Senior Trust Capital Limited

Consolidated Financial Statements
For the year ended 31 March 2024

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SENIOR TRUST CAPITAL LIMITED

COMPANY DIRECTORY

IRD number	109-622-664
Nature of business	Investment
Registered office	Foley Hughes Lawyers Level 1, 20 Beaumont Street Freemans Bay Auckland
Directors	John Llewelyn Jackson Andrew Todd Franicevic Raymond Clive Jimmieson
Bankers	Bank of New Zealand
Auditors	William Buck Audit (NZ) Limited
Accountants	Baker Tilly Staples Rodway Auckland Limited

DIRECTORS' REPORT

The Board of Directors present their Annual Report including audited financial statements for the year ended 31 March 2024.

Directors names

The names of the directors in office at any time during or since the end of the year are:
John Llewelyn Jackson - appointed 1 August 2012
Raymond Clive Jimmieson - appointed 21 August 2020
Andrew Todd Franicevic - appointed 9 August 2019

Review of operations

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Principal activities

The group was incorporated to lend money in the form of loans to the entities that own and operate Retirement Village and Aged Care Facilities in New Zealand. No significant change in the nature of these activities occurred during the period.

Directors' remuneration and other benefits

	Fees ($)	Salary ($)	Total ($)
Clive Jimmieson	36,000	51,527	87,527
Andrew Franicevic	36,000	-	36,000
John Jackson	18,000	170,139	188,139
	90,000	221,666	311,666

SENIOR TRUST CAPITAL LIMITED

DIRECTORS' REPORT

Audit fees

Audit fees of $35,018 were paid or accrued during the period to William Buck Audit (NZ) Limited (the auditor).

These financial statements are audited.

Employee remuneration

The number of employees or former employees of the Group, not being directors of the Group, who received remuneration and other benefits in their capacity as employees, the value of which exceed $100,000 for the year ended 31 March 2024 is one (31 March 2023: nil) .

Interests

No director has given notice to the Group of an interest in any transaction with the Company. No director has sought authorisation to use Group information.

Employees

The Group has two employees.

Donations

The Group made no donations during the year.

Signed in accordance with a resolution of the board of directors.

Director: ______________________ Director: ______________________

John Llewelyn Jackson   Raymond Clive Jimmieson

Dated 5 July 2024

Senior Trust Capital Limited
Independent auditor's report to the Shareholders

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Senior Trust Capital Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, Senior Trust Capital Limited or any of its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carring value of Loans Receivable	
Area of focus (Refer Note 11)	**How our audit addressed it**
The Group has significant Loans Receivable with six parties, totalling $59.8m. The largest significant individual balance being the Ascension Villages Ltd at $29.4m.	Our audit procedures included: A review of all the underlying loan agreements, to ensure that all aspects have been accounted for correctly.
Receivables are required to be carried at their recoverable amount.	Review and consideration of the early repayment clauses and whether any had been triggered.
The recoverability of the Loans Receivable requires management judgement and continuous monitoring.	Review of the Directors' credit assessment for all loans and value in use model for loans to Palm Grove and Ascension Villages Limited.
The valuation of these assets has a direct impact on the Comprehensive Income and Equity of the Company and accordingly we have given specific audit focus and attention to this area.	Review of the collateral value of the security over the loans and determined the adequacy of the LVR's and other factors.
	Review of independent valuations completed on the underlying retirement villages provided as security.
	Assessed the adequacy of the Group's disclosures in respect of the transactions.

Equity Accounted Investments	
Area of focus (Refer Note 12)	**How our audit addressed it**
STC is a limited partner to Forest Glen Limited Partnership (FGLP) with a 73.8% interest. The investment is accounted for using the equity method.	Our audit procedures included: Reviewed limited partnership agreement to ensure joint control and equity accounting for the investment remained appropriate throughout the year.
The Forest Glen Limited Partnership is valued at $3.4m at 31 March 2024.	Obtain the financial statements of FGLP to ensure consistency with our understanding of the entities assets and liabilities.
The valuation of these assets has a direct impact on the Comprehensive Income and Equity of the Company and accordingly we have given specific audit focus and attention to this area.	Review the net asset position at year end of the FGLP. Including review of all the underlying assets to the independent valuation.
	Review of any impairment indicators of the investments.
	Assess the adequacy of the Group's note disclosures.

Directors' Responsibilities

The directors are responsible on behalf of the entity for the preparation of consolidated financial statements that give a true and fair view in accordance with New Zealand equivalents to International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:
https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

The engagement director on the audit resulting in this independent auditor's report is Alison Anderson.

Restriction on Distribution and Use

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

William Buck

William Buck Audit (NZ) Limited
Auckland
5 July 2024

SENIOR TRUST CAPITAL LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024	2023
		$	$
Revenue and other income			
Interest income	4	7,573,239	4,721,227
Other income	4	367,070	1,156,302
		7,940,309	5,877,529
Less: expenses			
Employee benefits expense		(327,178)	(384,534)
Finance costs	5	(401,902)	(257,222)
Administration and compliance expenses		(172,683)	(220,433)
Marketing costs		(128,627)	(41,824)
Other operating expenses		(7,085)	(33,171)
Directors' fees		(90,000)	(72,000)
Audit fees (William Buck and other)		(47,546)	(63,123)
Accounting fees		(90,816)	(77,662)
Management services expense		(390,954)	(433,931)
Impairment (loss)/reversal	3(a)	1,051,644	(6,032,505)
		(605,147)	(7,616,405)
		7,335,162	(1,738,876)
Share of net (loss)/profit of associates and joint ventures accounted for using the equity method	12	(2,549,746)	1,153,473
Profit/(loss) for the year		4,785,416	(585,403)
Other comprehensive income for the year		-	-
Total comprehensive income/(loss)		4,785,416	(585,403)
Earnings per share			
Basic and diluted earnings per share	16	0.09	(0.01)

SENIOR TRUST CAPITAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	2024	2023
		$	$
Current assets			
Cash and cash equivalents		435,875	195,752
Trade and other receivables	8	983,992	1,678,006
Financial assets at fair value through profit and loss	9	1	1
Finance receivables	11	4,800,000	6,647,441
Prepayments		28,293	28,641
Total current assets		6,248,161	8,549,841
Non-current assets			
Finance receivables	11	54,843,828	38,691,365
Equity accounted investments	12	3,478,079	4,027,825
Total non-current assets		58,321,907	42,719,190
Total assets		64,570,068	51,269,031
Current liabilities			
Payables	13	1,197,370	1,645,437
Borrowings	14	5,710,980	2,967,436
Unallotted subscriptions		30,000	190,000
Total current liabilities		6,938,350	4,802,873
Total liabilities		6,938,350	4,802,873
Net assets		57,631,718	46,466,158
Share capital	15	55,224,598	45,507,037
Retained earnings		2,407,120	959,121
Total equity		57,631,718	46,466,158

Signed in accordance with a resolution of the Board of Directors.

Director: ______________________________

John Llewelyn Jackson

Director: ______________________________

Raymond Clive Jimmieson

Dated: 5 July, 2024

The accompanying notes form part of these financial statements

SENIOR TRUST CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Note	Contributed capital $	Retained earnings $	Total equity $
Consolidated				
Balance as at 1 April 2022		44,738,390	3,479,276	48,217,666
Total comprehensive loss		-	(585,403)	(585,403)
Transactions with owners in their capacity as owners:				
Sale of treasury shares	15	794,171	-	794,171
Acquisition of shares	15	(25,524)	-	(25,524)
Distribution to shareholders		-	(2,950,482)	(2,950,482)
Tax received on behalf of shareholders	6	-	1,015,730	1,015,730
Total transactions with owners in their capacity as owners		768,647	(1,934,752)	(1,166,105)
Balance as at 31 March 2023		45,507,037	959,121	46,466,158
Balance as at 1 April 2023		45,507,037	959,121	46,466,158
Total comprehensive income		-	4,785,416	4,785,416
Transactions with owners in their capacity as owners:				
Sale of treasury shares	15	13,880,021	-	13,880,021
Acquisition of shares	15	(4,162,460)	-	(4,162,460)
Distribution to shareholders		-	(3,818,558)	(3,818,558)
Tax received on behalf of shareholders	6	-	481,141	481,141
Total transactions with owners in their capacity as owners		9,717,561	(3,337,417)	6,380,144
Balance as at 31 March 2024		55,224,598	2,407,120	57,631,718

The accompanying notes form part of these financial statements

SENIOR TRUST CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024	2023
		$	$
Cash flow from operating activities			
Interest received – customers		2,338,711	3,256,712
Other income received		275,388	1,116,147
PIE tax refunded/(paid)		1,553,862	(2,088)
Payments to employees and suppliers		(1,732,797)	(540,298)
Interest and bank fees paid		(401,902)	(257,223)
Net cash provided by operating activities	7(a)	2,033,262	3,573,250
Cash flow from investing activities			
Net loans repaid by/ (advanced to) Retirement Villages		(8,139,351)	(4,165,935)
Shares acquired in joint venture		(2,000,000)	-
Net cash provided by investing activities		(10,139,351)	(4,165,935)
Cash flow from financing activities			
Proceeds from sale of treasury shares		13,720,021	984,171
Acquisition of treasury shares		(4,162,460)	(25,524)
Proceeds from related parties		2,938,000	2,734,848
Distributions to shareholders		(3,528,961)	(2,948,882)
Net cash used in financing activities		8,966,600	744,613
Reconciliation of cash and cash equivalents			
Cash at beginning of the period		(424,636)	(576,564)
Net increase in cash held		860,511	151,928
Cash and cash equivalents at end of financial year	7(b)	435,875	(424,636)

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICY INFORMATION

These financial statements are the consolidated financial statements of Senior Trust Capital Limited ('the Company') and its 100% partnership investment in STEP Village Limited Partnership (together 'the Group').

The Group is domiciled and incorporated in New Zealand and registered under the Companies Act 1993. The Group is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

The Group's business is investing in and providing secured lending to retirement villages and aged care facilities in New Zealand.

Senior Trust Capital Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the board of Directors of the Group on 5 July 2024.

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 April 2023. The amendments did not result in any changes to the accounting policies themselves.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Directors have reviewed the accounting policies and consider that the primary users of the financial statements (our investors) may not have an in-depth knowledge of generally accepted accounting policies. Therefore, the Directors elected to continue with the accounting policy disclosures made in previous years.

The following is a summary of the material accounting policies adopted by the group in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial statements

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards ("IFRS"). The Group is designated as Tier 1 for financial reporting purposes.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention except for specific assets and liabilities that have been measured at fair value as detailed in the accounting policies below.

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Going concern

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(c) Functional and presentation currency

The financial statements of each entity within the consolidated entity is measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in New Zealand dollars which is the consolidated entity's functional and presentation currency. The presentation currency is rounded to the nearest dollar.

(d) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

(e) Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about the relevant activities are required. Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement.

Joint ventures

The Group's interest in joint ventures are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the joint venture are recognised in the Group's profit or loss and the Group's share of the joint venture's other comprehensive income is recognised in the Group's other comprehensive income.

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Revenue

Interest income

Interest income is recognised in the profit or loss as it accrues using the effective interest method. The effective interest method calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The calculation includes all fees received that are an integral part of the effective interest rate. The interest income is allocated over the life of the instrument and is measured for inclusion in profit and loss by applying the effective interest rate to the instruments amortised cost.

Other income

Other income includes procurement fee and establishment fee income, brokerage fees, consultancy fees and other fees.

Procurement and establishment fees are charged to the borrower for securing the funding facility or changes to an existing facility. The fee is charged irrespective of whether the loan application is approved. The revenue is recognised when the loan application has been either considered, approved or in some instances on execution of the term loan agreement. The fee is deducted from the first drawdown of the loan or by a prescribed date.

Investor relations income, loan management income, recharge of costs, consultancy fees and other fees are single performance obligations and a receivable is recognised when the service has been performed as the performance obligation is considered to be at a point in time.

(g) Income tax

From 31 March 2013 the Group qualified as, and elected to become a portfolio tax rate entity (“PTRE”) under the portfolio investment entity (“PIE”) regime. Under the PIE regime, the Group attributes all of the taxable income of a PTRE to shareholders in accordance with their proportional interest in the Group and as such tax payments made on behalf of shareholders are treated as distributions.

(h) Goods and services tax (GST)

The Group is not registered for Goods and Services Tax (GST) and consequently all components of the financial statements are stated inclusive of GST where appropriate.

NOTE 1: STATEMENT OF SIGNIFICANT MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Financial instruments

Classification

The group classifies its financial instruments based on the purpose for which the instruments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss are initially recognised at fair value. Transaction costs are recognised in profit and loss. Subsequent to initial recognition investments in listed and non-listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit or loss of the current period.

Fair value of listed investments are based on closing bid prices at the reporting date. Fair value of non-listed investments are based on valuation of underlying assets. Refer Note 10 for details of valuation techniques.

Financial assets at amortised cost

Financial assets at amortised cost are initially measured at fair value plus directly attributable transaction costs (if any). and subsequently at amortised cost. The Group assesses on a forward-looking basis the expected credit loss associated with its finance receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3(a) details how the Group determines whether there has been a significant increase in credit risk. If there has been a significant increase in credit risk then lifetime expected credit losses are recognised. If there has not been a significant increase in credit risk then 12 months expected credit losses are recognised.

For trade and other receivables, the Group applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTE 1: STATEMENT OF SIGNIFICANT MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Financial instruments (Continued)

The Group determines the expected credit losses by calculating:

- a probability weighted amount that is determined by evaluating a range of possible outcomes;
- time value of money;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

When reassessing expected credit losses, the Group also considers any change in the credit risk and quality of the receivable from the date credit was initially granted up to the end of the reporting period, referring to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Financial liabilities

This category includes all financial liabilities other than those designated as fair value through profit or loss. Liabilities in this category are initially measured at fair value less transaction costs and thereafter carried at amortised cost.

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method. Income, expenses, assets and liabilities are recognised inclusive of goods and services tax ("GST"), except:

- The amount of GST incurred is not recoverable from the taxation authority therefore it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- Receivables and payables are recognised inclusive of GST where invoiced.

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with registered banks, bank overdrafts, and other short term highly liquid investments (i.e. term deposits) with original maturities of three months or less. Bank overdrafts are shown within payables (current liabilities) in the statement of financial position.

NOTE 1: STATEMENT OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

(l) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(m) Change in accounting policy

The have been no changes of accounting policy in the current year

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires Management to make estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and judgements are based on experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Uncertainty about these estimates and judgements could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any other periods affected. Judgements made by Management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. The following are significant items of judgement:

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

i) Impairment of financial assets

The provision is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer note 3(a).

The categories that are assessed include liquidity, any management issues and security. In addition, the Directors consider:

- whether all payments have been made as and when they were due;
- that covenants have not been breached;
- the latest valuation report and other relevant information;
- sales, construction, security and any changes to management personnel;
- the retirement village market

Provisions for impairment of financial assets has been estimated at $6,062,628 (2023: $7,114,272).

ii) Forest Glen Limited Partnership

The Group's 73.8% (2023: 50%) investment in the Forest Glen Limited Partnership ("the Limited Partnership") has been treated as a joint venture.

The Limited Partnership has two limited partners – Senior Trust Capital (STC) and Coastal Retirement Limited (CRL). In the previous year each partner held a 50.0% shareholding in the limited partnership. On 14 June 2023, STC increased its Partnership share in the Joint Arrangement with Forest Glen Limited partnership from 50% to 73.80%. Coastal Retirement Limited reduced it's holding by 23.80% and now owns 26.20% of the joint arrangement.

While STC is entitled to a greater share of the returns from the joint venture i.e. 73.80% this must be distinguished from control. Neither limited partner has the power to direct the Limited Partnership's operating and financing activities as there is an 80% voting threshold in the Limited Partnership's agreement Accordingly, the Directors have exercised their judgment and have concluded that STC does not have control over the Limited Partnership.

In addition, CRL has the option to reacquire these shares on 30 June, 2024. CRL has not exercised this option by the due date.

As such the Group's investment in the Limited Partnership has been accounted for using the equity method.

The value of Forest Glen Limited Partnership is based on the Group's share (73.80%) of the Limited Partnership's net assets at reporting date. The underlying valuation of the property owned by the Partnership is recorded at fair value in its financial statements. The property is appraised annually by an independent external valuer. Significant judgement is required relating to the assumptions made in order to assess the fair value of the property.

NOTE 3: FINANCIAL RISK MANAGEMENT

The group is exposed to a variety of financial risks comprising: (a) Credit risk
(b) Liquidity risk
(c) Interest rate risk

Primary responsibility for identification and control of financial risks rests with the Directors of the Group. The Directors review and agree policies for managing each of the risks identified above.

The Directors use different methods to measure and manage different types of risks to which it is exposed. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cashflow forecasts.

The group holds the following financial instruments:

	Note	2024	2023
		$	$
Financial assets - amortised cost			
Cash and cash equivalents		435,875	195,752
Trade and other receivables	8	983,992	1,678,006
Finance receivables	11	59,643,828	45,338,806
Financial assets - fair value through profit and loss			
Financial assets at fair value through profit and loss	9	1	1
		61,063,696	47,212,565
Financial liabilities - amortised cost			
Borrowings	14	5,710,980	2,967,436
Payables	13	1,197,370	1,645,435
		6,908,350	4,612,871

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that subject the Group to credit risk consist primarily of cash, finance receivables, other receivables and financial assets. The Directors require collateral or other security to support loans and advances, as set out in the Group’s product disclosure statement.

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

The Directors review all loans and any overdue loans at the monthly board meetings and any overdue loans are assessed on a continual basis.

The Directors review each loan against an internal security rating assessment.

The categories that are assessed include liquidity, any management issues and security. In particular, the Directors take the following steps to manage this risk:

- Focusing on lending to operators with a track record of proven performance and who have a material stake in the entity.
- Undertaking extensive due diligence including assessing credit risk and the nature of any prior ranking securities.
- Closely monitoring the performance of the entity, loan repayments, and compliance with loan agreements.
- Refinancing the term of the loan, or enforcing our loan, if necessary. Refinancing a loan carries its own risks in that the possibility of future default increases.
- Reviewing valuation reports.
- Reviewing current economic conditions.

All cash and cash equivalents are held with a New Zealand registered bank.

Maximum exposure to credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to financial statements.

The Directors consider finance receivables to be low credit risk when they have a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term. To measure the expected credit losses, finance receivables have been individually assessed for their credit risk using risk management steps outlined above.

In summary the following movements in provisions for impairment reversal relating to both Trade Debtors and Finance Receivables have been reflected in the Income Statement as follows:

	2024	2023
	$	$
Trade Debtors		
Roy's Bay Estate Limited (impairment)/reversal	2,321,551	(1,832,505)
Finance Receivables		
Palm Grove Partnership (impairment)/reversal	4,200,000	(4,200,000)
Stoney Creek GCO Limited (impairment)	(5,469,907)	-
Total reversal/(Loss) in Income Statement	**1,051,644**	**(6,032,505)**

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

The credit risk of investment in Forest Glen Limited Partnership is related to the underlying property developments and the ability to complete those projects and on sell the finished units.

With respect to Roy's Bay Estate Limited, after undertaking the procedures outlined above and including reviewing credit risk characteristics relating to arrears, the loan to value ratio and considering forward looking information on economic factors affecting the ability of borrowers to settle finance receivables there is a provision for impairment of $592,721 (2023: $2,914,272) relating to the Principal and Interest accrued on the loan to Roy's Bay Estate Limited. Prior year's impairment loss of $2,914,272 has been partially reversed during the year by $2,321,551 to $592,721.

With respect to Palm Grove Partnership, after undertaking the procedures outlined above and including reviewing credit risk characteristics, projecting future revenue, expenses and cashflows, and considering cost of capital, there is no provision for impairment as at balance date (2023: $4,200,000). The prior year's impairment loss of $4,200,000 has been reversed during the year.

With respect to Stoney Creek GCO Ltd, after undertaking the procedures outlined above and including reviewing credit risk characteristics, projecting future revenue, expenses and cashflows, and considering cost of capital, there is a provision for impairment of $5,469,907 (2023: $Nil).

Credit quality per class of financial assets

Exposures to credit risk are graded by an internal risk grade mechanism. High grade represents the strongest credit profile where a potential loss is least likely. Substandard grade represents the weakest credit profile where a potential loss is most likely. Standard grade represents the mid-range credit profile where the Directors believe a potential loss is unlikely. Past due loans are those that are where a counterparty has failed to make a payment when contractually due. Individually impaired loans are those where some potential loss is expected.

Cash and cash equivalents are designated as high grade and most other financial assets have been designated as standard grade, except for those where an impairment loss is predicted.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. An independent valuation by a registered valuer is sought prior to entering into the loan and then on an annual basis thereafter. In addition, quantity surveyors may also be provided during a development on order to substantiate work in progress amounts in a valuation.

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Risk concentrations of the maximum exposure to credit risk

Concentrations of credit risk exist if a number of counterparties are involved in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.The Group has concentration risk as its assets are concentrated in a small number of loans, in a specific sector of the retirement village and aged care industry.

The Directors manage, limit and control concentrations of credit risk, in particular, to individual retirement village and geographic location by monitoring on an ongoing basis and subject to annual or more frequent review, when considered necessary. However, the Directors do not allocate asset investment to specific geographic areas but focus on the demographic demand within the catchment area for each retirement village.

The Group has 92% (2023: 88%) of its total assets as loans receivable from 6 (2023: 6) entities. Each loan is significant to the Group. The loans to Palm Grove Partnership has a 3rd ranking mortgage, subject to a first ranking encumbrance registered in favor of the Statutory Supervisor. The loan to Forest Glen Limited Partnership has a third ranking mortgage. The loan to Ascension Villages Limited Partnership has a 2nd ranking general security agreement. The loan to Stoney Creek GCO has an all obligations 2nd ranking registered mortgage granted by the borrower over the land and all obligations general security agreement granted by the Borrower. The balance of the Roy's Bay loan is subject to recovery processes from the guarantors.

The Group has 13% (2023: 21%) of its total assets as loans receivable from Palm Grove Partnership. In addition, the Group has a 0.001% investment in Ascension Villages Limited Partnership recorded at $1 which holds an 80% investment in Palm Grove Partnership. The Group has a loan to Ascension Villages Limited Partnership of $29.5 million (2023 $19.3 million).

Management closely monitors each loan, does regular site visits to the retirement villages and receives regular sales and financial reports.

The table below shows the maximum exposure to credit risk for finance receivables by geographical region:

The group holds the following financial instruments:

	Note	2024	2023
		$	$
Auckland		54,843,828	38,691,365
South Island	8	4,800,000	6,647,441
		59,643,828	45,338,806

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's intention is to maintain sufficient funds to meet its commitments based on historical and forecasted cash flow requirements. Management's intention is to actively manage lending and borrowing portfolios to ensure net exposure to liquidity risk is minimised. The exposure is reviewed on an ongoing basis from daily procedures to monthly reporting as part of the Group's liquidity management process.

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

Maturity analysis

The tables below present contractual undiscounted cash flows payable to the Group for financial instruments and unrecognised loan commitments based on contractual maturity.

Year ended 31 March 2024	On demand	0-12 months	1-5 years	Total contractual cash flows	Carrying amount
	$	$	$	$	$
Cash and cash equivalents	435,875	-	-	435,875	435,875
Trade and other receivables	983,992	-	-	983,992	983,992
Finance receivables	4,800,000	15,768,746	60,686,747	81,255,493	59,643,828
Financial assets at fair value through profit and loss	-	-	1	1	1
Payables	(1,197,370)	-	-	(1,197,370)	(1,197,370)
Borrowings	(5,710,980)	-	-	(5,710,980)	(5,710,980)
Net maturities	(688,483)	15,768,746	60,686,748	75,767,011	54,155,346

Year ended 31 March 2023	On demand	0-12 months	1-5 years	Total contractual cash flows	Carrying amount
	$	$	$	$	$
Cash and cash equivalents	195,752	-	-	195,752	195,752
Trade and other receivables	1,665,806	-	-	1,665,806	1,665,806
Finance receivables	1,342,496	15,146,740	36,986,175	53,475,411	45,338,806
Financial assets at fair value through profit and loss	-	-	1	1	1
Payables	(1,645,435)	-	-	(1,645,435)	(1,645,437)
Borrowings	(2,967,436)	-	-	(2,967,436)	(2,967,436)
Net maturities	(1,408,817)	15,146,740	36,986,176	50,724,099	42,587,492

The Group intends to make loans and advances subsequent to the reporting date from the available cash and cash equivalents of the Group.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk (Continued)

The only financial instruments that expose the Group to interest rate risk are borrowings. Any change in the bank interest rate would appear to be minimal in the current market and would have no material effect on profit or equity. The Group is not exposed to interest rate risk in respect of deposits or loans to customers because both are for fixed terms and are at fixed interest rates.

The Group's exposure to interest rate risk in relation to future cash flows and the weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Period ending 31 March 2024

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average interest rate**
	$	**$**	**$**	
Financial assets				
Cash and cash equivalents	-	435,875	435,875	N/A
Trade and other receivables	-	983,992	983,992	N/A
Finance receivables	59,643,828	-	59,643,828	10.7 %
	59,643,828	1,419,867	61,063,695	
Financial liabilities				
Borrowings	5,710,980	-	5,710,980	8.0 %
Payables	-	1,197,370	1,197,370	N/A
	5,710,980	1,197,370	6,908,350	

Period ending 31 March 2023

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average interest rate**
	$	**$**	**$**	
Financial assets				
Cash and cash equivalents	-	195,752	195,752	N/A
Trade and other receivables	-	2,078,006	2,078,006	N/A
Finance receivables	44,938,806	-	44,938,806	10.1 %
	44,938,806	2,273,758	47,212,564	
Financial liabilities				
Borrowings	2,967,436	-	2,967,436	7.9 %
Payables	-	1,645,435	1,645,435	N/A
	2,967,436	1,645,435	4,612,871	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair values compared with carrying amounts

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to financial statements.

	Note	2024 $	2023 $
NOTE 4: REVENUE AND OTHER INCOME			
Interest income			
Interest received - third parties		5,733,712	3,891,409
Interest received - related party	18	1,839,527	829,818
		7,573,239	4,721,227
Other income			
Brokerage fees	18	86,626	344,355
Procurement and establishment fee income		250,887	801,472
Consultancy and other fees		29,557	10,475
		367,070	1,156,302
		7,940,309	5,877,529

NOTE 5: FINANCE COSTS

	Note	2024	2023
Bank charges		12,257	13,574
Interest expense - Bank		42,579	59,274
Interest expense - Stoney Creek Funding		1,457	104,051
Interest expense - Senior Trust Management Limited	18	345,609	80,323
		401,902	257,222

Note 6: TAXATION PAYABLE ON BEHALF OF SHAREHOLDERS

From 31 March 2013 the Group became a portfolio investment entity ("PIE") for tax purposes. Under the PIE PIE regime, for financial reporting purposes, income is effectively taxed in the hands of shareholders and therefore, the Group has no tax expense or deferred tax assets or liabilities. From 31 March 2016 the Group is a multi-rate PIE under the PIE regime.

Imputation Credits

On 31 March 2013 the Group elected to become a PIE and ceased to maintain an imputation credit account from that date.

NOTE 6: TAXATION PAYABLE ON BEHALF OF SHAREHOLDERS (CONTINUED)

	Note	2024 $	2023 $
(a) PIE tax liability			
Profit / (Loss) before tax per statement of profit or loss and other comprehensive income		4,785,416	(585,403)
Opening Balance		1,015,730	(2,088)
Taxation (at prescribed investor rates)		481,141	1,015,730
PIE tax paid/(refunded)		(1,553,862)	2,088
PIE tax (payable) / receivable		(56,991)	1,015,730

NOTE 7: CASH FLOW INFORMATION

	Note	2024	2023
(a) Reconciliation of cash flow from operations with profit after income tax			
Profit/(loss) for the year		4,785,416	(585,403)
Tax refunded / (paid)		481,141	1,015,730
Impairment (reversal) of interest receivables and finance receivables		(1,051,644)	6,032,505
Share of joint venture entity net profit/(loss)		2,549,746	(1,153,473)
Changes in operating assets and liabilities			
Increase in receivables		(91,683)	(40,155)
Increase in accrued interest receivable		(5,234,528)	(1,464,515)
(Decrease) / Increase in payables		(477,906)	786,379
Increase/ (decrease) in PIE tax liability		1,072,721	(1,017,818)
Cash flows from operating activities		2,033,263	3,573,250
(b) Reconciliation of cash			
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows:			
Cash at bank		435,875	195,752
Cash at bank / (Bank overdrafts)	14	-	(620,388)
		435,875	(424,636)

NOTE 8: TRADE AND OTHER RECEIVABLES

	Note	2024 $	2023 $
CURRENT			
Accrued interest and loan extension fees receivable		800,878	3,524,196
Provision for expected credit losses		-	(2,914,272)
		800,878	609,924
Trade debtors		183,114	52,352
PIE tax receivable	6	-	1,015,730
		983,992	1,678,006

Trade debtors

Included in trade debtors are related party balances of $183,114 (2023: $52,352). Included in accrued interest receivable are related party balances of $381,154 (2023: $333,526). Refer Note 18.

Accrued interest and loan extension fees receivable are on normal commercial terms. The provision for impairment in 2023: $2,914,272 relates to interest and loan extension fees accrued on the loan to Roy's Bay Estate Limited refer Note 11.

Aged Analysis

Expected credit losses (ECLs) in relation to trade receivables have been recognised as follows:

	12-month expected credit losses Days past due				
	Not due $	31 - 60 $	61 - 90 $	Over 90 days $	Total $
2024					
Gross	983,992	-	-	-	983,992
Expected credit loss					
Rate	0.00 %	0.00 %	75.00 %	100.00 %	
Expected credit loss	-	-	-	-	-

NOTE 8: TRADE AND OTHER RECEIVABLES (CONTINUED)

	12-month expected credit losses				
	Days past due				
	Not due $	31 - 60 $	61 - 90 $	Over 90 days $	Total $
2023					
Gross	469,019	166,178	59,518	2,869,633	3,564,348
Expected credit loss rate	0.00 %	0.00 %	75.00 %	100.00 %	
Expected credit loss	-	-	44,639	2,869,633	2,914,272

	2024 $	2023 $
Provision for expected credit loss		
Opening balance	(2,914,272)	(1,081,767)
Additional losses accrued in the year	-	(1,832,505)
Losses reversed in the year	2,321,551	-
Transferred to Finance Receivable's	592,721	-
Movement for the Year	2,914,272	(1,832,505)
Closing balance	-	(2,914,272)

NOTE 9: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

NON-CURRENT		
Investment in Ascension Villages Limited Partnership	1	1
Cumulative change in fair value that is attributable to changes in credit risk	-	-

Investment in Ascension Villages Limited Partnership (formerly Senior Trust Equity Limited Partnership).

At balance date, the Group held one unit with a fair value of $1 in Ascension Villages Limited Partnership. The carrying amount is equivalent to the fair value of the investment.

NOTE 10 FAIR VALUE MEASUREMENT

The Group does not have material assets or liabilities measured at fair value.

NOTE 11: FINANCE RECEIVABLES

		2024 $	2023 $
CURRENT			
Amounts receivables from:			
- Roy's Bay Estate Limited		5,392,721	1,136,412
- Allowance for expected credit losses		(592,721)	-
- Anthony and Catherine Hannon		-	206,084
- Stoney Creek GCO Limited		5,469,907	5,304,945
- Allowance for expected credit losses		(5,469,907)	-
Total current financial assets at amortised cost		4,800,000	6,647,441
NON-CURRENT			
Amounts receivables from:			
- Forest Glen Limited Partnership	18	16,614,127	8,191,127
Palm Grove Group			
- Palm Grove Partnership		8,361,009	15,000,000
- Ascension Villages Limited Partnership		29,468,692	19,300,238
- STC Orewa Limited	18	400,000	400,000
- Allowance for expected credit losses		-	(4,200,000)
Total Palm Grove Group		38,229,701	30,500,238
Total non-current financial assets at amortised cost		54,843,828	38,691,365

	2024 $	2023 $
Provision for expected credit loss		
Opening balance	(4,200,000)	-
Additional losses accrued in the year	(5,469,907)	(4,200,000)
Transfer from Trade Receivables	(592,721)	-
Losses reversed in the year	4,200,000	-
Net Movement for the Year	(1,862,628)	(4,200,000)
Closing balance	(6,062,628)	(4,200,000)

NOTE 11: FINANCE RECEIVABLES (CONTINUED)

Roy's Bay Estate Limited

The table below sets out the overall position for Roy's Bay in the financial statements:

Roys Bay Estate Ltd	**2024**	**2023**
Interest and Fees Receivable	121,994	3,026,823
Allowance for expected credit losses	-	(2,914,272)
	121,994	112,551
Loans Receivable	5,392,721	1,136,412
Allowance for expected credit losses	(592,721)	-
	4,800,000	1,136,412
Net Receivable	**4,921,994**	**1,248,963**

The loan to Roy's Bay Estate Limited (the Borrower) allowed for a maximum facility of $8.35 million (2023: $8.35 million) and expired no later than 30 September 2021 (2023: 30 September 2021). This has not yet been fully repaid as at 31 March 2024. The loan earned interest at a rate of 15% per annum (2023: 15%).

The loan securities are as follows:

- All obligations general security agreement granted by the Borrower;
- All obligations guarantee and indemnity granted by A Hannon and C Holmes;
- Security Sharing and Priority deed between first and second mortgagee.
- Guarantees granted in respect of the obligations of the Borrower by Anthony Hannon and Catherine Hannon as trustees of the Hannon Investment Trust, Sym Trustee Limited as trustee of Sym Trust, Christopher Holmes and Vic trust Corporate Trustee Limited as trustees of the Victoria Trust, Anthony Hannon and Christopher Holmes;

The credit quality of the receivable (Note 8) is estimated by the Directors of the Group and is considered to be impaired based on their knowledge and their consideration of future looking events. After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, provision for impairment has been recorded on the loan receivables from Roy's Bay Estate Limited $592,721(2023: $2,914,272). See Note 8.

A $0.5 million settlement was received to release collateral securities over the 102/9 Lakeside property.

$0.3 million was received on 31 of January 2024 pursuant to the personal guarantee of Catherine Hannon Senior Trust has received full settlement from C Hannon in relation to her guarantee obligations.

The Directors have initiated legal action against the remaining guarantors for all outstanding loan amounts, interest and legal costs.

Senior Trust has obtained from the Court, summary judgement on the guarantees against all remaining guarantors. The guarantors have appealed that decision to the Court of Appeal which will be heard on 23 July 2024. Even if that appeal succeeds, which is considered unlikely, the matter will revert to it an ordinary proceeding with discovery, witness statements, and finally a trial. This may take a further 12 to 18 months to resolve.

Senior Trust has completed in the High Court a discovery process which determined the guarantor's ability to pay the debt. The steps to now recover the debt is in process.

NOTE 11: FINANCE RECEIVABLES (CONTINUED)

Palm Grove Partnership

Details of the loan are as follows:

	2024 $	2023 $
Amount receivable at balance date	8,361,009	10,800,000
Loans included for Loan to value ratio (LVR) purposes		
Bank of New Zealand	26,535,898	25,095,864
Senior Trust Retirement Village Income Generator Limited	10,000,000	10,000,000
Total loans for LVR purposes	44,896,907	45,895,864
Collateral Security Valuation (including operators' interest)	50,100,000	50,061,537
Loan to Value Ratio	89.61%	91.68%
Maximum Loan facility	9,250,000	15,000,000
Interest rate earned	8%	8%
Loan expiry date	23/03/2027	01/03/2026
Operator's Interest Discount rate	15%	15%

The loan securities are as follows:

- 3rd registered all obligations mortgage over the village property, which is also subject to a first ranking encumbrance registered in favor of the statutory supervisor and a 2nd ranking mortgage registered in favor of Senior Trust Retirement Village Income Generator Ltd;
- 3rd ranked general security agreements from Palm Grove Partnership, STC Orewa Limited and Orewa Village Limited;
- all obligations guarantee and indemnity granted by STC Orewa Limited and Orewa Village Limited;
- Security Sharing and Priority Deed.

The value of the collateral security was based on a "fair market" valuation basis performed by Eyles McGough registered valuers as at 31 March 2024 (2023: CBRE, 31 March 2023)

Valuation of the Operator's interest has been performed based on a discounted cash flow methodology whereby the future cash flows expected to be generated from the Operator's interest have been discounted to the valuation date. Other assumptions used by the valuer include average price of Independent Living Units, occupancy periods, growth rates and estimated disposal costs.

Ascension Villages Limited Partnership

A variation of the loan agreement was completed on 24th November 2023 with a facility of $30 million. The loan to Ascension Villages Limited Partnership allows for a maximum facility of $30 million (2023: $15 million) and expires no later than 22 December 2026 (2023: 21 December 2026). The loan earns interest at a rate of 8% per annum (2023: 8%).

NOTE 11: FINANCE RECEIVABLES (CONTINUED)

Ascension Villages Limited Partnership (Continued)

The loan arose out of a restructure whereby the Group transferred and assigned its shares in and loan to STC Orewa Limited in consideration for units in Ascension Villages Limited Partnership. Refer Note 18.

The loan securities are as follows:

- All obligations second ranking general security agreement granted by the Borrower over all present and after acquired property of the Borrower.
- The major asset of Ascension Villages Limited Partnership is an equity investment in Palm Grove Partnership, the value of which is supported by the valuation of Palm Grove Partnership (see above for details of the valuation of Palm Grove Partnership).

General Impairment

The credit quality of the loan is estimated by the Directors of the Group and is considered to be satisfactory grade based on their knowledge and their consideration of future looking events. After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no impairment loss has been recognised in the current year. In the 2023 year an impairment loss of $4,200,000 was recognized. This has been reversed in current year.

Forest Glen Limited Partnership

The loan to Forest Glen Limited Partnership (of which the Group is a 73.8% (2023: 50%) joint venture partner as outlined in Note 12.

Details of the loan are as follows:

	2024 **$**	**2023** **$**
Amount receivable at balance date	16,614,127	8,191,127
Loans included for Loan to value ratio (LVR) purposes		
Cressida Capital Limited	6,525,444	2,000,000
Basecorp Finance Limited	1,071,842	1,044,000
Senior Trust Retirement Village Income Generator Limited	59,000,000	38,155,488
Pearl Fisher	7,109,938	-
Total loan for LVR purposes	90,321,351	49,390,615
Collateral Security Valuation		
25 Annalise Place, Orewa - Land	20,200,000	23,000,000
25 Annalise Place, Orewa – Building work in progress	61,280,000	37,375,000
31 Forest Glen, Orewa	1,739,130	2,000,000
13 Forest Glen, Orewa	1,850,000	1,900,000
Other Property Securities - Matakana	17,200,000	-
Collateral Security Valuation	102,119,130	64,275,000
Loan to Value Ratio	88.45%	76.84%
Maximum Loan facility	24,000,000	16,0000,000
Interest rate earned	16%	16%
Loan expiry date	31/05/2025	17/11/2023
Operator’s Interest Discount rate	15%	15%

NOTE 11: FINANCE RECEIVABLES (CONTINUED)

Forest Glen Limited Partnership (Continued)

The loan securities are as follows:

- 3rd ranking all obligations mortgage over the village property 488 & 496c Hibiscus Coast Highway (after all obligations mortgages over the village ranked 1st in favor Cressida Capital One Limited and 2nd in favor of Senior Trust Retirement Village Income Generator Limited and);
- 3rd ranking general security agreement from Forest Glen Limited Partnership and Coastal Properties Orewa Forest Glen Limited;
- All obligations guarantee and indemnity granted by Coastal Properties Orewa Forest Glen Limited.
- An all obligations unlimited Deed of Guarantee from Brendan Coghlan.

The fair value of the collateral securities at Orewa was based on a valuation performed by a registered valuer Eyles McGough dated 31 March 2024 (2023: Eyles McGough, 31 March 2023).

Valuation of this residential subdivision is based on a “market value” which is defined as the estimated amount for which an asset is should exchange on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of the collateral security at Matakana was based on a valuation performed by Gribble Churton Taylor registered valuers as at 31 March 2024.

Valuation of this commercial property is based on a “market value” which is defined as the estimated amount for which an asset is should exchange on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The credit quality of the loan is estimated by the Directors of the Group and is considered to be satisfactory grade based on their knowledge and their consideration of future looking events. After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary (2023: Nil).

Senior Trust Capital Orewa Limited

The loan of $400,000 (2023: $400,000) to Senior Trust Capital Orewa Limited was reviewed and entered into on 20 December 2023 with an expiry date of 31 May 2026 (2023: 20 December 2023). This is supported by a deed of acknowledgement of debt dated 20 December 2023 signed by respective parties. The loan is interest free. This is a related party transaction (refer Note 18).

NOTE 11: FINANCE RECEIVABLES (CONTINUED)

Stoney Creek GCO Limited

Details of the loan are as follows:

	2024 $	2023 $
Amount receivable at balance date	5,469,907	5,304,945
Loans included for Loan to value ratio (LVR) purposes		
Senior Trust Retirement Village Income Generator Limited	15,894,217	13,036,050
Total loan for LVR purposes	21,364,124	18,340,995
Collateral Security Valuation	22,300,000	26,000,000
Loan to Value Ratio	95.80%	70.54%
Maximum Loan facility	21,000,000	18,0000,000
Interest rate earned	21%	11.75%
Loan expiry date	22/12/2026	21/12/2026

The loan securities are as follows:

- All obligations 2nd ranking registered mortgage granted by the Borrower over the land;
- All obligations general 2nd ranking security agreement granted by the Borrower.
- Guarantees granted in respect of the obligations of the Borrower by Andrew Roman Bendemski

The fair value of the collateral security was based on a valuation performed by a registered valuer Eyles McGough dated 31 March 2024 (2023: Eyles McGough).

The Valuation has been based on a fair market value being the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an "arm's length" transaction after proper marketing, wherein the parties each acted knowledgeably, prudently and without compulsion. Eyles McGough have not provided a forced sale price estimate.

Stoney Creek GCO Limited was advised that Senior Trust Capital Ltd (and the first financier Senior Trust Retirement Village Income Generator Limited) was not renewing the loan with Stoney Creek GCO Limited. Settlement statements for the repayment of the debt have been issued. As payment has not been forthcoming by the expiry date, being 29 February 2024. Enforcement action has commenced with a demand on the Guarantors. Property Law Act (PLA) notices being issued with orders for substitute service being sought. A real estate agent has been appointed, on a sole agency basis, to sell the property by way of mortgagee tender. All security proceeds received from the Borrower will be first applied to the first financier debt (Senior Trust Retirement Income Generator Limited) prior to being applied to the Senior Trust Capital debt.

As a result of a tender process coordinated by Bayley's Real Estate, the directors have concluded that the value of the underlying security is significantly impaired.

After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratios, the Directors of the Group considered that it is prudent to recognize an impairment of $5,469,907 in the current year (2023: $Nil).

NOTE 12: EQUITY ACCOUNTED INVESTMENTS

(a) Joint Ventures

	Nature of relationship	Ownership interest		Measurement basis
		2024	2023	
		%	%	
Joint arrangement				
Forest Glen Limited Partnership Country of incorporation: New Zealand Principal place of business: Auckland Registration date: 29 November 2018	Partner	73.8	50	Equity accounted

NOTE 12: INTERESTS IN JOINT ARRANGEMENTS (CONTINUED)

	2024	2023
	$	$
(b) Summarised financial information for joint venture		
Forest Glen Limited Partnership		
Cash and cash equivalents	385,094	23,239
Receivables	1,705	7,923
Employee Advances	-	20,000
Residential Subdivision	88,739,749	64,275,000
Total assets	89,126,548	64,326,162
GST receivable / (payable)	575,695	(680,588)
Other current liabilities	(1,542,927)	(5,246,116)
Borrowings	(83,211,413)	(49,996,615)
Total liabilities	(84,178,645)	(55,923,319)
Net assets	4,947,903	8,402,843
Rent receivable	54,075	44,638
Management Fees Receivable	119,708	96,624
Lease income	14,235	-
Interest Receivable	93,213	310
Fair value gain	-	4,276,052
Finance costs	(3,050,445)	(1,432,497)
Other expenses	(760,222)	(561,162)
GST income/(expense)	74,496	(117,019)
Total comprehensive income	(3,454,940)	2,306,946
Group's % share of total comprehensive income	73.8%	50.0%
Group's share of total comprehensive income	(2,549,746)	1,153,473
Reconciliation to carrying amount of interest in joint venture:		
Opening net assets	8,402,841	6,095,895
Add: Current year (loss) / profit	(3,454,938)	2,306,946
Closing net assets	4,947,903	8,402,841
Group's % share of net assets	73.8%	50.0%
Opening balance	4,201,421	3,047,948
Purchase of shares	2,000,000	-
Group share of profits/(losses) for the year	(2,549,746)	1,153,473
Group's share of net assets	3,651,675	4,201,421
Additional capital contributed by joint venture partner	(173,596)	(173,596)
Carrying amount of investment	3,478,079	4,027,825

NOTE 12: INTERESTS IN JOINT ARRANGEMENTS (CONTINUED)

The Group's 73.8% (2023: 50%) investment in the Forest Glen Limited Partnership ("the Limited Partnership") has been treated as a joint venture.

The Limited Partnership has two limited partners – Senior Trust Capital (STC) and Coastal Retirement Limited (CRL). In the previous year each partner held a 50.0% shareholding in the limited partnership. On 14 June 2023, STC increased its Partnership share in the Joint Arrangement with Forest Glen Limited partnership from 50% to 73.80%. Coastal Retirement Limited reduced it's holding by 23.80% and now owns 26.20% of the joint arrangement.

While STC is entitled to a greater share of the returns from the joint venture i.e. 73.80% this must be distinguished from control. Neither limited partner has the power to direct the Limited Partnership's operating and financing activities as there is an 80% voting threshold in the Limited partnership agreement. Accordingly, the Directors have exercised their judgment and have concluded that STC does not have control over the Limited Partnership.

In addition, CRL has the option to reacquire these shares on 30 June, 2024. CRL has not exercised this option by the due date.

As such the Group's investment in the Limited Partnership has been accounted for using the equity method.

The value of Forest Glen Limited Partnership is based on the Group's share (73.80%) of the Limited Partnership's net assets at reporting date. The underlying valuation of the property owned by the Partnership is recorded at fair value in its financial statements. The property is appraised annually by an independent external valuer. Significant judgement is required relating to the assumptions made in order to assess the fair value of the property.

The Group's capital contribution to the Limited Partnership to date is $6,489,757.

The Residential Subdivision consists of:	2024	2023
	$	$
25 Annalise Place, Orewa - Land	20,200,000	23,000,000
25 Annalise Place, Orewa – Building work in progress	61,280,000	37,375,000
31 Forest Glen, Orewa	1,739,130	2,000,000
13 Forest Glen, Orewa	1,850,000	1,900,000
	85,069,130	64,275,000

Investment property was valued by Eyles McGough, independent registered valuers, on 31 March 2024, (2023: Eyles McGough Limited).

25 Annalise Place, Orewa - The property has an area of 11,523 sqm and resource consent has been granted to develop a 120 (2023: 120) Residential Unit Retirement Village. The land was valued at $17 million on acquisition.

31 Forest Glen Road, Orewa - The property has an area of 1,300 sqm and has a 1970's dwelling with later additions and alterations which include a large conservatory area, double garage and second self-contained living area on site on site generating rental income.

13 Forest Glen Road, Orewa - The property has an area of 859 sqm and has a large two-level brick & tile dwelling dating from the 1970's.

NOTE 12: INTERESTS IN JOINT ARRANGEMENTS (CONTINUED)

Borrowings

Cressida Capital has loaned the Limited Partnership $6.5 million (2023: $2 million) secured by a second mortgage. The facility is interest only and interest is charged at 12.95% (2023: 10.25%). The loan is repayable by 14 May 2024 (2023: May 2023).

Senior Trust Capital Limited has a facility balance to the Limited Partnership of $16.6 million (2023: $8.2 million). The maximum facility of the loan is $24,000,000 and it expires no later than 31 May 2025. The loan earns interest at a rate of 16% per annum (2023: 16%), refer Note 11.

Senior Trust Retirement Village Income Generator Limited has loaned the Limited Partnership $59 million (2023: $38.2 million). The loan earns interest at 11% (2023: 11%).

Senior Trust Management Limited had provided a short-term loan to the Limited Partnership of $0.6 million in 2023 and is non-interest bearing. This loan has been fully paid off in 2024.

Commitments and contingent liabilities

Forest Glen Limited Partnership does not have any commitments or contingent liabilities at 31 March 2024 (2023: Nil).

	Note	2024 $	2023 $
NOTE 13: PAYABLES			
CURRENT			
Trade creditors		65,036	655,675
Sundry creditors and accruals			
Distribution payable		1,024,320	736,041
Accrued expenses		51,023	89,947
Sundry creditors		-	163,774
PIE tax payable	6	56,991	-
		1,197,370	1,645,437

Trade creditors

Included in trade creditors are related party balances of $44,085 (2023: $318,756). Refer Note 17 and 18

NOTE 14: BORROWINGS

	Note	2024 $	2023 $
CURRENT			
Amounts payable to:			
Loan from Senior Trust Management Limited		-	2,347,048
Loan from Dadrew Trust		5,710,980	-
Secured liabilities			
Bank overdraft		-	620,388
		5,710,980	2,967,436

Overdraft

The Group has an overdraft facility of $1,000,000 (2023: $1,000,000) with the Bank of New Zealand. This facility is secured by a first ranking general security agreement in favor of the Bank of New Zealand. Interest is charged at an average rate of 10.95% (2023: 8.37%).

Loan from Senior Trust Management Limited

The Group had a facility loan of $4,500,000 with Senior Trust Management Limited in 2023. This loan has now been transferred to Dadrew Trust by way of deed of assignment of debt.

Senior Trust Management Limited is a related party of the Group. See Note 18

Loan from Dadrew Trust

The Group has a loan of $5,710,980 with Dadrew Trust in 2024. The loan facility of $6,000,000 has an interest rate of 8% pa and expires 20 September 2024 (2023: $Nil). This loan has been transferred from Senior Trust Management Limited to Dadrew Trust by way of deed of assignment of debt dated 26 March 2024.

NOTE 15: SHARE CAPITAL

Issued and paid-up capital

55,603,515 (2023: 45,896,503) Ordinary shares	55,224,598	45,507,037

	2024		2023	
	Number	$	Number	$
(a) Ordinary shares				
Opening balance	45,896,503	45,507,037	45,106,275	44,738,390
Treasury shares sold	13,869,472	13,880,021	817,000	794,171
Acquisition of shares	(4,162,460)	(4,162,460)	(26,772)	(25,524)
At reporting date	55,603,515	55,224,598	45,896,503	45,507,037

NOTE 15: SHARE CAPITAL CONTINUED)

(a) Ordinary shares (Continued)

Treasury share buy-back

During the year, the Group acquired 210,526 treasury shares for $200,000. This was done through STEP Villages Limited Partnership purchasing shares through off-market transfers.

During the previous year the Group acquired 26,772 treasury shares for $25,772. This was done through STEP Villages Limited Partnership purchasing shares through off-market transfers from Ascension Villages Limited Partnership. STEP Villages Limited Partnership is wholly controlled by the Group. Refer Note 18.

Treasury shares sold

No shares were sold during the current period.

Shares issued

Shares have been issued under the terms of the continuous offer which opened on 14 April 2015 and has no end date. Under the terms of the Share offer, Directors are not obliged to accept applications and can decide to suspend offering Shares at any time.

The price during each Dividend Distribution Period is calculated as the value of a share as determined by the directors as fair and reasonable to existing Shareholders based on the net tangible assets at the end of the last Dividend Distribution Period.

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital management

The Group's capital, from a management perspective, is its share capital and its Retained Earnings. The Group is not subject to externally imposed capital requirements. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits to the shareholders.

NOTE 16: EARNINGS PER SHARE

	Note	2024 $	2023 $
$ per share			
Basic earnings per share		0.09	(0.01)
Diluted earnings per share		0.09	(0.01)

Basic earnings per share is calculated as profit divided by the weighted number of issued shares for the year.

Diluted earnings per share is calculated as profit divided by the weighted number of shares plus any deferred shares which are expected to be issued after balance date.

	2024	2023
Reconciliation of earnings used in calculating earnings per share		
Profit/(loss) attributable to the shareholders of the Group used in calculating earnings per share	4,785,416	(585,403)
Weighted average number of shares used as the denominator		
	Number of shares	Number of shares
Weighted average number of shares used as the denominator in calculating basic earnings per share	51,019,260	44,576,869
Weighted un-allotted shares issued after balance date	246	877
Weighted average number of shares and potential shares used as the denominator in calculating diluted earnings per share	51,019,506	44,577,746

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

	2024	2023
Compensation received by key management personnel of the Group		
Salaries and bonuses	221,666	264,235
Director fees	90,000	72,000
	311,666	336,235

The key management personnel of the Group are the Directors:

- John Jackson - Director (appointed 1 August 2012)
- Andrew Franicevic - Non- Executive Director (appointed 9 August 2019)
- Clive Jimmieson - Executive Director (appointed 21 August 2020)

The Group has an employment contract with John Jackson. Executive Director remuneration of $170,139 (2023: $264,235) was paid to John Jackson during the year.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The Group has a directorship contract with Andrew Franicevic. Remuneration of $36,000 (2023: $36,000) was paid during the year. The amount includes $3,000 (2023: $3,000) recorded in trade creditors (refer Note 13)

The Group has an employment contract with Clive Jimmieson. Remuneration of $51,527 (2023: $Nil) was paid during the year.

John Jackson received a quarterly shareholder distribution, similar to all other shareholders amounting to $30,000 (2023: $26,000).

NOTE 18: RELATED PARTY TRANSACTIONS

Senior Trust Management Limited

Senior Trust Management Limited and the Group are related as one of the Directors of the Group (John Jackson) is a beneficiary of the Dadrew Trust which is the sole shareholder of Senior Trust Management Limited.

A management services agreement between the Group and Senior Trust Management Limited was entered into on 7 March 2016. The agreement records the terms under which the Senior Trust Management Limited provides administration, management and accountancy services to the Group (this section of the agreement was in abeyance from 1 November 2017 to 31 October 2019) and receives sales and marketing services from the Group.

Forest Glen Limited Partnership

Forest Glen Limited Partnership is related as the Group is a 73.8% (2023:50%) joint venture partner in the Forest Glen Limited Partnership.

NOTE 18: RELATED PARTY TRANSACTIONS (CONTINUED)

	Note	2024	2023
		$	$
(a) Transactions with Senior Trust Management Limited			
Management services income		12,000	12,000
Management services expense		(395,744)	(391,385)
Interest expense	5	(345,609)	(80,323)
(b) Amounts due from/ (payable to) Senior Trust Management Limited			
Management services expense included in trade debtors	8	10,189	2,515
Overhead recharge expense included in trade creditors	13	(8,106)	(6,125)
Management services expense included in trade creditors	13	(32,979)	(65,957)
Loan line fee expense included in trade creditors	13	-	(162,951)
Interest payable included in trade creditors	13	-	(80,323)
Loan from Senior Trust Management Limited on demand	14	-	(2,347,048)
(c) Amounts due from/ (payable to) Dadrew Trust			
Loan from Dadrew Trust	14	(5,710,980)	-
(d) Transactions with Forest Glen Limited Partnership ('FGLP')			
Interest received	4	1,839,527	812,430
(e) Transactions with Forest Glen Limited Partnership			
Finance receivables	11	16,614,127	8,191,127
Interest receivable	8	325,704	202,647
(f) Transactions with Senior Trust Retirement Village Income Generator Limited			
Brokerage fees	4	86,626	344,355
Expenses recharged		-	(25,378)
Accrued interest		-	(177,808)
(g) Amounts due from/ (payable to) Senior Trust Retirement Village Income Generator Limited			
Brokerage fees in trade debtors	8	32,575	37,637
Accrued interest included in trade creditors	8	-	(177,808)
Expense recharges included in trade creditors		-	(1,283)

NOTE 19: CAPITAL AND LEASING COMMITMENTS

There is no material capital or leasing commitments at reporting date (2023: Nil).

NOTE 20: CONTINGENT LIABILITIES

Senior Trust Capital Limited has provided a guarantee in favor of the Bank of New Zealand up to the value of $34,480,000 (2023: $34,480,000) for all amounts payable by Palm Grove Partnership to the Bank of New Zealand. The Group has no other contingent liabilities at year end (2023: Nil).

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

The following transactions have occurred subsequent to reporting date:

Loan from Cressida to the Forest Glen Limited Partnership of $6.5 million was fully repaid on 24 May 2024.

There has been other no matter or circumstance, which has arisen since 31 March 2024 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2024, of the Group, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 31 March 2024, of the Group.