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Collett's Corner FY23/24 Annual Report

Annual General Meeting

Date: 18 July 2024
Venue: Zoom room
Time: 12:30-1:30pm

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Useful Links

- AGM 2024: [Agenda](#) & [Financial Report](#)
- AGM 2023: [Minutes](#)
- [Collett's Corner Constitution](#)
- [Public Shareholder Register](#)

CONFLICT OF INTEREST REGISTER

Below is a register of interests.

name	entity	position	comments
Camia Young	Collett's Corner Ltd	Founding Director, Shareholder and Lender	Camia holds 1,914 shares (10%) of Collett's Corner Ltd.
	Ohu Development	Director	Collett's Corner Ltd has a debt of \$620,300 at a 5% annual interest for the purchase of the land.
			Ohu Development holds 2,517 shares (13.15%) of Collett's Corner Ltd.
			Camia initiated Collett's Corner by purchasing the land and establishing these two companies.
Adam Walker	Structex	Director	Structex holds options for 163 shares in lieu of work performed. Structural Engineers for Collett's Corner
Greg Martin	Engeo	Director	Engeo holds options for 376 shares in lieu of work performed. Geotech Engineers for Collett's Corner
Tony Joseph	Joseph & Associates	Director	Engeo holds options for 768 shares in lieu of work performed. Project Management for Collett's Corner

FINANCIAL REPORT APRIL 2023 - MARCH 2024

- Financial Report**

The [Financial Report](#) covers the Financial Year April 2023 - March 2024

We announced Collett's Corner would wrap up on 3 June 2021. In June 2021 we closed all open contracts and paid for work rendered.

Over the last year costs incurred were from interest owing on the loan, legal and accounting costs and Council rates. Refer to the [Financial Report](#) for details.



The cash balance as of 31 March 2023 was \$465,984, while previous year's cash balance as of 31 March 2022 was \$491,604.

The total income was \$24,823 and came from interest earned on cash in the bank. The total cost of sales and expenses was \$45,290. The net loss was \$21,255.

The total liabilities are \$620,300 for the loan on the land. An interest of 5% per year is paid to Camia Young.

No donations have been made this year.

The company is in the process of selling the land. Once this is complete the company will distribute funds and liquidate the company.

Special Purpose Financial Reporting Resolution

The shareholders have been asked to pass a resolution to use the Special Purpose Financial Reporting method at the AGM. A record of the resolution will be recorded in the minutes from the AGM held 18 July 2024.

The special purpose financial reporting resolution:

Shareholders agree that Collett's Corner Ltd opt out of reporting to NZ IFRS RDR standards for the year ending 31st March 2023 and instead, prepare Special Purpose Financial Reports for compliance purposes only.

The two financial reporting options available to Collett's Corner are IFRS RDR or SPFR.

Special Purpose Financial Reporting (SPFR) is the preparation of annual accounts that meet Inland Revenue's minimum standards. Effectively that means that we are preparing the accounts for the purposes of calculating figures that will go into a tax return. This method is used in the [Financial Report](#).

International Financial Reporting Standards Reduced Disclosure Regime (IFRS RDR) is the preparation of annual accounts to the International Financial Reporting Standards (IFRS), but with a number of reduced requirements. IFRS RDR is the Generally Accepted Accounting Practices (GAAP) in NZ. The reason why Collett's Corner would be required to report to this standard is because it has more than 10 shareholders. However because it's not deemed as "large" (defined as more than \$60m assets or \$30m revenue), it has the option to opt out of reporting to IFRS RDR.

It is proposed to use the SPFR method because:

- It is cheaper than the cost of the IFRS RDR method.

- The SPFR reporting method costs \$1,125 compared to an estimated \$10,000-\$15,000 for the IFRS RDR method.
- It provides adequate transparency of financial activity to shareholders.
 - Refer to the [Financial Report](#) of a breakdown of income, costs and expenses.
- The scale of the company's financial activity is very small given the threshold required for the IFRS RDR method.
 - Companies that are required to use the IFRS RDR are significantly larger (\$60m in assets and a revenue of over \$30m).
 - Collett's Corner Ltd has a total asset base of \$2,227,908. The company had a total income of \$24,823. The total cost of sales and expenses was \$45,290. The net loss was \$21,255. Collett's Corner is a significantly smaller company than one that would typically use the IFRS RDR method.

For these reasons a resolution has been raised with shareholders to opt out of the IFRS RDR method and to use the SPFR method of financial reporting.

- **Employees and Contractors**

Collett's Corner has had no employees to date.

Collett's Corner engaged the following contractors to support with selling the land and wrapping up the company:

FairGround - Accounting, Bookkeeping
Parry Field - Property Lawyers
Arti Chand - Tax Lawyer
Colliers - Real Estate Agents

SUMMARY OF ACTIVITY APRIL 2023 - MARCH 2024

- **Background - Decision to Wrap up the Project**

26 May 2021 we hosted a non-binding vote with shareholders. In [this email](#) we outlined the increased risks to the project and requested shareholders to vote on whether to wrap up the project or continue.

On [3 June 2021 we sent an email](#) to all shareholders with the outcome of the vote and announcing the company would wrap up.

- **Shareholder Resolution July 2021**

On [22 July 2021 we hosted a vote](#) to pass a special resolution to sell the land:

The Shareholders of the Company agree to the sale of land located at 3-11 London Street ("the Land") and owned by the Company.

The Shareholders wish to formally record by vote their decision, passed by a special resolution, to sell the Land.

The Shareholders of the Company record their special resolution that:

- a. the Directors of the Company are authorised to sell the Land; and*
- b. the Company take all necessary steps to sell the Land in a timely manner.*

The Special Resolution was passed. In summary, a total of 400 people cast 15,637 votes to approve the resolution, equal to 81.7% of the total possible votes to be cast. We had 3 people vote to reject the resolution casting a total of 12 votes, equal to 0.1% of the total votes to be cast.

- **Shareholder Poll June 2023**

In May and June we received a few requests from shareholders to progress with the liquidation of the company. We recognise that the sale of the land has taken longer than we had hoped and that some shareholders would like to realise their losses and receive whatever is possible of their investment. In June we ran a poll to understand shareholder preference and outlined the possible options:

Option A: Stay with the status quo: the Company will continue with its endeavours to sell the land and distribute funds from the sale to shareholders, as per the shareholders' special resolution passed 30 July 2021.

Option B: The Company is liquidated now: Camia Young will call on the security she holds over the land, and any surplus beyond that liability (and all other expenses/debts being repaid) will be distributed to the shareholders. Note that this distribution will not be in accordance with the special resolution previously passed. Rather, this will be a wrap up of the Company as it stands now. The remaining bank balance minus any costs to liquidate the company would be returned to Investor Shareholders if we progress with Option B. The bank balance was \$483,000 in July 2023. The estimated cost to liquidate the company is between \$40,000 - \$50,000, this includes legal, accounting, distribution fees and rates. In the event we proceed with Option B, Camia Young would waive all her rights to the 4,431 Founder Shares that she controls. There are a total of 14,715 Investor Shares. If we distribute the funds now, then each Investor Share is worth approximately \$30 based on the amount we have in the bank minus the estimated cost to liquidate the company. Option holders would receive \$0 per share in the event we progress with Option B.

All shareholders and options holders were asked to seek their own independent legal and tax advice related to the options outlined.

We received a number of questions, you can read them [here](#).

The outcome of the poll was shared 16 June 2023: A total of 398 people voted; 381 of whom voted for option A, controlling 15,588 votes; and 17 people voted for option B, controlling 627 votes. The total number of shareholders is 629, and the total number of votes possible is 19,146.

In summary:

81.4% votes were cast for OPTION A: STAY WITH THE STATUS QUO: the Company will continue with its endeavours to sell the land and distribute funds from the sale to shareholders, as per the shareholders' special resolution passed 30 July 2021.

3.3% of the votes were cast for OPTION B: THE COMPANY IS LIQUIDATED NOW: Camia Young will call on the security she holds over the land. Any surplus beyond that liability (and all other expenses/debts being repaid) will be distributed to the shareholders. Please note that this distribution will not be in accordance with the special resolution previously passed. Rather, this will be a wrap up of the Company as it stands now.

15.3% of the votes were not cast.

Based on the above feedback from shareholders we progressed with the efforts to sell the land before liquidating the company.

- **Land Sale Summary**

Below is a summary of the actions taken to date to sell the site.

In July 2021 we hosted a deadline sale. It closed on 31 July 2021. We accepted an offer on 6 August 2021. It was conditional on obtaining resource consent. A resource consent was granted on 21 January 2022. The purchasers were given every opportunity to confirm the contract, but did not do so.

We engaged Colliers 23 March 2022 to support us to seek a backup offer and sell the land. On 28 April 2022 we accepted a second offer and cancelled the first agreement. The new agreement was subject to due diligence with a deadline to confirm the agreement by 31 July 2022. The purchasers did not confirm the contract, and after a number of extensions we cancelled the agreement on 31 October 2022 due to a lack of confidence. We expressed to them that if they would pay a deposit we would be willing to reconsider an offer from them.

Our agents advised us to wait until the market conditions improved before we ran another marketing campaign.

In February 2024 we launched a marketing campaign to sell the site. In April we circulated a poll to shareholders requesting their input on their preferred pathway given the offers received. [This](#)

[document](#) outlines three possible pathways as well as includes all questions/answers received from shareholders regarding the options.

The outcome from the poll was:

A total of 349 people voted; 102 of whom voted for Option 1, controlling 3,042 votes; 42 people voted for Option 2 controlling 444 votes; and 205 people voted for Option 3 controlling 12,864 votes. The total number of shareholders is 629. The total number of votes is equivalent to the total number of shares which equals 19,146.

In summary:

- 15.89% votes were cast for Option 1: Accept the offer that returns funds to shareholders as soon as possible. The estimated share price would be \$40/share.
- 2.32% votes were cast for Option 2: Accept the offer that provides a better return but takes significantly longer. The estimated share price would be \$62/share.
- 67.19% votes were cast for Option 3: Wait for a better offer. The estimated share price is unknown.
- 14.60% of the votes were not cast: A total of 2,796 votes were not cast.

On the basis of the outcome, we decided to wait for a better offer. The site will continue to be listed with Courtney Doig at Colliers. We remain committed to selling the site for the best possible price so that we can return as much as possible to shareholders. As soon as we have an acceptable offer on the site, we will inform all shareholders.

DIRECTORS

- **Director Remuneration**

Starting 1 September 2019 Directors were offered \$10,000/per year.

Camia Young waived the full Director's fees since the decision was made to voluntarily liquidate the company.

Camia was also engaged to manage the company, she also waived this fee since the company declared it would go into voluntary liquidation.

Financial Year	Waived Management Fees (Excl GST)	Waived Director Fee (Excl GST)

FY21/22	\$60,960	\$10,000
FY22/23	\$8,400	\$10,000
FY23/24	\$10,680	\$10,000
TOTAL	\$80,040	\$30,000

- **Director**

Camia Young, the Founding Director, will remain a Director until the company is fully closed. Her objective is to sell the land for the best price possible so that we can return as much as possible to shareholders.

ACKNOWLEDGMENTS

Below is a list of people that contributed to the company during the financial year, each of them deserves acknowledgement for their excellent professional advice and support.

LEGAL & ACCOUNTING

Parry Field - Property Advice

Kris Morrison - Partner
Steven Moe - Partner

Arit Chand - Tax Law

Art Chand - Partner

Fairground - Accounting

Anthony Rohan - Chartered Accountant

MARKETING

Colliers

Courtney Doig - Investment Sales Broker
Luke Wishnowsky - Investment Sales Broker

Questions

If you have questions about the annual report please send them to camia@ohu.nz.