



QUAYSIDE
PROPERTIES

Annual Report 2023



Quayside Properties Limited

Director's Declaration

For the year ended June 2023

Quayside Properties Limited is part of the 'Quayside Group'. The Group's Statement of Intent, prepared in accordance with the Local Government Act 2002, covers prudent financial management and risk management. The Quayside Group achieved the majority of its objectives as set out in its Statement of Intent for the year ended 30 June 2023. Refer to note 4 for further information.

The performance of Quayside Properties Limited in undertaking its monitoring and advisory functions will be assessed with respect to:

- The quality of financial and other analysis.
- The robustness and accuracy of the information relied upon in providing advice.
- The clarity, timeliness and materiality of advice.
- Compliance with the shareholder's expectation that there should be "no surprises" arising from the company.
- Compliance with the shareholder's expectation for optimal commercial performance from the company.

Achievements

During the year Bay of Plenty Regional Council was fully informed by the directors of the company as to the performance of Quayside Properties Limited. The performance has met the shareholder's expectations as defined in the Quayside Group's Statement of Intent.

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

For and on behalf of the Board of Directors:



Director



Director

Quayside Properties Limited
For the year ending 30 June 2023

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Independent Auditor's Report

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

The Auditor-General is the auditor of Quayside Properties 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 5 to 16 and pages 23 to 37, 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 17 to 22.

In our opinion:

- the financial statements of the company on pages 5 to 16 and pages 23 to 37:
 - 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 17 to 22 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 29 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 to 2 and pages 38 to 41 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 Properties Limited
Income Statement
For the year ended 30 June 2023

	Note	30 June 2023 \$000	30 June 2022 \$000
Trading revenue	5	2,270	3,993
Cost of sales	6	(1,489)	(1,433)
Gross profit		781	2,560
Other income		145	241
Other expenses	7	(1,706)	(618)
Subvention expense		-	-
Depreciation and amortisation	13, 14, 24	(468)	(828)
Fair value gains/(losses)	8	(2,548)	24,192
		(4,577)	22,987
Operating profit before financing costs		(3,796)	25,547
Financial income	9	64	14
Financial expenses	9, 20	(1,633)	(626)
Net finance costs		(1,569)	(612)
Share of profit from equity accounted investees	16	(385)	1,049
Profit before income tax		(5,750)	25,984
Income tax benefit/(expense)	10	1,409	(6,016)
Profit for the period		(4,338)	19,968

Quayside Properties Limited
Statement of Comprehensive Income
For the year ended 30 June 2023

	Note	30 June 2023 \$000	30 June 2022 \$000
Profit for the period		(4,341)	19,968
Other comprehensive income			
Revaluation of bearer plants, net of tax *	21 (b)	(232)	(4,136)
Revaluation of intangibles, net of tax *	21 (b)	(570)	1,115
Total other comprehensive income		(802)	(3,021)
Total comprehensive income		(5,140)	16,947

* Net of tax effect is disclosed in notes 10 and 19.

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

	Share Capital \$000	Revaluation Reserve – Bearer Plants \$000	Revaluation Reserve - Intangibles \$000	Retained Earnings \$000	Total Equity \$000
Balance at 1 July 2021	10,500	4,368	2,421	15,242	32,531
Comprehensive income					
Profit for the period	-	-	-	19,968	19,968
Revaluation surplus transferred to retained earnings on asset disposal	-	-	-	(14,236)	(14,236)
Intangibles revaluation, net of tax	-	-	-	506	506
Bearer plant revaluation, net of tax	-	-	1,115	-	1,115
Historic tax adjustment	-	(4,136)	-	-	(4,136)
Balance at 30 June 2022	10,500	232	3,536	21,480	35,748
Balance at 1 July 2022	10,500	232	3,536	21,480	35,748
Comprehensive income					
Profit for the period	-	-	-	(4,338)	(4,338)
Dividends paid	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-
Intangibles revaluation, net of tax	-	-	(570)	-	(570)
Bearer plant revaluation, net of tax	-	(232)	-	-	(232)
Balance at 30 June 2023	10,500	-	2,966	17,142	30,609

Quayside Properties 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		2,315	6,591
Trade and other receivables	11	2,263	2,820
Related party receivables		218	566
Inventories	12	-	172
Total current assets		4,796	10,149
Non-current assets			
Intangible assets	13	3,371	4,422
Property, plant and equipment	14	1,500	2,672
Investment in equity accounted investees	16	7,155	7,316
Investment properties	17	70,794	60,634
Loan to equity accounted investee	23	-	303
Deferred tax asset	19	388	-
Other financial assets		661	1,302
Right-of-use assets	24	49	62
Total non-current assets		83,919	76,711
Total assets		88,715	86,860
Liabilities			
Current liabilities			
Trade and other payables	18	1,881	749
Related party payables	23	-	44
Revenue in advance	18	-	2,244
Borrowings	20	-	-
Lease liability	24	8	9
Total current liabilities		1,901	3,046
Non-current liabilities			
Deferred tax liability	19	7,231	8,564
Lease liability	24	37	51
Borrowings	20	48,952	39,452
Total non-current liabilities		56,220	48,067
Total liabilities		58,109	51,113
Net assets		30,609	35,748

Quayside Properties Limited
Statement of Financial Position
For the year ended 30 June 2023

	Note	30 June 2023 \$000	30 June 2022 \$000
Equity			
Share capital	21(a)	10,500	10,500
Revaluation reserves	21(b)	2,966	3,768
Retained earnings		17,143	21,480
Total equity		30,609	35,748

These financial statements have been authorised for issue by the Board of Directors on 29th August 2023.



 Director



 Director

Quayside Properties 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		
Dividends	128	-
Receipts from customers	3,549	6,674
Interest received	64	11
Taxes refunded	-	-
Interest paid	(1,623)	(626)
Subvention paid	-	(828)
Payments to suppliers and directors	(2,338)	(1,548)
Net cash flow from operating activities	(221)	3,683
Cash flows from investing activities		
Sale of equities	163	-
Investment in equity accounted investees	115	-
Purchase of equities	-	(133)
Improvements to investment property	(13,833)	(5,573)
Net cash flow from investing activities	(13,555)	(5,719)
Cash flows from financing activities		
Advance of inter-company borrowings	9,500	5,002
Net cash flow from financing activities	9,500	5,002
Net increase in cash and cash equivalents	(4,276)	2,966
Cash and cash equivalents at the beginning of the year	6,591	3,625
Cash and cash equivalents at the end of the year	2,315	6,591

Quayside Properties Limited

Notes to the Financial Statements

For the year ended 30 June 2023

1 Reporting entity

Quayside Properties Limited (the Company) is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Parent is Quayside Holdings Limited and the ultimate controlling entity is the Bay of Plenty Regional Council.

The Company is a council-controlled trading organisation as defined under Section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Quayside Holdings Limited.

The primary purpose of the Company is to hold investment properties. The Company is a for-profit entity. The diagram below illustrates the Quayside Group structure.

Group Ownership				
Parent			Type of Business	Ownership
Quayside Holdings Ltd (QH-L)			Holding Company	100%
Subsidiaries				
	Aqua Curo Limited		Aquaculture	100%
	Quayside Investment Trust (QIT) *		Trust	100%
	Quayside Securities Limited (QSL) *		Trust	100%
	Quayside Properties Limited (QPL)		Regional Benefit Investment	100%
Real Asset Subsidiaries				
	Quayside Barnett Place Limited		Real Asset Investment	100%
	Quayside Mystery Valley Limited		Forestry	100%
	Quayside Portside Drive Limited		Real Asset Investment	100%
	Quayside Tauriko Limited		Real Asset Investment	100%
	Quayside Te Papa Tipu Limited		Real Asset Investment	100%
	Quayside The Vault Limited		Real Asset Investment	100%
Joint Ventures				
	Huskiwi Services Limited		Horticulture (Kiwifruit)	50% 50%
	Tauranga Commercial Developments Ltd (TCD)		Commercial Property JV	50% 50%
	Lakes Commercial Developments Ltd (LCD) **		Commercial Property JV	50% 25% 25%
	HRL Property Limited		Real Asset Investment	63.7%
		Subsidiary		
	Quayside Unit Trust (QUT) *	Port of Tauranga Ltd	Parent company	
		Port of Tauranga Trustee Company Limited	Holding Company	
		Quality Marshalling Limited	Port operations	
		Timaru Container Terminal Limited	Port operations	
		Northport Limited	Port - Associate Company	
		Prime Port Timaru Limited	Port - Associate Company	
		Port Connect Limited	Port operations - Associate Company	
		Coda Group Limited	Port operations - Associate Company	
		Ruakura Inland Port LP	Port JV - Associate Company	
Other				
	Toi Moana Trust*		Managed by QH-L	Trust

* QSL is trustee of TMT, QUT and QIT
** LCD is 50% QPL and 25% QH-L

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 29th 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: intangibles, bearer plants, biological assets, investment properties and equity investments.

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.

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:

- Kiwifruit income receivable (note 11)
- Valuation of intangible assets (note 13)
- Valuation of bearer plants (note 14)
- Valuation of biological assets (note 15)
- Assessment of significant influence or joint control in relation to equity accounted investees (note 16)
- Valuation of investment properties (note 17)

2 Basis of preparation (continued)

Classification of property

The Company owns several properties, which have been purchased for long term capital appreciation and/or rental rather than for short term sale in the ordinary course of business. The current carrying value of this investment property is \$70.8m (2022: \$60.6m). In the case of the industrial land held for development as Rangiuru Business Park, the revenue derived from operating the land as kiwifruit orchards and leased grazing is incidental to holding these properties and provides short-term benefit in the form of cash returns to the Company whilst the land is developed. These incidental cash flows are independent of the cashflows generated by assets held by the Company. The kiwifruit bearer plants on the land are classified as property, plant and equipment – refer to note 14, while the underlying land is classified as investment property.

3 Significant accounting policies

Revenue

Revenue is measured at the fair value of consideration received.

Kiwifruit income

Revenue from the sale of kiwifruit is recognised in the Income Statement when the significant risks and rewards of ownership have been transferred to the buyer i.e. Zespri. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods. Income at year-end is based on the highly probable income per tray to be received, based on the latest available forecast from Zespri. Any revision of the income recognised during the year will be recognised in the Income Statement.

Interest income

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

Dividend income

Dividend income is recognised on the date that the Company's right to receive payments is established, which in the case of quoted securities is the ex-dividend date.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Assets leased out under operating leases are classified in the Statement of Financial Position according to the nature of the underlying asset. Payments received under operating leases are recognised in the Income Statement on a straight line basis over the term of the lease.

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 Income Statement 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 their cost less impairment losses.

3 Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Intangible assets

Kiwifruit licences are initially measured at cost and are then subsequently revalued each year. Previously kiwifruit licences were not amortised as the useful life of the Plant Variety Rights was undetermined. In September 2016, Zespri issued a statement that Plant Variety Rights had been granted for the Gold3 (G3) variety and that these rights have an expiration date of 6 September 2039. Amortisation has been calculated on the licences from September 2016 based on this licence period.

After initial recognition, licences are carried at a revalued amount, being fair value at the date of revaluation less any subsequent accumulated impairment losses. Increases in the carrying amount arising on revaluation are credited to the revaluation reserve in other comprehensive income. To the extent that the increase reverses a decrease previously recognised in the Income Statement, the increase is recognised in the Income Statement. If the carrying amount is decreased as a result of revaluation, the decrease shall be recognised in the Income Statement unless there is a credit balance existing in the revaluation reserve in respect of that asset – in which case the reserve should be offset first.

Biological assets

Biological assets (kiwifruit crop and forestry) are measured at fair value less costs to sell, with any change therein recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs. Cost may approximate fair value when there has been insufficient biological transformation of the crop prior to the end of a reporting period.

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.

Properties leased to third parties under operating leases are generally classified as investment property unless:

- the occupants provide services that are integral to the operation of the Company's business and those services could not be provided efficiently and effectively by the lessee in another location;
- the property is being held for future delivery of services by the Company;
- the lessee uses services of the Company and those services are integral to the reasons for the lessee's occupancy of the property.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its costs for subsequent accounting.

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. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Any improvements in investment property will be recognised initially at cost whilst the work is in progress, and will subsequently be included in the fair value revaluation once the work is complete.

3 Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is initially measured at cost and subsequently stated at either fair value or cost, less depreciation and any impairment losses.

Subsequent expenditure that increases the economic benefits derived from the asset is capitalised.

Depreciation of property, plant and equipment is calculated on a straight line basis and expensed over their estimated useful lives. Major useful lives are:

Bearer plants	20 years
Plant and equipment	8 years

Bearer plants are accounted for using the revaluation method and are revalued annually. The revaluation method requires a revaluation to fair value. On revaluation any accumulated depreciation is eliminated against the gross carrying amount of the asset. Any increase in carrying value from revaluation is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in the Income Statement unless there is a credit balance existing in the revaluation reserve in respect of that asset – in which case the reserve should be offset first.

Equity accounted investees

The Company's interest in equity accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Equity accounted investees are accounted for using the equity method. The financial statements include the Company's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity investee, the carrying amount of that interest (including any long term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Company has an obligation or has made payments on behalf of the investee.

In respect of equity accounted Investees, the carrying amount of goodwill is included in the carrying amount of the investment and not tested for impairment separately.

Trade and other payables

Trade and other payables are stated at cost.

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.

Revenue in advance

Revenue in advance are considered as government grants. A government grant is recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received. The grants received are recognized by deducting the grant from the asset carrying amount.

Share capital

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

3 Significant accounting policies (continued)

Impairment

The carrying amounts of the Company's assets other than inventories 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 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.

4 Quayside Group Statement of Service Performance

The Company is a member of the *Quayside Group*. The *Quayside Group* is required to prepare a Statement of Service Performance reporting on performance measures and results. Recorded below are the ten targets and results of the *Quayside Group's* Statement of Intent categorised under five portfolio activities.

(a) Port portfolio

The *Quayside Group* has a majority shareholding in Port of Tauranga.

Performance target	Performance measure	2023 result	
1. Maintain a majority holding in the Port of Tauranga Limited.	Holding of greater than 50.1%. Council approval and community consultation through the Special Consultative Procedure set out in Section 93 of the Act and the relevant Council policy must be sought prior to any change to the current shareholding.	Quayside held 54.14% of Port of Tauranga shares as at 30 June 2023.	

Target met: **Yes**

The Port of Tauranga continues to provide the *Quayside Group* and Council with dividend returns and capital growth. The *Quayside Group* is a long-term investor in Port of Tauranga and must maintain a majority shareholding in accordance with Council policy. The *Quayside Group* cannot sell any Port shareholding without the endorsement from Council.


Of significant interest to shareholders of Quayside is the financial performance of the Port of Tauranga and the participation rate of Quayside as shareholder in governance of the Port of Tauranga.

	30 June 2023	30 June 2022
Shareholding		
Issued shares*	680,581,230	680,581,230
Quayside shares	368,437,680	368,437,680
% held By Quayside	54.14%	54.14%
Operations		
Operating revenues	\$420.9m	\$375.2m
Results from operating activities	\$210.6m	\$193.1m
Net profit	\$117.1m	\$111.4m
Cash flows		
Ordinary dividends paid out	\$102.1m	\$95.2m
Ordinary dividends received by Quayside	\$55.3m	\$51.6m
Ordinary dividends as percent of profit	86%	73%
Dividend declared post balance date	\$59.9m	\$55.8m
Asset Backing		
Share price (last bid price)	\$6.15	\$6.16
Market value of Port	\$4,184.7m	\$4,140.5m
Market value of Quayside Holding	\$2,265.8m	\$2,269.6m
Net tangible assets per share (dollars per share)	\$3.14	\$3.05
Governance		
Number of directors	7	7
Number of Quayside affiliated directors	2	2
*Includes treasury shares		

Further information on Port of Tauranga's non-financial performance can be found in its Annual Report or on its website www.port-tauranga.co.nz.

5. Quayside Group Statement of Service Performance (continued)

(b) Investment portfolio

Performance target	Performance measure	2023 result
2. Generate commercial returns across the Investment portfolio.	Five year rolling gross return target of $\geq 7.0\%$ per annum.	Five year rolling gross return of 9.78% for the Quayside consolidated group achieved at 30 June 2023. 

Target met: **Yes**

The *Quayside Group* manages a diversified investment portfolio with a market value of \$202.3m at 30 June 2023. These investments include domestic and foreign equities, and cash. Quayside holds equity investments as part of a portfolio of non-port assets, to diversify our investments in a targeted manner, reducing our reliance on one investment stream and thereby supporting sustainable, intergenerational shareholder returns over time.

The 7% p.a. five year rolling gross return target (2022 7.0%) is based on current industry and analyst expectation of long-term performance of equity markets. This target is reviewed annually. The Quayside Group exceeded its rolling five year gross return objective with a return of 9.78%.


Quayside's Statement of Investment Policy and Objectives (SIPO), sets out the investment governance and management framework. Quayside's Responsible Investment Policy ensures Quayside invests in a manner that is complementary to the policies and objectives of the Bay of Plenty Regional Council and is a responsible, commercially focused investor. The primary objectives of the strategic investment policies for the portfolio, are to ensure that the value of the assets is protected long term, managed and grown while generating income that can be distributed to the shareholder as required.

Quayside Consolidated Group Investment Portfolio financial highlights are tabled below:

	30 June 2023	30 June 2022
Investment portfolio value	\$202.3	\$189.8
1 year gross return (actual)	14.06%	(5.36%)
5 year rolling gross return (actual)	9.78%	10.78%
5 year rolling gross return (target)	7.00 %	7.00 %

5. Quayside Group Statement of Service Performance (continued)

(c) Real asset portfolio

Performance target	Performance measure	2023 result
3. Generate long term commercial returns through a portfolio of real assets.	Pricing and Valuation quarterly meeting to regularly assess individual assets.	Pricing and Valuation Meetings held 18 August 2022, 30 November 2022, 22 February 2023, 22 May 2023. 

Target met: **Yes**


The *Quayside Group* real asset portfolio currently comprises commercial buildings in Mount Maunganui, Tauranga, Rotorua and Hamilton, industrial land at Rangiuru and horticulture investments locally and in the Nelson/Tasman region. As at year end the Pricing and Valuation Committee has determined that each of the currently held real assets continue to remain strong long-term assets for future growth and return.

Real asset portfolio financial highlights are tabled below.

	30 June 2023	30 June 2022
Invested	\$143.5*	\$141.2*

*Real assets as a total, is reflective of investment assets and regional benefit assets.

(d) Private equity

Performance target	Performance measure	2023 result
4. Generate long term commercial returns through a portfolio of private equity assets.	Pricing and Valuation quarterly meeting to regularly assess individual assets.	Pricing and Valuation Meetings held 18 August 2022, 30 November 2022, 22 February 2023, 22 May 2023. 

Target met: **Yes**

Quayside currently has investments in a number of private equity entities both through direct holdings and third-party management. These investments continue to provide promising returns for the Group, Council and the wider region, with further capital invested into these entities during the year.

	30 June 2023	30 June 2022
Invested	\$121.5m	\$105.6m
Undrawn Commitments	\$73.9m	\$58.1m

5. Quayside Group Statement of Service Performance (continued)

(e) Regional benefit assets

Performance target	Performance measure	2023 result
5. Develop the business park at Rangiuru to create long term benefit for the Bay of Plenty region.	Quarterly reporting by Quayside to Council on progress and matters related to strategic risk and financial aspects and regional and social benefits of the development.	Development of the business park is well advanced with 2 seasons of earthworks and the interchange works underway.
Continue to hold the land at Tauriko for future strategic benefit and/or Council initiatives	Retain ownership. Divestment must only occur with the agreement of Quayside and Council.	Quayside presented to Council regarding the development at Rangiuru in September 2022, December 2022 (workshop) March 2023 (workshop verbal update only) and April 2023. Quayside continues to hold the land at Tauriko.



Target met: **Yes**

The Quayside Group owns land at the future Rangiuru Business Park; a 148-hectare industrial business park development. The Business Park, once completed, will provide much needed industrial development for the region.

During the year, significant progress was made with Quayside completing another season of earthworks for stage one and making steady progress on the interchange works. Activity is set to ramp up again next year with key infrastructure works to begin. Design work has continued at pace and enduring relationships with key stakeholders are being formed to ensure the Park is a future focussed asset which represents its local community and the history of the whenua.



5. Quayside Group Statement of Service Performance (continued)

(f) Governance

This activity relates to the policies and procedures the *Quayside Group* will adopt to satisfy governance requirements and expectations and ensures that open dialogue exists between the *Quayside Group* and Council, so that Council are kept informed of all significant matters relating to the *Quayside Group* at the earliest opportunity.

Performance measure	Performance target	2023 result
<p>6. Keep Council informed on a no surprises basis, providing quality and timely information. Provide Council with timely advice on financial and commercial decision making as required.</p>	<p>A minimum of two presentations around interim and end of year financials and two workshops per annum to Council, as shareholders. Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity. Long term forecasting of key financial information and key risks provided to Council annually.</p>	<p>Quayside presented to Council in September 2022, December 2022 (workshop) March 2023 (workshop verbal update only) and April 2023. Open communication with Council maintained during the year through regular meetings with Quayside CE and Council executive. Financial forecasting and risk information provided through:</p> <ul style="list-style-type: none"> - Quarterly presentations/ workshops to Council, - Statement of Intent preparation process, - Quayside Distribution and Reserving Policy.
<p>7. Ensure Group policies and procedures are current and appropriate.</p>	<p>All policies and procedures reviewed no less than biennially by the Quayside Executive.</p>	<p>All policies reviewed in accordance with the Policy and Charter Schedule.</p>
<p>8. Meet shareholder distribution expectations as outlined in the Statement of Intent.</p>	<p>Distributions paid in accordance with the Distribution Policy. Such distributions are based on actual assets and performance and may vary from the forecast provided in the SOI. Quayside will make a recommendation to Council on the use of any special dividends received from the Port.</p>	<p>Cash dividends of \$42.5m (target \$42.5m) paid to Council as forecast in the SOI. Gross PPS dividend of \$7m (target \$6.7m) paid to PPS holders. No special dividend from POTL in 2023</p>

5. Quayside Group Statement of Service Performance (continued)

Performance measure	Performance target	2023 result
9. Compliance with NZX listing requirements for PPS.	Disclosures are made in line with continuous disclosure requirements. Board reporting of PPS compliance and monitoring.	Filing of interim and annual financial statements achieved within deadlines. Internal audit compliance systems show no open issues or instances of non-compliance with NZX requirements. Board receives regular reporting on PPS Compliance. 
10. Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.	Maintain a written set of principles for responsible investment which is reviewed no less than biennially. Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities (for example for the Framework being adopted as part of the climate related disclosures).	The Group holds written principles for responsible investment. These were last reviewed in June 2022. These are currently under review by management and will be updated to align with claim related risks and opportunities identified by the Group through its inaugural climate related disclosures. A benchmark review of holdings was done as at 31 December 2022 and 30 June 2023 against the New Zealand Super Fund Responsible Investment Exclusion List (February 2021), no breaches were identified. Exchange Traded Funds (ETF's) were reviewed down to a constituent level of 5% against the Exclusion list no breaches were identified. No investments were made in excluded categories. New investments are screened against responsible investment principles and ESG analysis is included in investment proposals. The Group annual report contains responsible investment reporting. 

Targets met: 10/10

The Group maintains an extensive suite of policies which are subject to internal operational review regularly, and Board review no less than biennially.

Key

 Met  Substantially met  Not met  Not applicable

Quayside Properties 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
Rental and lease income	43	794
Sale of goods – kiwifruit	2,227	3,199
Total trading revenue	2,270	3,993

The Company has several kiwifruit orchards. All the orchards are managed by post-harvest provider Seeka Kiwifruit Industries Limited, and all kiwifruit is sold to Zespri under a supply agreement. All income from trays of kiwifruit is net of the point of sale and cool store costs.

Kiwifruit income this year has been derived from 26.45 canopy hectares of kiwifruit orchards (2022: 26.45 hectares).

Kiwifruit income this year includes a downward adjustment of \$19,135 in relation to the prior year crop (2022: \$71,355 upward adjustment). This was due to a revision during the year in the estimate of income receivable shown in the accounts at 30 June 2022.

6 Cost of sales

	30 June 2023 \$000	30 June 2022 \$000
Orchard expenses	(1,345)	(1,196)
Forestry expenses	-	(4)
Rates	(72)	(140)
Repairs and maintenance	(2)	(41)
Other	(70)	(52)
Total cost of sales	(1,489)	(1,433)

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

7 Other expenses

	30 June 2023 \$000	30 June 2022 \$000
Fees to auditors		
- Fees to Audit New Zealand for audit of Quayside Properties Limited (current year)	(23)	(15)
- Fees to Audit New Zealand for audit of Quayside Properties Limited (prior year)	(6)	(6)
- Fees to KPMG for audit of joint venture Lakes Commercial Developments Limited	-	(12)
Directors fees	(128)	(123)
Management fees	(114)	(114)
Consultancy costs	-	(2)
Business park consultancy costs	(1,366)	(271)
Other	(69)	(75)
Total other expenses	(1,706)	(618)

8 Fair value gains/(losses)

	Note	30 June 2023 \$000	30 June 2022 \$000
Change in fair value of investment properties	17	(1,429)	24,415
Change in fair value of bearer plants		(641)	-
Change in fair value of equity investments		(478)	(223)
Total fair value gains /(losses)		(2,548)	24,192

9 Net finance costs

	30 June 2023 \$000	30 June 2022 \$000
Interest income on bank deposits	61	11
Interest income on advances to equity accounted investees	3	3
Interest expense – Intercompany	(1,627)	(626)
Interest expense – Lease liability	(6)	-
Net finance costs	(1,569)	(612)

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

10 Income tax

	30 June 2023 \$000	30 June 2022 \$000
Reconciliation of effective tax rate		
Profit before tax for the period	(5,747)	25,984
Income tax for the period at 28% (2021: 28%)	(1,609)	(7,275)
Adjustments		
- Dividend imputation credits	9	(77)
- Depreciation recovery on disposal	-	(87)
- Assessable income of disposal	-	(401)
- Fair value gains through profit and loss	134	(62)
- Share of profit from equity accounted investees	108	294
- Non-assessable income / non-deductible expenses	-	-
- Loss offset	-	772
- Temporary differences	-	337
- Tax losses unutilised	(31)	-
- Prior period adjustments	(19)	483
- Other adjustments	-	-
Income tax benefit / (expense)	(1,409)	(6,016)

Income tax expense is represented by:

	Note	30 June 2023 \$000	30 June 2022 \$000
<i>Current tax expense</i>			
Current tax on profits for the year		-	-
Adjustment for prior period		-	-
Prior period adjustment		(19)	(484)
Tax effect on change to depreciation rate for buildings		-	-
Recognition of temporary differences	19	(1,390)	6,498
Income tax benefit / (expense)		(1,409)	6,013

Income tax recognised in other comprehensive income:

Revaluation of bearer plants	21	(90)	1,626
Revaluation of intangibles	21	(222)	(433)
		(312)	1,194

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

11 Trade and other receivables

	30 June 2023 \$000	30 June 2022 \$000
Trade receivables	5	5
Kiwifruit income receivable	2,042	2,790
Deferred costs	-	25
GST receivable	216	-
Total trade and other receivables	2,263	2,820

The kiwifruit income receivable is based on a forecast of proceeds to be received from Zespri on the harvest of the 2023 crop. This is based on the actual number of trays supplied to Zespri and latest forecast information from Zespri on the \$ per tray expected to be received. Revisions of income receivable during the year are recorded in the Income Statement - refer to Note 5.

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.

	30 June 2023 \$000	30 June 2022 \$000
Not past due	2,263	2,820

12 Inventories

	30 June 2023 \$000	30 June 2022 \$000
Stock on hand – kiwifruit	-	171

Inventories comprise kiwifruit that is held in cool store and has not yet been supplied to Zespri. No inventories are pledged as security for liabilities or are subject to retention of title clauses. In 2023 all kiwifruit had been exported by balance date.

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

13 Intangible assets

	30 June 2023 \$000	30 June 2022 \$000
Gold 3 – kiwifruit license		
Opening value	4,422	3,040
Amortisation	(258)	(167)
Carrying value	4,164	2,873
Amortisation reversed on revaluation	258	167
Revaluation	(1,051)	1,382
Total intangibles	3,371	4,422
G3 license - hectares	5.53	5.53

The G3 licences held are for a total of 5.527 hectares (2022: 5.527 hectares). A registered valuer at 30 June 2023 determined that the fair value for licences held by Quayside was \$3,371,470. The current valuation is based on \$610,000 per hectare (2022: \$800,000).

The original cost of the licences is \$38,449. There are no restrictions over the title of the intangible assets. No intangible assets are pledged as security for liabilities.

From September 2016, Zespri announced that G3 licences now have a determined expiration date of 6 September 2039. Amortisation of the licence has been calculated from September 2016 on the basis of this useful life. Prior to September 2016 there was no amortisation of the licence due to the undetermined licence period

14 Property, plant and equipment

	Bearer plants \$000	Plant and equipment \$000	Total \$000
Balance at 1 July 2021	9,061	8	9,069
Revaluation	(6,392)	-	(6,392)
Depreciation expense	(647)	(5)	(652)
Depreciation reversed on revaluation	647	-	647
Balance at 30 June 2022	2,669	3	2,672
Balance at 1 July 2022	2,669	3	2,672
Revaluation	(1,169)	-	(1,169)
Depreciation expense	(205)	(3)	(208)
Depreciation reversed on revaluation	205	-	205
Balance at 30 June 2023	1,500	-	1,500

Fair value of the bearer plants (kiwifruit vines) has been determined by independent registered valuation at 30 June 2023. Fair value has been determined with reference to comparative orchard sales in the region, taking in to account the quality of the orchard, potential production and orchard gate return. Refer to Note 17 for further information.

15 Biological assets

	30 June 2023 \$000	30 June 2022 \$000
Forestry	-	-
Balance at 1 July	-	(680)
Disposals	-	-
Change in fair value less estimated costs to sell	-	-
Balance at 30 June	-	-

During the year 2022, the forestry block was sold to Quayside Mystery Valley Limited (see note 17).

16 Investment in equity accounted investees

Investments in equity accounted investees comprise interests in joint venture entities as follows:

Name of Entity	Place of Business	Principal Activity	Balance Date	Measurement Method	% of ownership interest	
					2023	2022
Lakes Commercial Developments Limited	New Zealand	Commercial development – Rotorua	30 June	Equity method	50.00	50.00
Tauranga Commercial Developments Limited	New Zealand	Commercial Development - Tauranga	30 June	Equity method	50.00	50.00

The entities listed above have share capital consisting solely of ordinary shares, which are held directly by the company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. Both joint ventures are private entities and therefore there are no quoted prices available to determine fair value.

A reconciliation of the carrying value of equity accounted investees is as follows:

	30 June 2023 \$000	30 June 2022 \$000
Balance at 1 July	7,316	6,070
New investment	224	196
Share of profits	(385)	1,049
Balance at 30 June	7,155	7,316

There is no committed uncalled capital in equity accounted investees (2022: nil). There are no capital contributions payable at 30 June 2023 (2022: nil). There are no contingent liabilities relating to interests in equity accounted investees (2022: nil).

Significant judgement: Classification of joint arrangements

The company has joint control over its investees, due to the existence of contractual agreements which require the unanimous consent of the parties sharing control over relevant business activities.

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

17 Investment properties

	30 June 2023 \$000	30 June 2022 \$000
Balance at 1 July	60,634	56,905
Additions – Work in progress (at cost)	11,589	5,593
Disposals	-	(26,281)
Revaluation	(1,429)	24,415
Balance at 30 June	70,794	60,634
<i>Classified as:</i>		
Investment Property – Non current	70,794	60,634
Rental / lease income from investment properties	28	790
Expenses from investment property generating income	133	231

Description of investment properties

Investment properties held include the following:

Asset type	Location	Current use
Industrial Zoned Land for future development as a 'Rangiuru Business Park'.	Rangiuru, Te Puke	Kiwifruit orchards, leased dairy grazing land and residential rentals, land under development.

17 Investment properties (continued)

Rangiuru land classification

Management have run an assessment to determine the classification of Rangiuru land as at 30 June 2023. The decision to classify the land as investment property instead of inventory requires a high degree of judgement from management.

In 2005 Quayside undertook a plan change which changed the land from rural to industrial. There has been no change in the designation of the land since this time. In parallel in 2005, Quayside obtained a number of long-term consents for the park. All are deemed operative, by virtue of the Tauranga Eastern Link development.

As at balance date, buildings and vines had been removed from stage one land in preparation for the development.

As at balance sheet date, earthworks are being carried out to develop the land. In the mean time, the works for the interchange have also commenced. Due to the long-term horizon of the project, there is still a lot of uncertainty around timing and actions to be taken with the plan plots and the development of the Business Park. A decision on Quayside role in relation to the park at completion is not reached yet. The Group is currently seeking expressions of interest in the development and has indicated that it is interested in selling land, leasing land or developing vertical builds.

As at balance sheet date, Quayside have commitments of circa \$46m towards the Rangiuru development.

Due to the existing uncertainties disclosed above, the management believes that the classification of the land as investment property is appropriate.

Valuation of investment properties

Investment properties are revalued annually to fair value. The fair value measurements have been categorised as a level 2 fair value based on the inputs to the valuation technique. The valuation of all investment property was carried out by Telfer Young. The valuers are experienced valuers with extensive market knowledge in the type of investment properties owned by Quayside Properties Limited. All investment properties were valued based on open market evidence and 'highest and best use' currently for the land. The date of the valuation was 30 June 2023. A summary of the valuation methods and significant assumptions applied in the valuation of these assets are:

Asset type	Valuation Method adopted	Highest and best use	Significant assumptions
Rangiuru Business Park	Market approach	Stage 1 Land – Industrial park development Stage 2 land – Orchard/rural use.	-Comparable sales. - Stage 1 land - \$5 to \$112.5/sqm (2022: \$4.4 to \$85/sqm) - Stage 2 land - \$60/sqm (2022: \$60/sqm)

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

18 Trade and other payables

	30 June 2023 \$000	30 June 2022 \$000
Trade payables	1,785	387
Other	90	362
Balance at 30 June	1,875	749
Revenue in advance	-	2,244

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.

Revenue in advance included the payments received by the PGF for \$3.8m in 2022. The amount is netted off with the amounts of financial contributions works that the Company performed during the year. In 2023, the amount of financial contributions is higher than the amount currently funded by the Provincial Growth Fund and hence is capitalized on the property value (\$6.8m).

19 Deferred taxation

	Assets		Liabilities		Net	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Deferred tax (asset) / liability						
Investment property	-	-	(6,128)	(6,857)	(6,128)	(6,857)
Bearer plants	-	-	(166)	(475)	(166)	(475)
Intangibles	-	-	(936)	(1,230)	(936)	(1,230)
Right of use asset/lease liabilities	-	-	(1)	(2)	(1)	(2)
Tax losses	392	-	-	-	392	-
Total deferred tax (asset) / liability	392	-	(7,231)	8,564	(6,839)	(8,564)

	Recognised in income statement		Recognised in comprehensive income	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Tax losses	(392)	-	-	-
Investment property	(730)	6,016	-	-
Bearer plants (note 21b)	(219)	-	(90)	(1,626)
Intangibles (note 21b)	(71)	-	(222)	433
Right of use asset/lease liabilities	(1)	-	-	-
Total	(1,413)	6,016	(312)	(1,193)

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

20 Borrowings

	30 June 2023 \$000	30 June 2022 \$000
	Current	Current
<i>Loan from Quayside Holdings Limited</i>	-	-
	Non-current	Non-current
<i>Loan from Quayside Holdings Limited</i>	48,952	39,452

Quayside Properties Limited has two intercompany loan from Quayside Holdings Limited, the core loan (\$50m) and a total facility of \$100m for the development of the Business Park of which \$14 is drawn as of 30 June 2023.

The first loan has interest charged at the Bank Bill Benchmark Rate (BKBM) at the beginning of each quarter plus a margin. The loan is repayable on demand; however, Quayside Holdings Limited has undertaken that they will not recall this loan within the next twelve months. The second loan has interest charged based on the costs of funding incurred by Quayside Holdings Limited.

	30 June 2023 \$000	30 June 2022 \$000
<i>Loan from Quayside Holdings Limited</i>		
Balance at 1 July	39,452	47,200
Further advances	9,500	5,002
Principal Repayments	-	(12,750)
Interest charged	1,633	626
Interest paid	(1,633)	(626)
Balance at 30 June 2023	48,952	39,452

21 Capital and reserves

(a) Share capital

	30 June 2023 No.	30 June 2022 No.
Number of ordinary shares		
Balance at 1 July	10,500,100	10,500,100
Issue of ordinary shares of cash	-	-
Balance at 30 June	10,500,100	10,500,100

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 and are fully paid.

During 2022, the Company distributed a non-cash dividend to its parent equal to \$14.2m, during 2023 there were no dividend distributions.

21 Capital and reserves (continued)

(b) Revaluation reserves

The revaluation reserves relate to the revaluation of kiwifruit licences and bearer plants. Refer to further information in notes 13 and 14.

	30 June 2023 \$000	30 June 2022 \$000
<i>Revaluation reserve - intangibles</i>		
Opening balance	3,536	2,421
Revaluation	(1,050)	1,382
Amortisation reversed on revaluation	258	167
Deferred tax expense (refer note 19)	222	(434)
Movement for the year – other comprehensive income	(570)	1,115
Closing balance	2,966	3,536
<i>Revaluation reserve – bearer plants</i>		
Opening balance	232	4,368
Revaluation	(528)	(6,392)
Depreciation reversed on revaluation	205	647
Deferred tax expense (refer note 19)	91	1,609
Movement for the year – other comprehensive income	(232)	(4,136)
Closing balance	-	232

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

22 Financial instruments

Categories of financial instruments

	30 June 2023 \$000	30 June 2022 \$000
Financial assets at amortised cost		
Cash and cash equivalents	2,315	6,591
Trade and other receivables	2,042	2,790
Related party receivables	218	566
Loan to equity accounted investee	-	303
Balance at 30 June	4,575	10,250
Financial assets at fair value through profit and loss		
Other financial assets	661	1,302
Financial liabilities at amortised cost		
Trade and other payables – current	1,878	530
Related party payables	-	44
Borrowings – non current	48,952	39,425
Balance at 30 June	50,830	40,026

Taxes payable/receivable, prepayments, deferred costs and income 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.

23 Related party transactions

Identity of related parties

Parent and ultimate controlling entity

The Parent entity of the Company is Quayside Holdings Limited, which is 100% owned by the Bay of Plenty Regional Council – refer Note 1.

Key management personnel

The Company has a related party relationship with its directors. The Company has no employees as Quayside Properties Limited contracts with Quayside Holdings Limited for management services.

Other related entities

Other related parties include subsidiaries in the Group – refer Note 1. During the year, the Company entered into transactions with companies in which directors hold directorships. These directorships have not resulted in significant influence over the operations, policies or key decisions of these companies. These transactions have occurred on normal commercial terms.

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

23 Related party transactions (continued)

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

	30 June 2023 \$000	30 June 2022 \$000
Quayside Holdings limited		
Dividend declared by Quayside Properties Limited	-	14,236
Interest charged to Quayside Properties Limited	1,878	626
Loan payable by Quayside Properties Limited	48,952	39,452
Loan drawn down by Quayside Properties Limited	9,500	5,001
Management fees paid by Quayside Properties Limited	114	114
Lease income received by Quayside Properties Limited	-	18
Accounts payable by Quayside Properties Limited	4	-
Bay of Plenty Regional Council		
Subvention payable by Quayside Properties Limited	-	-
Services provided to Bay of Plenty Regional Council	-	-
Accounts payable by Bay of Plenty Regional Council	-	-
Accounts receivable by Bay of Plenty Regional Council	2	-
Rates paid by Quayside Properties Limited	16	-
Resource consent fees paid by Quayside Properties Limited	4	-
Transactions with Equity accounted investees		
Interest receivable by Quayside Properties Limited	3	4
Interest charged by Quayside Properties Limited	-	-
Capital contributions by Quayside Properties Limited	224	196
Loan receivable by Quayside Properties Limited	-	303
Transactions with other related entities		
Sale of investment properties to other entities of the Group	-	26,281
Sale of forestry asset to other entities of the Group	-	702
Services recharged to other entities of the Group	15	-
Accounts payable by other entities of the Group	5	-

23 Related party transactions (continued)

Quayside Properties Limited holds one unit in Quayside Investment Trust, acquired in April 2014 for a cost of \$1. The current value of this unit is \$2.49 (2022: \$2.52). There are no other obligations between Quayside Properties Limited and Quayside Investment Trust.

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

Transactions with key management personnel

The Company does not provide any non-cash benefits to directors in addition to their directors' fees or salaries. Directors' fees paid during the year were \$128,000 (2022: \$123,000), excluding GST. At year-end, \$1,347 was prepaid in directors' fees.

Transactions with parent company

A contract for management services was agreed between Quayside Holdings Limited and Quayside Properties Limited from 1 April 2015. A monthly management fee is charged by Quayside Holdings Limited.

From February 2018, Quayside Holdings Limited entered into a lease agreement with Quayside Properties Limited to lease commercial office space. This lease is at market rates. Borrowings from the Parent company amount to \$48,951,750 (2022: \$39,451,750). The loans are charged interest the BKBM rate at the beginning of each quarter plus a margin and at the cost of funding faced by Quayside Holdings Limited. Refer to Note 20.

Transactions with equity accounted investees

The outstanding amount of the loan to an equity accounted investee as at 30 June 2023 is \$nil. In July 2022, the Board of Directors decided to convert the existing \$303,250 loan into equity investment in the equity accounted investee.

24 Leases

The Company has entered into operating leases this year. The lease liabilities have been measured at the present value of the remaining lease payment. Lease payments are discounted at the Company's weighted average incremental borrowing rate of 4.88% (2022: 2.78%). The right-of-use assets were measured at the amount equal to the corresponding lease liabilities, with no change in net assets. The judgements and estimates made when applying NZ IFRS 16 include:

- Borrowing rate
- Lease terms, including any right of renewal where it is reasonably certain they will be exercised

The Company has two leases for the lease of land at development sites. The leases have varying terms and renewal rights. Information about leases for which the Company is a lessee is presented below:

	30 June 2023 \$000	30 June 2022 \$000
Right-of-use assets		
Cost		
Opening balance 1 July 2022	85	1,197
Additions	-	-
Disposals	-	1,112
Remeasurement	(11)	-
Closing balance 30 June 2023	73	85
Accumulated depreciation 1 July 2022		
Opening balance 1 July 2022	(22)	(43)
Depreciation	(2)	(13)
Other adjustments	-	32
Closing balance 30 June 2023	(24)	(22)

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

24 Leases (continued)

Lease liability		
Opening balance 1 July 2022	61	1,147
Additions	-	-
Remeasurement	(11)	-
Interest expense	6	-
Lease payments	(10)	(13)
Disposals	-	(1,072)
Closing balance 30 June 2023	45	61

During the year a lease liability interest expense of \$5,818 was recognised in the income statement (2022: \$397).

25 Capital commitments and contingencies

The Company has ca \$46m of commitments in relation to the development of the Rangiuru Business Park (June 2022: \$1.4m).

26 Subsequent events

There were no significant events after balance date.

Quayside Properties Limited

Statutory information

For the year ended 30 June 2023

Interests register

The Company is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interest register for Quayside Properties Limited is available for inspection at the registered office. The directors of the Company have made general disclosures of interest in accordance with S140(2) of the Companies Act. Current interests and those which ceased during the year, are tabulated below. New disclosures advised since 1 July 2022 are italicised.

Director	Entity	Position
MCLEOD, Robert (Chair)	China Construction Bank (New Zealand) Limited	Director
	Ngāti Porou Holding Company Limited	Director Chair
	Port of Tauranga Limited	Director
	QHL Perpetual Preference Shares	Shareholder
	Quayside Holdings Limited	Director Chair
	Quayside Properties Limited	Director Chair
	Quayside Securities Limited	Director Chair
	Sanford Limited	Chair
	Sanford LTI Limited	Director
	<i>Singita Holdings Limited (appointed 28/3/23)</i>	Director
<i>Singita Investments Limited (appointed 27/3/23)</i>	Director	
<i>Real Fresh Limited (appointed 4/4/23)</i>	Director	
CROSBY, Stuart Alan	Bay of Plenty Regional Council	Councillor
	Equip GP Limited	Director
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Quayside Properties Limited	Director
HEWLETT, Brett Donald	Templogger NZ Limited	Director Shareholder
	Comvita Limited	Chair Director
	Oriens Capital	Shareholder
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
HORNE, Keiran Anne	Quayside Securities Limited	Director
	Hamilton City Council	ARC Chair
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Quayside Properties Limited	Director
	ScreenSouth Limited	Director Chair
	Spey Downs Limited	Shareholder
	Television New Zealand Limited	Director ARC Chair
	University of Canterbury	Council Member ARC Chair
	<i>Enable Networks Limited (appointed 24/1/23)</i>	<i>Director ARC Chair</i>
<i>Enable Services Limited (appointed 24/1/23)</i>	<i>Director</i>	

Quayside Properties Limited
Statutory information (continued)
For the year ended 30 June 2023

Interests register (continued)

Director	Entity	Position
MCTAVISH, Fiona Catherine	Bay of Plenty Regional Council	Officer
	BOPLASS Limited	Director
	McTavish – Huriwai Investments Limited	Director Shareholder
	Priority One WBOP Inc	Executive Board Member
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
PARKER, Warren James	Quayside Properties Limited	Director
	FarmlQ Systems Limited (appointed 1 August 2021)	Director Chair
	Farmlands Cooperative Society Limited	Director
	Focus Genetics	Director
	Landcorp Estates Limited	Director Chair
	Landcorp Holdings Limited	Director Chair
	Landcorp Pastoral Limited	Director Chair
	PAMU, Landcorp Farming Limited	Director Chair
	Quayside Holdings Limited	Director
Quayside Securities Limited	Director	
WHITE, Te Taru	Quayside Properties Limited	Director
	Bay of Plenty Regional Council	Councillor
	Indigenuity Limited	Director
	Pukahukiwi Kaokaoroa Inc	Trustee
	Kahukiwi Management Limited	Director
	Noa New Zealand Limited	Director Shareholder
	Quayside Holdings Limited	Director
	Quayside Securities Limited	Director
	Te Taru White Consultancy Limited	Director Shareholder
	Whenua Fruits Limited	Shareholder
	<i>Manaakiora Trust (appointed 18.5.23)</i>	Director
Te Tatau o Te Arawa Charitable Trust	Board Member	

Quayside Properties Limited
Statutory information (continued)
For the year ended 30 June 2023

Information used by directors

During the financial year there were no notices from directors of Quayside Properties 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 Properties Limited during the year ended 30 June 2023.

Remuneration of directors

The following directors of Quayside Properties Limited held office during the year ended 30 June 2023:

	Remuneration \$000
R McLeod (Chair)	33
S Crosby	16
B Hewlett	16
K Horne	21
F McTavish *	-
W Parker	21
T White	16
Total	123

* F McTavish was remunerated by the Bay of Plenty Regional Council.

The fees above are exclusive of GST.

Loans

There were no loans by Quayside Properties Limited to directors.

Employees

Quayside Properties 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 for the current year \$32,200 (GST inclusive)

Quayside Properties Limited Directory

Registered office

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

Postal address

PO Box 13-564
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