EILEEN MARY AGE CARE PROPERTY LIMITED

FINANCIAL STATEMENTS

FOR YEAR ENDED 31 MARCH 2020

EILEEN MARY AGE CARE PROPERTY LIMITED

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For Year Ended 31st March 2020

EILEEN MARY AGE CARE PROPERTY LIMITED

Company Directory

For Year Ended 31st March 2020

Nature of Business	Retirement Village
Registered Office	66 High Street Leeston
Director	T D Brankin
Alternate Director	M J K Lay
Accountants	Lay Associates Limited Leeston
Auditors	PKF Goldsmith Fox Audit Christchurch
Bankers	Bank of New Zealand Fielding
Solicitors	Geoff Currie Lawyers Christchurch
Statutory Supervisor	Covenant Trustee Services Ltd Auckland
Business Location	Dannevirke
Shareholder	Brankin Family Interest Trust 100 ordinary shares
Company Number	1258335
IRD Number	83-843-113

EILEEN MARY AGE CARE PROPERTY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31ST MARCH 2020

In accordance with Section 211 of the Companies Act 1993 The Director presents the Company's Financial Statements for the year ended 31 March 2020.

The shareholder of the company has exercised their right under section 211(3) of the Companies Act 1993 and unanimously agreed that this Annual Report need not comply with any of paragraphs (a) and (e)-(j) of section 211(1) of the Act

Principal Activity
Retirement Village Ownership.

Company Affairs
No employee received remuneration and any other benefits of more than $100,000 during the year.

No donations were made by the company during the year.

T D Brankin held office as director during the year. No other person held the office as director at any time during the year.

No guarantees were given for debts incurred by a director, no indemnity was given to, or insurance for, any director or employees of the company, and no loans were made by the company to any director during the year.

Share Dealings
During the year no Director acquired or disposed in any interest in equity securities issued by the company.

Auditors
PKF Goldsmith Fox Audit have been appointed the Company's auditors and it is proposed that they continue in office in accordance with section 207(T) of the Companies Act 1993.

For and on behalf of the Board

_______________ Director

Date: 14 May 2020

EILEEN MARY AGE CARE PROPERTY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

Mar-19 $		Note	Mar-20 $
	Revenue		
1,456,744	Gross Operating Revenue	10	1,493,524
(145,000)	Gain/(Loss) on Adjustment to Investment Property		-
	Expenses		
5,550	Audit Fees		6,600
3,752	Legal Fees		5,495
980,000	Management Fee	6	980,000
679	Depreciation		555
158,361	Interest		150,557
68,346	Administration & Other Expenses		75,754
1,216,688	Total Expenses		1,218,961
95,056	Operating Profit/(Loss) Before Taxation		274,563
67,216	Tax Expense/(Benefit)	14.2	76,877
27,840	Operating Profit/(Loss) After Taxation		197,686
$ 27,840	**Total Comprehensive Income**		$ 197,686

EILEEN MARY AGE CARE PROPERTY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

Mar-19 $		Mar-20 $
	EQUITY AT START OF PERIOD	
-	Share Capital	-
4,921,411	Retained Earnings	4,949,251
4,921,411	**TOTAL EQUITY AT START OF PERIOD**	4,949,251
27,840	Profit/(Loss) for the Year	197,686
27,840	**TOTAL RECOGNISED REVENUE & EXPENSES**	197,686
	EQUITY AT END OF PERIOD	
-	Share Capital	-
4,949,251	Retained Earnings	5,146,937
$ 4,949,251	**TOTAL EQUITY**	$ 5,146,937

Note: This statement is to be read in conjunction with the Notes to the Financial Statements and the Audit Report

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EILEEN MARY AGE CARE PROPERTY LIMITED
BALANCE SHEET
AS AT 31 MARCH 2020

Mar-19 $		Note	Mar-20 $
	EQUITY		
-	100 Ordinary Shares	9	-
	Add:		
4,949,251	Retained Earnings		5,146,937
$ 4,949,251	**TOTAL EQUITY**		$ 5,146,937
	REPRESENTED BY		
	NON CURRENT LIABILITIES		
2,749,800	Bank of New Zealand	4	-
2,749,800	**TOTAL NON CURRENT LIABILITIES**		-
	CURRENT LIABILITIES		
62,308	Cash & Cash Equivalents		13,977
811	Goods & Services Tax		681
20,755	Accounts Payable		20,583
86,952	Taxation		144,969
2,539,697	Occupancy Rights Agreements	5	2,641,498
485,800	Bank of New Zealand	4	2,999,800
244,400	Revenue Received in Advance	5	258,888
3,440,723	**TOTAL CURRENT LIABILITIES**		6,080,396
6,190,523	**TOTAL LIABILITIES**		6,080,396
	NON CURRENT ASSETS		
3,055	Plant & Equipment	11.1	2,500
8,680,000	Investment Properties	11.2	8,680,000
8,683,055	**TOTAL NON CURRENT ASSETS**		8,682,500
	CURRENT ASSETS		
18,571	Accounts Receivable		19,371
68,432	Deferred Tax Asset	14.2	72,489
2,369,716	Eileen Mary Holdings Ltd	6	2,452,973
2,456,719	**TOTAL CURRENT ASSETS**		2,544,833
11,139,774	**TOTAL ASSETS**		11,227,333
$ 4,949,251	**NET ASSETS**		$ 5,146,937

Director

14 May 2020

Note: This statement is to be read in conjunction with the Notes to the Financial Statements and the Audit Report

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EILEEN MARY AGE CARE PROPERTY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

Mar-19		Mar-20
$	**CASH FLOWS FROM OPERATING ACTIVITES**	$
	Cash was provided from:	
964,289	Receipts from Customers	990,134
275,000	Rent Received	275,000
1,239,289		1,265,134
	Cash was applied to:	
1,084,789	Payment to Suppliers	1,088,825
1,084,789		1,088,825
154,500	**Net Cash from Operating Activities**	176,309
	CASH FLOWS FROM FINANCING ACTIVITIES	
	Cash was provided from:	
-	Bank of New Zealand Limited	-
330	Interest Received	875
855,000	Issue of Occupancy Right Agreements	1,076,000
-	Eileen Mary Holdings Limited	-
855,330		1,076,875
	Cash was applied to:	
98,250	Bank of New Zealand Limited	235,800
158,133	Interest Paid	152,465
410,400	Repayment of Occupancy Right Agreements	733,331
408,119	Eileen Mary Holdings Limited	83,257
1,074,902		1,204,853
(219,572)	**Net Cash from Financing Activities**	(127,978)
(65,072)	**Net Increase/(Decrease) in Cash Held**	48,331
2,764	**Opening Cash Balance**	(62,308)
(62,308)	**Closing Cash Balance**	(13,977)

Note: This statement is to be read in conjunction with the Notes to the Financial Statements and the Audit Report

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1. Statement of Accounting Policies

Reporting Entity

Eileen Mary Age Care Property Limited is a profit-oriented entity, and information is presented in New Zealand dollars. The functional currency of the Company is New Zealand dollars.

The Financial Statements presented here are for the reporting entity Eileen Mary Age Care Property Limited a company registered under the Companies Act 1993. The Scheme for which these Financial Statements have been prepared comprises the ownership of a rest home, studio and apartment units.

Reporting Basis

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) under the External Reporting Board (XRB) Accounting Standards Framework. The director has elected for Tier 2 For Profit Accounting Standards to apply on the basis that the Company complies with the Tier 2 criteria under paragraph 20 External Reporting Board Standard A1 (XRB A1) as it does not have public accountability and is not large as defined in XRB A1.
The Financial Statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (Tier 2) ("NZ IFRS RDR") and other applicable financial standards, as appropriate for profit-oriented entities. The Financial Statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 2013.

The Financial Statements for the year ending 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 14 May 2020.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the company with the exception that:
- Investment property is measured at fair value.
- Certain financial instruments are measured at fair value.

The functional and presentation currency is New Zealand dollars. All amounts are rounded to the nearest dollar.

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

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Property, Plant & Equipment
Property, Plant & Equipment is stated at cost less accumulated depreciation and impairment losses.

Where an item of property, plant and equipment is disposed of or when no further economic benefits are expected from its use; the gain or loss (calculated as the difference between net sales price and the carrying amount of the asset) is recognised in the Statement of Comprehensive Income.

The assets residual values, useful lives and amortisation methods are reviewed annually and adjusted if appropriate at each financial year end.

Depreciation
Depreciation is provided at rates calculated to allocate the cost of assets over the estimated useful economic life less any estimated residual value. The rates used are:
Plant & Fittings 18 % - 26% DV

Investment Properties
The company divides its investment properties into land and buildings relating to the resthome, retirement village units and community facilities. These are intended to be held long term, to earn rental income and capital appreciation.

Investment properties are initially recorded at cost. Subsequent to initial recognition, investment properties are revalued on an annual basis and restated at fair value, as determined by an independent registered valuer up to the year ended 31 March 2019. For the year ended 31 March 2020 the director has undertaken a directors valuation (See note 11.2).

Gains or losses determined by the revaluation are included in the Statement of Comprehensive Income in the year in which they arise.

Investment properties are not depreciated.

Impairment
Impairment – Non-Financial Assets
Assets other than investment properties and deferred tax assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.
If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Statement of Comprehensive Income unless the asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.
Any reversal of the impairment loss is recognised as income immediately unless the asset is carried at fair value in which case it would be treated as a revaluation increase.

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Impairment – Financial Assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.
All impairment losses are recognised in the Statement of Comprehensive Income.
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. This reversal is recognised in the Statement of Comprehensive Income.

Consumables
Purchases of supplies are expensed in the period they are incurred.

Repairs & Maintenance
Repairs & maintenance costs are accounted for in the period in which they are incurred.

Income Taxation
The income tax expense recognised for the year includes both the current year provision and the income tax effects of timing differences, being deferred income tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current year provision is the expected tax payable on the taxable profit for the year based on tax rates enacted at balance date. Current tax for the year and prior periods is recognised as a liability or asset in the Balance Sheet to the extent that it is not yet paid or refunded.

Deferred income tax is provided in full, using the taxes payable method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements as per NZIAS 12. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred income tax is provided for using tax rates expected to apply in the period of settlement, based on tax rates enacted or substantively enacted at balance date.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilised.

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Revenue
Residents Income is recognised on an accrual basis.
Rental Revenue from the Rest Home Facility is accounted for on a straight-line basis in the Statement of Comprehensive Income over the year.
Interest Received is recognised on an accrual basis using the effective interest method.
Occupancy Amortisation income has been recognised in the Statement of Comprehensive Income on a straight line basis over the expected period of occupancy.

Borrowing Costs
Interest is expensed in the period in which it is incurred.

Occupancy Rights Agreements Receivable Revenue in Advance
Occupancy rights receivable revenue represents those amounts by which the amortisation over the contractual period is less than the recognition of the amortisation based on the anticipated period of occupancy.

Goods and Services Tax
The Financial Statements have been prepared on a GST exclusive basis except where the expenditure incurring the GST charge is one in respect of which a claim for recovery of the GST is not allowed by the Inland Revenue Department. Accounts Payable and Accounts Receivable have been stated GST inclusive in the Balance Sheet.

Critical Estimates and Accounting Judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
The company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results.

Fair value of Investment Property
The effect of estimation on these Financial Statements is greatest in the valuation of the investment property. For the year ended 31 March 2020 the director has undertaken a directors valuation of the investment property. See note 11.2 and note 15.

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Revenue Recognition
Occupancy Amortisation is recognised as revenue on a straight line basis. This requires management to estimate the period of occupancy. Management estimates are based on past experience of occupancy periods.
The director estimates that the average period of occupancy is 7.0 years for Independent Living Units, and 3.8 years for Serviced Apartments (2019: 7.6 years, 3.9 years), based on historical results and experience.

If actual occupancy periods differ significantly from the estimates, Occupancy Amortisation shown in the Financial Statements will be affected accordingly. This is unlikely to cause a material adjustment.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year.

Adoption of New and Revised Standards and Interpretations
The Company adopted all mandatory new and amended standards and interpretations in the current year. None of the new and amended standards and interpretations had a material impact on the measurement of the Company's assets and liabilities.

Accounting Standards and Interpretations Issued But Not Yet Effective
At the date of authorisation of these Financial Statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at Balance Sheet date, and which the Company has not early adopted. The Company has assessed the relevance of all such new standards, interpretations and amendments and has determined that there would be no material impact to the amounts recognised or disclosed in the Financial Statements.

2. Financial Instruments

Financial instruments comprise accounts receivable, cash and cash equivalents, refundable occupation right agreements, related party advances and other financial liabilities. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs.

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

Subsequent to initial recognition, financial instruments are measured as described in the accounting policies below.

Cash & Cash Equivalents
Cash and cash equivalents comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

Trade and other Receivables
Trade receivables are held to collect contractual cash flows. Trade receivables are measured at amortised cost less any impairment. This is equivalent to fair value, being the receivable face value, less appropriate allowances for estimated irrecoverable amounts. The allowance recognised is the lifetime expected credit losses based on an assessment of each individual debtor. It is estimated based on the companies historical credit loss experience and general economic conditions. Expected credit loss represents the expected credit losses that will result from all possible default events over the expected life of the debtor. Trade receivables are written off when there is no realistic chance of recovery. Other receivables include related party receivables under note 6.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Trade and other payables
Trade and other payables are measured at amortised cost. This is equivalent to the face value of the payables, which is assumed to approximate their fair value. The amounts are unsecured.

Occupancy Right Agreements
Amortisation has been recognised on a straight line basis over the period of occupancy, being the greater of expected period of tenure, or the contractual right to revenue.

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The Director estimates that the average period of occupancy is 7.0 years for Independent Living Units, and 3.8 years for Serviced Apartments (2019: 7.6 years, 3.9 years), based on historical results.

Interest Bearing Liabilities and Borrowing

All loans and borrowing (Note 4 and 6) are initially recognised at cost, being the fair value of the consideration received plus directly attributable transactions costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. Gains or losses are recognised in the Statement of Comprehensive Income when liabilities are derecognised as well as through the amortisation process.

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.

3. Reserves

a. Retained Earnings

	2019 $	2020 $
Opening Retained Earnings	4,921,411	4,949,251
Add: Profit (Loss) for the Year	27,840	197,686
Closing Retained Earnings	4,949,251	5,146,937

4. Term Liabilities

	2019 $	2020 $
Bank of New Zealand Term Loan		
Current Portion – Term Loans:		
Bank of New Zealand Term Loan 0002	250,000	250,000
Bank of New Zealand Term Loan 0003	235,800	2,749,800
Total Current Portion – Term Loans	485,800	2,999,800
Term Portion – Term Loans:		
Bank of New Zealand Term Loan 0003	2,749,800	-
Total Term Portion – Term Loans	2,749,800	-
Total Bank of New Zealand Term Loans	**3,235,600**	**2,999,800**

Bank of New Zealand Term Loan 0002:

Security: Second Mortgage over Land and Buildings at 44 Trafalgar St, Dannevirke, Perfected Security Interest in all Present and After Acquired Property of the Company, Personal Guarantees of the Director, Eileen Mary Holdings Limited, Brankin Family Interest Trust and Design Care Group Limited.

Interest Rates: 4.08% per annum

Maturity Date: 05 May 2020

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The Bank of New Zealand Term loan requires payments of interest only. The current portion is the amount that is required to be repaid in one year. The loan matures within the following 12-month period so the entire outstanding balance is classified as a current liability.

Bank of New Zealand Term Loan 0003:
Security: Second Mortgage over Land and Buildings at 44 Trafalgar St, Dannevirke, Perfected Security Interest in all Present and After Acquired Property of the Company, Personal Guarantees of the Director, Eileen Mary Holdings Limited, Brankin Family Interest Trust and Design Care Group Limited.
Interest Rates: 4.08% per annum
Maturity Date: 5 October 2020
The Bank of New Zealand Term loan requires principal payments of $19,650 per month. The loan matures within the following 12-month period, so the entire outstanding balance is classified as a current liability.

The director is satisfied that they have met all the contractual covenants of the Bank of New Zealand loans.

The Company does not have an overdraft facility, however at balance date the bank account was overdrawn by $14,022 and interest was being charged by the bank at a rate of 20.20% per annum.

5. Occupancy Right Agreements

These are the Occupation Rights deposits paid by residents. Of these deposits a portion is refundable (plus any of the unexpired portion of the non-refundable amount) when a resident leaves the complex and after the unit is sold and the costs of refurbishment and sale have been deducted. The non-refundable portion of the original payment is amortised to the Statement of Comprehensive Income so that the recorded liability at balance date reflects the total refundable portion of the contributions as estimated by the Director, and is included in Current Liabilities.

	2019	2020
	$	$
Occupancy Right Agreement	2,539,697	2,641,498
Occupancy Right Agreement Receivable Revenue	244,400	258,888
	2,784,097	2,900,386

6. Related Party Transactions

Eileen Mary Holdings Limited has the same shareholders and directors as the reporting entity. During the year, Eileen Mary Holdings Limited changed its name from Eileen Mary Age Care Limited.

Eileen Mary Holdings Limited leased the rest home at $275,000 (2019: $275,000) and provides management and other services at $980,000 (2019: $980,000) to the company.

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At balance date, the reporting entity has advanced a total of $2,452,973 (2019 $2,369,716) to Eileen Mary Holdings Limited. This advance is unsecured, interest free and repayable on demand.

There was no forgiveness of debt during the year.

7. Going Concern

Although the Company made a profit for the year ended 31 March 2020, it is still dependent upon the continued support of its related parties and financiers. Due to this support the director considers it appropriate to prepare the Financial Statements on a going concern basis.

Furthermore, the director, in determining that the financial statements be prepared on a going concern basis has taken into account events that have occurred since 31 March 2020.

8. Nature of Business

The company's sole activity is the ownership and management of a retirement village. All activities are carried out in Dannevirke, New Zealand. The company operates in one industry and geographic segment. The chief decision makers review the operating results on a regular basis and make decisions on resource allocation based on the review of results. The nature of goods and services provided and the type of residents have similar characteristics within the operating segment.

9. Share Capital

	2019	**2020**
	$	**$**
100 Ordinary Shares	-	-

The shares were issued at $1 each and remain unpaid. The shares have no par value. All shares have equal voting rights and share equally in any surplus on winding up.

10. Operating Revenue	**2019**	**2020**
	$	**$**
Resident Income	980,774	990,837
Rent Received	275,000	275,000
Occupancy Amortisation	200,526	226,381
Interest Received	444	1,306
Total Operating Revenue	1,456,744	1,493,524

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11. Non-Current Assets

11.1 Property, Plant & Equipment

	2019 Plant and Equipment $
Gross carrying amount	
Balance at 1 April 2018	79,352
Additions	-
Balance at 31 March 2019	79,352
Accumulated Depreciation	
Balance at 1 April 2018	(75,617)
Current Year depreciation	(680)
Balance as 31 March 2019	(76,297)
Total Book Value	3,055

	2020 Plant and Equipment $
Gross carrying amount	
Balance at 1 April 2019	79,352
Additions	-
Balance at 31 March 2020	79,352
Accumulated Depreciation	
Balance at 1 April 2019	(76,297)
Current Year depreciation	(555)
Balance as 31 March 2020	(76,852)
Total Book Value	2,500

11.2 Investment Properties

	Freehold land at fair value $	Buildings at fair value $	Total $
Balance at 1 April 2018	950,000	7,875,000	8,825,000
Additions/ (Disposals)	-	-	0
Net revaluation increments / (decrements)	-	(145,000)	(145,000)
Total Fair Value as at 31 March 2019	950,000	7,730,000	8,680,000
Additions/(Disposals)	-	-	-
Net revaluation increments / (decrements)	-	-	-
Balance as 31 March 2020	950,000	7,730,000	8,680,000

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Basis of Valuation
As at 31 March 2020 the director has undertaken a directors valuation of the investment property. The director considers the valuation of the investment property at $8,680,000 remains unchanged from the valuation completed by CBRE as at 31 March 2019 for $8,680,000, as no material changes have occurred during the financial year. This valuation was used in determining the investment property value for the sale and purchase agreement for the Company shares dated 17 December 2019. As at balance date this contract was conditional, and it is expected that this contract will become unconditional by 31 May 2020 (see note 15)

The 31 March 2019 valuation was prepared by CBRE independent valuers in accordance with NZ IAS 40 and NZ IFRS 13. CBRE is appropriately qualified and experienced in valuing retirement village properties in New Zealand.

The fair values at as 31 March 2019 were based on a discounted cash flow model applied to the expected future cash flows generated by the investment properties. The major assumptions used in the discounted cash flow analysis are growth rates in unit values which range from 0% to 4.0% over a period of time, discount rate of 18.0%, the average period of occupancy as shown in Note 1 and a deduction for non-recoverable expenses such as refurbishment costs and capital expenditure. The period of the discounted cash flow was 20 years.

The current unit values were the values of each unit at valuation date determined by traditional sales approach and valuation methods. The operators interest also includes unsold vacant units. The valuation comprised the combined operator and residents' interest in the Occupational Right Agreements and the operator's interest in the land and buildings of the care facility trading as Eileen Mary Holdings Limited. The care facility was valued subject to a notional lease, based on capitalised market rent using a yield of 12.00%.

Security
Residents make interest free advances ('Occupation Right Agreement") to the retirement village in exchange for the right to occupancy of retirement village units. Under the terms of the Occupancy Agreement, an encumbrance is recorded over the land title by the statutory supervisor, Covenant Trustee Services Limited. The security of Covenant Trustee Services Limited is first ranking.

12. Capital Commitments

As at 31 March 2020 the company has no capital commitments (2019: Nil)

13. Contingent Liabilities

At balance date there are no known contingent liabilities (2019: $0). Eileen Mary Age Care Property Limited has not granted any securities in respect of liabilities payable by any other party

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14. Taxation

14.1 Income Tax

	2019	2020
	$	$
Net Surplus/(Deficit) before Tax	95,056	274,563
Add/(Less) Non Taxable Timing Differences	-	-
Occupation Rights Agreements Amortisation Adjustment	18,806	14,488
Revaluation of Investment Properties	145,000	-
Net Surplus/(Deficit) for Taxation	258,862	289,051
Income Tax @ 28%	72,481	80,934
Add Previous Years Taxation Payable / (Refund Due)	14,617	64,466
Less Resident Withholding Tax Paid	(146)	(431)
Income Tax Payable/(Refund)	86,952	144,969

14.2 Deferred Taxation

	Impact on Occupancy Rights Agreements Receivable Revenue	2019 Liability (Asset)	2020 Liability (Asset)
	$	$	$
At 1 April	(68,432)	(63,167)	(68,432)
Charge for the year	(4,057)	(5,265)	(4,057)
At 31 March	(72,489)	(68,432)	(72,489)

Tax Reconciliation to Income Statement

	2019	2020
	$	$
Tax for taxation purposes	72,481	80,934
Decrease/(increase) in deferred tax	(5,265)	(4,057)
Income tax expense/(income) as per Statement of Comprehensive Income	67,216	76,877

14.3 Imputation Credit Account

	2019	2020
	$	$
Opening Balance	142,648	172,640
ADD		
Taxation Paid	29,846	22,486
Resident Witholding Tax Paid	146	431
	29,992	22,917
LESS		
Taxation Refunds	-	-
	-	-
Closing Balance	172,640	195,557

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15. Significant Events after Balance Date

The Director has entered into an agreement to sell the Company shares on 17 December 2019. This agreement was conditional at 31 March 2020, but is expected to become unconditional by 31 May 2020, with settlement soon after. The proposed buyer is Promisia Integrative Limited, a Company listed on the NZX. The Company is also related to Eileen Mary Age Care Property Limited as Thomas Brankin, Director of Eileen Mary Age Care Property Limited is also a Trustee of the Brankin Family Interest Trust which currently is a 45% shareholder of Promisia Integrative Limited. 100% of shares in Eileen Mary Age Care Property Limited will be acquired by Promisia Integrative Limited upon settlement. The selling price of the shares at the time of the conditional sale and purchase agreement being signed was based on the 31 March 2019 independent valuation, see note 11.2.
All current loans and advances will be repaid upon settlement before any new loans are drawn out, including intercompany balances and bank facilities.

There were no material significant events after balance date which effect the results shown in these statements. This is taking into account the COVID-19 outbreak, which was declared a pandemic by the World Health Organisation, while this pandemic will have an impact on the New Zealand economy, the director does not believe there will be a material impact on the information shown in these statements.

Goldsmith Fox PKF Audit

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Eileen Mary Age Care Property Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eileen Mary Age Care Property Limited, which comprise the balance sheet as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Framework Reduced Disclosure Regime.

This report is made solely to the shareholders, as a body. Our audit work has been undertaken so that we might state to the shareholders those matters which we are required to state to them in the 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 partners, as a body, for our review procedures, for this report, or for the conclusion we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Eileen Mary Age Care Property Limited in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners 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, Eileen Mary Age Care Property Limited.

Director's Responsibilities for the Financial Statements

The director is responsible on behalf of Eileen Mary Age Care Property Limited for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Framework Reduced Disclosure Regime, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible, on behalf of Eileen Mary Age Care Property Limited, for assessing its 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 director either intend to liquidate or cease operations, or have no realistic alternative but to do so.

The director is responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs (NZ), 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, 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 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the director and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Eileen Mary Age Care Property Limited 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 Eileen Mary Age Care Property Limited to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director 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.

We also provide the director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

PKF Goldsmith Fox Audit.

Christchurch, New Zealand

14 May 2020