Parkwood Trust Incorporated

Financial Report

For the year ended 31 January 2025

Statement of Service Performance
For the year ended 31 January 2025

Parkwood Trust Inc (the "Trust") is a charitable Trust, incorporated under the Charitable Trust Act 1957 and registered as charitable entity under the Charities Act 2005. The Trust began operating as a retirement village in Waikanae in 1971 and now includes the retirement village with 207 independent living villas and Parkwood Lodge, a 54 apartment rest home and 25 bed continuing care hospital.

Description of the Trust's Outcomes

The Trust aims to provide low density housing at an affordable ongoing cost, in a quality environment for mature people 65 years and over.

1. To provide affordable high quality retirement housing and aged care facilities

The Trust provides a range of retirement/aged care accommodation and services to ensure that we can meet a variety of housing needs of the aged community.

2. To maintain an affordable ongoing cost for village services

The Trust aims to ensure that village fees are affordable for a resident who is living on NZ superannuation. To do this we will:
- aim to maintain a monthly village fee increase of no more than the increase in NZ superannuation rates.
- provide loans to cover monthly village fees for residents where they are in hardship.

3. Quality of Life

The Trust aims to provide a high-quality community, via the provision of wellbeing activities, village care and gardening/maintenance services. To do this we will:
- provide staff to facilitate the organisation and attendance of residents at community outings/events.
- provide support and care for residents living independently in the village through the village care team.
- provide maintenance and gardening services to maintain village grounds and gardens, buildings, villas and the Lodge.

Statement of Service Performance
For the year ended 31 January 2025

Description of the Trust's Outputs

	Notes	2025	2024
1. Retirement housing			
Retirement village villas			
1 bedroom villas		22	22
2+ bedroom villas		185	185
Total villas		207	207
Number of village residents		252	260
Parkwood Lodge			
Rest home apartments		54	54
Hospital studios		25	25
Number of Lodge residents		82	82
2. Village fees			
Percentage increase in monthly village fee (as at 1 May)		7.1%	3.7%
Increase in New Zealand Superannuation rates for single superannuitants living alone increased by 7.5% on 1 April 2023 and 4.8% on 1 April 2024.			
Total amount of loans made to residents in relation to village fees		$ 13,080	$ 11,215
3. Quality of Life			
Parkwood Seekers			
Number of community outings/events		103	109
Village care			
Number of village care staff hours for the benefit of residents living independently in the village		5,308	5,287
Village maintenance and gardening services			
Number of maintenance staff hours provided for repairs and maintenance and upgrading of villas, the Lodge and village buildings.		6,524	6,545
Number of gardening staff hours provided for the upkeep of grounds and gardens in the village		7,760	8,103

Additional output measure

Since 2005, the Trust has provided a scholarship (the Lloyd Parker Memorial Scholarship) to the Trust's staff for the purposes of furthering education in their own field of employment for the benefit of themselves, the operation of the Trust and ultimately to improve the level of care or service provided to residents. The Trust has contributed $10,000 towards Lloyd Parker Memorial Scholarship for each of the 2024 and 2025 financial years.

Statement of Comprehensive Revenue and Expense
For the year ended 31 January 2025

	Notes	2025 $	2024 $
Revenue	2	12,459,510	11,731,899
Other Income	3	870	6,000
Expenses			
Advertising and promotion		81,992	70,318
Audit fees and other services	4	65,023	44,700
Bank fees and finance costs		22,922	8,641
Computer expenses		27,481	25,268
Depreciation and amortisation	5	332,008	351,355
Food costs		434,068	433,239
General expenses		188,185	175,589
Insurance		376,138	340,050
Legal Fees		12,606	-
Medical expenses		190,047	195,985
Motor vehicle expenses		54,967	54,093
Power and gas		204,699	170,462
Printing and stationery		19,685	19,413
Local body rates		622,187	521,987
Repairs and maintenance		911,723	1,169,241
Residents Entertainment		12,000	12,000
Employee Costs	4	7,628,261	7,017,553
Statutory compliance		21,130	22,690
Telephone and tolls		9,583	9,696
Valuation fees		23,090	23,163
Total expenses		**11,237,795**	**10,665,443**
Surplus/(Deficit) from operating activities		**1,222,585**	**1,072,456**
Interest income		22,407	16,307
Net finance income		**22,407**	**16,307**
Surplus/(Deficit) for the year before fair value changes		**1,244,992**	**1,088,763**
Total fair value changes	10	**2,257,890**	**733,644**
Surplus for the year		**3,502,882**	**1,822,408**
Other comprehensive revenue and expense			
Gain on revaluation of property, plant and equipment	11	44,097	17,962
Increase in licensees' interest on revaluation of property, plant and equipment	14	(221,500)	(98,000)
Total other comprehensive revenue and expense		**(177,403)**	**(80,038)**
Total Comprehensive Revenue and Expense		**3,325,479**	**1,742,370**

The notes on pages 7 to 20 form an integral part of the financial statements.

Statement of Financial Position
As at 31 January 2025

	Note	2025 $	2024 $
Current Assets			
Cash and cash equivalents		583,845	1,484,753
Trade and other receivables	7	1,016,486	901,877
Prepayments	9	97,784	86,706
Total Current Assets		**1,698,115**	**2,473,336**
Non-Current Assets			
Other financial assets	8	1,567	1,567
Investment property	10	157,845,845	148,964,607
Property, plant and equipment	11	15,797,871	14,407,523
Intangible assets	12	3,856	5,509
Total Non-Current Assets		**173,649,139**	**163,379,206**
Total Assets		**175,347,254**	**165,852,542**
Current Liabilities			
Trade and other payables	13	1,523,233	1,329,970
Licensees' interest liability	14	117,809,735	113,197,589
Provisions	15	585,954	606,559
Revenue received in advance - Site donations		2,746,500	2,516,490
Revenue received in advance - Retention fees		6,793,261	6,068,671
Total Current Liabilities		**129,458,683**	**123,719,279**
Non-Current Liabilities			
Term Loan	6	429,830	-
Total Non-Current		**429,830**	**-**
Total Liabilities		**129,888,513**	**123,719,279**
Accumulated Funds and Reserves			
Accumulated funds		41,502,279	38,076,696
Property revaluation reserve	16	3,690,323	3,867,726
Maintenance reserve	16	266,139	188,841
Total Accumulated Funds and Reserves		**45,458,741**	**42,133,263**
Total Liabilities, Accumulated Funds and Reserves		**175,347,254**	**165,852,542**

The notes on pages 7 to 20 form an integral part of the financial statements.

This financial report has been approved on 28 May 2025 on behalf of the Board of Trustees by:

Richard Campbell
Trustee

Alastair Mansell
Trustee

Statement of Changes in Net Assets/Equity
For the year ended 31 January 2025

	Accumulated Funds $	Property Revaluation Reserve $	Maintenance Reserve $	Total $
Balance at 1 February 2023	36,087,867	3,947,764	355,262	40,390,893
Revaluation of property, plant and equipment	-	(80,038)	-	(80,038)
Other Comprehensive Revenue and Expense	-	(80,038)	-	(80,038)
Surplus for the year	1,822,408	-	-	1,822,408
Total Comprehensive Revenue and Expense	1,822,408	(80,038)	-	1,742,370
Transfer (to)/from maintenance reserve	166,421	-	(166,421)	-
Balance at 31 January 2024	38,076,696	3,867,726	188,841	42,133,263

	Accumulated Funds $	Property Revaluation Reserve $	Maintenance Reserve $	Total $
Balance at 1 February 2024	38,076,696	3,867,726	188,841	42,133,263
Revaluation of property, plant and equipment	-	(177,403)	-	(177,403)
Other Comprehensive Revenue and Expense	-	(177,403)	-	(177,403)
Surplus for the year	3,502,882	-	-	3,502,882
Total Comprehensive Revenue and Expense	3,502,882	(177,403)	-	3,325,479
Transfer (to)/from maintenance reserve	(77,298)	-	77,298	-
Balance at 31 January 2025	**41,502,279**	**3,690,323**	**266,139**	**45,458,741**

The notes on pages 7 to 20 form an integral part of the financial statements.

Statement of Cash Flows
For the year ended 31 January 2025

	Note	2025 $	2024 $
Cash Flows From Operating Activities			
Cash was provided from:			
Receipts from residents for care fees and village services		9,138,257	8,801,731
Net receipts for residents' loans - resales of licences to occupy		5,772,648	6,633,877
Receipts from donations		43,206	7,414
Interest received		22,407	16,307
		14,976,518	15,459,329
Cash was disbursed to:			
Payment to suppliers and employees		(10,845,736)	(10,223,879)
		(10,845,736)	(10,223,879)
Net cash inflow/(outflow) from operating activities		4,130,782	5,235,450
Cash Flows From Investing Activities			
Cash was provided from:			
Sale of property, plant and equipment		870	6,000
		870	6,000
Cash was disbursed to:			
Purchase of property, plant and equipment		(1,487,441)	(433,451)
Purchase of intangible assets		-	(5,600)
Payments for investment property:			
- construction of retirement villas		(3,919,911)	(3,164,392)
- refurbishment of retirement village		(55,038)	(130,229)
		(5,462,390)	(3,733,672)
Net cash inflow/(outflow) from investing activities		(5,461,520)	(3,727,672)
Cash Flows From Financing Activities			
Cash was provided from:			
Term Loan		429,830	-
		429,830	-
Net cash inflow/(outflow) from financing activities		429,830	-
Net Increase/(Decrease) in Cash Held		**(900,908)**	**1,507,778**
Cash at beginning of year		1,484,753	(23,025)
Cash at End of Year		**583,845**	**1,484,753**
Cash and cash equivalents comprises:			
Cash and cash equivalents		583,845	1,484,753
		583,845	**1,484,753**

The notes on pages 7 to 20 form an integral part of the financial statements.

Notes to the Financial Statements
For the year ended 31 January 2025

Note 1 – Statement of Accounting Policies

Reporting Entity

Parkwood Trust Incorporated (the "Trust") is a charitable trust, incorporated under the Charitable Trusts Act 1957, and registered as a charitable entity under the Charities Act 2005 that operates a retirement village, rest home and geriatric hospital based in Waikanae, New Zealand.

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity Accounting Standards ("PBE standards") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-for-Profit entities. The financial statements have been prepared in accordance with Tier 2 PBE standards and disclosure concessions have been applied ("Reduced Disclosure Regime"), Parkwood Trust Incorporated is a public benefit not-for-profit entity and is eligible to apply Tier 2 PBE standards applicable to not-for-profit entities on the basis that it does not have public accountability and is not defined as large.

Basis of Preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain non-current assets and liabilities. The reporting currency is New Zealand dollars which is the Trust's functional currency.

Critical judgement in applying the Trust's accounting policies

Classification of Properties

With the exception of Parkwood Lodge (the Trust's rest home and hospital) and the Trust Administration Office, all land and buildings are classified as Investment Properties.

Parkwood Lodge is classified as Property, Plant and Equipment due to the significant level of services provided to residents in Parkwood Lodge.

The Trust Administration Office is classified as Property, Plant and Equipment due to the significant level of administrative services being performed, which is the predominant use.

Key Sources of Estimation Uncertainty

The following material judgements and assumptions have been made in the preparation of the financial statements:

Investment properties: The fair value of the Trust's interest in investment properties has been determined by an independent qualified valuer using assumptions relating to future cash-flows arising from the investment properties and assumptions relating to future growth rates of retirement village licence to occupy agreement amounts, the average duration of residency of occupants and appropriate discount rates. The fair value of the Trust's interest in investment properties is subjective and changes to assumptions can have a significant impact on both profit and the fair value. Refer to note 10 for details on assumptions.

Licensees' interest liability: The licensees' interest liability has been revalued based on the gross market values of the properties less contractual retentions which are 10% prior to 1 July 2013, 15% from 1 July 2013 to 31 March 2017, 20% from 31 March 2017 to 31 August 2022 and 25% since 1 September 2022. This represents the actual share of the Licensees' interest in the properties.

Recognition of retention fees and site donations: Retention fees and site donations are recognised over the expected life of the occupancy, which is 9 years. (2024: 9 years)

Specific Accounting Policies

a. Revenue

1) Revenue from Exchange Transactions

Residents fees and charges: Resident fees are the charge to the residents of the rest home and hospital for accommodation and services, and the charge to village residents to cover the costs of running the village. They are recognised as revenue on an invoice basis, at the time of rendering the service.

Retention Fees: Retention fees are the proportion of the value of the sale of a Licence to Occupy (LTO) that is retained by the Trust at the end of the occupancy period. Retention fee revenue is recognised over the expected life of the occupancy (9 years) and the receivable netted off against the licensees' interest liability.

Site Donations: Site Donations received at the start of the residents' licence to occupy are deferred and recognised over the expected life of occupancy, which is 9 years.

External Maintenance Charges: External maintenance charges relate to cash received from the incoming resident for external maintenance necessary on a villa when a LTO is sold.

2) Interest Income

Interest income on cash and short-term investments is calculated using the effective interest method.

3) Revenue from Non-Exchange Transactions – Donations and Legacies

Donations and Legacies income is recorded when the money is received by the Trust.

b. Interest Expense

Interest payable on the bank overdraft and term loan is recognised as an expense using the effective interest method.

c. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, and outstanding bank overdrafts.

d. Financial Assets

Financial Assets are categorised as financial assets at amortised cost and are presented as follows:

Financial assets at amortised cost: Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'financial assets at amortised costs'. Financial assets at amortised costs are initially measured at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest method less impairment.

Impairment of financial assets: Financial assets are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

e. Licenses held for Transfer

Licenses held for transfer are recognised once a licence agreement becomes unconditional. The receivable is recorded at its nominal value and collection terms are based on the specific terms of individual licence to occupy agreements.

f. Investment Properties

Investment properties include land and buildings (units) in Woodlands and Parklands including communal facilities (Plateau and Parklands Social Centres, Workshop, Croquet Pavilion, and Implement Shed), from which the Trust's primary sources of revenue are the site donation and retention fees earned from the issue of LTOs.

Land and buildings (apartments and studios) associated with the resthome/hospital and the Trust Administration Office are classified within Property Plant and Equipment as these assets are held with the primary purpose of the provision of care services to the residents therein, or for administrative purposes.

Investment properties are initially recorded at cost, then revalued on an annual basis by an independent valuer and adjusted for balances already recognised in the Statement of Financial Position. Any fair value change determined by the annual revaluation is reflected in the surplus or deficit. The valuation of investment property is grossed up for the cash flows relating to the licensees' interest liability recognised separately on the Statement of Financial Position and is determined as disclosed in note 10.

Where an investment property is disposed of, the surplus or deficit recognised in the Statement of Comprehensive Revenue and Expense is the difference between the net sale price and the carrying value of the property. Transfers are made to or from investment property only when there is a change in use. Investment properties are not depreciated.

g. Property, Plant and Equipment

Property, Plant and Equipment are recorded at historical cost less accumulated depreciation and any impairment in value, with the exception of Parkwood Lodge (Land and Buildings) and the Trust Office land. The Lodge (Land and Buildings) and Trust Administration Office Land is stated at fair value and is revalued annually by Independent Registered Valuers on the market value method. Any increase determined by the annual revaluation is taken to the Revaluation Reserve, except when the increase is recognised in the Surplus/(Deficit) for the year to the extent that it reverses a revaluation decrease of the same assets previously recognised in the Surplus/(Deficit) for the year. Any of the licensees' share of the capital gain from the revaluation of the Lodge subject to a LTO are also included in the Licensees' interest liability. On the subsequent sale or retirement of a revalued asset the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to accumulated funds.

Historical cost includes expenditure directly attributable to the acquisition of the asset. Subsequent expenditure is added to the carrying value of the asset only when it is probable that future economic benefits will flow to the Trust. All other repairs and maintenance expenditure are expensed as incurred.

All items of property, plant and equipment, except land, are depreciated on a straight-line basis at rates calculated to allocate their cost or revalued amount over their expected useful life and reviewed at the end of each reporting period.

Buildings	50 Years
Plant and Equipment	10 Years
Fixture and Fittings	10 Years
Motor Vehicles	5 Years
Computer Equipment	5 Years

h. Intangible Assets

Intangible assets include software which has a finite life. Intangibles are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful life of 3 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

i. Financial Liabilities

Financial liabilities include Trade Creditors and other payables, Licensees' Interests and Loans from Residents. All financial liabilities are measured initially at fair value, net of transaction costs, on inception and then amortised cost.

j. Licensees' Interest Liability

The incoming contributions received from the commencement of a Licence to Occupy (LTO) are recorded and treated as current liabilities. Any of the Licensees' share of capital gain from revaluations of assets subject to a LTO are also included in this liability. On termination of their occupancy rights, the village winding up, or on the disposal of the land, the licensees are entitled to repayment of the incoming contribution less the retention fee which includes any gain or loss in capital. There is no obligation on the Trust to pay out the licensee after a LTO has been terminated until a replacement licensee has purchased the licence.

LTOs confer the right to occupancy of a unit or apartment until such time as the residents' occupancy terminates and the occupancy rights are transferred to another resident. The LTOs do not include any other rights to surplus and do not have a specific maturity date.

The increase in the value of the licensees' interest liability that are attributable to movements in the value of the property are recognised in the Statement of Comprehensive Revenue and Expense.

k. Employee Benefits

Provision is made for all employee benefits accumulated in respect of wages and salaries, annual leave and long service leave.

Liabilities for employee benefits which are expected to be paid or settled within 12 months of balance date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

l. Taxation

The Trust is exempt from income tax under section CW 41(1) of the Income Tax Act 2007 by virtue of it being registered as a charitable entity under the Charities Act 2005.

m. Goods and Services Tax

All transactions are recorded exclusive of GST unless GST cannot be recovered. Cash flows are included in the Cash Flow Statement on a net basis.

n. Impairment

At each reporting date, the Trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Trust estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in surplus/deficit immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the prior years. A reversal of an impairment loss is recognised in surplus/ deficit immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

o. Deferred Revenue

Income received from common facility site donations from residents when they purchase a licence to occupy is treated as revenue in advance and spread over the expected period of the occupancy (Villas: 9 years).

p. Cash Flow Statement

The following are the definitions of the terms used in the Statement of Cash Flows:

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

Investing activities - Those activities relating to the purchase and selling of property, plant and equipment as well as investment properties.

Financing activities - Those activities relating to the changes in capital structure.

Cash is considered to be cash on hand and demand deposits, highly liquid term deposits and overdraft facilities used as part of day-to-day cash management.

q. Maintenance Reserve

This maintenance reserve has been capitalised in Funds and Reserves for future external maintenance of residents' dwellings. The reserve is subject to specific conditions accepted as binding by the Trust. Transfers from this maintenance reserve can only be made for external maintenance on residents' dwellings and maintenance of village infrastructure.

Note 2 – Revenue

	2025	2024
Revenue from exchange transactions	**$**	**$**
Resident Fees and Charges		
Parkwood Lodge	6,933,132	6,551,863
Parkwood Village	1,451,565	1,288,179
Retention Fees	2,674,977	2,517,397
Site Donations	589,991	608,677
External Maintenance Charges	645,010	650,104
Other	121,629	108,265
	12,416,304	11,724,485
Revenue from non-exchange transactions		
Legacies, Grants and Donations	43,206	7,414
	43,206	7,414
Total Revenue	**12,459,510**	**11,731,899**

Note 3 – Other Income

	2025	2024
Other income	**$**	**$**
Gain on sale of Plant and Equipement	870	6,000
Total Other Income	**870**	**6,000**

During the year, the Trust disposed of a chipper. The net gain on disposals was $870 (2024: $6,000 gain on sale of a mower).

Note 4 – Key Expenses

Surplus for the period has been arrived at after charging the following expenses:	2025 $	2024 $
Auditor's Remuneration		
Fees paid to auditors for audit of financial report	65,023	41,924
Other fees paid to auditors	-	2,776
	65,023	**44,700**
Employee Costs		
Salaries and wages	7,378,604	6,758,318
Employer contributions to KiwiSaver	204,650	188,909
ACC Levy	65,613	29,477
Other employee benefits	(20,606)	40,849
	7,628,261	**7,017,553**

Note 5 – Depreciation and Amortisation

	2025 $	2024 $
Comprises		
Depreciation on:		
Parkwood Lodge - Buildings	217,200	217,200
Motor Vehicles	15,170	37,983
Plant and Equipment	65,011	65,069
Fixture and Fittings	17,421	17,127
Computer Equipment	15,553	13,215
	330,355	**350,594**
Amortisation on:		
Software	1,653	761
	1,653	**761**
Total	**332,008**	**351,355**

Note 6 – Bank Loan Facilities

The Trust applied for an Overdraft Facility with the BNZ and a $1,000,000 facility was put in place from 18 June 2024 (2024: $400,000 temporary (90 day) Overdraft Facility from July 2023).

The Trust applied for a Project Plus Term Loan Facility with the BNZ and a $850,000 facility was put in place from 18 June 2024. The Trust has drawn down $429,830 (2024: Nil) of the Term Loan. The expiry date of the facility is 2 February 2026. The interest rate for the loan is set monthly by the Bank. The effective interest rate at 31 January 2025 was 8.55%. The loan is interest only during the term with interest capitalised monthly. A line fee of 1% p.a. is charged monthly in arrears on the facility limit per month.

The Overdraft and Term Loan are secured with a General Security Agreement over all present and after acquired property of the Trust and a Mortgage of all records of land titles held by the Trust.

Note 7 – Trade and Other Receivables from exchange transactions

	2025 $	2024 $
Trade Receivables	322,005	294,690
Other	694,481	607,187
Expected credit losses	-	-
	1,016,486	**901,877**

There were no bad debts during the year (2024: Nil).

Note 8 – Other Financial Assets

	2025 $	2024 $
Share in Farmlands	1,567	1,567
	1,567	**1,567**

Note 9 – Prepayments

	2025 $	2024 $
Prepayments	97,784	86,706
	97,784	**86,706**

Note 10 – Investment Property

	2025 $	2024 $
Balance at beginning of financial year	148,964,607	139,656,114
Additions	3,701,209	2,998,009
Increase from resale of occupation rights agreements	409,105	392,840
Transfers to PPE	(189,166)	-
Fair value movement	4,960,090	5,917,644
Total Investment Property	**157,845,845**	**148,964,607**

	2025 $	2024 $
Freehold land at fair value	22,810,000	23,820,000
Buildings at fair value	132,593,650	123,992,722
Construction in progress measured at cost	2,442,195	1,151,885
Total Investment Property	**157,845,845**	**148,964,607**

	2025 $	2024 $
Fair value movement	4,960,090	5,917,644
Fair value movement attributable to Licensee Interest	(2,702,200)	(5,184,000)
Total Fair value movement	**2,257,890**	**733,644**

As at 31 January 2025, the valuation of the investment property has been prepared by Kapiti Valuations Ltd of Paraparaumu, an independent valuer, which has extensive experience in undertaking valuations of businesses and assets including retirement villages in the Kapiti area for financial reporting and other purposes.

The valuation is on a discounted cash flow basis whereby the future cash flows expected to be generated by the Trust from such property has been discounted to the valuation date at a discount rate reflecting the risk of the investment. Significant assumptions include:

- Inflation rate of 2% per annum (2024: 2%)
- A capital growth rate of 2% over the rate of inflation. (2024: 2%)
- A discount rate of 14.25% which recognises the risk of this property. (2024: 14.25%)
- The average length of tenure in a licence to occupy a unit is nine years. (2024: 9 years)

- The valuation of investment property was performed on a basis that cash flows would be attributable to the Trust as if it was a for profit organisation which has been determined as the highest and best use of the asset under the following terms:
    - A current retention rate of 25% applies from 1 September 2022.
    - An assumed retention rate of 30% would apply to any agreements signed from January 2025 onwards and is based on the purchase price of the properties.
    - Any capital gain on a property would be received by the Trust as if it was a for profit organisation and not passed on to the licence holder.
- Cashflow was based on future cash flows and projected sales forecasts for the next 20 years.
- The discounted cash flow is based on market evidence.

The valuation of investment properties by Kapiti Valuations Ltd is grossed up for refundable licence to occupy agreements, license retention due and revenue received in advance which are recognised separately in the Statement of Financial Position. Reconciliation between the Kapiti Valuations Ltd valuation amount and the amount recognised on the balance sheet as investment property is as follows:

	2025	2024
Independent valuation of investment property made up of:	$	$
Trust's interest in Investment Property	39,212,654	36,786,972
Plus: Refundable licence to occupy agreements	126,871,000	121,443,000
Less: Licence Retention Due (Contractual)	(20,219,765)	(19,002,411)
Plus: Revenue received in advance - Site Donations	2,746,500	2,516,490
Plus: Revenue received in advance - Retentions	6,793,261	6,068,671
	155,403,650	147,812,722
Construction in progress measured at cost	2,442,195	1,151,885
Total Investment Property	**157,845,845**	**148,964,607**

All investment properties are subject to licences to occupy agreements except the Trust's social centres, pavilion, and implement shed and retirement village villas for which there is no licence to occupy in place.

Construction in Progress for Investment property includes construction in progress of $2,442,197 (2024: $1,151,886), which has been valued at cost. The Trust has determined that for construction in progress, cost represents fair value. No independent valuation of investment property construction in progress is obtained.

Note 11 – Property, Plant and Equipment

	Freehold land at fair value - Parkwood Lodge	Buildings at fair value - Parkwood Lodge	Freehold land at fair value - Trust Office	Buildings at cost - Trust Office	Construction in Progress	Motor vehicles at cost	Plant and equipment at cost	Fixture and fittings at cost	Computer equipment at cost	Total
	$	$	$	$	$	$	$	$	$	$
Gross carrying amount										
Balance at 31 January 2023	1,500,000	12,283,000	-	-	11,224	464,850	2,010,072	482,547	146,130	16,897,823
Additions	-	109,176	-	-	202,786	-	74,345	4,152	42,992	433,451
Disposals	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(217,200)	-	-	-	-	-	-	-	(217,200)
Transfer from Construction in Progress	-	182,062	-	-	(182,062)	-	-	-	-	-
Revaluation	50,000	(32,038)	-	-	-	-	-	-	-	17,962
Balance at 31 January 2024	**1,550,000**	**12,325,000**	**-**	**-**	**31,948**	**464,850**	**2,084,417**	**486,699**	**189,122**	**17,132,036**
Additions	-	433,155	-	847,830	-	16,957	133,623	40,520	15,355	1,487,440
Disposals	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(217,200)	-	-	-	-	-	-	-	(217,200)
Transfer from Construction in Progress	-	31,948	-	-	(31,948)	-	-	-	-	-
Transfer from Investment Property	-	-	150,000	39,166	-	-	-	-	-	189,166
Revaluation	(50,000)	94,097	-	-	-	-	-	-	-	44,097
Balance at 31 January 2025	**1,500,000**	**12,667,000**	**150,000**	**886,996**	**-**	**481,807**	**2,218,040**	**527,219**	**204,477**	**18,635,539**
Accumulated depreciation and impairment										
Balance at 31 January 2023	-	-	-	-	-	385,032	1,632,397	448,209	125,481	2,591,119
Disposals	-	-	-	-	-	-	-	-	-	-
Net adjustments from revaluation decrements	-	(217,200)	-	-	-	-	-	-	-	(217,200)
Depreciation expense for the year	-	217,200	-	-	-	37,983	65,069	17,127	13,215	350,594
Balance at 31 January 2024	**-**	**-**	**-**	**-**	**-**	**423,015**	**1,697,466**	**465,336**	**138,696**	**2,724,513**
Disposals	-	-	-	-	-	-	-	-	-	-
Net adjustments from revaluation decrements	-	(217,200)	-	-	-	-	-	-	-	(217,200)
Depreciation expense for the year	-	217,200	-	-	-	15,170	65,011	17,421	15,553	330,355
Balance at 31 January 2025	**-**	**-**	**-**	**-**	**-**	**438,185**	**1,762,477**	**482,757**	**154,249**	**2,837,668**
Net Book Value										
As at 31 January 2023	1,500,000	12,283,000	-	-	11,224	79,818	377,675	34,338	20,649	14,306,704
As at 31 January 2024	1,550,000	12,325,000	-	-	31,948	41,835	386,951	21,363	50,426	14,407,523
As at 31 January 2025	1,500,000	12,667,000	150,000	886,996	-	43,622	455,563	44,462	50,228	15,797,871

As at 31 January 2025, the valuation of freehold land and Parkwood Lodge has been prepared by Kapiti Valuations Ltd of Paraparaumu, an independent registered valuer, which has extensive experience in undertaking valuations of businesses and assets for financial reporting and other purposes. Parkwood Lodge (Land and Buildings) and the Trust Office land has been valued at fair value using the market value method and considering recent activity in the market. The total fair value of property, plant and equipment valued by the valuer is $14,317,000 and consists of Parkwood Lodge land and buildings of $14,167,000 and Trust Office land of $150,000.

Licence to occupy agreements confer the right of occupancy of the apartments in Parkwood Lodge. The licensees' share of the increases in the values of the apartments in Parkwood Lodge have been disclosed in the Statement of Comprehensive Revenue and Expense. Restrictions on property, plant and equipment arise to the extent that the Trust must meet the requirements under the Retirement Villages Act 2003, which involve consulting with the Statutory Supervisor.

Note 12 – Intangibles

	2025	2024
	$	$
Software		
Opening Cost	108,329	102,729
Additions	-	5,600
Total Cost	108,329	108,329
Opening Accumulated Amortisation	102,820	102,059
Amortisation for the year	1,653	761
Closing Accumulated Amortisation	104,473	102,820
Net Book Value	**3,856**	**5,509**

Note 13 – Trade and Other Payables

	2025 $	2024 $
Trade Creditors	308,454	249,690
Other Payables	1,172,234	1,024,208
GST Payable	42,545	56,072
	1,523,233	**1,329,970**

The Trust has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Note 14 – Licensees' Interest Liability

	2025 $	2024 $
Opening balance	132,200,000	122,923,000
Trust's sale/(purchase) of licence to occupy of property, plant and equipment	180,000	567,000
Unrealised increase/(decrease) in value of property, plant and equipment	221,500	98,000
Trust's sale/(purchase) of licence to occupy of investment property	(1,003,000)	(295,000)
Incremental increase from resale of occupation rights agreements	3,728,800	3,723,000
Unrealised increase/(decrease) in value of investment properties	2,702,200	5,184,000
	138,029,500	132,200,000
The licensees' interest liability comprise:		
Licensees' interest in Property, plant and equipment	11,158,500	10,757,000
Licensees' interest in Investment Property	126,871,000	121,443,000
	138,029,500	132,200,000
Less License Retentions Due	(20,219,765)	(19,002,411)
Net Licensees' interest liability	**117,809,735**	**113,197,589**

The value of the Licensees' Interest Liability has been shown net of licence retention fees due to reflect the fact that at the end of the occupancy, the net amount will be paid to the resident.

Note 15 – Current Provisions

	2025 $	2024 $
Employee benefits		
Holiday pay accrual	585,954	606,559
	585,954	**606,559**

Note 16 – Reserves

Accumulated Funds

Accumulated funds equals retained earnings less amounts in respect of maintenance kept in a separate reserve. These funds are held and reinvested for charitable purposes which will benefit the aged community in Waikanae, New Zealand.

Property Revaluation Reserve	2025 $	2024 $
Opening balance	3,867,726	3,947,764
Revaluation (decrease)/increase	(177,403)	(80,038)
Closing balance	**3,690,323**	**3,867,726**

Maintenance Reserve	2025 $	2024 $
Opening balance	188,841	355,262
Trust contribution (from accumulated funds)	-	40,000
Maintenance contribution	647,010	650,103
Maintenance costs	(569,712)	(856,524)
Closing balance	**266,139**	**188,841**

This maintenance reserve has been capitalised in Funds and Reserves for future external maintenance of residents' dwellings. The reserve is subject to specific conditions accepted as binding by the Trust. Transfers from this maintenance reserve can only be made for external maintenance on residents' dwellings and maintenance of village infrastructure. Residents are charged an external maintenance fee. The surplus/(deficit) for the year is transferred to the maintenance reserve. The Trust did not contribute to the maintenance reserve (2024: $40,000).

Note 17 – Related Party Transactions

Remuneration of key management personnel

	2025 $	2024 $
Short-term employee benefits	1,016,380	877,109
Employer contributions to KiwiSaver	30,853	25,368
	1,047,233	**902,477**

The key management personnel compensation disclosed for the 2025 year represents 8 full-time equivalents from February 2024 to June 2024, reducing to 7 full-time equivalents from July 2024 to January 2025. The 2024 compensation represents 7 full-time equivalents for the full financial year.

Loans Provided to Key Management Personnel and their Close Family Members

During the reporting period, the Trust received repayment for a loan of $60,000 which was previously made to a Trustee and their close family member. The loan was provided to allow for the purchase of an Occupation Right Agreement in Parkwood Lodge. The loan was provided at an interest rate of 0%. Repayment was made in full on the settlement of the licence. As at 31 January 2024, no related party loans remain outstanding.

Note 18 – Capital Commitments

At balance date the Trust has contractual capital commitments totalling $568,865 (2024: 59,081) relating to obligations to construct investment property.

Note 19 – Financial Instruments

a. Capital risk management

The management of the Trust manages its capital to ensure that the entity will be able to continue as a going concern. The capital structure of the Trust consists of cash and cash equivalents and equity comprising accumulated funds, maintenance reserve and revaluation reserves.

b. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the Statement of Accounting Policies.

c. Categories of financial instruments

31 January 2025	Financial liabilities at amortised cost $	Financial assets at amortised costs $	Financial Assets designated at fair value through $	Total $
Assets				
Cash and cash equivalents	-	583,845	-	583,845
Trade and other receivables	-	1,016,486	-	1,016,486
Other financial assets	-	-	1,567	1,567
Total financial assets	-	1,600,331	1,567	1,601,898
Total non financial assets	-	-	-	173,745,354
Total assets	**-**	**1,600,331**	**1,567**	**175,347,252**
Liabilities				
Term Loan	429,830	-	-	429,830
Trade and other payables	1,480,688	-	-	1,480,688
Other financial liabilities	585,954	-	-	585,954
Licensee interest liabilities	117,809,735	-	-	117,809,735
Total financial liabilities	120,306,207	-	-	120,306,207
Total non financial liabilities	-	-	-	9,582,307
Total liabilities	**120,306,207**	**-**	**-**	**129,888,514**

31 January 2024	Financial liabilities at amortised cost $	Financial assets at amortised costs $	Financial Assets designated at fair value through $	Total $
Assets				
Cash and cash equivalents	-	1,484,753	-	1,484,753
Trade and other receivables	-	901,877	-	901,877
Other financial assets	-	-	1,567	1,567
Total financial assets	-	2,386,630	1,567	2,388,197
Total non financial assets	-	-	-	163,464,345
Total assets	**-**	**2,386,630**	**1,567**	**165,852,542**
Liabilities				
Bank overdraft	-	-	-	-
Trade and other payables	1,273,898	-	-	1,273,898
Other financial liabilities	606,559	-	-	606,559
Licensee interest liabilities	113,197,589	-	-	113,197,589
Total financial liabilities	115,078,046	-	-	115,078,046
Total non financial liabilities	-	-	-	8,641,234
Total liabilities	**115,078,046**	**-**	**-**	**123,719,280**

d. Financial risk management objectives

The Trust does not enter into derivative financial instruments for trading or speculative purposes.

e. Foreign currency risk management

The Trust has not undertaken any transactions denominated in foreign currencies (2024:Nil).

f. Interest rate risk management

Interest is received on cash balances, the Trust has no cash balances on term deposit.

The Trust's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

g. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Trust. The Trust has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Trust's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Trust.

Trade receivables consist of a large number of customers, most of which are resident in the village. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Trust does not have any significant credit risk exposure to any single counterparty. The credit risk on liquid funds is limited because the counterparty is a bank with high credit-ratings assigned by international credit-rating agencies.

There is no significant credit risk on Trade receivables and Licence retentions because the Trust can recover these fully on settlement of the Licence to Occupy.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for expected credit losses, represents the Trust's maximum exposure to credit risk without taking account of the value of any collateral obtained.

h. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of trustees, who have built an appropriate liquidity risk management framework for the management of the Trust's short, medium and long term funding and liquidity management requirements. The Trust manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Trust's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Trust can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the estimated possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the Statement of Financial Position.

Contractual	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $	Adjustment $	Carrying Value $
				Contractual maturity periods			
2025							
Non-interest bearing	0.00%	117,809,735	-	-	-	-	117,809,735
Variable interest rate instruments	8.55%	429,830	-	-	-	-	429,830
Trade, other payables and provisions	0.00%	2,109,187	-	-	-	-	2,109,187
		120,348,752	**-**	**-**	**-**	**-**	**120,348,752**
2024							
Non-interest bearing	0.00%	113,197,589	-	-	-	-	113,197,589
Trade, other payables and provisions	0.00%	1,936,530	-	-	-	-	1,936,530
		115,134,119	**-**	**-**	**-**	**-**	**115,134,119**

The table above details the contractual maturity periods which indicate that the licensees' interest liability is payable on demand. The liability is payable on demand because the Trust has no legal right to defer payment if a sale is achieved. The licensees' interest liability is presented as a current liability on the Statement of Financial Position as this is in line with the contractual obligations of the instrument, however it is expected that the portion to be realised within 12 months to be $13,089,970.52 (2024: $12,577,509) and greater than 12 months to be $104,719,764.19 (2024: $100,620,078). The Trust also has a bank overdraft facility with an interest rate of 14.65%. No amounts are drawn from this facility at year-end (2024: Nil).

i. Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

The trustees consider that the carrying amounts of financial assets and financial liabilities, except for the licensees' interest liability, at amortised cost in the financial statements approximates their fair values.

The fair value of the licensees' interest liability is considered to be $62,739,979 (2024: $60,029,213) as calculated on a discounted cash flow basis. The carrying amount of the licensees' interest liability is reflected in Note 14.

Note 20 – Contingencies

There are no known significant contingent liabilities in existence at balance date (2024:Nil).

Note 21 – Subsequent Events

There have been no events subsequent to balance date requiring adjustment to these financial statements.

SUPPLEMENTARY INFORMATION (UNAUDITED)

Parkwood Lodge
Income Statement
For the year ended 31 January 2025

	2025 $	2024 $
Apartment Fees	2,529,534	2,540,525
Nursing Care Studio Fees	4,175,334	3,700,418
Casual Fees	18,491	57,965
Casual Meals	1,735	78,344
Extra Care	-	-
Other Income	208,037	174,612
Total Income	**6,933,131**	**6,551,863**
Administration	322,406	303,994
Domestic	275,818	298,440
Gardeners	12,723	7,143
Home Assistants	2,456,582	2,238,661
Kitchen	773,911	832,403
Laundry	95,077	81,383
Maintenance	93,176	95,396
Nurses	1,916,873	1,748,518
Casual Staff	-	-
ACC Levy	51,028	23,856
Staff Training	8,448	11,090
Staff Recruitment	349	2,278
Staff Uniforms	9,879	4,049
Total Staff Costs	**6,016,270**	**5,647,211**
Total Food Costs	**407,374**	**433,239**
Certification Costs	4,914	4,126
Cleaning	99,576	90,536
Depreciation	265,998	285,215
Gas Heating	91,231	76,957
General Expenses	58,364	74,362
Insurance	215,295	187,499
Medical	190,047	195,985
Motor Vehicle Expenses	2,271	1,606
Power & Light	60,534	49,706
Printing and Stationery	7,433	7,117
Rates	72,887	37,655
Repairs & Maintenance	138,527	98,809
Telephone and Tolls	3,539	3,989
Total Operating Costs	**1,210,616**	**1,113,563**
Total Expenses	**7,634,260**	**7,194,013**
Surplus/(Deficit) for the Year	**(701,129)**	**(642,149)**

SUPPLEMENTARY INFORMATION (UNAUDITED)

Residents' Maintenance Account
Income Statement
For the year ended 31 January 2025

	2025 $	2024 $
Parklands & Woodlands Maintenance Charges	1,333,003	1,276,574
Sundry Income	118,562	10,901
Profit/Loss on Sale of Assets	870	6,000
Total Income	**1,452,435**	**1,293,475**
Administration and Office Expenses		
ACC Levy	8,337	3,134
Depreciation	39,703	40,610
General Expenses	10,733	14,545
Motor Vehicle Expenses	49,323	47,655
Power & Light	52,934	43,799
Printing & Stationery	2,352	2,793
Staff Training	765	3,477
Telephone & Tolls	4,246	4,543
Travelling Expenses	522	252
Wages - Administration	33,595	33,853
Wages - Village Care	324,644	307,854
Total Administration and Office Expenses	**527,154**	**502,515**
Grounds		
Rates	549,300	484,332
Repairs & Maintenance - Equipment	21,988	24,924
Repairs & Maintenance - Grounds & Roading	62,249	64,470
Salaries and Wages	399,360	393,822
Total Grounds	**1,032,897**	**967,548**
Social Centre		
Insurance	101,417	98,464
Repairs & Maintenance - Buildings	18,144	30,851
Village Food / Catering / Café expenses	26,695	-
Wages - Village Food / Catering / Café	109,893	-
Security	11,036	10,757
Wages	13,485	44,398
Total Social Centre	**280,670**	**184,470**
Total Expenses	**1,840,721**	**1,654,533**
Surplus/(Deficit) for the Year	**(388,286)**	**(361,058)**

Deloitte.

Independent Auditor's Report

To the Board of Trustees of Parkwood Trust Incorporated

Opinion

We have audited the financial report of Parkwood Trust Incorporated (the 'Trust'), which comprise the financial statements on pages 3 to 20, and the service performance information on pages 1 to 2. The complete set of financial statements comprise the statement of financial position as at 31 January 2025, and the statement of comprehensive revenue and expense, the statement of changes in net assets/equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a statement of accounting policies.

In our opinion the accompanying performance report, presents fairly, in all material respects:

- the financial position of the Trust as at 31 January 2025, and its financial performance and cash flows for the year then ended; and
- the service performance for the year ended 31 January 2025 in that the service performance information is appropriate and meaningful and in accordance with the Trust's measurement bases or evaluation methods

in accordance with *Public Benefit Entity Standards Reduced Disclosure Regime* issued by the New Zealand Accounting Standards Board ('PBE Standards RDR').

Basis for opinion

We conducted our audit of the statement of the financial statements in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the Trust information and statement of service performance information and Trust information in accordance with the New Zealand Auditing Standard NZ AS 1 (Revised) *The Audit of Service Performance Information* ('NZ AS 1 (Revised)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report.

We are independent of the Trust 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 interests in the Trust.

Other information

The Board of Trustees are responsible on behalf of the Trust for the other information. The other information comprises the information on pages 21 to 22 that accompanies the financial report and the audit report.

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

Our responsibility is to read the other information, and consider whether it is materially inconsistent with the performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Board of Trustees' responsibilities for the performance report

The Board of Trustees are responsible on behalf of the Trust for:

- the preparation and fair presentation of the performance report on behalf of the Trust in accordance with PBE Standards RDR;
- the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with PBE Standards RDR;
- the preparation of service of service performance information in accordance with the Trust's measurement bases or evaluation methods, in accordance with PBE Standards RDR;
- the overall presentation, structure and content of the service performance information in accordance with PBE Standards RDR; and

- for such internal control as the Board of Trustees determine is necessary to enable the preparation of a performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Board of Trustees are responsible on behalf of the Trust for assessing the Trust'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 Board of Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the performance report

Our objectives are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 (Revised) 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 this performance report.

A further description of our responsibilities for the audit of the performance report is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-18-1/

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Board of Trustees, as a body, in accordance with Section 8(a) of the Constitution and Rules. Our audit has been undertaken so that we might state to the Board of Trustees 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 Board of Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Wellington, New Zealand
28 May 2025