

Third Age Health Services Limited and subsidiaries
Financial Statements
For the year ended 31 March 2018

Third Age Health Services Limited and subsidiaries

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For the year ended 31 March 2018

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Third Age Health Services Limited and subsidiaries

Annual Report

For the year ended 31 March 2018

The Directors present their Annual Report including financial statements of the Group for the year ended 31 March 2018.

Directors' disclosures

The following Directors held office during the year ended 31 March 2018:

Michael Bruce Haskell

Bevan John Walsh

No other person was a Director at any time during the year.

Remuneration of Directors

Total remuneration paid to Directors in their capacity as Directors during the year ended 31 March 2018 was as follows:

Director	Total Remuneration NZ\$
Michael Bruce Haskell	Nil
Bevan John Walsh	Nil

Employee remuneration

No employees received remuneration in excess of \$100,000 during the year ended 31 March 2018.

Interests register

There were no entries in the interest register during the year ended 31 March 2018.

Donations

No donations were made during the year.

For and on behalf of the Board,

Director:  _____

Date: 13 November 2019

Director:  _____

Date: 13 November 2019

Third Age Health Services Limited and subsidiaries

Director's Responsibility Statement

For the year ended 31 March 2018

Approval and issue of financial statements

The Directors are pleased to present the Financial Statements of Third Age Health Services Limited and subsidiaries (the 'Company') for the year ended 31 March 2018.

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of Financial Statements which fairly present the financial position of the Company as at 31 March 2018 and the results of its operations for the period ended 31 March 2018.

This Directors' Responsibility Statement and the Financial Statements are dated 13 November 2019.

For and on behalf of the Board



Director



Director

Third Age Health Services Limited and subsidiaries

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2018

	Group 2018 NZ\$	Group 2017 NZ\$
	Note	
Service revenue	4,574,907	3,764,476
Cost of sales	(2,849,186)	(2,385,527)
Gross profit	1,725,721	1,378,949
Other income	4 5,387	1,524
Payments to employees and contractors	6 (587,355)	(435,464)
Other expenses	(308,061)	(272,579)
Research and development	(151,942)	(177,574)
Finance costs	(95,028)	(97,680)
Share based payments expense	22 (44,236)	(65,501)
Professional and consulting fees	(18,841)	(83,813)
Depreciation	8 (13,379)	(23,536)
Profit before income tax	5 512,266	224,326
Income tax expense	7 (178,621)	(114,049)
Profit after income tax	333,645	110,277
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
Translation of foreign operations	7,323	4,030
Total other comprehensive income	7,323	4,030
Total comprehensive income for the year	340,968	114,307
Profit for the year attributable to:		
Equity holders of the parent	418,957	210,769
Non controlling interest	(85,312)	(100,492)
	333,645	110,277
Total comprehensive income for the year attributable to:		
Equity holders of the parent	426,280	214,799
Non controlling interest	(85,312)	(100,492)
	340,968	114,307

These financial statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited and subsidiaries

Consolidated Statement of Financial Position

As at 31 March 2018

	Note	Group 2018 NZ\$	Group 2017 NZ\$	Group 1 April 2016 NZ\$
Current assets				
Cash and cash equivalents	10	27,463	27,831	27,150
Trade and other receivables	12	328,597	318,091	202,292
Income tax receivable		40,505	25,871	-
Investments	20	102,501	65,001	-
Deposits for business acquisition	26	100,000	-	-
Related party receivables	14	1,615	-	-
Total current assets		600,681	436,794	229,442
Non-current assets				
Property, plant and equipment	9	61,022	89,907	104,945
Intangible assets		-	-	39,243
Total non-current assets		61,022	89,907	144,188
Total assets		661,703	526,701	373,630
Current liabilities				
Trade and other payables	13	489,118	452,959	226,275
Finance lease liability	17.2	13,688	13,139	24,200
Borrowings	16	-	23,024	33,165
Current tax liabilities		121,021	39,920	8,563
Employee share purchase plan deposits	22	122,356	380,016	291,036
Related party payables	14	374,487	288,204	338,898
Total current liabilities		1,120,670	1,197,262	922,137
Non-current liabilities				
Finance lease liability	17.2	33,173	48,230	62,151
Related party payables	14	750,213	487,506	775,447
Total non-current liabilities		783,386	535,736	837,598
Total liabilities		1,904,056	1,732,998	1,759,735
Net liabilities		(1,242,353)	(1,206,297)	(1,386,105)
Equity				
Share capital	23	(1,562,531)	(1,141,271)	(1,141,271)
Share based payment reserve	22	421,777	377,541	312,040
Foreign currency translation reserve	24	3,629	(3,694)	(7,724)
Retained earnings / (accumulated losses)		81,649	(337,308)	(548,077)
Non controlling interest	14	(186,877)	(101,565)	(1,073)
Total equity		(1,242,353)	(1,206,297)	(1,386,105)

These financial statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited and subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Share Capital NZ\$	Foreign Currency Translation Reserve NZ\$	Share Based Payment Reserve NZ\$	Retained earnings / accumulated losses NZ\$	Non-controlling interest NZ\$	Total NZ\$
Balance at 1 April 2016	(1,141,271)	(7,724)	312,040	(548,077)	(1,073)	(1,386,105)
Profit for the year	-	-	-	210,769	(100,492)	110,277
Other comprehensive income	-	4,030	-	-	-	4,030
Total comprehensive income for the year	-	4,030	-	210,769	(100,492)	114,307
Share buyback	-	-	-	-	-	-
Shares issued	-	-	-	-	-	-
Share based payments	-	-	65,501	-	-	65,501
Balance at 31 March 2017	(1,141,271)	(3,694)	377,541	(337,308)	(101,565)	(1,206,297)
Profit for the year	-	-	-	418,957	(85,312)	333,645
Other comprehensive income	-	7,323	-	-	-	7,323
Total comprehensive income for the year	-	7,323	-	418,957	(85,312)	340,968
Share buyback	(721,260)	-	-	-	-	(721,260)
Shares issued	300,000	-	-	-	-	300,000
Share based payments	-	-	44,236	-	-	44,236
Balance at 31 March 2018	(1,562,531)	3,629	421,777	81,649	(186,877)	(1,242,353)

These financial statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited and subsidiaries

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Note	Group 2018 NZ\$	Group 2017 NZ\$
Cash flows from operating activities			
Receipts from other operating activities		4,564,818	3,649,480
Interest paid		(95,028)	(97,680)
Interest received		244	-
Income taxes paid		(112,154)	(108,563)
Payments to suppliers and employees		(3,950,432)	(3,082,921)
Net cash from operating activities	11	407,448	360,316
Investing Activities			
Payments to purchase property, plant and equipment		(3,553)	(9,856)
Deposit for business acquisition		(100,000)	-
Proceeds from disposal of property, plant and equipment		22,174	-
Payments for equity investments		(37,500)	(65,001)
Net cash flows used in investing activities		(118,879)	(74,857)
Financing Activities			
Repayment of borrowings		(37,532)	(35,123)
Payments to related parties		(372,023)	(347,873)
Repayments from related parties		126,363	9,238
Deposits received under share purchase plan		69,906	125,096
Repayment of employee share purchase plan deposits		(27,566)	(36,116)
Payments for share buybacks		(48,085)	-
Net cash flows from used in financing activities		(288,937)	(284,778)
Net (decrease)/increase in cash and cash equivalents		(368)	681
Cash and cash equivalents at the beginning of the year		27,831	27,150
Cash and cash equivalents at the end of the year	10	27,463	27,831

These financial statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

1. Reporting entity

The consolidated financial statements for Third Age Health Services Limited and its subsidiaries (the "Group") are for the economic entity comprising Third Age Health Services Limited (the "Parent") and its subsidiaries. The Parent is incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The principal trading activity of the Group is the provision of medical services to the aged care sector.

2. Statement of accounting policies

2.1 Statutory base

The Group is a reporting entity for the purposes of the Financial Reporting Act 2013 and its Financial Statements comply with that Act.

The financial statements of the Group are for the year ended 31 March 2018. The financial statements were authorised for issue by the Directors as dated in the Directors' Responsibility Statement.

2.2 Basis of preparation

The Group has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate. These financial statements comply with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board. For the purposes of complying with GAAP, the Group is a for-profit entity. These financial statements have been prepared in accordance with the requirements of the Companies Act 1993.

2.3 First-time adoption of NZ IFRS

From 1 April 2018, the Group adopted NZ IFRS. These are the Group's first consolidated financial statements prepared in accordance with NZ IFRS. NZ IFRS 1 *First Time Adoption of International Financial Reporting Standards* has been applied in preparing these financial statements.

The Group has applied the accounting policies illustrated in these financial statements retrospectively to the comparatives, as if NZ IFRS had always been applied.

2.3.1 Basis of measurement

The financial statements have been prepared on the historical cost basis except financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of NZ IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in NZ IAS 2 *Inventories* or value in use in NZ IAS 36 *Impairment of assets*.

2.3.1 Fair value hierarchy

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.5 Use of accounting estimates and judgements

The preparation of these financial statements requires management to make estimates and assumptions. These affect the amounts of reported revenue and expense and the measurement of assets and liabilities. Actual results could differ from these estimates. The principal areas of judgement and estimation in these financial statements are:

- Control of Concierge Medical Services Limited (note 14.1)
- Accounting for employee share purchase plans (note 22.4)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.6 Significant accounting policies

Accounting policies are disclosed within each of the applicable notes to the financial statements.

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented, except as detailed below.

The Group has not applied the following new and revised NZ IFRSs that have been issued but are not yet effective:

NZ IFRS 9	Financial Instruments
NZ IFRS 15	Revenue from Contracts with Customers
NZ IFRS 16	Leases

NZ IFRS 9 Financial instruments

NZ IFRS 9 is effective for reporting periods beginning on or after 1 January 2018. This standard provides new requirements for how an entity should classify and measure financial assets and liabilities. The standard requires all financial assets to be classified on the basis of the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. It also introduces an expected credit losses model for the impairment of financial assets, as well as changes to hedge accounting standards. NZ IFRS 9 is not expected to have a significant impact on the financial statements.

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

2.6 Significant accounting policies (continued)

NZ IFRS 15 Revenue from contracts with customers

This standard is effective for reporting periods beginning on or after 1 January 2018. NZ IFRS 15 provides a single comprehensive principles based five-step model to be applied to all contracts with customers. The core principle of NZ IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The five steps in the model are as follows:

- identify the contract(s) with the customer
- identify the performance obligations in the contract(s)
- determine the transaction price
- allocate the transaction price to the performance obligations in the contract(s)
- recognise the revenue when (or as) the entity satisfies a performance obligation

Under NZ IFRS 15 an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Group does not expect any significant impact from the adoption of this standard.

NZ IFRS 16 Leases

This standard is effective from 1 January 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases. NZ IFRS 16 removes the classification of leases as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases. NZ IFRS 16 is not expected to have a significant impact on the financial statements as the Group is not currently party to any operating leasing arrangements.

The significant accounting policies which are pervasive throughout the financial statements are set out below. Other significant accounting policies which are specific to certain transactions or balances are set out within the particular note to which they relate.

2.7 Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and position of each Group entity are expressed in NZD, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NZD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

2.8 Goods and services tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except:

- Where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST (the net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

2.9 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value and subsequently measured at amortised cost. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The group does not have any financial assets classified as fair value through profit and loss or held to maturity.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise 'cash and cash equivalents' and 'trade and other receivables' in the balance sheet. Loans and receivables are measured at amortised cost using the effective interest rate less any impairment.

Available for sale (AFS) financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The Group has investments in unlisted shares that are not traded in an active market and are classified as AFS financial assets, stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 18. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale revaluation reserve is reclassified to profit or loss.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

Impairment of financial assets (continued)

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

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

The Group's financial liabilities consist of trade and other payables, borrowings, and related party payables. These are categorised as other financial liabilities.

Other financial liabilities

Other financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3.1. Rendering of medical services

The Group's medical services revenue is primarily obtained through the provision of services on behalf of Public Health Organizations (PHOs), patient consultations and vaccination services. Revenue from the rendering of medical services is recognised when services have been provided to patients.

3.2. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

4. Other income

	2018	2017
	NZ\$	NZ\$
Interest income	244	-
Gain on disposal of fixed assets	4,726	720
Other income	417	804
	5,387	1,524

5. Items included in profit before tax

	2018	2017
	NZ\$	NZ\$
Profit before tax includes the following specific expenses:		
Loss on disposal of fixed assets	1,750	-

6. Payments to employees and contractors

	2018	2017
	NZ\$	NZ\$
Salaries and wages	55,688	51,852
Contractors	530,101	381,282
Defined benefit contribution (Kiwisaver)	1,566	2,330
	587,355	435,464

7. Taxation

7.1 Income tax recognised in profit or loss

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax expense comprises:

	2018	2017
	NZ\$	NZ\$
Current income tax	178,621	114,049
Deferred income tax	-	-
Total income tax expense recognised in the current year	178,621	114,049

Income tax expense for the year can be reconciled to the accounting profit as follows:

Profit (loss) before tax	512,266	224,326
Income tax expense/(benefit) calculated at 28%	143,434	62,811
Effect of non deductible expenses	22,289	15,884
Effect of unrecognised deferred tax	17,128	37,580
Effect of differences in tax rates	78	(358)
Tax losses utilised during the period	(4,308)	(1,868)
Income tax expense recognised in profit or loss	178,621	114,049

7.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

7.2 Deferred tax (continued)

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

7.3 Unrecognised deductible temporary differences, unused tax losses, and unused tax credits

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

	2018	2017
	NZ\$	NZ\$
Provisions and accruals	1,797	1,242
Tax losses	61,597	49,045
	63,394	50,287

7.4 Imputation credits

The Group had the following imputation/franking credits available for use in subsequent periods:

- New Zealand: \$205,738 (2017: \$125,845)
- Australia: AUD nil (2017: nil)

8. Depreciation expense

	2018	2017
	NZ\$	NZ\$
Medical equipment	849	116
Motor vehicles	9,910	20,082
Office equipment	2,620	3,338
	13,379	23,536

9. Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Group and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to profit or loss in the year in which the expense is incurred.

Disposals

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the profit or loss is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Depreciation

Depreciation is charged on a diminishing value (DV) basis on all property, plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied for each class of property, plant and equipment:

Motor vehicles	25%-30%	Office equipment	12%-60%
Medical equipment	13%-25%		

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

9. Property, plant and equipment (continued)

	2018 NZ\$	2017 NZ\$
Carrying amounts of:		
Medical equipment	3,658	2,512
Office equipment	6,458	7,539
Motor vehicles	50,906	79,856
	61,022	89,907

	Medical equipment NZ\$	Office equipment NZ\$	Motor vehicles NZ\$	Total NZ\$
Balance at 1 April 2016	471	10,743	159,169	170,383
Additions	2,628	7,228	-	9,856
Disposals	-	-	-	-
Foreign exchange	(6)	(820)	(1,346)	(2,172)
Balance at 31 March 2017	3,093	17,151	157,823	178,067
Additions	1,995	-	1,558	3,553
Disposals	-	-	(75,760)	(75,760)
Foreign exchange	(13)	2,253	(3,599)	(1,359)
Balance at 31 March 2018	5,075	19,404	80,022	104,501

	Medical Equipment NZ\$	Office equipment NZ\$	Motor vehicles NZ\$	Total NZ\$
Accumulated depreciation				
Balance at 1 April 2016	(471)	(7,076)	(57,891)	(65,438)
Depreciation expense	(116)	(3,338)	(20,082)	(23,536)
Eliminated on disposal	-	-	-	-
Foreign exchange	6	802	6	814
Balance at 31 March 2017	(581)	(9,612)	(77,967)	(88,160)
Depreciation expense	(849)	(2,620)	(9,910)	(13,379)
Eliminated on disposal	-	-	58,312	58,312
Foreign exchange	13	(714)	449	(252)
Balance at 31 March 2018	(1,417)	(12,946)	(29,116)	(43,479)

10. Cash and cash equivalents

	2018 NZ\$	2017 NZ\$
Cash on hand and at bank	27,463	27,831
	27,463	27,831

11. Reconciliation of profit for the year to net cash from operating activities

	Group 2018 NZ\$	Group 2017 NZ\$
Profit before tax	512,266	224,326
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of plant and equipment	13,379	23,536
Loss/(Gain) on disposal of plant and equipment	(4,726)	39,243
Interest income	(244)	-
Share based payments expense	44,236	65,501
Unrealised foreign exchange (gain)/ loss	-	(774)
Working capital adjustments:		
Accounts receivable	(10,506)	(115,799)
Payables and provisions	(35,047)	232,846
	519,358	468,879
Interest income	244	-
Income tax paid	(112,154)	(108,563)
Net cash from operating activities	407,448	360,316

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

12. Trade and other receivables

	2018 NZ\$	2017 NZ\$
Trade receivables	305,918	309,057
Allowance for doubtful debts	-	-
	305,918	309,057
GST receivable	22,679	9,034
	328,597	318,091

13. Trade and other payables

	2018 NZ\$	2017 NZ\$
Trade payables	273,709	253,634
GST payable	30,073	55,098
FBT payable	1,052	48,750
Accruals and other payables	184,284	95,477
	489,118	452,959

14. Related Parties

14.1 Group composition

Parent entity	Country of incorporation	Ownership Interest	
		2018	2017
Third Age Health Services Limited	New Zealand		
Subsidiaries			
Third Age Health Australia Limited (TAHA)	Australia	100%	100%
Concierge Medical Services Limited (Note 14.1.1)	New Zealand	50%	50%
Third Age Employee Share Purchase Plan Trust	New Zealand	100%	100%

Investments

The Group's ownership interest in all subsidiaries and investments is equal to its proportion of voting rights held. The Group has no restrictions relating to its ability to access or use the assets and settle the liabilities of the Group.

14.1.1 Non-controlling interest in Concierge Medical Services Limited (CMS).

Management has determined that the Group controls CMS. This is on the basis that the remaining 50% voting interest in CMS is held by Hatch Equity Limited, a company in which a member of the key management personnel has a significant shareholding (2017: 50%). The accumulated non-controlling interest in CMS and current period allocation of profit and loss is outlined below:

	2018 NZ\$	2017 NZ\$
As at 1 April	(101,565)	(1,073)
Loss allocated to non-controlling interest	(85,312)	(100,492)
As at 31 March	(186,877)	(101,565)

Summarised financial information in relation to CMS has been outlined below:

	2018 NZ\$	2017 NZ\$
Revenue	11,975	14,709
Loss for the year	170,624	200,983
Loss attributable to NCI	85,312	100,491
Total comprehensive loss	170,624	200,983
Cash flow to operating activities	(180,386)	(178,248)
Cash flows to investing activities	-	(565)
Cash flows from financing activities	172,278	187,081
Net (decrease)/increase in cash and cash equivalents	(8,108)	8,268

	2018 NZ\$	2017 NZ\$
Current assets	41,191	34,320
Non-current assets	513	1,165
Current liabilities	(415,458)	(238,615)
Net assets	(373,754)	(203,130)
Net assets attributable to NCI	(186,877)	(101,565)

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

14.2 Related party transactions

Related Party	Relationship	Nature of Transactions	2018 NZ\$	2017 NZ\$
Bevan Walsh	Director	Loan Interest expense	78,981	77,285
Brian Walsh	Close family member of KMP	Loan Interest expense	9,207	5,000

14.3 Balances with related parties

Related Party	Relationship	2018 NZ\$		2017 NZ\$	
		Current	Non-current	Current	Non-current
Related party payables					
Bevan Walsh	Director	262,984	591,541	262,996	437,506
Brian Walsh	Close family member of KMP	111,503	158,672	25,208	50,000
		374,487	750,213	288,204	487,506
Related party receivables					
Michael Haskell	Director	1,615	-	-	-
		1,615	-	-	-

The Bevan Walsh ESOP Loan \$356,153 (2017: \$553,819) is secured by a general security agreement over all present and after acquired property of the company. All other related party payables from Bevan Walsh are unsecured. Interest rates range from 8%-10% p.a. (2017: 10% p.a.).

All related party payables from Brian Walsh are unsecured. Interest rates range from 0%-10% p.a. (2017: 0%-10% p.a.).

All payments made to the CEO are included within key management personnel compensation (note 15).

15. Key management personnel compensation

	2018 NZ\$	2017 NZ\$
Short term benefits	354,225	123,705

16. Borrowings

Current borrowings	2018 NZ\$	2017 NZ\$
Bank Loan	-	23,024
Total borrowings	-	23,024

The Bank Loan of nil (2017: \$23,024) is issued by Westpac New Zealand Limited and is secured by motor vehicles and a general security agreement over the Third Age Health Services Limited and the Company's obligations to Bevan Walsh and Michael Haskell. Interest is incurred at 8.5% p.a. (2017: 8.5% p.a.). Payments are made on a monthly basis.

17. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

17.1. Non-cancellable operating lease commitments

The Group has no operating lease commitments as at 31 March 2018 (2017: nil).

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

17.2. Finance lease liability	2018	2017
	NZ\$	NZ\$
Current		
Hire purchase loan	13,688	13,139
	<u>13,688</u>	<u>13,139</u>
Non-current		
Hire purchase loan	33,173	48,230
	<u>33,173</u>	<u>48,230</u>
Total finance lease liability	<u>46,861</u>	<u>61,369</u>

The Group leases motor vehicles under finance leases. The average lease term is 3.5 years (2017: 3.5 years). The Group has options to purchase the equipment for a nominal amount at the end of the lease terms. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 6.45% to 7% (2017: 6.45% to 7%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	NZ\$	NZ\$	NZ\$	NZ\$
	2018	2017	2018	2017
Not later than one year	16,531	17,014	13,688	13,139
Later than one year and not later than five years	34,379	52,397	33,173	48,230
Later than five years	-	-	-	-
	50,910	69,411	46,861	61,369
Less: future finance charges	(4,049)	(8,042)	-	-
Present value of minimum lease payments	46,861	61,369	46,861	61,369

18. Financial instruments

As at 31 March 2018

Financial assets		2018	2017
		NZ\$	NZ\$
<u>Loans and receivables</u>			
Cash and cash equivalents	Note 10	27,463	27,831
Trade and other receivables	Note 12	328,597	318,091
Related party receivables	Note 14	1,615	-
<u>Available for Sale</u>			
Investments	Note 20	102,501	65,001
Financial liabilities			
<u>Financial liabilities at amortised cost</u>			
Trade and other payables	Note 13	489,118	452,959
Finance lease liability	Note 17	46,861	61,369
Borrowings	Note 16	-	23,024
Employee share purchase loans	Note 22.1	122,356	380,016
Related party payables	Note 14	1,124,700	775,710

18.1. Fair value measurements

18.2. Fair value, valuation technique and unobservable inputs used in measuring investments

The Groups investments (note 20) are measured at fair value at the end of each reporting period. The following table gives information about the fair value of the Group's financial assets are determined.

Investment type	Fair value hierarchy	Valuation technique(s) and unobservable input(s) used	Fair value (NZ\$)
Investments in unlisted shares	Level 3	Market value on acquisition, or Transaction Evidence	102,501

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

19. Financial risks

This note presents information about the Group's exposure to each financial risk and how those risks are managed.

19.1. Market risk

The Group is primarily exposed to foreign currency risk (note 19.4)

The Group is not exposed to interest rate risk as the interest rate on related party payables is fixed. The Group has no other borrowings at this time.

19.2. Credit risk

Credit risk is the risk of the failure of a debtor or counterparty to honour its contractual obligation resulting in financial loss to the Group.

Financial assets, which potentially subject the Group to credit risk, consist principally of cash and cash equivalents, and trade and other receivables. The maximum credit risk at 31 March 2018 is the carrying value of these assets on the balance sheet. The directors consider the Group's exposure to credit risk from these sources to be minimal given that:

- The Group's cash and cash equivalents are all held with Westpac, which is rated AA- based on rating agency Standard & Poors.
- The Group's customers are typically low credit risk and, historically, there has been minimal bad debt expense recorded.

19.3. Liquidity risk

The Group manages liquidity to ensure that it has sufficient liquidity to meet its liabilities when due.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk through continuous cash management and monitoring of forecast and actual cash flows.

Maturity profile

The following table details the Group's exposure to liquidity risk.

Contractual maturity dates

		2018			
		On demand	Less than 1 year	Greater than one year	Total
Financial liabilities:					
Trade and other payables	Note 13	-	489,118	-	489,118
Finance lease liability	Note 17	-	13,688	33,173	46,861
Borrowings	Note 16	-	-	-	-
Employee share purchase plan deposits	Note 22	122,356	-	-	-
Related party payables	Note 14	-	374,487	750,213	1,124,700
		122,356	877,293	783,386	1,660,679
2017					
		On demand	Less than 1 year	Greater than one year	Total
Financial liabilities:					
Trade and other payables	Note 13	-	452,959	-	452,959
Finance lease liability	Note 17	-	13,139	48,230	61,369
Borrowings	Note 16	-	23,024	-	23,024
Employee share purchase plan deposits	Note 22	380,016	-	-	380,016
Related party payables	Note 14	-	288,204	487,506	775,710
		380,016	777,326	535,736	1,693,078

Employee share purchase plan deposits relate to deposits received on partially repaid share plans (note 22). The Group classifies these amounts as on demand as in the event that an employee leaves or is made redundant or a contractor ceases to provide services then any repayments that have been made are returned.

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

19.4. Foreign currency risk

Foreign currency risk is the risk that the value of the Group's assets, liabilities, and financial performance will fluctuate due to changes in exchange rates.

The Group is primarily exposed to currency risk as a result of its subsidiary in Australia.

The risk to the Group is that the value of the overseas subsidiary's financial position and financial performance will fluctuate in economic terms and, as recorded in the consolidated accounts.

The impact of the Australian subsidiary on the Group position can be seen in the segment note (note 21).

Foreign currency sensitivity analysis

The following information shows the impact on the Group's profit and equity if the NZD had strengthened by 10% against the AUD with all other variables remained unchanged. For a 10% weakening of the NZD against the AUD there would be a comparable impact on the profit or equity and the balances below would be positive. A negative balance indicates an increase the loss or accumulated losses of the Group. A positive figure indicates a increase in the profit or equity of the Group.

Impact	2018 NZ\$
Profit	(398)
Equity	(25,218)

19.5. Capital risk management

The Group manages its capital (comprising of cash and cash equivalents) to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group is funded through related party loans at this time. Management's current expectation is additional investments will be funded through existing cash reserves, further related party loans or external borrowing.

The Group is not subject to any externally imposed capital requirements.

20. Investments

	2018 NZ\$	2017 NZ\$
Veriphi Limited	15,001	15,001
Hatch Limited	87,500	50,000
	102,501	65,001

21. Segment information

21.1. Products and services from which reportable segments derive their revenue

The Group's reportable segments are as follows:

- Aged medical care services New Zealand
- Aged medical care services Australia
- Digital health care services

Medical care services New Zealand - provision of medical care services to the aged care sector in New Zealand.

Medical care services Australia - provision of medical care services to the aged care sector in Victoria, Australia.

Digital health care services - provision of health care services to the aged care sector provided via digital channels.

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

21.2. Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment revenue		Segment profit (loss)	
	2018	2017	2018	2017
	NZ\$	NZ\$	NZ\$	NZ\$
Aged medical care services New Zealand	3,650,216	2,915,722	734,840	432,473
Aged medical care services Australia	912,716	834,197	(3,987)	17,931
Digital health care services	11,975	14,557	(211,129)	(226,854)
	4,574,907	3,764,476	519,724	223,550

Reconciliation from segment profit to consolidated profit before income tax

Segment profit	519,724	223,550
Foreign exchange differences	(7,458)	776
Profit before income tax	512,266	224,326

Segment profit includes the following items:

	2018				
	EBITDA	Depreciation	Interest expense	Interest income	Income tax expense/ (benefit)
Aged medical care services New Zealand	827,000	2,176	89,984	27,351	219,126
Aged medical care services Australia	38,715	10,550	32,152	-	-
Digital health care services	(210,476)	653	-	-	(40,505)
	2017				
	EBITDA	Depreciation	Interest expense	Interest income	Income tax expense/ (benefit)
Aged medical care services New Zealand	527,918	8,741	86,705	27,105	139,920
Aged medical care services Australia	69,217	13,205	38,080	-	-
Digital health care services	(225,264)	1,590	-	-	(25,871)

21.3. Segment assets and liabilities

	2018	2017
	NZ\$	NZ\$
Segment assets		
Aged medical care services New Zealand	1,037,181	814,370
Aged medical care services Australia	58,396	81,156
Digital health care services	61,857	41,824
Total segment assets	1,157,434	937,350
Unallocated	(495,731)	(410,649)
Consolidated total assets	661,703	526,701
	2018	2017
	NZ\$	NZ\$
Segment liabilities		
Aged medical care services New Zealand	1,646,294	1,953,848
Aged medical care services Australia	310,577	336,673
Digital health care services	435,611	244,954
Total segment liabilities	2,392,482	2,535,475
Unallocated	(488,426)	(802,477)
Consolidated total liabilities	1,904,056	1,732,998

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

21.4. Geographical information

The Group operates in New Zealand and Australia. The Group's reportable segments operate in the following geographic areas.

Reportable segment	Geographic
Aged medical care services New Zealand	New Zealand
Aged medical care services Australia	Australia
Digital health care services	New Zealand

21.5. Information about major customers

Included in total revenue are revenues that arose from services provided to the Group's largest customers.

The Group derived revenue from the following significant customers:

	2018 NZ\$	2017 NZ\$
Customer 1	895,383	825,038
Customer 2	741,871	586,281
Customer 3	-	402,001
Customer 4	-	381,368
Customer 5	693,771	-
Customer 6	297,473	-
	2,628,498	2,194,688

No other single customers contributed 10% or more to the Group's revenue for both 2018 and 2017.

22. Share Based Payments Reserve

	2018 NZ\$	2017 NZ\$
Share based payments expense for the year	44,236	65,501

The Company offers a share purchase plan to certain employees and contractors. Under this scheme, select employees are given the option to purchase shares at a fixed price. This fixed price is set by the Board and is based on their assessment of the market value of the Company. Further information about the scheme can be found in note 22.1.

22.1. Employee share purchase plan

The Company operates a share purchase plan ('SPP') for certain employees and contractors ('participants'). Under the SPP, participants are provided with a "loan" to purchase an agreed number of shares in the Company at a share price established by the Board. The share price is estimated by the Board based on their assessment of the fair value of the company at the time. The loans are typically for a 36 or 60 month term, interest free with monthly repayments. They are secured against the shares. The shares are held on trust by the Third Age Employee Share Purchase Plan Trust until such time as the loans are fully repaid. Participants are permitted to repay the loans at any time. In the event that an employee leaves or is made redundant or a contractor ceases to provide services then any repayments that have been made are returned and the allotted shares are returned to the pool.

Under NZ IFRS 2 *Share-based payment*, this type of arrangement is accounted for as an 'in substance' share option - an equity settled share-based payment. The loans are not recognised as assets of the Company as they are only secured against the underlying shares and are considered limited in recourse. Instead, the fair value of the arrangement is calculated at grant date and is recognised over the vesting period of the arrangement as a share-based payment expense in profit or loss and accumulated in the share-based payment reserve. The share options vest immediately as there are no service or performance conditions and participants are able to repay their loans in full at any time and have their shares issued. Partial repayments made under the loans are recorded as a liability until such time as the loan is repaid in full at which time the shares are issued and amounts are recognised as share capital in equity.

	2018 NZ\$	2017 NZ\$
Deposits received on partially repaid share plans	122,356	380,016
	122,356	380,016

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

22.2. Movements in shares held on behalf of participants during the year

	2018		2017	
	Number of shares	Weighted average share purchase price NZ\$	Number of shares	Weighted average share purchase price NZ\$
Balance at 1 April	5,122	108	5,822	98
Granted during the year	500	160	800	151
Forfeited during the year	(500)	100	(1,500)	92
Fully paid and issued during the year	(3,000)	100	-	-
Balance at 31 March	2,122	134	5,122	108

During the year ended 31 March 2018 the share price of fully paid and issued shares at the date of issue was \$160 (2017: no fully paid and issued shares). The share purchase price for shares held on behalf of participants at 31 March 2018 ranged from \$100 to \$160 (2017: \$100 to \$151).

22.3. Fair value of share rights granted

The fair value of share rights granted during the year ended 31 March 2018 and 31 March 2017 have been calculated using the Black-Scholes-Merton option pricing method. The following table lists the key inputs to the valuations:

Grant Date	Share Purchase	Expected Term (years)	Share Price at Grant Date	Expected Volatility	Risk Free Rate for Term
12 August 2016	151	5	151	64%	1.76%
2 June 2017	160	5	160	64%	2.46%

22.4 Key estimates and judgements

The Group has determined that the Black-Scholes-Merton model is an appropriate model to determine the fair value of its share options. It requires several inputs to be estimated including volatility, share price at grant date, term and dividend yield. The key assumptions around the Group's share options are disclosed above.

If the ordinary share price used in the valuation of share options granted during the 31 March 2018 year was 20% lower and all other variables were held the same, the expense recognised in the year ended 31 March 2018 would have been \$12,253 lower. If the volatility used in the option valuation were 20% higher and all other variables held the same, the expense recognised would have been \$6,279 higher.

23. Share capital

	2018		2017	
	NZ\$	# of shares	NZ\$	# of shares
Balance at 1 April	(1,141,271)	89,638	(1,141,271)	89,638
Shares issued	300,000	3,000	-	-
Share buyback	(721,260)	(4,500)	-	-
Balance at 31 March	(1,562,531)	88,138	(1,141,271)	89,638

Ordinary shares

All ordinary shares rank equally with one vote attached to each fully paid share. During the period the Group repurchased \$593,036 (2017: Nil) of ordinary shares from related parties.

Third Age Employee Share Purchase Plan Trust

The Company has established a Share Trust, the Third Age Employee Share Purchase Plan Trust ('Share Trust'). The Share Trust holds shares in the Company either on Trust for participants in the SPP or as a pool. The Share Trust is controlled by the Company and is therefore consolidated. Any shares held by the Share Trust are treated as treasury stock and not included within the Group number of shares on issue. At 31 March 2018 there were 11,862 (2017: 10,362) shares held by the Share Trust. Of these shares, 2,122 (2017: 5,122) were held on behalf of SPP participants.

24. Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. NZD) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Third Age Health Services Limited and subsidiaries

Notes to the Financial Statements

For the year ended 31 March 2018

25. Contingent liabilities and contingent assets

The Group has no contingent liabilities or contingent assets as at 31 March 2018.

26. Subsequent events

26.1. Purchase of a business

Third Age Health Services acquired 100% ownership of Hawkes Bay Wellness Centre Limited (HBWC) on 11 April 2018 for \$800,000. As at 31 March 2018, the Group had paid a deposit of \$100,000, with the remaining consideration to be paid within 6 months of acquisition date.

The Group expects to recognise Goodwill of \$407,841 in relation to the purchase for the year ended 31 March 2019. The goodwill recognised relates to the excess of consideration over the value of tangible assets acquired. A reconciliation of the goodwill arising on acquisition is provided below.

	NZ\$
Cash (net of cash held by HBWC at acquisition)	<u>799,257</u>
Total consideration transferred	<u>799,257</u>
Non-current assets	
Plant and equipment	6,701
Intangible assets	534,327
Deferred tax liability assumed on acquisition	(149,612)
Goodwill arising on acquisition	<u>407,841</u>

26.2. Disposal of businesses

On 26 November 2018, the Group disposed of its 50% owned subsidiary Concierge Medical Services Limited (CMS). CMS was sold to Third Age Digital Health Limited, a company with the same shareholders as the Company.

On 19 September 2019, the Group disposed of 100% of its investment in TAHA in exchange for consideration of \$357,023. Consideration consisted of cash of \$100,096 and the return of 150,250 ordinary shares in the Group held by the purchaser as at the purchase date. The purchaser was a manager of TAHA.

26.3. Repayment of related party loans

During the period ended 31 March 2019 \$478,851 of shares were issued to Brian Walsh as payment for outstanding loans.

The Group repaid all outstanding loans to Bevan Walsh in September 2019.



Independent auditor's report to the Shareholders of Third Age Health Services Limited

Opinion

We have audited the financial statements of Third Age Health Services Limited ("the Company") and its subsidiaries (together "the Group") on pages 5 to 25, which comprise the consolidated statement of financial position of the Group as at 31 March 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 5 to 25 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Choose an item. 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 interest in, the company or any of its subsidiaries. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's report.

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



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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the Group, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and 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 on behalf of the entity 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>. This description forms part of our auditor's report.

The signature 'Ernst & Young' is written in a black, cursive script.

Chartered Accountants
Auckland
13 November 2019