



QUAYSIDE

TE PAPA TAPU

Annual Report 2022



Quayside Te Papa Tipu Limited
Annual Financial Statements
For the five months ended 30 June 2022

Contents	Page
Director's Declaration	1
Auditor's Report	2
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Financial Position	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Statutory Information	24
Directory	25

Quayside Te Papa Tipu Limited

Director's Declaration

For the five months ended 30 June 2022

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

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

The directors are pleased to present the financial statements of Quayside Te Papa Tipu Limited for the five months ended 30 June 2022.

For and on behalf of the Board of Directors:



Alexander Scott Hamilton - Director

Independent Auditor's Report

To the readers of Quayside Te Papa Tipu Limited's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Quayside Te Papa Tipu 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 12 and pages 19 to 22 that comprise the statement of financial position as at 30 June 2022, 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 to 19.

In our opinion:

- the financial statements of the company on pages 5 to 12 and pages 19 to 22:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; 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 the New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 19 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 2022.

Our audit was completed on 29 August 2022. 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 Directors Declaration and pages 23 to 24 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 audits of the company and Quayside group entities, 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 Te Papa Tipu Limited
Statement of Comprehensive Income
For the five months ended 30 June 2022

	Note	2022 \$000
Expenses	5	(62)
Depreciation	13	(11)
Net finance income / (expense)		(2)
Profit/(loss) before income tax		(75)
Income tax benefit/(expense)	6	2
Profit/(loss) for the period		(73)
Other comprehensive income		-
Total comprehensive income		(73)

Quayside Te Papa Tipu Limited
Statement of Changes in Equity
For the five months ended 30 June 2022

	Share capital	Retained earnings	Total equity
	\$000	\$000	\$000
Opening balance	-	-	-
Comprehensive income			
Net loss for the period	-	(73)	(73)
Total comprehensive income	-	(73)	(73)
Ordinary shares issued (note 12a)	1,181	-	1,181
Total transactions with owners	1,181	-	1,181
Balance at 30 June 2022	1,181	(73)	1,108

Quayside Te Papa Tipu Limited

Statement of Financial Position

As at 30 June 2022

	Note	2022 \$000
Assets		
Current assets		
Cash and cash equivalents		267
Receivables		87
Total current assets		354
Non-current assets		
Investment properties - capital work in progress	10	1,183
Deferred tax asset	6	2
Right of use asset	13	896
Total non-current assets		2,080
Total assets		2,435
Liabilities		
Current liabilities		
Trade and other payables	9	456
Lease liabilities	13	50
Total current liabilities		505
Non-current liabilities		
Lease liabilities	13	822
Total non-current liabilities		822
Total liabilities		1,328
Net assets		1,108
Equity		
Share capital	12	1,181
Retained earnings		(73)
Total equity		1,108

These financial statements have been authorised for issue by the Board of Directors on 29 August 2022.



Alexander Scott Hamilton - Director

Quayside Te Papa Tipu Limited
Statement of Cash Flows
For the five months ended 30 June 2022

	2022 \$000
Cash flows from operating activities	
GST (paid) / received	(86)
Net cash flow from operating activities	(86)
Cash flows from investing activities	
Improvements to investment property	(147)
Net cash flow from investing activities	(147)
Cash flows from financing activities	
Ordinary share issue	500
Net cash flow from financing activities	500
Net increase in cash and cash equivalents	267
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	267

Quayside Te Papa Tipu Limited

Notes to the Financial Statements

For the five months ended 30 June 2022

1 Reporting Entity

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

The primary purpose of the Company is for the in the development and long-term hold of an investment property in Rotorua.

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 29 August 2022.

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

As this is the first year of operation, there were no changes in accounting policies during the period.

Comparatives

As this is the first year of operation, there are no comparative figures shown.

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

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.

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.

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.

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.

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)

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.


Quayside Te Papa Tipu Limited
Notes to the Financial Statements (continued)
For the year ended 30 June 2022

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 measure	Performance target	2022 result
1. Maintain a majority holding in the Port of Tauranga Limited.	Holding of greater than 50.1%. Council consultation and endorsement must be sought prior to any change to the current shareholding.	Quayside held 54.14% of Port of Tauranga shares as at 30 June 2022. 

Target met: **Yes**

The *Quayside Group* and Council deem maintaining a majority shareholding in the Port of Tauranga as strategically important, as well as providing long-term financial security. 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 go below a majority 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.

Port of Tauranga financial highlights are tabled below:


	30 June 2022	30 June 2021
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	\$375.2m	\$338.3m
Results from operating activities	\$193.1m	\$177.1m
Net profit	\$111.3m	\$102.4m
Cash flows		
Ordinary dividends paid out	\$95.2m	\$84.4m
Ordinary dividends received by Quayside	\$51.6m	\$45.7m
Ordinary dividends as percent of profit	73%	82%
Dividend declared post balance date	\$55.8m	\$51.0m
Asset Backing		
Share price (last bid price)	\$6.16	\$6.98
Market value of Port	\$4,140.5m	\$4,750.5m
Market value of Quayside's holding	\$2,269.6m	\$2,571.7m
Net tangible assets per share (dollars per share)	\$3.05	\$2.04

4 Quayside Group Statement of Service Performance (continued)

	30 June 2022	30 June 2021
Governance		
Number of directors	7	7
Number of Quayside affiliated directors	2	2
<i>*Includes treasury shares</i>		

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.

(b) Investment portfolio

Performance measure	Performance target	2022 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 10.78% for the Quayside consolidated group achieved at 30 June 2022.	

Target met: **Yes**

The *Quayside Group* manages a diversified investment portfolio with a market value of \$189.8 million at 30 June 2022. 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 (2021: 7.5%) 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 10.78%.

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.

There were two passive breaches of the SIPO during the year. The breaches were the result of fluctuations in share values, one as a result of a takeover announcement and the other a result of a private equity investment becoming a listed entity on the NZX.


Quayside Consolidated Group Investment Portfolio financial highlights are tabled below:

	30 June 2022	30 June 2021
Investment portfolio value *	\$189.8	\$242.0
1 year gross return (actual)	(5.36%)	22.22%
5 year rolling gross return (actual)	10.78%	14.49%
5 year rolling gross return (target)	7.0%	7.50%

* Movement in the value of the investment portfolio reflects a combination of market performance and rebalancing into other investment segments.

4 Quayside Group Statement of Service Performance (continued)

(c) Real asset portfolio

Performance measure	Performance target	2022 result
3. Generate long term commercial returns and / or regional benefit through a portfolio of real assets.	Annual board assessment of the benefit of real assets, considering portfolio alignment, long term commercial return and any regional benefit factors.	The annual board assessment was completed in June 2022, reaffirming long term objectives. 

Target met: **Yes**

The real asset portfolio refers to direct investment for commercial return in regional infrastructure including (but not exclusively) water, energy, communications, transport, land and buildings.

The *Quayside Group* real asset portfolio currently comprises commercial buildings in Mount Maunganui, Tauranga, Rotorua and Hamilton, a forestry/agriculture block at Paengaroa and horticulture investments locally and in the Nelson/Tasman region. An annual board assessment in June 2022 has determined that each of the currently held real assets continue to remain strong long-term assets for future growth and return or provide appropriate regional benefit.

Investment continued into the commercial property joint ventures, with the development of a new commercial premises in Rotorua.


Quayside also has a joint venture interest in Huakiwi Developments Ltd, developing kiwifruit orchards on prime horticultural Maori Land. This investment provides governance and employment opportunities and significant GDP opportunity for these areas. Transformation of Maori-owned land into profitable kiwifruit orchards provides more than commercial returns, with full ownership of the orchards targeted to transfer back to tangata whenua within a generation. This partnership produced a solid return in 2022 from its first full harvest.

Real asset portfolio financial highlights are tabled below.

	30 June 2022	30 June 2021
Invested	\$141.2*	\$75.8*

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

(d) Private equity

Performance measure	Performance target	2022 result
4. Generate long term commercial returns and or regional benefit through a portfolio of private equity assets.	Annual board assessment of the benefit of each private equity asset holding, considering portfolio alignment, long term commercial return and any regional benefit factors.	The annual board assessment was completed in June 2022, noting short term performance and reaffirming long term objectives. 

Target met: **Yes**

The *Quayside Group* has created a commercial portfolio of investments deriving long term growth and income performance with targeted regional benefits where possible. This portfolio is part of a financial strategy to reinvest retained profits for the purpose of enhancing regional development and diversifying investments to make the dividend to Council more stable.

4 Quayside Group Statement of Service Performance (continued)

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 2022	30 June 2021
Invested	\$105.6m	\$80.7m
Undrawn Commitments	\$58.1m	\$33.5m

(e) Regional benefit assets

Performance measure	Performance target	2022 result
5. Develop the business park at Rangiuuru 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 has started with earthworks undertaken in to the 21/22 season.
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 quarterly reports to Council regarding the development at Rangiuuru in September 2021, December 2021 (workshop), April 2022 and June 2022 (workshop). Quayside continues to hold the land at Tauriko.

Target met: **Yes**

The Quayside Group owns land at the future Rangiuuru Business Park; a 148-hectare industrial business park development. The Business Park, once completed, will provide much needed industrial development for the region, with a focus on connectedness to direct transport links. The Business Park will be a modern, high quality, vibrant industrial development, creating a shared vision that benefits the whole Bay of Plenty community.

During the year, significant progress was made with Quayside completing a successful season of earthworks for stage one and tendering for the interchange works which will commence next season. 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. Planning continues for a busy year ahead, with the continuation of earthworks from September, and the start of construction works on the interchange.

4 Quayside Group Statement of Service Performance (continued)

(e) 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	2022 result
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>A minimum of four presentations per annum to Council, as shareholders.</p> <p>Quarterly reporting on Group financial position and risk.</p> <p>Timely advice and support as required.</p> <p>Matters of urgency are reported to Council at the earliest opportunity.</p> <p>Long term forecasting of key financial information and key risks provided to Council annually.</p>	<p>Quarterly presentations/workshops with Council in September 2021, December 2021, April 2022 and June 2022 including key financial/risk reporting.</p> <p>Open communication with Council maintained during the year through regular meetings with Quayside CE and Council management.</p> <p>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.
7. Ensure Group policies and procedures are current and appropriate.	All policies and procedures to be reviewed no less than biennially.	The Quayside Group policy framework was given a full review during the year. All Group policies were reviewed by management as part this process and amended/new policies resolved by the Board.
8. Meet shareholder distribution expectations as outlined in the Statement of Intent, Distribution Policy or as otherwise agreed.	<p>Distributions paid to forecast values where actual financial performance meets or exceed targets.</p> <p>Policy discussion with Council on the use of any future special dividends received from POTL.</p>	<p>Cash dividends of \$40m (target \$40m) paid to Council as forecast in the SOI.</p> <p>Gross PPS dividend of \$4.9m (target \$4.9m) paid to PPS holders.</p> <p>No special dividend from POTL in 2022</p>

4 Quayside Group Statement of Service Performance (continued)

Performance measure	Performance target	2022 result
9. Compliance with NZX listing requirements for PPS.	<p>Matters of material impact are disclosed in line with continuous disclosure requirements.</p> <p>Board reporting of PPS compliance and monitoring.</p>	<p>Filing of interim and annual financial statements achieved within deadlines.</p> <p>Internal audit compliance systems show no open issues or instances of non-compliance with NZX requirements.</p>
10. Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.	<p>Maintain a written set of principles for responsible investment which is reviewed no less than biennially.</p> <p>Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities (for example NZ Super Fund).</p> <p>Do not invest in companies whose principal business activity is -</p> <ul style="list-style-type: none"> • The manufacture and sale of armaments • The manufacture and sale of tobacco • The promotion of gambling. <p>Carry out an annual audit of all existing investments across all classes (listed assets, private equity, real assets, and regional benefit assets) to –</p> <ul style="list-style-type: none"> • ensure continued adherence to the Group principles of responsible investment; and • monitor ESG risks and opportunities. <p>For new investments –</p> <ul style="list-style-type: none"> • screen investments for compliance with the Group principles of responsible investment; • research and analyse ESG factors as part of due diligence; • report on ESG factors (including risks and opportunities) in new investment proposals to the Board; • pursue sustainably themed investments which meet commercial imperatives. <p>Include responsible investment reporting within the Group annual report.</p>	<p>The Group holds written principles for responsible investment. These were last reviewed in June 2022.</p> <p>A benchmark review of holdings was done as at 30 June 2021 against the New Zealand Super Fund Responsible Investment Exclusion List (February 2021), no breaches were identified.</p> <p>Exchange Traded Funds (ETF's) were reviewed down to a constituent level of 5% against the Exclusion list no breaches were identified.</p> <p>No investments were made in excluded categories.</p> <p>Annual audit of existing investments was presented to the Board in June 2022.</p> <p>New investments are screened against responsible investment principles and ESG analysis is included in investment proposals.</p> <p>The Group annual report contains responsible investment reporting.</p>

Targets met: 5/5

4 Quayside Group Statement of Service Performance (continued)

The Quayside Group policy framework was subject to a full review during the year. Consolidated policies were broken out into stand-alone policies and new policies were added. The Group maintains an extensive suite of policies which are subject to internal operational review regularly, and Board review no less than biennially.

The Group held written principles for responsible investment as contained within its Statement of Investment Policy and Objectives. In June 2022 this was reviewed and made a stand-alone policy and is due for substantive review in the next financial year as Quayside continues to strengthen and grow its commitment to ESG principles and best practice.

Key



5 Expenses

	2022 \$000
Audit fees	(4)
Rates	(2)
Depreciation - Lease	(11)
Other expense	(56)
Total Expenses	(73)

The lease depreciation refers to the lease transferred during the year from Quayside Properties Limited. Other expense refers to the portion of lease depreciation up to the ground lease transfer date.

6 Income tax

	2022 \$000
Reconciliation of effective tax rate	
Profit/(loss) before tax for the period	(75)
Income tax for the period at 28%	21

The income tax benefit / (expense) is represented by:

Recognition of temporary differences	18
Income tax benefit / (expense)	2

7 Deferred taxation

	Assets \$000	Liabilities \$000	Net \$000
Deferred tax asset / liability			
Tax loss	2	-	2
Total	2	-	2

Quayside Te Papa Tipu Limited
Notes to the Financial Statements (continued)
For the five months ended 30 June 2022

8 Investment properties

	2022 \$000
Opening balance	-
Work in progress (at cost)	1,183
Balance at 30 June	1,183

The property is located at the Te Papa Tipu Innovation Park in Rotorua. Construction has commenced and is expected to be complete in 2023. During the year, the Company acquired the cost spent by Quayside Properties Limited incurred for the due diligence related to the asset at cost.

9 Trade and other payables

	2022 \$000
Sundry accruals	4
Trade payables	452
	456

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.

10 Capital and reserves

(a) Share capital

	2022 No.
Ordinary shares	
Opening balance	-
Issue of ordinary shares	1,181
Balance at 30 June	1,181

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.

11 Financial instruments

Categories of financial instruments

	2022 \$000
Financial assets at amortised cost	
Cash and cash equivalents	267
Trade and other receivables	-
	267
Financial liabilities at amortised cost	
Trade and other payables	369

11 Financial instruments

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

12 Related party transactions

Identity of related parties

Ultimate controlling parties

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

Key management personnel

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

Other related entities

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

Transaction values and balances outstanding with related parties at 30 June 2022 include:

	2022 \$000
Shares issued to Quayside Holdings Limited	1,181
Purchase of investment property from Quayside Properties Limited	681

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

Transactions with key management personnel

There has been no director remuneration.

13 Leases

Quayside Properties Limited, withing the sale of capital works to the Company, transferred an operational lease. 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 2.78% (2021: not applicable). 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

Information about leases for which the Company is a lessee is presented below:

Quayside Te Papa Tipu Limited
Notes to the Financial Statements (continued)
For the five months ended 30 June 2022

13 Leases (continued)

	2022 \$000
Right-of-use assets	-
Cost	
Opening balance 1 July 2021	-
Additions	963
Disposals	-
Remeasurement	-
Closing balance 30 June 2022	963
Accumulated depreciation 1 July 2021	
Opening balance 1 July 2020	-
Depreciation	(11)
Other adjustments	(56)
Closing balance 30 June 2022	(67)
Net book value	896
Lease liability	
Opening balance 1 July 2021	-
Additions	936
Interest expense	-
Lease payments	(93)
Disposals	-
Closing balance 30 June 2022	872

During the year a lease liability interest expense of \$2,127 was recognised in the income statement (2021: not applicable)

14 Capital commitments and contingencies

The Company has no contractual commitments or contingencies.

15 Subsequent events

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

Quayside Te Papa Tipu Limited

Statutory Information

For the year ended 30 June 2022

Information used by directors

During the financial period there were no notices from directors of Quayside Te Papa Tipu 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 Te Papa Tipu Limited during the period ended 30 June 2022.

Directors

Scott Hamilton was the sole director and held office during the period ended 30 June 2022.

There was no director remuneration.

Loans

There were no loans by Quayside Te Papa Tipu Limited to directors.

Employees

Quayside Te Papa Tipu 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 \$4,200 (GST excl)

Quayside Te Papa Tipu Limited Directory

Registered office

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

Postal address

PO Box 13564
Tauranga 3141

Auditors

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

Solicitor

Cooney Lees Morgan
PO Box 143
Tauranga 3110

