

www.retirementvillages.govt.nz | 0800 268 269

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

Annual return and certificate of registered documents

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

Name of village

Registration number

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

Registration number

Part 3 — Certificate of registered documents

I,

(Insert name of operator)

certify that

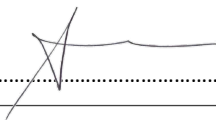
for:

(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.
(Form RV3 — Change of circumstances must be completed for material changes).

Signed:


.....

Name of signatory

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:

Address:

Fax number (optional):



28 September 2021

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

Report of Statutory Supervisor in respect of Riversaint Villages (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 Riversaint Villages Limited (Operator), dated 29 June 2021.

The four villages that under the ownership of the operator are:

Village name	Registration Number
St Barnabas Close	2072830
Arohaina Village	2072834
Riversdale Lifestyle Village	2072844
St Lukes Village	2072832

This report accompanies the Operator's 2021 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 audited financial statements for the year ended 31 March 2021 of **Heritage Lifecare Villages Limited**, being the previous operator of the Villages which was the Operator of the Villages at all relevant times during the year to 31 March 2021. The financial statements of Heritage Lifecare Villages Limited 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.

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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/will,
 - a. provided and maintained a stakeholder facility for all resident moneys and this facility has been subject to external audit;
 - b. monitored the financial position of the Village;
 - c. We have reported to the residents of Arohaina and will report to the other village 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 and previous operator have complied with all covenants, in particular all financial obligations and reporting requirements, contained in the Deed of Supervision. However three of the four villages AGM's will be held later than 30 September 2021 due to Covid 19 restrictions.
3. We have reviewed all scheduled reports from the Operator for the period ended 31 March 2021;
4. All occupation right agreements issued or terminated during the period ended 31 March 2021 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.

Covenant Trustee Services Limited

Malcolm T Gray
Relationship Manager

Heritage Lifecare Villages Limited

Annual Report and Financial Statements

For the Year Ended 31 March 2021

Heritage Lifecare Villages Limited
Table of Contents
For the Year Ended 31 March 2021

Contents	Page
Company Directory	1
Directors' Report	2
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Auditors' Report	28

Heritage Lifecare Villages Limited
Company Directory
For the Year Ended 31 March 2021

Nature of Business	The principal activity of the Company during the year was the operation of retirement villages
Registered Office	Simpson Grierson Level 27, 88 Shortland Street Auckland Central Auckland 1010
Directors	Norah Kathleen Barlow Bryan Lau Young (appointed 5 May 2021) Anthony Kevin Kerwick (ceased 5 May 2021) Peter Gerard Leathem (ceased 28 April 2021) Peter James Murray (ceased 5 May 2021) David John Renwick (ceased 28 April 2021) Angus John Stuart (ceased 5 May 2021) Richard John Waters (ceased 5 May 2021)
Auditor	Ernst & Young
Banker	Bank of New Zealand Limited
Legal Advisor	Simpson Grierson

Heritage Lifecare Villages Limited

Directors' Report

For the Year Ended 31 March 2021

The Directors present their Annual Report including the Financial Statements of the Company for the year ended 31 March 2021.

As required by Section 211 of the Companies Act 1993 we disclose the following information:

Nature of Business

The nature of the Company's business has not changed during the year ended 31 March 2021.

Results

The profit for the Company after taxation was \$13,892K (2020: Profit of \$9,147K).

Dividends

The Directors recommend that no dividend be paid (2020: None).

Audit Fees

The Company's auditor is Ernst & Young. Ernst & Young were appointed in August 2017 and have indicated their willingness to continue as the Company's auditor. The following payments were made to Ernst & Young during the year ended 31 March 2021:

Auditor Payments (\$'000)	31 March 2021	31 March 2020
Audit fees	57	56
Taxation services	-	-
Other advisory services	-	-
	57	56

Directors

The Directors of the Company during the year ended 31 March 2021 were:

Norah Kathleen Barlow
Bryan Lau Young (appointed 5 May 2021)
Anthony Kevin Kerwick (ceased 5 May 2021)
Peter Gerard Leathem (ceased 28 April 2021)
Peter James Murray (ceased 5 May 2021)
David John Renwick (ceased 28 April 2021)
Angus John Stuart (ceased 5 May 2021)
Richard John Waters (ceased 5 May 2021)

Directors' Disclosures

The Directors have no additional disclosures for the year ended 31 March 2021 (2020: None).

Heritage Lifecare Villages Limited
Directors' Report
For the Year Ended 31 March 2021

Directors' Fees

The Directors were not paid any fees by the Company during the year ended 31 March 2021 (2020: None).

Donations

The Company made no donations during the year ended 31 March 2021 (2020: None).

Employee Remuneration

There were no employees remunerated over \$100,000 by the Company during the year ended 31 March 2021 (2020: None).

For and on behalf of the Board of Directors:



Director

29 / 07 / 2021

Date



Director

29 / 07 / 2021

Date

Heritage Lifecare Villages Limited
Statement of Comprehensive Income
For the Year Ended 31 March 2020

(\$'000)	Note	31 March 2021	31 March 2020
Total revenue	2	4,833	4,585
Administration costs		(211)	(132)
Depreciation	10	(831)	(908)
Direct costs		(136)	(111)
Employee costs	3	(1,200)	(1,308)
Management fees		(415)	(415)
Operating overheads		(1,923)	(1,820)
Operating profit/(loss) from villages	3	117	(109)
Change in fair value of investment property	11	14,656	(419)
Change in residents' loans	15	(1,097)	(967)
Loss on revaluation of property, plant and equipment		-	(2,091)
Net gain/(loss) from sale of assets		58	105
Operating profit/(loss) before net finance costs		13,734	(3,481)
Finance income	4	1	5
Finance costs	4	-	(83)
Profit/(loss) before tax		13,735	(3,559)
Income tax (expense)/credit	5	157	12,706
Profit/(loss) after tax		13,892	9,147
Other Comprehensive Income			
<i>Items which will not be reclassified subsequently to profit or loss, net of tax:</i>			
Gain on revaluation of property, plant and equipment		65	2,535
Total comprehensive income		13,957	11,682

The financial statements should be read in conjunction with the accompanying notes.

Heritage Lifecare Villages Limited
Statement of Changes in Equity
For the Year Ended 31 March 2021

(\$'000)	Note	Retained Earnings	Maintenance Reserve	Revaluation Reserve	Share Capital	Total Equity
Opening balance at 1 April 2019		7,012	259	-	14,358	21,629
Profit/(loss) for the year		9,147	-	-	-	9,147
Gain on revaluation of property, plant and equipment		-	-	2,535	-	2,535
Total comprehensive income		9,147	-	2,535	-	11,682
Maintenance reserve funds		-	(55)	-	-	(55)
Share capital issued	16	-	-	-	-	-
Balance at 31 March 2020		16,159	204	2,535	14,358	33,256
Profit/(loss) for the year		13,892	-	-	-	13,892
Release of deferred tax in relation to held for sale assets		-	-	124	-	124
Gain on revaluation of property, plant and equipment		-	-	65	-	65
Total comprehensive income		13,892	-	189	-	14,081
Maintenance reserve funds		-	1	-	-	1
Share capital issued	16	-	-	-	-	-
Balance at 31 March 2021		30,051	205	2,724	14,358	47,338

The financial statements should be read in conjunction with the accompanying notes.

Heritage Lifecare Villages Limited
Statement of Financial Position
As at 31 March 2021

(\$'000)	Note	31 March 2021	31 March 2020
Assets			
Cash and cash equivalents	6	1,229	504
Trade and other receivables	7	320	214
Assets held for sale	8	59,868	-
Related party advances	9	1,036	1,039
Property, plant and equipment	10	51,678	55,245
Investment property	11	92,382	132,534
Deferred tax asset	5	1,858	1,224
Total assets		208,371	190,760
Liabilities			
Trade and other payables	12	410	654
Employee entitlements	13	51	32
Current tax liability		363	627
Liabilities held for sale	8	38,639	-
Related party advances	9	67,912	69,279
Residents' loans	15	53,658	86,914
Total liabilities		161,033	157,506
Net assets		47,338	33,254
Equity			
Share capital	16	14,358	14,358
Reserves	16	2,929	2,739
Retained earnings		30,051	16,157
Total equity		47,338	33,254

For and on behalf of the Board of Directors, these consolidated financial statements were authorised for issue on 29 July 2021.



Director

29 / 07 / 2021

Date



Director

29 / 07 / 2021

Date

The financial statements should be read in conjunction with the accompanying notes.

Heritage Lifecare Villages Limited
Statement of Cash Flows
For the Year Ended 31 March 2021

(\$'000)	Note	31 March 2021	31 March 2020
Cash Flows from Operating Activities			
Receipts from residents		7,947	7,257
Payments to suppliers and employees		(4,110)	(3,427)
Interest received		2	5
Interest paid		-	(83)
Income tax paid		(616)	(296)
Maintenance reserve spending		-	(55)
Net cash (outflow)/inflow from operating activities	17	3,223	3,401
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(208)	(210)
Purchase of investment property		(926)	(789)
Net cash (outflow)/inflow from investing activities		(1,134)	(999)
Cash Flows from Financing Activities			
Repayment of related party advances		(1,364)	(2,633)
Net cash (outflow)/inflow from financing activities		(1,364)	(2,633)
Net increase/(decrease) in cash and cash equivalents		725	(231)
Cash and cash equivalents at the beginning of the year		504	735
Cash and cash equivalents at the end of the year	6	1,229	504

The financial statements should be read in conjunction with the accompanying notes.

Heritage Lifecare Villages Limited

Notes to the Financial Statements

For the Year Ended 31 March 2021

1. SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

Heritage Lifecare Villages Limited (the “Company”) is a for-profit, limited liability company incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993.

The financial statements presented for the year ended 31 March 2021 are for the Company.

The Company is in the business of owning and operating retirement villages for the elderly in New Zealand.

These financial statements have been authorised for issue by the Board of Directors on 29 July 2021.

Basis of Preparation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”) and comply with the New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (“NZ IFRS (RDR)”).

The Company is eligible to report in accordance with NZ IFRS (RDR) on the basis that it does not have 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.

These financial statements have been prepared under the going concern basis.

These financial statements have been prepared under the historical cost measurement basis, as modified by the revaluation of land and buildings used to provide aged care services, and investment properties held to earn rental income or for capital appreciation.

These financial statements have been presented in New Zealand dollars (\$), which is the functional currency of the Company. All values are rounded to the nearest thousand (\$'000) unless otherwise stated.

These financial statements have been presented with all amounts shown exclusive of goods and services tax (“GST”), except for trade receivables and trade payables, and except where the amount of GST incurred is not recoverable. When this occurs, GST is recognised as part of the cost of the asset or as an expense, as applicable.

Heritage Lifecare Villages Limited

Notes to the Financial Statements

For the Year Ended 31 March 2021

Critical Accounting Estimates and Judgements

The preparation of these financial statements, in accordance with NZ IFRS (RDR), requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and assumptions are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The principal areas of judgement in preparing these financial statements are described in the following notes:

Note 2	Deferred Management Fees
Note 5	Deferred Taxation
Note 7	Expected Credit Losses
Note 10	Useful Life of Property, Plant and Equipment
Note 10	Valuation of Land and Buildings
Note 11	Valuation of Investment Property

Accounting Policies

Accounting policies that summarise the measurement basis used and that are relevant to an understanding of these financial statements, are provided throughout the accompanying notes.

The accounting policies used have been applied consistently throughout the periods presented in these financial statements.

The Company adopted all mandatory new and amended NZ IFRS Standards and Interpretations.

New Standards and Interpretations Not Yet Adopted

There are no new standards, amendments or interpretations that have been issued and are not yet effective, that are expected to have a significant impact on the Company.

2. TOTAL REVENUE

Village fees associated with the provision of care services are recognised over the period in which the services are rendered.

Village fees include deferred management fees. Deferred management fees entitle residents to accommodation and the use of community facilities within the village. They are recognised on a straight-line basis over the period of service, being the greater of the expected period of tenure or the contractual right to revenue.

Rental income from investment property is recognised on a straight-line basis over the term of the lease. No rent is charged to related parties that utilise the care home assets included in property, plant and equipment.

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

Other income includes income derived from resident recoveries and other sundries for services provided to residents such as meals and cleaning, which are recognised in the period the service is rendered.

Total revenue includes the following:

Total Revenue (\$'000)	31 March 2021	31 March 2020
Village fees	4,713	4,401
Rental income	74	120
Other income	46	64
	4,833	4,585

Key Judgements and Estimates

Deferred management fees are recognised as revenue on a straight-line basis. This requires management to estimate the period of occupancy for units. The expected occupancy periods are estimated for each village based on historical results and on the profile of current residents. Occupancy periods have been estimated at between 4 – 9 years (2020: 4 – 8 years) per note 11.

3. OPERATING PROFIT/(LOSS) FROM VILLAGES

Employment expenses relate to wages and salaries of employees which includes holiday pay and employee incentives. These expenses are recognised as the benefit accrues to the employee.

Property expenses relate to costs associated with running a retirement village such as rates, insurance, repairs and maintenance, purchases of consumables and power costs. These expenses are recognised as they are incurred.

Operating profit/(loss) from villages includes the following:

Costs (\$'000)	31 March 2021	31 March 2020
Employee benefit costs		
Salaries and wages	1,118	1,296
Kiwisaver contributions	12	13
Fees paid to auditor		
Audit fees	57	56

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

4. NET FINANCE COSTS

Finance costs include interest expense on borrowings and are recognised using the effective interest method. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Net finance costs include the following:

Total Finance Income (\$'000)	31 March 2021	31 March 2020
Interest income on loans and receivables	1	5
	1	5
<hr/>		
Total Finance Expenses (\$'000)	31 March 2021	31 March 2020
Interest expense on financial liabilities measured at amortised cost	-	1
Interest expense on related party advances	-	82
	-	83

5. INCOME TAX

Income tax expense includes current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). The applicable tax rate is 28% (2020: 28%).

Deferred tax is recognised in respect of temporary differences between the net book value of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- the initial recognition of goodwill
- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit

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

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. A deferred tax asset is recognised only to the extent that it is probable it will be utilised.

Income Tax Expense/(Credit)

	31 March 2021	31 March 2020
Total Income Tax Expense/(Credit) (\$'000)		
Current tax	352	682
Deferred tax	(509)	(13,388)
	(157)	(12,706)

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	31 March 2021	31 March 2020
Reconciliation to Profit/(Loss) Before Tax (\$'000)		
Profit/(loss) before tax	13,735	(3,559)
Taxation @ 28%	3,847	(996)
Tax effect of:		
Prior year over/(under) provision	67	(24)
Timing differences	-	(12,642)
Non-taxable income	(3,814)	(146)
Release of deferred tax on assets held for sale	(258)	-
Non-deductible expenditure	-	1,102
	(157)	(12,706)

Imputation Credits

The imputation credit balance for the Company as at 31 March 2021 is Nil (2020: Nil).

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

Deferred Tax

Movement in the deferred tax balance is as follows:

Total Deferred Taxation (\$'000)	Opening Balance	Movement Through Revaluation Reserve	Charged/ (Credited) to Profit or Loss	Charged/ (Credited) to Other Comprehensive Income	Closing Balance
Deferred management fee revenue in advance	(674)	-	(371)	-	(1,045)
Property, plant and equipment	12,478	-	(13,023)	382	(163)
Other	(22)	-	6	-	(16)
Balance at 31 March 2020	11,782	-	(13,388)	382	(1,224)
Deferred management fee revenue in advance	(1,045)	-	(330)	-	(1,375)
Property, plant and equipment	(163)	(124)	(195)	-	(483)
Other	(16)	-	16	-	-
Balance at 31 March 2021	(1,224)	(124)	(509)	-	(1,858)

Key Judgements and Estimates

The Company has assumed that the net book value of investment property will be recovered through sale, and deferred tax has been calculated on that basis.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks and bank overdrafts.

Total cash and cash equivalents includes the following:

Total Cash and Cash Equivalents (\$'000)	31 March 2021	31 March 2020
Cash on hand	-	1
Bank balances	1,229	503
	1,229	504

Heritage Lifecare Villages Limited

Notes to the Financial Statements

For the Year Ended 31 March 2021

Maintenance Reserves

Bank balances include \$673K (2020: \$71K) in respect of a maintenance reserve for a number of retirement villages. These funds have been set aside for the maintenance and replacement of communal assets of relevant villages. The funds are not refundable to exiting residents, and can only be used for expenditure related to relevant villages. Use of the funds are reported to village residents at their respective Annual General Meetings.

Security

Bank overdraft facilities are secured by a first mortgage over land and buildings held by the Company with a net book value of \$51,678K (2020: \$55,245K). The HLL Holdco (the parent company) Group debt is also secured over the land and buildings held by the Company. The mortgage ranks behind the encumbrance over investment property held by the Statutory Supervisor (see Note 11). At 31 March 2021, there was no overdraft facility available to the Company (2020: \$100K).

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate, less an allowance for impairment.

Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted.

Key Judgements and Estimates

The loss allowance (if any) is made up of expected credit losses based on an assessment of trade receivables debt at the individual level for impairment.

Total trade and other receivables includes the following:

	31 March 2021	31 March 2020
Total Trade and Other Receivables (\$'000)		
Trade receivables	247	179
Other receivables	52	14
Prepayments	21	21
	320	214

Impairment

The Company assesses impairment of trade receivables based on the type of debtor as they possess shared credit risk characteristics. Any impairment is recognised in the income statement when it is incurred.

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

8. ASSETS HELD FOR SALE

Assets held for sale comprise of retirement villages that the Group has decided to sell.

Movement in assets held for sale is as follows:

Total Assets Held for Sale (\$'000)	31 March 2021	31 March 2020
Opening balance	-	510
Disposed	-	(510)
Transfer from/(to) investment property	56,859	-
Transfer from property, plant and equipment	3,009	-
	59,868	-

Liabilities directly related to assets held for sale comprise of resident loan liabilities for retirement villages that the Group has decided to sell.

Movement in liabilities directly related to assets held for sale is as follows:

Total Liabilities Directly Related to Assets Held for Sale (\$'000)	31 March 2021	31 March 2020
Opening balance	-	-
Transfer from residents' loans	38,639	-
	38,639	-

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

9. RELATED PARTY TRANSACTIONS

The total amount of transactions and balances with related parties are as follows:

(\$'000)	Services Paid	Interest Paid	Advances Owing From	Advances Owing To
2020				
Annie Brydon Village Limited	-	-	-	(49)
Cantabria Village Limited	-	-	7	-
Clutha Views Village Limited	-	-	31	-
Edith Cavell Village Limited	-	-	101	-
George Manning Village Limited	-	-	599	-
Heritage Lifecare (BPA) Limited	-	-	-	(5,186)
Heritage Lifecare Limited	415	82	-	(64,044)
Palms Retirement Village Limited	-	-	209	-
Roseneath Lifecare Village Limited	-	-	92	-
Balance at 31 March 2020	415	82	1,039	(69,279)
2021				
Annie Brydon Village Limited	-	-	-	(61)
Cantabria Village Limited	-	-	6	-
Clutha Views Village Limited	-	-	31	-
Edith Cavell Village Limited	-	-	101	-
George Manning Village Limited	-	-	599	-
Heritage Lifecare (BPA) Limited	-	-	-	(5,791)
Heritage Lifecare Limited	415	-	-	(62,013)
Heritage Lifecare Villages Limited	-	-	-	(47)
Palms Retirement Village Limited	-	-	207	-
Roseneath Lifecare Village Limited	-	-	92	-
Balance at 31 March 2021	415	-	1,036	(67,912)

No interest is paid on advances from related parties and no security is provided. The advances are repayable on demand.

Impairment

No impairment losses have been recognised during the year ended 31 March 2021 (2020: None recognised).

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes care facilities and corporate assets held for administrative purposes.

Property, plant and equipment are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent to initial recognition, land and buildings associated with the provision of aged care services are recorded at a revalued amount, which is the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses, if any, since the assets were last revalued. Other items of plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

If the net book value is increased as a result of a revaluation, the increase is recognised as other comprehensive income, however, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Any decrease in net book value as a result of a revaluation is recognised in profit or loss unless it offsets a previous surplus of the same asset in other comprehensive income.

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.

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

For plant and equipment, depreciation is based on the cost of an asset less its residual value. Where significant components of individual assets have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, with the exception of land, which is not depreciated. Assets under construction are not subject to depreciation. Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

Key Judgements and Estimates

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings	50 years
Chattels & Furniture	2 – 10 years
Technology & Hardware	1 – 3 years

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

Movement in property, plant and equipment is as follows:

Total Property, Plant and Equipment (\$'000)	Land	Buildings	Chattels	Technology	Work in Progress	Total
Cost or Valuation						
Opening cost at 1 April 2019	10,447	45,502	23	1	188	56,161
Acquisitions via business combinations	-	-	-	-	-	-
Additions	-	24	-	1	84	109
Revaluation	1,013	(1,981)	-	-	-	(968)
Total cost or valuation at 31 March 2020	11,460	43,545	23	2	272	55,302
Accumulated Depreciation						
Opening accumulated depreciation at 1 April 2019	-	(1,148)	(2)	-	-	(1,150)
Depreciation	-	(905)	(2)	(1)	-	(908)
Revaluation	-	2,001	-	-	-	2,001
Total accumulated depreciation at 31 March 2020	-	(52)	(4)	(1)	-	(57)
Net book value at 31 March 2020	11,460	43,493	19	1	272	55,245
Cost or Valuation						
Opening cost at 1 April 2020	11,460	43,545	23	2	272	55,302
Acquisitions via business combinations	-	-	-	-	-	-
Additions	-	456	-	-	1	457
Work in progress capitalised	-	-	-	-	(250)	(250)
Transfer to assets held for sale	(575)	(2,425)	(11)	(1)	-	(3,012)
Revaluation	-	65	-	-	-	65
Total cost or valuation at 31 March 2021	10,885	41,641	12	1	23	52,562
Accumulated Depreciation						
Opening accumulated depreciation at 1 April 2019	-	(52)	(4)	(1)	-	(57)
Depreciation	-	(828)	(2)	-	-	(830)
Transfer to assets held for sale	-	-	3	-	-	3
Total accumulated depreciation at 31 March 2021	-	(866)	(3)	(1)	-	(884)
Net book value at 31 March 2021	10,855	40,761	9	-	23	51,678

Heritage Lifecare Villages Limited

Notes to the Financial Statements

For the Year Ended 31 March 2021

Security

At 31 March 2021, land and buildings with a net book value of \$51,678K (2020: \$55,245K) are subject to a first mortgage to secure bank loans held by the immediate holding company, Heritage Lifecare Limited. The HLL Holdco (the parent company) Group debt is also secured over the land and buildings held by the Company. The mortgage ranks behind the encumbrance over investment property held by the Statutory Supervisor (see Note 11).

Key Judgements and Estimates

Fair value of land and buildings is determined by reference to market-based evidence. Independent valuations are performed with sufficient regularity to ensure the net book value does not differ materially from the asset's fair value at the balance sheet date.

An independent valuation to determine the fair value of care facilities that are classified as land and buildings was not carried out during the year ending 31 March 2021 (2020: Valuation carried out by CBRE Limited, an independent registered valuer). The method used was a capitalisation of earnings and sales comparison approach.

During the year ending 31 March 2021, the fair value of care facilities that are classified as land and buildings, transferred to Assets Held for Sale were revalued to fair value prior to transfer.

As the fair value of land and buildings is determined using inputs that are unobservable, the Company has categorised property, plant and equipment as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 – Fair Value Measurement.

Significant unobservable inputs used in the most recent fair value measurement of the Company's portfolio of land and buildings are:

Assumption	Estimate Used
Capitalisation Rates	Rates used range from 12.50% – 14.25%
Earnings	Market value for a care bed ranging from \$72K – \$110K

(These assumptions relate to the wider Heritage group.)

A significant decrease/(increase) in the capitalisation rate would result in a significantly higher/(lower) fair value measurement and a significant increase/(decrease) in the earnings per care bed would result in a significantly higher/(lower) fair value measurement.

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

11. INVESTMENT PROPERTY

Investment property is property (land or buildings) held to earn rental or for capital appreciation, rather than for use by the Company in the ordinary course of business or held for sale. They include land and buildings, equipment and furnishings relating to retirement village units and community facilities, including units and facilities under development.

All retirement village units that are contracted with an occupation right agreement are classified as investment property as the majority of the net operating cash flows generated are for the purpose of earning rental income and capital appreciation.

Investment property is initially recognised at cost and subsequently measured at fair value, with any change in fair value recognised in the profit or loss.

Investment property under construction is carried at cost.

Depreciation is not charged on investment property.

Movement in investment property is as follows:

Total Investment Property (\$'000)	31 March 2021	31 March 2020
Opening balance	132,534	131,654
Additions	2,051	789
Transfer (to)/from assets held for sale	(56,859)	510
Fair value movement	14,656	(419)
	92,382	132,534

Total investment property includes the following:

Total Investment Property (\$'000)	31 March 2021	31 March 2020
Manager's net interest	38,460	45,620
Liability for residents' loans	63,654	90,643
Revenue received in advance/(accrued income)	(9,732)	(3,729)
	92,382	132,534

Security

At 31 March 2021, investment property with a fair value of \$92,271K (2020: \$132,534K) is subject to a first mortgage to secure bank loans held by the immediate holding company, Heritage Lifecare Limited. A memorandum of encumbrance in favour of the Statutory Supervisor of the Company is registered as a first mortgage over the Company's investment property to protect the interests of residents. The mortgage ranks behind the encumbrance over investment property held by the Statutory Supervisor.

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

Key Judgements and Estimates

Fair value of investment property is determined on an annual basis.

An independent valuation to determine the fair value of investment property was carried out at 31 March 2021 by CBRE Limited, an independent registered valuer (2020: Valuation carried out by CBRE Limited). The method used was a discounted cash flow approach. 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. The fair value as determined by the independent registered valuer is adjusted for assets and liabilities already recognised in the balance sheet which are also reflected in the cash flow analysis.

As the fair value of investment property is determined using inputs that are unobservable, the Company has categorised investment property as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 – Fair Value Measurement.

Significant unobservable inputs used in the most recent fair value measurement of the Company’s portfolio of investment property are:

Assumption	Estimate Used
Unit Growth Rates	Between 0.5% – 3.5% (2020: -2.0% – 3.5%)
Discount Rates	Between 13.5% – 25.0% (2020: 13.75% – 25.25%)
Occupancy Periods	Between 4 - 9 years (2020: 3 – 9 years)

(These assumptions relate to the wider Heritage group.)

The estimate of expected occupation periods for Occupation Rights Agreements affects the valuation of Investment Property and the period over which deferred management fees are deferred and recognised. Expected occupancy periods are estimated for each village based on historical results and on the profile of current residents.

A significant decrease/(increase) in the occupancy period of retirement units would result in a significantly higher/(lower) fair value measurement and a significant increase/(decrease) in the average entry age of residents would result in a significantly higher/(lower) fair value measurement.

12. TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Trade payables generally have terms of 30 days and are interest free. Trade payables of a short-term duration are not discounted.

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

Total trade and other payables include the following:

Total Trade and Other Payables (\$'000)	31 March 2021	31 March 2020
Trade payables	140	128
Other payables and accruals	268	505
GST payable	-	19
PAYE payable	2	2
	410	654

13. EMPLOYEE ENTITLEMENTS

A provision is made for benefits accruing to employees in respect of wages, salaries, annual leave and short-term incentives when it is probable that settlement will be required and the amount can be estimated reliably.

Total employee entitlements include the following:

Total Employee Entitlements (\$'000)	31 March 2021	31 March 2020
Annual leave liability	49	32
Alternative leave liability	2	-
	51	32

14. FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and market risk arises in the normal course of the Company's business. The Board of Directors review and agree on policies for managing each of these risks as summarised below.

Categories of Financial Instruments

A financial instrument is recognised if the Company becomes 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 asset to another party without retaining control of 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.

The Company's principal financial instruments comprise residents' loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Company's operations.

The Company also holds other financial assets and liabilities such as trade receivables and trade payables, which arise directly from operations.

Heritage Lifecare Villages Limited

Notes to the Financial Statements

For the Year Ended 31 March 2021

Financial Assets

Financial assets are initially recorded at fair values less any transaction costs. After initial recognition, these are measured at amortised cost using the effective interest method less an allowance for impairment.

The Company assesses at each reporting date whether a financial asset or a group of financial assets is impaired, by doing an assessment on the expected credit losses on a forward-looking basis. The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. Lifetime expected credit losses are the expected shortfalls in contractual cash flows, taking into account the potential for default at any point during the life of the financial instrument.

Financial Liabilities

Financial liabilities are classified as liabilities at amortised cost.

15. RESIDENTS' LOANS

Residents' loans are amounts payable to the Company under occupation right agreements. An occupation right agreement confers a right of occupancy to a retirement village unit for life, or until the agreement is terminated. The consideration received on the grant of an occupation right agreement is allocated to the resident's loan in full.

These loans are non-interest-bearing and are repayable to the exiting resident, net of any amount owing to the Company, when a new occupation right agreement for the unit is issued to an incoming resident. Residents' loans are initially recognised at fair value and subsequently measured at amortised cost.

The Company 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. The fair value of the residents' loans is equal to the face value, being the amount that can be demanded for repayment.

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 resident's loan amount as per the resident's occupation right agreement. Deferred management fees receivable is calculated and recorded based on the current tenure of the resident and the contractual right to deferred management fees earned at balance date.

Under certain occupation right agreements, residents are entitled to receive some or all of the capital gain which has occurred from the increase in value of the unit. The resident's entitlement to the capital gain is included in the resident's loan repayable. The capital gain payable to residents and the operator is shown at fair value, calculated by CBRE Limited in the valuation of the investment property. Refer to Note 2 for further detail on recognition of deferred management fee revenue.

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

Movement in residents' loans are as follows:

Total Residents' Loans (\$'000)	31 March 2021	31 March 2020
Opening balance	86,914	83,217
Acquisitions via business combinations	-	-
Capital gains payable (current year movement)	1,097	967
Capital gains repaid	(868)	(684)
Deferred management fees (current year movement)	2,332	2,100
Deferred management fees credited to profit or loss	(2,224)	(1,832)
Net residents' loans reclassified as assets held for sale	(38,639)	-
Residents' loans (current year movement)	15,255	11,921
Residents' loans repaid	(10,209)	(8,775)
	53,658	86,914

Total residents' loans include the following:

Total Residents' Loans (\$'000)	31 March 2021	31 March 2020
Deferred management fees	(12,740)	(19,862)
Income in advance	3,007	3,729
Residents' loans	63,391	103,047
	53,658	86,914

16. SHARE CAPITAL AND RESERVES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

At 31 March 2021, there were 14,357,827 ordinary shares on issue (2020: 14,357,827). All ordinary shares are authorised, fully paid and have no par value. All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

Total Share Capital (\$'000)	Ordinary Shares	Total
Opening balance at 1 April 2019	14,358	14,358
Shares issued	-	-
Total balance at 31 March 2020	14,358	14,358
Shares issued	-	-
Total balance at 31 March 2021	14,358	14,358

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

Revaluation Reserve

The revaluation reserve is used to record the revaluation of care centre land and buildings.

17. RECONCILIATION OF OPERATING RESULTS AND OPERATING CASH FLOWS

(\$'000)	31 March 2021	31 March 2020
Profit/(loss) after tax	13,892	9,147
Adjustments for:		
Changes in assets held for sale	-	-
Depreciation	831	908
Gain/(loss) on disposal of property, plant and equipment	-	(105)
Loss on revaluation of property, plant and equipment	-	2,091
Changes in fair value of investment property	(14,656)	419
Deferred management fees credited to profit or loss	(2,224)	(1,832)
Changes in residents' capital gains payable	1,039	967
Deferred tax liability	(510)	(13,388)
Other adjustments	1	(55)
	(15,519)	(10,995)
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(104)	(58)
Increase/(decrease) in trade and other payables	(244)	384
Increase/(decrease) in employee entitlements	19	(25)
Increase/(decrease) in current tax liability	(264)	386
Increase/(decrease) in residents' loans	5,443	4,562
	4,850	5,249
Net cash flow from operating activities	3,223	3,401

Cash comprises cash at bank, bank overdrafts, cash on hand and call deposit facilities with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, investment property, and other investments. Investments can include securities not falling within the definition of cash.

Financing activities are those activities which result in changes to the size and composition of the capital and funding structure of the Company.

18. CAPITAL COMMITMENTS

At 31 March 2021, there are no known capital commitments (2020: None).

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

19. CONTINGENT LIABILITIES

At 31 March 2021, the assets of the Company are subject to a first mortgage to secure bank loans held by the immediate parent company, Heritage Lifecare Limited. The Company has signed an agreement, in association with other subsidiaries, to provide a limited guarantee of the bank loan facilities owed by Heritage Healthcare Limited (2020: The assets of the Company are subject to a first mortgage to secure bank loans held by the immediate parent company, Heritage Lifecare Limited).

20. SUBSEQUENT EVENTS

At 31 March 2021, Heritage Lifecare Villages Limited had entered into a contract to divest the assets and business of Arohaina Village for a total cash consideration of \$273K. The transaction settled in June 2021.

At 31 March 2021, Heritage Lifecare Villages Limited had entered into a contract to divest the assets and business of Dunblane Village for a total cash consideration of \$4,049K. The transaction settled in June 2021.

At 31 March 2021, Heritage Lifecare Villages Limited had entered into a contract to divest the assets and business of Riversdale Lifestyle Village for a total cash consideration of \$6,902K. The transaction settled in June 2021.

At 31 March 2021, Heritage Lifecare Villages Limited had entered into a contract to divest the assets and business of Rosehill Village for a total cash consideration of \$11,397K. The transaction settled in June 2021.

At 31 March 2021, Heritage Lifecare Villages Limited had entered into a contract to divest the assets and business of St Barnabas Close Village for a total cash consideration of \$1,397K. The transaction settled in June 2021.

At 31 March 2021, Heritage Lifecare Villages Limited had entered into a contract to divest the assets and business of St Luke's Village for a total cash consideration of \$559K. The transaction settled in June 2021.

There have been no events subsequent to 31 March 2020 that materially impact on the results reported.

Heritage Lifecare Villages Limited
Notes to the Financial Statements
For the Year Ended 31 March 2021

21. GOING CONCERN

At 31 March 2021, the Company had a negative working capital position of \$98,580K (2020: Negative working capital position of \$155,749K). The Company is dependent on the support of the immediate parent company, Heritage Lifecare Limited, to meet its liabilities as they fall due. Heritage Lifecare Limited has confirmed its commitment to continue funding the Company.

The ability of the Company to continue to pay its liabilities as they fall due, whilst being in a negative working capital position, has been considered by the Directors in the adoption of the going concern basis for preparing these financial statements.

Independent Auditor's Report

To the Shareholder of Heritage Lifecare Villages Limited

Opinion

We have audited the financial statements of Heritage Lifecare Villages Limited ("the Company") on pages 4 to 27, which comprise the statement of financial position of the Company as at 31 March 2021, 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 on pages 4 to 27 present fairly, in all material respects, the financial position of the Company as at 31 March 2021 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.

Directors' responsibilities for the financial statements

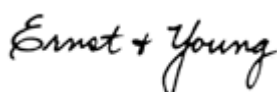
The directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the directors determine 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 consolidated 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.



Chartered Accountants
Wellington
3 August 2021