



QUAYSIDE

MYSTERY VALLEY

Annual Report 2023



Quayside Mystery Valley Limited
Annual Financial Statements
For the year ended 30 June 2023

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Quayside Mystery Valley Limited Director's Declaration For the year ended 30 June 2023

Quayside Mystery Valley Limited ('the Company') is a wholly owned subsidiary of Quayside Holdings Limited whose ultimate controlling entity is the Bay of Plenty Regional Council. Quayside Mystery Valley Limited is deemed to be a 'Council Controlled Trading Organisation' under the Local Government Act 2002. The company was incorporated in October 2021 and began trading in February 2022.

The Quayside Group's Statement of Intent, prepared in accordance with the Local Government Act 2002, covers prudent financial management and risk management. Refer to note 4 for further information.

The directors are pleased to present the financial statements of Quayside Mystery Valley Limited for the year ended 30 June 2023.

For and on behalf of the Board of Directors:



Director



Director

Independent Auditor's Report

To the readers of Quayside Mystery Valley Limited's financial statements and performance information for the year ended 30 June 2023

The Auditor-General is the auditor of Quayside Mystery Valley Limited (the Company). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, 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 6 to 12 and pages 13 to 17, 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 13.

In our opinion:

- the financial statements of the company on pages 6 to 12 and pages 13 to 17:
 - 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 Equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on page 13 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 23 August 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 readers, taken on the basis of these financial statements and the performance information.

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 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 during 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 in the Directors' Declaration on pages 1, 18 and 19 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.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Quayside Mystery Valley Limited
Statement of Comprehensive Income
For year ended 30 June 2023

	Note	30 June 2023 \$000	30 June 2022 \$000
Trading revenue	5	10	14
Expenses	6	(26)	(92)
Gain/(Loss) on sale of Investment property	6	(158)	302
Interest income		17	-
Profit/(Loss) before income tax		(157)	224
Income tax benefit/(expense)	7	-	22
Profit/(Loss) for the period		(157)	246
Other comprehensive income		-	-
Total comprehensive income		(157)	246

Quayside Mystery Valley Limited
Statement of Changes in Equity
For the year ended 30 June 2023

	Share Capital \$000	Retained earnings \$000	Total Equity \$000
Opening balance	-	-	-
Comprehensive income	-	-	-
Net profit for the period	-	246	246
Total comprehensive income	-	246	246
Ordinary shares issued (note 13)	3,680	-	3,680
Total transactions with owners	3,680	-	3,680
Balance at 30 June 2022	3,680	246	3,926
Opening balance	3,680	246	3,926
Comprehensive income	-	-	-
Net profit for the period	-	(157)	(157)
Total comprehensive income	3,680	89	3,769
Ordinary shares issued (note 13)	-	-	-
Total transactions with owners	-	-	-
Balance at 30 June 2023	3,680	89	3,769

Quayside Mystery Valley Limited
Statement of Financial Position
As at 30 June 2023

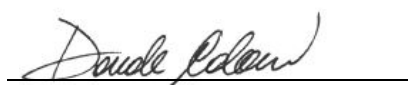
	Note	30 June 2023 \$000	30 June 2022 \$000
Assets			
Current assets			
Cash and cash equivalents		247	79
Trade and other receivables	9	5	11
Loan to Quayside Holdings Limited		3,500	-
Total current assets		3,752	90
Non-current assets			
Deferred tax asset	8	23	23
Biological assets	11	-	807
Investment property	10	-	3,050
Total non-current assets		23	3,880
Total assets		3,775	3,970
Liabilities			
Current liabilities			
Trade and other payables	12	5	43
Total current liabilities		5	43
Non-current liabilities			
Deferred tax liability	8	1	1
Total non-current liabilities		1	1
Total liabilities		6	44
Net assets		3,769	3,926
Equity			
Share capital	13	3,680	3,680
Retained earnings		89	246
Total equity		3,769	3,926

These financial statements have been authorised for issue by the Board of Directors on 23 August 2023.

Director



Director



Quayside Mystery Valley 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	10	13
Interest received	17	-
GST (paid) / received	10	(7)
Tax Paid	(5)	-
Payments to suppliers and directors	(62)	(52)
Net cash flow from operating activities	(30)	(46)
Cash flows from investing and financing activities		
Sale of investment property	2,891	-
Sale of Biological assets	807	-
Loan to related party	(3,500)	-
Ordinary share issue	-	125
Net cash flow from financing activities	198	125
Net increase in cash and cash equivalents	168	79
Cash and cash equivalents at the beginning of the year	79	-
Cash and cash equivalents at the end of the year	247	79

Quayside Mystery Valley Limited

Notes to the Financial Statements

For the year ended 30 June 2023

1 Reporting Entity

Quayside Mystery Valley Limited (the Company) is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Company is a council-controlled trading organisation as defined under Section 6 of the Local Government Act 2002, as the parent company of is Quayside Holdings Limited, whose ultimate controlling entity is the Bay of Plenty Regional Council.

The primary purpose of the Company is for the long-term hold of a rural block in the Bay of Plenty Region for grazing and forestry.

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 23rd August 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 and biological assets.

Presentation currency

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

Changes in accounting policies

There were no changes in accounting policies during the period.

Quayside Mystery Valley Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

2 Basis of Preparation (continued)

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.

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 detailed below and these are applicable for the comparative information but not for the year ended June 2023:

- Valuation of investment properties (note 10).
- Valuation of biological assets (note 11)

Classification of property

The Company owned a property, which was purchased for long term capital appreciation or rental rather than for short-term sale in the ordinary course of business. The property was disposed of in the year (note 10).

3 Significant Accounting Policies

Revenue

The principal source of revenue is rental income.

Rental income is recognised on a straight line basis over the lease 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.

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.

Quayside Mystery Valley Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

3 Significant Accounting Policies (continued)

Trade and other payables

Trade and other payables are stated at amortised cost.

Share capital

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

Non-derivative financial instruments

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

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.

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.

Quayside Mystery Valley Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

4 Statement of Service Performance

Quayside Mystery Valley Limited is a Council Controlled Organisation (CCO) and is required to prepare a Statement of Intent (SOI). Recorded below are the targets and results of the *Quayside Mystery Valley* Statement of Intent:

	Performance target	Performance measure	Performance to date	Key
1	The current tree crop is maintained and managed in accordance with budget through to maturity.	The Property is managed as a long-term commercial asset to generate a return.	Property was disposed of with financial close in December 2022. The crop was managed within budget until sale. The sale generated an IRR>20%.	
2	The property has a maintenance and risk management plan and reasonably practicable steps are taken to address any health and safety matters.	The Property is maintained to ensure safe use and enjoyment for lessees.	Risk management and Health and safety are a standing agenda item at every board meeting and any issues raised by tenants are addressed with urgency.	

Target met: 2/2

Key



Met



Not met



Not applicable

5 Trading revenue

	30 June 2023 \$000	30 June 2022 \$000
Rental and lease income	10	14
Interest income	17	-
Total	27	14

6 Expenses

	30 June 2023 \$000	30 June 2022 \$000
Audit fees	6	4
Forestry expenses	10	74
Insurance	7	1
Rates	3	2
Valuation fees	-	10
Legal Fees	1	-
Gain/(loss) on sale of investment property	159	-
Total	186	91

Quayside Mystery Valley Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

7 Income tax

	30 June 2023 \$000	30 June 2022 \$000
Reconciliation of effective tax rate		
Profit/(loss) before tax for the period	(157)	224
Income tax for the period at 28%	44	(63)
Tax effect of amounts which are non (deductible) / taxable		
- Fair value (loss) / gain through profit and loss	(44)	85
Income tax benefit / (expense)	-	22
The income tax benefit / (expense) is represented by:		
Current tax expense	-	-
Tax loss to carry forward	-	23
Deferred tax expense	-	
Recognition of temporary differences	-	(1)
Income tax benefit / (expense)	-	22

8 Deferred taxation

	Assets \$000	Liabilities \$000	Net \$000
Deferred tax asset / liability			
Tax losses	23	-	23
Investment properties – depreciation	-	(1)	(1)
Total	23	(1)	22

9 Trade and other receivables

	30 June 2023 \$000	30 June 2022 \$000
Lease and outgoings income receivable	-	1
RWT receivable	4	-
GST receivable	1	10
Total	5	11

Current trade and other receivables, excluding prepayments, are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Quayside Mystery Valley Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

10 Investment properties

	30 June 2023 \$000	30 June 2022 \$000
Opening balance	3,050	-
Additions - Acquisitions (at cost)	-	2,850
Disposals	(3,050)	-
Fair value gains/(loss) on valuation	-	200
Balance at 30 June	-	3,050
Lease income from investment properties	10	13
Expenses from investment property generating income	185	91

In December 2022, Quayside Mystery Valley sold its biological assets together with the land for a net purchase price amounting to \$3.6 million. The Company registered a total loss on sale of \$0.2m (which includes the result on the sale of land and biological assets), which was calculated as the net realised proceeds deducted by the carrying value. Please also refer to note 11 below.

During the year, a loan to Quayside Holdings Limited of \$3.5m was provided, interest is payable on demand. The loan shall be repaid on the earlier of 31 March 2024 or a date agreed in writing by the parties.

11 Biological assets

	30 June 2023 \$000	30 June 2022 \$000
Opening balance	807	-
Additions - Acquisitions (at cost)	-	705
Disposals	(807)	-
Fair value gains/(loss) on valuation	-	102
Balance at 30 June	-	807

12 Trade and other payables

	30 June 2023 \$000	30 June 2022 \$000
Sundry accruals	6	15
Trade payables	-	28
Balance at 30 June	6	43

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.

Quayside Mystery Valley Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

13 Capital and reserves

Share capital

	30 June 2023 No.	30 June 2022 No.
Ordinary shares		
Opening balance	3,680,000	-
Issue of ordinary shares	-	3,680,000
Balance at 30 June	3,680,000	3,680,000

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 are fully paid.

14 Financial instruments

Categories of financial instruments

	30 June 2023 \$000	30 June 2022 \$000
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	247	79
Trade and other receivables	-	1
Loan to related parties	3,500	-
	3,747	80
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	-	43

Taxes payable/receivable, prepayments and income and in advance, which are included within trade and other payables and trade and other receivables in the statement of financial position are not classified as financial instruments.

Quayside Mystery Valley Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2023

15 Related party transactions

Identity of related parties

Ultimate controlling parties

The Company is 100% owned by Quayside Holdings Limited. Quayside Holdings Limited is part of the Quayside Group which is ultimately owned by the Bay of Plenty Regional Council.

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.

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

	30 June 2023 \$000	30 June 2022 \$000
<i>Quayside Holdings Limited</i>		
Shares issued to Quayside Holdings Limited	-	3,680
Property purchase from Quayside Properties Limited	-	3,550
Loan receivable	3,500	

There were no related party debts have been written off or forgiven during the period.

Transactions with key management personnel

There has been no director remuneration.

16 Operating leases as lessor

Following the sale of the investment property, there are no future minimum lease receivables in the current year.

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

	30 June 2023 \$000	30 June 2022 \$000
Within one year	-	11

17 Capital commitments and contingencies

The Company has no contractual commitments or contingencies.

18 Subsequent events

There have been no events subsequent to balance date which would materially affect the financial statements.

Quayside Mystery Valley 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 Quayside Mystery Valley 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 Quayside Mystery Valley Limited during the period ended 30 June 2023.

Directors

Mr AL Settle (Appointed 19.10.22)

Mr D Caloni (Appointed 23.09.22)

Mr S Hamilton (Resigned 18.10.22)

There was no director remuneration during the year.

Loans

There were no loans by Quayside Mystery Valley Limited to directors.

Employees

Quayside Mystery Valley Limited does not have any employees.

Auditor's remuneration

The following amounts are payable to the auditors of the company for the year:

Audit NZ: Audit Fees \$6,670 (GST incl)

Quayside Mystery Valley Limited Directory

Registered office

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

Postal address

PO Box 13564
Tauranga 3141

Auditors

Audit New Zealand
On behalf of the Auditor-General
745 Cameron Road
PO Box 621
Tauranga 3110
New Zealand

Solicitor

Cooney Lees Morgan
PO Box 143
Tauranga 3110

