

PATHFINDER *10065966321*
— **SOLUTIONS** —
Chartered Accountants & Advisors

Financial Statements

IBS.

For the year ended 31 March 2021

Prepared by Pathfinder Solutions LP

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Directory

IBS.

For the year ended 31 March 2021

Nature of Business

Building Society - non-trading

Registered Office

Level 2, 74 Taharoto Road
Takapuna
Auckland 0622

Registration Number

2702071

Directors

Lady Olga Maitland (Chairperson)
Andrew John Mackay
Kenina Maree Court

Shareholders

Shareholder Name	Shares held
IBS Corporation Limited	276
8x8848 Trustee Company Limited	1
Andrew McNabb	1
Avarua Trustee Limited	1
Barbara Callan	1
Blayne Raymond and Stephanie Pollock	1
Daniel Wilson	1
David Wilks	1
Elizabeth Tebbs	1
Gavin Weeks	1
Grant Pemberton	1
Ian Ross Tebbs	1
Jan Maree and Lorraine Flowers	1
Janette Roberts	1
Jeffrey Chi Hang Ku	1
John David McPhee	1
Justine Vangeli	1

Manu Forti Nominee Limited	1
Nicholas Bannehr	1
NTA Holdings Limited	1
Renee Mackay	1
Robert and Sarah Voss	1
Robin Mackay	1
Ronald Ng Hoy Fong	1
Shaun Patrick Harkin	1
Total Shares	300

Chartered Accountants

Pathfinder Solutions LP

Auditor

BDO Auckland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IBS.

Opinion

We have audited the financial statements of IBS. ("the entity"), which comprise the balance sheet as at 31 March 2021, 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 present fairly, in all material respects, the financial position of the entity as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

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

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

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Directors' Responsibilities for the Financial Statements

The directors are responsible on behalf of the entity for the preparation and fair presentation of the financial statements in accordance with NZ IFRS, 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 on behalf of the entity for assessing the entity'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 entity 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 decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the entity's members, as a body. Our audit work has been undertaken so that we might state 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 entity and the entity's members, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is David O'Connor.



BDO Auckland
Auckland
New Zealand
9 August 2021

Statement of Profit or Loss and Other Comprehensive Income

IBS.

For the year ended 31 March 2021

	NOTES	2021	2020
Revenue		-	-
Expenses			
Audit Fee		(9,603)	(12,305)
Total Expenses		(9,603)	(12,305)
Loss for the Period before and after Tax		(9,603)	(12,305)
Other Comprehensive Income		-	-
Total Comprehensive Income		(9,603)	(12,305)

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

Statement of Cash Flows

IBS.

For the year ended 31 March 2021

	NOTES	2021	2020
Operating Activities			
Payments to suppliers and employees		(19,205)	-
Net Cash Flows from Operating Activities		(19,205)	-
Investing Activities			
Loan from related party	4	19,205	-
Net Cash Flows from Investing Activities		19,205	-
Net Cash Flows			
		-	-
Cash and Cash Equivalents			
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		-	-

Statement of Changes in Equity

IBS.

For the year ended 31 March 2021

	SHARE CAPITAL	ACCUMULATED LOSSES	TOTAL EQUITY
Equity			
Opening Balance	300,000	(19,205)	280,795
Comprehensive Income for the Period			
Loss for the Period	-	(9,603)	(9,603)
Other Comprehensive Income	-	-	-
Total Comprehensive Income for the Period	-	(9,603)	(9,603)
Balance at 31 March 2021	300,000	(28,808)	271,192

	SHARE CAPITAL	ACCUMULATED LOSSES	TOTAL EQUITY
Equity			
Opening Balance	300,000	(6,900)	293,100
Comprehensive Income for the Period			
Loss for the Period	-	(12,305)	(12,305)
Other Comprehensive Income	-	-	-
Total Comprehensive Income for the Period	-	(12,305)	(12,305)
Balance at 31 March 2020	300,000	(19,205)	280,795


Balance Sheet

IBS.

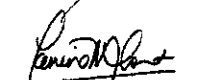
As at 31 March 2021

	NOTES	31 MAR 2021	31 MAR 2020
Assets			
Current Assets			
Loan - IBS Corporation Limited	4	300,000	300,000
Total Current Assets		300,000	300,000
Total Assets		300,000	300,000
Liabilities			
Current Liabilities			
Accruals		9,603	9,603
Accounts Payable		-	9,603
Eight Peaks Holdings Limited	4	19,205	-
Total Current Liabilities		28,808	19,205
Total Liabilities		28,808	19,205
Net Assets		271,192	280,795
Equity			
Share Capital	5	300,000	300,000
Accumulated Losses		(28,808)	(19,205)
Total Equity		271,192	280,795

These financial reports are approved for and on the behalf of the Board of Directors



Dated:..... 06/08/2021



Dated: 06/08/2021

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

Notes to the Financial Statements

IBS.

For the year ended 31 March 2021

1. Reporting Entity

IBS ("the entity") is a New Zealand domiciled Building Society registered in New Zealand under the Building Societies Act 1965. As a result of this registration, the entity is also required to comply with the Financial Markets Conduct Act 2013. While IBS has yet to start trading, it will be a mutual entity providing funding and loans to other organisations.

The immediate and ultimate parent of the entity is IBS Corporation Limited.

The entity was registered on 23 April 2018.

For the purposes of complying with New Zealand Generally Accepted Accounting Practice (NZ GAAP), the entity is a for-profit entity.

The financial statements were authorised for issue by the Directors on 2021.

2. Critical Accounting Estimates and Judgements

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

Judgements

- Treatment of setup costs incurred by IBS Corporation Limited – refer note 6.

Estimates

- There have been no significant estimates made by management on behalf of the entity.

3. Statement of Accounting Policies

Basis of Preparation

These financial statements comply with NZ GAAP, New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), and International Financial Reporting Standards. These financial statements also comply with the Building Societies Act 1965 and the Financial Markets Conduct Act 2013.

Unless otherwise stated, the financial statements have been prepared on the historical cost basis.

Presentation Currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Changes in accounting policies

Except as noted below, all accounting policies have been applied on a basis consistent with the prior year.

a) New standards, interpretations and amendments effective from 1 April 2020

There are no new standards that have been adopted in the annual financial statements for the year ended 31 March 2021, and which have given rise to changes in the entity's accounting policies.

b) New standards, interpretations and amendments not yet effective

Other new and amended standards and Interpretations issued by the New Zealand Accounting Standards Board that will apply for the first time in the next annual financial statements are not expected to impact the entity as they are either not relevant to the entity's activities or require accounting which is consistent with the entity's current accounting policies.

Financial Instruments**Financial assets**

The entity classifies its financial asset (Loan - IBS Corporation Limited) as "at amortised cost". This asset represents a financial instrument held in order to collect the contractual cash flows where the cashflows are solely payments of principal and interest. The loan is initially recognised at fair value plus transaction costs that are directly attributable to its issue, and is subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for 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.

Financial liabilities

The entity's financial liabilities are initially recognised at fair value, net of transaction costs, and subsequently carried at amortised cost using the effective interest method.

Goods and Services Tax

The entity is not registered for GST, therefore all amounts are stated inclusive of GST.

Income Tax

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

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

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

In determining the amount of current and deferred tax, the entity takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The entity 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 entity to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

Where there is uncertainty concerning the entity's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the entity:

- Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probably that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

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.

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.

4. Related Parties

There are loans from related parties as set out below.

No provisions have been recognised in respect of loans due from related parties. The loan to the major shareholder is in relation to the costs incurred in the establishment of the entity as a building society.

	2021	2020
Related Party Loans		
Loan to IBS Corporation Limited (refer note 8)	300,000	300,000
Loan from Eight Peaks Holdings Limited	(19,205)	-

The loan to IBS Corporation Limited (the immediate and ultimate parent of IBS), which was advanced in the prior year, is unsecured, interest free, and repayable on demand. The parties to the loan intend for repayment to be made by offsetting fees and expenses incurred by IBS Corporation Limited in order to incorporate and operationalise IBS, against the loan from IBS (refer note 6). IBS Corporation Limited will invoice IBS for these fees and expenses at its discretion by 31 March 2022. During the year, the entity and IBS Corporation Limited entered into an amendment to the loan agreement to extend this timeframe by 12 months due to the impact of COVID-19. The entity has received confirmation from the director of IBS Corporation Limited that it is not currently probable that the expenses will be invoiced to IBS.

The loan from Eight Peaks Holdings Limited (sole director/shareholder is also a director of IBS) is unsecured and interest free. The loan arose during the year from expenses paid on behalf of the entity by Eight Peaks Holdings Limited. Eight Peaks Holdings Limited has agreed the loan will not be repaid until the entity has commenced trading and has the ability to repay the loan.

Key management personnel

The key management personnel consist of Directors of the entity. The Directors received no remuneration for their services provided during the year.

5. Share Capital

Share capital consists of 300 shares (fully paid) issued at \$1,000 each.

6. Contingent Liabilities

Costs in relation to the setup of the entity have been invoiced to, and paid by, IBS Corporation Limited up to 31 March 2021 totalling \$301,626. These costs are recorded as a contingent liability rather than accrued as a liability because they are on-chargeable to the entity by IBS Corporation Limited at its discretion by 31 March 2022, and the directors consider the on-charge of the costs was not probable at year end (refer note 4). Of the total costs, \$130,185 was paid to entities related to the directors of the entity, of which \$126,350 was incurred in previous years.

7. Subsequent Events

Additional costs totalling \$3,835 have been incurred by IBS Corporation Limited subsequent to year-end in relation to the entity. These costs are subject to the same criteria as recorded in note 6.

8. Financial Instruments

The entity is exposed to the following financial risks:

Credit risk

In common with all other businesses, the entity is exposed to risks that arise from its use of financial instruments.

The entity only has one principal financial asset, being the loan to IBS Corporation Limited. This loan is classified as an amortised cost financial asset and its fair value is considered to approximate carrying value because it is interest free and repayable on demand.

The financial risks the entity is exposed to arise solely from the loan to IBS Corporation Limited. The intention is for the loan to be recovered through offsetting costs incurred by IBS Corporation Limited - refer note 6. The directors believe these risks have been mitigated by the funds being held in a trust account controlled by one of the directors of the entity, and the fact that the balance has been spent on setup costs as recorded in note 6.

Accordingly, the directors have assessed that there has been no significant increase in credit risk since initial recognition, and the 12 month expected credit losses are nil.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity's financial liabilities comprise a related party loan and accruals. Both are classified as financial liabilities at amortised cost and fair value is considered to approximate carrying value due to the terms of the related party loan. The terms of the related party loan (refer note 4) allow the entity to defer repayment until it has commenced trading and has the ability to repay the loan. The directors believe liquidity risk is also mitigated by the financial support pledged by the entity's parent company.

9. Income Tax

a) Reconciliation of income tax expense

	2021	2020
Income Tax Expense		
Loss before income tax expense	(9,603)	(12,305)
Tax expense at 28%	(2,689)	(3,445)
Deferred tax asset not recognised	2,689	3,445
Income Tax Expense		

b) Deferred tax

No deferred tax asset has been recognised for timing differences in relation to accruals because the entity has not yet applied for an IRD number with Inland Revenue.

10. Going Concern

The entity was registered as a building society on 23 April 2018. The entity is still completing various administration requirements to allow it to commence trading as a building society. COVID-19 impacted on the ability to raise funds for operations which had the impact of slowing down the timeframes for trading activity to start. As a result, the directors now expect to commence trading during the year ending 31 March 2022. The ongoing support of the parent entity will be required to meet the costs that will be incurred through this time period. The parent entity has confirmed it will provide this support as and when required up until the entity is self-sufficient.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IBS.****Opinion**

We have audited the financial statements of IBS. ("the entity"), which comprise the balance sheet as at 31 March 2021, 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 present fairly, in all material respects, the financial position of the entity as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

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

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

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Directors' Responsibilities for the Financial Statements

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This description forms part of our auditor's report.

Who we Report to

This report is made solely to the entity's members, as a body. Our audit work has been undertaken so that we might state 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 entity and the entity's members, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is David O'Connor.

BDO Auckland

BDO Auckland
Auckland
New Zealand
9 August 2021