

www.retirementvillages.govt.nz | 0800 268 269

Post your completed form to: Registrar of Retirement Villages, Private Bag 92061, Victoria Street West, Auckland 1142
or email it to: retirementvillages@companies.govt.nz

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

1. Name of operator

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

2. Company or other registration number (if any)**3. New Zealand Business Number (if any)****4. Nature of operator**

For example — 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

[Empty text box for Name of village]

Registration number

[Empty text box for Registration number]

Part 3 — Certificate of registered documents

I, [Empty text box]

(Insert name of operator)

certify that

for: [Empty text box]

(Insert name of the retirement village)

Each registered document is correct, current, and not likely to mislead or deceive any resident, intending resident, or the public.

Documents to update the registered information are attached to the annual return form.
(Form RV3 — Change of circumstances must be completed for material changes).

Signed:

.....

Name of signatory

[Empty text box for Name of signatory]

Dated

[Empty text box for Dated]

Part 4 — Checklist

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

Have you completed?

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

Have you attached?

A copy of the audited financial statements that comply with section 35B of the Retirement Villages Act 2003 (the Act) or, as referred to in section 35F of the Act, the audited financial statements that comply with subpart 3 of Part 7 of the Financial Markets Conduct Act 2013 or section 55 of the Financial Reporting Act 2013; **and**

A copy of the audited financial statements which comply with section 35C of the Retirement Villages Act 2003 (where applicable); **and**

The documents supporting any information on the register that has changed; **and**

A copy of the statutory supervisor’s certification addressed to the Registrar (where applicable).

Contact details of person completing this form

Name: [Empty text box]

Address: [Empty text box]

Email address [Redacted]

Telephone nu [Redacted]

Fax number (optional): [Redacted]

13 June 2024

The Registrar of Retirement Villages
c/- Companies Office
Ministry of Business, Innovation and Employment
Private Bag 92061
Victoria Street West
Auckland 114

Report of Statutory Supervisor in respect of Bupa Retirement Village Limited (Group) villages as follows;

Accadia Retirement Village
Ascot Retirement Village
Ashford Retirement Village
Ballarat Retirement Village
Cashmere View Retirement Village
Cedar Manor Retirement Village
Crofton Downs Retirement Village
Erin Park Retirement Village
Ferguson Retirement Village
Foxbridge Retirement Village
Glenburn Retirement Village
Greerton Retirement Village
Hugh Green Retirement Village
Liston Heights Retirement Village
Longwood Retirement Village
Mary Shapley Retirement Village
Merrivale Retirement Village

Northhaven Retirement Village
Parklands on Papanui Retirement Village
Parkstone Retirement Village
Redwood Retirement Village
Remuera Retirement Village
Remuera Care Suites
Riverstone Retirement Village
St Andrews Retirement Village
St Kilda Retirement Village
Sunset Retirement Village
Tararu Retirement Village
Te Puke Retirement Village
The Gardens Retirement Village
Totara Gardens Retirement Village
Waiokaraka Retirement Village
Wattle Downs Retirement Village
Willowbank Retirement Village
Winara Retirement Village
Windsor Park Retirement Village

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

The terms of our appointment as statutory supervisor are recorded in a Deed of Supervision with the operator of the villages, being 04 May 2007 and the Retirement Villages Act 2003 (**Act**)

This report accompanies the Operator's 2023 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 December 2023. The financial statements of the Operator are the financial statements of the Village.
2. The information contained in the Annual Return is, to the best of our knowledge and belief, accurate.

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

1. We have at all times performed our duties and discharged our obligations as statutory supervisor of the Village. In particular, we have:
 - (a) provided and maintained a stakeholder facility for all resident moneys and this facility has been subject to external audit;
 - (b) monitored the financial position of the Village;
 - (c) Have and will report 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 December 2023.
4. All occupation right agreements issued or terminated during the year ended 31 December 2023 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**

A handwritten signature in blue ink, consisting of a large, stylized 'C' followed by a horizontal line and a few diagonal strokes.

Malcolm T Gray
Manager

Bupa Retirement Villages Limited

Annual Report

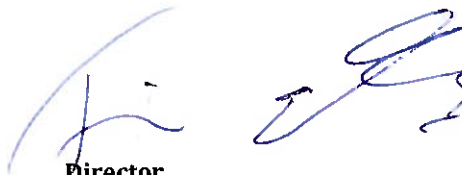
For the year ended 31 December 2023

Approval by directors

The directors are pleased to present the financial statements of Bupa Retirement Villages Limited and other information required by the Companies Act 1993 for the year ended 31 December 2023.



Director
Pedro Sanchez Soro



Director
Timothy Griffiths

For and on behalf of the Board of Directors

20 March 2024

Contents

	Page
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6

Bupa Retirement Villages Limited
Statement of Comprehensive Income
For the year ended 31 December 2023

	31 Dec 2023	31 Dec 2022
Note	\$'000	\$'000
Revenue	4 51,518	45,134
Change in fair value of investment properties	5 56,584	49,320
Operating expenses	6 (42,506)	(34,883)
Depreciation on property, plant and equipment	10 (19)	(28)
Operating Profit	65,577	59,543
Finance expense	(137)	(7)
Profit before income tax expense	65,440	59,536
Income tax expense	7 (2,528)	(2,825)
Profit for the year attributable to the owners of the Company	62,912	56,711
Total comprehensive income for the year attributable to the owners of the Company	62,912	56,711

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Assets			
Cash and cash equivalents	16	2,501	2,256
Trade and other receivables	8	8,631	3,786
Assets held for sale	9	—	1,249
Property, plant and equipment	10	325	344
Unit titles		1,149	1,190
Deferred tax assets	7	836	—
Investment property	11	1,418,450	1,297,650
Total assets		1,431,892	1,306,475
Liabilities			
Trade and other payables ⁽¹⁾	12	4,403	22,215
Obligations to residents ⁽¹⁾	13	709,671	640,967
Current tax liabilities		9,753	7,760
Other liabilities	14	43,736	31,502
Liabilities held for sale	9	—	904
Deferred tax liabilities	7	—	1,710
Total liabilities		767,563	705,058
Net assets		664,329	601,417
Equity			
Share capital	15	450,000	450,000
Retained earnings		214,329	151,417
Total equity		664,329	601,417

The above statement of financial position should be read in conjunction with the accompanying notes.

(1) Reclassification of prior year amounts is detailed in note 2.

	Share capital	Retained earnings	Total equity
Note	\$'000	\$'000	\$'000
Balance at 1 January 2023	450,000	151,417	601,417
Total comprehensive income for the year			
Profit for the year	—	62,912	62,912
Total comprehensive income for the year	—	62,912	62,912
Balance at 31 December 2023	450,000	214,329	664,329
Balance at 1 January 2022	450,000	154,706	604,706
Total comprehensive income for the year			
Profit for the year	—	56,711	56,711
Total comprehensive income for the year	—	56,711	56,711
Transactions with owners of the Company recognised directly in equity			
Dividends paid during the year	—	(60,000)	(60,000)
Balance at 31 December 2022	450,000	151,417	601,417

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Cash flows from operating activities			
Revenue receipts		33,148	30,207
Payments to suppliers and employees		(39,477)	(33,967)
Income tax paid		(17)	(4)
Interest received		58	13
Interest paid		(198)	(20)
Receipt of occupation right agreement capital sums		178,551	200,472
Refunds of occupation right agreement capital sums		(79,753)	(68,327)
Net cash from operating activities	16	92,312	128,374
Cash flows (used in) investing activities			
Development expenditure on investment properties	11	(67,281)	(55,350)
Proceeds from disposal of investment property held for sale		2,429	—
Net cash (used in) investing activities		(64,852)	(55,350)
Cash flows (used in) financing activities			
Loans to related entity		(27,215)	(72,315)
Net cash (used in) financing activities		(27,215)	(72,315)
Net increase in cash and cash equivalents		245	709
Cash and cash equivalents at beginning of the year		2,256	1,547
Cash and cash equivalents at end of the year		2,501	2,256

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents	Page
Note 1 Corporate information	7
Note 2 Basis of preparation	7
Note 3 Critical accounting estimates and judgements	7
Note 4 Revenue	8
Note 5 Change in fair value of investment properties	8
Note 6 Operating expenses	8
Note 7 Income taxes	9
Note 8 Trade and other receivables	11
Note 9 Assets held for sale	11
Note 10 Property, plant and equipment	11
Note 11 Investment property	13
Note 12 Trade and other payables	14
Note 13 Obligations to residents	14
Note 14 Other liabilities	15
Note 15 Share capital	15
Note 16 Cash flow information	16
Note 17 Related parties	17
Note 18 Commitments	17
Note 19 Contingent liabilities	17
Note 20 Subsequent events	17
Note 21 Other accounting policies	17

1 Corporate information

Bupa Retirement Villages Limited ("the Company") operates and develops retirement villages for older people within New Zealand. The Company is a for-profit company.

The Company is incorporated and domiciled in New Zealand (registered Office Level 2, 109 Carlton Gore Road, Newmarket, Auckland). It is a wholly owned subsidiary of Bupa Care Services NZ Limited which is also domiciled in New Zealand. The ultimate parent company is The British United Provident Association Limited which is domiciled in the United Kingdom.

The financial report was authorised for issue by the directors on 20 March 2024. The Company has the power to amend and reissue the financial report.

2 Basis of preparation

These financial statements:

- Have been prepared in accordance with the New Zealand *Companies Act 1993*, the *Financial Reporting Act 2013*, *Retirement Villages Act 2003* and New Zealand Generally Accepted Accounting Principles ("NZ GAAP")
- Comply with the New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR") and other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS RDR. The Company is eligible and has elected to report in accordance with NZ IFRS RDR on the basis that the Company has no public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the Company has applied a number of disclosure concessions
- Have been prepared on a going concern basis:
 - The Company has Occupation Right Agreement ("ORA") liabilities due to retirement village residents. These liabilities do not present a threat to the Company's ability to continue to operate as a going concern, as they are owed to a large number of residents with no single amount to a resident being material. Furthermore, it has been the Company's historical experience, and is its ongoing expectation, that when an ORA liability is settled, an inflow in respect of a new ORA is soon received from a new incoming resident
- Have been prepared on the historical cost basis, except for the following:
 - investment properties and unit titles, measured at fair value
 - occupation right agreement liabilities, measured at fair value
 - assets held for sale, measured at the lower of cost or fair value, less cost to sell
- Are presented in New Zealand dollars, which is the Company's functional and presentation currency
- Have been rounded off to the nearest thousand dollars, unless otherwise stated
- Have consistently applied the accounting policies set out in the notes below to all periods presented
- The balance sheet for the Company is presented on the liquidity basis where the assets and liabilities are presented in the order of their liquidity.

Reclassification of comparative amounts

Compared to the published financial statements for the year ended 31 December 2022, certain items in the financial statements have been reclassified to conform to the current period's presentation:

- Certain types of operating expenses in note 6 have been reclassified between expense categories to better align to current year presentation, total operating expenses remains unchanged
- Occupational Right Agreement Garages of \$2.18m have been reclassified from trade and other payables to obligations to residents to better reflect the nature of the payable amount.

The reclassifications provide more reliable and relevant information. Reclassifications have no effect on the previously reported total comprehensive income for the year.

3 Critical accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the relevant accounting policies. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the following notes:

- 7 Income taxes
- 11 Investment property
- 14 Other liabilities and 4 Revenue- amenities fees tenure assumption

4 Revenue

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Revenue from accommodation and care services		
Village amenities fees	34,946	29,947
Village service fees ¹	15,150	14,154
Other operating revenue	1,422	1,033
Total revenue	51,518	45,134

¹All revenue is recognised over time.

Revenue accounting policy

Amenities fees

The Company provides accommodation services to retirement village residents. Amenities fees are charged to residents for these services. Amenities Fee (also known as deferred management fee) revenue is recognised over the estimated occupancy period, which is based on past experience.

Estimated occupancy periods:

Villas: 6.0 years (2022: 6.0 years)

Apartments: 4.9 years (2022: 4.5 years)

Amenities fee receivable is recognised over the contractual period of entitlement and is recorded as an offset against the Occupation Right Agreement capital sum paid by the resident. On termination of a resident's Occupation Right Agreement, the Company has a contractual right to deduct the accrued amenities fees from the capital sum refunded to the resident.

Amenities fees are not in scope of NZ IFRS 15 *Revenue from Contracts with Customers* as fees derived from rental income are recognised in accordance with NZ IFRS 16 *Leases*.

Revenue is recognised as the services are provided to the resident. Cash received in advance for services not yet provided is recognised as a contract liability and is presented with other liabilities in the statement of financial position. The transaction price of the services provided or yet to be provided is based on the contracted daily accommodation payment and/or the regulated care fees.

Village service fees

Village service fees are charged to the retirement village residents to cover the operational costs of the retirement village. Revenue is recognised over time in line with the provision of services.

5 Change in fair value of investment properties

Investment properties	56,626	49,402
Unit titles	(42)	(82)
Total change in fair value of investment properties	56,584	49,320

6 Operating expenses

Personnel expenses	8,684	6,755
Resident and medical expense	2,438	2,175
Utilities, rates and insurance expenses	7,188	7,187
Marketing	3,843	3,317
Repairs and maintenance	12,759	9,657
Professional fees, travel and communication	1,001	899
Other expenses	6,593	4,893
Total operating expenses	42,506	34,883

Reclassification of prior year amounts is detailed in note 2.

7 Income taxes

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
7 (a) Amounts recognised in profit or loss		
Current tax expense		
Current year	5,077	4,701
Adjustment for prior years	(3)	(1)
	5,074	4,700
Deferred tax (benefit)		
Origination and reversal of temporary differences	(2,549)	(1,877)
Adjustment for prior years	3	2
	(2,546)	(1,875)
Total tax expense	2,528	2,825
7 (b) Reconciliation of effective tax rate		
Profit before tax	65,440	59,536
Tax expense using the New Zealand corporate tax rate of 28% (2022: 28%)	18,323	16,670
Tax effect of non-temporary differences:		
Investment property fair value	(15,844)	(13,850)
Other items	49	5
Total tax expense	2,528	2,825

7 (c) Movement in deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

2023	Recognised in		Prior years	Balance at 31 December		
	Opening balance	Profit or loss		Net	Deferred Tax Assets	Deferred Tax Liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee entitlements	162	42	(3)	201	220	(19)
Long term maintenance	598	5	—	603	603	—
Other liabilities	8,820	3,429	—	12,249	12,249	—
Property, plant and equipment	106	(2)	—	104	104	—
Investment properties	(11,396)	(925)	—	(12,321)	—	(12,321)
Deferred tax assets/(liabilities) before set-off	(1,710)	2,549	(3)	836	13,176	(12,340)
Set-off of deferred tax assets/(liabilities)					(13,176)	13,176
Net deferred tax assets					—	836

7 (c) Movement in deferred tax assets and liabilities (continued)

2022	Recognised in		Prior years	Balance at 31 December		
	Opening balance	Profit or loss		Net	Deferred Tax Assets	Deferred Tax Liabilities
	\$'000	\$'000		\$'000	\$'000	\$'000
Employee entitlements	164	—	(2)	162	179	(17)
Long term maintenance	375	223	—	598	598	—
Other liabilities	6,138	2,682	—	8,820	8,820	—
Property, plant and equipment	108	(2)	—	106	106	—
Investment properties	(10,370)	(1,026)	—	(11,396)	—	(11,396)
Deferred tax assets/(liabilities) before set-off	(3,585)	1,877	(2)	(1,710)	9,703	(11,413)
Set-off of deferred tax assets/(liabilities)					(9,703)	9,703
Net deferred tax liabilities					—	(1,710)

Income tax accounting policy

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable / receivable on the taxable income / loss for the year calculated using tax rates enacted or substantively enacted at the reporting date and any adjustment in respect of previous years.

Deferred tax

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

- Arise from the initial recognition of assets or liabilities in a transaction that is not a business combination, and that affects neither accounting nor taxable profit or loss;
- Relate to investments in subsidiaries, associates and jointly controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; or
- Arise on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Offsetting balances

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, only if it is probable that future tax profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company considers the impact of uncertain tax positions and whether additional taxes and interest may be due when determining current and deferred tax balances. This relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities and such changes to tax liabilities will impact tax expense in the period that such a determination is made.

8 Trade and other receivables

		31 Dec 2023	31 Dec 2022
	Note	\$'000	\$'000
Receivables		3,321	3,786
Provision for doubtful debts		(11)	—
Amounts due from parent company ⁽¹⁾	17	5,321	—
Total trade and other receivables		8,631	3,786

¹ The amounts due from the parent company reflect net transactions paid and received by Bupa Care Services NZ Limited on behalf of the Company.

9 Assets held for sale

Assets and liabilities are classified as held for sale where the assets are actively marketed and/or there is an agreement to sell.

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Assets		
Investment property	—	1,249
Total assets held for sale	—	1,249
Liabilities		
Obligations to residents	—	904
Total liabilities held for sale	—	904

As at 31 December 2023, there are no Village assets or liabilities classified as held for sale.

Settlement of the Rahiri investment property which was held for sale at 31 December 2022 was completed on 30 June 2023.

Settlement of the Tasman investment property which was transferred to held for sale during the year was completed on 30 November 2023.

Non-current assets and liabilities held for sale accounting policy

Non-current assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale, rather than through continuing use within 12 months from the reporting date.

Such assets and liabilities are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale, and subsequent gains and losses and remeasurement, are recognised in profit or loss, except to the extent it reverses a credit recognised in reserves.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

10 Property, plant and equipment

The movement in the carrying amount of property, plant and equipment is as follows:

	Furniture and Chattels	Technology Hardware	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023	251	84	9	344
Depreciation	(17)	(2)	—	(19)
Balance at 31 December 2023	234	82	9	325

	Furniture and Chattels	Technology Hardware	Motor Vehicles	Total
2023				
Cost or fair value	433	880	405	1,718
Accumulated depreciation	(199)	(798)	(396)	(1,393)
Net Book Amount	234	82	9	325
2022				
Cost or fair value	434	882	405	1,721
Accumulated depreciation	(183)	(798)	(396)	(1,377)
Net Book Amount	251	84	9	344

Property, plant and equipment accounting policy

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognised as a net amount within 'other income' or 'operating expenses' in profit or loss.

Subsequent costs

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

Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets and is recognised in profit or loss. Leasehold improvement assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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

- Furniture and chattels: 4-10 years
- Technology hardware: 4-8 years
- Motor vehicles: 8-10 years

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

Impairment of non-financial assets accounting policy

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

11 Investment property

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Balance at 1 January	1,297,650	1,192,585
Transferred to assets held for sale	(4,069)	(1,249)
Development expenditure	67,281	55,350
Net gains from revaluation recognised in profit and loss (i)	57,588	50,964
Balance at 31 December	1,418,450	1,297,650
(i) Reconciliation to change in fair value of investment properties		
Net revaluation not included within this line item	(962)	(1,562)
	56,626	49,402

The Company's investment property is mainly held under freehold interest. These are subject to ORAs which confer the right to occupancy of the unit until such time as the resident's occupancy terminates and the occupancy rights are transferred to another resident. On termination, the agreement holders are entitled to repayment under the ORA less contractually agreed deductions when the unit is sold.

There is a registered first mortgage over Bupa Retirement Villages Limited's land in favour of the Statutory Supervisor to secure the Company's obligations to residents.

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Valuation of Owner's net interest and work-in-progress	710,315	658,413
Obligations to residents ¹	708,135	639,237
Total investment properties	1,418,450	1,297,650

¹ Excludes loans to village residents, garage licences and properties held for sale.

Investment property accounting policy

Investment property relates to retirement village units (both operating and under development) that are held for long term income yields. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Investment property is revalued on an annual basis with any gains or losses on revaluation taken to profit or loss.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the asset revaluation reserve in equity. Any loss is recognised in profit or loss.

Investment property work in progress is measured at fair value if the fair value can be reliably measured, the variability in the range of reasonable fair value measurements is not significant and the probability for the various estimates within ranges can be reasonably assessed.

Where an investment property is disposed of, the difference between the net sale price and the carrying value of the property is recognised in profit or loss as gain or loss on disposal of investment property.

Key judgement

The fair value of an Investment Property is a Level 3 fair value classification and is based on a discounted cash flow approach. Under this approach, a property's fair value is estimated using explicit assumptions about the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This involves the projection of a series of cash flows which are discounted using an appropriate, market-derived discount rate to establish their present value. Work in progress reflects the fair value at completion less costs to complete.

The fair value recognised is in line with the range determined through an independent valuation exercise performed by registered valuers, Jones Lang LaSalle ("JLL") at 31 December 2023. JLL's assessment, also based on discounted cash flow model, was in line with management's valuation.

Refer to note 21 (d) for detail on fair value measurement.

12 Trade and other payables

		31 Dec 2023	31 Dec 2022
	Note	\$'000	\$'000
GST payable		48	23
Other payables		2,831	2,444
Accrued expenses		1,524	899
Amounts owing to parent company ¹	17	—	18,849
Total trade and other payables		4,403	22,215

¹ The amounts payable to the parent company reflects net transactions paid and received by Bupa Care Services NZ Limited on behalf of the Company.

Trade and other payables accounting policy

Trade payables and other payables are recognised when the Company becomes obligated to make future payments resulting from the purchase of goods and services. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. Trade and other payables are non-interest bearing. All trade and other payables are current liabilities.

Reclassification of prior year amounts is detailed in note 2.

13 Obligations to residents

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Occupation Right Agreement capital sums	877,307	780,938
Provision for ORA capital gains	2,399	3,262
Occupation Right Agreement Garages	2,454	2,180
Less:		
Retirement village amenities fees	(171,571)	(144,964)
Loans to village residents	(918)	(449)
	709,671	640,967

The Company has a legal right to set-off any amounts owing to the Company by a resident against that resident's ORA capital sum including amenities fees and loans outstanding.

Reclassification of prior year amounts is detailed in note 2.

Occupation Right Agreements ("ORAs") accounting policy

ORAs represent the amount payable to a resident on termination of the resident's occupation rights to an independent living unit in a retirement village. These liabilities vary according to the agreement with the resident and are considered leases under NZ IFRS 16 *Leases*.

An ORA capital sum is paid by the holder at the commencement of the agreement. On termination the holder is entitled to repayment of the ORA capital sum plus any capital gain share less amenities fees.

Residents have the right to cancel their residency agreement with the Company at any time. As such, the liability is not discounted (based on the expected date of settlement) but is recognised as a current liability in the statement of financial position.

ORAs are stated net of amenities fees receivable and resident's share of capital gains.

14 Other liabilities

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Current	24,185	18,144
Non-current	19,551	13,358
Total other liabilities	43,736	31,502

Other liabilities represent the difference between the amenities fees revenue recognised for accounting purposes and the revenue contractually earned in terms of the ORA. Refer to note 4 (amenities fees) for more details.

15 Share capital

	Number of shares		Carrying value	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
			\$'000	\$'000
Ordinary shares on issue at 1 January	450,000,000	450,000,000	450,000	450,000
Ordinary shares on issue at 31 December	450,000,000	450,000,000	450,000	450,000

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Ordinary shares accounting policy

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

16 Cash flow information

Reconciliation of profit after income tax to net cash flow from operating activities

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Profit for the year	62,912	56,711
Adjustments for:		
Depreciation on property, plant and equipment	19	28
Investment properties fair value revaluation	(57,546)	(49,238)
Change in operating assets and liabilities:		
(Increase) / Decrease in trade and other receivables	458	(135)
Increase / (Decrease) in trade and other payables	6,116	6,997
Increase / (Decrease) in other liabilities	12,234	9,584
(Decrease) / Increase in net deferred tax	(2,546)	(1,875)
Increase / (Decrease) in current tax payable	1,993	225
Increase / (Decrease) in obligation to residents	67,710	107,640
(Decrease)/ increase in investment property associated with capital gain	962	(1,563)
Net cash from operating activities	92,312	128,374
Cash and cash equivalents		
Cash at bank and on hand	2,501	2,256
Total cash and cash equivalents	2,501	2,256

Cash and cash equivalents accounting policy

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other financial institutions and other short-term highly liquid investments. For the purpose of the statement of cash flows, cash includes cash on hand and in banks and term deposits readily convertible to cash within two working days. Cash and cash equivalents are measured at fair value.

17 Related parties

17 (a) Key management personnel remuneration

Key management personnel are employed and remunerated through the parent company, Bupa Care Services NZ Limited.

17 (b) Other related party transactions

Related entities balances recognised in the statement of financial position:

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Amounts (due from) / owing to parent company	(5,321)	18,849
	(5,321)	18,849

The (receivable) / payable is interest free and repayable on demand. The movement in the amount (due) / owing to the parent company relates to income received and expenditure paid by Bupa Care Services NZ Limited on behalf of the Company.

18 Commitments

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Commitments for future capital expenditure resulting from contracts entered into for construction and development of investment properties:		
Less than one year	37,057	30,401
Between one and five years	14,348	5,912
	51,405	36,313

19 Contingent liabilities

The Company has contingent liabilities arising in the ordinary course of business, including losses which might arise from litigation, disputes, regulatory compliance and interpretation of law. It is not considered that the ultimate outcome of any contingent liabilities will have a significant adverse impact on the financial condition of the Company.

20 Subsequent events

There were no events subsequent to 31 December 2023 which would materially affect the financial statements.

21 Other accounting policies

21 (a) Capital management

The Company is a member of the Bupa Australia and New Zealand Market Unit group of companies ("Bupa ANZ Group"). Capital management decisions are made by the Bupa ANZ Group with consideration given to the financial position and funding requirements of each of its subsidiaries. The Company's capital management objective is to maintain capital sufficient to protect the interests of its residents, maintain creditor and market confidence and sustain future development of the business.

21 (b) Finance income and finance expenses

Finance income comprises interest income on loans to related parties and interest earned on cash held at bank. Interest income is recognised as it accrues in profit or loss using the effective interest method.

Finance expenses comprise interest expense on loans and borrowings from related entities and are recognised in profit or loss using the effective interest method.

21 (c) Financial assets and liabilities

Financial assets comprise cash and cash equivalents and trade and other receivables

The Company initially recognises receivables on the date that they originate. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial liabilities comprise trade and other payables and ORA liabilities.

The Company initially recognises financial liabilities on the trade date, which is the date that it becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

21 (c) (i) Trade and other receivables

Trade and other receivables are recognised initially at fair value, subsequently measured at amortised cost and are disclosed net of any expected credit loss. The balance is not discounted because the amounts are expected to be recovered in the next 12 months. Prepayments within the trade and other receivables are not financial assets at amortised cost.

21 (c) (ii) Expected credit losses on loans and trade and other receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. An allowance matrix is applied, based on the Company's historical experience and incorporating forward looking information.

21 (d) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values. Fair value related disclosures are summarised in the following notes:

- Note 11 - Investment property

Fair value measurement may be subjective and requires judgement. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

21 (e) Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of Goods and Services Tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, GST is recognised as part of the cost of acquisition of an asset or as part of the expense.

Receivables and payables are stated with the GST included. The net amount of GST recoverable from, or payable is included as a current asset or liability in the statement of financial position.

The GST component of cash flows are included in the statement of cash flows on a gross basis.



Independent auditor's report

To the shareholder of Bupa Retirement Villages Limited

Our opinion

In our opinion, the accompanying financial statements of Bupa Retirement Villages Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

What we have audited

The financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Independence

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)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we 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.



Responsibilities of the Directors 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 NZ IFRS RDR, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

This description forms part of our auditor's report.

Who we report to

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

The engagement partner on the audit resulting in this independent auditor's report is Sarah Turner.

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

Chartered Accountants
20 March 2024

Wellington

Companies Act 1993 disclosures

In accordance with S.211(3) of the Companies Act 1993 the shareholder has agreed that the annual report need not comply with disclosures required by S.211(1), however the Company has elected to disclose Auditors Fees.

Auditors Fees

Company's external auditor is PricewaterhouseCoopers. The fees for the Company's financial statements audit and reporting to statutory supervisor are paid and disclosed in Bupa Care Services NZ Limited financial statements. No other fees were payable for other professional services.