

www.retirementvillages.govt.nz | 0800 268 269

Email your completed form to: retirementvillages@companies.govt.nz

or post 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

Part 1 — Retirement village details

1. Street address of village

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

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

4. Postal address of village

5. Email address for village

6. Telephone number for village

7. Fax number for village (optional)

Name of village**Registration number**

Part 2 — Operator details

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

1. Name of operator

2. Company or other registration number (if any)

3. New Zealand Business Number (if any)

4. Nature of operator e.g. company, natural person

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

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

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

8. Email address of operator

9. Telephone number of operator

10. Fax number of operator (optional)

Name of village

Registration number

[Empty text box for Name of village]

[Empty text box for Registration number]

Part 3 — Certificate of registered documents

Section 13(1) of the Retirement Villages Act 2003 requires the annual return for the village to be signed by the operator or by a solicitor or qualified statutory accountant (within the meaning of section 5(1) of the Financial Reporting Act 2013).

I,

(Insert name of operator)

certify that

for:


(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.
A change of circumstances form (RV3) must be completed for material changes including changes to —

- retirement village name
- operator details
- registered document details
- land details
- change of statutory supervisor, and
- any other material changes.

Signed:


.....

Name of signatory:

Dated:

Name of village

Registration number

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**
- A copy of the statutory supervisor’s certification addressed to the Registrar (where applicable); **and**
- The documents supporting any information on the register that has changed (where applicable)

Contact details of person completing this form

Name:	
Address:	Email address: [REDACTED]
	Telephone number: [REDACTED]
	Fax number (optional):

11 September 2024

The Registrar of Retirement Villages
c/- Companies Office
Ministry of Business, Innovation and Employment
Private Bag 92061
Victoria Street West
Auckland 1142

Report of Statutory Supervisor in respect of Ultimate Care Rose Lodge Village (Village)

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 UCG Rose Lodge Limited (**Operator**), dated 26 October 2007 and the Retirement Villages Act 2003 (**Act**). UCG Rose Lodge Limited acquired the village on 2 March 2018.

This report accompanies the Operator's 2024 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 31 March 2024. 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 money and this facility has been subject to external audit;
 - b) Monitored the financial position of the Village;
 - c) Reported to the residents 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 31 March 2024.

4. All occupation right agreements issued or terminated during the year ended 31 March 2024 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

For **Covenant Trustee Services Limited**



Garreth Heyns
Senior Relationship Manager

Garreth@covenant.co.nz

UCG Rose Lodge Limited

Financial Statements

For the Year Ended 31 March 2024

FINANCIAL STATEMENTS
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

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UCG Rose Lodge Limited
Financial Statements For the Year Ended 31 March 2024
Corporate Information

Directors

Benjamin Paul Unger
Robert Arthur Owens
Vicki Sherree Harrison (appointed 31 May 2024)

Registered Office

Level 7, 117 Lambton Quay, Wellington 6011, New Zealand

Principal place of business

Invercargill

Solicitors

Anthony Harper, Auckland

Bankers

Westpac Bank, Auckland

Auditors

Ernst & Young, Auckland

Statutory Supervisor

Covenant Trustee Services Limited

Shareholder

UCG Investments Limited

UCG Rose Lodge Limited
Financial Statements For the Year Ended 31 March 2024
Directors' Responsibilities Statement

Directors' declaration

In the opinion of the directors of UCG Rose Lodge Limited, the financial statements and notes on pages 4 to 16:

- comply with New Zealand generally accepted accounting practice and fairly presents in all material respects the financial position of the company as at 31 March 2024 and the results of its operations and cash flows for the year then ended;

- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

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

The directors are pleased to present the financial statements of UCG Rose Lodge Limited for the year ended 31 March 2024.



Benjamin Paul Unger




Robert Arthur Owens

STATEMENT OF FINANCIAL POSITION
UCG Rose Lodge Limited
As at 31 March 2024

	Notes	2024 \$000	2023 \$000
ASSETS			
Cash and cash equivalents		54	47
Trade and other receivables		4	1
Loans to related parties	9	79	280
Taxation		2	10
Property, plant and equipment	2	1,442	1,467
Investment properties	3	3,055	2,747
Total assets		4,636	4,552
LIABILITIES			
Trade creditors		24	13
Other payables and accruals		10	10
Loans from related parties	9	-	306
Deposits refundable to residents	4	2,155	2,007
Deferred tax liabilities	8 (d)	321	9
Total liabilities		2,510	2,345
Total net assets		2,126	2,207
EQUITY			
Capital and reserves			
Share capital	5	1,175	1,175
Retained earnings		951	1,032
Total equity		2,126	2,207

The notes on pages 8 to 16 form part of these financial statements.

For and on behalf of the Board, who authorised these financial statements on 31 July 2024.



Benjamin Paul Unger



Robert Arthur Owens

STATEMENT OF COMPREHENSIVE INCOME
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

	Notes	2024 \$000	2023 \$000
Revenue	6	148	166
Operating expenses			
Other expenses	7	(67)	(74)
Management fees	9	(41)	(44)
Depreciation	7	(25)	(24)
		(133)	(142)
Operating profit before fair value movement		15	24
Movement in value of investment property	3	215	216
Operating profit before income tax		230	240
Income tax expense	8	(311)	(7)
Net (loss) / profit for the year		(81)	233
Other comprehensive income		-	-
Total comprehensive income for the year		(81)	233

The notes on pages 8 to 16 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

	Ordinary shares	Retained earnings	Total
	\$000	\$000	\$000
At 1 April 2023	1,175	1,032	2,207
Profit for the year	-	(81)	(81)
Total comprehensive income for the year	-	(81)	(81)
At 31 March 2024	1,175	951	2,126
At 1 April 2022	1,175	799	1,974
Profit for the year	-	233	233
Total comprehensive income for the year	-	233	233
At 31 March 2023	1,175	1,032	2,207

The notes on pages 8 to 16 form part of these financial statements.

STATEMENT OF CASH FLOWS
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

	2024	2023
	\$000	\$000
Cash flow from operating activities		
Receipts from customers	68	63
Payments to suppliers	(34)	(33)
Net incoming resident entry payments	204	516
Net cash inflows from operating activities	238	546
Cash flow from investing activities		
Payments for investment property	(81)	(126)
Net cash outflows from investing activities	(81)	(126)
Cash flow from financing activities		
Repayment of related party loans	(150)	(410)
Net cash outflows from financing activities	(150)	(410)
Net increase in cash held	7	10
Opening cash brought forward	47	37
Ending cash carried forward	54	47

The notes on pages 8 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

GENERAL INFORMATION

UCG Rose Lodge Limited provides aged care services.

The financial statements are for UCG Rose Lodge Limited as a separate legal entity. The company is incorporated and domiciled in New Zealand. The immediate parent company of UCG Rose Lodge Limited is UCG Investments Limited, a company incorporated in New Zealand. The ultimate parent entity is Clime Group Limited, a company incorporated in New Zealand.

The financial statements are prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Retirement Village Act 2003.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements of UCG Rose Lodge Limited have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and International Financial Reporting Standards with Reduced Disclosure Requirements (NZ IFRS RDR). For the purposes of complying with NZ GAAP the entity is a for profit entity.

The company is eligible to report in accordance with these standards on the basis that it does not have public accountability and is not a public sector entity.

The financial statements have been prepared under the historical cost convention, except for investment property at fair value.

Statement of Compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities that are eligible for and have elected to report in accordance with Tier 2 for for-profit accounting standards (NZ IFRS RDR) on the basis that it does not have public accountability and is not a large for-profit public sector entity.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of critical accounting judgement or complexity, key sources of estimation uncertainty, or areas where assumptions and estimates are significant to the financial statements, are disclosed as and where relevant.

Designation

The company is designated as a profit-orientated entity.

Functional and Presentation Currency

The functional and presentation currency of UCG Rose Lodge Limited is New Zealand dollars. All amounts are rounded to the nearest one thousand dollars.

Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit and loss as incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss in other expenses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Property, other than land, is depreciated on a straight line basis at rates that will write off the cost of assets over their estimated remaining useful life. Land is not depreciated.

The depreciation rates and methods applied to assets are as follows:

Asset Class	Percentage	Method
Land and Buildings	2	Straight Line

Asset residual values and useful lives are reviewed, and adjusted if appropriate, at regular intervals.

Land and buildings associated with the operation of rest home and hospital care services are included in non-current assets as property, plant and equipment. Land and buildings associated with the operation of retirement units sold to residents under licences to occupy are held in non-current assets as investment properties.

Investment Properties

Investment properties held to earn deferred management fee income, service fees and for capital appreciation comprise land and buildings intended to be held for the long term, relating to independent living units, serviced apartments and common facilities in retirement villages. Investment properties are measured initially at cost and subsequently are stated at fair value, based upon valuations completed annually by independent external valuers. Gains or losses arising on changes in fair value are recognised in profit or loss in the year in which they arise. Depreciation is not charged on investment properties.

NOTES TO THE FINANCIAL STATEMENTS
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

Impairment

The carrying amount of the company's non-financial assets, excluding investment property, are tested 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". In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

Non-derivative Financial Instruments

A financial instrument is recognised if the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial assets to another party without retaining control or substantially all the risks and rewards of the asset. Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative instruments are measured as follows:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call and are stated at face value.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment. See the note below for the policy on impairment of trade receivables. Other receivables are stated at cost less impairment losses.

Liabilities refundable to residents

An occupation right agreement confers a right of occupancy to a villa. The consideration received on the grant of an occupation right agreement is allocated to the loans refundable to residents in full. The loans refundable to residents are amounts payable under occupation right agreements. These loans are non-interest-bearing and are payable when both an occupation right agreement is terminated and there has been settlement of a new occupation right agreement for the same retirement unit and the proceeds from the new settlement have been received by UCG Rose Lodge Limited. Residents' loans are initially recognised at fair value and subsequently measured at amortised cost.

UCG Rose Lodge Limited holds a contractual right to set-off the deferred management fee receivable on termination of an agreement against the resident's loan to be repaid. Residents' loans are therefore recognised net of the deferred management fee receivable on the balance sheet. Deferred management fees are payable by residents in consideration for the supply of accommodation and the right to share in the use of community facilities. Deferred management fees are paid in arrears with the amount payable calculated as a percentage of the residents' loan amount as per the resident's occupation right agreement.

Deferred management fee receivable is calculated and recorded based on the expected tenure of the resident and the contractual right to deferred management fee earned at balance date.

Intercompany loans

Intercompany loans are recorded at fair value, being face value, as they are repayable on demand.

Taxation

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to taxation authorities based on the current years taxable income. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable timing differences except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of that transaction, affects neither accounting or taxable profit or loss.

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

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting or taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be used. Unrecognised deferred tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the balance date.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST payable to the taxation authority is included as part of payables in the Statement of Financial Position.

Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less a loss allowance for expected credit losses. A loss allowance for impairment of trade receivables is established when there are expected lifetime credit losses on such receivables. Cashflow characteristics are taken into account in assessing likely lifetime credit losses. The amount of the loss allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movement in the loss allowance in the period is recognised in profit or loss.

Share Capital

Ordinary shares are classified as equity. Costs associated with the issue of shares are capitalised to share capital.

Revenue Recognition

(a) Rendering of services

Service rendered revenue is recognised in the accounting year in which the services are rendered.

Revenue from deferred management fees on licences to occupy is included in revenue from services rendered. This revenue is recognised over the estimated period of occupancy of the retirement village units. The assessment of the estimated occupancy is based on a number of factors including the age of the residents and the occupancy years of similar properties. Deferred management fees are recognised over eight years.

(b) Interest income

Interest income is recognised on an accruals basis using the effective interest rate method.

(c) Income from property rental

Rental income is charged on buildings occupied by related parties as described in Note 9 at an amount calculated to recover the costs of depreciation.

Leases

The Company acts as a lessor for occupation right agreements with village residents. The assets leased by the Company as a lessor are disclosed as investment property and lease income is generated in the form of deferred management fees. Deferred management fee revenue is recognised on a straight-line basis in the statement of comprehensive income, over the period of service, being the greater of the expected period of the tenure or the contractual right to revenue.

NOTES TO THE FINANCIAL STATEMENTS
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

Statement of Cash Flows

The following is the definition of the terms used in the Statement of Cash Flows:

(a) Operating Activities

Operating Activities are the principal revenue producing activities and other activities that are not investing or financing activities. Interest and dividends received in relation to investments and interest paid are included in operating activities.

(b) Investing Activities

Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, software and investments.

(c) Financing Activities

Financing activities are those activities that result in changes in the size and composition of the capital structure of the company. This includes both equity and debt not falling within the definition of cash.

1. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, and associated 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.

(i) Fair value of investment properties

The fair value of investment properties has been determined by an independent qualified valuer. Refer to Note 3 for valuation processes and key assumptions made. The fair value of investment properties is subjective and changes to the assumptions have a significant impact on profit and the fair value.

(ii) Revenue Recognition

Deferred management fees included under Revenue are recognised on a straight-line basis. This requires management to estimate the period of occupancy for units and apartments. Management estimates are based on experience of occupancy years and are detailed in Note 4.

(b) Critical judgements in applying the entity's accounting policies.

(i) Fair value of investment properties

The value of amounts refundable to owners of licences to occupy requires a critical judgement of the expected life of the agreement and the capital appreciation of the property over that life. The company considers a number of factors when making that assessment including the age of the residents, the length of occupancy at the balance date and the change in market values of similar properties.

NOTES TO THE FINANCIAL STATEMENTS
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

2. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings \$000
Year ended 31 March 2024	
Opening net book amount	1,467
Additions	-
Depreciation expense	(25)
	1,442
As at 31 March 2024	
Cost or valuation	1,590
Accumulated depreciation	(148)
Net book amount	1,442
Period ended 31 March 2023	
Opening net book amount	1,491
Additions	-
Depreciation expense	(24)
Closing net book amount	1,467
As at 31 March 2023	
Cost or valuation	1,590
Accumulated depreciation	(123)
Net book amount	1,467

Freehold land with a carrying value of \$400k (2023: \$400k) and freehold buildings with a carrying value of \$1,042k (2023: \$1,067k) are subject to a first charge mortgage for loans held by UCG Investments Limited. Land and buildings are rented to an intercompany related party to provide aged care services.

3. INVESTMENT PROPERTIES

	2024 \$000	2023 \$000
Opening net book amount	2,747	2,434
Additions, at fair value	93	97
Fair value movement - unrealised	215	216
Closing net book amount	3,055	2,747

Investment properties are carried at fair value, based upon valuations performed by an independent valuer who holds a recognised and relevant professional qualification and has experience in valuing properties of this type. Valuations were performed at 31 March 2024 by CBRE Limited. The net fair value of the property was \$900k (2023: 740k) after allowing for refunds

Fair values are determined using a discounted cash flow method. In determining fair value, the expected net cash flows applicable to each property have been discounted to their present value using a market determined, risk adjusted discount rate applicable to the respective asset. Key assumptions used in the valuation are price growth rates, discount rates and income and expense flows. The discount rate used was 17.50% (2023: 17.50%).

The fair value of investment properties have been adjusted for the liabilities owed to residents under licences to occupy. The company's net interest in the value of retirement village assets has been grossed up at balance date for these liabilities by \$2,115k (2023: 2,007k).

A memorandum of encumbrance in favour of the statutory supervisor of the company is registered as a first charge over the company's investment property to protect the interests of residents.

The refunds to residents are based on the expected termination payments at the end of the lease in accordance with the terms of the Occupational Right Agreement.

NOTES TO THE FINANCIAL STATEMENTS
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

3. INVESTMENT PROPERTIES continued

The investment property has been revalued pursuant to a valuation prepared by CBRE Limited ('CBRE'), Registered Valuers as at 31 March 2024. The valuer is independent of the Company having no pecuniary interest, financial or otherwise, that could conflict with a proper valuation of the property.

4. DEPOSITS REFUNDABLE TO RESIDENTS

Refunds payable comprise the net refunds payable to the holders of licences to occupy in the retirement village operations owned by the company. The net refund comprises the following balances:

	2024	2023
	\$000	\$000
Loans refundable to residents	2,402	2,226
Deferred management fee payable to the company	(247)	(219)
Total refund payable	2,155	2,007

Administration Fee

The administration fee is a charge contractually payable by an exiting resident following settlement of the sale of a unit, villa, or personal suite. This amount is unsecured. As the balance is able to be offset against the loans refundable to residents, the balances are offset for financial reporting purposes.

Expected Maturity

A new resident is charged a refundable security deposit on being issued a right to occupy one of the company's units. This is refundable to the resident on termination of the occupation right agreement (subject to a new occupation right agreement for the unit being issued to a new resident). In determining the fair value of the company's investment property CBRE Limited estimate the established length of stay to be 8.7 years (2023: 8.5 years). Therefore it is not expected that the full obligation to residents will fall due within one year. Based on historical turnover calculations the expected maturity of the total refundable obligation to residents is as follows:

	2024	2023
	\$000	\$000
Within 12 months	248	236
Beyond 12 months	1,907	1,771
	2,155	2,007

5. EQUITY

As at 31 March 2024 there were 1,175,000 ordinary shares authorised, issued and fully paid (2023: 1,175,000). All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

	2024	2023
	\$000	\$000
Issued and paid up capital		
Ordinary shares		
Balance at the beginning of the year	1,175	1,175
Balance at the end of the year	1,175	1,175

6. REVENUE

	2024	2023
	\$000	\$000
Operating revenue		
Village service fees	71	62
Deferred management fees	53	80
Property rental - related party	24	24
Total operating revenue	148	166

NOTES TO THE FINANCIAL STATEMENTS
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

7. EXPENSES BY NATURE

	2024	2023
	\$000	\$000
Other expenses		
Audit fees	9	9
Insurance	11	9
Legal fees	3	3
Marketing costs	6	17
Rates	9	9
Repairs and maintenance	11	11
Statutory and health industry compliance costs	14	13
Valuation fees	4	3
Total other expenses	67	74
Depreciation		
Depreciation on buildings	25	24
Total depreciation	25	24

8. TAXATION

	2024	2023
	\$000	\$000
	Notes	
(a) Income tax		
The major components of income tax charged for the year are:		
Current tax	2	10
Deferred tax		
Origination and reversal of temporary differences	(313)	(17)
Income tax expense	(311)	(7)
(b) Reconciliation of tax charged in profit or loss		
Profit before income tax	230	240
Prima facie taxation at 28% (2023: 28%)	(65)	(67)
Tax effect of:		
Non-taxable income	60	60
Deferred tax impact from reversal of depreciation on buildings	8 (c) (306)	-
Income tax expense	(311)	(7)

(c) Removal of tax depreciation on commercial buildings

From the 2020/21 tax year, UCG Rose Lodge Limited has been depreciating its commercial buildings, classified as Property, Plant and Equipment, on a 2% diminishing value basis, following the reinstatement of tax depreciation for buildings with a useful life of 50 years or more as part of the government's COVID-19: Economic Response Package.

Effective from 1 April 2024, the tax depreciation rate will revert to 0%, impacting the tax value of commercial buildings held from the 2024/25 tax year onwards. The change in tax legislation eliminates the tax base of commercial buildings, thereby creating a temporary difference that leads to a deferred tax liability.

(d) Deferred tax

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	2024	2023
	\$000	\$000
Deferred tax asset / (liability)		
Balance at the beginning of the year	(9)	8
Temporary differences on property, plant and equipment	1	-
Deferred tax impact from reversal of depreciation on buildings	8 (c) (306)	-
Other temporary timing differences	(7)	(17)
Balance at the end of the year	(321)	(9)

NOTES TO THE FINANCIAL STATEMENTS
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

Deferred tax at the end of the year relates to the following:	2024	2023
	\$000	\$000
Deferred tax asset / (liability)		
Property, plant and equipment	(292)	13
Investment property	(29)	(22)
Total deferred tax	(321)	(9)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The deferred tax liability is not expected to be settled in full within 12 months of balance date.

9. RELATED PARTY TRANSACTIONS

UCG Investments Limited is the immediate parent company of UCG Rose Lodge Limited. UCG Investments Limited is incorporated in New Zealand and owns 100% of the share capital of UCG Rose Lodge Limited. The ultimate parent entity is Clime Group Limited, a company incorporated in New Zealand.

The following table provides the total value of transactions with related parties.

Intercompany Related Party	2024	2023
	\$000	\$000
Parent Entity		
<u>UCG Investments Limited</u>		
Loans receivable/(payable) at beginning of year	280	(130)
Net cash repayment	(280)	410
Loans receivable at end of year	-	280
<u>UCG Management Services Limited</u>		
Loans payable at beginning of year	(306)	(248)
Net cash repayments	430	-
Net non-cash recharges	(45)	(58)
- <i>Management fee</i>	(41)	(44)
- <i>Rental income</i>	24	24
- <i>Other recharges</i>	(28)	(38)
Loans receivable/(payable) at end of year	79	(306)

All loans are interest free and have no security. Loans are repayable on demand and have been classified as current liabilities.

Directors' interest

Mr Benjamin Paul Unger is a director of UCG Rose Lodge Limited and the immediate parent company, UCG Investments Limited and its wholly owned subsidiaries. He is also a director of the intermediate parent company, Windhaven Care Holdings Limited. He had no interest in the shares of the company as at 31 March 2024.

Mr Robert Arthur Owens is a director of UCG Rose Lodge Limited and a number of fellow subsidiaries. He had no interest in the shares of the company at 31 March 2024.

No provision for doubtful debts or doubtful debts expense was accounted for in the year ended 31 March 2024 relating to debts from related parties.

10. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Carrying amounts of financial assets and financial liabilities at the balance date are as follows:	2024	2023
	\$000	\$000
Financial assets at amortised cost		
Cash and cash equivalents	54	47
Receivables	4	281
Loans to related parties	79	-
Financial liabilities at amortised cost		
Payables	2,179	2,020
Loans payable	-	306

NOTES TO THE FINANCIAL STATEMENTS
UCG Rose Lodge Limited
For the Year Ended 31 March 2024

11. CONTINGENT ASSETS AND LIABILITIES

UCG Rose Lodge Limited has no contingent assets or liabilities (2023: \$Nil).

12. COMMITMENTS

There were no capital commitments at the balance date (2023: \$Nil).

13. EVENTS OCCURRING AFTER BALANCE DATE

There were no events occurring after the balance date that need to be disclosed.



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Independent auditor's report to the Shareholder of UCG Rose Lodge Limited Report on the audit of the financial statements

Opinion

We have audited the financial statements of UCG Rose Lodge Limited ("the Company"), which comprise the statement of financial position of the Company as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Company, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the Company. Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Directors' responsibilities for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing on behalf of the entity the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or 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 International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>. This description forms part of our auditor's report.

The Ernst & Young logo is written in a cursive, handwritten style in black ink.

Chartered Accountants
Auckland
1 August 2024