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Post your completed form to: Registrar of Retirement Villages, Private Bag 92061, Victoria Street West, Auckland 1142

Annual return and certificate of registered documents

Sections 13(2) and 16, Retirement Villages Act 2003

Name of village

Tainui Lifestyle Villas

Registration number

2030395

Part 1 — Retirement village details

1. Street address of village:

13 Nursery Place, New Plymouth (Te Maru Villas), 5B Beach Street and 14A Sackville Street, New Plymouth (Fitzroy Villas) and 104 and 112a Clawton Street, 1/36, 2/36, 3/36, 4/36, 5/36, 6/36, 7/36, 1/38, 2/38, 3/38, 4/38, 38B, 1/42A, 2/42A and 3/42A Sanders Avenue and 3/77, 1/85, 2/85, 3/85, 4/85, 5/85 and 85a Tukapa Street, New Plymouth (Tainui Villas)

2. Address of registered office of village:

This address must be a physical address in New Zealand and must not be a post office box or private bag address.

96 Clawton Street
Westtown
New Plymouth 4310

3. Address for service of village:

This address must be a physical address in New Zealand and must not be a post office box or private bag address.

96 Clawton Street
Westtown
New Plymouth 4310

4. Postal address of village:

96 Clawton Street
Westtown
New Plymouth 4310

5. Email address for village:

6. Telephone number for village:

7. Fax number for village (optional):

Name of village

Tainui Lifestyle Villas

Registration number

2030395

Part 2 — Operator details

1. Name of operator:

Where there is more than one operator continue on a separate sheet and attach all pages to this annual return.

Tainui Home Trust Board

2. Company or other registration number (if any):

211158

3. New Zealand Business Number (if any):

9429042849780

4. Nature of operator:

For example — company, natural person

Charitable Trust

5. Address of registered office of operator:

*This address must be a physical address in New Zealand and must not be a post office box or private bag address.*96 Clawton Street
Westtown
New Plymouth 4310

6. Address for service of operator:

*This address must be a physical address in New Zealand and must not be a post office box or private bag address.*96 Clawton Street
Westtown
New Plymouth 4310

7. Postal address of operator to which communications from the Registrar may be sent:

96 Clawton Street
Westtown
New Plymouth 4310

8. Email address of operator:

9. Telephone number of operator:

10. Fax number of operator (optional):

Name of village

Registration number

Tainui Lifestyle Villas

2030395

Part 3 — Certificate of registered documents

Tainui Home Trust Board

(Insert name of operator)

certify that

for: Tainui Lifestyle Villas

(insert name of the retirement village)

- Each registered document is correct, current, and not likely to mislead or deceive any resident, intending resident, or the public.
- Documents to update the registered information are attached to the annual return form. (Form RV3 — Change of circumstances must be completed for material changes).

Signed:



Name of signatory:

Maxine Hooper for Tainui Home Trust Bd.

Dated:

21 December 2020

Part 4 — Checklist

To speed up registration, use this checklist to ensure you have included all of the information required.

Have you completed?

- Parts 1, 2 and 3 and have you signed the form (attach extra pages if applicable)

Have you attached?

- A copy of the audited financial statements that comply with section 35B of the Retirement Villages Act 2003 (the Act) or, as referred to in section 35F of the Act, the audited financial statements that comply with subpart 3 of Part 7 of the Financial Markets Conduct Act 2013 or section 55 of the Financial Reporting Act 2013; and
- A copy of the audited financial statements which comply with section 35C of the Retirement Villages Act 2003 (where applicable); and
- The documents supporting any information on the register that has changed; and
- A copy of the statutory supervisor's certification addressed to the Registrar (where applicable).

Contact details of person completing this form:

Name: Tainui Home Trust Board

Address:

C/- Anthony Harper
PO Box 2646
Auckland 1140



Fax number (optional):

15 December 2020

The Registrar of Retirement Villages
c/- Companies Office
Private Bay 92061
Victoria Street West
Auckland 114.

Report of Statutory Supervisor in respect of Tainui Lifestyle Villas

We confirm that we act as statutory supervisor of the Village.

The terms of our appointment as statutory supervisor are recorded in a Deed of Supervision with the operator of the Village, being Tainui Home Trust Board (Operator), dated 17 September 2007 and the Retirement Villages Act 2003 (Act).

This report accompanies the Operator's 2020 annual return (**Annual Return**) and has been prepared by us in accordance with sections 13(3) (c) and 42(c) of the Act for the period the subject of the Annual Return only.

In terms of section 13(3) (c) of the Act, we certify that:

1. The Operator has supplied to us a copy of the Operator's audited financial statements for the year ended 30 June 2020. The financial statements of the Operator are the financial statements of the Village.
2. The information contained in the Annual Return is, to the best of our knowledge and belief, accurate.

In terms of section 42(c) of the Act, we report as follows:

1. We have at all times performed our duties and discharged our obligations as statutory supervisor of the Village. In particular, we have:
 - a. provided and maintained a stakeholder facility for all resident moneys and this facility has been subject to external audit;
 - b. monitored the financial position of the Village;
 - c. We will report to the residents on 17 December 2020 on the performance of our duties and the exercise of our powers; and
 - d. discharged all other duties imposed on us by the Act, the regulations made under the Act and the Deed of Supervision.



2. The Operator has complied with all covenants, in particular all financial obligations and reporting requirements, contained in the Deed of Supervision;
3. We have reviewed all scheduled reports from the Operator for the year ended 30 June 2020.
4. All occupation right agreements issued or terminated during the year ended 30 June 2020 were dealt with in accordance with the relevant provisions of the Act and Deed of Supervision.
5. We have not exercised any of the powers conferred on us as statutory supervisor of the Village pursuant to section 43 of the Act.

Our certification and report have been provided on the basis that, subject to the duties imposed on us as statutory supervisor of the Village by the Act, the regulations made under the Act and the Deed of Supervision, we have relied on the information, explanations and confirmations supplied to us by the Operator and the auditor of the Village and have not carried out an independent check of the same.

Yours faithfully
Covenant Trustee Services Limited

Malcolm T Gray
Manager

TAINUI HOME TRUST BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

**Tainui Home Trust Board
Financial Statements
For the year ended 30 June 2020**

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**Tainui Home Trust Board
Charitable Trust Directory
As at 30 June 2020**

Nature of Charitable Trust:	Operation of Rest Home and Retirement Village
Registered Office:	96 Clawton Street New Plymouth
Trustees:	Antony Burn (Chairperson) Brenda Fawkner (Assistant Chairperson) Ian Smilie Jenny Goddard Lalith Mendis Richard Handley (Appointed February 2020) Jacqui Paterson (Appointed April 2020) Nigel Colless (Appointed March 2020) Mataivia Robertson (Appointed June 2020) Joshua Robertson (Resigned August 2019) Manoa Havea (Resigned May 2020) Trevor Harrison (Resigned April 2020)
Bankers:	TSB Bank New Plymouth
Solicitors:	Govett Quilliam New Plymouth
Auditors:	Baker Tilly Staples Rodway Audit Limited New Plymouth
Chief Executive Officer:	Martin Hook (resigned 5 October 2020) Antony Burn (Acting CEO from 5 October 2020)

Tainui Home Trust Board
Statement of Comprehensive Revenue and Expenses
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue			
Accommodation revenue	2(a)	4,723,023	4,362,078
Occupants licence contribution fees	2(a), 11	419,940	473,952
Net finance revenue	2(a)	9,775	32,427
Other revenue	2(a), 2(b)	2,705	23,716
		<u>5,155,443</u>	<u>4,892,173</u>
Expenses			
Employee remuneration and staff related expenses		3,668,591	3,598,320
Dietary		290,908	285,564
Motor vehicles		26,202	16,142
Operating costs		649,110	698,168
Residents medical		126,896	124,860
Auditor remuneration – statutory audit		18,490	19,035
Depreciation	7	272,581	258,020
Loss on disposal of property, plant and equipment		487	258,000
Other expenses		285,127	218,109
		<u>5,338,392</u>	<u>5,476,218</u>
Deficit before change in fair value of investment property		<u>(182,949)</u>	<u>(584,045)</u>
Change in fair value of investment properties	8	<u>(592,092)</u>	<u>534,824</u>
Deficit for the year		(775,041)	(49,221)
Other comprehensive revenue and expenses for the year		-	-
Total comprehensive revenue and expenses for the year		<u>(775,041)</u>	<u>(49,221)</u>

These financial statements should be read in conjunction with the notes on pages 7 to 21.

Tainui Home Trust Board
Statement of Changes in Net Assets
For the year ended 30 June 2020

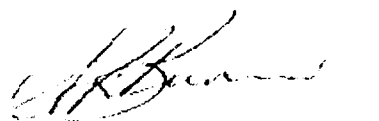
	Revaluation Reserve \$	Accumulated Surpluses \$	Total \$
Balance as at 1 July 2019	3,799,287	12,552,098	16,351,385
Deficit for the year	-	(775,041)	(775,041)
Other comprehensive revenue and expenses for the year	-	-	-
<i>Total comprehensive revenue and expenses for the year</i>	-	(775,041)	(775,041)
Balance as at 30 June 2020	<u>3,799,287</u>	<u>11,777,057</u>	<u>15,576,344</u>
Balance as at 1 July 2018	<u>3,799,287</u>	<u>12,601,319</u>	<u>16,400,606</u>
Deficit for the year	-	(49,221)	(49,221)
Other comprehensive revenue and expenses for the year	-	-	-
<i>Total comprehensive revenue and expenses for the year</i>	-	(49,221)	(49,221)
Balance as at 30 June 2019	<u>3,799,287</u>	<u>12,552,098</u>	<u>16,351,385</u>

These financial statements should be read in conjunction with the notes on pages 7 to 21.

**Tainui Home Trust Board
Statement of Financial Position
For the year ended 30 June 2020**

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	3	228,041	105,354
Trade and other receivables	4	156,759	141,311
Loans to residents		40,000	40,000
Inventories		3,000	3,000
Work in progress	5	2,147,740	267,958
Prepayments		4,681	6,159
Term deposits	6	100,000	500,000
		<u>2,680,221</u>	<u>1,063,782</u>
Non-current assets			
Term deposits	6	-	100,000
Property, plant & equipment	7	8,669,454	8,830,669
Investment property	8	19,759,500	20,265,596
		<u>28,428,954</u>	<u>29,196,265</u>
Total Assets		<u>31,109,175</u>	<u>30,260,047</u>
Current liabilities			
Trade and other payables	9	549,940	274,817
Employee entitlements	10	321,199	298,599
Finance lease liability	14	6,088	6,088
Deferred contribution fees	11	1,176,221	1,312,161
Occupants licence provision	12	12,177,600	11,997,600
TSB Development Loan	13	1,288,475	-
		<u>15,519,523</u>	<u>13,889,265</u>
Non-current liabilities			
Finance lease liability	14	13,308	19,397
		<u>13,308</u>	<u>19,397</u>
Total Liabilities		<u>15,532,831</u>	<u>13,908,662</u>
Net Assets		<u>15,576,344</u>	<u>16,351,385</u>
<i>Represented by:</i>			
Equity			
Revaluation reserve	15	3,799,287	3,799,287
Accumulated surpluses		11,777,057	12,552,098
		<u>15,576,344</u>	<u>16,351,385</u>

For and on behalf of the Board



Trustee



Trustee

Dated: 2 December 2020

These financial statements should be read in conjunction with the notes on pages 7 to 21.

**Tainui Home Trust Board
Statement of Cash Flows
For the year ended 30 June 2020**

	Note	2020 \$	2019 \$
Cash Flows from Operating Activities			
Receipts from residents and other revenue		4,711,075	4,411,779
Receipts from new occupancy agreements		1,420,000	2,025,000
Interest revenue received		9,775	32,427
Payments to suppliers		(1,469,656)	(1,449,458)
Payments to employees and other staff costs		(3,600,983)	(3,583,419)
Goods and services tax (net)		9,971	(1,937)
Payments for termination of occupants' licences		(956,000)	(1,012,000)
<i>Net Cash Flows from Operating Activities</i>		<u>124,182</u>	<u>422,392</u>
Cash Flows from Investing Activities			
Proceeds from sale of term deposits		500,000	-
Purchase of investment property under development		(1,586,031)	(153,451)
Development loan received		1,288,475	-
Purchase of property, plant and equipment		(111,855)	(615,921)
Purchase of investment property	8	(85,996)	(341,547)
<i>Net Cash Flows from Investing Activities</i>		<u>4,593</u>	<u>(1,110,919)</u>
Cash Flows from Financing Activities			
Proceeds from sale of term deposits		(6,088)	(1,087)
<i>Net Cash Flows from Investing Activities</i>		<u>(6,088)</u>	<u>(1,087)</u>
Net increase/(decrease) in cash and cash equivalents		122,687	(689,614)
Cash and cash equivalents at the beginning of the year		<u>105,354</u>	<u>794,968</u>
Cash and cash equivalents at end of the year	3	<u>228,041</u>	<u>105,354</u>

These financial statements should be read in conjunction with the notes on pages 7 to 21.

Tainui Home Trust Board

Notes to the Financial Statements

For the year ended 30 June 2020

1. Statement of Accounting Policies

Reporting Entity

The Tainui Home Trust Board ("the Trust") is a Charitable Trust registered under the Charitable Trusts Act 1957 and the Charities Act 2005. The Trust is domiciled in and operates in New Zealand.

The primary objective of the Trust is to provide quality residential and community service to older adults in a caring, spiritually, and culturally sensitive manner. The Trust is a public benefit entity for the purposes of financial reporting as the primary objective of the Trust is for community or social benefit rather than to make a financial return.

The Board of Trustees has approved the financial statements for issue on 2 December 2020.

Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Charities Act 2005, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with International Public Sector Accounting Standards Reduced Disclosure Regime (IPSAS RDR) and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

The Trust is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and annual expenditure exceeds \$2 million but does not exceed \$30 million.

Basis of measurement

The financial statements are prepared using the historical cost basis as modified by the revaluation of property, plant and equipment and investment properties.

The accrual basis of accounting is used unless otherwise stated and the financial statements have been prepared on a going concern basis.

Presentation currency and rounding

These financial statements are presented in New Zealand dollars (NZD) and all values are rounded to the dollar. The functional currency of the Trust is NZD.

Critical Accounting Estimates and Judgements:

The preparation of financial statements in conformity with IPSAS RDR requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(q).

Significant Accounting Policies

The accounting policies of the Trust been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

(a) Revenue

Revenue is recognised to the extent that is probable that the economic benefit will flow to the Trust and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The following specific recognition criteria must be met before revenue is recognised:

Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020

1. Statement of Accounting Policies (continued)

Exchange Transactions

Home accommodation fees

Home accommodation fees are recognised in the accounting period in which the services are rendered.

Villa and Rental Revenue

Villa and rental revenue is recognised in the accounting period in which the services are provided.

Occupancy Licence Contribution Fees

The contribution fees are in relation to the Occupation Licence Agreement (OLA). This amount is amortised to the Statement of Comprehensive Revenue and Expenses over the average life of the occupancy of a unit which is currently estimated as 6 years. Once the unit is sold any unamortised amount is recognised as revenue.

Interest

Revenue is recognised as it accrues, using the effective interest method.

Non-exchange Transactions

Bequests, Donations and Grants Revenue

Bequests and donations are recognised as revenue when received and all obligations associated with the bequests and donations have been met. Where grants have been given for specific services, revenue will be recognised in the same period in which the specific service is provided. At each reporting date any unexpended specific funding is treated as a liability (revenue in advance).

(b) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows. Commitments and contingences are disclosed exclusive of GST.

(c) Taxation

As the Trust has been granted charitable status under the provisions of the Income Tax Act 2007, no taxation has been incurred or provided for in the financial statements.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(e) Trade and Other Receivables

Receivables are stated at their estimated realisable value after providing for amounts not considered recoverable.

A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows.

Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020

1. Statement of Accounting Policies (continued)

(f) Property, Plant and Equipment

Land and buildings, is shown at fair value, based on periodic, but at least 5 yearly, valuations by independent valuers, less subsequent depreciation. Land and buildings was last revalued as at 30 June 2018. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Revenue and Expenses during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are credited to Other Comprehensive Revenue and Expenses. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is first recognised in the Statement of Comprehensive Revenue and Expenses. Decreases that reverse previous increases of the same asset are recognised in Other Comprehensive Revenue and Expenses; all other decreases are charged to the Statement of Comprehensive Revenue and Expenses.

Land is not depreciated.

Depreciation on other assets including non-investment buildings is provided on a straight-line basis at rates calculated to allocate the assets cost and valuation, less estimated residual value, over their estimated useful lives, commencing from the time the assets are held ready for use.

Buildings	3% SL	Furniture and fittings	10 - 20% SL
Plant and equipment	10% SL	Motor vehicles	10% SL

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount at the date of disposal. These are included in the Statement of Comprehensive Revenue and Expenses.

Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020

1. Statement of Accounting Policies (continued)

(g) Investment Property - Occupancy Licence Villas, Chalets and Apartments

The Trust wholly owns the Tainui Lifestyle Villa Scheme which comprises 56 Occupation Licence Agreement villas on our sites at Fitzroy, Tainui and Te Maru. The villas are held primarily to provide accommodation for aged persons in their own environment consistent with the objectives of the Trust. The Trust does not occupy the villas. The capital value of the villas has been classified as Investment Property as they are intended to be held long term to earn rental income and for capital appreciation.

The fair value of the Investment Properties is determined annually by a qualified independent external valuer with the principal valuation method by a discounted cash flow model (as required by PBE IPSAS 16 Investment Property).

Renovations carried out during the year which are more than the day to day servicing of the Investment Property are capitalised as additions when incurred. The movement in the carrying value of the Investment Property, net of additions to the Investment Property, is recognised as a fair value movement in the Statement of Comprehensive Revenue and Expenses. Depreciation is not recognised on Investment Properties.

(h) Impairment of Non-Financial Assets

Property, plant, and equipment subsequently measured at cost that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is considered to be impaired and the carrying amount is written down to the recoverable amount. The impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

(i) Other Financial Assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Trust commits to purchase or sell the asset. Financial assets are recognised when the rights to receive cash flows from the financial assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purposes of measurement:

- fair value through surplus or deficit;
- loans and receivables; and

Classification of the financial asset depends on the purpose for which the instruments were acquired.

Loans and receivables (including cash and cash equivalents, term deposits, and trade receivables)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020

1. Statement of Accounting Policies (continued)

(i) Other Financial Assets (continued)

After initial recognition, investments and receivables are measured at amortised cost using the effective interest method less any provision for impairment. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

For bank deposits, impairment is established when there is objective evidence that the Trust will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy and default in payments are considered indicators that the deposit is impaired.

(j) Trade and Other Payables

These amounts represent unsecured liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

(k) Employee Benefits

Short-term benefits

Employee benefits that the Trust expects to be settled within 12 months of balance date are measured based on accrued entitlements at current rates of pay. These include annual leave earned to, but not yet taken at balance date and expected to be settled within 12 months.

Presentation of employee entitlements

Annual leave expected to be settled within 12 months of balance date, is classified as a current liability. All other employee entitlements are classified as a non-current liability.

(l) Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected to settle the obligation at a pre-tax rate that reflects current market rates and where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Occupants Licence Provision

Occupation licence agreements confer the right of occupancy of a unit owned by the Trust, until such time as the Trust repurchases the unit occupation licence, typically when the resident terminates the agreement. Amounts payable under occupation licence agreements are present firm monetary obligations and are disclosed in the Statement of Financial Position.

The occupants licence provision is based on the original cash consideration received when a new occupants licence agreement is entered into, less the non-refundable retention. This balance is repayable to the resident on termination of the occupation licence agreement and is therefore recognised as a liability from receipt of the original purchase price, until the Trust repurchases the occupation licence.

(m) 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 debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, and other financial liabilities.

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value. Financial assets and financial liabilities are recognised when the reporting entity becomes a party to the contractual provisions of the financial instrument.

Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020

1. Statement of Accounting Policies (continued)

(m) Financial Instruments (continued)

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Trust transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets held by the Trust in the years reported have been designated into one classification, "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

Subsequent measurement of financial liabilities

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

(n) Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver, the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Comprehensive Revenue and Expenses as incurred.

(o) Equity

Equity is measured as the difference between total asset and total liabilities. Equity is disaggregated and classified into the following components:

- Revaluation reserve
- Accumulated surpluses

(p) Capital risk management

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

Revenue and operating cash flows are substantially dependent on residential care fees, rent payments and resale of retirement village units. Maintaining contracts for aged care services with the Taranaki District Health Board and the Ministry of Health is very important to the success of the operations of the Trust.

**Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020**

1. Statement of Accounting Policies (continued)

(q) Critical Accounting Estimates

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are constantly evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions 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:

Fair value of land and buildings (excluding investment properties)

The fair value of property was determined by an independent valuer as at June 2018 using the fair value basis, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. Significant assumptions used by the valuer include a capitalisation rate of 9% together with observed transactional evidence in respect of the market value of nightly rates at the rest home and hospital (refer to Note 7).

Fair value of investment properties

The fair value of investment properties has been determined by an independent qualified valuer using assumptions relating to future cash flows arising from the investment properties and assumptions relating to future growth rates of retirement village occupation right agreement amounts. The valuation states that it is reported on the basis of material valuation uncertainty due to Novel Coronavirus (COVID-19). The outbreak of the COVID-19 has caused heightened uncertainty in both local and global market conditions. The pandemic is forecast to have a significant impact on the economy and based on previous economic downturns, there is a possibility that property values decline. At this stage the full impact of the pandemic on the market cannot be known.

Therefore as at the valuation date, the valuer has drawn attention to the material valuation uncertainty advising users of the information to apply a higher degree of caution for its use than would normally be the case forewarning that values may change more rapidly and significantly than would normally be the case. If economic and market conditions deteriorate in the future, the market value of the asset is likely to decline. The valuation takes into account the impact of COVID-19 in the adopted metrics assumed in the calculations. The fair value of investment properties is subjective and changes to the assumptions may have a significant impact on the fair value (refer to Note 8).

Revenue recognition

Occupancy licence contribution fees are recognised as revenue on a straight-line basis. This requires management to estimate the period of occupancy for units; currently 6 years (2019: 6 years). Management estimates are based on past experience of occupancy periods.

Going Concern

The financial statements have been prepared under the going concern assumption, which assumes the Trust will be able to pay its debts as they fall due. The Trust's current liabilities exceed current assets by \$12,839,302 (2019: current liabilities exceeded current assets by \$12,825,483). The negative working capital position is mainly due to the occupancy licence provision being classified as current as the funds are payable on demand. Management consider the Trust to be a going concern as they are confident that a new purchaser of the occupancy licence can be found in a timely manner if the obligation is required to be paid, and they consider it to be unlikely that the obligation will be required to be paid out in the short term.

In addition, the outbreak of COVID-19 has significantly impacted local markets with the implementation of strict travel restrictions and a range of quarantine and "social distancing" measures. The impact on the financial position, businesses and the wider economy is constantly evolving. The Trustees have considered all information available at the date of signing the financial statements (refer subsequent event note 21) and is of the opinion that the Trust is a going concern based on available liquidity levels and forecast operating cashflows being sufficient to cover future obligations when they fall due.

Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020

2. Revenue and expenses

	2020	2019
	\$	\$
(a) Exchange transactions		
<i>Accommodation revenue</i>		
Home accommodation	3,632,896	3,402,550
Villa monthly fees	341,523	322,923
Rental revenue	277,672	267,513
Support services	158,516	130,710
Ascot fees	312,416	238,382
	<u>4,723,023</u>	<u>4,362,078</u>
Occupants licence contribution fees	419,940	473,952
Net finance revenue	9,775	32,427
Other revenue	600	14,079
Total revenue from exchange transactions	<u>5,153,338</u>	<u>4,882,536</u>
(b) Non-exchange transactions		
Donations	2,105	9,637
Total revenue from non-exchange transactions	<u>2,105</u>	<u>9,637</u>

3. Cash and cash equivalents

	2020	2019
	\$	\$
Petty cash	620	620
Cash at bank	227,421	104,734
	<u>228,041</u>	<u>105,354</u>

The carrying amount of cash and cash equivalents approximates their fair value.

Cash at bank and on hand earns interest at floating rates based on daily bank rates.

Short-term deposits are made for varying periods of between one and three months depending on the immediate cash requirements of the Trust and earn interest at the respective short-term deposit rates.

4. Trade and other receivables

	2020	2019
	\$	\$
<i>Exchange transactions</i>		
Trade receivables	156,759	141,311
<i>Non-exchange transactions</i>		-
	<u>156,759</u>	<u>141,311</u>

Trade receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of trade receivables approximates its fair value.

As at 30 June 2020 and 2019, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020

5. Work in Progress

	2020	2019
	\$	\$
Work in progress on investment property	2,064,310	200,013
Work in progress on other	83,430	67,945
	<u>2,147,740</u>	<u>267,958</u>

The construction work on the investment property on Tukapa Street commenced during the year. In July 2020 these villas were completed and licences to occupy were settled in July 2020. Following completion of the project in the 2020/21 year, the work in progress balance will be transferred to investment properties. A development loan was borrowed from TSB Bank Limited to fund this project. See Note 13.

6. Term Deposits

	2020	2019
	\$	\$
Term deposits	<u>100,000</u>	<u>600,000</u>
Current asset	100,000	500,000
Non-current asset	-	100,000
	<u>100,000</u>	<u>600,000</u>

Short-term deposits are made for varying periods of between three and twelve months depending on the immediate cash requirements of the Trust, and earn interest at the respective short-term deposit rates.

Long-term deposits are made for varying periods over twelve months, or are deposits the Trust must hold with the bank for longer than June 2021, depending on the immediate cash requirements of the Trust, and earn interest at the respective long-term deposit rates.

The deposits receive fixed interest rates 2.60% (2019: 3.10%-3.15%). They have maturity dates of 2 to 4 months from year end (2019: 2 to 4 months).

Tainui has entered into a security arrangement with TSB Bank Limited to provide security over a deposit to a value of \$100,000. See Note 15. While this deposit is due to mature before June 2021 it will likely be reinvested under this arrangement with TSB Bank Limited ensuring it remains on deposit beyond June 2021.

Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020

7 Property, plant and equipment

	Land & Buildings	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
2020					
	\$	\$	\$	\$	\$
Opening net book value	8,303,075	401,396	99,244	26,954	8,830,669
Additions	3,289	58,053	5,294	45,217	111,853
Disposals	-	(487)	-	-	(487)
Depreciation	(149,288)	(83,390)	(25,542)	(14,361)	(272,581)
Closing net book value	<u>8,157,076</u>	<u>375,572</u>	<u>78,996</u>	<u>57,810</u>	<u>8,669,454</u>
Cost or valuation	8,424,289	879,197	280,056	166,217	9,749,759
Accumulated depreciation	(267,213)	(503,622)	(201,060)	(108,407)	(1,080,305)
Closing net book value	<u>8,157,076</u>	<u>375,572</u>	<u>78,996</u>	<u>57,810</u>	<u>8,669,454</u>
2019					
	\$	\$	\$	\$	\$
Opening net book value	8,207,000	379,290	86,352	31,554	8,704,196
Additions	532,930	97,523	37,040	-	667,493
Disposals	(25,000)	-	-	-	(25,000)
Impairment	(258,000)	-	-	-	(258,000)
Depreciation	(153,855)	(75,417)	(24,148)	(4,600)	(258,020)
Closing net book value	<u>8,303,075</u>	<u>401,396</u>	<u>99,244</u>	<u>26,954</u>	<u>8,830,669</u>
Cost or valuation	8,456,931	781,700	284,212	121,000	9,643,843
Accumulated depreciation	(153,856)	(380,304)	(184,968)	(94,046)	(813,174)
Closing net book value	<u>8,303,075</u>	<u>401,396</u>	<u>99,244</u>	<u>26,954</u>	<u>8,830,669</u>

Valuations of land and buildings

All land and buildings were revalued to fair value on 30 June 2018. The valuation basis is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties that are in the same location and condition. The value was determined by independent valuers, Colliers, who are appropriately qualified with experience of valuing retirement village properties in New Zealand.

Significant assumptions used by the valuer included a capitalisation rate of 9% together with observed transactional evidence in respect of the market value of nightly rates at the rest home and hospital.

The land and buildings revaluation gains have been included in the Revaluation Reserve.

The Board considered the valuation of plant and is satisfied the fair value of plant is not materially different from the carrying value.

During the 2018/19 year, the Trust disposed of the buildings on two properties, previously rental properties, by selling them for removal. The consequence of this was to recognise a loss on sale on the carrying value of the buildings of \$258,000 in the 2018/19 year. The land is included in the value above at the revalued amount on 30 June 2018. In the year-end June 2021, the carrying value will be reclassified to investment property and will be occupied by five new villas. As at 30 June 2020, the construction of the five villas on this property was not complete. The costs to 30 June 2020 are included in work in progress. The villas were completed in July 2020.

Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020

7 Property, plant and equipment (continued)

The Trust has granted a first registered mortgage over the Village land comprising titles K4/608, F3/592, 04/23, H3/896, E1/411, E1/412, L2/912, K3/794, TNH1/1364 and TNE1/409 in favour of the Covenant Trustee Company Limited to secure to that company on behalf of the Licensees its obligations pursuant to the Deed of Supervision dated 17 September 2007.

The Trust has granted a registered first mortgage over the rental properties at 94 (TN 170/91), 108 (TN 147625) and 112 (TN 258/82) Clawton Street in favour of TSB Bank Limited to secure to TSB Bank Limited a development loan. See note 13.

8 Investment properties

	2020	2019
	\$	\$
Balance at beginning of financial year	20,265,596	19,502,093
Additions	85,996	228,679
<i>Fair value movement:</i>		
Unrealised fair value movement	(592,092)	534,824
Net movement for the year	(506,096)	763,503
Balance at the end of the financial year	<u>19,759,500</u>	<u>20,265,596</u>

The realised fair value movement arises from the sale and resale of occupancy advances to residents. Investment properties are not depreciated and are carried at fair value. The revaluation movement has been included in the Statement of Comprehensive Revenue and Expenses.

Investment properties include freehold land, buildings, and chattels, which comprise independent units and common facilities provided for use by residents under the terms of licences to occupy. This report combines discounted future cash flows and occupancy advances received from residents in respect of practically complete retirement village units for which there is an unconditional occupation agreement. Investment properties were valued on 30 June 2020 by Colliers independent registered valuers at a total of \$19,458,500 (2019: Total \$19,936,600). Colliers are appropriately qualified with experience of valuing retirement village properties in New Zealand.

The fair values are based on a discounted cash flow model applied to the expected future cash flows generated by the properties. The valuation calculates the expected cash flows for a 50-year period (2019: 50 years) based on occupancy turnover of 8 - 10 years (2019: 8 - 10 years) for units which is extrapolated at a real growth rate of 3.15% (2019: 4.14%) and discounted to present value at pre-tax rates of 15.5%-18% (2019: 15.5% - 18%).

The significant unobservable inputs used in the fair value measurement of the Trust's investment property portfolio are the discount rate, the long-term nominal house price inflation rate and the occupancy period. A significant decrease (increase) in the discount rate or the unit occupancy period would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in the average age of entry of residents or the long-term nominal house price inflation rate would result in a significantly higher (lower) fair value measurement.

Impact of COVID-19 on the Valuation

The valuer notes that their report is on the basis of material valuation uncertainty due to Novel Coronavirus (COVID-19) and advises users to apply a higher degree of caution for its use than would normally be the case. Furthermore, this valuation is current at the date of valuation only. Given the unknown future impact that COVID-19 might have on the market, it is recommended that the valuation of all property is frequently reviewed.

Chattels in the Investment Property Villas have been revalued on estimated amount by the Trustees based on the useful life, and time since upgrades for each villa. Revaluations of these have been included with revaluations of investment properties and included in the Statement of Comprehensive Revenue and Expenses.

Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020

8 Investment property (continued)

The Trust has granted a first registered mortgage over the Village land comprising titles K4/608, F3/592, G4/23, H3/896, E1/411, E1/412, L2/912, K3/794, TNH1/1364 and TNE1/409 in favour of the Covenant Trustee Company Limited to secure to that company on behalf of the Licensees its obligations pursuant to the Deed of Supervision dated 17 September 2007, pursuant to the Retirement Villages Act 2003. Residents make interest free advances ("Occupancy Advances") to the retirement villages in exchange for the right of occupancy to retirement village units. Under the terms of the Occupancy Agreement, the resident receives a unit title for life and a first mortgage over the residual interest for security purposes, or a first mortgage is held over the individual title by the statutory supervisor.

9. Trade and other payables

	2020	2019
	\$	\$
Trade payables	437,178	187,404
Accruals	82,145	67,564
GST payable	30,617	19,849
	<u>549,940</u>	<u>274,817</u>

10. Employee entitlements

	2020	2019
	\$	\$
Annual leave accrual	273,802	263,682
Lieu accrual	47,397	34,917
	<u>321,199</u>	<u>298,599</u>

11. Deferred contribution fee

A proportion (20%) of the licence to occupy contribution fee is not refundable, except under special circumstances, and is included in the original purchase price of the occupation licence agreement and these fees are deducted from the amount payable by the Trust to the resident upon termination of the occupation right agreement. On initial receipt of consideration paid by the resident, the portion related to non-refundable contribution fees is recognised as revenue in advance. This balance is then recognised as revenue over the estimated stay for residents of 6 years (2019: 6 years).

	2020	2019
	\$	\$
Opening balance 1 July	1,312,161	1,381,113
Contribution fees recognised as revenue	(419,940)	(387,289)
Increase upon commencement of new agreements	284,000	690,800
Closing balance 30 June	<u>1,176,221</u>	<u>1,312,161</u>

**Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020**

12 Occupants licence provision

The provision is the current amount owing to occupants being the refundable portion of their original purchase prices and is due to be repaid by the Trust when they cease their licence to occupy, in accordance with the terms of current occupation licence agreements. Payment shall be made within five working days after the date that the Statutory Supervisor receives payment of the occupant right fee for the unit from a third party. The Trust's average tenure is 6 years; therefore, it is not expected that the full obligation to residents will fall within one year.

	2020	2019
	\$	\$
Opening balance 1 July	11,997,600	11,389,600
Decrease upon termination of agreements	(956,000)	(1,028,000)
Increase upon commencement of new agreements	1,136,000	2,763,200
Closing balance 30 June	<u>12,177,600</u>	<u>11,997,600</u>

The Trust has entered into an arrangement with a licensee whereby the Trust has acted as guarantor for the licensee in relation a loan obtained by the licensee from a third-party lender to fund the purchase of the occupation license. This guarantee is secured in respect of the lender over one of the Trust's term deposits held with TSB Bank. The arrangement provides the Trust with a preferential claim over the refundable portion of the occupation license to the extent of the costs incurred by the Trust in the event that the licensee defaults on the loan. See Note 18 for further details.

13 TSB Development Loan

During the year the Trust arranged a development loan facility with a limit of \$1,550,000, on the basis of it being interest only with a rate of 6%, being capitalised to the loan and the facility being available for 24 months. The loan was repaid in full in July 2020 following the receipt of funds from the sale of new occupation licence agreements.

This loan was secured by first mortgages over rental properties granted to TSB Bank Limited (see note 6) and a first ranking General Security Agreement (GSA) over the assets of Tainui Home Trust Board. These securities have remained in place after the loan was repaid in July 2020.

14 Finance lease liability

The Trust has entered into a finance lease agreement for a telephone system. Minimum lease payments payable are:

	2020	2019
	\$	\$
No later than one year	6,088	6,088
Later than one year and no later than five years	13,308	19,397
	<u>19,396</u>	<u>25,485</u>

15 Revaluation Reserve

This reserve comprises accumulated revaluation surpluses arising from changes in the fair value of land and buildings (excluding investment property) owned by the Trust.

Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020

16 Related party disclosures

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Trust.

The Trust has a related party relationship with its Trustees and other key management personnel.

i) Related party transactions required to be disclosed

There has been \$30,000 paid to Chairman Antony Burn in relation to additional services provided above and Trustee obligations. (2019: \$30,000).

ii) Key Management Personnel Compensation

	2020	2019
	\$	\$
Key Management Personnel	<u>324,844</u>	<u>318,384</u>

Key management personnel consisted of 3 FTE staff members (2019: 3 FTE staff members).

17 Financial instruments

Financial instrument categories

All of the Trust's financial instruments that are recorded in the financial statements are carried at fair value.

	Carrying amount		Fair value	
	2020	2019	2020	2019
	\$	\$	\$	\$
<i>Loans and receivables</i>				
Cash and cash equivalents	228,041	105,354	228,041	105,354
Term deposits	100,000	600,000	100,000	600,000
Trade and other receivables	156,759	141,311	156,759	141,311
	<u>484,800</u>	<u>846,665</u>	<u>484,800</u>	<u>846,665</u>
<i>Financial liabilities measured at amortised cost</i>				
Trade and other payables	594,253	187,404	594,253	187,404
Finance lease liability	19,396	25,485	19,396	25,485
Occupants licence provision	12,177,600	11,997,600	12,177,600	11,997,600
	<u>12,791,249</u>	<u>12,210,489</u>	<u>12,791,249</u>	<u>12,210,489</u>

18 Contingent liabilities

The Trust has given security to TSB Bank Limited over a deposit the Trust has with the bank for \$100,000. This security is support for a guarantee the Trust has given the bank relating to an amount borrowed by a licensee from the bank enabling the licensee to buy a villa. In turn the Trust holds an undertaking from the licensee enabling the Trust to withhold from any amount due to the licensee on the termination of their licence agreement an amount equal to any payment the Trust has been required to make pursuant to the guarantee given to the TSB Bank Limited.

This was also the only contingent liabilities at 30 June 2019.

19 Contingent assets

There are no contingent assets at 30 June 2020 (2019: \$Nil).

Tainui Home Trust Board
Notes to the Financial Statements
For the year ended 30 June 2020

20 Commitments

a) Capital Commitments

During the 2018/19 year, the Trust entered into a contract for construction of 5 new villas at a cost of \$1,721,509 (including variations). As at 30 June 2020 the Trust had a capital commitment in relation to this contract of \$157,466.

b) Operating Commitments

There were no operating commitments at 30 June 2020 (2019: \$Nil).

21 Events after the reporting date

Since balance date, the Trust has completed the construction of the 5 villas on Tukapa Street and licences have been settled on these. The loan to fund this contract has been fully repaid. The total value of the occupancy licences on these 5 villas, which had been contracted at Balance Date was \$2,285,000. These were settled on 15th July 2020.

22 COVID – 19

During the financial year COVID – 19 did not create a significant negative impact on the services provided by the Trust as it continued to operate during the lockdown period due to being classified as an essential service.

The Trust received additional government funding during this financial year of \$25,565.

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Tainui Home Trust Board

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tainui Home Trust Board ('the Trust') on pages 3 to 21, which comprise the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Revenue and Expense, Statement of Changes in Net Assets and Statement of Cash Flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ('PBE Standards RDR').

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

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 Trust in accordance with Professional and Ethical Standard 1 (Revised) *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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, our firm carries out other assignments for Tainui Home Trust Board in the provision of HR and marketing services, IT equipment and system services, assistance with statutory financial statement preparation and the short-term secondment of staff to perform routine accounting tasks. The provision of these other services has not impaired our independence.

Emphasis of Matter – Investment Property Valuation

As disclosed in Note 8, the investment property valuation has been issued on a material valuation uncertainty basis, as there was no evidence available to assess the future impact of the nationwide lockdown on the property market. As such, the valuer has recommended that less certainty and a higher degree of caution should be attached to the property value than is normally the case, and that the valuation should be frequently reviewed as values may change more rapidly and significantly than has previously been the case. Our opinion is not modified in this respect.

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

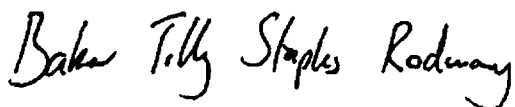
In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust 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 the auditor's 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-8/>



BAKER TILLY STAPLES RODWAY AUDIT LIMITED

New Plymouth, New Zealand

2 December 2020