



**TAURANGA**  
COMMERCIAL  
DEVELOPMENTS

Annual Report  
For the year ended 30 June 2021

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# **Tauranga Commercial Developments Limited**

Annual Financial  
Statements

For the year ended  
30 June 2021

**Tauranga Commercial Developments Limited**  
**Annual Financial Statements**  
**For the year ended 30 June 2021**

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# **Tauranga Commercial Developments Limited**

## **Director's Declaration**

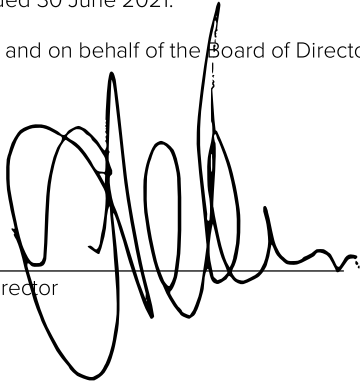
### **For the year ended 30 June 2021**

Tauranga Commercial Developments Limited ('the company') is a joint venture partnership between Quayside Properties Limited and Commercial Fund Investors Limited. Quayside Properties Limited is a wholly owned subsidiary of Quayside Holdings Limited whose ultimate controlling entity is the Bay of Plenty Regional Council. As a consequence, Tauranga Commercial Developments Limited is deemed to be a 'Council Controlled Organisation' under the Local Government Act 2002. Tauranga Commercial Developments Limited was incorporated on 30<sup>th</sup> October 2018.

The Company'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 Tauranga Commercial Developments Limited for the year ended 30 June 2021.

For and on behalf of the Board of Directors:



Director



Director



## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF TAURANGA COMMERCIAL DEVELOPMENTS LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

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

#### Opinion

We have audited:

- The financial statements of the Company on pages 5 to 18 that comprise the statement of financial position as at 30 June 2021, 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 pages 13 and 14.

In our opinion:

- The financial statements of the Company on pages 5 to 18:
  - Present fairly, in all material respects:
    - Its financial position as at 30 June 2021; and
    - Its financial performance and cash flows for the year then ended.
  - Comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalent to International Reporting Standards Reduced Disclosure Regime.
- The performance information of the Company on pages 13 and 14 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 2021.

Our audit was completed on 24 August 2021. This is the date at which our opinion is expressed.

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

#### Basis for our opinion

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

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

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



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

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Company.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of shareholders, taken on the basis of these financial statements and the performance information.

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 on pages 19 to 20, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

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

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


Glenn Keaney KPMG

On behalf of the Auditor-General

Tauranga, New Zealand

**Tauranga Commercial Developments Limited**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2021**

	Note	2021 \$000	2020 \$000
Trading revenue	5	-	16
Expenses	6	(60)	(65)
Fair value gains	10	578	56
<b>Profit before income tax</b>		<b>518</b>	<b>7</b>
Income tax benefit/(expense)	7	-	-
<b>Net profit for the period</b>		<b>518</b>	<b>7</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>518</b>	<b>7</b>





**Tauranga Commercial Developments Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2021**

	Share capital	Additional shareholder capital contributions	Retained earnings	Total Equity
	\$000	\$000	\$000	\$000
<b>Opening balance</b>	<b>6,000</b>	<b>300</b>	<b>602</b>	<b>6,902</b>
<b>Comprehensive income</b>				
Net profit for the period	-	-	7	7
Total comprehensive income	-	-	7	7
Ordinary shares issued (note 12a)	-	-	-	-
Additional shareholder capital contributions (note 12b)	-	250	-	250
Total transactions with owners	-	250	-	250
<b>Balance at 30 June 2020</b>	<b>6,000</b>	<b>550</b>	<b>609</b>	<b>7,159</b>
<b>Opening balance</b>	<b>6,000</b>	<b>550</b>	<b>609</b>	<b>7,159</b>
<b>Comprehensive income</b>				
Net profit for the period	-	-	518	518
Total comprehensive income	-	-	518	518
Ordinary shares issued (note 12a)	-	-	-	-
Additional shareholder capital contributions (note 12b)	-	-	-	-
Total transactions with owners	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>6,000</b>	<b>550</b>	<b>1,127</b>	<b>7,677</b>




**Tauranga Commercial Developments Limited**  
**Statement of Financial Position**  
**As at 30 June 2021**

	Note	2021 \$000	2020 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		40	328
Trade and other receivables	9	-	126
		<b>40</b>	<b>454</b>
<b>Non-current assets</b>			
Investment property	10	7,650	6,725
<b>Total assets</b>		<b>7,690</b>	<b>7,179</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	(13)	(20)
<b>Total current liabilities</b>		<b>(13)</b>	<b>(20)</b>
<b>Net assets</b>		<b>7,677</b>	<b>7,159</b>
<b>Equity</b>			
Share capital	12 (a)	6,000	6,000
Additional shareholder capital contributions	12 (b)	550	550
Retained earnings		1,127	609
<b>Total equity</b>		<b>7,677</b>	<b>7,159</b>

These financial statements have been authorised for issue by the Board of Directors on 24 August 2021.

Director




Director




**Tauranga Commercial Developments Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2021**

	2021 \$000	2020 \$000
<b>Cash flows from operating activities</b>		
Receipts from customers	-	16
GST (paid) / received	1	3
Payments to suppliers and directors	(62)	(49)
<b>Net cash flow from operating activities</b>	<b>(61)</b>	<b>(30)</b>
<b>Cash flows from investing activities</b>		
Improvements to investment property	(352)	(17)
<b>Net cash flow from investing activities</b>	<b>(352)</b>	<b>(17)</b>
<b>Cash flows from financing activities</b>		
Additional shareholder capital contributions	125	125
<b>Net cash flow from financing activities</b>	<b>125</b>	<b>125</b>
<b>Net increase in cash and cash equivalents</b>	<b>(288)</b>	<b>78</b>
Cash and cash equivalents at the beginning of the year	328	250
<b>Cash and cash equivalents at the end of the year</b>	<b>40</b>	<b>328</b>



# Tauranga Commercial Developments Limited

## Notes to the Financial Statements

### For the year ended 30 June 2021

#### 1 Reporting Entity

Tauranga Commercial Developments Limited (the Company) is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Company is a joint venture between Quayside Properties Limited and Commercial Fund Investors Limited.

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

The primary purpose of the Company is the purchase and development of commercial real estate assets in Tauranga. The Company is a for-profit entity.

#### 2 Basis of Preparation

##### Statement of compliance

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

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

##### NZ IFRS – reduced disclosure regime

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

The financial statements were approved by the Board of Directors on 24 August 2021.

##### Basis of measurement

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

##### Presentation currency

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

##### Changes in accounting policies

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



## **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:

- Valuation of investment properties (note 10).

### **Classification of property**

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

## **3 Significant Accounting Policies**

### **Revenue**

The principal source of revenue is rental income.

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

### **Interest income**

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

### **Finance expenses**

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

### **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.



### **3 Significant Accounting Policies (continued)**

#### **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.

#### **Trade and other payables**

Trade and other payables are stated at amortised 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.

#### **Share capital**

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

#### **Impairment**

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



### **3 Significant Accounting Policies (continued)**

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 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



**Tauranga Commercial Developments Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2021**

**4 Statement of Service Performance**

In accordance with section 64 of the Local Government Act 2002, the Company is required to prepare an annual Statement of Intent. This Statement of Service Performance reports on the Statement of Intent targets and results for the period ending 30 June 2021:

**Governance**

Performance measure	Performance target	2021 Result
TCD maintains a strategic direction that is consistent with that of a 50% shareholder of QPL and Council	TCD will submit a draft SOI for 2021/22 for approval to QLP and Council by 1 March 2021.	The draft Statement of Intent was submitted to Council on 26 February 2021 (2020: 11 August 2020).
TCD keeps shareholders informed of all significant matters relating to it.	TCD will meet and provide updates to its shareholders quarterly on new opportunities and key works programmes. TCD will advise any major matters of urgency (including any departures from budget or health and safety issues) to its shareholders at the earliest opportunity.	Reporting was provided to the Quayside Group board of directors as part of the investment portfolio and performance updates in August, November 2020 and April and June 2021 (2020: Real assets update July, September, November 2019, February 2020, June 2020)
Corporate governance procedures are appropriate, documented and reflect best practice.	The Board will maintain an appropriate and thorough set of corporate governance policies and procedures which will be reviewed at least every two years. The Board will retain a complete and up to date set of minutes and company records.	Policies were reviewed in accordance with the timeframes (2020: achieved). Company minutes were recorded and retained (2020: achieved).

Target met: **Yes**

**Key initiatives**

Performance measure	Performance target	2021 Result
To provide economic value to the Tauranga regional through the identification of development projects that provide commercial returns to its shareholders	Achieve an appropriate commercial return on the site at 63-69 Spring St. Successfully demolish the existing building located at 63-69 Spring Street. Planning and project feasibility for a new office development 63-69 Spring St, including but not limited to project feasibility, concept design, early contractor engagement. TCD will continue to seek out an anchor tenant/ tenants to underwrite the new development. To continue to seek out and actively review development opportunities.	63-69 Spring Street had a gain on revaluation of \$578,000 (2020: \$56,000). 63-69 Spring Street was successfully demolished in November with code of compliance for demolition issued in January 2021 (2020: not applicable). The Board are having regular discussions about tenants and options for the new development (2020: concept design was developed).
To develop and maintain a portfolio of quality commercial/industrial buildings in the Tauranga region.	Ensure all assets are managed in accordance with the law, shareholders agreement and all leases. TCD will continue to seek out and actively review investment opportunities for both the acquisition of real assets.	Complied with regulations (2020: compliance achieved). Engagement with Wilson carparking which will provide a short term income stream while project feasibility is being undertaken on the Spring Street site (2020: Limited opportunities on market during the period, one opportunity declined).

Target met: **Yes**





**Tauranga Commercial Developments Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2021**

**Financial and operational objectives**

Performance measure	Performance target	2021 Result
Meet the financial targets contained within this SOL.	Budgeted key performance indicators are met or exceeded.	Expenditure was slightly over budget (\$3,000 variance) due to some cost increases in rates and directors insurance (2020: \$25,000 variance).

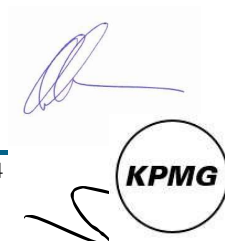
Target met: **Yes**

**5 Trading revenue**

	2021 \$000	2020 \$000
Rental and lease income	-	16

**6 Expenses**

	2021 \$000	2020 \$000
Audit fees	(10)	(9)
Consultants	(3)	-
Insurance	(7)	(8)
Legal	-	-
Other	(1)	(1)
Rates	(36)	(33)
Repairs and maintenance	-	(8)
Valuation fees	(3)	(6)
	<b>(60)</b>	<b>(65)</b>



**Tauranga Commercial Developments Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2021**

**7 Income tax**

	2021 \$000	2020 \$000
<b>Reconciliation of effective tax rate</b>		
Profit before tax for the period	518	7
Income tax for the period at 28%	(145)	(2)
Adjustments		
- Temporary differences (deferred tax adjustment for investment property)	162	16
- Unutilised tax losses (refer note 8)	(17)	(14)
<b>Income tax benefit / (expense)</b>	<b>-</b>	<b>-</b>

**Income tax expenses is represented by:**

<b>Current tax expense</b>		
Current tax on profits for the year	-	-
<b>Deferred tax expense</b>		
Recognition of temporary differences	-	-
<b>Income tax benefit / (expense)</b>	<b>-</b>	<b>-</b>

**8 Deferred taxation**


**Unrecognised tax losses or temporary differences**

At 30 June 2021, a deferred tax asset of \$16,996 (2020: \$13,534) has not been recognised in relation to tax losses of \$60,700 (2020: \$48,336). The deferred tax asset was not recognised as it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

**9 Trade and other receivables**

	2021 \$000	2020 \$000
Capital contribution owing	-	125
GST receivable	-	1
	-	126

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.

**Tauranga Commercial Developments Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2021**

**10 Investment properties**

	2021 \$000	2020 \$000
<b>Opening balance</b>	6,725	6,650
Additions – Work in progress (at cost)	347	19
Additions - Acquisitions (at cost)	-	-
Fair value gains on valuation	578	56
<b>Balance at 30 June</b>	<b>7,650</b>	<b>6,725</b>
Rental / lease income from investment properties	-	16
Expenses from investment property generating income	43	49

Investment property is revalued annually to fair value. The property is located at 63 – 69 Spring Street, Tauranga. The property is currently in the process of being assessed for redevelopment and construction of a multi level office building. The valuation of the investment property was carried out by Preston Rowe Paterson, Tauranga. The valuer is experienced with extensive market knowledge in the type of investment property owned by Tauranga Commercial Developments Limited. Investment property was valued based on open market evidence and 'highest and best use' currently for the land, which has been determined as a 'redevelopment site'. The date of valuation was 30 June 2021 and the site was clear of any building improvements. A value of \$3,125 per square metre was adopted (2020: \$2,746). The valuer in particular took note of the following:

- Central convenient location
- Available for immediate redevelopment
- Underlying land is zoned 'city centre' with a building height allowance of 49 metres above Moturiki Datum
- Size and quality of the accommodation provided
- Prominent corner site
- Strengthening of the investment market over recent years
- Low interest rate environment
- Covid-19 market uncertainty

**11 Trade and other payables**

	2021 \$000	2020 \$000
Sundry accruals	<b>(13)</b>	<b>(20)</b>

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.



**Tauranga Commercial Developments Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2021**

**12 Capital and reserves**

**(a) Share capital**

	2021 No.	2020 No.
<b>Ordinary shares</b>		
Opening balance	1,200	1,200
Issue of ordinary shares	-	-
<b>Balance at 30 June</b>	<b>1,200</b>	<b>1,200</b>

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.

**(b) Additional shareholder capital contributions**

	2021 \$000	2020 \$000
Opening balance	550	300
Additional shareholder capital contributions	-	250
<b>Balance at 30 June</b>	<b>550</b>	<b>550</b>

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

**13 Financial instruments**

Categories of financial instruments

	2021 \$000	2020 \$000
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	40	328
Trade and other receivables	-	125
	<b>40</b>	<b>453</b>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	(13)	(20)

GST receivable which is included within trade and other receivables in the statement of financial position, is not classified as a financial instrument.

**Tauranga Commercial Developments Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2021**

## **14 Related party transactions**

### **Identity of related parties**

#### **Ultimate controlling parties**

The Company is 50% owned by Quayside Properties Limited, and 50% owned by Commercial Fund Investors Limited. Quayside Properties 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 2021 include:

	2021 \$000	2020 \$000
<b>Quayside Properties Limited</b>		
Additional shareholder capital contributions	-	125
<b>Commercial Fund Investors Limited</b>		
Additional shareholder capital contributions	-	125

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

#### **Transactions with key management personnel**

There has been no director remuneration.

## **15 Operating leases as lessor**

Included in investment property is retail space and carparking leased under operating leases. These leases are all on a month by month basis and therefore there are no future minimum lease receivables for non-cancellable leases.

## **16 Capital commitments and contingencies**

The Company has no contractual commitments (2020: \$297,356 for demolition costs).

## **17 Subsequent events**

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

# Tauranga Commercial Developments Limited

## Statutory Information

### For the year ended 30 June 2021

#### Information used by directors

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

#### Indemnification and insurance of directors and officers

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

#### Donations

No donations were made by Tauranga Commercial Developments Limited during the period ended 30 June 2021.

#### Directors

The following directors of Tauranga Commercial Developments Limited held office during the period ended 30 June 2021:

- P Adams
- S Adams
- S Hamilton
- S Newbury

There was no director remuneration.

#### Loans

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

#### Employees

Tauranga Commercial Developments Limited does not have any employees.

#### Auditor's remuneration

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

KPMG: Audit Fees \$9,957



# Tauranga Commercial Developments Limited Directory

## Registered office

61 Westmoreland Rise  
Bethlehem  
Tauranga 3110  
Ph: (07) 579 3300

## Postal address

PO Box 345  
Tauranga

## Auditors

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

## Solicitor

Sharp Tudhope  
Level 4  
Devonport Road  
Tauranga 3110



