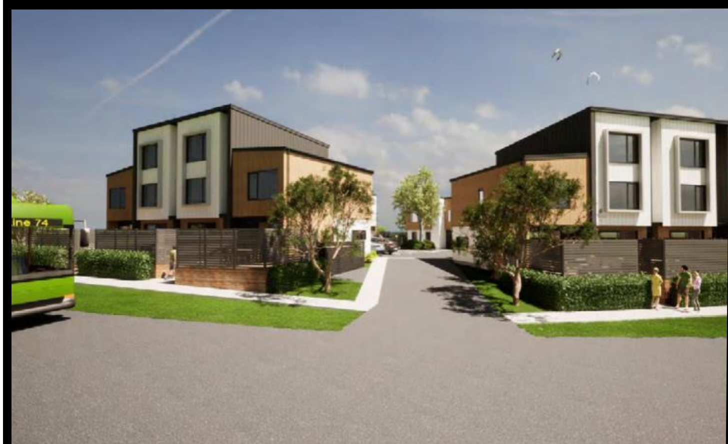
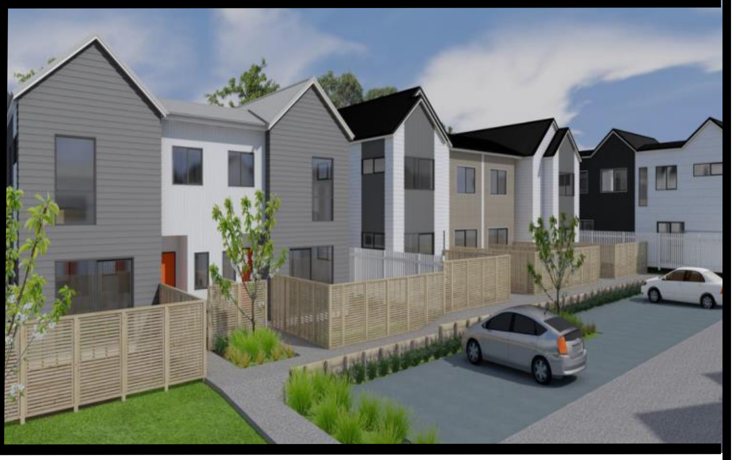
URBAN PLUS LIMITED & GROUP

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022





Current Projects – Brook Street, Tawhai Street and Stanley Street

CHAIR & CHIEF EXECUTIVE REPORT

We are pleased to report on the year's activities and results despite the ongoing impacts of Covid-19 and its flow on effect to the construction industry.

This year saw the continuation of a revised, and significantly broader, Statement of Intent (SOI) which was mandated by our Shareholder, Hutt City Council in the 2019/20 Financial year. This year saw the Urban Plus Limited Group undertake a greater focus on partnering with Community Housing Providers (CHPs) on development projects to achieve a greater supply of housing outcomes for these CHPs to own and manage as long-term rentals. This recalibrated our focus from previous years which had a strong attention to generation of funds through market developments.

Current Development Projects

The year has seen the wind-up of two of our major projects, as well as the commencement of many exciting opportunities for ourselves and for our CHP partners too.

We successfully completed our two major development projects (Central Park on Copeland and The Lane - Waterloo) this year, which was very pleasing as the effects of Covid-19 impacted our programme and supply chain of certain materials and products for an extensive time. We did experience minor additional costs over these construction periods however these did not have material impact on our budgets. Central Park on Copeland provided thirty-four (2- & 3- bedroom) townhouses in Epuni – with ten of these marketed at $550,000 to enable first home buyers an opportunity to get onto the property ladder. In Waterloo, The Lane development also provided medium density housing (27x two- and three- bedroom townhouses) – some being sold at $535,000 to again attract first home buyer market entry opportunities.

The profitability of these projects will provide funding for further property acquisitions and projects intended for our community housing partners, affordable (market) housing and additional units being built for our low-income elderly social housing portfolio growth.

We've put some of our attention towards growing our residential portfolio this year, and an infill option at one of our Britannia Street properties has meant that we progressed plans for five accessible units to be added. Our Development team has worked with LifeMark and one of our disabled tenants on the design of the units. We received a provisional four-star LifeMark design rating, and construction is programmed to commence mid-way through next financial year. These units are our first specifically designed accessible units within the portfolio – with more being planned in future.

We completed a strategic property acquisition in Avalon, with the intent on redeveloping it for further portfolio growth. The design and consenting phases will commence in the new financial year.

Multiple projects for our CHP partners were progressed. Our Takai Here Tangata partnership project with the Shareholder (HCC), Te Rūnanganui o Te Āti Awa and Kahungunu Whānau Services (KWS) in Taita progressed through the construction phases through the year. A total of nineteen one-& two-bedroom units will be completed and transferred to KWS mid-way through next financial year.

Multiple property acquisitions in Wainuiomata (x2) and Stokes Valley (x3) were transacted this year, and will provide multiple housing outcomes of a variety of typologies for KWS. The Urban Plus Limited (UPL) Development team consulted and collaborated with KWS at the design stage to ensure the outcomes being sought were, and are, achieved. A total of thirty-nine homes will be built for KWS over both these projects.

Another CHP project (also located in Britannia Street, Petone) is progressing well. Our partner for this project is Dwell Housing Trust. Resource Consent has been approved, with fourteen one-, two- and three- bedroom units planned for this site. Half of these have been earmarked for progressive home ownership scheme outcomes, with the remainder being held by Dwell as long-term rentals.

Concept, design and consenting work progressed at our 'for-market' affordable housing project in Brook Street, Waterloo. Delays from external third parties has meant this project didn't commence within the financial year – but our aim is to receive consents and market these twenty (two- & three-bedroom) townhouses in 2022/23.

We continued to note strain within the construction industry in terms of worker resourcing and attrition, as well as supply of materials and products. We perceive this as a nationwide issue that will continue to pressure businesses, organisations suppliers in the short to medium term future.

Residential Portfolio

In terms of our own housing portfolio, the number of units provided has remained at 200 with no increase during the year, however the planned infill project at Britannia Street, Petone, will be the first additions in several years that will be added. These accessible units will be the first of their kind in the portfolio which is exciting.

The off-market, strategic acquisition of 12 Hollard Grove will enable our first medium density, multi-level UPL designed and built complex. This acquisition occurred late in the financial year, with concept design being commenced just before year end.

Our regular maintenance work across the portfolio continues – as well as this, planned capital upgrade works are actioned, especially where vacancies occur and contractors can provide significant refresh of units before a new tenancy commences.

Healthy Homes Upgrade to Portfolio

Energy Smart were engaged to provide unit-by-unit assessments within the UPL portfolio. At conclusion, a Heathy Homes upgrade scope and programme were put into action. Whilst all landlords have until June 2024 to complete the upgrades, UPL has already completed upgrades to over fifty per cent of the portfolio in six months. This is credit to our Housing Manager and supporting contactors who are extremely proactive in these works. The remainder of the upgrade rollout will occur in 2022/23 financial year. Upgrade works include install of new heat pumps, rangehoods in kitchens and extractor fans in bathrooms where required.

Automated External Defibrillators (AEDs)

This year the Chief Executive took a step back to look at how UPL could add value to our properties in terms of health & safety for our tenants and the nearby community; accordingly, the decision was made to install Automated External Defibrillators (AEDs) at each of our properties. Our Housing Manager undertook the first stage of installing AEDs (and signage). This provides an asset not just to our properties but to the nearby community / public in knowing that there is an AED available in times of emergency. All tenants were provided an opportunity to undertake training with qualified instructors (onsite) on how to use the AED system. We have programmed the install of AEDs and signage at the remaining properties this coming financial year. Training opportunities will also be provided to tenants. Emergency services have also been advised of these new AED locations.

Property Divestments

Our site on 126 Jackson Street, Petone, was put to the market via tender process early in the financial year for another entity to continue the original intent by developing and providing housing outcomes on the site. The decision was made due to the rapid escalation in vertical construction costs deeming the risk too great for UPL. We received strong interest by several experienced, socially minded developers within the region. Divestment was completed in July 2021.

Mana Whenua

Officers have worked in greater capacity with mana whenua – exploring opportunities to work alongside local iwi to develop housing for uri. Work continues in this space. Officers continue to look at ways to provide pathways for Maori and Pasifika students / cadets into UPL project workstreams directly, and indirectly via our main / sub-contractors by way of apprenticeships and work experience.

Health & Safety

Health and Safety regulations and requirements continue as a key focus on the construction sites ensuring protocols and standards are adhered to by the various contractors and their teams.

Early Contractor Involvement (ECI)

Two of our focus areas this year were how to strengthen our procurement processes as well as contractor relationships – specifically in the construction area. Our Development team developed and undertook a robust ECI process to appoint a panel of 'main' contractors aimed at delivering quality, and multiple projects in the short-to-medium term. We have already engaged three contractors for some of our CHP projects.

Homestar 6 – Design & Construction

All current and future UPL Group development projects are designed and constructed to attain a minimum rating of no less than Homestar 6. This is a new approach to the way we think and deliver projects, embracing sustainable ideas and products where possible and aligning with the Shareholder's target of becoming carbon neutral by 2030.

The Takai Here Tangata Project in Taita received its Homestar 6 design accreditation from the New Zealand Green Buildings Council which is great first step in a more sustainable approach to our long-term thinking and delivery of projects.

LifeMark Design

We have also incorporated LifeMark Design principles into our proposed infill project at 17 Britannia Street to achieve a four-star rating accreditation. From the outset of this opportunity, we have worked alongside LifeMark officers, as well as one of our disabled tenants at that property to design our five accessible units. The five units will be our first accessible units of the UPL portfolio, and we aim to build more in future. These units are also designed (and will be constructed) to meet a minimum rating of Homestar 6.

Financial Performance

The Future

This is the second year of addressing a broader mandate from the Shareholder. Our strategy and focus are now towards partnering with, and delivering to, Community Housing Providers a variety of housing typologies along the continuum and to continue releasing affordable homes to first home buyers, albeit at a scaled down level from previous years. We have planned developments in train, developing partnerships with mana whenua and CHPs in place and we also have an outlook to widening our own provision of housing with accessible units on the horizon.

We also continue to utilise Homestar 6 methodology in all our design and construction aspects of residential development. Our aim is to act as a local leader and promote this sustainable and environmentally responsible way of construction in hope that it is embraced by others working within the industry.

Final thoughts

Yet again, the efforts of our team have been excellent over the year and in particular over the very trying and difficult time experienced by the ongoing impacts of COVID-19. The teams dedication and efforts ensured smooth running of the Company during the year helping position the Group for an exciting growth period ahead. Next financial year is one of careful cashflow planning, growing new / strengthening existing relationships and greater focus on the construction aspects of multiple projects, and ultimately delivering for our partners and the Shareholder.

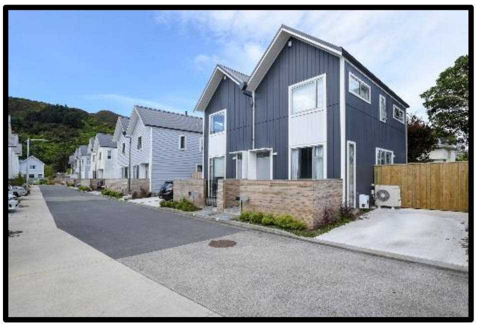
Our sincere thanks to the entire UPL team.

To our Board members, Hugh Mackenzie, Keri Brown, Peter Glensor, Cameron Madgwick and Peter Fa'afiu - thank you for your valued contribution.

Pamela Bell
Chair
25 November 2022

Daniel Moriarty
Chief Executive
25 November 2022

COMPLETED PROJECTS



THE LANE - WATERLOO DEVELOPMENT: WATERLOO

This medium density subdivision featured twenty-seven (27) Fee simple sections with a range of standalone, two and three bedroom townhouses in Waterloo. All homes were pre-sold off-the-plans prior to construction. Sales prices started at $535,000 for first home buyers.

The last home was handed over to its new owner in October 2021. The new Lane was officially named "Eruera Love Lane" after Eruera Te Whiti Rongomai Love (1905–1942) who was the first Māori commanding officer of the 28th Māori Battalion in World War 2.

CENTRAL PARK ON COPELAND, EPUNI

This medium densit y development featured thirty-four (34), fee simple sections with a range of two- and three-bedroom townhouses close to local amenities. This project sold out quickly and was very popular amongst first home buyers, young families and downsizers. Sales prices started at $550,000 for first home buyers.

The new street name for this development was officially unveiled as 'Ron Deal Way' after the late Mr Ron Deal, former Town Clerk/Chief Executive of Lower Hutt City.

Both projects were anticipated to be completed in the prior financial year, however Covid-19 related issues (supply chains, resourcing and materials) affected the aprogramme. The final settlements therefore were completed in the 2021/22 Financial Year.

CENTRAL PARK ON COPELAND

THE LANE WATERLOO

CURRENT PROJECTS

BROOK STREET, WATERLOO

Resource consent has just been submitted for UPL's next 'for market release' medium-density development in Waterloo. This project will provide discounted two- and three-bedroom townhouses to first home buyers and owner-occupiers in a highly sought-after location.

55 BRITANNIA STREET, PETONE

This project is earmarked for on-sell to Dwell Housing Trust upon completion. Comprising a mix of fourteen (14) one-, two- and three-bedroom units, resource consent has recently been granted and our main contractor has been locked in. Completion and handover occur end of 2023.

STANLEY STREET, WAINUIOMATA

Two sections have now been cleared in anticipation of an exciting new medium-density residential development of 17 townhouses across 6 separate blocks. The proposed development will host 2, 3, and 4-bedroom homes, and feature on site amenities including up to 10 off-street car parking spaces, and over 80m2 of communal outdoor space. A local Community Housing Provider will be the ultimate end-user.

TAWHAI STREET, STOKES VALLEY

This Medium Density Residential Development site has a combined size of 2,653m2 and currently has 3 existing dwellings which are to be removed or demolished making way for 19 new townhouses across 5 separate building blocks. Earmarked for one of our community housing provider partners.

INTEREST REGISTER

Urban Plus Limited	Interests
Directors	
Pamela June Bell (Chair)	Brosnan Group*, Director (ceased March 2022) *Brosnan Group is made up of the below commercial construction companies: - Brosnan Limited - Brosnan Construction Limited - Brosnan Construction Canterbury - Brosnan Holdings Limited - Bettabuilt NI Limited ConCOVE, Board Member Kainga Ora Home and Communities' Construction and Innovation Group – Construction Plan Strategy Pamela Bell Innovation Consultant – Sole-trader Project Bellbird Limited, Director & Shareholder UPL Developments Limited, Director UPL Limited Partnership, Director Urban Plus Limited, Director Victoria University of Wellington – Adjunct Professor at School of Architecture Seaview Marina - Director Chair to National Association Women in Construction (NAWIC) Council. Chief Executive of NZ Institute of Building (Commencement Date: 25 July 2022)
Hugh Nicholas Mackenzie	Dunedin Hospital for the Ministry of Health, Disputes Advisory Board Member HMAC Consulting Limited, Director Medallion Trading Limited, Shareholder Consultancy Service to Antarctica NZ Fantail Services – Board Advisor UPL Developments Limited, Director UPL Limited Partnership, Director Urban Plus Limited, Director
Cr Keri-Anne Pania Brown	Arakura School Board Hutt City Councillor – Wainuiomata Ward Hutt Valley DHB Board Logistics Manager, Fulton Hogan / John Holland (Partner) Shea Pita Associates Limited, Associate Urban Plus (Mother is a tenant in Bell Road) UPL Developments Limited, Director UPL Limited Partnership, Director Urban Plus Limited, Director Wainuiomata Community Board Energy Hardship Independent Panel – Chair Tuanui Housing Project – Steering Group Member Wainuiomata Marae Housing Steering Group
Peter Edwin Glensor	Common Life Limited, Director & Shareholder Hutt City District Licencing Committee, Member Lifewise Trust Board, Trustee - (ceased March 2022) Palmerston North Methodist Social Services, Board Member Problem Gambling Foundation, Board Member Shetland Society of Wellington, President Te Reo o Nga Tangata/The People Speak, Member UPL Developments Limited, Director UPL Limited Partnership, Director Urban Plus Limited, Director Wesley Community Action, Chairman Neighbours Day Aotearoa - Trustee
Petelo (Peter) Fa'afiu	Global Vice Chair, Amnesty International Charity Limited Chair, ETCO - Electrical Training Company

	Independent Director, CORE Education Limited Independent Director, Counties-Manukau Rugby Football Union Vice Chair, Monte Cecilia Housing Trust Establishment Board, St Ignatius of Loyola Catholic College Trustee, Innovation Franklin Shareholder / Partner, Navigator Limited UPL Developments Limited, Director UPL Limited Partnership, Director Urban Plus Limited, Director
Cameron Madgwick	Laura Fergusson Trust – Chair (Wellington) Laura Fergusson Trust – Trustee (NZ) Deputy Chair Laura Fergusson NZ Limited – Director and Deputy Chair GNS Strategic Science User Advisory Board Gibson Sheat Lawyers – Chief Executive Morley Nominees Limited, Director UPL Developments Limited, Director UPL Limited Partnership, Director Urban Plus Limited, Director
Chief Executive	
Daniel Christopher Moriarty	DNA Family Trustee Limited, Shareholder DNA Holdings (2018) Limited, Director Forza Limited, Director

KEY PERFORMANCE INDICATORS

Measure	Target 2022	Achievement 2022	Target 2021	Achievement 2021
Rental Housing				
1.1. Capital expenditure within budget	Capital $1,412,437	**Not Achieved** $5,453,476 This is due to unbudgeted strategic acquisitions	Capital $264,956	**Achieved** $170,103
1.2. Operational expenditure within budget (1)	Operating $1,218,535	**Achieved** $1,214,552	Operating $1,418,143	**Not Achieved** $1,448,736
1.3. Net surplus before depreciation and tax and after finance expenses as a proportion of the net book value of residential land and buildings at the start of the year greater than 2.25% (2)	2.25%	**Achieved** 2.54%	3.5%	**Not Achieved** 2.1%
1.4. Tenant satisfaction with the provision of the company's rental housing greater than or equal to 90% (3)	90%	**Achieved** 98%	90%	**Achieved** 100%
1.5. Percentage of total housing units occupied by low-income elderly greater than or equal to 85%	85%	**Not Achieved** 78% identified NZ National Superannuation as their primary source of income. The existing tenants at recently acquired Properties have lowered this percentage. (4)	85%	**Not Achieved** 73.6% identified NZ National Superannuation as their primary source of income. The existing tenants at the recently acquired 17 Britannia St have lowered this percentage. (4)
1.6. Rentals charged shall no more than 80% of "market" rent	No more than 80%	**Achieved** 67%	80%	**Not Achieved** 71% Weekly increases of $60-$80 per week were required to meet the 80% target, after discussion with the Board, only a minimal increase was seen as appropriate
1.7. Increase the portfolio size to 220 units by December 2023	220 units by December 2023	**Not Achieved** Number of units increased to 200, the 220 target is expected to be achieved by December 2023	220 units by December 2023	**Not Achieved** Number of units remains at 189, however the 220 target is expected to be achieved by December 2023
1.8. All rental housing units in the portfolio to have a HomeFit® certificate by 30 June 2024	All housing units to have received a HomeFit® certificate by 30 June 2024	**Not Achieved** All housing units are expected to have received a HomeFit® certificated by 30 June 2024	Assess the performance of the rental housing portfolio against the HomeFit® standard	**Achieved**
1.9. Any rental housing units purchased and not already utilising electricity or renewable sources of energy for space heating, water heating, and cooking facilities, shall be converted to utilise only electricity or renewable sources of energy within five years of acquisition	Convert all purchased units that do not already do so, to utilise only electricity or renewable sources of energy for space heating, water heating, and cooking facilities within five years of acquisition	**N/A** No units in the existing portfolio utilise non-renewable energy sources No units acquired during 2021/22 utilise non-renewable energy sources	Convert all purchased units that do not already do so, to utilise only electricity or renewable sources of energy for space heating, water heating, and cooking facilities within five years of acquisition	**N/A** No units in the existing portfolio utilise non-renewable energy sources No acquisitions were made during 2020/21
1.10. New rental housing units constructed by UPL to utilise only electricity or renewable sources of energy for space heating, water heating and cooking facilities	All units constructed by UPL to utilise only electricity or renewable sources of energy for space heating, water heating and cooking facilities	**N/A** No units were constructed during 2021/22	All units constructed by UPL to utilise only electricity or renewable sources of energy for space heating, water heating and cooking facilities	**N/A** No units were constructed during 20120/21

Measure	Target 2021	Achievement 2021	Target 2021	Achievement 2021
Property Development				
1.11. Capital expenditure within budget	Capital $0	**Not Achieved** $4,459,475 This is due to the decision not to transfer the Molesworth development project into UPL LP where it was budgeted to be moved	Capital $0	**Not Achieved** $2,381,155 This is largely caused by the Molesworth development project having not yet transferred to UPL LP
1.12. Operational expenditure within budget (1)	Operating $1,256,879	**Not Achieved** $1,344,956 This is predominantly due to the marketing and agent fees associated with the unbudgeted sale of the Jackson Street property.	Operating $1,325,861	**Achieved** $1,184,729
1.13. From 1 July 2019, any new developments not already resource consented as at 30 June 2019, shall only utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities	All developments consented after 30 June 2019 to utilise only electricity and renewable energy sources for space heating, water heating and cooking facilities	**N/A** No new developments were completed during the 2021/22	All developments consented after 30 June 2019 to utilise only electricity and renewable energy sources for space heating, water heating and cooking facilities	**Achieved**
1.14. By the year ending 30 June 2021, all new housing units (standalone house or townhouse) shall achieve a certified HomeStar™ design rating of at least six stars (5)	All new housing units to achieve a HomeStar™ rating of at least six stars	**Achieved** All housing units received a HomeStar™ design rating of at least six stars	One or more units to achieve a HomeStar™ rating of at least six stars	**Not Achieved** A HomeStarTM design rating of six stars was achieved for the Molesworth Street project, but was not received until after 30 June 2021. (6)
1.15. A pre-tax return of not less than 20% on Development Costs including Contingency on each commercial development project (except where the Board and Shareholder agree otherwise to achieve specified objectives)	20%	**Achieved** The sale of the Jackson Street project property returned 52.6%	20%	**N/A** No commercial development projects were completed during 2020/21
1.16. A pre-tax return of not less than 15% on Development Costs including Contingency on housing released to market as 'Affordable' (except where the Board and Shareholder agree otherwise to achieve specified objectives)	15%	**N/A** No 'Affordable' housing development projects were completed during 2021/22	15%	**N/A** No 'Affordable' housing development projects were completed during 2020/21
1.17. Value of divestment to Community Housing Provider (or socially-likeminded organisations) set at each project's Development Cost (includes contingency and GST) plus a margin of no less than 10% (except where the Board and Shareholder agree otherwise to achieve specified objectives)	10%	**N/A** No divestments to Community Housing Providers were made during 2021/22	10%	**N/A** No divestments to Community Housing Providers were made during 2020/21
1.18. Long term public rental accommodation pre-tax returns at no less that (or equal to) 3.5% after depreciation	3.5%	**N/A** No long term public rental accommodation was completed during 2021/22	3.5%	**N/A** No long term public rental accommodation was completed during 2020/21

Measure	Target 2021	Achievement 2021	Target 2021	Achievement 2021
Professional Property Advice				
1.19. Achieve a market return on additional services provided to the shareholder	Achieve a market return on additional services provided to the shareholder	**N/A** Additional services were not charged to the shareholder during 2021/22	Achieve a market return on additional services provided to the shareholder	**N/A** Additional services were not charged to the shareholder during 2020/21

(1) Operating expenditure before depreciation and tax expense

(2) Calculated as net surplus plus depreciation, over the opening value of residential land and buildings.

(3) This measure is from a survey of tenants who on a 5 point rating scale, with 3 being 'neutral', rated their satisfaction as neutral or better. There was a response rate of 34% from the 192 surveys sent.

(4) Information on the existing tenants at 17 Britannia St and 16A Colson St has not yet been fully gathered so a conservative approach has been taken to assume that tenants are not low income elderly unless UPL has received confirmation they are.

(5) Homestar™ is an independent rating tool for assessing the health, efficiency, and sustainability of homes.

(6) Homestar™ built ratings are achieved after assessments completed once projects obtain practical completion.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Urban Plus Limited and group's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Urban Plus Limited and Group (the company and group). The Auditor-General has appointed me, John Whittal, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the company and group, on his behalf.

Opinion

We have audited:

- the financial statements of the company and group on pages 18 to 36, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expenses, 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 and group on pages 10 to 12.

In our opinion:

- the financial statements of the company and group on pages 18 to 36:
    - 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 Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company and group on pages 10 to 12 presents fairly, in all material respects, the company and group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company and group's objectives for the year ended 30 June 2022.

Our audit was completed on 25 November 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 and group 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 and group.

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 and group for assessing the company and group'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 and group 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.

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company and group’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 and group’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 and group’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 and group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the company and group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 36, 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 the fact. We have nothing to report in this regard.

Independence

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

Other than the audit, we have no relationship with, or interests in, the company and group.

John Whittal
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

FINANCIAL STATEMENTS

Statement of Compliance and Responsibility

The Board and management of Urban Plus Limited (UPL) and Group (the Group) confirm in relation to the Annual Report that all statutory requirements as outlined in the Local Government Act 2002 have been complied with.

Responsibility

The Board and management of the Group accept responsibility for the preparation of the annual Financial Statements and the Statement of Service Performance and the judgements used in them.

The Board have authority to sign these financial statements.

The Board and management of the Group accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board and management of the Group, the annual Financial Statements and the Statement of Service Performance for the year ended 30 June 2022 fairly reflect the financial position and operations of the Company.

Pamela Bell
Chair

25 November 2022

Hugh Mackenzie
Director

25 November 2022

Statement of Comprehensive Revenue and Expenses for the Year Ended 30 June 2022

		PARENT			GROUP		
	Notes	Actual 2022	Budget 2022	Actual 2021	Actual 2022	Budget 2022	Actual 2021
Revenue							
Property rents / leases		2,542,962	2,357,551	2,350,511	2,542,962	2,357,551	2,359,529
Interest revenue	2	88,802	347,056	292,599	38,421	-	16,912
Property management fees		206,808	337,009	133,875	-	-	-
Commercial development sales		-	-	-	13,491,304	9,304,348	19,154,348
Gain on sale of property, plant and equipment		947,549	-	-	947,549	-	-
Other revenue		-	-	-	30,435	-	-
Total revenue		**3,786,120**	**3,041,615**	**2,776,984**	**17,050,671**	**11,661,899**	**21,530,788**
Expenses							
Personnel expenses	3	1,002,613	977,573	793,267	1,002,613	977,573	793,267
Operating expenses	4	1,556,894	1,497,841	1,442,356	1,695,107	1,681,900	1,695,044
Finance expenses	2	358,775	537,030	519,376	358,775	537,030	519,376
Cost of commercial development sales		-	-	-	8,612,440	7,565,735	13,283,789
Asset write-offs		1,528	-	-	1,528	-	-
Depreciation and amortisation	10	963,840	901,869	897,993	963,840	901,869	897,993
Total expenses		**3,883,651**	**3,914,313**	**3,652,991**	**12,634,304**	**11,664,107**	**17,189,468**
Surplus / (deficit) before tax		**(97,530)**	**(872,697)**	**(876,007)**	**4,416,367**	**(2,208)**	**4,341,320**
Income tax expense / (benefit)	5	910,134	-	379,597	916,546	-	379,597
Surplus / (deficit) after tax		**(1,007,664)**	**(872,697)**	**(1,255,604)**	**3,499,821**	**(2,208)**	**3,961,723**
Other comprehensive revenue and expenses							
Items that will not be reclassified to surplus / (Deficit)							
Gain on property revaluation		7,161,482	-	2,776,337	7,161,482	-	2,776,337
Add/(Less) tax on revaluation		496,025	-	(353,174)	496,025	-	(353,174)
Total other comprehensive revenue and expenses		**7,657,507**	**-**	**2,423,162**	**7,657,507**	**-**	**2,423,162**
Total comprehensive revenue and expenses		**6,649,843**	**(872,697)**	**1,167,559**	**11,157,329**	**(2,208)**	**6,384,884**

Explanations of major variances against budget are detailed in note 22. The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the Year Ended 30 June 2022

		PARENT			GROUP		
	Notes	Actual 2022	Budget 2022	Actual 2021	Actual 2022	Budget 2022	Actual 2021
Balance at 1 July		**33,405,815**	**30,380,167**	**32,238,256**	**44,778,378**	**48,606,386**	**38,393,494**
Total comprehensive revenue and expenses for the year		6,649,843	(872,697)	1,167,559	11,157,329	(2,208)	6,384,884
Distribution of subsidiary surplus		11,000,000	-	-	-	-	-
Balance at 30 June	15	**51,055,658**	**29,507,470**	**33,405,815**	**55,935,707**	**48,604,178**	**44,778,378**

Explanations of major variances against budget are detailed in note 22. The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2022

		PARENT			GROUP		
	Notes	**Actual 2022**	**Budget 2022**	**Actual 2021**	**Actual 2022**	**Budget 2022**	**Actual 2021**
Current assets							
Cash & cash equivalents	6	1,830,545	6,248	2,099,490	1,865,228	115,970	2,104,377
Debtors & other receivables	7	147,024	8,885	10,512	152,874	8,885	10,512
Prepayments		-	-	-	-	-	85,000
Inventories	8	7,391,851	-	-	17,252,532	36,930,794	12,768,839
Loans to subsidiaries	9	4,740,921	15,650,000	1,197,791	-	-	-
Related party receivables	7	145,263	-	19,431	-	-	-
Assets available for sale		-	-	1,821,783	-	-	1,821,783
Total current assets		**14,255,604**	**15,665,133**	**5,149,007**	**19,270,634**	**37,055,649**	**16,790,511**
Non-current assets							
Property plant & equipment	10	48,204,676	39,614,831	41,626,986	48,204,676	39,614,831	41,626,986
Intangible assets	10	76	1,007	1,542	76	1,007	1,542
Assets under construction	10	519,969	2,450,732	3,456,780	519,969	2,450,732	3,456,780
Investment property	10	5,077,800	-	-	5,077,800	-	-
Total non-current assets		**53,802,521**	**42,066,570**	**45,085,308**	**53,802,521**	**42,066,570**	**45,085,308**
Total assets		**68,058,125**	**57,731,703**	**50,234,315**	**73,073,155**	**79,122,219**	**61,875,819**
Current liabilities							
Creditors & other payables	11	321,395	380,380	305,136	363,800	3,124,188	526,102
Employee entitlements	14	24,101	24,101	24,101	24,101	24,101	24,101
Liabilities to related parties		-	64,096	-	86,161	64,096	47,971
Tax payable		1,412,012	-	565,004	1,418,424	-	565,004
Total current liabilities		**1,757,509**	**468,577**	**894,241**	**1,892,486**	**3,212,385**	**1,163,178**
Non-current liabilities							
Employee entitlements	14	79,463	38,626	46,742	79,463	38,626	46,742
Borrowings	12	13,000,000	24,550,000	13,000,000	13,000,000	24,550,000	13,000,000
Deferred tax liability	5	2,165,496	2,717,030	2,887,518	2,165,496	2,717,030	2,887,518
Total non-current liabilities		**15,244,959**	**27,305,656**	**15,934,260**	**15,244,959**	**27,305,656**	**15,934,260**
Total liabilities		**17,002,468**	**27,774,233**	**16,828,501**	**17,137,445**	**30,518,041**	**17,097,438**
Net assets		**51,055,658**	**29,957,470**	**33,405,815**	**55,935,710**	**48,604,178**	**44,778,381**
Equity							
Accumulated funds	15	2,769,102	(2,182,484)	(7,223,234)	7,649,154	16,464,224	4,149,332
Share capital	15	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000
Revaluation reserve	15	32,986,556	16,839,954	25,329,049	32,986,556	16,839,954	25,329,049
Total equity		**51,055,658**	**29,957,470**	**33,405,815**	**55,935,710**	**48,604,178**	**44,778,381**

Explanations of major variances against budget are detailed in note 22. The accompanying notes form part of these financial statements.

Statement of Cash Flows for the Year Ended 30 June 2022

	PARENT			GROUP		
	Actual 2022	Budget 2022	Actual 2021	Actual 2022	Budget 2022	Actual 2021
Cash flows from operating activities						
Cash was provided from:						
Receipts from rent and leases	2,541,789	2,357,551	2,350,419	2,537,772	2,694,559	2,357,903
Receipt for management fee	206,808	337,009	133,875	-	336,431	-
Receipts from other revenue	-	-	-	30,435	-	-
Interest received	88,802	347,056	292,599	38,421	-	16,912
Receipts from sales of commercial developments	-	-	-	13,491,304	9,304,348	19,154,348
	2,837,398	**3,041,615**	**2,776,893**	**16,097,932**	**12,335,338**	**21,529,162**
Cash was applied to:						
Payments to employees	(969,892)	(977,573)	(785,151)	(969,892)	(977,573)	(785,151)
Payments to suppliers	(1,539,608)	(1,229,152)	(1,356,321)	(1,773,215)	(1,565,584)	(1,462,589)
Interest paid	(358,775)	(537,030)	(519,376)	(358,775)	(537,030)	(519,376)
Purchase of assets held for commercial developments	(4,459,475)	-	-	(10,163,757)	(36,206,530)	(14,070,171)
Tax paid	(426,294)	(707,071)	-	(426,294)	(707,071)	-
	(7,754,045)	**(3,450,826)**	**(2,660,846)**	**(13,691,934)**	**(39,993,787)**	**(16,837,286)**
Net cash flows from operating activities	**(4,916,647)**	**(409,211)**	**116,046**	**2,405,998**	**(27,658,449)**	**4,691,876**
Cash flows from investing activities						
Cash was provided from:						
Sale of property, plant & equipment	2,769,332	-	-	2,769,332	620,901	-
Proceeds from loans to related parties	1,197,791	-	7,150,000	-	-	-
Other investment receipts	11,000,000	-	-	-	-	-
	14,967,124	**-**	**7,150,000**	**2,769,332**	**620,901**	**-**
Cash was applied to:						
Purchase and construction of property, plant & equipment	(5,452,669)	(791,536)	(2,225,505)	(5,452,669)	(1,412,437)	(2,225,504)
Loans to related parties	(4,740,921)	(15,650,000)	(4,250,791)	-	-	-
	(10,193,590)	**(16,441,536)**	**(6,476,297)**	**(5,452,669)**	**(1,412,437)**	**(2,225,504)**
Net cash flows from investing activities	**4,773,534**	**(16,441,536)**	**673,703**	**(2,683,337)**	**(791,536)**	**(2,225,504)**
Cash flows from financing activities						
Cash was provided from:						
Advance from Hutt City Council	-	-	-	-	-	(1,756,711)
Proceeds from borrowings	-	11,550,000	-	-	17,600,000	-
	-	**11,550,000**	**-**	**-**	**17,600,000**	**(1,756,711)**
Cash was applied to:						
Repayment of advance from Hutt City Council	(125,833)	-	(83,528)	38,190	(6,050,000)	-
	(125,833)	**-**	**(83,528)**	**38,190**	**(6,050,000)**	**-**
Net cash flows from financing activities	**(125,833)**	**11,550,000**	**(83,528)**	**38,190**	**11,550,000**	**(1,756,711)**
Net increase / (decrease) in cash & cash equivalents	(268,945)	(5,300,747)	706,221	(239,149)	(16,899,985)	709,660
Cash & cash equivalents at the beginning of the year	2,099,490	5,306,995	1,393,269	2,104,377	17,015,955	1,394,717
Cash & cash equivalents at the end of the year	**1,830,545**	**6,248**	**2,099,490**	**1,865,228**	**115,970**	**2,104,377**

Explanations of major variances against budget are detailed in note 22. The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

REPORTING ENTITY

Urban Plus Limited (UPL) is a Council Controlled Organisation (CCO), 100% owned by the Hutt City Council (HCC).

The Group consists of the ultimate parent, UPL, and its subsidiaries – UPL Developments Limited and UPL Limited Partnership - all Council Controlled Organisations and 100% owned by UPL.

UPL provides a portfolio of rental housing for the elderly and socially disadvantaged. UPL also provides professional property management services to HCC and will deal with any development property sold to it by HCC.

UPL is designated as a public benefit entity for financial reporting purposes. UPL has chosen to present the parent's financial results within the financial statements notwithstanding that this is not required by legislation.

The financial statements of UPL and the Group are for the year ended 30 June 2022. The financial statements were authorised for issue by the Board of Directors on 25 November 2022.

BASIS OF PREPARATION

Statement of compliance

These financial statements 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). They comply with International Public Sector Accounting Standards (IPSAS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities (PBE) that apply the Public Benefit Entity Standards Reduced Disclosure Regime. As the Group's total expenses are under $30,000,000 and the Groupdoes not have public accountability as defined by the External Reporting Board (XRB) it can elect to report under this framework.

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

Measurement base

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings.

The financial statements are presented in New Zealand dollars and are rounded to the nearest dollar. The functional currency of the Group is New Zealand dollars. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Revenue and Expenses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated Financial Statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses of entities in the Group on a line-by-line basis. All intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

Subsidiaries/Council Controlled Entities (CCO's)

UPL consolidates in the Group Financial Statements all entities where UPL has the capacity to control their financial and operating policies so as to obtain benefits from the activities of the subsidiary/CCO. The power exists where UPL controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by UPL or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary/CCO.

The Financial Statements of the controlled entities are prepared for the same reporting period as UPL, using consistent accounting policies. Controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is lost. Assets, liabilities, revenue and expenses of a controlled entity acquired or disposed of during the year are included in the Financial Statements from the date the Group gains control until the date the Group ceases to control the controlled entity.

Comparative data

Comparatives have been reclassified as appropriate to ensure consistency of presentation with the current year.

In the 30 June 2021 financial statements, assets available for sale were classified as non-current in the Statement of Financial Position. A review undertaken for the 30 June 2022 financial statements has identified that these should have been classified as current rather than non-current for 30 June 2021. As a result, the comparative for assets available for sale has been restated in this set of financial statements.

Revenue

Revenue is measured at the fair value of consideration received.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sale of goods are recognised when a product is sold to the customer. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Property sales are recognised on settlement date, along with other expenses.

Goods and services tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Board at the beginning of the year. The same budget figures are used in UPL and Groups Statement of Intent, which was approved by HCC. The budget figures have been prepared in accordance with Tier 2 standards, using accounting policies that are consistent with those adopted by the Board for the preparation of the financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, UPL has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Classification of property

UPL owns a number of properties held to provide housing to low-income elderly. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of UPL's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

Estimation of the useful life and residual value of property, plant and equipment

At each balance date, UPL reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates requires UPL to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the UPL, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset's carrying amount. UPL minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programs;
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

UPL has not made significant changes to past assumptions concerning useful lives and residual values.

2. Interest revenue and finance expenses

	Parent		Group	
	2022	**2021**	**2022**	**2021**
Interest revenue				
Call and term deposit	24,050	2,786	38,421	16,912
Related party deposits	64,752	289,813	-	-
Total interest revenue	**88,802**	**292,599**	**38,421**	**16,912**
Finance expenses				
Interest paid to related parties	358,775	519,376	358,775	519,376
Total finance expenses	**358,775**	**519,376**	**358,775**	**519,376**
Net finance expenses	**269,973**	**226,777**	**320,354**	**502,464**

Interest income is recognised using the effective interest method.

3. Personnel expenses

	Parent		Group	
	2022	**2021**	**2022**	**2021**
Salaries and wages	896,072	681,195	896,072	681,195
Recruitment expenses	31,710	59,627	31,710	59,627
Training	7,593	518	7,593	518
Other employee expenses	8,483	25,993	8,483	25,993
Retiring and long service leave	5,414	7,415	5,414	7,415
Defined contribution plan employer contributions	26,034	16,305	26,034	16,305
Increase/(decrease) in employee entitlements/liabilities	27,307	2,215	27,307	2,215
Total personnel expenses	**1,002,613**	**793,267**	**1,002,613**	**793,267**

4. Operating expenses

	Parent		Group	
	2022	**2021**	**2022**	**2021**
Fees for the audit of the financial statements	52,139	47,688	84,967	79,587
Impairment of receivables	(137)	1,236	(137)	1,236
Rent and lease costs	35,375	40,861	35,375	40,861
Professional services charges - Hutt City Council	100,086	98,124	100,086	98,124
Rates and waste water charges - Hutt City Council	249,956	239,369	284,556	239,369
Bank charges	(7)	91	74	210
Directors' fees	95,600	78,421	95,600	78,421
Insurance	214,217	190,310	214,827	190,310
Specialist services	179,471	113,137	199,165	130,512
Operational contracts	99,952	41,958	99,952	41,958
Building maintenance	314,835	454,891	314,835	454,891
Other expenses	215,406	136,268	265,806	339,564
Total operating expenses	**1,556,894**	**1,442,356**	**1,695,107**	**1,695,044**

5. Taxation

Accounting policy

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

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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 is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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 is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expenses or directly in equity.

	Parent		Group	
	2022	2021	2022	2021
Net surplus/(deficit) before tax	(97,112)	(876,007)	4,416,367	4,341,320
Tax at 28%	(27,191)	(245,282)	1,236,583	1,215,570
Non-deductible expenditure	825	463	825	463
Prior year adjustment	(137,171)	(5,771)	(137,171)	-
Deferred tax adjustment	49,447	70,586	(183,691)	185,045
Tax on partnership share	1,024,225	1,581,082	-	-
Group loss offset	-	(1,021,481)	-	(1,021,481)
Tax expense	**910,134**	**379,597**	**916,546**	**379,596**
Current tax	1,273,302	562,283	1,279,714	562,283
	(137,171)	-	(137,171)	-
Deferred tax	(225,997)	(182,686)	(225,997)	(182,687)
Tax expense	**910,134**	**379,597**	**916,546**	**379,596**

	Parent				
	Property, Plant & Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance at 30 June 2020	**(2,737,459)**	**13,807**	**6,622**	**-**	**(2,717,030)**
Charged to surplus or deficit	181,967	5,121	(4,402)	-	182,686
Charged to other comprehensive income	(353,174)	-	-	-	(353,174)
Balance at 30 June 2021	**(2,908,666)**	**18,928**	**2,220**	**-**	**(2,887,518)**
Charged to surplus or deficit	214,275	13,391	(1,668)	-	225,998
Charged to other comprehensive income	496,025	-	-	-	496,025
Balance at 30 June 2022	**(2,198,366)**	**32,319**	**552**	**-**	**(2,165,495)**

	Group				
	Property, Plant & Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance at 30 June 2020	**(2,737,459)**	**13,807**	**6,622**	**-**	**(2,717,030)**
Charged to surplus or deficit	181,967	5,121	(4,402)	-	182,686
Charged to other comprehensive income	(353,174)	-	-	-	(353,174)
Balance at 30 June 2021	**(2,908,666)**	**18,928**	**2,220**	**-**	**(2,887,518)**
Charged to surplus or deficit	214,275	13,391	(1,668)	-	225,998
Charged to other comprehensive income	496,025	-	-	-	496,025
Balance at 30 June 2022	**(2,198,366)**	**32,319**	**552**	**-**	**(2,165,495)**

During the year, tax losses of $3,670,324 and $459,241 were transferred from Seaview and HCC by loss offset to reduce the company's tax liability in relation to 2021.

6. Cash and cash equivalents

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value. UPL does not hold funds (included in cash or cash equivalents) with restrictions specifying how the funds are to be spent.

	Parent		Group	
	2022	2021	2022	2021
Cash at bank and on hand	1,830,545	2,099,490	1,865,228	2,104,377
Total cash and cash equivalents	**1,830,545**	**2,099,490**	**1,865,228**	**2,104,377**

7. Debtors and other receivables

Accounting policy

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

	Parent		Group	
	2022	2021	2022	2021
Debtors and rent receivable	148,859	10,512	154,709	10,512
Other receivables:				
Related party receivables	145,263	19,431	-	-
Gross debtors and other receivables	**294,122**	**29,943**	**154,709**	**10,512**
Less provision for impairment	(1,834)	-	(1,834)	-
Total debtors and other receivables	**292,288**	**29,943**	**152,874**	**10,512**
Total receivables comprises:				
Receivables from the sale of goods and services (exchange transactions)	292,288	29,943	152,874	10,512
Receivables from grants (non-exchange transactions)	-	-	-	-

Fair value

Debtors and other receivables are non-interest bearing and receipts are normally on 30-day terms; therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated, is $nil (2021: $nil).

Movements in the provisions for impairment of receivables are as follows:

	Parent		Group	
	2022	2021	2022	2021
At 1 July	-	(1,535)	-	(1,535)
Additional provisions made during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
Receivables written off during the period	-	1,535	-	1,535
At 30 June	**-**	**-**	**-**	**-**

8. Inventories

Accounting policy

Where development property is held for sale or for development for sale, in the ordinary course of business, it is classified as inventory. Such property is recorded at the lower of cost and net realisable value (selling price less costs to complete and sale costs). Any write-downs to net realisable value are expensed in the net surplus/(deficit) for the year.

	Parent		Group	
	2022	2021	2022	2021
Commercial property development at 1 July	-	-	12,768,839	11,982,457
Cost of Sales of Commercial Development Property	-	-	(8,612,440)	(13,283,789)
Additional Developments during the year	7,391,851	-	13,096,133	14,070,171
Commercial property development at 30 June	7,391,851	-	17,252,532	12,768,839

Inventories are made up of commercial property developments that will be sold on completion.

No inventory is pledged as security for liabilities (2021: $nil).

9. Loans to Subsidiaries

	Parent		Group	
	2022	2021	2022	2021
Loans to subsidiaries	4,740,921	1,197,791	-	-
Total investment in subsidiaries	**4,740,921**	**1,197,791**	**-**	**-**

After initial recognition, loans to subsidiaries are measured at amortised cost using the effective interest method.

10. Property, plant and equipment

Parent/Group	Opening			Movements during the year							Closing		
2021	**Cost**	**Accumulated depreciation and impairment**	**Carrying amount**	**Additions**	**Disposals**	**Accumulated depreciation and impairment on disposals**	**Impairment**	**Depreciation**	**Elimination of accumulated depreciation on revaluation**	**Revaluation surplus**	**Cost**	**Accumulated depreciation and impairment**	**Carrying amount**
Property, plant & equipment													
Land	22,514,000	-	**22,514,000**	-	-	-	-	-	-	8,933,000	31,447,000	-	**31,447,000**
Buildings	19,153,932	(78,995)	**19,074,937**	380,110	-	-	-	(957,750)	968,687	(2,740,204)	16,793,838	(68,059)	**16,725,779**
Vehicles	40,474	(3,420)	**37,054**	-	-	-	-	(5,158)	-	-	40,474	(8,578)	**31,896**
Plant and equipment	6,614	(5,619)	**995**	-	(5,669)	4,862	-	(188)	-	-	945	(945)	**-**
Total property plant & equipment	**41,715,020**	**(88,034)**	**41,626,986**	**380,110**	**(5,669)**	**4,862**	**-**	**(963,096)**	**968,687**	**6,192,796**	**48,282,257**	**(77,582)**	**48,204,676**
Intangible assets													
Intangible assets	17,273	(15,731)	**1,542**	-	(16,696)	15,975	-	(744)	-	-	577	(501)	**76**
Total intangible assets	**17,273**	**(15,731)**	**1,542**	**-**	**(16,696)**	**15,975**	**-**	**(744)**	**-**	**-**	**577**	**(501)**	**76**
Total operational assets	**41,732,293**	**(103,766)**	**41,628,527**	**380,110**	**(22,365)**	**20,837**	**-**	**(963,840)**	**968,687**	**6,192,796**	**48,282,834**	**(78,082)**	**48,204,751**

Parent/Group	Opening			Movements during the year							Closing		
2020	**Cost**	**Accumulated depreciation and impairment**	**Carrying amount**	**Additions**	**Disposals**	**Accumulated depreciation and impairment on disposals**	**Impairment**	**Depreciation**	**Elimination of accumulated depreciation on revaluation**	**Revaluation surplus**	**Cost**	**Accumulated depreciation and impairment**	**Carrying amount**
Property, plant & equipment													
Land	21,419,000	-	**21,419,000**	-	(420,000)	-	-	-	-	1,515,000	22,514,000	-	**22,514,000**
Buildings	19,039,416	(72,666)	**18,966,750**	18,102	(290,000)	12,314	-	(893,566)	874,923	386,414	19,153,932	(78,995)	**19,074,937**
Vehicles	-	-	**-**	40,474	-	-	-	(3,420)	-	-	40,474	(3,420)	**37,054**
Plant and equipment	6,614	(5,415)	**1,199**	-	-	-	-	(205)	-	-	6,614	(5,619)	**995**
Total property plant & equipment	**40,465,030**	**(78,081)**	**40,386,949**	**58,576**	**(710,000)**	**12,314**	**-**	**(897,190)**	**874,923**	**1,901,414**	**41,715,020**	**(88,034)**	**41,626,986**
Intangible assets													
Intangible assets	17,273	(14,928)	**2,345**	-	-	-	-	(803)	-	-	17,273	(15,731)	**1,542**
Total intangible assets	**17,273**	**(14,928)**	**2,345**	**-**	**-**	**-**	**-**	**(803)**	**-**	**-**	**17,273**	**(15,731)**	**1,542**
Total operational assets	**40,482,303**	**(93,009)**	**40,389,294**	**58,576**	**(710,000)**	**12,314**	**-**	**(897,993)**	**874,923**	**1,901,414**	**41,732,293**	**(103,766)**	**41,628,527**

No class of Property, plant and equipment is pledged as security for liabilities, nor are any tiles restricted.

Land is valued as vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current potential usage. Buildings comprise of residential dwellings that have been valued in relation to market based evidence. Market evidence has been assessed in the context of the assets current level of improvements and condition and applied to the summation approach and the direct comparison and capitalised income approach to assess their current fair values. The most recent independent valuation was performed by Peter Erceg and Chris McCashin (MPINZ) of Aon Valuation Services effective as at 31 May 2022. The total valuation was for $48,104,000.

Accounting Policy

Property, plant and equipment consist of the following asset classes: land, buildings, and plant and equipment.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expenses and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

Additions

Expenditure of a capital nature of $500 or more has been capitalised. Expenditure of less than $500 has been charged to operating expenditure. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to UPL and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised in the Statement of Comprehensive revenue and expenses.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to UPL and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The straight line depreciation rates are as follows:

Estimated economic lives	Years	Rate
Buildings	2 - 63	1.59% - 50.00%
Vehicles	7	12.76%

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by UPL, are recognised as an intangible asset.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Estimated economic lives	Years	Rate
Computer software	7	14.29%

Assets under construction

Assets under construction are recognised at cost less impairment and are not depreciated.

	Parent		Group	
	2022	2021	2022	2021
Land and site improvements	-	1,182,686	-	1,182,686
Buildings	519,969	2,274,094	519,969	2,274,094
Total assets under construction	**519,969**	**3,456,780**	**519,969**	**3,456,780**

Investment Property

Properties purchased for development that have uncertainty over their future use, are classified as investment properties and recognised at cost.

Impairment of non-financial assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 total impairment loss is recognised in the Statement of Comprehensive Revenue and Expenses.

11. Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

	Parent		Group	
	2022	2021	2022	2021
Creditors and other payables	277,656	263,039	320,061	484,005
Receipts in advance	43,739	42,097	43,739	42,097
Total trade and other payables under exchange transactions	**321,395**	**305,136**	**363,800**	**526,102**

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value and other payable approximate their fair value.

12. Borrowings

Accounting Policy

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

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

	Parent		Group	
	2022	2021	2022	2021
Non-current portion				
Unsecured loans - non current	13,000,000	13,000,000	13,000,000	13,000,000
Secured loans - Non-current	-	-	-	-
Total non-current portion	**13,000,000**	**13,000,000**	**13,000,000**	**13,000,000**
Total borrowings	**13,000,000**	**13,000,000**	**13,000,000**	**13,000,000**

Security

All borrowings are secured by a fixed charge over the issued but uncalled share capital of UPL.

13. Categories of financial instruments

Accounting Policy

The Group is party to financial instrument arrangements as part of its normal operations. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Comprehensive Revenue and Expense on the basis of the Group's accounting policies as follows:

Financial assets disclosed on the Statement of Financial Position are recorded at amortised cost.

Financial assets, such as receivables & loans are assessed for impairment using the "expected credit loss" model based on whether a significant increase in the general level of credit risk has occurred.

Financial liabilities are recorded at amortised cost.

	Parent		Group	
	2022	2021	2022	2021
Financial Assets				
Financial assets at amortised cost:				
Cash and cash equivalents	1,830,545	2,099,490	1,865,228	2,104,377
Debtors and other receivables	148,859	10,512	154,709	10,512
Loans to subsidiaries	4,740,921	1,197,791	-	-
Related party receivables	145,263	19,431	-	-
Total financial assets at amortised cost	**6,865,588**	**3,327,224**	**2,019,937**	**2,114,889**
Financial Liabilities				
Financial liabilities at amortised cost:				
Liabilities to related parties	-	-	86,161	47,971
GST Payable	-	-	-	-
Borrowings	13,000,000	13,000,000	13,000,000	13,000,000
Trade and other payables	321,395	305,136	363,800	526,102
Total financial liabilities at amortised cost	**13,321,395**	**13,305,136**	**13,449,960**	**13,574,072**

14. Employee entitlements

Accounting Policy

Short-term employee entitlements

Employee benefits that the Group expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring leave and a retiring grant and long service leave entitlements expected to be settled within 12 months.

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. Calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and,
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

	Parent		Group	
	2022	2021	2022	2021
Current portion				
Annual leave	24,101	24,101	24,101	24,101
Total current portion	**24,101**	**24,101**	**24,101**	**24,101**
Non-current portion				
Retirement and long service leave	79,463	46,742	79,463	46,742
Total non-current portion	**79,463**	**46,742**	**79,463**	**46,742**
Total employee entitlements	**103,564**	**70,843**	**103,564**	**70,843**

15. Equity

	Parent		Group	
	2022	2021	2022	2021
Accumulated funds				
Balance at beginning of year	(7,223,234)	(5,967,630)	4,149,332	187,609
Net surplus/(deficit)	(1,007,664)	(1,255,604)	3,499,821	3,961,723
Share of Subsidiary surplus	11,000,000	-	-	-
Balance at year end	2,769,102	(7,223,234)	7,649,154	4,149,332
Share capital				
Balance at beginning of year	15,300,000	15,300,000	15,300,000	15,300,000
	-	-	-	-
Balance at year end				
	15,300,000	15,300,000	15,300,000	15,300,000
Asset revaluation reserve				
Balance at beginning of year				
Movements during the year from revaluation	25,329,049	22,905,886	25,329,049	22,905,886
	-	-	-	-
Balance at year end	7,657,507	2,423,162	7,657,507	2,423,162
	-	-	-	-
Asset revaluation reserve consist of:				
Buildings	32,986,556	25,329,049	32,986,556	25,329,049
Land				
Total	6,639,736	7,915,228	6,639,736	7,915,228
	26,346,820	17,413,820	26,346,820	17,413,820
Total equity				
Balance at beginning of year	32,986,556	25,329,049	32,986,556	25,329,049
Movements during the year				
Balance at year end	33,405,815	32,238,256	44,778,380	38,393,496

Equity is Hutt City Council's interest in UPL, being a 100% council controlled organisation, as measured by total assets less liabilities. Equity has been classified into various components to identify those portions of equity held for specific purposes.

These components of equity are:

- Accumulated funds;
- Share capital; and,
- Buildings and land revaluation reserves (these reserves relate to the revaluation of buildings and land to fair value).

As at 30 June 2022, UPL had 27,000,001 ordinary shares, all of which have a face value of $1 per share and are held by the controlling entity Hutt City Council. 12,000,001 are fully paid and 15,000,000 are issued but uncalled. No rights, preferences or restrictions attach to the shares. No shares are reserved for issuance under options and sales contracts.

	Parent		Group	
	2022	2022	2021	2021
Registered holders of equity shares as at 30 June				
Hutt City Council	27,000,001	100%	27,000,001	100%

16. Remuneration

Key management personnel consist of the Chief Executive and Board members.

	Parent		Group	
	2022	2021	2022	2021
Senior management				
Total remuneration	209,582	208,777	209,582	208,777
Full-time equivalents	1.00	1.00	1.00	1.00

	Parent		Group	
	2022	2021	2022	2021
B Walshe (to 30 June 2021)	-	23,538	-	23,538
H MacKenzie	16,095	15,693	16,095	15,693
K Brown	7,000	7,000	7,000	7,000
P Bell (from 1 October 2020)	24,142	12,071	24,142	12,071
P Glensor (from 1 October 2020)	16,095	12,071	16,095	12,071
P Fa'afiu (from 1 April 2021)	16,095	4,024	16,095	4,024
C Madgwick (from 1 April 2021)	16,095	4,024	16,095	4,024
Total Board remuneration	**95,522**	**78,421**	**95,522**	**78,421**
Number of Board members	**6.00**	**7.00**	**6.00**	**7.00**

Due to the difficulty in determining the full-time equivalent for Board members, the full time figure is taken as the number of Board members. Total remuneration includes any non-financial benefits provided to employees. A full time employee (FTE) is determined on the basis of a 40 hour working week.

Severance payments
For the year ended 30 June 2022, UPL made no severance payments, (2021: $Nil).

17. Related party disclosures

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect Urban Plus Limited and its parent (Hutt City Council) or its subsidiaries (UPL Developments Limited and UPL Limited Partnership) would have adopted in dealing with those entities at arm's length in the same circumstances.

18. Capital commitments and operating leases

Capital commitments
Capital commitments as at 30 June 2022 are $nil (2021: $3,330,000) for the UPLand the Group.

Leased assets

Accounting policy
Operating leases as lessee
The Groupleases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable leases are as follows:

	Parent		Group	
	2022	2021	2022	2021
Not later than one year	8,965	41,861	8,965	41,861
Later than one year and not later than two years	-	8,965	-	8,965
Later than two years and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total non-cancellable operating leases	**8,965**	**50,826**	**8,965**	**50,826**

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is $nil (2021: $nil).

Leases can be renewed at The Group's option, with rents set by reference to current market rates for items of equivalent age and condition. The Group does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Group by any of the leasing arrangements.

Operating leases as lessor
Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Statement of Comprehensive Revenue and Expenses on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expenses as an integral part of the total lease payment.

The Group leases housing properties under operating leases that have a non-cancellable term of 3 weeks. No contingent rents have been recognised in the statement of comprehensive revenue and expenses during the period.

Finance Leases
The Group has not entered into any material finance leases.

19. Contingencies

Contingent liabilities
As at 30 June 2022 there were nil contingent liabilities for UPL and the Group (2021: $nil).

Contingent assets
As at 30 June 2022 contingent assets were $nil for UPL and the Group (2021: $nil).

20. Events after balance date

There have been no significant events since balance date (2021: No significant event after balance date).

21. Impacts of COVID-19

UPL
The COVID-19 pandemic and subsequent Government rules continue to have impact on the operations of the UPL Parent. Consideration at both an operational and executive level resulted in the following notable impacts being identified:

A rent increase for the residential portfolio was implemented in September. There was minimal pushback from tenants.

Revenues are considered to be unaffected due to the vast majority of tenant's incomes being NZ Superannuation which has not been impacted.

Flexible working locations and hours were implemented to enable staff the ability to maintain workloads but manage them to incorporate in line with other aspects of life. The ability to work remotely (if required) is now standard within the business operation.

UPL Developments Limited
The COVID-19 pandemic had no impact on the operations of UPL DL. UPL DL operations were minimal during the year and predominantly involved other members of the UPL Group so are considered to be unaffected.

UPL Limited Partnership
There are notable on-going impacts from the global Covid-19 pandemic in regard to the Partnership's projects which have experienced delays in materials getting to site, and a significant shortfall in resourcing in all areas of residential construction and management capabilities. Further, our projects programmes experienced delays due to third party issues – resourcing (maintaining existing and continued periods of workplace absences due to Covid-19) being the main one.

Supply chains and resourcing on sites (via third parties) have been, and continue to be, highly constrained. There are long delays for products from suppliers both in New Zealand and from overseas. There has been a notable increase in thefts of building products such as plasterboard from building sites. With minimal (if any) international immigration, the residential construction industry is experiencing significant labour and resource shortages in all areas. The impact is expected to continue, and potentially increase, in the next 1-2 years as the housing supply continues to be stretched. The above issues have impacted programme and caused settlements to be delayed from what was originally anticipated.

Our contractors are mitigating on-site issues by splitting their resourcing on-site so that should one team be affected by Covid-19 and have to spend time in isolation, the other team(s) can continue to perform their tasks.

The commercial stress being experienced by building companies is starting to show, with the cancellation of contracts and businesses of varying sizes winding up.

22. Variance explanations

Statement of Comprehensive Revenue and Expenses

Revenue

Commercial development sales were above the budget of $9,304,348 by $4,186,956. This was due to 3 of the 34 Central Park property settlements and 22 of the 27 The Lane property settlements being completed in the 2021-22 financial year, all these properties were budgeted to before 1 July 2021. This was largely offset by the settlement of the Molesworth Street development being pushed into the 2022-23 financial year.

Expenses

Cost of commercial development sales was above the budget of $7,565,735 by $1,046,705. This is due to the same reasons explained above.

Statement of Financial Position

Current Assets

Delays in the progression of the 55 Britannia Street and Brook Street developments and planned acquisitions not eventuating have resulted in the year-end balance of cash and cash equivalents being higher than anticipated. Inventories are also well below budget for the same reasons.

Current Liabilities

The creditors and other payables balance was much lower than budget due to a higher volume of payments being made prior to 30 June than what was budgeted.

Non-current Assets

Assets under construction are higher than budget as due to the Molesworth Street development being accounted for as inventory in the budget.

Property, plant and equipment is $48,204,676 which is over budget by $8,589,845 due unbudgeted gains on revaluation.

Non-current Liabilities

Borrowings are lower than budget by $11,550,000 due to planned acquisitions not eventuating and the delay in the development progress explained above resulting in a reduced funding requirement by 30 June 2022.