



**NEW ZEALAND
COMPANIES OFFICE**

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www.retirementvillages.govt.nz | 0800 268 269

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

Registration number

AROHA RETIREMENT VILLAGE

2203231

Part 1 | Retirement village details

1. Street address of village:

6 COOPER STREET
TAITA
LOWER HUTT
5011

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.

6 COOPER STREET
TAITA
LOWER HUTT
5011

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.

6 COOPER STREET
TAITA
LOWER HUTT
5011

4. Postal address of village:

6 COOPER STREET
TAITA
LOWER HUTT
5011

5. Email address for village:

[REDACTED]

6 Telephone number for village:

[REDACTED]

7. Fax number for village (optional):

[REDACTED]

8. Number of units in the village:

- Not more than 34 units
 35-84 units
 At least 85 units

Name of village

AROHA RETIREMENT VILLAGE

Registration number

2203231

Part 2 | Operator details

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

1. Number of operators:

1

2. Name of operator:

TAITA HOME TRUST BOARD INCORPORATED

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

CC38819

4. Nature of operator:

e.g. company, natural person

TRUST

5. Balance date of operator:

31 MARCH

5a. Has the balance date changed from the prior year?

- Yes
 No

6. 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.

6 COOPER STREET
TAITA
LOWER HUTT
5011

7. 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.

6 COOPER STREET
TAITA
LOWER HUTT
5011

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

6 COOPER STREET
TAITA
LOWER HUTT
5011

9. Email address of operator:

10. Telephone number of operator:

11. Fax number of operator (optional):

Name of village

AROHA RETIREMENT VILLAGE

Registration number

2203231

Part 3 | Certificate of registered documents and annual return

TAITA HOME TRUST BOARD INCORPORATED

(Insert name of operator)

certify that

for: AROHA RETIREMENT VILLAGE

(Insert name of the retirement village)

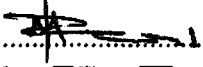
the details contained in this annual return are correct as at: 31 / 08 / 2017

And that:

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: Maka Bgoni

Dated: 31/08/2017

Part 4 | Checklist

Use this checklist to ensure you have included all of the information required which will speed up registration.

Have you completed?

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

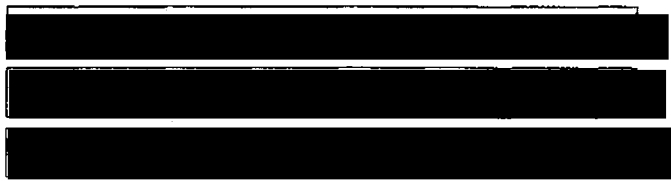
Have you attached?

- 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: Maka Bgoni

Address:
6 COOPER STREET
TAITA
LOWER HUTT
5011



TAITA HOME TRUST BOARD INCORPORATED

**Consolidated Financial Statements
For the year ended 31 March 2017**



Taita Home Trust Board Incorporated

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Taita Home Trust Board Incorporated

Consolidated Financial Statements Directory

Board of Trustees

**Ian Avison
Graeme Beardsley
Pat Carter
Chris Graham
Gray Hughson
Maureen Lamb
Loma Macann
Lynn Russell
Graham Shaw
Brian Shearer
Richard Stevens**

Registered Office

**6 Cooper Street
Taita, Lower Hutt**

Nature of business

Permanent residential care

Charities Commission Registration Number

CC38819

Independent Auditor

**Grant Thornton New Zealand
215 Lambton Quay
Wellington**

Talta Home Trust Board Incorporated

Consolidated Statement of Comprehensive Revenue and Expenses For the year ended 31 March 2017

	Notes	2017 \$	2016 \$
Revenue from non-exchange transactions			
Subsidies		2,502,426	2,461,070
Donations and grants		185	95
Total non exchange revenue		2,502,611	2,461,165
Revenue from exchange transactions			
Fees		1,925,285	1,796,320
Rental income	5	143,343	137,255
Interest and dividends		27,554	42,963
Levies		20,898	22,099
Management fees		27,383	25,882
Other income		44,707	40,155
Gain on investments fair valuation		18,361	-
Gain on revaluation of investment property		758,987	-
Gain on sale of investments		-	7,376
Total exchange revenue		2,966,518	2,072,050
Total revenue		5,469,129	4,533,215
Expenses			
Staff costs		2,446,063	2,492,237
Running costs		447,022	481,701
Food		202,530	204,716
Depreciation	12	374,955	358,693
Maintenance costs		214,162	187,135
Administration costs		404,860	430,802
Interest paid		85,288	85,558
Other overhead costs		108,735	113,542
Loss on revaluation of investments		-	496
Loss on transfer of occupation right agreements		8,500	15,420
Loss on revaluation of occupation right agreements		116,450	12,630
Loss on revaluation of investment property		-	13,946
Equity funds utilised		-	200
Total operating expenditure		4,408,565	4,397,076
Operating surplus for the year		1,060,564	136,138
Other comprehensive revenue and expenses			
Loss on revaluation of property, plant and equipment		(65,594)	-
Total other comprehensive revenue and expenses		(65,594)	-
Total comprehensive revenue and expenses for the year		994,970	136,138

These financial statements should be read in conjunction with the notes to the financial statements.



Talta Home Trust Board Incorporated

Consolidated Statement of Changes in Net Assets For the year ended 31 March 2017

	Note	Accumulated Revenue and Expense	Retirement village reserve	Revaluation reserve	Total equity
Opening Balance 1 April 2015		8,263,198	189,815	2,272,438	10,725,451
Operating surplus		136,138	-	-	136,138
Transfers	4	(7,995)	21,941	(13,946)	-
Closing balance 31 March 2016		8,391,341	211,756	2,258,492	10,861,589
Operating surplus		1,060,564	-	-	1,060,564
Other comprehensive revenue and expenses		-	-	(65,594)	(65,594)
Transfers	4	(23,153)	23,153	-	-
Closing balance 31 March 2017		9,428,752	234,909	2,192,898	11,856,559

These financial statements should be read in conjunction with the notes to the financial statements.

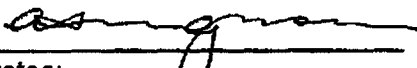



Taita Home Trust Board Incorporated

Consolidated Statement of Financial Position As at 31 March 2017

	Notes	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	8	338,809	432,287
Trade and other receivables - exchange	9	82,841	74,478
Trade and other receivables - non exchange	9	142,741	114,195
Inventory		640	840
		<u>565,031</u>	<u>621,800</u>
Non-current assets			
Investments	10	530,983	512,622
Investment property	11	3,150,000	2,390,000
Property, plant and equipment	12	10,617,969	10,892,664
Intangible assets		3,175	3,175
		<u>14,302,127</u>	<u>13,798,461</u>
Total assets		14,867,158	14,420,261
Current liabilities			
Trade and other payables	13	448,714	581,354
Occupation right agreements deposits	14	1,194,250	1,069,300
Deferred management fees	15	92,635	70,518
Borrowings	16	150,000	150,000
		<u>1,885,599</u>	<u>1,871,172</u>
Non current liabilities			
Borrowings	16	1,125,000	1,687,500
Total liabilities		3,010,599	3,558,672
Net assets		11,856,559	10,861,589
Equity			
Retained earnings		9,428,752	8,391,341
Property revaluation reserve		2,192,898	2,258,492
Retirement Village operating surpluses reserve		234,909	211,756
Total equity		11,856,559	10,861,589

Signed for and on behalf of the Board of Trustees who authorised these financial statements for issue on: 26 June 2017


Trustee:
Gray Hughson


Trustee:
Graeme Beardley

These financial statements should be read in conjunction with the notes to the financial statements.



Taita Home Trust Board Incorporated

Consolidated Statement of Cash Flows For the year ended 31 March 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Fees and subsidies		4,386,949	4,266,410
Donation received		185	95
Other income		209,399	200,399
Payments to suppliers		(4,029,353)	(4,250,352)
Net cash flows from operating activities		567,180	216,552
Cash flows from investing activities			
Purchase of investment property	11	(1,013)	(3,946)
Purchase of property, plant and equipment	12	(174,542)	(1,142,108)
Proceeds from investment sales and maturities		-	175,414
Proceeds from new Occupation Right Agreements		330,000	328,000
Payment of Occupation Right Agreement deposits		(280,500)	(295,600)
Purchase of intangible assets		-	(1,125)
Interest and dividends received		27,897	45,044
Net cash flows from investing activities		(98,158)	(894,321)
Cash flows from financing activities			
Borrowings drawdown		-	1,000,000
Borrowings repaid		(562,500)	(350,000)
Net cash flows from financing activities		(562,500)	650,000
Net decrease in cash and cash equivalents		(93,478)	(27,769)
Cash and cash equivalents at the beginning of year		432,287	460,056
Cash and cash equivalents at the end of year	8	338,809	432,287

These financial statements should be read in conjunction with the notes to the financial statements.



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

1 Reporting entity

The reporting entity is the Taita Home Trust Board Incorporated (the "Trust"). The Trust is a charitable trust incorporated under the Charitable Trust Act 1957, and is registered as a charitable entity under the Charities Act 2005. The Trust is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

These Group financial statements consolidate those of the Parent entity, being the Trust, and its subsidiary - Aroha Care Centre for the Elderly (the "Care Centre"). The Care Centre is a charitable entity under the Charities Act 2005 and these financial statements are presented for the year ended 31 March 2017.

The principal activity of the Trust is to lease premises to the Aroha Care Centre for the Elderly. The Trust also acts as owner of the Aroha Retirement Village. The Principal activity of the Group is care of the aged in the general areas of greater Wellington.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards, as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards in order to align the reporting framework for consolidation purposes. In doing so, the Trustees have taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions. This decision results in the Group not preparing a Statement of Service Performance for both reporting periods.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and all entities over which the Trust has the power to control the financial reporting and operating policies.

The purchase method is used to prepare consolidated financial statements, which involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant inter-group balances are eliminated on consolidation of the financial performance, position and cash flows of the Group.

All subsidiaries have a 31 March 2017 balance date and consistent accounting policies have been applied.

(c) Changes in accounting policies

There have been no material changes in accounting policies during the year. All policies have been applied on bases consistent with those used in previous years.



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

(d) Basis of measurement

The financial statements have been prepared on a historical costs basis, except for land and buildings and investments which have been measured at fair value.

(e) Presentation and functional currency

The financial statements are presented in New Zealand dollars, which is the Group's functional currency. They are presented to the nearest dollar.

(f) Use of estimates and judgements

The preparation of 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. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant disclosure note.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

Judgments made in applying accounting policies that have had the most significant effects on the amounts recognised in the Group's financial statements include deferred management fees, depreciation, valuation of property, plant and equipment, investment property and non listed investments.

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received, excluding sales taxes. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. The following specific recognition criteria must be met before revenue is recognised:

Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives an inflow of resources but provides no (or nominal) direct consideration in return.

Subsidies

Residential Care Subsidies, and other District Health Board and service provider contract payments are linked to the provision of quantifiable units of service and revenue is recognised as the Care Centre provides the service.



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

Donation Income

Donations are recognised as revenue upon receipt and include donations from the general public and donations received for specific programme or services. Services donated may be recognised as revenue where possible but do not have to be. Volunteer time has not been given a financial value in these financial statements.

Revenue from exchange transactions

Fees

Fees are private contributions made by residents. Fees are linked to the provision of quantifiable units of service and revenue is recognised as the Care Centre provides the service.

Interest Income

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

Rental income

Rental income is recognised in surplus or deficit on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Dividend income

Dividend income is recognised on the date that the Group's rights to receive payments are established.

Rendering of services

Revenue from services rendered is recognised in the surplus or deficit in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to proportion of time remaining under the original service agreement at the reporting date. Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

Other operating income

Other operating income comprises mainly of receipts from the supply of meals and recoveries of expenses. For meals supplied, the sale is recognised when the meal is supplied and expenses recovered are recognised when the money has been received. The income recorded is the gross amount.

(b) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern over which economic benefits from the leased assets are consumed.



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

(c) Borrowing costs

Borrowing costs relating to a qualifying asset are capitalised as part of the cost of that asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in surplus or deficit.

(d) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or are waived, or the Group has transferred its right 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 or when the Group has transferred control of the asset. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial Assets

Financial assets within the scope of NFP PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* are classified as fair value through surplus or deficit, loans and receivables, held to maturity investments, or available for sale financial assets. The classifications of the financial assets are determined at initial recognition.

The category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Group's financial assets are classified as financial assets at fair value through surplus or deficit, held to maturity or loans and receivables. The Group's financial assets include: cash and cash equivalents, short-term deposits, receivables from exchange and non-exchange transactions as well as investments in equities and mutual funds.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. The Group's investments in mutual funds and other equities fall into this category of financial instruments.

Held to maturity financial assets

Held to maturity investments are investments with fixed or determinable payments and fixed maturities. Investments are classified as held-to-maturity if the Group has the intention and ability to hold them until maturity. Listed bonds fall into this category.



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

Held to maturity financial assets continued

Held to maturity investments are measured subsequently at amortised cost using the effective interest rate method. If there is objective evidence the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in the surplus or deficit reported.

Loans and receivables

Loans and receivables are 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 any impairment losses. The Group's cash and cash equivalents, receivables from exchange transactions and receivables from non exchange transactions fall into this category of financial instruments. Receivables with a short duration are not discounted.

Short term investments

Short term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.

Impairment of financial assets

The Group assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Group first assesses whether there is objective evidence of impairment for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant.

If the Group determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

Impairment of financial assets continued

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the provision account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents represent highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. This includes cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Receivables

Receivables from exchange and non exchange transactions are measured at their cost less any impairment losses. An allowance for impairment is established where there is objective evidence the Group will not be able to collect all amounts due according to the original terms of the receivable. Receivables with a short duration are not discounted.

Financial liabilities

The Group's financial liabilities include trade and other payables as well as borrowings. All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

Trade and other payables

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

Borrowings

Borrowings are initially recorded at fair value net of transaction costs. After initial recognition all borrowings are measured at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(e) Employee entitlements

Employee benefits that the Group expect to be settled within 12 months of reporting date are measured at nominal value based on accrued entitlements at current rate of pays. 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.



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

(f) Provisions

A provision is recognised for a liability when the settlement amount or timing is uncertain; when there is a present legal or constructive obligation as a result of a past event; it is probable that expenditures will be required to settle the obligation.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

(g) Investment Property

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for supply of goods or services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Fair value is determined without any deductions for transaction costs it may incur on sale or other disposal. Any gain or losses arising from a change in the fair value of the investment property are recognised as a surplus or deficit in the period that it is incurred. When the investment property becomes an owner-occupied property, the cost for subsequent accounting is its fair value at the date of the change in use.

When an owner-occupied property changes its use to an investment property, the property is remeasured to fair value and any gains arising on remeasurement is recognised in surplus or deficit to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive revenue and expense and presented in the asset revaluation reserve in equity.

(h) Property, plant and equipment

Property, plant and equipment is measured at cost or revaluation, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Group and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

Disposals

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

Depreciation

Depreciation is charged on a straight line basis on all property, plant and equipment over the estimated useful life of the asset, except for land. Land is not depreciated. The following depreciation rates have been applied to each class of property, plant and equipment:

Buildings	40 years
Furniture and fittings	5 years
Plant and machinery	10 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

Revaluation

All properties used at the rest home, hospital, day centre, rental properties, and villas are carried at revalued amounts and classified as property, plant and equipment. These properties are held primarily to deliver social services and to meet the wider charitable objectives of the Group. Rental income generated from these properties is considered incidental to this primary purpose. Following initial recognition at cost, land and buildings are carried at re-valued amounts, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is reported less any costs that would be necessary to sell the assets.

Fair value is determined by external professional valuers with sufficient experience with respect to both the location and the nature of the property, supported by market evidence. Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and credited to the property revaluation reserve in equity, unless the increase relates to a revaluation decrease of the same asset previously recognised in the surplus or deficit.

Any revaluation deficit is recognised in other comprehensive income and credited to the property revaluation reserve in equity to the extent of the revaluation reserve balance accumulated from previous year gains. When no revaluation reserve balance is available to offset a revaluation loss the revaluation deficit is reported within the surplus or deficit for the year. Property revaluations are carried out every 3 to 5 years.

Impairment

At each reporting date, the carrying amounts of tangible and any intangible assets are reviewed to determine whether there is any indication of impairment. If any such indication exists for an asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

Impairment continued

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 the reported surplus or deficit.

The estimated recoverable amount of an asset 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 to their present value using a discount rate that reflects current market rates and risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indicators exist, the Group estimates the asset's recoverable amount, to measure the reversal of any previous period impairment charges. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment are recognised in the surplus or deficit.

(i) Occupation right agreement deposits

Occupation Right Agreements (ORAs) confer to residents the right of occupancy of a retirement village unit for life, or until the resident terminates the agreement. The original purchase price paid (advance) under the ORA is repayable to the resident on termination of the ORA and is therefore recognised as a liability from receipt of the original purchase price, net of management fees. The ORA advance is interest free and payable on demand.

Amounts payable under ORAs are classified as financial instruments and are initially recognised at fair value. Subsequent to initial recognition ORAs are carried at fair value. The occupancy advance is non interest bearing. The resident shares in the capital gain on resale or termination of the ORA and therefore the ORA is carried at fair value, which is 85% of market value of the unit.

The advance is repayable following both termination of the ORA and settlement of a new ORA for the same retirement village unit (or a period of 9 calendar months following termination date, which ever is shorter).

The amount repayable under the ORAs is typically 85% of the market value of the unit on resale or termination by the resident (95% if terminated within one year of entering into the agreement). The ORA liability is recognised at 85% of the market value at the balance date. The remaining 15% is recognised as consideration paid for management of the unit by the Group, and is initially recognised as a liability, and recorded as deferred villa management fees.

Management fees in respect of retirement village units are recognised on a straight line basis over the period of service, being the expected life of the ORA based on historical experience. Currently the estimated life of an ORA is 5 years based on industry averages.



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

(j) Income tax

Due to its charitable status, the Group is exempt from income tax.

(k) 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.

(l) Nature and Purpose of Reserves

Retirement Village Reserve

This equity fund is a maintenance reserve. It was set up to hold operating surpluses generated by the Retirement Village. Funds can be used to pay for refurbishment and maintenance costs relating to the Retirement Village.

Asset Revaluation Reserve

The asset revaluation reserve holds gains on revaluation of property, plant and equipment and investment property. Revaluation gains are recognised in the asset revaluation reserve unless if they reverse revaluation losses on the same asset that were previously recognised in the income statement. The reserve can be used to reverse subsequent revaluation losses for those assets whose revaluation gains were previously allocated to the reserve.

4 Aroha Retirement Village

The Trust owns the villas and flats which comprise the operations of the Aroha Retirement Village (the "village"). The Trust acts as the owner and operator of the Village and with the ownership of the land and buildings deals with the total management of the Village. All assets, liabilities, income and expenses related to the operations of the Village are reported within the Trust's financial statements.

Summary of village operating surplus for the year

	2017	2016
Income	\$	\$
Levies received	20,898	22,099
Villa management fees	27,383	25,882
Villa rents	4,559	4,706
	<hr/>	<hr/>
	52,840	52,687
Expenses		
Administration	400	400
Insurance	4,095	5,039
Maintenance	16,367	15,272
Supervision	7,816	7,951
Legal expenses	1,009	1,920
General expenses	-	163
	<hr/>	<hr/>
	29,687	30,745
Operating surplus	<hr/>	<hr/>
	23,153	21,942



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

	2017	2016
	\$	\$
5 Rental Income		
Molesworth Street rentals	138,784	132,549
Aroha Retirement Village Unit rentals	4,559	4,708
Total	<u>143,343</u>	<u>137,255</u>
6 Overheads and administrative expenses		
The following items were included in surplus/(deficit) for the year:		
Auditors remuneration for audit of financial statements	22,188	28,655
Financial reporting services	-	12,928
Bad debts written off	-	3,420
Provision for doubtful debts	18,452	3,546
7 Operating leases		
Non-cancellable operating lease payments		
Not later than one year	1,642	850
Later than one year and not later than five years	3,284	-
Later than five years	-	-
8 Cash and cash equivalents		
Cash at bank and in hand	82,103	61,093
Call deposits	156,706	271,194
Term deposits	100,000	100,000
Total	<u>338,809</u>	<u>432,287</u>
Cash at bank earns interest varying rates based on daily deposit rates. Term deposits are made for varying periods of between 1 and 3 months.		
9 Trade and other receivables		
Exchange		
Fees	71,830	45,176
Less: provision for doubtful debts	(12,451)	-
Sundry debtors	1,000	2,385
Accrued interest	5,584	5,929
Prepayments	16,878	20,988
Total	<u>82,841</u>	<u>74,478</u>
Non exchange		
Subsidies and contract revenue	148,741	117,741
Less: provision for doubtful debts	(6,000)	(3,546)
Total	<u>142,741</u>	<u>114,195</u>
10 Investments		
New Zealand Fixed Interest Bonds	410,906	403,322
New Zealand Equity Investments	120,077	109,300
Total	<u>530,983</u>	<u>512,622</u>



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

	2017	2016
	\$	\$
Investments continued		
<i>Classified as:</i>		
Non-current assets	530,983	512,622
	<u>530,983</u>	<u>512,622</u>

11 Investment Property		
Opening balance	2,390,000	2,400,000
Additions	1,013	3,946
Revaluation gain/(loss)	758,987	(13,946)
	<u>3,150,000</u>	<u>2,390,000</u>

Investment properties comprise of nine properties that are rented out to third parties. Investment properties are carried at fair value, which has been determined based on valuations performed by Paul Smith ANZIV, SPINZ (2016: Sean Parkes (BBS)) both of Nathan Stokes & Associates; independent accredited valuers as at 31 March 2017. The valuation which conforms to New Zealand Valuation Standards, was arrived at by reference to market evidence of recent transactions for similar properties.

12 Property, Plant and Equipment

Movements for each class of property, plant and equipment is as follows:

	Furniture and fittings	Plant and machinery	Motor vehicles
	\$	\$	\$
Cost or valuation			
Balance 1 April 2015	1,096,761	560,012	63,803
Additions	78,916	8,225	-
Reallocated	(14,787)	14,787	-
Derecognised	(755,450)	(314,173)	-
Balance 31 March 2016	405,440	268,851	63,803
Additions	28,098	9,995	-
Derecognised	(43,027)	(131,816)	-
Balance 31 March 2017	390,511	147,030	63,803
Accumulated depreciation and impairment			
Balance 1 April 2015	933,585	533,017	52,284
Derecognised	(755,450)	(314,173)	-
Depreciation	71,024	13,722	2,609
Balance 31 March 2016	249,159	232,566	54,893
Derecognised	(43,027)	(131,816)	-
Current year depreciation	67,399	13,595	2,609
Balance 31 March 2017	273,531	114,345	57,502
Net book value 31 March 2016	156,281	36,285	8,910
Net book value 31 March 2017	116,980	32,685	6,301



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

	Land	Buildings and Improvements	Total
Cost or valuation	\$	\$	\$
Balance 1 April 2015	1,360,000	8,773,524	11,854,100
Additions	-	1,054,967	1,142,108
Derecognised	-	-	(1,069,623)
Balance 31 March 2016	1,360,000	9,828,491	11,926,585
Additions	-	136,449	174,542
Derecognised	-	(8,688)	(183,531)
Revaluation	130,000	(195,594)	(65,594)
Depreciation adjustment to revaluation	-	(291,352)	(291,352)
Balance 31 March 2017	1,490,000	9,469,306	11,560,650
Accumulated depreciation and impairment			
Balance 1 April 2015	-	225,965	1,744,851
Depreciation	-	271,338	358,693
Derecognised	-	-	(1,069,623)
Balance 31 March 2016	-	497,303	1,033,921
Derecognised	-	-	(174,843)
Current year depreciation	-	291,352	374,955
Elimination on revaluation	-	(291,352)	(291,352)
Balance 31 March 2017	-	497,303	942,681
Net book value 31 March 2016	1,360,000	9,331,188	10,892,664
Net book value 31 March 2017	1,490,000	8,972,003	10,617,969

Land and building improvements are carried at fair value, which has been based on valuations performed by Paul Smith ANZIV, SPINZ as at 31 March 2017. There was no revaluation in 2016. The valuation, which conforms to New Zealand Valuation Standards, was arrived at by reference to market evidence of recent transactions for similar properties.

Although ultimate ownership of the Retirement Village villas and flats subject to Occupation Right Agreements remains with the Trust at all times, the ability to immediately sell the land and buildings is restricted until the Occupation Right Agreement is terminated.

All owned properties subject to lease agreements are leased out under operating leases and are all cancellable by the tenant and the Trust within 12 months (2016: 12 months).

13 Trade and other payables	2017	2016
	\$	\$
Trade payables from exchange transactions	165,756	234,577
Employee entitlements	282,958	346,777
Total	448,714	581,354

Trade and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

14 Occupation right agreement deposits

Occupation Right Agreements (ORAs) confer to residents the right of occupancy of a retirement village unit for life, or until the resident terminates the agreement.

The original purchase price paid (advance) under the ORA is repayable to the resident on termination of the ORA and is therefore recognised as a liability from receipt of the original purchase price, net of management fees. The ORA advance is interest free and payable on demand.

	2017	2016
	\$	\$
Opening balance	1,069,300	1,041,250
New ORA deposits	280,500	278,800
Fair value increase	116,450	12,630
Adjustment on early exit	-	16,800
Refund of deposits	(272,000)	(280,180)
Closing balance	<u>1,194,250</u>	<u>1,069,300</u>

15 Deferred management fees

The Villa management fees are included in the original purchase price of the occupation right agreement and these fees are deducted from the amount payable by the Group to the resident upon termination of the agreement (being 85% of the fair value at the termination date). On initial receipt of consideration paid by the resident, a portion of the amount paid is allocated to villa deferred management fees. This balance is then recognised as income over the average estimated life of current occupation right agreements.

Opening balance	70,518	64,000
Management fee income	(27,383)	(25,882)
Adjustment on early exit	-	(16,800)
Increase upon entering into new ORA	49,500	49,200
Closing balance	<u>92,635</u>	<u>70,518</u>

16 Borrowings

BNZ Customised Average Rate Term Loan	<u>1,275,000</u>	<u>1,837,500</u>
Total borrowings	<u>1,275,000</u>	<u>1,837,500</u>

Classified as:

Current liabilities	150,000	150,000
Non-current liabilities	<u>1,125,000</u>	<u>1,687,500</u>
	<u>1,275,000</u>	<u>1,837,500</u>

The Bank of New Zealand provided a Hospital Redevelopment loan facility of up to \$2,500,000 for the purpose of financing the redevelopment of the Aroha Care Centre for the Elderly, pursuant to a construction contract with Peryer Construction Limited.



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

Borrowings continued

The loan facility expired in December 2012 and was extended to February 2013 after which it was converted into a customised average rate loan facility of up to \$2,500,000 for the purpose of refinancing existing debt for the redevelopment of the Aroha Care Centre for the Elderly C & D Wings as well as the A & B Wings. The facility is for five years and terminates in January 2018. Covenants imposed by the bank require the loan to value ratio to not exceed 65% of the market value of secured properties, and for interest cover to be greater than 1.75 times net income.

The facility is subject to monthly principal repayments of \$12,500 plus interest. Interest is charged at a floating rate, determined by the bank on a monthly basis. The interest rate at year end was 5.33% (2016: 5.14%). In the year to 31 March 2017 interest costs of \$85,288 (2016: \$104,608) were incurred by the Group. There were no borrowing costs capitalised (2016: \$19,732. There were no loan facility fees incurred during the year (2016: \$Nil).

The loan facility is secured by a registered first mortgage over the property at 6 Cooper Street and 34-48 Molesworth Street, Taita, Lower Hutt; a guarantee from the Care Centre to meet the obligation of the Trust; and general security agreements with the Care Centre and Trust over all property held.

The Hospital Redevelopment loan facility was secured by a registered first mortgage over the property at 6 Cooper Street and 34-48 Molesworth Street, Taita, Lower Hutt; a guarantee from the Care Centre to meet the obligation of the Trust; and general security agreements the Care Centre and Trust over all property held.

17 Categories of financial assets and liabilities	2017	2016
	\$	\$
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	338,809	432,287
Receivables from exchange transactions	82,841	74,478
Receivables from non exchange transactions	142,741	114,195
	<u>564,391</u>	<u>620,960</u>
 <i>Financial assets at fair value through surplus or deficit</i>		
Investments	<u>530,983</u>	<u>512,622</u>
	<u>530,983</u>	<u>512,622</u>
 Financial liabilities		
<i>At amortised cost</i>		
Trade and other payables	448,714	581,354
Occupation right agreements deposits	1,194,250	1,069,300
Deferred management fees	92,635	70,518
Loans	1,275,000	1,837,500
	<u>3,010,599</u>	<u>3,558,672</u>



Taita Home Trust Board Incorporated

Notes to the financial statements For the year ended 31 March 2017

	2017	2016
18 Capital commitments	\$	\$
Property, Plant and Equipment	-	212,819

There were no capital commitments at the end of the year. The prior year commitment was a construction contract with Peryer Construction Limited for the upgrade of the A & B wings as well as the installation of a gate and fence at the Cooper Street entrance

19 Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date (2016: \$Nil).

20 Related party transactions

The Group has a related party relationship with its Board Members, subsidiaries and other key management personnel. The Taita Home Trust Board Governing Body is the ultimate controlling party of the Group.

Transactions with related parties

The Trust has a related party relationship with the Aroha Care Centre for the Elderly (the "Care Centre"), a subsidiary of the Trust for financial reporting purposes. The Trust maintains an oversight of the operation of the Care Centre and has the power to appoint all the Trustees to the Care Centre Trust Board. The Taita Trust Board has given a letter of comfort that it would meet obligations relating to Care Centre excess of liabilities over assets. Transactions and balances between the Trust and the Care Centre are eliminated on consolidation.

ARL Lawyers act as solicitors for the Trust. The Trust has a related party relationship with ARL Lawyers as one of the Board members is a Partner in the legal firm.

Transactions		2017	2016
<i>Related Party</i>	<i>Nature of transaction</i>	\$	\$
ARL Lawyers	Legal fees	9,372	5,480

Key management personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board of Trustees, the Principal Nurse Manager, the Clinical Nurse Manager and the Finance Manager. No remuneration is paid to members of the Board of Trustees. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2017	2016
<i>Key management personnel compensation</i>	\$	\$
Total remuneration	272,974	292,185
Number of persons	3	3

Except as disclosed above there are no other related party transactions.

21 Events after the reporting date

The Board of Trustees and management are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements, that have significantly or may significantly affect the operations of the Group (2016 \$Nil).



Independent Auditor's Report

Audit

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To the Trustees of Taita Home Trust Board Incorporated

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Taita Home Trust Board Incorporated (the "Group") on pages 3 to 22 which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of comprehensive revenue and expenses, consolidated statement of changes in net assets and consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2017 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and 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, Taita Home Trust Board Incorporated.

Trustees' Responsibilities for the Consolidated Financial Statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of these consolidated financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) Reduced

Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>

Restriction on use of our report

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

Grant Thornton New Zealand Audit Partnership



B Kennerley
Partner
Wellington, New Zealand

26 June 2017