is resolved, previously deferred revenue recognised as contract liabilities is released and recognised as revenue.

(c) Finance income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings.

(d) Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Employee benefits

(i) Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date. The Company recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

(f) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(g) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

(iii) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The depreciation rates for the current and comparative years of significant items of property, plant and equipment are as follows:

- Leasehold improvements	4.0% - 30.0% DV
- Furniture and fittings	8.0% - 67.0% DV
- Motor vehicles	10.0% - 40.0% DV
- Computer equipment	20.0% - 67.0% DV
- Workshop equipment	10.0% - 67.0% DV

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value with due allowance for any damaged and obsolete stock items. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

(i) Financial instruments

(i) Financial assets

From 1 April 2018, the Company classifies its financial assets into the following categories, depending on the purpose for which the asset was acquired: fair value through profit or loss, amortised cost, or fair value through other comprehensive income. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At balance date all of the Company's financial assets are classified at amortised cost.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(i) Financial assets (continued)

Amortised cost (continued)

From 1 April 2018, impairment provisions for current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other expenses in profit or loss. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

From 1 April 2018, impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Company may elect to renegotiate the terms of trade receivables due from debtors with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised as part of the impairment through profit or loss.

The Company's financial assets measured at amortised cost comprise cash and cash equivalents, trade and other receivables and loans to related parties in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown as current liabilities on the statement of financial position.

(ii) Financial liabilities

The Company classifies its financial liabilities into the following categories, depending on the purpose for which the liability was incurred: fair value through profit or loss, or amortised cost. Management determines the classification of its financial liabilities at initial recognition and re-evaluates this designation at every reporting date. At balance date all of the Company's financial liabilities are classified at amortised cost.

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

Amortised cost

Trade and other payables and borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position.

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

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

(k) Financial instruments - Accounting policy applied until 31 March 2018

The Company has applied NZ IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

(i) Classification

Until 31 March 2018, the Company classified its financial assets as loans and receivables.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and re-evaluated this designation at every reporting date.

Cash and cash equivalents, trade and other receivables and related party receivables were classified as loans and receivables. From 1 April 2018, these financial assets are classified at amortised cost.

Trade and other payables and borrowings were classified as other financial liabilities. From 1 April 2018, these financial liabilities are classified at amortised cost.

(ii) Measurement

The measurement of the Company's financial assets and financial liabilities at initial recognition and subsequent to initial recognition did not change on the adoption of NZ IFRS 9.

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments - Accounting policy applied until 31 March 2018 (continued)

(iii) Impairment

Non-derivative financial assets

Financial assets were assessed at each reporting date to determine whether there was objective evidence of impairment. A financial asset was impaired if there was objective evidence of impairment from one or more events that occurred after the initial recognition of the asset, and that the impact on the estimated future cash flows from the event(s) could be estimated reliably.

Objective evidence that financial assets were impaired included default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlated with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment.

Financial assets measured at amortised cost

The Company considered evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets were assessed for specific impairment. Those found not to be specifically impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, which was adjusted for management's judgement as to whether current economic and credit conditions were such that the actual losses were likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost was calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset would continue to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss was reversed through profit or loss.

(l) Share capital

Ordinary shares

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

4. REVENUE

	Note	2019 \$'000	2018 \$'000
Revenue			
Vehicles sold		72,592	68,936
Life insurance policies		65	220
Sale of scrap parts		14	28
		<u>72,671</u>	<u>69,184</u>
Commissions Received			
Finance and booking fee commission		5,073	3,991
Sales commission		630	444
Finance commission		39	-
		<u>5,742</u>	<u>4,435</u>

5. OPERATING PROFIT BEFORE NET FINANCING COSTS

Operating profit before finance costs includes the following:

- Depreciation	278	199
- Rental and operating lease costs	2,171	1,941
- Wages and salaries (including KiwiSaver)	1,839	1,845
- Advertising	1,964	2,501

6. NET FINANCE COSTS

Recognised in profit or loss:

Finance Income

Interest income on loans and receivables	104	80
	<u>104</u>	<u>80</u>

Finance Expense

Interest expenses on financial liabilities measured at amortised cost (including finance leases)	(252)	(183)
	<u>(252)</u>	<u>(183)</u>

Net Finance Costs	<u>(148)</u>	<u>(103)</u>
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2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

7. INCOME TAX

a) Income tax recognised in profit or loss and other comprehensive income

Income tax recognised in profit or loss:	2019	2018
	\$'000	\$'000
Current tax	1,555	1,829
Deferred tax expense	(139)	(38)
	<u>1,416</u>	<u>1,791</u>

b) Reconciliation of income tax expense

Profit before income tax expense	<u>5,010</u>	<u>6,171</u>
Tax expense at 28%	1,403	1,727
Non-deductible expenses	13	64
	<u>1,416</u>	<u>1,791</u>

c) Deferred tax

Balance at the beginning of the year	239	201
Current year movement	139	38
Deferred tax asset	<u>378</u>	<u>239</u>

Made up of:

Deferred tax asset	<u>378</u>	<u>239</u>
Net balance as per above	<u>378</u>	<u>239</u>

Deferred tax assets are attributable to the following:

Inventory provision	75	63
Employee benefits	84	69
Provisions	217	104
Bad debts	2	3
	<u>378</u>	<u>239</u>

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Motor vehicles	Furniture and fittings	Computer equipment	Workshop Equipment	Total
Cost	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 Apr 2018	585	236	551	239	-	1,611
Additions	81	61	136	111	15	404
Disposals	-	(69)	(29)	(6)	-	(104)
Balance at 31 Mar 2019	666	228	658	344	15	1,911
Accumulated depreciation						
Balance at 1 Apr 2018	(60)	(77)	(138)	(102)	-	(377)
Depreciation	(56)	(51)	(74)	(96)	(2)	(279)
Disposals	-	39	13	5	-	57
Balance at 31 Mar 2019	(116)	(89)	(199)	(193)	(2)	(599)
Net book value						
At 31 March 2018	525	159	413	137	-	1,234
At 31 March 2019	550	139	459	151	13	1,312

9. INVENTORIES

	2019 \$'000	2018 \$'000
Gross stock on hand	11,499	7,767
Inventory provision	(268)	(223)
Merchandise	9	-
Total inventories	11,240	7,544

10. TRADE AND OTHER RECEIVABLES

Net trade and other receivables	280	306
Prepayments	344	268
Lease deposits and bonds	142	156
Foreign exchange	31	31
Total trade and other receivables	797	761

Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted.

The expected credit losses at 31 March 2019 is \$1,531 (2018: \$6,299).

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11. SHARE CAPITAL

	Ordinary Shares	
	2019	2018
	\$	\$
On issue at 1 April	200	200
On issue at 31 March	<u>200</u>	<u>200</u>

At 31 March 2019, share capital comprised 200 authorised and issued ordinary shares (2018: 200). All issued shares are fully paid and have no par value.

Ordinary Shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets.

12. FINANCE LEASE LIABILITIES

The future minimum lease payments in the finance lease liabilities are as follows:

	2019	2018
	\$'000	\$'000
Less than one year	10	44
Between one and five years	-	19
	<u>10</u>	<u>63</u>

Finance lease liabilities are secured by the motor vehicles to which they relate.

13. TRADE AND OTHER PAYABLES

	Note	2019	2018
		\$'000	\$'000
Trade payables		1,692	1,203
GST payable		107	468
Liability for annual leave		438	356
Provisions	18	<u>778</u>	<u>366</u>
		<u>3,015</u>	<u>2,393</u>

Trade payables generally have terms of 30 days and are interest free. Trade payable of a short-term duration are not discounted.

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. BORROWINGS

	2019 \$'000	2018 \$'000
Trade facility finance	8,000	4,066
	<u>8,000</u>	<u>4,066</u>

The terms and conditions of outstanding loans are as follows:

	2019 \$'000		2018 \$'000	
	Face value	Carrying amount	Face value	Carrying amount
Trade facility finance	8,000	8,000	4,066	4,066
Total interest bearing liabilities	<u>8,000</u>	<u>8,000</u>	<u>4,066</u>	<u>4,066</u>

The trade facility finance is secured by a general security deed over the assets of the Company.

The interest rates at 31 March 2019 varied from 3.43% to 3.45% (2018: 3.46% to 3.69%).

The facility expires on 31 December 2019.

All covenants on facilities were met throughout the year.

15. FINANCIAL INSTRUMENTS

Fair values versus carrying amounts

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows.

2019	Liabilities at Amortised Cost	Receivables at Amortised Cost	Total Carrying Amount
	\$'000	\$'000	\$'000
Trade and other payables	(1,692)	-	(1,692)
Related party receivables	-	429	429
Trade and other receivables	-	797	797
Cash and cash equivalents	-	4,872	4,872
Finance lease liabilities	(10)	-	(10)
Borrowings	(8,000)	-	(8,000)
	<u>(9,702)</u>	<u>6,098</u>	<u>(3,604)</u>

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

15. FINANCIAL INSTRUMENTS (CONTINUED)

2018	Liabilities at Amortised Cost	Loans and Receivables	Total Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Trade and other payables	(1,203)	-	(1,203)	(1,203)
Related party receivables	-	73	73	73
Trade and other receivables	-	761	761	761
Cash and cash equivalents	-	5,518	5,518	5,518
Finance lease liabilities	(63)	-	(63)	(63)
Borrowings	(4,066)	-	(4,066)	(4,066)
	(5,332)	6,352	1,020	1,020

16. RELATED PARTIES

Identity of related parties

The Company has a related party relationship with its key management personnel being the Directors and Executive Officers.

Transactions with related parties

Transactions with related parties are to be settled in cash.

Key management personnel

Salaries were paid to the Directors during the year of \$600,019 (2018: \$636,390). As at 31 March 2019 \$Nil was due to the Directors (2018: \$Nil).

Related entities

Related parties include:

- 2CC Holdings Limited
- Car Plus K.K.
- 2CC International Limited
- 2 Cheap Rental Cars Limited
- 2 Cheap Cars (Canada) Inc.
- NZ Motor Finance Limited

All entities are related by common Directors/Shareholders.

The following transactions occurred during the year with regards to parties directly related to the Company.

2CC Holdings Limited

	2019 \$,000	2018 \$,000
Dividends received from 2 Cheap Cars Limited	(4,256)	(2,064)
Dividends paid	4,196	2,049

At reporting date, the Company had a payable to 2CC Holdings Limited were owed \$73,881 (2018: \$14,776).

The balance is unsecured, non-interest bearing and payable on demand.

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. RELATED PARTIES (CONTINUED)

Car Plus K.K.

	2019 \$,000	2018 \$,000
Advance loan to assist with working capital	30	28

At reporting date, the Company had a payable to Car Plus K.K. of \$67,271 (2018: \$37,410).

The balance is unsecured, non-interest bearing and payable on demand.

2CC International Limited

At reporting date, the Company had a receivable from 2CC International Limited of \$124,834 (2018: \$124,714).

The balance is unsecured, non-interest bearing and receivable on demand.

2 Cheap Rental Cars Limited

	2019 \$,000	2018 \$,000
Payments made on behalf of the Company	5	-

At reporting date, the Company had a receivable from 2 Cheap Rental Cars Limited of \$4,626 (2018: \$Nil).

The balance is unsecured, non-interest bearing and receivable on demand.

2 Cheap Cars (Canada) Inc.

	2019 \$,000	2018 \$,000
Payments made on behalf of the Company	350	-
Interest	10	-

At reporting date, the Company had a receivable from 2 Cheap Cars (Canada) Inc. of \$359,865 (2018: \$Nil).

Interest has been charged at 5% on the amount owing as at 31 March 2019.

NZ Motor Finance Limited

	2019 \$,000	2018 \$,000
Payments made on behalf of the Company	7	-

At reporting date, the Company had a receivable from NZ Motor Finance Limited of \$6,825 (2018: \$Nil).

The balance is unsecured, non-interest bearing and receivable on demand.

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. RELATED PARTIES (CONTINUED)

There have been no impairments of related party balances during the year (2018: Nil) and there were no debts written off (2018: \$10,000 advanced to Hashtag Media Limited was written off as a bad debt as the company wound up).

17. OPERATING LEASES

	2019	2018
	\$'000	\$'000
Leases as lessee		
Not later than one year	1,905	1,528
Later than one year but not later than five years	6,614	2,931
Later than five years	2,572	1,357
	11,091	5,816

The company has entered into operating leases for the use of land and buildings.

18. CONTINGENT LIABILITY

The Company has an onerous lease relating to vacated premises which is subject to an operating lease arrangement due to expire in 2021. The Directors' have estimated the liability to be \$60,000 (2018: \$60,000) (which is accrued) based on the assumption that the premises will be subleased in the future.

After the date of signing the ASB Bank Limited has given a guarantee to the landlord on behalf of the Company to secure premises in Auckland. The maximum guarantee is for \$569,067 (2018: \$287,500). This is secured by the arrangements detailed in note 14.

There are no other known contingent liabilities.

19. CAPITAL COMMITMENTS

There are no capital commitments as at 31 March 2019 (2018: \$Nil).

20. SUBSEQUENT EVENTS

On 8 July 2019 a judgement was released from the District Court prosecuting the Company under the Fair Trading Act 1986. This resulted in a final penalty of \$438,000 which has been provisioned for in the financial statements.

There were no other events subsequent to reporting date that would affect the financial statements.

Document 7

**2 CHEAP CARS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

**2 CHEAP CARS LIMITED
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AS AT 31 MARCH 2018**

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**2 CHEAP CARS LIMITED
COMPANY DIRECTORY
AS AT 31 MARCH 2018**

Nature of Business
Car Dealership

Registered Office
Level 4
4 Graham Street
Auckland

Directors
Yusuke Sena
Eugene Williams

Independent Auditor
KPMG
Auckland

Bankers
ASB Bank

Solicitors
Lowndes Jordan

Shareholders	Shares
2CC Holdings Limited	198
Eugene Williams	1
Yusuke Sena	1

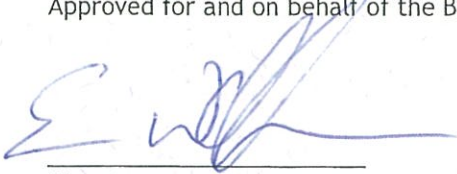
Share Capital
200 shares

2 CHEAP CARS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The Board of Directors present their annual report including the financial statements of the Company for the year ended 31 March 2018 and the independent Auditor's Report thereon.

The Shareholders of the Company have exercised their right under section 211(3) of the Companies Act 1993, and unanimously agreed that this annual report need not comply with paragraphs (a) and (e)-(j) of section 211(1) of the Act.

Approved for and on behalf of the Board of Directors.



Director



Director

29 August 2018

Date



Independent Auditor's Report

To the shareholders of 2 Cheap Cars Limited

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of 2 Cheap Cars Limited (the company) on pages 7 to 25:

- i. present fairly in all material respects the company's financial position as at 31 March 2018 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2018;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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



Other information

The Directors, on behalf of the company, are responsible for the other information included in the entity's Annual Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

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



Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent 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 shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

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



KPMG
Auckland

29 August 2018

2 CHEAP CARS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 \$'000	2017 \$'000
Revenue	4	69,184	63,361
Commissions Received		4,435	3,938
Cost of Sales		(58,489)	(56,192)
Gross Profit		<u>15,130</u>	<u>11,107</u>
Sundry income		33	5
Sales & marketing expenses		(5,213)	(4,328)
Administration expenses		(3,676)	(2,987)
Operating profit before net financing costs	5	<u>6,274</u>	<u>3,797</u>
Finance income		80	73
Finance expenses		(183)	(191)
Net finance costs	6	<u>(103)</u>	<u>(118)</u>
Profit before income tax		6,171	3,679
Income tax expense	7	(1,791)	(1,106)
Profit for the period		<u>4,380</u>	<u>2,573</u>
 Total comprehensive income for the year		 <u>4,380</u>	 <u>2,573</u>

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

2 CHEAP CARS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

Attributable to Owners of the Company

	Share Capital	Retained Earnings	Total
	\$'000	\$'000	\$'000
Balance at 1 April 2016	-	3,249	3,249
Total Comprehensive income for the year			
Profit for the year	-	2,573	2,573
Total comprehensive income for the year	-	2,573	2,573
Transactions with owners of the company in their capacity as owners			
Dividends paid	-	(336)	(336)
Total transactions with owners of the company	-	(336)	(336)
Balance as at 31 March 2017	-	5,486	5,486

Note

	Share Capital	Retained Earnings	Total
	\$'000	\$'000	\$'000
Balance at 1 April 2017	-	5,486	5,486
Total Comprehensive income for the year			
Profit for the year	-	4,380	4,570
Total comprehensive income for the year	-	4,380	4,570
Transactions with owners of the company in their capacity as owners			
Dividends paid	-	(2,085)	(2,085)
Total transactions with owners of the company	-	(2,085)	(2,085)
Balance as at 31 March 2018	-	7,781	7,971

Note

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

**2 CHEAP CARS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

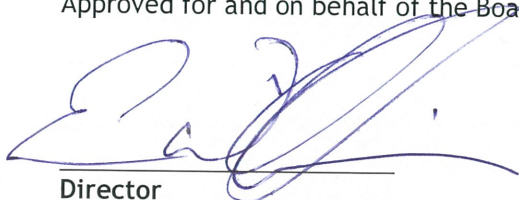
	Note	2018 \$'000	2017 \$'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	-	-
Retained earnings		7,781	5,486
Total Equity		<u>7,781</u>	<u>5,486</u>
LIABILITIES			
Non - Current Liabilities			
Finance lease liabilities	12	19	83
Total Non - Current Liabilities		<u>19</u>	<u>83</u>
Current Liabilities			
Trade and other payables	13	2,393	2,662
Income tax payable		1,066	400
Finance lease liabilities	12	44	21
Borrowings	14	4,066	5,384
Total Current Liabilities		<u>7,569</u>	<u>8,467</u>
Total Liabilities		<u>7,588</u>	<u>8,550</u>
Total Equity and Liabilities		<u>15,369</u>	<u>14,036</u>

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

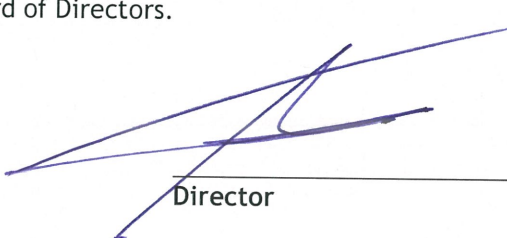
2 CHEAP CARS LIMITED
STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 MARCH 2018

	Note	2018 \$'000	2017 \$'000
ASSETS			
Non - Current Assets			
Property, plant and equipment	8	1,234	756
Deferred tax asset	7	239	201
Total Non - Current Assets		1,473	957
Current Assets			
Cash and cash equivalents		5,518	5,863
Trade and other receivables	10	761	604
Inventories	9	7,544	6,486
Related party receivables	16	73	126
Total Current Assets		13,896	13,079
Total Assets		15,369	14,036

Approved for and on behalf of the Board of Directors.



Director



Director

29 August 2018
Date

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



2 CHEAP CARS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Cash receipts from customers		73,443	70,002
Cash paid to suppliers and employees		(69,742)	(65,260)
Interest received		80	73
Tax paid		(1,163)	(1,480)
Net cash inflow from operating activities		2,618	3,335
Cash flows from investing activities			
Purchase of property, plant and equipment		(754)	(281)
Advance to related parties		43	(116)
Sale of property, plant and equipment		16	79
Net cash outflow from investing activities		(695)	(318)
Cash flows from financing activities			
Dividend paid		(2,085)	(336)
Interest paid		(183)	(191)
Finance lease		-	(59)
Net cash outflow from financing activities		(2,268)	(586)
Net increase in cash and cash equivalents		(345)	2,431
Cash and cash equivalents at beginning of year		5,863	3,432
Cash and cash equivalents at end of year		5,518	5,863

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. REPORTING ENTITY

2 Cheap Cars Limited (the “Company”) is a company registered under the Companies Act 1993.

The financial statements were authorised for issue by the Board of Directors on the date stated on the statement of financial position.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (“NZ IFRS (RDR)”) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

The Company is a for-profit entity and has elected to report in accordance with Tier 2 For-profit Accounting Standards as issued by the New Zealand External Reporting Board (XRB). The Company is eligible to report in accordance with Tier 2 For-profit Accounting Standards on the basis that it does not have public accountability and is not a large for-profit public sector entity.

These financial statements were authorised for issue by the Board of Directors on the date as stated on the Statement of Financial Position.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Company’s functional and presentation currency, rounded to the nearest thousand.

(d) Use of estimates and judgements

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

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

Key estimates are:

- Inventory provision

(e) Changes in accounting policies

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

Some accounts have been reclassified to more accurately reflect the true nature of the expenditure.

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

(b) Revenue

(i) *Goods sold*

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) *Commissions*

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Company. Commission income is recognised when the transaction has been completed and receipt of cash flows is certain.

(c) Finance income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings.

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

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

(e) Employee benefits

(i) Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date. The Company recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(g) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

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

(iii) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

The depreciation rates for the current and comparative years of significant items of property, plant and equipment are as follows:

- Leasehold improvements	30.0% DV
- Furniture and fittings	8.0% - 67.0% DV
- Motor vehicles	16.0% - 40.0% DV
- Computer equipment	67.0% DV

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value with due allowance for any damaged and obsolete stock items. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

(j) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity. Financial instruments are comprised of trade and other receivables, cash and cash equivalents, debt securities, other financial assets, trade and other payables, borrowings and other financial liabilities.

Financial assets and financial liabilities are offset only when the entity has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis, or to realise the asset and liability simultaneously. The right of set off must not be contingent on a future event, and must be legally enforceable in the normal course of business, and in the event of default and in the event of insolvency or bankruptcy of the entity and all of the counterparties.

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(i) *Non derivative financial assets*

The Company initially recognises loans and receivables on the date that they are originated.

The Company 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 in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Loans and receivables

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.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

(ii) *Non-derivative financial liabilities*

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

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

The Company classifies non-derivative financial liabilities as 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 include loans and borrowings, trade and other payables and finance lease liabilities.

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(ii) Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(iii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

(l) Share capital

Ordinary shares

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

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

4. REVENUE

	Note	2018 \$'000	2017 \$'000
Vehicles sold		71,632	66,190
Life insurance policies		220	237
Sale of scrap parts		28	7
Warranties		(2,696)	(3,073)
		<u>69,184</u>	<u>63,361</u>

5. OPERATING PROFIT BEFORE NET FINANCING COSTS

Operating profit before finance costs includes the following:

- Depreciation	199	120
- Rental and operating lease costs	1,941	1,634
- Wages and salaries (including KiwiSaver)	1,845	1,666
- Advertising	2,501	1,969

6. NET FINANCE COSTS

Recognised in profit or loss:

Finance Income

Interest income on loans and receivables	80	73
	<u>80</u>	<u>73</u>

Finance Expense

Interest expenses on financial liabilities measured at amortised cost (including finance leases)	(183)	(191)
	<u>(183)</u>	<u>(191)</u>

Net Finance Costs

	<u>(103)</u>	<u>(118)</u>
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2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

7. INCOME TAX

a) Income tax recognised in profit or loss and other comprehensive income

Income tax recognised in profit or loss:	2018	2017
	\$'000	\$'000
Current tax	1,829	1,161
Deferred tax expense	(38)	(55)
	<u>1,791</u>	<u>1,106</u>

b) Reconciliation of income tax expense

Profit before income tax expense	<u>6,171</u>	<u>3,833</u>
Tax expense at 28%	1,727	1,073
Non-deductible expenses	64	50
Other adjustment	-	(17)
	<u>1,791</u>	<u>1,106</u>

c) Deferred tax

Balance at the beginning of the year	201	146
Current year movement	38	55
Deferred tax asset	<u>239</u>	<u>201</u>

Made up of:

Deferred tax asset	<u>239</u>	<u>201</u>
Net balance as per above	<u>239</u>	<u>201</u>

Deferred tax assets are attributable to the following:

Inventory provision	63	43
Employee benefits	69	69
Provisions	104	89
Bad debts	3	-
	<u>239</u>	<u>201</u>

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Motor vehicles	Furniture and fittings	Computer equipment	Total
Cost	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 Apr 2017	320	152	406	86	964
Additions	303	109	188	154	754
Disposals	(38)	(25)	(43)	(1)	(107)
Balance at 31 Mar 2018	585	236	551	239	1,611
Accumulated depreciation					
Balance at 1 Apr 2017	(24)	(39)	(94)	(51)	(208)
Depreciation	(44)	(50)	(54)	(51)	(199)
Disposals	8	12	10	-	30
Balance at 31 Mar 2018	(60)	(77)	(138)	(102)	(377)
Net book value					
At 31 March 2017	296	113	312	35	756
At 31 March 2018	525	159	413	137	1,234

9. INVENTORIES

	2018 \$'000	2017 \$'000
Gross stock on hand	7,767	6,638
Inventory provision	(223)	(152)
Total inventories	7,544	6,486

10. TRADE AND OTHER RECEIVABLES

Net trade and other receivables	306	13
Prepayments	268	322
Lease deposits and bonds	156	198
Foreign exchange	31	-
GST receivable	-	71
Total trade and other receivables	761	604

Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted.

The allowance for doubtful debts at 31 March 2018 is \$6,299 (2017: \$7,139).

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

11. SHARE CAPITAL

	Ordinary Shares	
	2018	2017
	\$	\$
On issue at 1 April	200	200
On issue at 31 March	200	200

At 31 March 2018, share capital comprised 200 authorised and issued ordinary shares (2017: 200). All issued shares are fully paid and have no par value.

Ordinary Shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets.

12. FINANCE LEASE LIABILITIES

The future minimum lease payments in the finance lease liabilities are as follows:

	2018	2017
	\$'000	\$'000
Less than one year	44	21
Between one and five years	19	83
	63	104

Finance lease liabilities are secured by the motor vehicles to which they relate.

13. TRADE AND OTHER PAYABLES

	Note	2018	2017
		\$'000	\$'000
Trade payables		1,203	1,935
GST payable		468	-
Liability for annual leave		356	345
Provisions	18	366	382
		2,393	2,662

Trade payables generally have terms of 30 days and are interest free. Trade payable of a short-term duration are not discounted.



2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14. BORROWINGS

	2018 \$'000	2017 \$'000
Trade facility finance	4,066	5,384
	<u>4,066</u>	<u>5,384</u>

The terms and conditions of outstanding loans are as follows:

	2018 \$'000		2017 \$'000	
	Face value	Carrying amount	Face value	Carrying Amount
Trade facility finance	4,066	4,066	5,384	5,384
Total interest bearing liabilities	<u>4,066</u>	<u>4,066</u>	<u>5,384</u>	<u>5,384</u>

The trade facility finance is secured by a general security deed over the assets of the Company.

The interest rates at 31 March 2018 varied from 3.46% to 3.69% (2017: 3.59% to 3.64%).

The facility expires on 31 March 2019.

All covenants on facilities were met throughout the year.

15. FINANCIAL INSTRUMENTS

Fair values versus carrying amounts

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows.

2018	Liabilities at Amortised Cost	Loans and Receivables	Total Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Trade and other payables	(1,203)	-	(1,203)	(1,203)
Related party receivables	-		73	73
Trade and other receivables	-	761	761	761
Cash and cash equivalents	-	5,518	5,518	5,518
Finance lease liabilities	(63)	-	(63)	(63)
Borrowings	(4,066)	-	(4,066)	(4,066)
	<u>(5,332)</u>	<u>6,279</u>	<u>1,020</u>	<u>1,020</u>

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

15. FINANCIAL INSTRUMENTS (CONTINUED)

2017	Liabilities at Amortised Cost	Loans and Receivables	Total Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Trade and other payables	(1,935)	-	(1,935)	(1,935)
Related party receivables	-	125	125	125
Trade and other receivables	-	604	604	604
Cash and cash equivalents	-	5,863	5,863	5,863
Finance lease liabilities	(104)	-	(104)	(104)
Borrowings	(5,384)	-	(5,384)	(5,384)
	(7,423)	6,592	(831)	(831)

16. RELATED PARTIES

Identity of related parties

The Company has a related party relationship with its key management personnel being the Directors and Executive Officers.

Transactions with related parties

Transactions with related parties are to be settled in cash.

Key management personnel

Salaries were paid to the Directors during the year of \$636,390 (2017: \$630,000). As at 31 March 2018 \$Nil was due to the Directors (2017: \$Nil).

Related entity

As at 31 March 2018, Hashtag Media Limited owed \$Nil (2017: \$10,000) and 2CC International Limited owed \$124,714 (2017: \$124,714).

As at 31 March 2018 2 Cheap Cars Limited owed Car Plus K.K. \$37,410 (2017: \$9,181) and 2CC Holdings Limited \$14,776 (2017: \$Nil).

All entities are related by common Directors/Shareholders.

None of these balances are secured. There have been no impairments of related party balances during the year (2017: Nil), \$10,000 advanced to Hashtag Media Limited was written off as a bad debt during the year as the company has wound up (2017: Nil).

2 CHEAP CARS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

17. OPERATING LEASES

	2018 \$'000	2017 \$'000
Leases as lessee		
Not later than one year	1,528	1,900
Later than one year but not later than five years	2,931	3,177
Later than five years	1,357	1,625
	<u>5,816</u>	<u>6,702</u>

The company has entered into operating leases for the use of land and buildings.

18. CONTINGENT LIABILITY

The Company has an onerous lease relating to vacated premises which is subject to an operating lease arrangement due to expire in 2021. The Directors' have estimated the liability to be \$60,000 (which is accrued) based on the assumption that the premises will be subleased in the future.

After the date of signing the ASB Bank Limited has given a guarantee to the landlord on behalf of the Company to secure premises in Auckland. The maximum guarantee is for \$287,500. This is secured by the arrangements detailed in note 14.

There are no other known contingent liabilities.

19. CAPITAL COMMITMENTS

There are no capital commitments as at 31 March 2018 (2017: \$Nil).

20. SUBSEQUENT EVENTS

There were no events subsequent to reporting date that would affect the financial statements.

Document 8

Special Purpose Financial Report

NZ Motor Finance Limited
For the year ended 31 March 2020

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4	Compilation Report and Disclaimer of Liability to the Directors
5	Approval of Financial Report
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7	Statement of Changes in Equity
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9	Shareholder Current Accounts
10	Notes to the Financial Statements
15	Depreciation Schedule

Company Directory

NZ Motor Finance Limited For the year ended 31 March 2020

Nature of Business

Motor vehicle finance

Registered Office

BDO Auckland
4 Graham Street
Auckland

Company Number

7291918

New Zealand Business Number

9429047294738

IRD Number

128-175-334

Directors

Martin James Blockley
Yusuke Sena
Eugene Hamilton Williams

Shareholders

2CC Holdings Limited	178 Ordinary Shares
White Unicorn Trust	20 Ordinary Shares
Eugene Hamilton Williams	1 Ordinary Share
Yusuke Sena	1 Ordinary Share

Accountants

BDO Auckland
Chartered Accountants
BDO Centre
Level 4
4 Graham Street
Auckland

Solicitors

Lowndes Jordan

Compilation Report and Disclaimer of Liability to the Directors

NZ Motor Finance Limited
For the year ended 31 March 2020

Scope

On the basis of information you provided we have compiled, in accordance with Service Engagement Standard No 2: Compilation of Financial Information, the special purpose financial statements of NZ Motor Finance Limited for the year ended 31 March 2020. These statements have been prepared on the basis disclosed in note 1 to the financial statements.

Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the financial reporting framework used is appropriate to meet your needs and the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for the Directors' benefit. We do not accept responsibility to any other person for the contents of the financial statements.

Independence

We are not independent of the Company because a Partner of this firm is a Trustee of the ultimate shareholding trust.

No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information provided to us by the Directors. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer of liability

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

BDO Auckland

BDO Auckland
BDO Centre
Level 4
4 Graham Street
Auckland

Dated: *18 December 2020*

Approval of Financial Report

NZ Motor Finance Limited For the year ended 31 March 2020

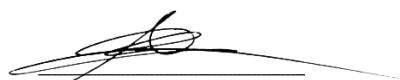
The Directors are pleased to present the approved financial report including the historical financial statements of NZ Motor Finance Limited for year ended 31 March 2020.

Approved

For and on behalf of the Board of Directors:



Director Eugene Williams



Director Yusuke Sena

18/12/2020

Date

Statement of Profit or Loss

NZ Motor Finance Limited For the year ended 31 March 2020

	NOTES	2020	2019
Trading Income			
Fair Value Gain on Loan Book		271,271	-
Interest Received		25,627	-
Total Trading Income		296,898	-
Cost of Sales			
Commissions Paid - Asset Waiver		28,500	-
Commissions Paid - Income Waiver		36,425	-
Other Direct Costs		3,895	-
PPSR Fees Paid		1,995	-
Total Cost of Sales		70,816	-
Gross Profit		226,082	-
Other Income			
Sundry Income		4,975	-
Total Other Income		4,975	-
Total Income		231,058	-
Expenses			
Advertising		676	-
Amortisation		287	-
Bank Fees		159	-
Consulting & Accounting		4,835	1,746
Depreciation		28,152	-
Doubtful Debts		9,250	-
Freight & Courier		12	-
Interest		21,791	-
Legal Expenses		29,349	-
Low Value Assets		59	-
Motor Vehicle Expenses		2,150	-
Office Expenses		657	-
Salaries		243,660	7,923
Software Subscription Fees		21,587	-
Staff Recruitment & Training		7,484	-
Subscriptions		757	1,239
Telephone & Internet		493	-
Travel		216	-
Total Expenses		371,573	10,908
Net Loss Before Taxation		(140,515)	(10,908)
Net Loss for the Year		(140,515)	(10,908)

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Statement of Changes in Equity

NZ Motor Finance Limited

For the year ended 31 March 2020

	2020	2019
Equity		
Current Period Loss	(140,515)	(10,908)
Equity at the Beginning of the Year	(10,908)	-
Equity at the End of the Year	(151,423)	(10,908)

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Balance Sheet

NZ Motor Finance Limited As at 31 March 2020

	NOTES	31 MAR 2020	31 MAR 2019
Assets			
Current Assets			
Cash and Bank Balances	5	31,316	-
Income Tax Receivable	3	22	-
Prepayments		-	1,150
Loan Receivables	6	680,791	-
Other Current Assets		3,456	-
Total Current Assets		715,585	1,150
Non-Current Assets			
Loan Receivables	6	920,230	-
Property, Plant and Equipment		40,661	-
Intangibles	7	2,358	-
Total Non-Current Assets		963,250	-
Total Assets		1,678,835	1,150
Liabilities			
Current Liabilities			
Trade and Other Payables	8	15,741	5,233
Employee Entitlements		17,669	-
Shareholder Current Accounts		1,774,787	-
Related Party Payables	9	-	6,825
Other Current Liabilities	10	22,061	-
Total Current Liabilities		1,830,258	12,058
Total Liabilities		1,830,258	12,058
Net Assets		(151,423)	(10,908)
Equity			
Accumulated Losses	11	(151,423)	(10,908)
Total Equity		(151,423)	(10,908)

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Shareholder Current Accounts

NZ Motor Finance Limited
For the year ended 31 March 2020

	2020	2019
Shareholder Current Accounts		
2CC Holdings Limited		
Net Increase/(Decrease)	1,774,787	-
Total 2CC Holdings Limited	1,774,787	-
Total Shareholder Current Accounts	1,774,787	-

Notes to the Financial Statements

NZ Motor Finance Limited For the year ended 31 March 2020

1. Statement of Accounting Policies

Reporting Entity

The financial statements presented here are for the entity NZ Motor Finance Limited, incorporated under the Companies Act 1993.

Nature of Business

The company is engaged in motor vehicle finance. The nature of the company's business has not changed during the period under review.

Basis of Preparation

These special purpose financial statements have been prepared in accordance with the requirements outlined under the Tax Administration (Financial Statements) Order 2014.

Historical Cost

These financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below:

- Financial assets including waiver products measured at fair value (note 6)

Functional Currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except where otherwise indicated.

Revenue

Revenue comprises of interest on loans receivables, interest on interest-bearing bank accounts and a fair value adjustment on financial assets.

Cost of Sales

Cost of sales comprises of costs on issuing loans.

Costs on issuing loans are expensed as incurred.

Financial Assets

Financial assets including waiver product measured at fair value through profit or loss:

These financial assets represent loan receivables that include waiver clauses. The presence of the waiver clauses results in repayments not representing sole payments of principal and interest.

The company accounts for these loan receivables at fair value through profit or loss.

Repayments of these loans are recognised as reductions in the carrying amount, with fair value gains or losses at reporting date recognised in profit or loss.

Directly attributable transaction costs are expensed as incurred.

Financial assets that exclude waiver products are recognised at amortised cost:

These financial assets are subsequently measured at amortised cost using effective interest rate method, less impairment.

These financial assets include:

- (i) Cash and Bank Balances;
- (ii) Loan Receivables that exclude waiver products.

Directly attributable transaction costs are expensed as incurred.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets and includes the cost of replacements that are eligible for capitalisation when these are incurred.

All other repairs and maintenance expenditure is recognised in profit or loss as incurred.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset either using depreciation rates published by Inland Revenue or based on estimates by management. Assets' estimated useful life is reassessed annually. The following estimated depreciation rates have been used:

Computer equipment 50% DV

An item of property, plant and equipment or investment property is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

Provisions

Provisions are recognised when the company has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the company will be required to settle the obligation.

Where the company expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in profit or loss.

Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue.

Goods and Services Tax

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

Share Capital

As at 31 March 2020, the company has issued 200 ordinary shares. Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by the Directors, and a share in distribution of the surplus assets of the company on dissolution. All shares are unpaid as at balance date.

Comparative Figures

There comparative figures are for a period of 2 months as it was the first year of company trading.

Changes in Accounting Policies

The company transitioned on 1 April 2019 to special purpose financial reporting in accordance with the requirements outlined under the Tax Administration (Financial Statements) Order 2014. The transition had minimal impact on the accounting policies of the company.

	2020	2019
2. Income Tax Expense		
Current Year Loss	(140,515)	(10,908)
Permanent Differences		
Amortisation	287	-
Legal Fees	20,000	-
Total Permanent Differences	20,287	-
Timing Differences		
Doubtful Debts	9,250	-
Holiday Pay Accrual	17,669	-
Total Timing Differences	26,919	-
Taxable Income/(Loss)	(93,310)	(10,908)
Losses Approved by the IRD	(10,908)	-
Total loss	(104,218)	(10,908)
Unused income tax losses available to carry forward	-	(10,908)

The availability of tax losses is subject to the requirements of the Income Tax Act 2007 continuing to be met.

	2020	2019
3. Income Tax Receivable		
RWT paid	22	-
Total Income Tax Receivable	22	-

4. Imputation Credit Account

The balance of the imputation credit account as at 31 March 2020 is \$22. (2019: Nil)

	2020	2019
5. Cash and Bank Balances		
ASB Key Corporate Cheque Account 00	30,051	-
ASB Key Corporate Cheque Account 01 (Customer Transactions)	1,265	-
Total Cash and Bank Balances	31,316	-
	2020	2019

6. Loan Receivables

Loan Control Account		
Loan Receivables - at amortised cost (Gross)	581,209	-
Less Provision for Doubtful Debts	(9,250)	-
Loan Receivables - at amortised cost (Net)	571,959	-
Loan Receivables - at fair value through profit and loss	1,029,062	-
Loan Receivables	1,601,021	-
Split into:		
Current	680,791	-
Non-current	920,230	-
Loan Receivables	1,601,021	-
	2020	2019

7. Intangibles

Trade marks	2,645	-
Less Accumulated Amortisation	(287)	-
Total Intangibles	2,358	-
	2020	2019

8. Trade and Other Payables

Accounts Payable	15,705	71
Accruals	-	5,162
ASB Visa	36	-
Total Trade and Other Payables	15,741	5,233
	2020	2019

9. Related Party Payables

2 Cheap Cars Limited	-	6,825
Total Related Party Payables	-	6,825
	2020	2019

10. Other Current Liabilities

Wage Subsidy Received in Advance	14,059	-
----------------------------------	--------	---

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability.

Other Current Liabilities	8,002	-
Total Other Current Liabilities	22,061	-
	2020	2019
11. Equity		
Accumulated Losses		
Opening Balance	(10,908)	-
Current Period Loss	(140,515)	(10,908)
Total Accumulated Losses	(151,423)	(10,908)

Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by Directors, and a share in distribution of the surplus assets of the company on dissolution.

12. Contingent Liabilities

The company has no contingent liabilities and no guarantees as at 31 March 2020. (2019: Nil)

13. Capital Commitments

The company has no capital commitments as at 31 March 2020. (2019: Nil)

14. Subsequent Events

No significant events have occurred subsequent to balance date.

15. Going Concern

A new virus, COVID-19, arose in December 2019 and became a global pandemic by March 2020. In response to the pandemic, in late March 2020 the New Zealand Government ordered a four-week lockdown, during which non-essential businesses and organisations were not allowed to operate and individuals (other than essential workers or those undertaking essential business) were required to stay at home. New Zealand was in this lockdown period at the reporting date. In late April 2020, the lockdown period ended and the New Zealand Government started gradually easing the restrictions that had been placed on businesses, organisations and individuals.

Although the Company has been impacted by COVID-19, the directors have concluded that the Company will be able to continue operating for at least 12 months from the date of signing these financial statements. That conclusion has been reached because the Company will be able to satisfy its obligations as they become due with continued support of the shareholders. The Directors consider that the Company is a going concern and the financial statements have been prepared on that basis.

Depreciation Schedule

NZ Motor Finance Limited

For the year ended 31 March 2020

NAME	ASSET NUMBER	METHOD	RATE	PURCHASED	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Computer Equipment											
finPOWER Connect Installation And Configuration Incl Staff Portal	FA-0004	DV	50.00%	23 Aug 2019	6,095	-	6,095	-	2,032	2,032	4,063
Installation and Configuration Finpower Connect - Loan Management System (Incl Staff Portal)	FA-0002	DV	50.00%	23 Jul 2019	30,475	-	30,475	-	11,428	11,428	19,047
Installation and Configuration Finpower Connect - Loan Management System (Incl Staff Portal)	FA-0001	DV	50.00%	1 Apr 2019	24,380	-	24,380	-	12,190	12,190	12,190
NBKLEN4143711 - Lenovo V330-15IKB Business Laptop 15.6" Intel i5-825ou 8GB 256GB SSD Serial R90TBPLL9N0B930 400N Plus Microsoft Office home & Student	FA-0006	DV	50.00%	10 Oct 2019	1,395	-	1,395	-	349	349	1,046
Website Development	FA-0003	DV	50.00%	31 Jul 2019	2,135	-	2,135	-	801	801	1,334
Website Development	FA-0005	DV	50.00%	31 Aug 2019	2,135	-	2,135	-	712	712	1,423
Website Development Pyt 3 of 3	FA-0007	DV	50.00%	30 Sep 2019	2,199	-	2,199	-	641	641	1,558
Total Computer Equipment					68,813	-	68,813	-	28,152	28,152	40,661

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Depreciation Schedule

NAME	ASSET NUMBER	METHOD	RATE	PURCHASED	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Total					68,813	-	68,813	-	28,152	28,152	40,661

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Annual Report

NZ Motor Finance Limited
For the 2 months ended 31 March 2019

Contents

3	Company Directory
4	Compilation Report and Disclaimer of Liability to the Directors
5	Approval of Financial Report
6	Statement of Profit or Loss
7	Balance Sheet
8	Statement of Changes in Equity
9	Notes to the Financial Statements

Company Directory

NZ Motor Finance Limited For the 2 months ended 31 March 2019

Nature of Business

Motor vehicle finance

Registered Office

BDO Auckland
4 Graham Street
Auckland

Company Number

7291918

New Zealand Business Number

9429047294738

IRD Number

128-175-334

Directors

Martin James Blockley
Yusuke Sena
Eugene Hamilton Williams

Shareholders

2CC Holdings Limited	178 Ordinary Shares
White Unicorn Trust	20 Ordinary Shares
Eugene Hamilton Williams	1 Ordinary Share
Yusuke Sena	1 Ordinary Share

Accountants

BDO Auckland
Chartered Accountants
BDO Centre
Level 4
4 Graham Street
Auckland

Solicitors

Lowndes Jordan

Compilation Report and Disclaimer of Liability to the Directors

NZ Motor Finance Limited For the 2 months ended 31 March 2019

Scope

On the basis of information you provided we have compiled, in accordance with Service Engagement Standard No 2: Compilation of Financial Information, the special purpose financial statements of NZ Motor Finance Limited for the period ended 31 March 2019. These statements have been prepared on the basis disclosed in note 1 to the financial statements.

Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the financial reporting framework used is appropriate to meet your needs and the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for the Directors' benefit. We do not accept responsibility to any other person for the contents of the financial statements.

Independence

We are not independent of the Company because a Partner of this firm is a Trustee of the ultimate shareholding trust.

No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information provided to us by the Directors. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer of liability

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.


BDO Auckland
BDO Centre
Level 4
4 Graham Street
Auckland

Dated: 26 November 2019

Approval of Financial Report

NZ Motor Finance Limited

For the 2 months ended 31 March 2019

The Directors are pleased to present the approved financial report including the historical financial statements of NZ Motor Finance Limited for period ended 31 March 2019.

Approved

For and on behalf of the Board of Directors:



Director

Director

5/12/2019
Date

Statement of Profit or Loss

NZ Motor Finance Limited

For the 2 months ended 31 March 2019

	NOTES	2019
Total income		-
Expenses		
Expenses		
Consulting and accounting		1,746
Subscriptions		1,239
Wages and salaries		7,923
Total Expenses		10,908
Total Expenses		10,908
Net loss before taxation		(10,908)
Net loss for the period		(10,908)

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Balance Sheet

NZ Motor Finance Limited

As at 31 March 2019

	NOTES	31 MAR 2019
Assets		
Current assets		
Trade and other receivables		1,150
Total Current assets		1,150
Total Assets		1,150
Liabilities		
Current liabilities		
Trade and other payables		5,233
Related party payables		6,825
Total Current liabilities		12,058
Total Liabilities		12,058
Equity		
Accumulated losses	3	(10,908)
Total Equity		(10,908)
Total liabilities and equity		1,150

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Statement of Changes in Equity

NZ Motor Finance Limited

For the 2 months ended 31 March 2019

	2019
Accumulated losses	
Accumulated losses	
Current Period Earnings	(10,908)
Total Accumulated losses	(10,908)
Total Accumulated losses	(10,908)
	2019
Equity	
Opening Balance	-
Current Period Earnings	(10,908)
Total Equity	(10,908)

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Notes to the Financial Statements

NZ Motor Finance Limited For the 2 months ended 31 March 2019

1. Statement of Accounting Policies

Reporting entity

The financial statements presented here are for the entity NZ Motor Finance Limited, incorporated under the Companies Act 1993.

Nature of business

The company is engaged in motor vehicle finance. The nature of the company's business has not changed during the period under review.

Basis of preparation

These financial statements have been prepared in accordance with Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) issued by Chartered Accountants Australia and New Zealand.

These financial statements have been specifically prepared for the purposes of meeting the company's income tax requirements and internal use.

Historical cost

These financial statements have been prepared on a historical cost basis.

Functional currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except where otherwise indicated.

Share capital

As at 31 March 2019, the company has issued 200 ordinary shares. Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by the Directors, and a share in distribution of the surplus assets of the company on dissolution.

Changes in accounting policies

All accounting policies were applied consistently during the period.

Comparative figures

There are no comparative figures as this is the first period of the company.

Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectable amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

Financial instruments

Financial instruments are recognised in the Balance Sheet when the company becomes party to a financial contract. They include related party receivables, payables and shareholders' current accounts.

All of the financial instruments of the company are initially recorded at cost and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (credit losses).

Financial assets

At initial recognition the company determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are initially measured at fair value, estimated at the transaction price less any associated transaction costs.

Amortised cost

Amortised cost includes assets where the company intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Fair value

Financial assets not held at amortised value or cost are held at fair value and include financial derivatives such as forward contracts and interest rate swaps. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available the instrument shall be measured at prior period's fair value less any accumulated impairment loss.

Gains and losses are recognised in profit and loss for movements in the fair value of the assets and when the assets are derecognised.

Financial Liabilities

Financial liabilities, including borrowings and trade and other payables, and related party payables, are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the company will be required to settle the obligation.

Where the company expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in profit or loss.

Income tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue.

Goods and services tax

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

2019

2. Income tax expense

Net loss per financial statements

Current period earnings	(10,908)
Total Net loss per financial statements	(10,908)
Unused income tax losses available to carry forward	10,908

The availability of tax losses is subject to the requirements of the Income Tax Act 2007 continuing to be met.

2019

3. Equity

Accumulated losses

Current period earnings	(10,908)
Total Accumulated losses	(10,908)
Total Equity	(10,908)

Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by Directors, and a share in distribution of the surplus assets of the company on dissolution.

4. Imputation credit account

The balance of the imputation credit account as at 31 March 2019 is \$nil.

5. Contingent assets and liabilities

The company has no contingent asset or liabilities and no guarantees as at 31 March 2019.

6. Subsequent events

No significant events have occurred subsequent to balance date.

2019

7. Related parties

Advance from 2 Cheap Cars Limited - Working Capital	6,825
Total Related parties	6,825

Terms and conditions of transactions with related parties:

2 Cheap Cars Limited is sister subsidiary to NZ Motor Finance Limited.

The company has a payable to 2 Cheap Cars Limited. The balance is unsecured, non-interest bearing and payable on demand.

8. Going concern

The validity of the going concern assumption on which this financial report is prepared depends on the continued financial support of the shareholders.

If the support is withdrawn, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the Statement of Financial Position. In addition, the company may have to provide for further liabilities that may arise.

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability.

2CC INTERNATIONAL LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2CC INTERNATIONAL LIMITED

Contents of Financial Statements

For the Year Ended 31 March 2020

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2CC INTERNATIONAL LIMITED

Report on the Engagement to Compile Financial Statements

For the Year Ended 31 March 2020

COMPILATION REPORT AND DISCLAIMER OF LIABILITY TO THE DIRECTORS

Reporting Scope

On the basis of information that you provided we have compiled, in accordance with "Service Engagement Standard Number 2: Compilation of Financial Information", the Financial Statements of 2CC International Limited for the year ended 31 March 2020 as set out on the following pages.

These statements have been prepared on the basis disclosed in note 1 to the financial statements.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis used is appropriate to meet your needs and for the purpose that the financial statements were prepared. The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information that you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We are not independent of the Company because a Partner of this firm is a Trustee of the ultimate shareholding trust.

Disclaimer of Liability

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

BDO Auckland

BDO Auckland

BDO Centre
Level 4
4 Graham Street
Auckland

17 November 2020 Date

2CC INTERNATIONAL LIMITED

Directory

As at 31 March 2020

Nature of Business	Investment	
Address	PO Box 12940 Penrose Auckland 16421	
Directors	Yusuke Sena Eugene Hamilton Williams	
Shareholder	2CC Holdings Limited	100 Ordinary Shares
Accountants	BDO Auckland Chartered Accountants BDO Centre Level 4 4 Graham Street Auckland	
IRD Number	122-274-462	
Company Number	6134613	
Business Number	9429043375585	

2CC INTERNATIONAL LIMITED

Statement of Profit or Loss

For the Year Ended 31 March 2020

	Note	2020	2019
		\$	\$
Other Income			
Interest Received		1	2
Profit before Income Tax		1	2
Income Tax Expense		0	0
Net Profit		1	1

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC INTERNATIONAL LIMITED

Statement of Changes in Equity

For the Year Ended 31 March 2020

	2020	2019
	\$	\$
Revenues and Expenses		
Net Profit	1	1
Total Recognised Revenues and Expenses	<u>1</u>	<u>1</u>
Equity at the Beginning of the Year	103	101
Equity at the End of the Year	<u><u>104</u></u>	<u><u>103</u></u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC INTERNATIONAL LIMITED

Balance Sheet

As at 31 March 2020

	Note	2020	2019
		\$	\$
Current Assets			
Cash & Bank Balance	3	103	103
Income Tax Receivable	4	0	0
Total Current Assets		104	103
Non-Current Assets			
Term Investments	5	124,614	124,614
Total Assets		124,718	124,717
Current Liabilities			
Related Parties	6	124,614	124,614
Total Liabilities		124,614	124,614
Net Assets		104	103
Equity			
Paid up Share Capital	7	100	100
Retained Earnings	8	4	3
Total Equity		104	103

For and on behalf of the Board of Directors who authorise the issue of these financial statements



Director

Date

Yusuke Sena



Director

Date

Eugene Hamilton Williams

2CC INTERNATIONAL LIMITED

Notes to and forming part of the Financial Statements

For the Year Ended 31 March 2020

1 Statement of Accounting Policies

Reporting Entity

2CC International Limited is a company incorporated in New Zealand, registered under the Companies Act 1993.

Historical Cost

The financial statements have been prepared on a historical cost basis.

Statement of Compliance and Basis of Preparation

These special purpose financial statements have been prepared in accordance with the requirements outlined under the Tax Administration (Financial Statements) Order 2014.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Profit or Loss and Balance Sheet on a historical cost basis are followed by the company, unless otherwise stated in the Specific Accounting Policies.

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar, except where otherwise indicated.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Profit or Loss and Balance Sheet have been applied:

(a) Revenue Recognition

Interest received is recognised as interest accrues, gross of refundable tax credits received.

(b) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in the Statement of Profit or Loss represents the estimated current obligation payable to Inland Revenue.

(c) Investments

Investments in unlisted companies are stated at cost.

(d) Provisions

Provisions are recognised when the entity has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the entity will be required to settle the obligation.

Where the entity expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in the Statement of Profit or Loss.

2CC INTERNATIONAL LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2020

(e) Goods and Services Taxation (GST)

Revenue and expenses have been recognised in the financial statements inclusive of GST. The company is not registered for GST.

(f) Changes in Accounting Policies

The company transitioned on 1 April 2019 to special purpose financial reporting in accordance with the requirements outlined under the Tax Administration (Financial Statements) Order 2014. The transition had minimal impact on the accounting policies of the company.

2	Imputation Credits	2020	2019
		\$	\$
	The amount of imputation credits available for use	1	1
	Total Imputation Credits	<u>1</u>	<u>1</u>
3	Cash & Bank Balance	2020	2019
		\$	\$
	Bank Account Balance		
	ASB Key Corporate Cheque Account	103	103
	Total Cash & Bank Balance	<u>103</u>	<u>103</u>
4	Income Tax	2020	2019
		\$	\$
	Opening Balance	(0)	(0)
	Plus:		
	Provision for Taxation	0	0
	Less:		
	RWT Paid	0	0
	Income Tax (Receivable)	<u>(0)</u>	<u>(0)</u>
5	Term Investments	2020	2019
		\$	\$
	Shares in Car Plus K.K.	124,614	124,614
	Total Term Investments	<u>124,614</u>	<u>124,614</u>
6	Related Parties	2020	2019
		\$	\$
	2 Cheap Cars Limited	124,614	124,614
	Total Payables to Related Parties	<u>124,614</u>	<u>124,614</u>

2CC INTERNATIONAL LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2020

7	Share Capital	2020	2019
		\$	\$
	Share Capital	100	100
	Total Share Capital	<u>100</u>	<u>100</u>

8	Retained Earnings	2020	2019
		\$	\$
	Opening Balance	3	1
	Plus:		
	Net Profit	1	1
	Retained Earnings Closing Balance	<u>4</u>	<u>3</u>

9 Capital Commitments
The company has no capital commitments as at 31 March 2020. (2019 Nil).

10 Contingent Liabilities
The company has no contingent liabilities and no guarantees as at 31 March 2020. (2019: Contingent Liabilities Nil. Guarantees Nil.)

11 Events Occurring After Balance Date
No significant events have occurred subsequent to balance date.

12 Going Concern

As at 31 March 2020, COVID-19 had become widespread globally, and the World Health Organization had announced that the outbreak is considered a pandemic. The result of this pandemic has been a substantial reduction in economic activity throughout the world, as governments have introduced measures (such as the closure of all non-essential businesses and the cancellation of all public events) in a bid to halt, or at least slow, transmission of the virus. At the time of signing the financial statements, there is uncertainty about how much further economic activity will fall and how long the period of reduced economic activity will last.

The Directors have assessed the likely impact of COVID-19 on the Company and have concluded that, for the 12 months from the date of signing the financial statements, COVID-19 will not impact the ability of the Company to continue operating. That conclusion has been reached because the Company will be able to satisfy its obligations as they become due with continued support of the shareholders. The Directors consider that the Company is a going concern and the financial statements have been prepared on that basis.

2CC INTERNATIONAL LIMITED

**SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2CC INTERNATIONAL LIMITED

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For the Year Ended 31 March 2019

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2CC INTERNATIONAL LIMITED

Report on the Engagement to Compile Financial Statements

For the Year Ended 31 March 2019

COMPILATION REPORT AND DISCLAIMER OF LIABILITY TO THE DIRECTORS

Reporting Scope

On the basis of information that you provided we have compiled, in accordance with "Service Engagement Standard Number 2: Compilation of Financial Information", the Financial Statements of 2CC International Limited for the year ended 31 March 2019 as set out on the following pages.

These statements have been prepared on the basis disclosed in note 1 to the financial statements.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis used is appropriate to meet your needs and for the purpose that the financial statements were prepared. The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information that you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We are not independent of the Company because a Partner of this firm is a Trustee of the ultimate shareholding trust.

Disclaimer of Liability

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

BDO Auckland.

BDO Auckland

BDO Centre
Level 4
4 Graham Street
Auckland

23 September 2019 Date

2CC INTERNATIONAL LIMITED

Directory

As at 31 March 2019

Nature of Business	Investment
Address	PO Box 12940 Penrose Auckland 16421
Directors	Yusuke Sena Eugene Hamilton Williams
Shareholder	2CC Holdings Limited 100 Ordinary Shares
Accountants	BDO Auckland Chartered Accountants BDO Centre Level 4 4 Graham Street Auckland
IRD Number	122-274-462
Company Number	6134613
Business Number	9429043375585

2CC INTERNATIONAL LIMITED

Statement of Profit or Loss

For the Year Ended 31 March 2019

	Note	2019	2018
		\$	\$
Other Income			
Interest Received		1	1
Net Profit		<u>1</u>	<u>1</u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC INTERNATIONAL LIMITED

Statement of Changes in Equity

For the Year Ended 31 March 2019

	2019	2018
	\$	\$
Revenues and Expenses		
Net Profit	1	1
Total Recognised Revenues and Expenses	<u>1</u>	<u>1</u>
Equity at the Beginning of the Year	101	100
Equity at the End of the Year	<u><u>102</u></u>	<u><u>101</u></u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC INTERNATIONAL LIMITED

Balance Sheet


As at 31 March 2019

	Note	2019 \$	2018 \$
Current Assets			
Cash & Bank Balance	3	103	101
Non-Current Assets			
Term Investments	4	124,614	-
Total Assets		<u>124,717</u>	<u>101</u>
Current Liabilities			
Related Parties	5	124,615	-
Total Liabilities		<u>124,615</u>	<u>-</u>
Net Assets		<u>102</u>	<u>101</u>
Equity			
Paid up Share Capital	6	100	100
Retained Earnings	7	2	1
Total Equity		<u>102</u>	<u>101</u>

For and on behalf of the Board of Directors who authorise the issue of these financial statements


 _____ Director
 Yusuke Sena

Date _____


 _____ Director
 Eugene Hamilton Williams

Date _____

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC INTERNATIONAL LIMITED

Notes to and forming part of the Financial Statements

For the Year Ended 31 March 2019

1 Statement of Accounting Policies

Reporting Entity

2CC International Limited is a company incorporated in New Zealand, registered under the Companies Act 1993.

Historical Cost

The financial statements have been prepared on a historical cost basis.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by Chartered Accountants Australia and New Zealand.

The financial statements have been specifically prepared for the purposes of meeting the company's income tax requirements and internal use.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Profit or Loss and Balance Sheet on a historical cost basis are followed by the company, unless otherwise stated in the Specific Accounting Policies.

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar, except where otherwise indicated.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Profit or Loss and Balance Sheet have been applied:

(a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

Sales of services are recognised in the period by reference to the stage of completion of the transaction at the end of the reporting period.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

(b) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in the Statement of Profit or Loss represents the estimated current obligation payable to Inland Revenue.

(c) Investments

Investments in listed companies are stated at valuation.

Investments in subsidiaries are stated at cost.

2CC INTERNATIONAL LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2019

(d) Financial Instruments

Financial instruments are recognised in the Balance Sheet when the company becomes party to a financial contract. They include cash & bank balances and related party payables.

All of the financial instruments of the company are initially recorded at cost and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (credit losses).

(e) Financial Instruments – Financial Assets

At initial recognition, the entity determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

Amortised cost

Includes assets where the entity intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Fair value

Financial assets not held at amortised cost or costs are held at fair value and include financial derivatives such as forward contracts and interest rate swaps. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available, the instrument shall be measured at the fair value for a prior year less any accumulated impairment loss.

Gains and losses are recognised in the Statement of Profit or Loss for movements in the fair value of the assets and when the assets are derecognised.

(f) Financial Instruments – Financial Liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in the Statement of Profit or Loss on an effective yield basis.

(g) Provisions

Provisions are recognised when the entity has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the entity will be required to settle the obligation.

Where the entity expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in the Statement of Profit or Loss.

2CC INTERNATIONAL LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2019

(h) Goods and Services Taxation (GST)

Revenue and expenses have been recognised in the financial statements inclusive of GST. The company is not registered for GST.

(i) Changes in Accounting Policies

All accounting policies were applied consistently during the year.

2	Imputation Credits	2019	2018
		\$	\$
	The amount of imputation credits available for use	1	0
	Total Imputation Credits	<u>1</u>	<u>0</u>
3	Cash & Bank Balance	2019	2018
		\$	\$
	Bank Account Balance		
	ASB Cheque Account	103	101
	Total Cash & Bank Balance	<u>103</u>	<u>101</u>
4	Term Investments	2019	2018
		\$	\$
	Shares in Car Plus K.K.	124,614	-
	Total Term Investments	<u>124,614</u>	<u>-</u>
5	Related Parties	2019	2018
		\$	\$
	2 Cheap Cars Limited	124,615	-
	Total Payables to Related Parties	<u>124,615</u>	<u>-</u>
6	Share Capital	2019	2018
		\$	\$
	Share Capital	100	100
	Total Share Capital	<u>100</u>	<u>100</u>
7	Retained Earnings	2019	2018
		\$	\$
	Opening Balance	1	-
	Plus:		
	Net Profit	1	1
	Retained Earnings Closing Balance	<u>2</u>	<u>1</u>

2CC INTERNATIONAL LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2019

8 Capital Commitments

The company has no capital commitments as at 31 March 2019. (2018 Nil).

9 Contingent Liabilities

The company has no contingent liabilities and no guarantees as at 31 March 2019. (2018: Contingent Liabilities Nil. Guarantees Nil.)

10 Events Occurring After Balance Date

No significant events have occurred subsequent to balance date.

2CC INTERNATIONAL LIMITED

**SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2CC INTERNATIONAL LIMITED

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2CC INTERNATIONAL LIMITED

Report on the Engagement to Compile Financial Statements

For the Year Ended 31 March 2018

COMPILATION REPORT AND DISCLAIMER OF LIABILITY TO THE DIRECTORS

Reporting Scope

On the basis of information that you provided we have compiled, in accordance with "Service Engagement Standard Number 2: Compilation of Financial Information", the Financial Statements of 2CC International Limited for the year ended 31 March 2018 as set out on the following pages.

These statements have been prepared on the basis disclosed in note 1 to the financial statements.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis used is appropriate to meet your needs and for the purpose that the financial statements were prepared. The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information that you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We are not independent of the Company because a Partner of this firm is a Trustee of the ultimate shareholding trust.

Disclaimer of Liability

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

BDO Auckland.

BDO Auckland

BDO Centre
Level 4
4 Graham Street
Auckland

11 March 2019

Date

2CC INTERNATIONAL LIMITED

Directory

As at 31 March 2018

Nature of Business	Investment
Address	PO Box 12940 Penrose Auckland 16421
Directors	Yusuke Sena Eugene Hamilton Williams
Shareholder	2CC Holdings Limited 100 Ordinary Shares
Accountants	BDO Auckland Chartered Accountants BDO Centre Level 4 4 Graham Street Auckland
IRD Number	122-274-462
Company Number	6134613
Business Number	9429043375585

2CC INTERNATIONAL LIMITED

Statement of Profit or Loss

For the Year Ended 31 March 2018

	Note	2018	2017
		\$	\$
Other Income			
Interest Received		2	-
Net Profit		<u>2</u>	<u>-</u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC INTERNATIONAL LIMITED

Statement of Changes in Equity

For the Year Ended 31 March 2018

	2018	2017
	\$	\$
Revenues and Expenses		
Net Profit	2	-
Total Recognised Revenues and Expenses	<u>2</u>	<u>-</u>
Contributions		
Share Capital	-	100
Equity at the Beginning of the Year	100	-
Equity at the End of the Year	<u><u>102</u></u>	<u><u>100</u></u>

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC INTERNATIONAL LIMITED

Balance Sheet

As at 31 March 2018

	Note	2018 \$	2017 \$
Current Assets			
Cash & Bank Balance	2	102	100
Net Assets		<u>102</u>	<u>100</u>
Equity			
Paid up Share Capital	3	100	100
Retained Earnings	4	2	-
Total Equity		<u>102</u>	<u>100</u>

For and on behalf of the Board of Directors who authorise the issue of these financial statements



Director

Date

Yusuke Sena



Director

Date

Eugene Hamilton Williams

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the compilation report - disclaimer of liability and notes to the financial statements.

2CC INTERNATIONAL LIMITED

Notes to and forming part of the Financial Statements

For the Year Ended 31 March 2018

1 Statement of Accounting Policies

Reporting Entity

2CC International Limited is a company incorporated in New Zealand, registered under the Companies Act 1993.

Historical Cost

The special purpose financial statements have been prepared on a historical cost basis.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by Chartered Accountants Australia and New Zealand.

The special purpose financial statements have been specifically prepared for the purposes of meeting the company's income tax requirements and internal use.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Profit or Loss and Balance Sheet on a historical cost basis are followed by the company, unless otherwise stated in the Specific Accounting Policies.

These special purpose financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar, except where otherwise indicated.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Profit or Loss and Balance Sheet have been applied:

(a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

Sales of services are recognised in the period by reference to the stage of completion of the transaction at the end of the reporting period.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

(b) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in the Statement of Profit or Loss represents the estimated current obligation payable to Inland Revenue.

(c) Financial Instruments

Financial instruments are recognised in the Balance Sheet when the company becomes party to a financial contract. They include cash & bank balances.

All of the financial instruments of the company are initially recorded at cost and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (credit losses).

2CC INTERNATIONAL LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2018

(d) Financial Instruments – Financial Assets

At initial recognition, the entity determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

Amortised cost

Includes assets where the entity intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Fair value

Financial assets not held at amortised cost or costs are held at fair value and include financial derivatives such as forward contracts and interest rate swaps. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available, the instrument shall be measured at the fair value for a prior year less any accumulated impairment loss.

Gains and losses are recognised in the Statement of Profit or Loss for movements in the fair value of the assets and when the assets are derecognised.

(e) Financial Instruments – Financial Liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in the Statement of Profit or Loss on an effective yield basis.

(f) Provisions

Provisions are recognised when the entity has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the entity will be required to settle the obligation.

Where the entity expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in the Statement of Profit or Loss.

(g) Goods and Services Taxation (GST)

Revenue and expenses have been recognised in the financial statements inclusive of GST. The company is not registered for GST.

(h) Changes in Accounting Policies

All accounting policies were applied consistently during the year.

2CC INTERNATIONAL LIMITED

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2018

2	Cash & Bank Balance	2018	2017
		\$	\$
	Bank Account Balance		
	ASB Cheque Account	102	100
	Total Cash & Bank Balance	<u>102</u>	<u>100</u>
3	Share Capital	2018	2017
		\$	\$
	Share Capital		
	Opening Balance	100	-
	Movements	-	100
	Closing Balance	<u>100</u>	<u>100</u>
	Total Share Capital	<u>100</u>	<u>100</u>
4	Retained Earnings	2018	2017
		\$	\$
	Opening Balance	-	-
	Plus:		
	Net Profit	2	-
	Retained Earnings Closing Balance	<u>2</u>	<u>-</u>

5 Related Parties

There were no significant transactions or transactions that were on terms and conditions that are likely to be different from the terms and conditions of transactions in similar circumstances, involving related parties during the financial year. (Last year - Nil)

6 Capital Commitments

The company has no capital commitments as at 31 March 2018. (2017 Nil).

7 Contingent Liabilities

The company has no contingent liabilities and no guarantees as at 31 March 2018. (2017: Contingent Liabilities Nil. Guarantees Nil.)

8 Events Occurring After Balance Date

No significant events have occurred subsequent to balance date.

決算報告書 Annual Report

自 平成31年4月1日 至 令和2年3月31日
From April 1, 2019 to March 31, 2020

Car Plus 株式会社

貸借対照表

BALANCE SHEET

令和2年3月31日 現在

As of March 31, 2020

(単位:円)

UNIT:JPY

資産の部 ASSETS		負債の部及び純資産の部 LIABILITIES & EQUITY	
		負債の部 Liabilities	
[流動資産] [Current Assets]	15,788,582	[流動負債] [Current Liabilities]	2,831,275
現金預金 Cash and Deposits	8,700,812	未払費用 Accrued expense	988,382
棚卸資産 Inventory (Car)	107,050	預り金 Withholding taxes	368,893
前払費用 Prepaid Expenses	271,230	未払法人税等 Income taxes payable	1,474,000
未収入金 Debtors	315,769		
親会社未収入金 Loans receivable to parent company	4,637,270		
未収消費税等 Receivables, consumption tax	1,756,451		
		負債の部合計 Total Liabilities	2,831,275
【固定資産】 [Fixed Assets]	1,457,337	純資産の部 EQUITY	
[有形固定資産] [Tangible Fixed Assets]	1,457,337	[株主資本] [Shareholders' Equity]	15,615,874
車両運搬具 Motor Vehicles	2,798,919	資本金 Paid In capital	9,999,999
減価償却累計額 Less Accumulated Dep Motor Vehicles	△ 1,341,582	利益剰余金 Retained Earning	5,615,875
[繰延資産] [Deferred Assets]	272,430	繰越利益剰余金 Profit/loss carry forward	5,615,875
創立費 Deferred Organization Expense	210,000		
長期前払費用 Long-term prepaid expenses	62,430		
[その他の資産] [Other Assets]	928,800		
敷金 Rent Deposit	128,800		
保証金 Security Deposit	800,000	純資産の部合計 Total Equity	15,615,874
資産の部合計 TOTAL ASSETS	18,447,149	負債の部・純資産の部合計 TOTAL LIABILITIES & EQUITY	18,447,149

Car Plus 株式会社

損益計算書

INCOME STATEMENT

自 平成31年4月1日 至 令和2年3月31日
From April 1, 2019 to March 31, 2020(単位:円)
UNIT:JPY

科 目 Account Titles	金 額 Amount	
[売上高] [Sales]		
売上高 IC Sales (Billings to 2CC)		70,828,845
[売上原価] [Cost of Goods Sold]		4,667,027
売上総利益 Gross Profit		66,161,818
[販売費及び一般管理費] [Selling, general and administrative Expenses]		62,589,152
営業利益 Net Ordinary Income		3,572,666
[営業外収益] [Non-Operating or Other Income]		
受取利息 Interest Income	36,090	
雑収入 Other Income	155,911	192,001
経常利益 Ordinary Income		3,764,667
[営業外費用] [Non-Operating or Other Income]		
その他の営業外費用 Other Non-Operating Expenses	196,390	196,390
[特別利益] [Extraordinary Loss]		
固定資産売却益 Gain/Loss of Fixed Asset		853,703
税引前当期利益 Income before income taxes		4,421,980
法人税、住民税及び事業税 Other Expenses (Income taxes)		1,852,900
当期純利益 Net Income		2,569,080

販売費及び一般管理費明細表

Statement of Selling, general and administrative Expenses

自 平成31年4月1日 至 令和2年3月31日

From April 1, 2019 to March 31, 2020

(単位:円)

UNIT:JPY

科 目 Account Titles	金 額 Amount
給与 Salaries and Allowance	37,844,826
賞与 Bonus	2,083,995
福利厚生費 Welfare expenses	58,316
法定福利費 Legal welfare expenses	5,999,463
研修費 Training cost	2,350
広告宣伝費 Advertising	1,946
外注費 Outside Services	5,711,180
旅費交通費 Traveling&Transportation	1,877,868
車両関連費 Vehicle related expenses	850,017
会議費 Meeting expense	29,596
交際費 Entertainment	46,743
通信費 Communication	1,122,755
地代家賃 Rent	2,409,476
租税公課 tax and public imposition	382,521
水道光熱費 Utilities	128,206
減価償却費 Depreciatoin	1,423,042
事務用品費 Supplies	149,415
運搬通信費 Freight&Courier	35,568
修繕費 Repairs and Maintainance	91,658
諸会費 Membership fee	476,447
保険料 insurance	1,318,700
支払手数料 Bank Charges	545,064
合 計 Total	62,589,152

株主資本等変動計算書

Statement of Changes in Net Assets

令和2年3月31日 現在
As of March 31, 2020

(単位:円)
UNIT:JPY

	株主資本 (Shareholders' Equity)						純資産合計 (Total net assets)
	資本金 (Paid-in capital)	資本剰余金 (Capital surplus)		利益剰余金 (Earned surplus)		株主資本合計 (Total shareholders' equity)	
		資本準備金 (Capital legal reserve)	その他資本剰余金 (Other capital surplus)	利益準備金 (Earned legal reserve)	その他利益剰余金 (Other earned surplus) 繰越利益剰余金 (Earned surplus brought forward)		
当期首残高 (Balance at the beginning of the period)	9,999,999				3,046,795	13,046,794	13,046,794
当期変動額 (Changes in items during the period)							
新株の発行 (Issuance of new shares)						0	0
特別償却準備金取崩 Appropriation of Reserve for special depreciation						0	0
剰余金の配当 (Dividends from surplus)						0	0
当期純利益 (Net Income)					2,569,080	2,569,080	2,569,080
株主資本以外の項目の当期変動額(純額) (Net changes in items other than shareholders' equity)						0	0
当期変動額合計 (Total changes in items during the period)	0	0	0	0	2,569,080	2,569,080	2,569,080
当期末残高 (Balance at the end of the current period)	9,999,999	0	0	0	5,615,875	15,615,874	15,615,874

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	<u>Mar 31, 19</u>
ASSETS	
Current Assets	
Checking/Savings	
651 ₺ Mizuho Bank	9,154,383
Total Checking/Savings	<u>9,154,383</u>
Other Current Assets	
620 ₺ Prepayments	
Others	5,400
Rent	188,000
Total 620 ₺ Prepayments	<u>193,400</u>
627 ₺ Accrued Consumption Tax Receiva	1,092,041
Total Other Current Assets	<u>1,285,441</u>
Total Current Assets	<u>10,439,824</u>
Fixed Assets	
730 ₺ Motor Vehicles	1,693,210
731 ₺ Less Accumulated Dep Motor Vehicles	-1,595,453
Total Fixed Assets	<u>97,757</u>
Other Assets	
653 ₺ Security Deposit	72,000
698 ₺ Deferred Asset	
Incorporation Expenses	330,000
Stock Issuance Cost	76,390
Total 698 ₺ Deferred Asset	<u>406,390</u>
Total Other Assets	<u>478,390</u>
TOTAL ASSETS	<u><u>11,015,971</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
799 ₺ Creditors	23,760
801 ₺ Unpaid Expense Claims	1,219,024
825 ₺ PAYE Payable	520,000
826 ₺ National Insurance	
Labor Insurance	107,833
Social Insurance	760,934
Total 826 ₺ National Insurance	<u>868,767</u>
827 ₺ Inhabitant Tax	72,300
851 ₺ Accounts Payable, ICO	-4,734,674
Total Other Current Liabilities	<u>-2,030,823</u>
Total Current Liabilities	<u>-2,030,823</u>
Total Liabilities	<u>-2,030,823</u>
Equity	
32000 ₺ *Retained Earnings	1,104,870
990 ₺ Share capital	9,999,999
Net Income	1,941,925
Total Equity	<u>13,046,794</u>
TOTAL LIABILITIES & EQUITY	<u><u>11,015,971</u></u>

Car Plus K.K.
Profit & Loss
April 2018 through March 2019

Apr '18 - Mar 19

Ordinary Income/Expense	
Income	
201 † Finance Commission	
Adj.	415,751
Current fiscal year	52,399,054
Total 201 † Finance Commission	<u>52,814,805</u>
Total Income	<u>52,814,805</u>
Gross Profit	52,814,805
Expense	
398 † Accounting Fees	3,663,434
400 † Advertising	610,000
404 † Bank Fees	108,800
408 † Cleaning	68,000
412 † Consulting & Accounting	2,228,719
416 † Depreciation	716,751
418 † Employee Expenses	
Labor Insurance	268,656
Social Insurance	3,894,776
Total 418 † Employee Expenses	<u>4,163,432</u>
420 † Entertainment	
Foods and Drinks	12,454
Total 420 † Entertainment	<u>12,454</u>
425 † Freight & Courier	4,023
432 † Hardware & Equipment	5,714
433 † Insurance	919,510
445 † Light, Power, Heating	109,642
449 † Motor Vehicle Expenses	1,479,482
453 † Office Expenses	198,505
460 † Petrol Company Vehicles	18,308
461 † Printing & Stationery	195,108
463 † Postage	15,343
466 † Service Charges	288,830
469 † Rent	2,447,443
473 † Repairs and Maintenance	6,000
477 † Salaries	29,426,533
478 † Bonus	315,000
480 † Staff Costs	13,034
489 † Telephone & Internet	850,087
493 † Travel - National	1,459,124
494 † Travel - International	61,449
496 † Taxes and Dues	
Interest income	11
Others	219,300
Revenue Stamp	21,200
Total 496 † Taxes and Dues	<u>240,511</u>
500 † Meeting Expenses	73,293
501 † Membership Fees	12,500
Total Expense	<u>49,711,029</u>
Net Ordinary Income	3,103,776
Other Income/Expense	
Other Income	
260 † Other Revenue	32,103
270 † Interest Income (NO GST)	79
Total Other Income	<u>32,182</u>
Other Expense	
504 † Amortization of Deferred Assets	
510 † Amortization of Initial Expense	120,000
511 † Amortization of Stock Issuance	83,333
Total 504 † Amortization of Deferred Assets	<u>203,333</u>

Car Plus K.K.
Profit & Loss
April 2018 through March 2019

	<u>Apr '18 - Mar 19</u>
505 † Income Tax Expense	<u>990,700</u>
Total Other Expense	<u>1,194,033</u>
Net Other Income	<u>-1,161,851</u>
Net Income	<u><u>1,941,925</u></u>

決算報告書
Annual Report

自 平成29年4月1日 至 平成30年3月31日

From April 1, 2017 to March 31, 2018

貸借対照表

BALANCE SHEET

平成30年3月31日 現在

As of March 31, 2018

(単位:円)

UNIT:JPY

資産の部 ASSETS		負債の部及び純資産の部 LIABILITIES & EQUITY	
		負債の部 Liabilities	
[流動資産] [Current Assets]	11,987,690	[流動負債] [Current Liabilities]	2,031,795
現金預金 Cash and Deposits	8,045,550	未払費用 Accrued expense	849,717
前払費用 Prepaid Expenses	301,607	預り金 Withholding taxes	816,678
未収金 Receivables, domestic	68,700	未払法人税等 Income taxes payable	365,400
未収消費税等 Receivables, consumption tax	955,568		
親会社未収入金 Loans receivable to parent company	2,616,265		
【固定資産】 [Fixed Assets]	521,251		
[有形固定資産] [Tangible Fixed Assets]	521,251	負債の部合計 Total Liabilities	2,031,795
車両運搬具 Motor Vehicles	1,399,953		
減価償却累計額 Less Accumulated Dep Motor Vehicles	△ 878,702		
[繰延資産] [Deferred Assets]	609,723		
創立費 Deferred Organization Expense	450,000		
株式交付費 Stock Issuance Cost	159,723		
[その他の資産] [Other Assets]	18,000		
敷金 Rent Deposit	18,000		
		純資産の部 EQUITY	
		[株主資本] [Shareholders' Equity]	11,104,869
		資本金 Paid In capital	9,999,999
		利益剰余金 Retained Earning	1,104,870
		繰越利益剰余金 Profit/loss carry forward	236,280
		当期純利益 Net Income	868,590
		純資産の部合計 Total Equity	11,104,869
資産の部合計 TOTAL ASSETS	13,136,664	負債の部・純資産の部合計 TOTAL LIABILITIES & EQUITY	13,136,664

Car Plus 株式会社

損益計算書

INCOME STATEMENT

自 平成29年4月1日 至 平成30年3月31日

From April 1, 2017 to March 31, 2018

(単位:円)

UNIT:JPY

科 目 Account Titles	金 額 Amount	
[売上高] [Sales]		
売上高 IC Sales (Billings to 2CC)		38,052,857
[売上原価] [Cost of Goods Sold]		0
売上総利益 Gross Profit		38,052,857
[販売費及び一般管理費] [Selling, general and administrative Expenses]		36,433,437
営業利益 Net Ordinary Income		1,619,420
[営業外収益] [Non-Operating or Other Income]		
受取利息 Interest Income	69	
雑収入 Other Income	33,334	33,403
[営業外費用] [Non-Operating or Other Income]		
その他の営業外費用 Other Non-Operating Expenses	203,333	203,333
経常利益 Ordinary Income		1,449,490
税引前当期利益 Income before income taxes		1,449,490
法人税、住民税及び事業税 Other Expenses (Income taxes)		580,900
当期純利益 Net Income		868,590

販売費及び一般管理費明細表

Statement of Selling, general and administrative Expenses

自 平成29年4月1日 至 平成30年3月31日

From April 1, 2017 to March 31, 2018

(単位:円)

UNIT:JPY

科 目 Account Titles	金 額 Amount
給与 Salaries and Allowance	20,867,922
福利厚生費 Welfare expenses	106,675
法定福利費 Legal welfare expenses	2,856,430
外注費 Outside Services	5,094,187
旅費交通費 Traveling&Transportation	978,643
車両関連費 Vehicle related expenses	1,705,996
会議費 Meeting expense	39,418
交際費 Entertainment	95,159
通信費 Communication	612,595
地代家賃 Rent	1,876,616
租税公課 tax and public imposition	141,550
水道光熱費 Utilities	108,973
減価償却費 Depreciatoin	878,702
事務用品費 Supplies	229,755
運搬通信費 Freight&Courier	748
修繕費 Repairs and Maintainance	37,500
諸会費 Membership fee	15,000
保険料 insurance	394,010
支払手数料 Bank Charges	393,558
合 計 Total	36,433,437

株主資本等変動計算書

Statement of Changes in Net Assets

平成30年3月31日 現在

As of March 31, 2018

(単位:円)

UNIT:JPY

	株主資本 (Shareholders' Equity)						純資産合計 (Total net assets)
	資本金 (Paid-in capital)	資本剰余金 (Capital surplus)		利益剰余金 (Earned surplus)		株主資本合計 (Total shareholders' equity)	
		資本準備金 (Capital legal reserve)	その他資本剰余金 (Other capital surplus)	利益準備金 (Earned legal reserve)	その他利益剰余金 (Other earned surplus) 繰越利益剰余金 (Earned surplus brought forward)		
当期首残高 (Balance at the beginning of the period)	9,999,999				236,280	10,236,279	10,236,279
当期変動額 (Changes in items during the period)							
新株の発行 (Issuance of new shares)						0	0
特別償却準備金取崩 Appropriation of Reserve for special depreciation						0	0
剰余金の配当 (Dividends from surplus)						0	0
当期純利益 (Net Income)					868,590	868,590	868,590
株主資本以外の項目の当期変動額(純額) (Net changes in items other than shareholders' equity)						0	0
当期変動額合計 (Total changes in items during the period)	0	0	0	0	868,590	868,590	868,590
当期末残高 (Balance at the end of the current period)	9,999,999	0	0	0	1,104,870	11,104,869	11,104,869

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Special Purpose Financial Statements

2 Cheap Rental Cars Limited
For the year ended 31 March 2020

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5	Approval of Financial Report
6	Statement of Profit or Loss
8	Statement of Changes in Equity
9	Balance Sheet
10	Notes to the Financial Statements
14	Schedule of Property, Plant and Equipment

Company Directory

2 Cheap Rental Cars Limited For the year ended 31 March 2020

Nature of Business

Rental Cars

Registered Office

BDO Auckland
4 Graham Street
Auckland

Company Number

7159293

New Zealand Business Number

9429047168091

IRD Number

127-557-985

Directors

Yusuke Sena
Eugene Hamilton Williams

Shareholders

2CC Holdings Limited	198 Ordinary Shares
Yusuke Sena	1 Ordinary Share
Eugene Hamilton Williams	1 Ordinary Share

Accountants

BDO Auckland
Chartered Accountants
BDO Centre
Level 4
4 Graham Street
Auckland

Solicitors

Lowndes Jordan

Compilation Report and Disclaimer of Liability to the Directors

2 Cheap Rental Cars Limited For the year ended 31 March 2020

Scope

On the basis of information you provided we have compiled, in accordance with Service Engagement Standard No 2: Compilation of Financial Information, the special purpose financial statements of 2 Cheap Rental Cars Limited for the period ended 31 March 2020. These statements have been prepared on the basis disclosed in note 1 to the financial statements.

Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the financial reporting framework used is appropriate to meet your needs and the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for the Directors' benefit. We do not accept responsibility to any other person for the contents of the financial statements.

Independence

We are not independent of the Company because a Partner of this firm is a Trustee of the ultimate shareholding trust.

No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information provided to us by the Directors. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer of liability

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

BDO Auckland

BDO Auckland
BDO Centre
Level 4
4 Graham Street
Auckland

Dated: *16 December 2020*

Approval of Financial Report

2 Cheap Rental Cars Limited For the year ended 31 March 2020

The Directors are pleased to present the approved financial report including the historical financial statements of 2 Cheap Rental Cars Limited for period ended 31 March 2020.

Approved

For and on behalf of the Board of Directors:



Yusuke Sena



Eugene Hamilton Williams

16/12/2020

Date

Statement of Profit or Loss

2 Cheap Rental Cars Limited For the year ended 31 March 2020

	NOTES	2020	2019
Gross Profit			
Sales		132,219	-
Cost of Sales			
Airport Toll Expense / After-hour Parking		3,563	-
Infringement Ticket / Parking Ticket - Customer		2,461	-
NZ Toll Road (Customer)		456	-
Petrol for Rental Cars		14,140	-
Rental Vehicle Repair Cost (Customer)		4,330	-
Rental Vehicle Routine Maintenance, Service and Repair		3,278	-
Towing Expense for Rental Vehicle Break Down		731	-
Vehicle Parts		303	-
Vehicle Registration, License Fee and RUC for Rental Vehicle		1,071	-
Workshop Cleaning Material and Other Consumable Cost		652	-
Total Cost of Sales		30,983	-
Gross Profit		101,236	-
Other Income			
Interest Income		4	-
Recharge Infringement Ticket / Parking Ticket		4,613	-
Recharge Insurance Repair Cost / Insurance Cost / Toll Road Expense		4,676	-
Subvention Income		387,440	-
Sundry Cash Revenue / Non-refundable Deposit		168	-
Total Other Income		396,902	-
Total Income		498,138	-
Expenses			
ACC		59	-
Advertising		3,227	-
Bad Debts		37,819	-
Bank Fees		5,942	-
Consulting and Accounting		1,416	1,620
Cleaning		336	-
Depreciation		7,870	53
Doubtful Debts		17,278	-
Entertainment		16	-
Freight & Courier		9	-
Insurance		91,997	-
Legal Expenses		9,012	5,842
Loss on Sale / Disposal of Fixed Assets		25,750	-
Light, Power, Heating and Water		1,323	-
Low Value Assets		12,471	-

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

	NOTES	2020	2019
Office Expenses		738	-
OPEX - Leased Premises		10,018	-
Motor Vehicle Expenses		477	-
Printing and Stationery		1,594	52
Rent		76,667	-
Repairs and Maintenance		667	-
Salaries		190,218	3,848
Software Subscriptions		5,479	-
Staff Costs - Recruitment & Uniforms		800	-
Subscriptions		1,324	-
Telephone & Internet		4,117	-
Travel		220	-
Total Expenses		506,844	11,415
Net Loss Before Taxation		(8,706)	(11,415)
Net Loss for the Year		(8,706)	(11,415)

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Statement of Changes in Equity

2 Cheap Rental Cars Limited For the year ended 31 March 2020

	2020	2019
Equity		
Current Year Loss	(8,706)	(11,415)
Equity at the Beginning of the Year	(11,415)	-
Equity at the End of the Year	(20,121)	(11,415)

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Balance Sheet

2 Cheap Rental Cars Limited As at 31 March 2020

	NOTES	31 MAR 2020	31 MAR 2019
Assets			
Current Assets			
Cash and Bank Balances	4	37,302	-
Trade and Other Receivables	5	2,001	-
Prepayments		31,296	-
Related Party Receivables	6	68,564	-
Total Current Assets		139,162	-
Non-Current Assets			
Property, Plant and Equipment		42,543	1,227
Total Non-Current Assets		42,543	1,227
Total Assets		181,705	1,227
Liabilities			
Current Liabilities			
Trade and Other Payables	7	74,784	7,042
GST Payable		83,838	-
Employee Entitlements		15,086	974
Related Party Payables		-	4,626
Other Current Liabilities	8	28,118	-
Total Current Liabilities		201,827	12,642
Total Liabilities		201,827	12,642
Net Assets		(20,121)	(11,415)
Equity			
Accumulated Losses	10	(20,121)	(11,415)
Total Equity		(20,121)	(11,415)

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Notes to the Financial Statements

2 Cheap Rental Cars Limited For the year ended 31 March 2020

1. Statement of Accounting Policies

Reporting entity

The financial statements presented here are for the entity 2 Cheap Rental Cars Limited, incorporated under the Companies Act 1993.

Nature of business

The company is engaged in Car Rental. The nature of the company's business has not changed during the period under review.

Basis of preparation

These special purpose financial statements have been prepared in accordance with the requirements outlined under the Tax Administration (Financial Statements) Order 2014.

Comparatives

The comparative period is for a period of four months.

Historical cost

These financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below.

Functional currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except where otherwise indicated.

Share capital

As at 31 March 2020, the company has issued 200 ordinary shares. Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by the Directors, and a share in distribution of the surplus assets of the company on dissolution. All shares are unpaid as at balance date.

Property, plant & equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets and includes the cost of replacements that are eligible for capitalisation when these are incurred.

All other repairs and maintenance expenditure is recognised in profit or loss as incurred.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset either using depreciation rates published by Inland Revenue or based on estimates by management. Assets' estimated useful life is reassessed annually. The following estimated depreciation rates have been used:

Computer equipment 50% DV
Leasehold improvement 10-40% DV
Motor vehicle for rental business operation 50% DV
Motor vehicles 30% DV
Office furniture and equipment 8-40% DV

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability.

Workshop equipment 10-67% DV

An item of property, plant and equipment or investment property is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

Provisions

Provisions are recognised when the company has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the company will be required to settle the obligation.

Where the company expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in profit or loss.

Operating leases

Operating lease payments, where the lessors effectively retain substantially all the risk and benefits of ownership of the leased items, are recognised as an expense in profit or loss on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Income tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue.

Goods and services tax

The financial statements are stated exclusive of goods and services tax (GST) except for accounts receivable and accounts payable, which are stated inclusive of GST.

The entity was not registered for GST as at 31 March 2019. Therefore all amounts are stated inclusive of GST in the comparatives.

Changes in accounting policies

The company transitioned on 1 April 2019 to special purpose financial reporting in accordance with the requirements outlined under the Tax Administration (Financial Statements) Order 2014. The transition had minimal impact on the accounting policies of the company.

	2020	2019
2. Income tax expense		
Current year loss	(8,706)	(11,415)
Timing differences		
Holiday pay accruals	2,843	-
Doubtful debts	17,278	-
Total timing differences	20,121	-

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability.

	2020	2019
Taxable income / (loss)	11,415	(11,415)
Losses approved by the IRD	(11,415)	-
Total loss	-	(11,415)
Unused income tax losses available to carry forward	-	(11,415)

The availability of tax losses is subject to the requirements of the Income Tax Act 2007 continuing to be met.

3. Imputation credit account

The balance of the imputation credit account as at 31 March 2020 is Nil. (2019: Nil)

	2020	2019
4. Cash and bank balances		
ASB key corporate cheque account	37,302	-
Total Cash and bank balances	37,302	-

	2020	2019
5. Trade and other receivables		
Accounts receivable	17,278	-
Less provision for doubtful debts	(17,278)	-
Other receivables	2,001	-
Total trade and other receivables	2,001	-

	2020	2019
6. Related parties		
Advance from 2 Cheap Cars Limited	(68,564)	4,626
Total (receivables)/payables due from/to related parties	(68,564)	4,626

Terms and conditions of transactions with related parties:

The balance is unsecured, non-interest bearing and payable on demand.

	2020	2019
7. Trade and other payables		
Accounts payable	68,609	5,842
Rental bond from customer	6,000	-
Other payables	175	-
Total trade and and other payables	74,784	5,842

	2020	2019
8. Other current liabilities		
Wage subsidy received in advance	28,118	-
Total Other current liabilities	28,118	-

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	2020	2019
9. Operating leases		
Current	132,250	-
Non-current	176,333	-
Total operating leases	308,583	-
	2020	2019
10. Equity		
Accumulated losses		
Opening balance	(11,415)	-
Current period loss	(8,706)	(11,415)
Total accumulated losses	(20,121)	(11,415)

11. Capital commitments

The company has no capital commitments as at 31 March 2020. (2019: Nil)

12. Contingent liabilities

The company has no contingent liabilities as at 31 March 2020. (2019: Nil)

13. Subsequent events

No significant events have occurred subsequent to balance date.

14. Going concern

A new virus, COVID-19, arose in December 2019 and became a global pandemic by March 2020. In response to the pandemic, in late March 2020 the New Zealand Government ordered a four-week lockdown, during which non-essential businesses and organisations were not allowed to operate and individuals (other than essential workers or those undertaking essential business) were required to stay at home. New Zealand was in this lockdown period at the reporting date. In late April 2020, the lockdown period ended and the New Zealand Government started gradually easing the restrictions that had been placed on businesses, organisations and individuals. During the four-week lockdown period the Company was unable to operate, which resulted in revenue falling below forecast levels. Since the end of the lockdown period, the Company has decided to discontinue operations.

Schedule of Property, Plant and Equipment

2 Cheap Rental Cars Limited For the year ended 31 March 2020

NAME	ASSET NUMBER	METHOD	RATE	PURCHASED	COST	OPENING VALUE	PURCHASES	DISPOSED	SALE PRICE	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE	LOSS	CAPITAL GAIN	DEP RECOVERED
Computer Equipment															
HP Probook 450 - Business Laptop Connor Moss	FA-0001	DV	50.00%	31 Mar 2019	1,280	1,227	-	-	-	613	667	613	-	-	-
other website Charges:Website Development-MC3 Custom Website Progress Payment 2 of 3 2 cheap cars Rental Website	FA-0004	DV	50.00%	1 Jun 2019	2,574	-	2,574	31 Mar 2020	-	-	-	-	2,574	-	-
Other Website Charges-Web Development- MC3 Custom Website Progress Payment 1 of 3 2 cheap cars Rental Website Charged 1 May	FA-0007	DV	50.00%	1 Jun 2019	2,574	-	2,574	31 Mar 2020	-	-	-	-	2,574	-	-
Other Website Charges-Web Development- MC3 Custom Website Progress Payment 3 of 3 for 2 cheap cars Rental Website Charged 1 July 2019	FA-0008	DV	50.00%	1 Jul 2019	2,652	-	2,652	31 Mar 2020	-	-	-	-	2,652	-	-
Total Computer Equipment					9,080	1,227	7,800		-	613	667	613	7,800	-	-
Leasehold Improvements															
Laying Carpet for 2CC Rental	FA-0054	DV	40.00%	30 Aug 2019	3,480	-	3,480	31 Mar 2020	-	-	-	-	3,480	-	-
Re-charge Wall Painting and Decoration	FA-0060	DV	10.00%	10 Sep 2019	7,450	-	7,450	31 Mar 2020	-	-	-	-	7,450	-	-
Total Leasehold Improvements					10,930	-	10,930		-	-	-	-	10,930	-	-
Motor Vehicle Rental Fleet															
1049745 FIT MGK821	FA-0057	DV	50.00%	1 Oct 2019	5,454	-	5,454	31 Mar 2020	5,454	-	-	-	-	-	-
2004 NISSAN TEANA 230 JKJ31-112246 LLS766 SA75992	FA-0102	DV	50.00%	30 Nov 2019	4,890	-	4,890	31 Mar 2020	4,890	-	-	-	-	-	-
2004 NISSAN TIIDA LATIO 15S SC11-008697 MNK289 SA77218	FA-0123	DV	50.00%	31 Dec 2019	4,764	-	4,764	31 Mar 2020	4,764	-	-	-	-	-	-
2005 NISSAN LATIO 18G SJC11-002432 MNK290 SA77216	FA-0122	DV	50.00%	31 Dec 2019	4,506	-	4,506	31 Mar 2020	4,506	-	-	-	-	-	-
2005 NISSAN TEANA 230 JM J31-109495 LNC87 SA77214	FA-0120	DV	50.00%	31 Dec 2019	6,045	-	6,045	31 Mar 2020	6,045	-	-	-	-	-	-
2005 NISSAN TEANA J31-11603 LLZ791 SA75990	FA-0101	DV	50.00%	30 Nov 2019	5,288	-	5,288	31 Mar 2020	5,288	-	-	-	-	-	-
2005 NISSAN TEANA MAXIMA J31-124046 LRQ786 SA77232	FA-0109	DV	50.00%	31 Dec 2019	6,267	-	6,267	31 Mar 2020	6,267	-	-	-	-	-	-
2005 NISSAN TEANA MAXIMA TNJ31-050932 LLZ789 SA77219	FA-0118	DV	50.00%	31 Dec 2019	5,316	-	5,316	31 Mar 2020	5,316	-	-	-	-	-	-
2005 Toyota Voxy AZR60-0445662 MKM302 SA75969	FA-0089	DV	50.00%	30 Nov 2019	5,065	-	5,065	31 Mar 2020	5,065	-	-	-	-	-	-
2006 MITSUBISHI OUTLANDER CW5W-0017444 MPR485 SA75988	FA-0100	DV	50.00%	30 Nov 2019	9,957	-	9,957	31 Mar 2020	9,957	-	-	-	-	-	-
2006 MITSUBISHI OUTLANDER CW5W-0017466 MPC122 SA75985	FA-0098	DV	50.00%	30 Nov 2019	7,747	-	7,747	31 Mar 2020	7,747	-	-	-	-	-	-
2006 MITSUBISHI OUTLANDER CW5W-0020904 MHG414 SA75905	FA-0103	DV	50.00%	30 Nov 2019	7,312	-	7,312	31 Mar 2020	7,312	-	-	-	-	-	-
2006 NISSAN TIIDA LATIO SC11-075135 MPT782 SA77230	FA-0110	DV	50.00%	31 Dec 2019	4,542	-	4,542	31 Mar 2020	4,542	-	-	-	-	-	-
2006 NISSAN TIIDA LATIO SC11-082026 MNZ825 SA77235	FA-0107	DV	50.00%	31 Dec 2019	4,445	-	4,445	31 Mar 2020	4,445	-	-	-	-	-	-
2006 NISSAN TIIDA LATIO SJC11-011594 MPR483 SA77220	FA-0117	DV	50.00%	31 Dec 2019	5,198	-	5,198	31 Mar 2020	5,198	-	-	-	-	-	-

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2006 NISSAN TIIDA LATIOSC11-071812 MNK274 SA77215	FA-0121	DV	50.00%	31 Dec 2019	5,093	-	5,093	31 Mar 2020	5,093	-	-	-	-	-	-
2006 NISSAN TIIDA SC11-077630 MRJ186 SA78868	FA-0138	DV	50.00%	1 Feb 2020	4,419	-	4,419		-	368	368	4,051	-	-	-
2006 TOYOTA VOXYAZR60-3059169 MJT327 SA75928	FA-0088	DV	50.00%	30 Nov 2019	4,502	-	4,502	31 Mar 2020	4,502	-	-	-	-	-	-
2007 NISSAN TIIDA LATIO 15S SC11-105272 MPT784 SA77224	FA-0114	DV	50.00%	31 Dec 2019	4,776	-	4,776	31 Mar 2020	4,776	-	-	-	-	-	-
2007 NISSAN TIIDA LATIO 15S SC11-115601 MPT780 SA77223	FA-0115	DV	50.00%	31 Dec 2019	5,140	-	5,140	31 Mar 2020	5,140	-	-	-	-	-	-
2007 NISSAN TIIDA LATIO 15S SC11-114369 MPT781 SA77225	FA-0113	DV	50.00%	31 Dec 2019	4,876	-	4,876	31 Mar 2020	4,876	-	-	-	-	-	-
2007 NISSAN TIIDA LATIO SC11-097430 MJT453 SA75924	FA-0085	DV	50.00%	30 Nov 2019	4,640	-	4,640	31 Mar 2020	4,640	-	-	-	-	-	-
2008 HONDA FIT JAZZ GE6-1124212 MKM305 SA75971	FA-0090	DV	50.00%	30 Nov 2019	4,772	-	4,772	31 Mar 2020	4,772	-	-	-	-	-	-
2008 HONDA FIT JAZZ GE6-1127101 MPC123 SA75981	FA-0096	DV	50.00%	30 Nov 2019	4,944	-	4,944	31 Mar 2020	4,944	-	-	-	-	-	-
2008 HONDA FIT JAZZ NEW SHAPE GE6-1094031 MGZ976 SA75906	FA-0083	DV	50.00%	30 Nov 2019	5,095	-	5,095	31 Mar 2020	5,095	-	-	-	-	-	-
2008 MITSUBISHI OUTLANDER CW5W-5203602 MPC121 SA75984	FA-0097	DV	50.00%	30 Nov 2019	7,640	-	7,640	31 Mar 2020	7,640	-	-	-	-	-	-
2008 NISSAN TEANA MAXIMA J31-505415 LLS772 SA77233	FA-0108	DV	50.00%	31 Dec 2019	5,859	-	5,859	31 Mar 2020	5,859	-	-	-	-	-	-
2008 NISSAN TIIDA LATIO SC11-139140 MJT453 SA75921	FA-0084	DV	50.00%	30 Nov 2019	4,658	-	4,658	31 Mar 2020	4,658	-	-	-	-	-	-
2008 NISSAN TIIDA LATIO SC11-140205 MPT785 SA77226	FA-0112	DV	50.00%	31 Dec 2019	5,109	-	5,109	31 Mar 2020	5,109	-	-	-	-	-	-
2008 NISSAN TIIDA LATIO SC11-140796 MPT783 SA77227	FA-0111	DV	50.00%	31 Dec 2019	4,376	-	4,376	31 Mar 2020	4,376	-	-	-	-	-	-
2009 NISSAN TIIDA LATIO SC11-151555 MNG437 SA75978	FA-0094	DV	50.00%	30 Nov 2019	4,177	-	4,177	31 Mar 2020	4,177	-	-	-	-	-	-
2010 HONDA FIT JAZZ GE6-1374683 MKL499 SA75979	FA-0095	DV	50.00%	30 Nov 2019	5,293	-	5,293	31 Mar 2020	5,293	-	-	-	-	-	-
2010 MITSUBISHI OUTLANDER CW5W-5405091 MKM301 SA75973	FA-0091	DV	50.00%	30 Nov 2019	10,177	-	10,177	31 Mar 2020	10,177	-	-	-	-	-	-
2010 NISSAN TIIDA LATIO SC11-253769 MNB518 SA75975	FA-0092	DV	50.00%	30 Nov 2019	5,430	-	5,430	31 Mar 2020	5,430	-	-	-	-	-	-
2010 NISSAN TIIDA LATIO SC11-257823 MEW128 SA77237	FA-0106	DV	50.00%	31 Dec 2019	7,106	-	7,106	31 Mar 2020	7,106	-	-	-	-	-	-
2010 NISSAN TIIDA LATIO SC11-258083 MPR484 SA77221	FA-0116	DV	50.00%	31 Dec 2019	6,091	-	6,091	31 Mar 2020	6,091	-	-	-	-	-	-
2010 NISSAN TIIDA LATIO SC11-301055 MNG436 SA75976	FA-0093	DV	50.00%	30 Nov 2019	4,402	-	4,402	31 Mar 2020	4,402	-	-	-	-	-	-
2010 NISSAN TIIDA SC11-259365 MJT452 SA75926	FA-0087	DV	50.00%	30 Nov 2019	5,234	-	5,234	31 Mar 2020	5,234	-	-	-	-	-	-
2011 NISSAN TIIDA LATIO SC11-304884 MPR486 SA75987	FA-0099	DV	50.00%	30 Nov 2019	5,517	-	5,517	31 Mar 2020	5,517	-	-	-	-	-	-
2011 NISSAN TIIDA LATIO SC11-307820 MJT449 SA75925	FA-0086	DV	50.00%	30 Nov 2019	5,240	-	5,240	31 Mar 2020	5,240	-	-	-	-	-	-
AZR60-0437566 - NOAH - MHZ372 - SA71573	FA-0030	DV	50.00%	1 Sep 2019	5,662	-	5,662	31 Mar 2020	5,662	-	-	-	-	-	-
AZR60-3035596 - NOAH - MHA59 - SA71572	FA-0031	DV	50.00%	1 Sep 2019	5,223	-	5,223	31 Mar 2020	5,223	-	-	-	-	-	-
CW5W-0000415 - OUTLANDER - SA73287 - MJT455	FA-0059	DV	50.00%	15 Sep 2019	8,385	-	8,385	31 Mar 2020	8,385	-	-	-	-	-	-
CW5W-0019079 - OUTLANDER - MGZ949	FA-0053	DV	50.00%	1 Sep 2019	8,161	-	8,161	31 Mar 2020	8,161	-	-	-	-	-	-
CW5W-5102119 - OUTLANDER - MHY871	FA-0020	DV	50.00%	1 Sep 2019	7,832	-	7,832	31 Mar 2020	7,832	-	-	-	-	-	-
CW5W-5201349 OUTLANDER MHA25	FA-0058	DV	50.00%	1 Oct 2019	7,981	-	7,981	31 Mar 2020	7,981	-	-	-	-	-	-

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CW5W-5300417 - OUTLANDER - MGR86	FA-0051	DV	50.00%	1 Sep 2019	9,410	-	9,410	31 Mar 2020	9,410	-	-	-	-	-	-
FIT GE6-1096937 MKM299	FA-0075	DV	50.00%	15 Oct 2019	5,133	-	5,133	31 Mar 2020	5,133	-	-	-	-	-	-
FIT GE6-1100574 MKM307	FA-0082	DV	50.00%	15 Oct 2019	4,897	-	4,897	31 Mar 2020	4,897	-	-	-	-	-	-
FIT GE6-1116849 MJT454	FA-0080	DV	50.00%	15 Oct 2019	5,382	-	5,382	31 Mar 2020	5,382	-	-	-	-	-	-
FIT GE6-1196828 MJT332	FA-0077	DV	50.00%	15 Oct 2019	5,158	-	5,158	31 Mar 2020	5,158	-	-	-	-	-	-
FIT GE6-1210762 MKM298	FA-0076	DV	50.00%	15 Oct 2019	5,037	-	5,037	31 Mar 2020	5,037	-	-	-	-	-	-
FIT GE6-1382500 MKM304	FA-0078	DV	50.00%	15 Oct 2019	5,269	-	5,269	31 Mar 2020	5,269	-	-	-	-	-	-
GE6-1006613 - FIT - SA73324 - MHR617	FA-0061	DV	50.00%	15 Sep 2019	4,903	-	4,903	31 Mar 2020	4,903	-	-	-	-	-	-
GE6-1056847 - FIT - MHY872 - SA71571	FA-0027	DV	50.00%	1 Sep 2019	5,698	-	5,698	31 Mar 2020	5,698	-	-	-	-	-	-
GE6-1091224 - FIT - MHR616 - SA71570	FA-0022	DV	50.00%	1 Sep 2019	5,116	-	5,116	31 Mar 2020	5,116	-	-	-	-	-	-
GE6-10952331 FIT MHA61	FA-0055	DV	50.00%	1 Oct 2019	4,934	-	4,934	31 Mar 2020	4,934	-	-	-	-	-	-
GE6-1098425 - FIT - MHG396 - SA71569	FA-0039	DV	50.00%	1 Sep 2019	4,813	-	4,813	31 Mar 2020	4,813	-	-	-	-	-	-
GE6-1134265 - FIT - MGZ947 - SA71568	FA-0040	DV	50.00%	1 Sep 2019	5,075	-	5,075	31 Mar 2020	5,075	-	-	-	-	-	-
GE6-1147845 - FIT - MHG374 - SA71567	FA-0029	DV	50.00%	1 Sep 2019	5,409	-	5,409	31 Mar 2020	5,409	-	-	-	-	-	-
GE6-1162629 FIT MHA91	FA-0056	DV	50.00%	1 Oct 2019	4,883	-	4,883	31 Mar 2020	4,883	-	-	-	-	-	-
GE6-1176916 - FIT - MHG415 - SA71565	FA-0018	DV	50.00%	1 Sep 2019	5,257	-	5,257	31 Mar 2020	5,257	-	-	-	-	-	-
GE6-1333146 - FIT - MHA92	FA-0047	DV	50.00%	1 Sep 2019	5,222	-	5,222	31 Mar 2020	5,222	-	-	-	-	-	-
GE6-1366772 - FIT - MHG373 - SA71566	FA-0028	DV	50.00%	1 Sep 2019	5,276	-	5,276	31 Mar 2020	5,276	-	-	-	-	-	-
GE6-1418007 - FIT - MJT331	FA-0049	DV	50.00%	1 Sep 2019	4,693	-	4,693	31 Mar 2020	4,693	-	-	-	-	-	-
Honda Fit GD1-2396090 MQC357 SA79345	FA-0161	DV	50.00%	29 Feb 2020	4,502	-	4,502	31 Mar 2020	4,502	-	-	-	-	-	-
HONDA FIT GE6-1109380 LKY47 SA79347	FA-0159	DV	50.00%	29 Feb 2020	5,935	-	5,935	31 Mar 2020	5,935	-	-	-	-	-	-
Honda Fit GE6-1165822 MQC355 SA79369	FA-0164	DV	50.00%	29 Feb 2020	5,273	-	5,273	31 Mar 2020	5,273	-	-	-	-	-	-
Honda Fit GE6-9065472 MQC356 SA78021	FA-0125	DV	50.00%	31 Jan 2020	5,307	-	5,307		-	663	663	4,644	-	-	-
Honda Fit GE6-9232799 SA78023	FA-0127	DV	50.00%	31 Jan 2020	5,168	-	5,168	31 Mar 2020	5,168	-	-	-	-	-	-
Honda Fit GE6-1104518 MKL497 SA79346	FA-0160	DV	50.00%	29 Feb 2020	5,579	-	5,579	31 Mar 2020	5,579	-	-	-	-	-	-
HONDA VOXY AZR60-3070613 MRJ184 SA79353	FA-0156	DV	50.00%	29 Feb 2020	4,899	-	4,899	31 Mar 2020	4,899	-	-	-	-	-	-
Mitsubishi Outlander CW5W-0013120 MPT830 SA79344	FA-0162	DV	50.00%	29 Feb 2020	7,677	-	7,677	31 Mar 2020	7,677	-	-	-	-	-	-
Mitsubishi Outlander CW5W-0027575 MRJ273 SA79359	FA-0144	DV	50.00%	29 Feb 2020	8,871	-	8,871	31 Mar 2020	8,871	-	-	-	-	-	-
Mitsubishi Outlander CW5W-9100639 SA78022	FA-0126	DV	50.00%	31 Jan 2020	7,908	-	7,908		-	988	988	6,919	-	-	-
Mitsubishi Outlander CW5W-9103278 MPT836 SA78029	FA-0129	DV	50.00%	31 Jan 2020	6,777	-	6,777	31 Mar 2020	6,777	-	-	-	-	-	-
Mitsubishi Outlander CW5W-9202136 MKN100 SA78028	FA-0128	DV	50.00%	31 Jan 2020	9,024	-	9,024	31 Mar 2020	9,024	-	-	-	-	-	-
Mitsubishi Outlander CW5W-9100420 MQC352 SA78030	FA-0130	DV	50.00%	31 Jan 2020	8,892	-	8,892	31 Mar 2020	8,892	-	-	-	-	-	-
Nissan Tiida SC11-099038 MRJ228 SA79351	FA-0153	DV	50.00%	29 Feb 2020	4,442	-	4,442	31 Mar 2020	4,442	-	-	-	-	-	-
NISSAN TIIDA SC11-207517 MGH602 SA79348	FA-0158	DV	50.00%	29 Feb 2020	6,575	-	6,575	31 Mar 2020	6,575	-	-	-	-	-	-
Nissan TEANA J31-103533 LLZ785 SA79364	FA-0151	DV	50.00%	29 Feb 2020	5,217	-	5,217	31 Mar 2020	5,217	-	-	-	-	-	-

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Nissan Tiida SC11-004717 MRJ274 SA79358	FA-0145	DV	50.00%	29 Feb 2020	4,837	-	4,837	31 Mar 2020	4,837	-	-	-	-	-	-
Nissan Tiida SC11-006687 MRJ275 SA79367	FA-0143	DV	50.00%	29 Feb 2020	4,289	-	4,289	31 Mar 2020	4,289	-	-	-	-	-	-
Nissan Tiida SC11-007413 MRJ245 SA79356	FA-0147	DV	50.00%	29 Feb 2020	4,033	-	4,033	31 Mar 2020	4,033	-	-	-	-	-	-
Nissan Tiida SC11-020866 MRJ248 SA79366	FA-0150	DV	50.00%	29 Feb 2020	4,363	-	4,363	31 Mar 2020	4,363	-	-	-	-	-	-
Nissan Tiida SC11-039479 MRJ271 SA79361	FA-0140	DV	50.00%	29 Feb 2020	4,731	-	4,731	31 Mar 2020	4,731	-	-	-	-	-	-
Nissan Tiida SC11-064580 MRJ247 SA79354	FA-0149	DV	50.00%	29 Feb 2020	4,764	-	4,764	31 Mar 2020	4,764	-	-	-	-	-	-
NISSAN TIIDA SC11-068144 MQL883 SA78043	FA-0136	DV	50.00%	31 Jan 2020	4,457	-	4,457	31 Mar 2020	4,457	-	-	-	-	-	-
Nissan Tiida SC11-069143 MRJ249 SA79355	FA-0148	DV	50.00%	29 Feb 2020	4,256	-	4,256	31 Mar 2020	4,256	-	-	-	-	-	-
Nissan Tiida SC11-078519 MRJ269 SA79362	FA-0139	DV	50.00%	29 Feb 2020	4,572	-	4,572	31 Mar 2020	4,572	-	-	-	-	-	-
NISSAN TIIDA SC11-079037 SA78042	FA-0135	DV	50.00%	31 Jan 2020	4,619	-	4,619	31 Mar 2020	4,619	-	-	-	-	-	-
NISSAN TIIDA SC11-101396 MQL884 SA78044	FA-0137	DV	50.00%	31 Jan 2020	4,398	-	4,398	31 Mar 2020	4,398	-	-	-	-	-	-
Nissan Tiida SC11-101686 MRJ225 SA79363	FA-0152	DV	50.00%	29 Feb 2020	5,099	-	5,099	31 Mar 2020	5,099	-	-	-	-	-	-
NISSAN TIIDA SC11-112347 MQL875 SA78035	FA-0132	DV	50.00%	31 Jan 2020	5,027	-	5,027	31 Mar 2020	5,027	-	-	-	-	-	-
Nissan Tiida SC11-147949 MRJ268 SA79368	FA-0142	DV	50.00%	29 Feb 2020	4,770	-	4,770	31 Mar 2020	4,770	-	-	-	-	-	-
Nissan Tiida SC11-208829 MRJ246 SA79357	FA-0146	DV	50.00%	29 Feb 2020	5,031	-	5,031	31 Mar 2020	5,031	-	-	-	-	-	-
Nissan Tiida SC11-257581MRJ272 SA79360	FA-0141	DV	50.00%	29 Feb 2020	5,899	-	5,899	31 Mar 2020	5,899	-	-	-	-	-	-
Nissan Tiida SC11-258443 MRJ226 SA79349	FA-0155	DV	50.00%	29 Feb 2020	5,528	-	5,528	31 Mar 2020	5,528	-	-	-	-	-	-
NISSAN TIIDA SNC11-135360 MNB519 SA78045	FA-0124	DV	50.00%	31 Jan 2020	5,535	-	5,535	31 Mar 2020	5,535	-	-	-	-	-	-
Nissan Tiida SC11-145465 MRJ227 SA79350	FA-0154	DV	50.00%	29 Feb 2020	4,580	-	4,580	31 Mar 2020	4,580	-	-	-	-	-	-
OUTLANDER CW5W-5100556 MLE132	FA-0072	DV	50.00%	15 Oct 2019	8,654	-	8,654	31 Mar 2020	8,654	-	-	-	-	-	-
Outlander CW5W-5104303 MJT326	FA-0070	DV	50.00%	15 Oct 2019	9,803	-	9,803	31 Mar 2020	9,803	-	-	-	-	-	-
SC11-131837 - TIIDA - MGZ948 - SA71555	FA-0032	DV	50.00%	1 Sep 2019	5,123	-	5,123	31 Mar 2020	5,123	-	-	-	-	-	-
SC11-134352 - TIIDA - MHG500 - SA71560	FA-0034	DV	50.00%	1 Sep 2019	5,454	-	5,454	31 Mar 2020	5,454	-	-	-	-	-	-
SC11-135002 - TIIDA - MHG395 - SA71558	FA-0024	DV	50.00%	1 Sep 2019	5,074	-	5,074	31 Mar 2020	5,074	-	-	-	-	-	-
SC11-136708 - TIIDA - MHG501 - SA71556	FA-0025	DV	50.00%	1 Sep 2019	5,114	-	5,114	31 Mar 2020	5,114	-	-	-	-	-	-
SC11-137028 - TIIDA - MHR634 - SA71563	FA-0023	DV	50.00%	1 Sep 2019	5,169	-	5,169	31 Mar 2020	5,169	-	-	-	-	-	-
SC11-137536 - TIIDA - MJT330	FA-0052	DV	50.00%	1 Sep 2019	5,072	-	5,072	31 Mar 2020	5,072	-	-	-	-	-	-
SC11-147697 - TIIDA - MJT329	FA-0050	DV	50.00%	1 Sep 2019	5,695	-	5,695	31 Mar 2020	5,695	-	-	-	-	-	-
SC11-203138 - TIIDA - MGK820 - SA71562	FA-0038	DV	50.00%	1 Sep 2019	5,863	-	5,863	31 Mar 2020	5,863	-	-	-	-	-	-
SC11-251722 - TIIDA - MHA93 - SA71564	FA-0021	DV	50.00%	1 Sep 2019	5,645	-	5,645	31 Mar 2020	5,645	-	-	-	-	-	-
SC11-253508 - TIIDA - MGZ952 - SA71557	FA-0033	DV	50.00%	1 Sep 2019	5,147	-	5,147	31 Mar 2020	5,147	-	-	-	-	-	-
SC11-253610 - TIIDA - MGZ950 - SA71559	FA-0037	DV	50.00%	1 Sep 2019	5,824	-	5,824	31 Mar 2020	5,824	-	-	-	-	-	-
SC11-254242 - TIIDA - MGZ951 - SA71561	FA-0036	DV	50.00%	1 Sep 2019	6,443	-	6,443	31 Mar 2020	6,443	-	-	-	-	-	-

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NAME	ASSET NUMBER	METHOD	RATE	PURCHASED	COST	OPENING VALUE	PURCHASES	DISPOSED	SALE PRICE	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE	LOSS	CAPITAL GAIN	DEP RECOVERED
SC11-257531 - TIIDA - MHG375 - SA71554	FA-0035	DV	50.00%	1 Sep 2019	5,319	-	5,319	31 Mar 2020	5,319	-	-	-	-	-	-
SC11-314761 - TIIDA - MHR700 - SA71553	FA-0019	DV	50.00%	1 Sep 2019	6,188	-	6,188	31 Mar 2020	6,188	-	-	-	-	-	-
SC11-318246 - TIIDA - MHR744 - SA71552	FA-0026	DV	50.00%	1 Sep 2019	5,945	-	5,945	31 Mar 2020	5,945	-	-	-	-	-	-
SC11-319131- TIIDA - MHR615	FA-0048	DV	50.00%	1 Sep 2019	5,753	-	5,753	31 Mar 2020	5,753	-	-	-	-	-	-
TIIDA SC11-098732 MKM300	FA-0069	DV	50.00%	15 Oct 2019	4,555	-	4,555	31 Mar 2020	4,555	-	-	-	-	-	-
TIIDA SC11-136035 MJT450	FA-0071	DV	50.00%	15 Oct 2019	5,651	-	5,651	31 Mar 2020	5,651	-	-	-	-	-	-
TIIDA SC11-140159 MKL498	FA-0074	DV	50.00%	15 Oct 2019	5,098	-	5,098	31 Mar 2020	5,098	-	-	-	-	-	-
TIIDA SC11-302194 MKM303	FA-0068	DV	50.00%	15 Oct 2019	5,274	-	5,274	31 Mar 2020	5,274	-	-	-	-	-	-
Toyota Noah AZR60-0401125 MQC351 SA79370	FA-0163	DV	50.00%	29 Feb 2020	5,172	-	5,172	31 Mar 2020	5,172	-	-	-	-	-	-
TOYOTA VOXY AZR60-3053277 MRJ185 SA79352	FA-0157	DV	50.00%	29 Feb 2020	5,162	-	5,162	31 Mar 2020	5,162	-	-	-	-	-	-
Toyota Voxy AZR60-0345385 MQC352 SA78038	FA-0133	DV	50.00%	31 Jan 2020	4,159	-	4,159	31 Mar 2020	4,159	-	-	-	-	-	-
Toyota Voxy AZR60-0386024 MGR87	FA-0119	DV	50.00%	31 Dec 2019	5,268	-	5,268	31 Mar 2020	5,268	-	-	-	-	-	-
Toyota Voxy AZR60-0488933 MQC359 SA78041	FA-0134	DV	50.00%	31 Jan 2020	4,989	-	4,989	31 Mar 2020	4,989	-	-	-	-	-	-
Toyota voxy AZR60-3068778 MQE735 SA78032	FA-0131	DV	50.00%	31 Jan 2020	5,224	-	5,224	31 Mar 2020	5,224	-	-	-	-	-	-
VOXY AZR60-0404568 MJT451	FA-0081	DV	50.00%	15 Oct 2019	5,400	-	5,400	31 Mar 2020	5,400	-	-	-	-	-	-
VOXY AZR60-0335900 MKM306	FA-0079	DV	50.00%	15 Oct 2019	4,767	-	4,767	31 Mar 2020	4,767	-	-	-	-	-	-
VOXY AZR60-3076914 MLE133	FA-0073	DV	50.00%	15 Oct 2019	4,831	-	4,831	31 Mar 2020	4,831	-	-	-	-	-	-
Total Motor Vehicle Rental Fleet					731,836	-	731,836		714,203	2,020	2,020	15,614	-	-	-
Motor Vehicles															
2009 Honda Insight ZE2-1139817 LAY222	FA-0105	DV	30.00%	1 Dec 2019	6,834	-	6,834	31 Mar 2020	6,834	-	-	-	-	-	-
2009 Toyota Hiace TRH219-0008982 MGQ795 SA77201	FA-0104	DV	30.00%	1 Dec 2019	14,023	-	14,023	31 Mar 2020	14,023	-	-	-	-	-	-
Re- charge Painting fee for 2 Cheap Rental Shuttle Bus	FA-0005	DV	30.00%	20 Jun 2019	4,000	-	4,000	31 Mar 2020	-	-	-	-	4,000	-	-
Total Motor Vehicles					24,857	-	24,857		20,857	-	-	-	4,000	-	-
Office Equipment															
CCTV	FA-0002	DV	40.00%	11 Jul 2019	1,000	-	1,000		-	300	300	700	-	-	-
DEPOSIT SAFE AND INSTALLATION	FA-0046	DV	8.00%	10 Sep 2019	1,003	-	1,003		-	47	47	956	-	-	-
Phone and Internet Setup on site	FA-0067	DV	30.00%	1 Oct 2019	2,410	-	2,410		-	362	362	2,049	-	-	-
Post Sign	FA-0064	DV	10.00%	4 Oct 2019	760	-	760	31 Mar 2020	-	-	-	-	760	-	-
Re Charge Queue Dividers for 2 Cheap Rental	FA-0065	DV	16.00%	3 Oct 2019	1,175	-	1,175		-	94	94	1,081	-	-	-
Reception desk	FA-0003	DV	13.00%	15 Jul 2019	2,640	-	2,640		-	257	257	2,383	-	-	-
Stop Signs	FA-0062	DV	10.00%	4 Oct 2019	1,440	-	1,440	31 Mar 2020	-	-	-	-	1,440	-	-
UFL Alpha 5-Seater Beam, Perforated steel seats with seat and back pads upholstered in Vegas vinyl colour Black with end arms only all in a double silver powdercoat finish	FA-0066	DV	10.00%	2 Oct 2019	2,149	-	2,149		-	107	107	2,042	-	-	-
Whiteboard	FA-0015	DV	40.00%	31 Jul 2019	553	-	553		-	166	166	387	-	-	-
Whiteboard	FA-0016	DV	40.00%	31 Jul 2019	553	-	553		-	166	166	387	-	-	-
Whiteboard	FA-0017	DV	40.00%	31 Jul 2019	553	-	553		-	166	166	387	-	-	-

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NAME	ASSET NUMBER	METHOD	RATE	PURCHASED	COST	OPENING VALUE	PURCHASES	DISPOSED	SALE PRICE	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE	LOSS	CAPITAL GAIN	DEP RECOVERED
Whiteboard	FA-0014	DV	40.00%	31 Jul 2019	553	-	553		-	166	166	387	-	-	-
Window Graphics	FA-0063	DV	10.00%	4 Oct 2019	820	-	820	31 Mar 2020	-	-	-	-	820	-	-
Total Office Equipment					15,610	-	15,610		-	1,831	1,831	10,759	3,020	-	-
Workshop Equipment															
800ST1700T11SP Tyre Changer, with Arm	FA-0013	DV	20.00%	9 Jul 2019	4,694	-	4,694		-	704	704	3,990	-	-	-
800WBDL65DSP Digital DSP Wheel Balancer	FA-0011	DV	20.00%	9 Jul 2019	3,264	-	3,264		-	490	490	2,774	-	-	-
883ST2900M240 SUMMIT, 2-Post 4.5-Tonne	FA-0009	DV	16.00%	9 Jul 2019	5,194	-	5,194		-	623	623	4,571	-	-	-
BELT DRIVE TRADE CAST TRIPLE 3HP 100LT C	FA-0012	DV	13.00%	9 Jul 2019	1,295	-	1,295		-	126	126	1,169	-	-	-
CABINET 12/24V AUTO GLOBE	FA-0045	DV	10.00%	21 Aug 2019	519	-	519		-	35	35	485	-	-	-
CORDLESS 12V COMBO - 3/8 IMPACT WR-DRILL	FA-0044	DV	67.00%	21 Aug 2019	517	-	517		-	231	231	286	-	-	-
ELECTRIC PRESSURE WASHER SP160RLW	FA-0042	DV	25.00%	21 Aug 2019	627	-	627		-	105	105	523	-	-	-
OIL DRAIN TANK 30 GALLONS (113.5 LITRE)	FA-0041	DV	10.00%	21 Aug 2019	513	-	513		-	34	34	478	-	-	-
TOOLKIT 234PC MET BLACK 15 DRAW CUSTOM	FA-0010	DV	67.00%	9 Jul 2019	1,840	-	1,840		-	925	925	915	-	-	-
VMVK1650 VACMASTER VACUUM	FA-0043	DV	40.00%	21 Aug 2019	499	-	499		-	133	133	366	-	-	-
Total Workshop Equipment					18,963	-	18,963		-	3,405	3,405	15,557	-	-	-
Total					811,275	1,227	809,995		735,059	7,870	7,923	42,543	25,750	-	-

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Annual Report

2 Cheap Rental Cars Limited
For the 4 months ended 31 March 2019

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13	Schedule of Property, Plant and Equipment

Company Directory

2 Cheap Rental Cars Limited For the 4 months ended 31 March 2019

Nature of Business

Rental Cars

Registered Office

BDO Auckland
4 Graham Street
Auckland

Company Number

7159293

New Zealand Business Number

9429047168091

IRD Number

127-557-985

Directors

Yusuke Sena
Eugene Hamilton Williams

Shareholders

2CC Holdings Limited	198 Ordinary Shares
Yusuke Sena	1 Ordinary Share
Eugene Hamilton Williams	1 Ordinary Share

Accountants

BDO Auckland
Chartered Accountants
BDO Centre
Level 4
4 Graham Street
Auckland

Solicitors

Lowndes Jordan

Compilation Report and Disclaimer of Liability to the Directors

2 Cheap Rental Cars Limited For the 4 months ended 31 March 2019

Scope

On the basis of information you provided we have compiled, in accordance with Service Engagement Standard No 2: Compilation of Financial Information, the special purpose financial statements of 2 Cheap Rental Cars Limited for the period ended 31 March 2019. These statements have been prepared on the basis disclosed in note 1 to the financial statements.

Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the financial reporting framework used is appropriate to meet your needs and the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for the Directors' benefit. We do not accept responsibility to any other person for the contents of the financial statements.

Independence

We are not independent of the Company because a Partner of this firm is a Trustee of the ultimate shareholding trust.

No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information provided to us by the Directors. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer of liability

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

BDO Auckland
BDO Auckland
BDO Centre
Level 4
4 Graham Street
Auckland

Dated: 26 November 2019

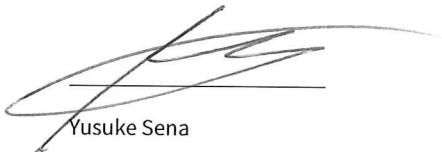
Approval of Financial Report

2 Cheap Rental Cars Limited For the 4 months ended 31 March 2019

The Directors are pleased to present the approved financial report including the historical financial statements of 2 Cheap Rental Cars Limited for period ended 31 March 2019.

Approved

For and on behalf of the Board of Directors:



Yusuke Sena



Eugene Hamilton Williams

5/12/2019
Date

Statement of Profit or Loss

2 Cheap Rental Cars Limited For the 4 months ended 31 March 2019

	NOTES	2019
Total income		-
Expenses		
Expenses		
Consulting and accounting		1,620
Depreciation		53
Legal expenses		5,842
Printing and stationery		52
Wages and salaries		3,848
Total Expenses		11,415
Total Expenses		11,415
Net loss before taxation		(11,415)
Net loss for the period		(11,415)

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Balance Sheet

2 Cheap Rental Cars Limited As at 31 March 2019

	NOTES	31 MAR 2019
Assets		
Non current assets		
Property, plant and equipment	5	1,227
Total Non current assets		1,227
Total Assets		1,227
Liabilities		
Current liabilities		
Trade and other payables		7,042
Employee entitlements		974
Related party payables		4,626
Total Current liabilities		12,642
Total Liabilities		12,642
Equity		
Accumulated losses	3	(11,415)
Total Equity		(11,415)
Total liabilities and equity		1,227

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Statement of Changes in Equity

2 Cheap Rental Cars Limited
For the 4 months ended 31 March 2019

2019

Accumulated losses

Accumulated losses	
Current Period Earnings	(11,415)
Total Accumulated losses	(11,415)
Total Accumulated losses	(11,415)

2019

Equity

Opening Balance	-
Current Period Earnings	(11,415)
Total Equity	(11,415)

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Notes to the Financial Statements

2 Cheap Rental Cars Limited For the 4 months ended 31 March 2019

1. Statement of Accounting Policies

Reporting entity

The financial statements presented here are for the entity 2 Cheap Rental Cars Limited, incorporated under the Companies Act 1993.

Nature of business

The company is engaged in Car Rental. The nature of the company's business has not changed during the period under review.

Basis of preparation

These financial statements have been prepared in accordance with Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) issued by Chartered Accountants Australia and New Zealand.

Historical cost

These financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below.

Functional currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except where otherwise indicated.

Share capital

As at 31 March 2019, the company has issued 200 ordinary shares. Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by the Directors, and a share in distribution of the surplus assets of the company on dissolution.

Changes in accounting policies

All accounting policies were applied consistently during the period.

Comparative figures

There are no comparative figures as this is the first period of the company.

Property, plant & equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets and includes the cost of replacements that are eligible for capitalisation when these are incurred.

All other repairs and maintenance expenditure is recognised in profit or loss as incurred.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset either using depreciation rates published by Inland Revenue or based on estimates by management. Assets' estimated useful life is reassessed annually. The following estimated depreciation rates have been used:

Computer equipment 50% DV

An item of property, plant and equipment or investment property is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

Financial instruments

Financial assets

At initial recognition the company determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are initially measured at fair value, estimated at the transaction price less any associated transaction costs.

Amortised cost

Amortised cost includes assets where the company intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Fair value

Financial assets not held at amortised value or cost are held at fair value and include financial derivatives such as forward contracts and interest rate swaps. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available the instrument shall be measured at prior period's fair value less any accumulated impairment loss.

Gains and losses are recognised in profit and loss for movements in the fair value of the assets and when the assets are derecognised.

Financial Liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the company will be required to settle the obligation.

Where the company expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in profit or loss.

Income tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue.

Goods and services tax

The entity was not registered for GST as at 31 March 2019. Therefore all amounts are stated inclusive of GST.

	2019
2. Income tax expense	
Net loss per financial statements	
Current period earnings	(11,415)
Total Net loss per financial statements	(11,415)
Unused income tax losses available to carry forward	11,415

The availability of tax losses is subject to the requirements of the Income Tax Act 2007 continuing to be met.

	2019
3. Equity	
Accumulated losses	
Current period earnings	(11,415)
Total Accumulated losses	(11,415)
Total Equity	(11,415)

Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by Directors, and a share in distribution of the surplus assets of the company on dissolution.

4. Imputation credit account

The balance of the imputation credit account as at 31 March 2019 is \$nil.

	2019
5. Property, plant and equipment	
Computer equipment	
Computer equipment at cost	1,280

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability.

	2019
Accumulated depreciation - computer equipment	(53)
Total Computer equipment	1,227
Total Property, plant and equipment	1,227

6. Contingent assets and liabilities

The company has no contingent asset or liabilities and no guarantees as at 31 March 2019.

7. Subsequent events

No significant events have occurred subsequent to balance date.

	2019
8. Related parties	
Advance from 2 Cheap Cars Limited	4,626
Total Related parties	4,626

Terms and conditions of transactions with related parties:

The company has a payable to 2 Cheap Cars Limited. The balance is unsecured, non-interest bearing and payable on demand.

9. Going concern

The validity of the going concern assumption on which this financial report is prepared depends on the continued financial support of the shareholders.

If the support is withdrawn, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the Statement of Financial Position. In addition, the company may have to provide for further liabilities that may arise.

Schedule of Property, Plant and Equipment

2 Cheap Rental Cars Limited
For the 4 months ended 31 March 2019

NAME	COST	OPENING VALUE	PURCHASES	SALE PRICE	DEP RECOVERED	LOSS	CAPITAL GAIN	RATE	METHOD	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Computer Equipment												
HP Probook 450 - Business Laptop Connor Moss	1,280	-	1,280	-	-	-	-	50.00%	DV	53	53	1,227
Total Computer Equipment	1,280	-	1,280	-	-	-	-			53	53	1,227
Total	1,280	-	1,280	-	-	-	-			53	53	1,227

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Balance Sheet

2 Cheap Cars (Canada) Inc. As at 31 March 2020

31 Mar 2020 31 Mar 2019

Assets

Bank		
2 Cheap Cars (Canada) INC	52,660	18,248
Total Bank	52,660	18,248
Current Assets		
Accounts Receivable	14,116	-
Lease Deposit/Bonds	80,010	80,010
Prepayments	2,781	7,498
Provision for Write-down of Stock on Hand	(14,508)	-
Stock on hand	16,908	-
TD Canada Trust Letter of Credit (100% Term Deposit Security)	10,000	10,000
Total Current Assets	109,307	97,508
Fixed Assets		
Accumulated Depreciation on Computer Software/Website	-	(1,884)
Computer Equipment	-	600
Less Accumulated Depreciation on Computer Equipment	-	(28)
Computer Software/Website	-	5,871
Motor Vehicles	10,326	10,326
Less Accumulated Depreciation on Motor Vehicles	(4,724)	(2,323)
Total Fixed Assets	5,602	12,562
Total Assets	167,568	128,318

Liabilities

Current Liabilities		
Accounts Payable	26,790 ¹	18,161 ²
Advance from 2 Cheap Cars New Zealand (JPY)	229,801	-
Advance from 2CC (New Zealand) (CAD)	(171,355)	306,240
Income Tax	(550)	-
Rounding	-	-
Sales Tax	(1,679)	(4,351)
Total Current Liabilities	83,007	320,050
Total Liabilities	83,007	320,050
Net Assets	84,561	(191,733)

Equity

Current Year Earnings	276,294	(191,733)
Retained Earnings	(191,733)	-

Balance Sheet

	31 Mar 2020	31 Mar 2019
Total Equity	84,561	(191,733)

Notes

1

Figures converted into Canadian Dollar using the following rate:
1.19097 NZD New Zealand Dollar per CAD. Rate provided by XE.com on 31 Mar 2020.

2

Figures converted into Canadian Dollar using the following rate:
1.09666 NZD New Zealand Dollar per CAD. Rate provided by XE.com on 31 Mar 2019.

Profit and Loss

2 Cheap Cars (Canada) Inc. For the 12 months ended 31 March 2020

	Mar-20	Mar-19
Income		
Agency Settlement Income	291,777	-
Finance Commission	459	-
Interest Income (NO GST)	91	-
MBI Warranties	1,223	-
Sales	239,357	-
Total Income	532,907	-
Less Cost of Sales		
After Sale Costs (incl Rental Cars)	492	-
Agency Fee	45,662	-
Auction Admin Fee	850	-
Auction No Sale Fee	1,350	-
Auction Pick Up Fee	1,272	-
Auction Seller Fee	2,510	-
Bank Fees - Merchant Fees	881	-
Car Consumables	318	-
Excise Tax	6,500	-
Freight from Wharf to Yard (NO GST)	6,259	-
Grooming	5,410	-
Import Duty	13,975	-
Petrol	1,736	-
Port Terminal Charges	10,000	-
Purchases - overseas	115,410	-
Purchases-National	3,210	-
Shipping - International	3,076	-
Stock Provision	14,508	-
Transport	462	-
Vehicle Border Safety Inspection	2,159	-
Vehicle Panel and Paints	600	-
Vehicle Registrations & Road User Charges	828	-
Vehicle Repairs, Parts & Improvements	10,270	-
Closing stock	(16,908)	-
Total Cost of Sales	230,830	-
Gross Profit	302,078	-
Plus Other Income		
Impairment of related party balance	301,639	-
Total Other Income	301,639	-
Less Operating Expenses		

Profit and Loss

	Mar-20	Mar-19
Accounting Fees	155	3,204
Advertising	17,131	146
Automotive Visual Advertising	2,346	-
Bank Fees	1,184	833
Cleaning	20	83
Consulting & Accounting	14,973	7,275
Depreciation	2,401	4,235
Entertainment	-	494
Equipment Rental	96	-
Foreign Currency Gains and Losses	168	311
Freight & Courier	77	88
Insurance	35,873	2,660
Interest Expense	78	9,161
Loss on Sale/Disposal of Fixed Assets	16,481	-
Low Value Assets	1,446	3,140
Motor Vehicle Expenses	241	2,101
Office Expenses	247	48
Petrol Company Vehicles	3,986	619
Postage	8	-
Printing & Stationery	1,476	115
Rent	142,895	107,100
Repairs and Maintenance	818	515
Salaries	74,662	-
Security	169	-
Software Subscription	1,975	720
Staff Costs - Recruitment & Uniforms	391	-
Staff Training / Annual Conference	-	420
Subscriptions	1,847	2,125
Telephone & Internet	3,821	2,193
Travel - International	1,926	-
Travel - National	185	24
Wages	-	44,121
Worksafe Insurance	347	-
Total Operating Expenses	327,423	191,733
Net Profit	276,294	(191,733)