

[www.retirementvillages.govt.nz](http://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](mailto:retirementvillages@companies.govt.nz)

## Annual return and certificate of registered documents

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

Name of village

Alma Brotherhood Court

Registration number

2447529

### Part 1 — Retirement village details

1. Street address of village

28 Herbert Street, Kihikihi

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.*

422 Te Rapa Road  
Te Rapa  
Hamilton 3200

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.*

422 Te Rapa Road  
Te Rapa  
Hamilton 3200

4. Postal address of village

422 Te Rapa Road  
Te Rapa  
Hamilton 3200

5. Email address for village

[REDACTED]

6. Telephone number for village

[REDACTED]

7. Fax number for village (optional)

N/A

Name of village

Alma Brotherhood Court

Registration number

2447529

## 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.*

Habitat for Humanity Central Region Limited

2. Company or other registration number (if any)

659509

3. New Zealand Business Number (if any)

9429038554926

4. Nature of operator

*For example — company, natural person*

Registered as a non-profit, charitable organisation

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.*422 Te Rapa Road  
Te Rapa  
Hamilton 3200

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.*422 Te Rapa Road  
Te Rapa  
Hamilton 3200

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

422 Te Rapa Road  
Te Rapa  
Hamilton 3200

8. Email address of operator

9. Telephone number of operator:

10. Fax number of operator (optional)

N/A

Name of village

Alma Brotherhood Court

Registration number

2447529

### Part 3 — Certificate of registered documents

I, **Habitat for Humanity Central Region Limited**

*(Insert name of operator)*

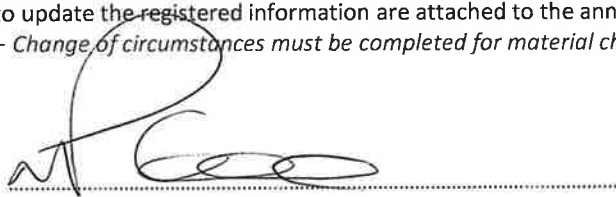
certify that

for: **Alma Brotherhood Court**

*(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

Nicholas Greene

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: Georgia Teng

Address:  
422 Te Rapa Road  
Te Rapa  
Hamilton 3200

Email address: [Redacted]

Telephone number: [Redacted]

Fax number (optional):

**Habitat for Humanity Central Region Limited**

**Annual Report**

**For the Year Ended 30 June 2023**



**Habitat**  
**for Humanity<sup>®</sup>**  
**Central Region New Zealand**

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**Company Directory**

<b>Charities Registration Number</b>	CC32598
<b>Company Registration</b>	659509
<b>Formation Date</b>	17 January 1995
<b>Registered Office</b>	422 Te Rapa Road, Te Rapa, Hamilton 3200
<b>Share Capital</b>	18 Ordinary shares
<b>Paid Up Capital</b>	\$100

<b>Shareholders</b>	Boyd, T	1
	Buick, R	2
	Eggleton, T	1
	Ennor, C	1
	Farrant, V	1
	Gallagher, J	1
	Hodgkinson, I	1
	Jackson, M	1
	Karalus, R	1
	Lockwood, S	1
	Patchett, M	1
	Peake, G	1
	Phillips, K	1
	Tautari, H	1
	Wilson, D	1
	Habitat for Humanity Central Region Limited	1
	Habitat for Humanity New Zealand Limited	1
		<u>18</u>

Each share has a par value of \$4.75

**Directors**

Gallagher, J A (Chair)	
Boyd, T M	
Eggleton, T J	Appointed 27 April, 2022
Ennor, C R	
Jackson, M J	
Karalus, R F	
Lockwood, S G	
Patchett, M	
Peake, G R	
Tautari, H T	
Wilson, D M	

**Auditor**

Grant Thornton New Zealand Audit Limited

**Bankers**

ANZ, Hamilton, BNZ, Hamilton & Christian Savings, Hamilton

**Solicitors**

McCaw Lewis Chapman

## Directors' Report

The Directors are pleased to submit to shareholders, their Report and Financial Statements for the year ended 30 June 2023.

### Principal Activities

Habitat for Humanity Central Region Limited provides low cost housing for partner families selected on the basis of need, assists low income families with their essential home maintenance and provides affordable rental properties and facilities.

### Dividends

In accordance with the Constitution, the Directors recommend that no dividend be declared.

### Auditors

The Company's auditor is Grant Thornton New Zealand Audit Limited. The audit fees for the year were \$15,194

### Exemptions Applied

Shareholders at the last Annual General Meeting unanimously resolved that the Annual Report need not comply with paragraphs (a) and (e) to (j) of subsection (1) of Sections 211 of the Companies Act 1993.

### Major Transactions

Pursuant to Section 129 of the Companies Act 1993, the Directors advise that there were no major transactions during the year.

### Disclosure of Interests by Directors

Habitat for Humanity Central Region Limited was gifted two properties, 174 Newcastle Road and 6A Vernal Street, Hamilton from J A Gallagher No.4 Trust. John Gallagher is a director of Habitat for Humanity Central Region Limited.

### Remuneration of Directors

No remuneration or other benefits were paid or due and payable to Directors for services as a director or in any other capacity during the year other than those disclosed.

Director

Director

18 Oct 23

Date

18 Oct 2023

Date



# STATEMENT OF SERVICE PERFORMANCE

1 July 2022 - 30 June 2023



**Habitat for Humanity<sup>®</sup>**

Central Region New Zealand

# Introduction

## Who are we?

Habitat for Humanity Central Region Ltd is a New Zealand registered charity and a limited liability company. We are an affiliate of Habitat for Humanity New Zealand Ltd, part of the Asia Pacific Region for Habitat for Humanity International.

## Why do we exist?

Our vision is a world where everyone has a decent place to live. Our mission, seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope. Habitat is dedicated to eliminating substandard housing worldwide and to making adequate, affordable shelter a matter of conscience and action.

## What we aim to do

We are guided through the delivery of our mission and vision by a set of core principles.

Habitat for Humanity Central Region aims to meet housing need in the central regions of New Zealand through delivering key programmes, including Progressive Home Ownership, social and affordable rental, community workshops, and home repair, supported by ReStore and Reuse charity shops.

## How we plan to do this

Habitat for Humanity Central Region works closely with the Habitat group and collaboratively with other organisations, including funders, suppliers, Government, and social service organisations, to achieve our outcomes.

## Disclosure of Judgements

We have made several judgements on what to include in our Statement of Service Performance. This statement summarises these judgements. Our statement of service performance reports our non-financial performance against our core principles, using both indicators that measure our outputs (our performance) and narratives that illustrate the impact our services and programmes have. These outcomes are what enable us to achieve our Principles and Mission. The statement was developed in consultation with the Senior Leadership Team.

## Where we work

Habitat for Humanity Central Region works in communities across the central and lower north island, from Tuakau to Wellington.



# Our Vision

A world where everyone has a decent place to live

# Our Core Principles

1. Demonstrate the love of Jesus Christ
2. Focus on shelter
3. Advocate for affordable housing
4. Promote dignity and hope
5. Support sustainable and transformational development

# Our Mission



**Seeking to put  
God's love into  
action**



**Habitat for  
Humanity brings  
people together**



**To build homes,  
communities,  
hope**

# Habitat strategic plan

Seeking to put God's love into action by addressing urgent housing needs in our communities, nations and world, Habitat for Humanity will be a partner and catalyst to:



## Our programmes

- Home repair
- Social and affordable rental
- ReStore
- Progressive Home Ownership
- Community workshops

# Home repair

Decent, healthy housing creates a lasting and positive impact for whole communities and across generations.

By addressing both the quality and suitability of the home, as well as providing tailored advice for individuals and whānau to make their homes warmer, drier and healthier, we are able to deliver against our outcomes, one home and family at a time.

Habitat's home repair programme helps low income families back on track with their home maintenance, with affordable repayments made by the home owner.



The number of home interventions completed



## What we help with

### Critical home repairs

Unsafe or dilapidated bathroom, damaged floor, weatherboard or cladding replacement, damaged/worn roof, damaged gutters/spouting, electrical rewiring, other critical or urgent repairs needed to help preserve your home.

### Healthy home retrofitting

Insulation, heating, window coverings, curtain rails.



### Home preservation work

Interior or exterior painting, exterior weatherisation work.

### Necessary improvements

Disability access such as ramps, doors, bathroom or kitchen modifications, fencing, section drainage work, tree or garden maintenance.

# Social and affordable rental

Habitat Central Region recognises that affordable and secure accommodation should be accessible to all people.

As a Community Housing Provider, Habitat works alongside the Ministry of Housing and Urban Development to deliver affordable rental options to people who are on the housing waitlist or are experiencing housing deprivation.

Habitat Central also manages Freeman Court, an independent living facility for older people in Te Awamutu, and is a registered retirement village with provision of housing at Alma Brotherhood Court in Kihikihi.



The number of social rental places owned or managed by  
Habitat for Humanity Central Region

This year  
126

Last year  
112



# ReStore

Habitat for Humanity Central Region's primary social enterprise activity is our network of charity shops. We operate ReStores in Hamilton, Rotorua, Te Awamutu, Hastings, and Gisborne, and Reuse Centres in Taupo and Hamilton. Success of the ReStores is attributed to the generosity of donors, volunteers and staff.

ReStores contribute to the mission and charitable nature of Habitat for Humanity by:

- offering a year-round affordable shopping location for quality second-hand goods
- promoting the reuse of items
- saving items from landfill
- providing numerous volunteer roles for members of the community
- partnering with other organisations, corporates, community organisations, school groups and social service partners with the common goal to support the mission work of Habitat for Humanity
- connecting with the communities in which our housing programmes operate
- providing awareness of the mission work that Habitat for Humanity carries out.



Revenue raised from ReStore and Reuse

	This year	Last year
Revenue	\$3,395,571	\$2,758,008
Revenue as % of total revenue	36%	35%

## Central Region ReStores



# Progressive Home Ownership

Habitat's rent-to-own Progressive Home Ownership programme offers a hand up to whānau who aspire to home ownership but would be unlikely to achieve it without some support. Families are selected based on their demonstrated need for suitable housing, their willingness to work in partnership with Habitat for a period of up to 10 years, and the potential to work towards home ownership.



The number of families Habitat Central supported through our home ownership programme during the year

This year  
47

Last year  
42

The number of new homes

This year  
9

Last year  
5

# Community workshops

Furthering our vision of a world where everyone has a decent place to live, Habitat Central Region delivers the Ready to Rent course in partnership with the Ministry of Social Development. The two-day workshop for people living in emergency or transitional housing aims to increase participants' knowledge of tenancy law, managing money, maintaining a healthy home, interviewing skills, and interacting with their landlord.

The number of workshops delivered

This year  
10

Last year  
18



Ready to Rent attendee Chrissi-Rae and her baby at the rental property she now calls home.

# Our Volunteers

Volunteers are the heart of Habitat for Humanity and play an integral role in helping to provide homes and hope for kiwis in housing need. Volunteer opportunities exist across our construction, ReStore, and meal delivery programmes.

	This year	Last year
Individual volunteers	294	226
Volunteer Hours	18,991	15,355



**Statement of Comprehensive Revenue and Expense**

For the year ended 30 June 2023

	Note	2023	2022
<b>Revenue from Non-Exchange Transactions</b>			
<b>Grants, Donations &amp; Fundraising</b>			
Donations		122,345	139,770
Gifts in kind		25,430	20,534
Grants		128,367	62,055
Insurance Claim		15,562	2,029
Volunteer Labour ReStore	7	401,559	311,622
Volunteer Labour Construction		34,595	13,822
<b>Total revenue from non-exchange transactions</b>		<b>727,858</b>	<b>549,832</b>
<b>Revenue from Exchange Transactions</b>			
<b>Property &amp; Projects</b>			
Contract Works Income		113,480	48,761
Grants - Government Agency		356,382	641,614
Home Repair Programme income		492,189	408,405
Services income		116,315	65,497
Partner family service charges	5	(25,549)	187,488
Rental income	2	2,147,299	1,931,861
Restore income	7	2,995,261	2,446,387
<b>Total revenue from exchange transactions</b>		<b>6,195,377</b>	<b>5,730,013</b>
<b>Total Revenue</b>		<b>6,923,235</b>	<b>6,279,845</b>
<b>Expenses</b>			
Advertising and promotion		19,645	169,896
Accounting & audit fees	3	21,300	28,459
Bad Debts		31,340	-
Bank fees		2,501	2,459
Computer costs		104,302	54,633
Contract Works Expenses		16,459	57,256
Depreciation	4	464,273	376,719
General expenses		354,830	311,190
Home Repair Programme expenses		332,406	269,325
Insurance		134,381	133,678
Levies to National Support Centre		180,920	173,564
Meetings, conferences and training		21,001	4,125
Phone, fax, email		14,392	13,686
Professional services		29,462	76,970
Property expenses		127,448	49,257
Property subsidy provision		(3,428)	232,617
Rates		233,499	204,731
Rental paid		9,377	13,163
ReStore expenses	7	1,804,064	1,756,450
Employee benefit expense	6	1,815,302	1,585,480
Stationery, printing & postage		12,183	11,610
Tithe contributions to HFH NZ		30,000	80,000
Travel		67,064	35,614
Utilities		65,518	56,300
Volunteer labour ReStore	7	401,559	311,622
Volunteer labour Construction		34,595	13,822
<b>Total Expenses</b>		<b>6,324,393</b>	<b>6,022,626</b>

Finance income	5	18,676	7,312
Finance costs	5	(600,385)	(272,135)
<b>Net surplus/(Deficit) from finance activities</b>		<b>(581,709)</b>	<b>(264,823)</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>17,133</b>	<b>(7,604)</b>
<b>Other Gains/(Losses)</b>			
Gain on sale of assets		126,853	916
Depreciation Recovered		5,652	47,017
Gain on distribution received	28	19,628	(285,000)
Fair Value gain on other acquisition	14	-	285,000
Fair Value Gains/Losses on Mortgage Receivables & Borrowings	1	2,049,410	1,189,713
<b>Total other gains/(losses)</b>		<b>2,201,543</b>	<b>1,237,646</b>
<b>Surplus/ (Deficit) for the year</b>		<b>2,218,676</b>	<b>1,230,042</b>
Other Comprehensive Income and Expenses		-	-
<b>Total comprehensive income and expenses</b>		<b>2,218,676</b>	<b>1,230,042</b>

#### Statement of Changes in Net Assets

For the year ended 30 June 2023

	Notes	Share Capital NZ\$	Revaluation ReServe NZ\$	Retained Earnings NZ\$	Total NZ\$
Balance at 1 July 2021	26	100	-	16,998,894	16,998,994
Total comprehensive revenue and expense for the year		-	-	1,230,042	1,230,042
<b>Balance at 30 June 2022</b>		<b>100</b>	<b>-</b>	<b>18,228,936</b>	<b>18,229,036</b>
Balance at 1 July 2022	26	100	-	18,228,936	18,229,036
Total comprehensive revenue and expense for the year		-	-	2,218,676	2,218,676
<b>Balance at 30 June 2023</b>		<b>100</b>	<b>-</b>	<b>20,447,612</b>	<b>20,447,712</b>

**Statement of Financial Position**

As at 30 June 2023

	Note	2023	2022
<b>Current Assets</b>			
Cash and cash equivalents	11	682,396	1,453,125
Mortgage receivables current	19	153,499	125,571
Trade and other receivables	8	542,753	461,065
Inventories	9	313,659	243,061
<b>Total Current Assets</b>		<b>1,692,307</b>	<b>2,282,822</b>
<b>Current Liabilities</b>			
Trade and other payables	10	415,951	585,188
LTSPA GST provision	24	11,652	11,059
Grants unspent at year end	12	134,616	235,453
Borrowings - current portion	13	1,990,822	1,905,847
<b>Total current liabilities</b>		<b>2,553,041</b>	<b>2,737,547</b>
<b>Working Capital</b>		<b>(860,734)</b>	<b>(454,725)</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	16	13,838,816	12,464,277
Properties held to provide a social service	18	11,160,200	6,216,940
Properties held to provide a social rental	17	6,725,035	6,809,097
Mortgage receivables	19	1,521,446	1,851,015
Trade & other receivables	8	365,549	351,359
GST paid in advance	20	82,051	31,328
Construction in progress	21	1,112,600	755,691
<b>Total non-current assets</b>		<b>34,805,697</b>	<b>28,479,707</b>
<b>Non-Current Liabilities</b>			
Home Repair Programme	22	280,862	126,937
Property subsidy provision	23	206,578	144,033
LTSPA GST provision	24	105,382	117,324
HRS GST provision	25	93,411	83,285
Borrowings - long term portion	13	12,811,018	9,324,367
<b>Total non-current liabilities</b>		<b>13,497,251</b>	<b>9,795,946</b>
<b>Net Assets</b>		<b>20,447,712</b>	<b>18,229,036</b>
<b>Equity</b>			
Share capital	26	100	100
Retained earnings		20,447,612	18,228,936
<b>Total equity</b>		<b>20,447,712</b>	<b>18,229,036</b>

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 Director

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 Director

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 Date

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 Date

**Statement of Cash Flows**

For the year ended 30 June 2023

	2023	2022
<b>Cash flow from Operating Activities</b>		
<i>Cash was provided from:</i>		
Grants, Donations, Fundraising received & ReStore income	3,420,794	3,422,992
Housing income	2,127,418	1,928,027
Home repair income	491,708	292,412
Sale of homes	-	-
Interest received	18,677	7,312
GST	-	64,593
<b>Total inflows from operating activities</b>	<b>6,058,598</b>	<b>5,715,336</b>
<i>Cash was applied to:</i>		
Home Repair Programme	(983)	(3,985)
Payments to suppliers	(1,696,551)	(1,801,566)
Payments to employees	(1,808,025)	(1,574,009)
Tithes and levies	-	(53,340)
Interest expense	(531,266)	(174,919)
ReStore expenses	(1,763,859)	(1,608,504)
GST	(126,446)	-
<b>Total outflows from operating activities</b>	<b>(5,927,130)</b>	<b>(5,216,323)</b>
<b>Net cash flow from Operating Activities</b>	<b>131,468</b>	<b>499,015</b>
<i>Cash flow from Investing Activities</i>		
<i>Cash was provided from:</i>		
Proceeds from sale of Property, Plant & Equipment	22,281	-
Managed Properties income	36,189	13,172
Funds received from Mortgage Receivables	803,829	534,334
<b>Net cash flow from investing activities</b>	<b>862,299</b>	<b>547,506</b>
<i>Cash was applied to:</i>		
Purchase of Property, Plant & Equipment	(1,706,791)	(5,005,687)
Purchases for Construction in Progress	(5,620,208)	(844,017)
Return of Deposit/(Deposit Paid) on Social Rental	-	-
Purchase of property for Social Rental	(43,438)	(77,304)
	<b>(7,370,436)</b>	<b>(5,927,008)</b>
<b>Net cash inflow (outflow) from investing activities</b>	<b>(6,508,137)</b>	<b>(5,379,502)</b>
<b>Cash flow from Financing Activities</b>		
<i>Cash was provided from:</i>		
Proceeds from Borrowings	6,493,452	4,903,392
<b>Net cash flow from financing activities</b>	<b>6,493,452</b>	<b>4,903,392</b>
<i>Cash was applied to:</i>		
Repayment of Borrowings	(887,513)	(374,536)
	<b>(887,513)</b>	<b>(374,536)</b>
<b>Net cash flow from Financing Activities</b>	<b>5,605,940</b>	<b>4,528,856</b>
Net (decrease)/ increase in cash held	(770,729)	(351,632)
Cash and cash equivalents at start of year	1,453,125	1,804,757
<b>Cash and cash equivalents at end of year</b>	<b>11 682,396</b>	<b>1,453,125</b>

## Notes to the Financial Statements

For the year ended 30 June 2023

### General Information

Habitat for Humanity Central Region Limited ("Company") is a provider of housing solutions to partner families in need. The Company is affiliated to Habitat for Humanity International who seeks to eliminate poverty housing and homelessness from the world and to make decent shelter a matter of conscience and action.

The Company is a limited liability company incorporated in New Zealand under the Companies Act 1993, and domiciled in New Zealand. The financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Companies Act 1993. The Company is also a registered charity under the Charities Act 2005.

The Company is designated as a Public Benefit Entity for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2023. The financial statements were authorised for issue by the Company's board of directors on the date noted on page 2. Once issued the directors do not have the power to amend these financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Summary of Significant Accounting Policies

#### Statement of Compliance

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

The Company is deemed a Public Benefit Entity for financial reporting purposes as its primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

#### Basis of Preparation of Financial Statements

The general accounting policies recognised as appropriate for the measurement and reporting of results, cash flows and statement of financial position is that of historical cost modified for revaluation of certain assets and liabilities. The specific accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all periods.

### Changes in accounting policies during the year

There have been no changes in the accounting policies of the Company in the year ended 30 June 2023, other than the adoption of new PBE Standards and amendments to PBE Standards as disclosed below:

(i) PBE IPSAS 41 Financial Instruments is effective from 1 January 2022 and has been adopted by the entity on that date.

PBE IPSAS 41 introduces new recognition and measurement requirements for financial assets and restricts the ability to measure financial assets at amortised cost to only those assets that are held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. In addition, the measurement of financial assets at fair value through other comprehensive revenue and expense is also restricted.

PBE IPSAS 41 has had an immaterial impact on the Company's measurement and recognition of financial instruments, as financial assets that were recognised as loans and receivables are now recognised as amortised costs.

(ii) PBE FRS 48 Service Performance Reporting is effective from 1 January 2022 and was adopted by the entity/group on that date.

PBE FRS 48 required specific disclosures for the reporting of service performance information which have been provided in the Statement of Service Performance.

## Notes to the Financial Statements

For the year ended 30 June 2023

### A. Financial instruments

#### Classification and subsequent measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets are classified using the following categories which also determines their subsequent measurement:

- Financial assets at amortised cost;
- Fair value through other comprehensive revenue and expense (FVTOCRE); or
- Fair value through surplus or deficit (FVTSD).

Financial assets are classified to the above categories on the basis of both:

- (a) The entity's management model for financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

Financial asset shall be measured at amortised cost if both the following conditions are met and is not designated as FVTSD:

- The financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flow and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit. The Company's cash and cash equivalents, trade and other receivables and Mortgage receivables are classified and measured at amortised cost. These assets were previously classified as "loans and receivables".

Financial assets shall be measured at FVOCRE if both of the following conditions are met:

- The financial asset is held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Other net gains and losses are recognised in OCRE. On derecognition, gains and losses accumulated in OCRE are reclassified to surplus or deficit.

All financial assets not classified as measured at amortised cost or FVOCRE as described above are measured at FVTSD. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in surplus or deficit.

The Company does not have any financial assets at FVOCRE or FVTSD.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

Except for short-term receivables and payables, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or Financial liabilities are subsequent measured either at amortised cost or at FVTSD. A financial liability is classified as at FVTSD if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTSD are measured at fair value and net gains and losses, including any interest expense, are recognised in surplus or deficit. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus of deficit.

The Company's trade and other payables and Borrowings are classified and measured at amortised cost.

#### Impairment

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

## **B. Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## Notes to the Financial Statements

For the year ended 30 June 2023

### C. Trade and other payables

These amounts represent unsecured liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value. As the amounts are usually paid within 30 days of recognition, trade and other payables are carried at face value.

### D. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Revenue and Expense over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### *Interest-free borrowings*

Interest free loans received from others are recorded at fair value on initial recognition. The fair value is estimated as the present value of all future cash payments discounted using the prevailing market rate of interest for similar liabilities at the time of initial recognition. Any fair value adjustment is recognised as finance income. They are subsequently measured at amortised cost using the effective interest method.

#### *Borrowing costs*

A qualifying asset is one that takes six months or longer to prepare for its intended use or sale. Other borrowing costs are expensed when incurred.

### E. Employee benefit entitlements

Liabilities for wages and salaries, including non-monetary benefits, statutory days in lieu, annual leave and sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

### F. Inventories

Inventory held for sale is measured at the lower of cost and net realisable value. Inventory held for distribution at no or nominal consideration is measured at cost, adjusted for lost service potential (as evidenced by factors such as a reduction in current realisable value or a loss of operating capacity due to obsolescence) where appropriate. If inventories are acquired at no cost, or for nominal consideration, cost is the current realisable value at the date of acquisition, with corresponding adjustment to revenue. Cost is determined using an estimation method based on the average ReStore sales for six weeks which is the reasonable period that donated goods are held in store.

## Notes to the Financial Statements

For the year ended 30 June 2023

### G. Property, plant & equipment

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

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in the profit or loss as an expense when incurred.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (i.e. if the asset is impaired).

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Revenue and Expense.

Land is not depreciated. Capital work in progress is not depreciated until completed. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives. Depreciation is charged to the Statement of Comprehensive Revenue and Expense.

The following depreciation rates have been used:

Buildings	2.5%	Straight Line
Construction Equipment	15-25%	Straight Line
Motor Vehicles	20%	Straight Line
Plant and Equipment	25%	Straight Line

The residual value and useful lives of all assets are reviewed and adjusted if appropriate at each reporting date.

#### Properties held to provide a social service

The properties held to provide a social service held by the Company are accounted for as property, plant and equipment rather than investment property as the property is held to meet service delivery objectives rather than to earn rental or for capital appreciation.

Properties held to provide a social service are fixed assets that are held solely for the purpose of providing better housing for families in need. The Company constructs these houses by purchasing land and building materials that are usually obtained at a discount. Where goods in kind can be reliably measured, costs are incorporated into the cost of the property. These assets follow the same accounting policies as property plant and equipment at cost less accumulated depreciation and impairment losses.

If a partner family meets all required conditions as set out in the umbrella agreement they will be presented the option to purchase the property. At this stage the company will dispose of the fixed asset and any gain or loss on disposal will be recognised in the Statement of Comprehensive Revenue and Expense

#### Properties held to provide a social rental

The properties held for social rental are accounted for as investment property to earn rental and capital appreciation.

Properties held for social rental are fixed assets that are held solely for the purpose of providing better housing for families in need. These assets follow the same accounting policies as property, plant and equipment at cost less accumulated depreciation and impairment losses.

The land costs are not depreciated. Depreciation is calculated using the straight line method to allocate their cost to their residual values over their estimated lives. Depreciation is charged to the Statement of Comprehensive Revenue and Expense.

## Notes to the Financial Statements

For the year ended 30 June 2023

### H. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and the Company would, if deprived of the asset, replace its future economic benefits, value in use is the depreciated replacement cost of the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Revenue and Expense.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### I. Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the value of the expenditures expected to be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not reflected for future operating losses.

#### *Property subsidy provision*

Tenancy arrangements with partner families incorporate an agreement to allow tenants to purchase properties on special terms. The arrangements provide for the amounts paid as rent (less a deduction for rates, maintenance, insurance and a service charge) by each partner family prior to the purchase of their property to be treated as part-payment towards the agreed purchase price (subject to satisfactory completion of the tenancy trial period). These rentals are shown as income but a corresponding "property subsidy" provision is also recognised. The provision is based on managements' estimate of the likelihood that the partner family will sign the Long Term Sale and Purchase Agreement. If management estimate that all current partner family tenants will sign a Long Term Sale and Purchase Agreement, then the property subsidy expense will equal total recognised rentals (less a deduction for rates, maintenance, insurance and a service charge).

### J. Goods and Services Tax (GST)

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables, which are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, Inland Revenue, is included as part of receivables or payables in the Statement of Financial Position.

The company is registered from GST on a payments basis and, with the approval from the Commission of the Inland Revenue, pays GST on rental received from partner families in lieu of a change of use adjustment on the sale of property.

GST balances are classified as noncurrent in the financial statements where the related payments or receipts are expected to be made or received more than two years after balance date.

### K. Taxation

HFH Central Region is a registered Charity and tax exempt. However, under CW42 tax legislation any business income sent overseas for charitable purpose is taxable. HFH Group has obtained a Short Process ruling from Inland Revenue and accordingly any business income generated from ReStores activities and sent overseas through HFH NZ as match funds for New Zealand Government funded projects will be declared through IR 4 Income tax return annually. As per the Short Process ruling these donations from the Affiliates to HFH NZ are entitled to donation tax rebates under DB41. This will create a nil tax effect for these donations sent overseas through HFH NZ.

## Notes to the Financial Statements

For the year ended 30 June 2023

### L. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of GST, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria has been met for each of the Company's activities, as described below:

#### *Revenue from non-exchange transactions*

A non-exchange transaction is where the entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

When non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue is recognised.

When non-exchange revenue is received with restrictions attached, but no requirement to return the asset if not deployed as specified, then the revenue is recognised on receipt.

Condition stipulation – funds received are required to be used for a specific purpose with a requirement to return unused funds.

#### *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Mortgage interest revenue*

Mortgage interest is calculated on the daily mortgage balance outstanding and is charged to the partner families' loan accounts on the repayment date. Mortgage interest is recognised in the profit or loss using the effective interest method.

#### *Partner family service charges*

Service charges are charged on partner family homes under the umbrella agreement. This is calculated at 5.3% of the agreed sale price, net of any rental previously received. The service charge is calculated on the closing balance as at 30 June each year.

#### *Grants and donations*

Grant and donation income is recognised as income when it is received unless the Company has a liability to repay the grant if the requirements of the grant or donation are not fulfilled. A liability is recognised to the extent that such conditions are not fulfilled at the end of the reporting period.

#### *Gifts in kind*

Gifts in kind are recognised as revenue at the time the value is provided. The value is estimated by considering what the supplier would have charged in an arm's length transaction an expense is also recognised.

#### **Rental income**

Rent from properties held to provide a social rental is recognised as revenue at the time it is received.

Rent from families is recognised as revenue at the time it is received. A corresponding partner family subsidy provision is also recognised. Refer to Note / for further explanation.

#### *ReStore income*

Revenue from the sale of goods via the ReStores is mostly recognised when cash is received and occasionally when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable and the amount of revenue can be measured reliably.

## Notes to the Financial Statements

For the year ended 30 June 2023

### M. Leases

#### *The company is the lessor*

Assets leased to third parties under operating leases are included in properties held to provide a social service in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property plant and equipment.

Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the term of the lease.

Partner family homes under the umbrella agreement are contracted to a minimum of 5 years and a maximum of 10 years to pay rent. Rental projections have been calculated based on these criteria.

### N. Volunteer services and other donated goods and services

Voluntary services with a value that can be reliably estimated are treated as revenue and expenses. Other volunteer services are not recognised in the financial statements. A value has been placed on time provided by volunteers that operate in the ReStore, deliver meals from Freeman Court and work on the building sites. This has been determined by using the estimated cost had the volunteers' time been paid for by the Company. The associated expense is included in employee benefits expense in the profit or loss, or in the case of volunteer time for the construction of houses, capitalised to the cost of the house. Partner families also perform 500 sweat equity hours as part of their agreement with the Company. As there is no reliable indicator of perceived value of these hours the fair value of these services cannot be measured reliably and are not recorded.

Donated goods and products received are recorded at their estimated fair value. For building materials the fair value is the estimated sales price of the materials. For second hand goods the fair value is the estimated selling price that the item will be sold for in the ReStore.

### O. Use of accounting estimates and judgements

The preparation of financial statements in conformity with PBE Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 31.

## Notes to the Financial Statements

For the year ended 30 June 2023

### 1 Fair Value Gains / Losses on Mortgage Receivables & Borrowings

	2023	2022
	NZ\$	NZ\$
Fair Value Gain on Borrowing	1,994,988	1,038,624
Fair Value on Mortgage Receivables	54,422	151,089
<b>Fair Value Gain/ (Loss)</b>	<b>2,049,410</b>	<b>1,189,713</b>

These reflect the fair value gains and losses on other financial assets through the statement of comprehensive revenue and expenses

### 2 Rental Income

	2023	2022
	NZ\$	NZ\$
Rental from partner family tenants	346,451	291,941
Rental from non partner family tenants	1,800,848	1,639,920
<b>Total rental income</b>	<b>2,147,299</b>	<b>1,931,861</b>

### 3 Accounting & Audit Fees

During the year the following accounting and audit services were provided:

	2023	2022
	NZ\$	NZ\$
Audit services	18,005	16,344
Accounting services	3,295	12,115
Less Accounting services allocated to ReStore expenses	-	-
<b>Total fees paid</b>	<b>21,300</b>	<b>28,459</b>

### 4 Depreciation

	Note	2023	2022
		NZ\$	NZ\$
Property plant and equipment	16	311,243	273,566
Properties held to provide a social rental	17	126,254	132,563
Properties held to provide a social service	18	36,809	32,716
Less allocated to ReStore	-	(10,033)	(62,127)
<b>Total rental income</b>		<b>464,273</b>	<b>376,719</b>

### 5 Finance Costs

	Note	2023	2022
		NZ\$	NZ\$
Amortised Interest on mortgage receivables		-	-
Interest received from bank and investments		18,676	7,312
<b>Interest received</b>		<b>18,676</b>	<b>7,313</b>
Interest charged to partner families		(25,549)	187,488
<b>Finance income/(Costs)</b>		<b>(6,872)</b>	<b>194,800</b>
Amortised Interest on loans payable		65,837	97,216
Interest on Loans		257,746	174,919
Interest on Partner Family properties		276,803	-
		600,385	272,135
Less allocated to ReStore		-	(39,999)
<b>Total finance costs</b>		<b>600,385</b>	<b>232,136</b>

### 6 Employee Benefit Expense

There were no long term employee benefits or contributions to defined contribution plans paid by the company.

## Notes to the Financial Statements

For the year ended 30 June 2023

### 7 ReStore Financial Statement

	2023 NZ\$	2022 NZ\$
Donations / Grants	24,592	109,647
Contract Works Income	-	140,000
Sales	2,899,546	2,176,530
Stock movements	71,123	20,210
Volunteer Hours	401,559	311,622
<b>Total income</b>	<b>3,396,820</b>	<b>2,758,009</b>
<b>Expenses</b>		
Advertising	880	3,070
Contract Works	(489)	106,850
Depreciation	10,034	62,127
Labour costs	1,285,003	1,084,525
Purchases	17,422	20,006
Rent	209,011	199,936
Repairs/Maintenance	37,646	10,427
Sundries	159,760	202,190
Utilities	76,074	63,283
Vehicle expenses	8,723	4,036
Volunteer labour	401,559	311,622
<b>Total expenses</b>	<b>2,205,623</b>	<b>2,068,072</b>
<b>Surplus/(Deficit)</b>	<b>1,191,197</b>	<b>689,937</b>

### 8 Trade & Other Receivables

	2023 NZ\$	2022 NZ\$
<b>Current</b>		
Trade receivables	75,025	44,575
Partnership homes receivables	38,656	29,434
Freeman Court	9,161	5,367
Home Repair Programme Loans	404,380	361,676
Managed Properties	7,856	13,248
GST receivable	7,675	6,765
	542,753	461,066
Home Repair Programme Loans Non Current	365,549	351,359
<b>Total trade and other receivables</b>	<b>908,302</b>	<b>812,425</b>

Trade and partnership homes receivables are non-interest bearing and are usually on 30 day terms. Trade receivables are shown net of provision for impairment losses of \$nil (2022: \$nil). Bad debts \$31,339.30 were written off or forgiven during the year (2022: \$nil)

### 9 Inventories

	2023 NZ\$	2022 NZ\$
Inventory	313,659	243,061

Inventory consists of Construction stock on hand plus ReStore Stocktake. Inventory also included donated goods from the public.

### 10 Trade & Other Payables

	2023 NZ\$	2022 NZ\$
Trade payables	299,002	437,818
Accrued expenses	-	29,000
Employee benefits	116,949	118,370
<b>Total trade &amp; other payables</b>	<b>415,951</b>	<b>585,188</b>

## Notes to the Financial Statements

For the year ended 30 June 2023

### 11 Cash & Cash Equivalents

	2023	2022
	NZ\$	NZ\$
Cash at bank	682,396	1,453,125
<b>Total cash &amp; cash equivalents</b>	<b>682,396</b>	<b>1,453,125</b>

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. The Company has an overdraft facility of:

- \$250,000 (2022: \$250,000) with ANZ of which \$Nil (2022: \$Nil) has been drawn at 30 June 2023.
- \$1,500,000 (2022: \$1,500,000) with ANZ of which \$261,088 (2022: \$Nil) has been drawn at 30 June 2023. This is a new facility provided since 13 November 2020.
- \$1,000,000 (2022: \$1,000,000) with BNZ of which \$699,380 (2022: \$560,987) has been drawn at 30 June 2023

### 12 Grants unspent at year end

	2023	2022
	NZ\$	NZ\$
Balance at 1 July	235,453	46,721
Grants received during period	275,000	272,535
Grants returned during period	-	-
Grants expended for the period	(375,836)	(83,803)
<b>Balance as 30 June</b>	<b>134,616</b>	<b>235,453</b>

### 13 Borrowings

	2023	2022
	NZ\$	NZ\$
<b>Current</b>		
Loans from directors	923,907	922,887
ANZ Bank Loan current repayments	367,534	421,972
BNZ Revolving Credit Loan	699,381	560,988
<b>Borrowings - current portion</b>	<b>1,990,822</b>	<b>1,905,847</b>
<b>Non Current</b>		
Other Loans	-	26,618
Loans from directors (LT)	-	23,907
ANZ Bank Loan	8,767,207	7,599,572
HFH NZ Loan	2,460,393	1,674,270
ANZ Flexi Loan	463,515	-
Bay of Plenty Community Trust	1,018,477	-
Rotorua Trust Loan	101,426	-
<b>Borrowings - non current portion</b>	<b>12,811,018</b>	<b>9,324,367</b>
<b>Total Borrowings</b>	<b>14,801,840</b>	<b>11,230,215</b>

#### Security for Loans to the company

	Int. Rate		2023				2022	
			Monthly Capital Payments	Final Maturity	Face Value	Fair Value	Face Value	Fair Value
Gallagher Charitable Trust	0.00%	Int free unsecured	\$ -	Dec-24	\$ 25,000	\$ 23,907	\$ 50,000	\$ 46,795
<b>J A Gallagher No 4 FT</b>	0.00%	Int free unsecured	\$ -	Jan-00	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
<b>Other Loans</b>	0.00%	Int free secured	\$ -	Jan-00	\$ -	\$ -	\$ 26,618	\$ 26,618
<b>ANZ Bank Loan 1</b>	5.59%	Secured	\$ 6,497	Nov-25	\$ 582,018	\$ 582,018	\$ 626,780	\$ 626,780
<b>ANZ Bank Loan 2</b>	5.59%	Secured	\$ 6,538	Nov-25	\$ 585,705	\$ 585,705	\$ 630,751	\$ 630,751
<b>ANZ Bank Loan 3</b>	5.59%	Secured	\$ 1,752	Nov-23	\$ 279,752	\$ 279,752	\$ 286,510	\$ 286,510
<b>ANZ Bank Loan 5</b>	5.59%	Secured	\$ 7,138	May-24	\$ 1,162,490	\$ 1,162,490	\$ 1,189,111	\$ 1,189,111
<b>ANZ Bank Loan 6</b>	4.96%	Secured	\$ 18,853	Dec-25	\$ 2,239,243	\$ 2,239,243	\$ 2,359,826	\$ 2,359,826
<b>ANZ Bank Loan 7</b>	4.96%	Secured	\$ 22,849	Jan-27	\$ 2,793,451	\$ 2,793,451	\$ 2,928,565	\$ 2,928,565
<b>ANZ Bank Loan 8</b>	6.55%	Secured	\$ 12,491	May-26	\$ 1,492,082	\$ 1,492,082	\$ -	\$ -
<b>HFH NZ Loan</b>	0.00%	Int free unsecured	\$ -	Jan-36	\$ 5,813,837	\$ 2,460,393	\$ 3,297,800	\$ 1,674,270
<b>BNZ Revolving Credit</b>	0.00%	Int free unsecured	\$ -	Jan-00	\$ 699,381	\$ 699,381	\$ 381,902	\$ 381,902
<b>Bay of Plenty Community Trust</b>	4.25%	Interest only	0	Nov-37	\$ 1,265,829	\$ 1,018,477	\$ -	\$ -
<b>Rotorua Trust Loan</b>	5.25%	Interest only	0	Feb-38	\$ 113,000	\$ 101,426	\$ -	\$ -



## Notes to the Financial Statements

For the year ended 30 June 2023

ANZ Bank Loan 1 & 2 is a commercial loan facility with a limit of \$835,000 per loan taken out for the purpose of purchasing the Hastings ReStore. ANZ Bank Loan 3 is a commercial loan facility with a limit of \$350,000 taken out for the purpose of purchasing the rental property at 49 Tonga Street, Taupo.

ANZ Bank Loan 5 is a commercial loan facility for the purchase of the social rental properties at Palmer Street, Te Awamutu.

ANZ Bank Loan 6 is a commercial loan facility for the financing to build the 12 properties at Te Kaarearea.

ANZ Bank Loan 7 is a commercial loan facility for the financing to purchase 422 Te Rapa Rd, Hamilton.

ANZ Bank Loan 8 is a commercial loan facility for the financing to purchase 5 properties at Wallaceville, Upper Hutt, Wellington.

All the loans are secured over the land at:

29 Bryant Road, Hamilton	50 Edmund Road, Pukehangi, Rotorua
7 Johnson St, Dinsdale, Hamilton	20 Higgins Road, Frankton, Hamilton
422 Te Rapa Road, Hamilton	401 Eastbourne Street, West Hastings
191 Crawford Road, Kaiti, Gisborne	7 Edison Street, Gisborne
36 Waimarie Street, Hamilton	Unit 1, 2&3 49 Tonga Street, Taupo
Cnr Palmer & Vaile Streets, Te Awamutu	79 Huxley Road, Outer Kaiti, Gisborne
71B Arapuni Street, Putaruru	1/38 Daphne Place, Outer Kaiti, Gisborne
136 Herschell Road, Outer Kaiti, Gisborne	2, 10, 12, 14, 16 Reakes Crescent, Wallaceville, Upper Hutt, Wellington

### 14 Related Party Transactions

#### Identity of related parties

##### a) Parent and ultimate controlling party

The immediate parent and the ultimate controlling party of the Company is Habitat for Humanity New Zealand Limited, which owns one controlling share in Habitat for Humanity Central Region Ltd. The share is uncalled. Under certain circumstances the share enables Habitat for Humanity New Zealand Limited to appoint a controlling director of the subsidiary Board. This right has never been exercised.

##### b) Affiliates

The following affiliates are related parties on account of Habitat for Humanity New Zealand Limited being the common controlling party.

Habitat for Humanity (Northern) Limited	Habitat for Humanity (Eastern Bay of Plenty) Limited
Habitat for Humanity (Nelson) Limited	Habitat for Humanity (Dunedin) Limited
Habitat for Humanity Central Region Limited	Habitat for Humanity (Taranaki) Limited
Habitat for Humanity (Christchurch) Limited	Habitat for Humanity (Invercargill) Limited

#### Key Management personnel

The board of directors, affiliate staff and management are considered to be key management personnel of the company as they directly contribute to the planning, directing and controlling of the entities activities. The total short term remuneration for directors and key management was \$1,000,016 (2021 \$922,182).

Number of persons recognised as key management personnel was 11 for 2023 (2022:11).

#### Transactions and Balances with Habitat for Humanity N Z Ltd

<b>Balance Sheet</b>	<b>2023</b>	<b>2022</b>
Levies	208,058	199,599
Loans	5,813,837	3,297,800
<b>Expenses</b>		
Levies	180,920	173,564
Transfers to Other Countries	30,000	80,000
Fair Value Recognition	3,353,444	1,623,530
	<u>3,564,364</u>	<u>1,877,094</u>

#### Tithes and Levies owed to Habitat for Humanity New Zealand Limited

Tithes and Levies owed to Habitat for Humanity New Zealand Limited is based upon a fixed amount plus a percentage of the Affiliate's income.

The amount calculated of \$208,058 was accrued during the year and remains a liability as at 30 June 2022. (2022 \$199,599).

All transactions between the company and related parties are on normal commercial terms except where stated otherwise. No related party loans or other balances have been written off or forgiven during the period.

#### Transactions with other affiliates

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<u>Income</u>	2023	2022
Sponsorship	38,367	52,490

## Notes to the Financial Statements

For the year ended 30 June 2023

### Loans & Advances from Directors

The following loans and advances were payable to directors

	2023	2023	2022	2022
	Face Value	Fair Value	Face Value	Fair Value
Gallagher Charitable Trust	25,000	23,907	50,000	46,795
J A Gallagher No 4 Family Trust	900,000	900,000	900,000	900,000
	<u>925,000</u>	<u>923,907</u>	<u>950,000</u>	<u>946,795</u>

Total loans and advances from Directors for the year ended 30 June amounted to \$923,907 (2022 \$946,795) and are presented as part of Borrowings on the Statement of Financial Position. These loans are unsecured, interest free and repayable on demand.

A donation of \$25,000 was received from the Gallagher Charitable Trust Board (2022 \$25,000). J A Gallagher is a director of Habitat for Humanity Central Region Limited and trustee of the Gallagher Charitable Trust Board. During 2021 the Company acquired two properties, which are held as social rental, from J A Gallagher No. 4 Trust for \$900,000. The sale prices were significantly lower than the market value and the Company recorded the difference as fair value gain on other acquisition received from J A Gallagher No.4 Trust \$285,000.

## 15 Financial Instruments

Financial Instruments by category	Note	2023 NZ\$	2022 NZ\$
<b>Financial Assets</b>			
Assets at amortised cost			
Cash & Cash Equivalents	11	682,396	1,453,125
Mortgage Receivables	19	1,674,945	1,976,586
Trade and other receivables (excludes GST receivables)	8	900,627	805,660
		<u>3,257,968</u>	<u>4,235,371</u>
<b>Financial Liabilities</b>			
Liabilities at amortised cost			
Trade Payables	10	299,002	437,818
Borrowings	13	14,801,840	11,230,214
		<u>15,100,842</u>	<u>11,668,032</u>

### Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide continuing services to the public and to maintain an optimal capital structure to reduce the cost of capital. As the Company is a public benefit entity, there are no distributions made to the shareholders. This allows full use of funds to be focused on operating activities and reducing any external debt. The objective of the company's capital management is to ensure a strong credit rating to support business growth and raising funds in line with our charitable and not for profit status which aims to eliminate poverty housing.

## 16 Property, Plant and Equipment

Reconciliation of carrying amounts at the beginning and end of the period	Land and Buildings "At Cost"	Construction Equipment - At Cost	Motor Vehicles - At Cost	Plant and Equipment - At Cost	Total
Net carrying amount					
1 July 2021 net of accumulated depreciation and impairment	12,246,211	2,321	136,730	79,016	12,464,278
Additions	1,541,722	1,858	-	149,380	1,692,959
Ricoh Photocopier Removal	-	-	-	(133,100)	(133,100)
Ricoh Depreciation Recovered	-	-	-	134,350	134,350
Disposals	-	-	-	(6,666)	(6,667)
Depreciation charge for the year	(223,594)	(1,542)	(44,101)	(43,766)	(313,004)
At 30 June 2022 net of accumulated depreciation and impairment	<u>13,564,338</u>	<u>2,636</u>	<u>92,630</u>	<u>179,214</u>	<u>13,838,816</u>
At 30 June 2023 net of accumulated depreciation and impairment					
Cost	15,009,907	41,794	468,373	640,206	16,160,281
Accumulated Depreciation	(1,445,569)	(39,158)	(375,743)	(460,992)	(2,321,465)

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Net carrying amount	<u>13,564,338</u>	<u>2,636</u>	<u>92,630</u>	<u>179,214</u>	<u>13,838,816</u>
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## Notes to the Financial Statements

For the year ended 30 June 2023

	Land and Buildings "At Cost"	Construction Equipment - At Cost	Motor Vehicles - At Cost	Plant and Equipment - At Cost	Total
<b>Year ended 30 June 2022</b>					
1 July 2021 net of accumulated depreciation and impairment	7,518,214	2,543	110,127	97,700	7,728,584
Additions 2022	4,897,674	1,144	77,580	39,127	5,015,523
Disposals 2022	-	-	(1,739)	-	(1,739)
Depreciation charge for the year 2022	(169,676)	(1,367)	(49,238)	(57,811)	(278,092)
<b>At 30 June 2022 net of accumulated depreciation and impairment</b>	<b>12,246,211</b>	<b>2,321</b>	<b>136,730</b>	<b>79,016</b>	<b>12,464,277</b>
<b>At 30 June 2022 net of accumulated depreciation and impairment</b>					
Cost 2022	13,468,188	39,936	468,373	630,595	14,607,091
Accumulated Depreciation 2022	(1,221,977)	(37,615)	(331,642)	(551,579)	(2,142,814)
Net carrying amount	12,246,211	2,321	136,730	79,016	12,464,277

### 17 Properties held to provide a Social Rental

	Land and Buildings "At Cost"	Total
<b>Year ended 30 June 2023</b>		
1 July 2022 net of accumulated depreciation and impairment	6,809,097	6,809,097
Additions	42,192	42,192
Disposals	-	-
Depreciation charge for the year	(126,254)	(126,254)
<b>At 30 June 2023 net of accumulated depreciation and impairment</b>	<b>6,725,035</b>	<b>6,725,035</b>
<b>At 30 June 2023 net of accumulated depreciation and impairment</b>		
Cost	7,327,850	7,327,850
Accumulated Depreciation	(602,815)	(602,815)
Net carrying amount	6,725,035	6,725,035
<b>Year ended 30 June 2022</b>		
1 July 2021 net of accumulated depreciation and impairment	6,858,092	6,858,092
Additions	77,303	77,303
Disposals	-	-
Depreciation charge for the year	(126,298)	(126,298)
<b>At 30 June 2022 net of accumulated depreciation and impairment</b>	<b>6,809,097</b>	<b>6,809,097</b>
<b>At 30 June 2022 net of accumulated depreciation and impairment</b>		
Cost	7,285,657	7,285,657
Accumulated Depreciation	(476,560)	(476,560)
Net carrying amount	6,809,097	6,809,097

Properties held to provide a social rental are a separate class of property plant and equipment. Properties held to provide a social rental consist of land and buildings at cost. Depreciation has been calculated and charged on the building costs.

## Notes to the Financial Statements

For the year ended 30 June 2023

### 18 Properties held to provide a social service

	Properties Held to Provide a Social Service		Other House Additions	Total
	Land Bank			
<b>Year ended 30 June 2022</b>				
1 July 2022 net of accumulated depreciation and impairment	6,034,325	182,615	-	6,216,940
Section expenses currently held in Land Bank	-	11,725	-	11,725
Moving deposits to Construction in Progress	-	-	-	-
Houses transferred from CIP to Social Service	5,271,911	-	-	5,271,911
Houses transferred to Mortgage Receivables during year	(308,893)	-	-	(308,893)
Additions CPI	-	-	-	-
Depreciation charged for year	(48,936)	-	-	(48,936)
Depreciation recovered for year	17,453	-	-	17,453
<b>At 30 June 2023 net of accumulated depreciation and impairment</b>	<b>10,965,860</b>	<b>194,340</b>	<b>-</b>	<b>11,160,200</b>
<b>At 30 June 2023 net of accumulated depreciation and impairment</b>				
Cost	11,038,764	194,340	-	11,233,104
Accumulated Depreciation	(72,904)	-	-	(72,904)
Net carrying amount	10,965,860	194,340	-	11,160,200
<b>Year ended 30 June 2022</b>				
1 July 2021 net of accumulated depreciation and impairment	983,720	311,142	-	1,294,862
Section expenses currently held in Land Bank	-	7,534	-	7,534
Moving deposits to Construction in Progress	-	(136,062)	-	(136,062)
House transferred from CIP to Social Service	5,402,264	-	-	5,402,264
Houses transferred to Mortgage Receivables during year	(364,221)	-	-	(364,221)
Additions CPI	-	-	-	-
Partner Family Houses moved to Social Service	-	-	-	-
Depreciation charged for year	(4,891)	-	-	(4,891)
Depreciation recovered within the last year	17,453	-	-	17,453
<b>At 30 June 2022 net of accumulated depreciation and impairment</b>	<b>6,034,325</b>	<b>182,614</b>	<b>-</b>	<b>6,216,940</b>
<b>At 30 June 2022 net of accumulated depreciation and impairment</b>				
Cost	6,075,747	182,614	-	6,258,362
Accumulated Depreciation	(41,422)	-	-	(41,422)
Net carrying amount	6,034,325	182,614	-	6,216,940

#### Properties held to provide a Social Service

Properties held to provide a social service are a separate class of property plant and equipment. Properties held to provide a social service consist of land and buildings at cost. Depreciation has been calculated and charged on the building costs. Land bank is property that has been purchased for the sole purpose of constructing homes for future partnership families. There has been no development to this land therefore no depreciation has been charged. Other house additions are the net effect of additions to existing partner family homes that are separate to the umbrella agreements in place.

### 19 Mortgage Receivables

The Fair Value adjustment is based on a Net Present Value calculation.

	2023 NZ\$	2022 NZ\$
Opening balance Mortgage Receivables	1,976,586	2,065,264
Partner Families transferred to Mortgage Receivables	475,000	465,332
Net Income transferred to Mortgage Receivables	(32,491)	(119,425)
House Payments received	(143,815)	(118,659)
Inflation on Mortgage Receivable properties	67,641	42,853
Additions to properties	-	466
Houses Sold to Partner Families	(670,309)	(419,719)
Fair Value Adjustments	(3,154)	57,016
Movements within Partner Family Accounts	5,487	3,460

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Total Properties Intended for Sale	<u>1,674,945</u>	<u>1,976,586</u>
Current Asset	153,499	125,571
Non Current Asset	<u>1,521,446</u>	<u>1,851,015</u>
	<u>1,674,945</u>	<u>1,976,586</u>

## Notes to the Financial Statements

For the year ended 30 June 2023

Mortgage Receivables represent the amounts due from partner families from the sale of houses constructed for their use. The mortgages are structured in accordance with the Long Term Sale and Purchase Agreement ("LTSPA") between Habitat for Humanity and the partner families. The mortgages are inflation adjusted at rates between 0% and 5.3% and are repayable based on principal and interest payments made on a fortnightly or weekly basis by partner families. The mortgages are secured over the properties on which the mortgages are payable. During the year ended 30 June 2022 there have been no bad or doubtful debts relating to mortgage receivables. There are currently no indications of likely impairment losses on mortgage receivables.

### 20 Other Non Current Assets

	2023 NZ\$	2022 NZ\$
GST House Payment Provision	82,051	52,787
GST on LTSPA Paid in Advance	-	-
GST to pay on rental property	-	(21,458)
<b>Total other non-current assets</b>	<b>82,051</b>	<b>31,328</b>

GST House Payment Provision consists of GST paid in relation to the future sale of any Properties held for Social Service. Normally no GST is received or paid on Houses provided for Social Rental. GST payable on rental property is where the property has been converted from Properties held for Social Service to Social Housing and GST is payable.

### 21 Construction in Progress

	2023 NZ\$	2022 NZ\$
Construction in Progress	1,112,600	755,691
	<b>1,112,600</b>	<b>755,691</b>

Construction in Progress consists of houses that are under construction but have not yet finished or dedicated. Upon completion these homes will be transferred to properties held to provide a social service and depreciation allocated.

### 22 Home Repair Programme

	2023 NZ\$	2022 NZ\$
Home Repair Programme	280,862	126,937
	<b>280,862</b>	<b>126,937</b>

The Home Repair Programme works with low income homeowners who are unable to meet the costs of repairing or maintaining their home. The balance sheet holds the total loan until the work in progress is completed and the loan income and costs can be moved to the Statement of Comprehensive Revenue and Expense.

### 23 Property subsidy provision

	2023 NZ\$	2022 NZ\$
Balance at beginning of year	144,031	175,356
Increase / (decrease) in subsidy provision	144,027	(88,355)
Property Sold to Partner Family	-	-
Properties moved to Mortgage Receivable	(69,924)	(164,290)
Rental payments converted or released	(11,558)	221,322
Balance at end of year	<b>206,578</b>	<b>144,033</b>

Property subsidy provision is the net income accumulated by partner families during the rental period.

### 24 LTSPA GST Provision

	2023 NZ\$	2022 NZ\$
Balance at beginning of year	128,381	147,073
Increase / (decrease) in subsidy provision	-	-

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GST paid on payments basis	(11,349)	(18,691)
Balance at end of year	<u>117,032</u>	<u>128,381</u>
Current Liability	11,652	11,059
Non Current Liability	<u>105,382</u>	<u>117,324</u>
	117,033	128,382

## Notes to the Financial Statements

For the year ended 30 June 2023

LTSPA GST Provision is the liability payable to Inland Revenue for Partner Families who have signed Long Term Sales and Purchase Agreements. This will be paid over the term of the partnership with the company, and the outstanding balance paid upon settlement with the family

### 25 HRP GST Provision

	2023 NZ\$	2022 NZ\$
Balance at beginning of year	83,285	71,837
Increase / (decrease) in subsidy provision	50,843	48,379
GST paid on payments basis	(40,717)	(36,930)
Balance at end of year	93,411	83,285

HRP GST Provision is the liability payable to Inland Revenue for GST on HRP Loans which will be paid over the term of the loan.

### 26 Share Capital

	# Shares	2023 NZ\$	# Shares	2022 NZ\$
Balance 30 June	18	100	18	100

At 30 June 2023, share capital comprised 18 ordinary shares (2022: 18). The holders of ordinary shares are not entitled to receive dividends as the company is a Public Benefit Entity. They are however entitled to vote at meetings of the company. Each share is equal to one vote. No funds are available to shareholders on winding up. Upon winding up, any excess funds are to be distributed to registered charities as decided by the controlling director(s).

### 27 Operating Leases

Operating Lease Rental are payable as follow:	2023 NZ\$	2022 NZ\$
Less than one year	96,969	41,928
Between one and five years	231,826	80
	328,795	42,008

Rental agreements with partner families are as described in Note 19 Mortgage Receivables. Leases are cancellable with a 3 week notice period and therefore have not been included in the rentals receivable.

## Notes to the Financial Statements

For the year ended 30 June 2023

### 28 Capital Commitment

As at balance date 2022 the Company entered into agreements with suppliers as follows:

- 1 Jacks Landing (Stage 2) Hamilton - 3 houses to be built at Jacks Landing with value of the project \$1,925,217, total cost to date as of balance date was \$192,521 and the remaining cost to complete was \$1,732,696.
- 2 Sanctuary Point (Stage 3) Windermere, Tauranga - 3 houses to be built at Sanctuary Point with value of the project \$1,879,484, total cost to date as of balance date was \$187,948 and the remaining cost to complete was \$1,691,536.
- 3 The Urban Precinct, Wallaceville, Upper Hutt, Wellington - 5 houses to be built at Wallaceville with value of the project \$3,356,521, total cost to date as of balance date was \$335,652 and the remaining cost to complete was \$3,020,869.

As at balance date 2023 the Company entered into agreements with suppliers as follows:

- 1 Jacks Landing (Stage 2 & 2a) Hamilton - 6 houses to be built at Jacks Landing with value of the project \$3,494,565, total cost to date as of balance date was \$394,956 and the remaining cost to complete was \$3,554,608.
- 2 Venture Developments for acquisition of property at West Dune - 2 houses with a value of \$1,339,298, total cost to date as of balance date was \$133,929 and the remaining cost to complete was \$1,205,368.
- 3 Classic Homes Ltd for the construction of the property at Bellingham Crescent, Rotorua - 3 houses with a value of \$1,138,000, total cost to date as of balance date was \$113,800 and the remaining cost to complete was \$1,024,000.
- 4 Kainga Ora for the acquisition of development land at Quartz Avenue, Rotorua to the value of \$1,216,956.52
- 5 Zion Church Trust for the acquisition of a 1/2 share of development land at Racecourse Road, Te Awamutu with a value of \$1,750,000, total cost to date as of balance date was \$1,500,000 and the remaining cost to complete was \$250,000.

### 29 Contingent commitments

There are no known contingent liabilities as at balance date (2022: nil).

### 30 Events subsequent to balance date

There have been no further notable events after balance date.

### 31 Judgement and estimation uncertainty

The preparation of the financial statements of necessity involves judgement and estimation.

#### (a) Fair value of mortgage receivables

Judgement is required to assess the discount factor for valuing mortgages which arise under Long Term Sale and Purchase Agreements. At balance date there are mortgage receivables which have exposure over time. The overdraft interest rate applicable at the time a mortgage arises is used to assess the discount rate. To reduce this possible uncertainty, the directors make every effort to encourage families to pay a rental sufficient to accumulate a deposit at the five year period which will enable them to raise external finance and thus avoid the company entering into a Long Term Sale and Purchase Agreement.

#### (b) Fair value of loans and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, low or zero interest loans) is determined by using valuation techniques.

The company uses its judgement to select the interest rate based on market conditions when the loan is established.

# Independent Auditor's Report

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**Grant Thornton New Zealand Audit Limited**  
L4, Grant Thornton House  
152 Fanshawe Street  
P O Box 1961  
Auckland 1140

T +64 9 308 2570  
F +64 9 309 4892  
www.grantthornton.co.nz

## To the Shareholders of Habitat for Humanity Central Region Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the general purpose financial report of Habitat for Humanity Central Region Limited (the "Entity") which comprise:

- a. The financial statements set out on pages 12 to 38, which comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive revenue and expense, statement of changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; and
- b. the statement of service performance on page 3 to 11.

In our opinion, the accompanying general purpose financial report present fairly, in all material respects:

- a. the financial position of the Entity as at 30 June 2023 and its financial performance and cash flows for the year then ended; and
- b. the service performance for the year ended 30 June 2023 in accordance with the Entity's service performance criteria

in accordance with the Public Benefit Entity International Public Sector Accounting Standards Not-for-Profit Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance the International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3000 (Revised) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the General Purpose Financial Report* section of our report. We are independent of the Entity 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 Entity.

#### Other Information

The Directors are responsible for the other information. The other information comprises the Company Directory and the Directors' Report but does not include the financial statements, the service performance information and our auditor's report thereon.

Our opinion on the financial statements and statement of service performance 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 and statement of service performance, 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, 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 Those Charged with Governance for the General Purpose Financial Report**

Those charged with governance are responsible on behalf of the Entity for:

- (a) the preparation and fair presentation of the financial statements and statement of service performance in accordance with Public Benefit Entity International Public Sector Accounting Standards Not-for-Profit Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity International Public Sector Accounting Standards Not-for-Profit Reduced Disclosure Regime; and
- (c) such internal control as those charged with governance determine is necessary to enable the preparation of the financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report, the Directors on behalf of the Entity are responsible for assessing the Entity'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 those charged with governance either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the Audit of the General Purpose Financial Report**

Our objectives are to obtain reasonable assurance about whether the general purpose financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the general purpose financial report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the service performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the entity's internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements and the service performance information, including the disclosures, and whether the financial statements and the service performance information represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Restriction on use of our report**

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

**Grant Thornton New Zealand Audit Limited**

*Grant Thornton*

**Auckland, New Zealand**

**18 October 2023**