



Annual Report
For the year ended 30 June 2023



Lakes Commercial Developments Limited
Annual Financial Statements
For the year ended 30 June 2023

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Lakes Commercial Developments Limited

Director's Declaration

For the year ended 30 June 2023

Lakes Commercial Developments Limited ('the Company') is a joint venture partnership between Quayside Properties Limited (50%), Quayside Holdings Limited (25%), and TPB Holdings Limited (25%). Quayside Properties Limited is a wholly owned subsidiary of Quayside Holdings Limited whose ultimate controlling entity is the Bay of Plenty Regional Council. As a consequence, Lakes Commercial Developments Limited is deemed to be a 'Council Controlled Organisation' under the Local Government Act 2002. Lakes Commercial Developments Limited was incorporated on 13th March 2019.

The Company's Statement of Intent, prepared in accordance with the Local Government Act 2002, covers prudent financial management and risk management. The Company achieved the objectives set out in the Statement of Intent for the year ended 30 June 2023. Refer to note 4 for further information.

The directors are pleased to present the financial statements of Lakes Commercial Developments Limited for the year ended 30 June 2023.

For and on behalf of the Board of Directors:



Davide Caloni
Director



Sam Newbury
Director



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LAKES COMMERCIAL DEVELOPMENTS LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Lakes Commercial Developments Limited (the Company). The Auditor-General has appointed me, Glenn Keaney, using the staff and resources of KPMG, to carry out the audit of the financial statements and performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 5 to 11 and 13 to 20 that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company on page 12.

In our opinion:

- the financial statements of the Company on pages 5 to 11 and 13 to 20:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalent to International Reporting Standards Reduced Disclosure Regime; and
- the performance information of the Company on page 12 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2023.

Our audit was completed on 7 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting



practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of shareholders, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained,



whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Company to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 21 to 22, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company.

Glenn Keaney
KPMG
On behalf of the Auditor-General
Tauranga, New Zealand

Lakes Commercial Developments Limited
Statement of Comprehensive Income
For the year ended 30 June 2023

	Note	30 June 2023 \$000	30 June 2022 \$000
Trading revenue	5	791	440
Expenses	6	(166)	(181)
Fair value gains	11	(487)	181
Operating profit before financing costs		139	440
Financial income		-	-
Financial expenses		(413)	(142)
Net finance costs	7	(413)	(142)
Profit/(loss) before income tax		(274)	298
Income tax (expense)/benefit	8	(59)	444
Profit/(loss) for the period		(334)	742
Other comprehensive income		-	-
Total comprehensive income		(334)	742

Lakes Commercial Developments Limited
Statement of Changes in Equity
For the year ended 30 June 2023

	Share Capital	Additional shareholder capital contributions	Retained earnings	Total Equity
	\$000	\$000	\$000	\$000
Balance as at 1 July 2021	1,230	1,790	1,194	4,214
Comprehensive income				
Profit/(loss) for the period	-	-	742	742
Total comprehensive income	-	-	742	742
Ordinary shares issued (note 14a)	-	-	-	-
Additional shareholder capital contributions (note 14b)	-	392	-	392
Total transactions with owners	-	392	-	392
Balance at 30 June 2022	1,230	2,182	1,936	5,348
Balance as at 1 July 2022	1,230	2,182	1,936	5,348
Comprehensive income				
Profit/(loss) for the period			(334)	(334)
Total comprehensive income			(334)	(334)
Ordinary shares issued (note 14a)	-	-	-	-
Additional shareholder capital contributions (note 14b)	-	408	-	408
Total transactions with owners	-	408	-	408
Balance at 30 June 2023	1,230	2,590	1,602	5,422

Lakes Commercial Developments Limited
Statement of Financial Position
For the year ended 30 June 2023

	Note	30 June 2023 \$000	30 June 2022 \$000
Assets			
Current assets			
Cash and cash equivalents		78	99
Trade and other receivables	10	8	214
Total current assets		86	313
Non-current assets			
Investment properties	11	12,750	13,200
Deferred tax asset	9	2	24
Total non-current assets		12,752	13,224
Total assets		12,838	13,537
Liabilities			
Current liabilities			
Related party payables	12	-	(418)
Trade and other payables	12	(46)	(646)
Borrowings	13	(7,288)	(7,080)
Total current liabilities		(7,334)	(8,144)
Non-current liabilities			
Deferred tax liability	9	(82)	(45)
Total non-current liabilities		(82)	(45)
Total liabilities		(7,416)	(8,189)
Net assets		5,422	5,348
Equity			
Share capital	14 (a)	1,230	1,230
Additional shareholder capital contributions	14 (b)	2,590	2,182
Retained earnings		1,602	1,936
Total equity		5,422	5,348

These financial statements have been authorised for issue by the Board of Directors on 7 September 2023.



 Davide Caloni
 Director



 Sam Newbury
 Director

Lakes Commercial Developments Limited
Statement of Cash Flows
For the year ended 30 June 2023

	30 June 2023 \$000	30 June 2022 \$000
Cash flows from operating activities		
Receipts from customers	783	497
Interest paid	(943)	(139)
GST received/(paid)	231	(212)
Payments to suppliers	(670)	(134)
Net cash flow from operating activities	(599)	12
Cash flows from investing activities		
Improvements to investment property	(37)	(2,177)
Net cash flow from investing activities	(37)	(2,177)
Cash flows from financing activities		
Loan repayments	(4,853)	-
Proceeds from borrowings	5,060	2,227
Additional shareholder capital contributions	408	-
Net cash flow from financing activities	616	2,227
Net increase in cash and cash equivalents	(20)	62
Cash and cash equivalents at the beginning of the year	99	37
Cash and cash equivalents at the end of the year	78	99

Lakes Commercial Developments Limited

Notes to the Financial Statements

For the year ended 30 June 2023

1 Reporting entity

Lakes Commercial Developments Limited (the Company) is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. It is a joint venture between Quayside Properties Limited (50%), Quayside Holdings Limited (25%), and TPB Properties Limited (25%).

The Company is a council-controlled trading organisation as defined under Section 6 of the Local Government Act 2002, as the parent company of Quayside Properties Limited is Quayside Holdings Limited, whose ultimate controlling entity is the Bay of Plenty Regional Council.

The primary purpose of the Company is to purchase and develop commercial and industrial real estate assets for long-term hold in the Rotorua region. The Company is a for-profit entity.

2 Basis of preparation

Statement of compliance

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards – Reduced Disclosure Regime (“NZ IFRS RDR”) and other applicable Financial Reporting Standards as appropriate to for-profit entities. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

NZ IFRS – reduced disclosure regime

The Company applies External Reporting Board Standard A1 ‘Accounting Standards Framework (For-profit Entities Update)’ (‘XRB A1’). For the purposes of complying with NZ GAAP, the Company is eligible to apply Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that it is not a large for-profit public sector entity.

The financial statements were approved by the Board of Directors on 7 September 2023.

Basis of measurement

The financial statements have been prepared on a historical cost basis except that the following assets are stated at their fair value: investment properties.

Presentation currency

These financial statements are presented in New Zealand dollars (\$), and where presented, rounded to the nearest thousand.

Changes in accounting policies

There have been no changes in accounting policies. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Use of estimate and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

Lakes Commercial Developments Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

2 Basis of preparation (continued)

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements, are: Valuation of investment properties (note 11).

Classification of property

The Company owns properties, which have been purchased for long term capital appreciation or rental rather than for short-term sale in the ordinary course of business. The directors in applying their judgement have classified this property as investment property according to NZ IAS 40.

Going concern

Management have made an assessment on the ability of the Company to continue as a going concern and conclude that the going concern assumption is appropriate.

3 Significant accounting policies

Revenue

The principal source of revenue is rental income.

Rental income is recognised on a straight line basis over the leases term. Lease incentives provided to tenants are amortised on a straight line basis over the non-cancellable portion of the lease to which they relate, as a reduction of rental income.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

Finance expenses

Finance expenses comprise interest expense on borrowings. Except for interest capitalised directly attributable to the purchase or construction of qualifying assets, all borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method. Capitalised interest is included in improvements to investment property in the Statement of Cash Flows.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities in the Statement of Financial Position.

Trade and other receivables

Trade and other receivables are measured at amortised cost less provision for impairment.

Investment properties

Investment properties are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Where part of the investment property is used for administrative purposes, the property is deemed to be investment property if an insignificant portion is held for this purpose. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost includes any expenditure that is directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Trade and other payables

Trade and other payables are stated at amortised cost.

Lakes Commercial Developments Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

3 Significant accounting policies (continued)

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs, if any. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Share capital

Incremental costs incurred in the issue of ordinary shares and share options are recognised as a deduction from equity.

Impairment

The carrying amounts of the Company's assets other than investment properties are reviewed for indicators of impairment as at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the company would, if deprived of the asset, replace its remaining service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. The impairment loss is recognised in the Statement of Comprehensive Income.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables and borrowings.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Goods and services tax

Lakes Commercial Developments Limited is GST registered. All amounts are shown exclusive of Goods and Services Tax (GST), except for trade receivables and trade payables that are stated inclusive of GST.

Income tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year. Current tax also includes adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Lakes Commercial Developments Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

3 Significant accounting policies (continued)

For deferred tax liabilities or assets arising on investment property measured at fair value, it is assumed that the carrying amounts of investment property will be recovered through sale.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.




Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

4 Statement of service performance

Lakes Commercial Developments is a Council Controlled Trading Organisation (CCTO) and is required to prepare a Statement of Intent (SOI). Recorded below are the targets and results of the *Lakes Commercial Developments* Statement of Intent performance targets.

Performance targets

	Performance target	Performance measure	2023 Result	Status
1	The Fenton Street property is managed as a commercial asset to generate a return.	The budgeted operating profit on the property is met or exceeded.	The 2023 FY profit has exceeded budgeted operating profit by \$23,593 (2022: profit exceeded budget by \$50,000)	
2	The Old Taupo Road property is managed as a commercial asset to generate a return.	The budgeted operating profit on the property is met or exceeded.	The 2023 FY profit is less than the budgeted operating profit by \$29,373 (2022: not applicable; property was not completed and generating income until 2023 year.	
3	The properties are maintained to ensure safe use and enjoyment for the tenants.	The building has the following: a) current building warrant of fitness. b) maintenance and risk management plan. c) Reasonably practicable steps are taken to address any health and safety matters.	a) Building warrants of fitness are current. b) Health and safety and risk management are standing agenda items at every board meeting and any issues raised by tenants are addressed with urgency.	

Target met: 2/3.

Key



Met



Not met



Not applicable

Lakes Commercial Developments Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

5 Trading revenue

	30 June 2023 \$000	30 June 2022 \$000
Lease income	688	382
Lease outgoings received	103	58
Balance as at 30 June 2023	791	440

6 Expenses

	30 June 2023 \$000	30 June 2022 \$000
Agent commission and property management fees	(25)	(109)
Insurance	(37)	(19)
Legal fees	(2)	(5)
Rates	(51)	(23)
Other	(52)	(25)
Balance as at 30 June	(166)	(181)

Audit fees are borne by Quayside Holdings Limited. The audit fees for the financial year 2023 were \$15,725 (excluding GST).

7 Net finance costs

	30 June 2023 \$000	30 June 2022 \$000
Interest income on bank deposits	-	-
Interest – Intercompany	(384)	-
Interest – Other	(2)	-
Interest – ASB loans	(27)	(142)
Net finance costs	(413)	(142)

Lakes Commercial Developments Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

8 Income tax

	30 June 2023 \$000	30 June 2022 \$000
Reconciliation of effective tax rate		
Profit/(loss) before tax for the period	(274)	298
Income tax for the period at 28%	77	(83)
Unrealised gain/(loss) on investment properties	(136)	50
Utilised tax losses	-	476
Tax depreciation	1	
Income tax benefit/(expense)	(59)	443
Income tax expense is represented by:		
Deferred tax benefit/(expense)		
Origination and reversal of temporary differences	(59)	(33)
Adjustment for derecognition of temporary difference on revaluation		476
Income tax benefit / (expense)	(59)	443

9 Deferred taxation

	Assets 30 June 2023 \$000	Liabilities 30 June 2023 \$000	Net 30 June 2023 \$000
Deferred tax asset / (liability)			
Tax losses	2	-	2
Timing differences	-	(82)	(82)
Total	2	(82)	80

	Assets 30 June 2022 \$000	Liabilities 30 June 2022 \$000	Net 30 June 2022 \$000
Deferred tax asset / (liability)			
Tax losses	24	(45)	(21)
Timing differences	-	-	-
Total	24	(45)	(21)

Lakes Commercial Developments Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

10 Trade and other receivables

	30 June 2023 \$000	30 June 2022 \$000
Sundry debtors	8	-
GST receivable	-	214
Balance as at 30 June	8	214

11 Investment properties

	30 June 2023 \$000	30 June 2022 \$000
Opening balance	13,200	9,900
Additions - Work in progress (at cost)	37	-
Additions - Investment property (at cost)	-	3,043
Additions - Capitalised interest	-	76
Fair value gain/(losses) on valuation	(487)	181
Balance at 30 June	12,750	13,200
Rental/Lease income from investment property	791	448
Expenses from investment property generating income	(152)	(58)

Lakes Commercial Developments holds two commercial properties. The valuation of all investment property was carried out by independent registered valuers. The valuers are experienced valuers with extensive market knowledge in the type of investment properties owned. All investment properties were valued based on open market evidence and 'highest and best use' currently for the land. The date of valuation was 30 June 2023. The valuation for both properties assumes that a fee simple title free of any mortgage or other charge registered against the property is available.

The Fenton Street property is a three-story commercial building located in Rotorua and was completed in 2020. The building has a distinctive appearance and provides some of the most desirable office accommodation within the Central Business District. It is currently fully tenanted.

The Old Taupo Road property was recently completed and comprises a brand new purpose designed car display and service centre with a high quality showroom space. Lakes Commercial Development have entered into a 10-year lease agreement with the tenant in April 2021 with lease payments being received since September 2022. The site opened to the public in July 2022.

Lakes Commercial Developments Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

12 Trade and other payables

	30 June 2023 \$000	30 June 2022 \$000
Current		
Trade payables	(46)	(646)
Related party payables (Note 16)	-	(418)
	(46)	(1,064)

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. The carrying value of trade and other payables approximates their fair value.

13 Borrowings

	30 June 2023 \$000	30 June 2022 \$000
Current		
Loan from ASB		
Balance at 1 July	4,550	700
Transfer from non-current	-	3,850
Repayments	(4,550)	-
Balance at 30 June	-	4,550
Loan from Quayside Holdings Limited		
Balance at 1 July	2,227	-
Advances	5,061	2,227
Transfer to non-current	-	-
Balance at 30 June	7,288	2,227
Loan from Quayside Properties Limited		
Balance at 1 July	303	500
Advances	-	-
Repayments	(303)	(197)
Balance at 30 June	-	303
Total current	7,288	7,080
Non-current		
Loan from ASB		
Balance at 1 July	-	3,850
Advances	-	-
Transfer from current	-	(3,850)
Balance at 30 June	-	-
Total non-current	-	-

Lakes Commercial Developments Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

13 Borrowings (Continued)

All debt in has been refinanced with a loan of \$7,288,000 from ultimate shareholder Quayside Holdings Limited in August 2022. This loan has interest charged at the Westpac Facility Rate plus a margin of 1.0%. The facility was extended to 30 June 2025.

Lakes Commercial Developments Limited had a loan from ASB of \$3,850,000 for the construction of the Fenton Street property and \$700,000 for the construction of the Old Taupo Road property. These loans have been refinanced in August 2022 with Quayside Holdings Ltd.

Lakes Commercial Developments Limited had a loan from Quayside Holdings Limited of \$2,227,000 for the construction of the Old Taupo Road property. The facility expired in November 2022 and is now extended as part of the \$7,288,000 loan from Quayside Holdings Limited. There was an Event of Default at year end but there is no intention from Quayside Holdings Limited to demand immediate repayment even after Event of Default. Refer to Going concern disclosure.

Lakes Commercial Developments Limited had a shareholder loan from Quayside Properties Limited in 2022. This loan has been converted to equity as development progressed. In 2023 \$339,000, including capitalised interest of \$33,000, was converted to equity as milestones were reached.

14 Capital and reserves

a) Share capital

	30 June 2023 \$000	30 June 2022 \$000
Ordinary shares		
Opening balance	1,230	1,230
Issue of ordinary shares	-	-
Balance at 30 June	1,230	1,230

The holders of the ordinary shares are entitled to dividends as declared from time to time and all shares have equal voting rights at meetings of the Company, and rank equally with regard to the Company's residual assets on wind up. All shares were issued for \$1,025 each and are fully paid.

b) Additional shareholder capital contributions

	30 June 2023 \$000	30 June 2022 \$000
Opening balance	2,182	1,790
Additional shareholder capital contributions	408	392
Balance at 30 June	2,590	2,182

The additional shareholder capital contributions are non-reciprocal. They are therefore classed as equity and there is no requirement to repay the amounts under any circumstances. Repayment is at the discretion of the Company.

Lakes Commercial Developments Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

15 Financial instruments

Categories of financial instruments

	30 June 2023 \$000	30 June 2022 \$000
Financial assets at amortised cost		
Cash and cash equivalents	79	99
Trade and other receivables	8	-
	87	99
Financial liabilities at amortised cost		
Related party payables	-	418
Trade and other payables – current	46	646
Borrowings - current	7,288	7,080

GST receivable and prepayments which are included within trade and other receivables in the Statement of Financial Position, are not classified as financial instruments.

16 Related party transactions

Identity of related parties

Ultimate controlling parties

As at 30 June 2023, the Company is 50% owned by Quayside Properties Limited, 25% owned by Quayside Holdings Limited and 25% owned by TBP Holdings Limited. Quayside Properties Limited and Quayside Holdings Ltd are part of the Quayside Group which is ultimately owned by the Bay of Plenty Regional Council.

A contract project management agreement was agreed between Lakes Commercial Developments Limited and TBP Holdings Limited from 1 April 2019. In 2023, a total of \$339,000 was accrued for milestones met on Old Taupo development. Also, from the \$500,000 loan payable to Quayside Properties Limited, \$303,250 (plus accrued interests) was outstanding as of 30 June 2022. The shareholders resolved to capitalised the respectable balances into shareholders contributions.

Key management personnel

The Company has a related party relationship with its directors. The Company has no employees.

Other related entities

Other related parties include subsidiaries and equity accounted investees in the Quayside Group.

Lakes Commercial Developments Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

Related party transactions and balances

Transaction values and balances outstanding with related parties at 30 June 2023 include:

	30 June 2023 \$000	30 June 2022 \$000
Quayside Properties Limited		
Additional shareholder capital contributions	204	196
Loan payable to Quayside Properties Limited	-	303
Interest charged by Quayside Properties Limited	-	5
Interest receivable by Quayside Properties Limited	-	33
TPB Holdings Limited		
Additional shareholder capital contributions	204	196
Project management fees payable	-	339
Services provided by TPB Holdings Limited	25	19
Quayside Holdings Limited		
Loan payable to Quayside Holdings Limited	7,288	2,227
Interest charged by Quayside Holdings Limited	384	46
Interest receivable by Quayside Holdings Limited	-	46
Bay of Plenty Regional Council		
Office lease charged to Bay of Plenty Regional Council	175	165
Office lease paid in advance	27	27

No related party debts have been written off or forgiven during the period.

Transactions with key management personnel

There has been no director remuneration.

Lakes Commercial Developments Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

17 Operating leases as lessor

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate.

Although the Company is exposed to changes in the residual value at the end of the current leases, the Company typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Future minimum lease receivables in the current year relate to operating leases for the lease of commercial space at Fenton Street, Rotorua and the yard at Old Taupo Road.

Future minimum lease receivables from non-cancellable operating leases are as follows:

	30 June 2023 \$000	30 June 2022 \$000
Within one year	680	676
One year to two years	674	676
Two years to five years	1,966	1,973
Greater than five years	1,849	2,491
Total	5,170	5,816

18 Capital commitments and contingencies

The Company has no contractual commitments.

19 Subsequent events

On 24 July 2023 Quayside Holdings Limited purchased TBP Holdings Limited's remaining 301 ordinary shares in Lakes Commercial Developments Ltd. Lakes Commercial Developments Ltd is now owned 50% Quayside Holdings Limited and 50% Quayside Properties Limited.

Statutory Information

For the year ended 30 June 2023

Information used by directors

During the financial period there were no notices from directors of Lakes Commercial Developments Limited requesting to use information received in their capacity as a director which would not otherwise have been available to them.

Indemnification and insurance of directors and officers

The Company has arranged policies of Directors' and Officers' Liability Insurance and separate Directors' and Officers' defence costs insurance.

Donations

No donations were made by Lakes Commercial Developments Limited during the period ended 30 June 2023.

Directors

The following directors of Lakes Commercial Developments Limited held office during the period ended 30 June 2023:

- T Bradley
- D Caloni
- S Newbury

There was no director remuneration.

Loans

There were no loans by Lakes Commercial Developments Limited to directors.

Employees

Lakes Commercial Developments Limited does not have any employees.

Auditor's remuneration

The following amounts are payable to the auditors of the company for the year. As agreed between shareholders, these are being borne by shareholder Quayside Properties Limited.

KPMG: Audit fees \$15,725

Lakes Commercial Developments Limited Directory

Registered office

Level 2, 41 The Strand
Tauranga 3110
Ph: (07) 579 5925

Postal address

PO Box 13564
Tauranga 3141

Auditors

Glenn Keaney of KPMG
On behalf of the Auditor-General
247 Cameron Road
Level 2
Tauranga 3110
New Zealand

Solicitor

Cooney Lees Morgan
PO Box 143
Tauranga 3110

