



PROPERTY THAT BUILDS COMMUNITIES

URBAN PLUS LIMITED & GROUP

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023



Completed Project – Te Ara o Takapu, (Molesworth Street) Taita

CHAIR'S REPORT

The Urban Plus Group has experienced several highlights and a few challenges in the year to end June 2023. The Board is pleased to serve the Group and the Hutt City community in turn, and reports the following highlights, challenges, and opportunities.

Our key highlights from a governance perspective include:

The celebration of the collaborative work of the innovative Takai Here Tāngata partnership to provide quality housing in Taitā for whānau in high housing stress won Hutt City Council a national award in June for "Collaborative Government Action" and the overall "Supreme Award" at the Taituarā Local Government Excellence Awards. The partnership between Kahungunu Whānau Services, Te Rūnanganui o Te Āti Awa, Hutt City Council and Urban Plus meant 34 people in 19 whānau moved into brand new, fully furnished homes at Te Ara o Takapū, Taitā, Lower Hutt in December 2022.

An excellent, diverse, and high-performing Board with representation from local community, social housing, construction innovation and experienced governance. The Board has focused on delivering strategy, inviting in expertise from the Community Housing and Local Government sector, and focused strategic and stakeholder engagement growth opportunities for the Chief Executive.

Good governance at the Group level is supported by the great governance at the shareholder level. The Board has worked closely with the shareholder to refocus and reshape the three-year Statement of Intent cycle to enable a more collaborative and face-to-face process at the outset. A reporting update session was held end 2022 and a strategy shaping Summit will be held in the next few months to grow the next three-year direction.

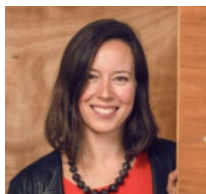
It is worth noting that the last year has provided plenty of challenges and several opportunities for Urban Plus Group in the road ahead:

Procedural delays for consenting have meant the past twelve months have been focused on planning, scoping and procurement. The upcoming 12-24 months will be focused on contract administration and site delivery of projects which will require careful coordination at an operational level and financial governance at Board level.

The changing economic environment with new cost of living constraints and a softening real estate market, plus a general election with potential change for community housing financing, means the Group needs to both be financially aware and open to new ways for social housing clients to access housing. Partnering with providers of different financial access vehicles, such as Progressive Home Ownership (PHO), will be a future focus.

Growing our Chief Executive and supporting the Group team continues to be a focus for the Board. Supporting tenants with housing security and growing community building through shared outdoor amenities and heating upgrades is a core focus in providing homes for those we serve. Design-based considerations such as Homestar 6-star, together with increasing collaborative partnership outcomes, means we have consistent delivery throughout the Group across Board and operations team.

The Urban Plus Group Board looks forward to working alongside the shareholder for the year ahead.



A handwritten signature in blue ink that reads "Pamela Bell".

Pamela Bell

Chair

14 September 2023

CHIEF EXECUTIVE'S REPORT

I am pleased to report on the year's activities and results following the last few disrupted years due to the impacts of Covid-19 and its flow on effect to the construction industry and property market.

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. It was a flow-on of our recalibration from a strong attention to generation of funds through market developments towards 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.

Current Development Projects

The year saw the completion of our He Herenga, He Tangata, He Whenua Partnership project in Taita (via our development entity), as well as the progression of many exciting opportunities for ourselves our residential housing portfolio growth, the first home buyer / owner occupier market and for our CHP partners too.

We've put some of our attention towards growing our residential rental portfolio this year. We received Resource and Building consents mid-financial year to develop five accessible units at one of our current Petone properties. Construction commenced right on Year End and will see the project completion in the 23/24 Financial Year. Our Development team has worked with LifeMark and one of our physically disabled tenants on the design and layout of the units – and are our first specifically accessible-designed units to be added to our rental housing portfolio. We received a provisional four-star LifeMark design rating, and the units are designed and will be built to achieve Homestar 6 rating.

In addition, the Development team has also progressed the detailed design and consenting phases for a multi-level dwelling in Avalon. A main contractor has been engaged to assist in the design and undertake the development which is planned to commence toward the end of the next financial year. Once completed, the project will add a further eighteen units to our rental portfolio.

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 was completed in November 2022. A total of nineteen one- & two- bedroom units were sold to KWS and has laid a fantastic foundation for the partnership and planned projects ahead.

Officers have progressed projects in Stokes Valley (Tawhai Street) and Stanley Street in Wainuiomata – which are our next partnership projects. Each project provides multiple housing outcomes of a variety of typologies and a communal area for everyone to socialise and promote community outcomes. Our officers consulted and collaborated with KWS at the design stage to ensure the outcomes being sought are, and will be, achieved. Upon completion a total of thirty-nine homes will be built for KWS over both these projects.

Another CHP-focussed project (located in Britannia Street, Petone) is progressing well. After receiving the required consents, a main contractor has been secured and commences early 23/24 FY on-site. Twelve 3-bedroom townhouses will be built over this site and are planned to achieve Homestar 6 design and built accreditation.

In terms of 'for market' projects, we have recently launched our Brook Street (Waterloo) project, with the civils component commencing in late May. Over the next 12-15 months, twenty (two & three bedroom) townhouses will be built and sold to first home buyers and owner occupiers.

Our second 'for market' project is planned for Tama Street, Alicetown. Officers acquired a property via competitive tender process mid-way through the year. Six 3-bedroom townhouses are planned for this site – with developed design and consenting aspects already underway. We aim to be building by calendar-year end.

There has been a market downturn in property values due to a number of factors – inflation, heightened interest rates and increased insurance costs being just a few to note. This has seen several developers pulling back on projects, land banking or recalibrating their market focus and sales pricing. We have noted that due to these factors there is more availability of trades and suppliers (materials) locally.

Residential Portfolio

Our own housing portfolio number remained at 192 units (does not include the 18 bedsit rooms at 38 Britannia Street which is leased to Wellington City Mission) with some of the HCC-owned properties being taken back as part of the Daly Street / Riverlink development project. UPL managed these properties on behalf of the Shareholder. The next twelve months will yield some growth (5) in Petone.

The off-market, strategic acquisition in Avalon (noted above) 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. Contractors have been engaged to undertake roof replacement at two separate properties within the portfolio. These works are part of the long-term maintenance plan and have now reached their end of lifecycle.

Our annual survey for tenants was recently completed. We are pleased to have achieved our highest ever tenant satisfaction rating of 96%. This was an increase of 1% last year. Generally, our contractor performance and quality of work also improved from the previous year also, which too, is very pleasing.

Our Housing Manager looked at a variety of ways to improve areas within the portfolio and provide ways for tenants to engage and socialise more. Veggie boxes were installed at some properties (and tools / plants / seeds provided to tenants to use and grow), which saw a greater interaction between tenants. A combined Christmas party was held at one property with tenants sharing food and socialising – which is a fantastic outcome.

Some large trees at a variety of properties were removed to provide greater solar gain in tenants' units and provide outdoor areas for tenants to socialise. Previously, tenants would not use these outdoor spaces due to them being shaded and damp.

A variety of fruit trees have also been planted at a several properties within our portfolio for tenants to enjoy and share now and in future.

Healthy Homes Upgrade to Portfolio

Throughout the year we continued to roll out our upgrade programme. The first phase – install heat pumps, extractor fans and kitchen rangehoods – this is now fully complete. This has been a major piece of work, and my thanks goes to our Housing Manager for her continued focus, contractor management and delivery of these works.

The second phase of the Healthy Homes Upgrade works are programmed for this coming FY – such as draught stopping and the installation of thermal drapes into bedrooms.

Mana Whenua

Officers have worked in greater capacity with mana whenua – exploring opportunities to work alongside local iwi to develop housing for uri. We provided high level concept layouts and costings regarding potential development opportunities within Lower Hutt.

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.

Property Divestments

The UPL Group did not divest any property held within its rental housing portfolio. The Takai Here Tangata sale to Kahungunu Whanau Services was its major property transaction of the year.

Health & Safety

We continued to upskill our knowledge and thinking in this space. Our thanks and gratitude to the Health & Safety officers at HCC who have provided regular updates, training, and insights to our team throughout the year – including presentations to Directors.

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)

We duly completed our ECI procurement process and awarded six entities onto our ECI panel to act as main contractors for specific property developments. To date, we have already allocated several projects within this panel, and we are looking forward to them delivering housing outcomes over the next year.

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. We continue to evolve and upskill in 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 and Built 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 (Petone) to achieve a four-star rating accreditation. We greatly appreciate the inputs from the LifeMark team who have been incredibly giving with their knowledge and expertise in this area. As noted previously, these will be our first accessible units of the UPL portfolio, and we aim to build more in future.

Innovation & Design

Officers have explored innovation and design options throughout the year. A local off-site manufacturing company sits on our ECI panel and provided high level design & pricing for one of our proposed multi-level housing projects. Whilst this opportunity did not progress, our team continues to look at innovative ways to deliver housing.

We continue to upskill and embrace new learnings into our design and delivery of housing. Additionally, as it also constantly evolves, UPL implements Homestar 6 methodologies into all our projects.

Future Outlook

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 (some have already commenced on-site), 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. One of our aims is to act as a local leader and promote this sustainable and environmentally responsible way of construction in the hope that it is embraced by others working within the industry – locally and nationwide.

Final thoughts

Yet again, the efforts of our team have been excellent over the year – of which has seen significant movement in property values, construction pricing, contractor resourcing levels and material supply. The team's dedication and efforts has positioned the Group for an exciting growth period ahead. Prudent cashflow planning and management is required over the next financial year – with several projects commencing relatively at the same stage.

Growing new, and strengthening existing relationship (i.e. delivering for our partners and the Shareholder) are also our key focus for the short and medium terms.

My sincere thanks to the UPL team – we may not be large on staff numbers, but our outlay and delivery is significant. You should all be proud of what you do, and why you do it.

My final thanks go to our Board of Directors – UPL Chair Pamela Bell, Keri Brown, Peter Glensor, Cameron Madgwick, Peter Fa'afiu - and a very warm welcome to Phillip Jacques who has recently joined the Board - thank you all for your valued contributions and support to me and our fantastic team.

I am excited for the year ahead!



A handwritten signature in dark ink, appearing to read 'D Moriarty', written in a cursive style.

Daniel Moriarty
Chief Executive
14 September 2023

COMPLETED PROJECTS

TAKAI HERE TANGATA, MOLESWORTH STREET

Completed in 2022, this rewarding community housing project was developed in partnership with Kahungunu Whānau Services, Te Rūnanganui o Te Āti Awa, Hutt City Council and Urban Plus Limited (UPL).

The development consisted of nine, one-bedroom homes and ten, two-bedroom townhouses. Built in the suburb of Taitā near Pomare School.

This project represented UPL's first project to be delivered under the Homestar rating tool. These homes were built to Homestar-6 standards which means warmer, drier and healthier homes with lower running cost for those who live here.

The construction process itself also generated less waste to landfill (over 95% recycled) and the materials used were selected for their lower environmental impacts.

The development site was gifted Takai Here Tangata by local Mana Whenua which speaks of binding people to a place, in other words creating housing permanencies and community.

Mana Whenua also gifted us the street name "Te Ara o Takapu". Takapu was the name of a well-known cultivation associated with Motutawa pa, situated to the northwest of the pa on the banks of Te Awa Kairangi.

The celebration of the collaborative work of the innovative Takai Here Tāngata partnership won a national award in June for "Collaborative Government Action" and the overall "Supreme Award" at the Taituarā Local Government Excellence Awards.



Te Ara o Takapu
Site Blessing
December 2022

Taituarā Local Government Excellence
Awards Evening
June 2023



CURRENT PROJECTS

BROOK STREET, WATERLOO

Resource and Building Consents issued in Q3, with procurement and pricing completed in April. Brook Street is UPL's next 'for-market' release medium-density development, situated in the elegant suburb of Waterloo.

This project will provide 20x 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 a Community Housing Provider upon completion. Comprising a mix of twelve (12) three-bedroom units, all consents granted 2023 and our main contractor has commenced July 2023. Completion and handover estimated for September 2024.



STANLEY STREET, WAINUIOMATA

Resource Consent has now been granted for 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 nine off-street car parking spaces, and over 80m² of communal outdoor space. A local Community Housing Provider will be the ultimate end-user and owner.



TAWHAI STREET, STOKES VALLEY

This Medium Density Residential Development site has a combined size of 2,653m² across three existing properties. UPL will be subdividing these properties into 19 new townhouses across 5 separate building blocks with up to 11 carparks. Earmarked for one of our community housing provider partners.



TAMA STREET, ALICETOWN

UPL secured this property via market acquisition in December 2022. This 904m² property currently has a three-bedroom dwelling on the land which will be recycled making way for six proposed new townhouses – aimed to be released to the first home buyer & owner occupier market.



INTEREST REGISTER

Urban Plus Limited	Interests
Directors	
Pamela June Bell (Chair)	<p>ConCOVE, Board Member 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 Councillor to National Association Women in Construction (NAWIC) Council. Chief Executive of NZ Institute of Building (Commencement Date: 25 July 2022) XFRAME_PTY Ltd (ceased June 2023) Abodo Wood Ltd – Independent board advisor</p>
Hugh Nicholas Mackenzie (Ceased November 2022)	<p>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 (ceased November 2022) UPL Limited Partnership, Director (ceased November 2022) Urban Plus Limited, Director (ceased November 2022)</p>
Cr Keri-Anne Pania Brown	<p>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</p>
Peter Edwin Glensor	<p>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</p>
Petelo (Peter) Fa’afiu	<p>Electrical Training Company Director (ceased January 2023) Contracting to Ngati Toa Runanga (ceased June 2023) Global Vice Chair, Amnesty International Charity Limited Independent Director, Finance Advice NZ Independent Director, CORE Education Limited Independent Director, Counties\Manukau Rugby Football Union Chair, Monte Cecilia Housing Trust Trustee, Sacred Heart College (Auckland) BOT Trustee, Innovation Franklin Shareholder / Partner, Navigator Limited UPL Developments Ltd, Director</p>

	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 Morley Nominees Limited – Director GNS Strategic Science User Advisory Board Gibson Sheat Lawyers – Chief Executive UPL Developments Limited, Director UPL Limited Partnership, Director Urban Plus Limited, Director
Phillip Jacques	UPL Developments Limited, Director UPL Limited Partnership, Director Urban Plus Limited, Director Te Ātiawa Asset Holding Company Ltd, Non-executive Director Medical Council of New Zealand, Independent Member – Audit and Risk Committee Te Ātiawa o Te Waka-a-Māui Trust – Interim Member Audit and Risk Committee Human Rights Commission, Independent Member - Audit and Finance Committee
Chief Executive	
Daniel Christopher Moriarty	DNA Family Trustee Limited, Shareholder DNA Holdings (2018) Limited, Director Forza Limited, Director

STATEMENT OF SERVICE PERFORMANCE

Measure	Target 2023	Achievement 2023	Target 2022	Achievement 2022
Rental Housing				
1.1. Capital expenditure within budget.	Capital \$1,846,592	Achieved \$628,898	Capital \$1,412,437	Not Achieved \$5,453,476 This is due to unbudgeted strategic acquisitions
1.2. Operational expenditure within budget ⁽¹⁾	Operating \$1,462,680	Achieved \$1,430,085	Operating \$1,218,535	Achieved \$1,214,552
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 2.43%	2.25%	Achieved 2.54%
1.4. Tenant satisfaction with the provision of the company's rental housing greater than or equal to 90% ⁽³⁾	90%	Achieved 96%	90%	Achieved 98%
1.5. Percentage of total housing units occupied by low-income elderly greater than or equal to 85%	85%	Not Achieved 75.27% 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 78% identified NZ National Superannuation as their primary source of income. The existing tenants at recently acquired Properties have lowered this percentage ⁽⁴⁾
1.6. Annual rental increases to be no greater than \$50 per week per unit	No greater than \$50 per week per unit	Achieved There was no rent increase in FY22/23	80%	Achieved 67%
1.7. Increase the portfolio size to 220 units by December 2023	220 units by December 2023	Not Achieved Number of units decreased to 183, the 220 target is expected to be achieved 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
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	All housing units to have received a HomeFit® certificate by 30 June 2024	Not 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 2022/23 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 units acquired during 2021/22 utilise non-renewable energy sources
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 2022/23	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

Measure	Target 2023	Achievement 2023	Target 2022	Achievement 2022
Property Development				
1.11. Capital expenditure within budget	Capital \$73,233	Not Achieved \$192,409	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
1.12. Operational expenditure within budget ⁽¹⁾	Operating \$9,570,072	Achieved \$8,922,465	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
1.13. All new developments shall only utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities	All new developments shall only utilise electricity or renewable source of energy for space heating, water heating and cooking facilities	Achieved	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
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 ⁽²⁾	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	Achieved All housing units received a HomeStar™ design rating of at least six stars
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%	N/A No 'Market' housing development projects were completed during 2022/23	20%	Achieved The sale of the Jackson Street project property returned 52.6%
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 2022/23	15%	N/A No 'Affordable' housing development projects were completed during 2021/22
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 12.5% (except where the Board and Shareholder agree otherwise to achieve specified objectives)	12.5%	Achieved The sale of the Molesworth Street project property returned 20.3%	10%	N/A No divestments to Community Housing Providers were made during 2021/22
1.18. Long-term public rental accommodation pre-tax returns at no less than (or equal to) 3.5% after depreciation	3.5%	N/A No long-term public rental accommodation was completed during 2022/23	3.5%	N/A No long-term public rental accommodation was completed during 2021/22

Measure	Target 2023	Achievement 2023	Target 2022	Achievement 2022
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 2022/23	Achieve a market return on additional services provided to the shareholder	N/A Additional services were not charged to the shareholder during 2021/22

- (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 satisfied or better. There was a response rate of 42.5% from the 186 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.

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 2023**

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 22 to 38, that comprise the statement of financial position as at 30 June 2023, 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 14 to 16.

In our opinion:

- the financial statements of the company and group on pages 22 to 38:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company and group on pages 14 to 16 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 2023.

Our audit was completed on 14 September 2023. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

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

The Board of Directors is responsible on behalf of the company 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 21, 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 (including International Independence Standards) (New Zealand) (PES 1), 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.

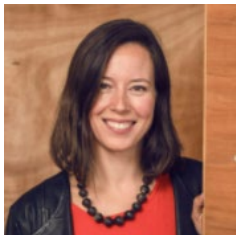
Responsibility

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 2023 fairly reflect the financial position and operations of the Company.



Pamela Bell

Chair

14 September 2023



Peter Faafiu

Director

14 September 2023

Statement of Comprehensive Revenue and Expenses for the Year Ended 30 June 2023

	Notes	PARENT			GROUP		
		Actual 2023	Budget 2023	Actual 2022	Actual 2023	Budget 2023	Actual 2022
Revenue							
Property rents/leases		2,587,126	2,740,189	2,542,962	2,587,126	2,740,189	2,542,962
Interest revenue	2	842,351	793,658	88,802	488,979	-	38,421
Property management fees		266,976	74,743	206,808	-	-	-
Commercial development sales		9,304,348	9,304,348	-	9,304,348	33,984,347	13,491,304
Gain on sale of property, plant and equipment		-	-	947,549	-	-	947,549
Other revenue		-	-	-	-	-	30,435
Total revenue		13,000,800	12,912,937	3,786,120	12,380,453	36,724,536	17,050,671
Expenses							
Personnel expenses	3	956,296	1,087,665	1,002,613	956,296	1,087,665	1,002,613
Operating expenses	4	1,811,995	1,746,785	1,556,894	1,849,287	1,952,915	1,695,106
Finance expenses	2	769,979	515,217	358,775	769,979	515,217	358,775
Cost of commercial development sales		7,584,260	8,198,302	-	7,561,305	27,814,735	8,612,440
Asset write-offs		-	-	1,528	-	-	1,528
Depreciation and amortisation	10	868,840	1,006,868	963,840	868,840	1,006,868	963,840
Total expenses		11,991,370	12,554,837	3,883,651	12,005,708	32,377,400	12,634,303
Surplus/(Deficit) before tax		1,009,431	358,100	(97,530)	374,745	4,347,136	4,416,368
Income tax expense / (benefit)	5	289,033	1,217,198	910,134	289,033	1,217,198	916,546
Surplus/(Deficit) after tax		720,398	(859,098)	(1,007,664)	85,712	3,129,938	3,499,822
<i>Surplus/(Deficit) attributable to:</i>							
Urban Plus Limited		720,398	(859,098)	(1,007,664)	85,712	3,129,938	3,499,822
Other comprehensive revenue and expenses							
<i>Items that will not be reclassified to surplus / (Deficit)</i>							
Gain/(loss) on property revaluation		(3,728,267)	-	7,161,482	(3,728,267)	-	7,161,482
Add/(Less) tax on revaluation		982,315	-	496,025	982,315	-	496,025
Total other comprehensive revenue and expenses		(2,745,952)	-	7,657,507	(2,745,952)	-	7,657,507
Total comprehensive revenue and expenses		(2,025,555)	(859,098)	6,649,843	(2,660,240)	3,129,938	11,157,330

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 2023

	Notes	PARENT			GROUP		
		Actual 2023	Budget 2023	Actual 2022	Actual 2023	Budget 2023	Actual 2022
Balance at 1 July		51,055,658	43,066,669	33,405,815	55,935,710	46,975,245	44,778,380
Total comprehensive revenue and expenses for the year		(2,025,555)	(859,098)	6,649,843	(2,660,240)	3,129,938	11,157,330
Distribution of subsidiary surplus		-	-	11,000,000	-	-	-
Balance at 30 June	15	49,030,103	42,207,571	51,055,658	53,275,470	50,105,183	55,935,710

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 2023

	Notes	PARENT			GROUP		
		Actual 2023	Budget 2023	Actual 2022	Actual 2023	Budget 2023	Actual 2022
Current assets							
Cash and cash equivalents	6	25,850,282	(76,656)	1,830,545	25,850,387	9,328,402	1,865,228
Debtors and other receivables	7	9,247	29,943	147,026	9,247	34,743	152,874
Inventories	8	-	-	7,391,851	12,283,935	20,733,321	17,252,532
Loans to subsidiaries	9	7,880,906	22,200,000	4,740,921	-	-	-
Related party receivables	7	58,387	-	145,263	737,851	-	-
Total current assets		33,798,822	22,153,288	14,255,606	38,881,420	30,096,466	19,270,634
Non current assets							
Property, plant and equipment	10	44,206,766	41,633,732	48,204,676	44,206,766	41,633,732	48,204,676
Intangible assets	10	-	-	76	-	-	76
Assets under construction	10	1,907,042	4,715,764	519,969	1,907,042	4,715,764	519,969
Investment property	10	3,720,504	-	5,077,800	3,720,504	-	5,077,800
Total non current assets		49,834,312	46,349,496	53,802,521	49,834,312	46,349,496	53,802,521
Total assets		83,633,134	68,502,784	68,058,127	88,715,732	76,445,961	73,073,155
Current liabilities							
Creditors and other payables	11	237,932	319,654	321,398	304,856	365,219	363,800
Employee entitlements	14	4,557	24,101	24,101	4,557	24,101	24,101
Liabilities to related parties		-	565,004	-	770,308	565,004	86,161
Tax payable		276,082	-	1,412,012	276,082	-	1,418,424
Total current liabilities		518,572	908,759	1,757,511	1,355,803	954,324	1,892,486
Non current liabilities							
Employee entitlements	14	102,455	46,742	79,463	102,455	46,742	79,463
Borrowings	12	33,000,000	21,800,000	13,000,000	33,000,000	21,800,000	13,000,000
Deferred tax liability		982,004	3,539,712	2,165,496	982,004	3,539,712	2,165,496
Total non current liabilities		34,084,459	25,386,454	15,244,959	34,084,459	25,386,454	15,244,959
Total liabilities		34,603,031	26,295,213	17,002,470	35,440,262	26,340,778	17,137,445
Net Assets		49,030,103	42,207,571	51,055,658	53,275,470	50,105,183	55,935,710
Equity							
Accumulated funds		3,489,499	1,578,522	2,769,102	7,734,866	9,476,134	7,649,154
Share capital		15,300,000	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000
Revaluation reserve		30,240,603	25,329,049	32,986,556	30,240,603	25,329,049	32,986,556
Total equity	15	49,030,103	42,207,571	51,055,658	53,275,470	50,105,183	55,935,710

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 2023

	PARENT			GROUP		
	Actual 2023	Budget 2023	Actual 2022	Actual 2023	Budget 2023	Actual 2022
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash was provided from:</i>						
Receipts from rent and leases	2,581,389	2,814,931	2,541,789	2,586,934	2,814,932	2,537,772
Receipt for management fee	266,976	-	206,808	-	92,446	-
Receipts from other revenue	-	-	-	-	-	30,435
Interest received	842,351	793,658	88,802	488,979	-	38,421
Receipts from sales of commercial developments	9,304,348	9,304,348	-	9,304,348	33,984,347	13,491,304
	12,995,064	12,912,937	2,837,398	12,380,260	36,891,725	16,097,932
<i>Cash was applied to:</i>						
Payments to employees	(952,848)	(1,087,665)	(969,892)	(952,848)	(1,087,665)	(969,892)
Payments to suppliers	(1,897,293)	(3,639,835)	(1,539,608)	(1,909,763)	(17,658,491)	(1,773,215)
Interest paid	(769,979)	(515,217)	(358,775)	(769,979)	(515,217)	(358,775)
Purchase of assets held for commercial developments	(192,409)	-	(4,459,475)	(2,592,708)	(8,488,311)	(10,163,757)
Tax paid	(1,480,791)	(993,226)	(426,294)	(1,487,200)	(993,226)	(426,294)
	(5,293,319)	(6,235,943)	(7,754,045)	(7,712,498)	(28,742,910)	(13,691,934)
Net cash flows from operating activities	7,701,745	6,676,994	(4,916,647)	4,667,762	8,148,815	2,405,998
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash was provided from:</i>						
Sale of property, plant and equipment	-	-	2,769,332	-	-	2,769,332
Proceeds from loans to related parties	-	9,100,000	1,197,791	-	-	-
Other investment receipts	-	-	11,000,000	-	-	-
	-	9,100,000	14,967,124	-	-	2,769,332
<i>Cash was applied to:</i>						
Purchase and construction of property, plant and equipment	(628,898)	-	(5,452,669)	(628,898)	(1,919,825)	(5,452,669)
Loans to related parties	(3,053,109)	(18,800,000)	(4,740,921)	-	-	-
	(3,682,007)	(18,800,000)	(10,193,590)	(628,898)	(1,919,825)	(5,452,669)
Net cash flows from investing activities	(3,682,007)	(9,700,000)	4,773,534	(628,898)	(1,919,825)	(2,683,337)
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash was provided from:</i>						
Advances from related parties	-	-	-	-	-	38,190
Proceeds from borrowings	20,000,000	8,800,000	-	20,000,000	8,800,000	-
	20,000,000	8,800,000	-	20,000,000	8,800,000	38,190
<i>Cash was applied to:</i>						
Repayment of advances from related parties	-	(5,800,000)	(125,833)	(53,704)	(5,800,000)	-
	-	(5,800,000)	(125,833)	(53,704)	(5,800,000)	-
Net cash flows from financing activities	20,000,000	3,000,000	(125,833)	19,946,296	3,000,000	38,190
Net increase/(decrease) in cash and cash equivalents	24,019,737	(23,006)	(268,945)	23,985,159	9,228,990	(239,149)
Cash and cash equivalents at the beginning of the year	1,830,545	(53,649)	2,099,490	1,865,228	99,411	2,104,377
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25,850,282	(76,655)	1,830,545	25,850,387	9,328,401	1,865,228

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 2023. The financial statements were authorised for issue by the Board of Directors on 14 September 2023.

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 Group does 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.

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.

New or amended standards adopted

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The Company has adopted PBE IPSAS 41 for the first time this year. There has been little change as a result of adopting the new standard, because the requirements are similar to those contained in PBE IFRS9.

2. Interest revenue and finance expenses

	Parent		Group	
	2023	2022	2023	2022
Interest revenue				
Call and term deposits	488,934	24,050	488,979	38,421
Related party deposits	353,417	64,752	-	-
Total interest revenue	842,351	88,802	488,979	38,421
Finance expenses				
Interest paid to related parties	769,972	358,775	769,973	358,775
Interest paid to bank	6	-	6	-
Total finance expenses	769,979	358,775	769,979	358,775
Net finance expenses	(72,372)	269,973	281,000	320,354

Interest income is recognised using the effective interest method.

3. Personnel expenses

	Parent		Group	
	2023	2022	2023	2022
Salaries and wages	873,796	896,072	873,796	896,072
Recruitment expenses	19,780	31,710	19,780	31,710
Training	10,800	7,593	10,800	7,593
Other employee expenses	21,429	8,483	21,429	8,483
Retiring and long service leave	1,141	5,414	1,141	5,414
Defined contribution plan employer contributions	26,242	26,034	26,242	26,034
Increase/(decrease) in employee entitlements/liabilities	3,109	27,307	3,109	27,307
Total personnel expenses	956,296	1,002,613	956,296	1,002,613

4. Operating expenses

	Parent		Group	
	2023	2022	2023	2022
Fees for the audit of the financial statements	57,314	52,139	72,837	84,967
Impairment of receivables	1,834	(137)	1,834	(137)
Rent and lease costs	33,034	35,375	33,034	35,375
Professional services charges - Hutt City Council	89,856	100,086	89,856	100,086
Rates and waste water charges - Hutt City Council	268,070	249,956	-	284,556
Bank charges	9	(7)	109	74
Directors' fees	103,363	95,600	103,363	95,600
Insurance	230,682	214,217	230,682	214,827
Specialist services	265,710	179,471	287,380	199,164
Operational contracts	139,832	99,952	139,832	99,952
Repairs and maintenance	438,700	314,836	438,700	314,836
Other expenses	183,590	215,406	451,659	265,806
Total operating expenses	1,811,995	1,556,894	1,849,287	1,695,106

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	
	2023	2022	2023	2022
Net surplus/(deficit) before tax	1,009,431	(97,112)	374,745	4,416,367
Tax at 28%	282,641	(27,191)	104,928	1,236,583
Non deductible expenditure	743	825	743	825
Prior year adjustment	(5,613)	(137,171)	(5,613)	(137,171)
Deferred tax adjustment	15,265	49,447	15,265	(183,691)
Non-taxable income	-	-	173,710	-
Tax on partnership share	(30)	1,024,225	-	-
Group loss offset	(3,972)	-	-	-
Tax expense	289,033	910,134	289,033	916,546
Current tax	495,824	1,273,302	495,824	1,279,714
Adjustments to current tax in prior years	(5,613)	(137,171)	(5,613)	(137,171)
Deferred tax	(201,178)	(225,997)	(201,178)	(225,997)

	Parent				
	Property, Plant & Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
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)
Charged to surplus or deficit	202,645	(724)	(743)	-	201,178
Charged to other comprehensive income	982,315	-	-	-	982,315
Balance at 30 June 2023	(1,013,406)	31,595	(191)	-	(982,004)

	Group				
	Property, Plant & Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
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)
Charged to surplus or deficit	202,645	(724)	(743)	-	201,178
Charged to other comprehensive income	982,315	-	-	-	982,315
Balance at 30 June 2023	(1,013,406)	31,595	(191)	-	(982,004)

During the year, tax losses of \$14,186 (the tax effect of \$3,972) from UPL Developments Limited was transferred by loss offset in the Group to reduce the Company's 2023 tax liability.

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	
	2023	2022	2023	2022
Cash at bank and on hand	25,850,282	1,830,545	25,850,387	1,865,228
Total cash and cash equivalents	25,850,282	1,830,545	25,850,387	1,865,228

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	
	2023	2022	2023	2022
Debtors and rent receivable	9,247	148,860	9,247	154,709
Other receivables:				
Related party receivables	58,387	145,263	737,851	-
Gross debtors and other receivables	67,634	294,123	747,098	154,709
Less provision for impairment	-	(1,834)	-	(1,834)
Total debtors and other receivables	67,634	292,289	747,098	152,874
Total receivables comprises:				
Receivables from the sale of goods and services (exchange transactions)	67,634	292,289	747,098	152,874
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 (2022: \$nil).

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

	Parent		Group	
	2023	2022	2023	2022
At 1 July	1,834	-	1,834	-
Additional provisions made during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
Receivables written off during the period	(1,834)	1,834	(1,834)	1,834
At 30 June	-	1,834	-	1,834

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	
	2023	2022	2023	2022
Commercial property development at 1 July	7,391,851	-	17,252,532	11,982,457
Cost of Sales of Commercial Development Property	(7,584,260)	-	(7,561,305)	(8,612,440)
Additional Developments during the year	192,409	7,391,851	2,592,708	13,882,515
Commercial property development at 30 June	-	7,391,851	12,283,935	17,252,532

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

No inventory is pledged as security for liabilities (2022: \$nil).

9. Loans to Subsidiaries

	Parent		Group	
	2023	2022	2023	2022
Loans to subsidiaries	7,880,906	4,740,921	-	-
Total investment in subsidiaries	7,880,906	4,740,921	-	-

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		
2023																
	Accumulated depreciation and impairment	Carrying amount		Accumulated depreciation and impairment on disposals	Reclass opening cost	Reclass accumulated depreciation	Impairment	Depreciation	Elimination of accumulated depreciation on revaluation	Revaluation surplus		Accumulated depreciation and impairment	Carrying amount			
	Cost			Additions	Disposals							Cost				
Property, plant & equipment																
Land	31,447,000	-	31,447,000	-	-	-	-	-	-	(220,000)		31,227,000	-	31,227,000		
Buildings	16,793,838	(68,059)	16,725,779	553,301	-	-	-	(859,813)	927,872	(4,436,139)		12,911,000	0	12,911,000		
Vehicles	40,474	(8,578)	31,896	45,821	-	-	-	(8,951)	-	-		86,295	(17,529)	68,766		
Plant and equipment	945	(945)	-	-	-	-	-	-	-	-		945	(945)	-		
Total property plant & equipment	48,282,257	(77,582)	48,204,676	599,122	-	-	-	(868,764)	927,872	(4,656,139)		44,225,240	(18,474)	44,206,766		
Intangible assets																
Intangible assets	577	(501)	76	-	-	-	-	(76)	-	-		577	(577)	(0)		
Total intangible assets	577	(501)	76	-	-	-	-	(76)	-	-		577	(577)	(0)		
Total operational assets	48,282,834	(78,082)	48,204,751	599,122	-	-	-	(868,840)	927,872	(4,656,139)		44,225,817	(19,051)	44,206,766		

Parent/Group	Opening			Movements during the year										Closing		
	Accumulated depreciation and impairment	Carrying amount		Accumulated depreciation and impairment on disposals	Reclass opening cost	Reclass accumulated depreciation	Impairment	Depreciation	Elimination of accumulated depreciation on revaluation	Revaluation surplus		Accumulated depreciation and impairment	Carrying amount			
2022	Cost			Additions	Disposals							Cost				
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		

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 30 June 2023. The total valuation was for \$44,138,000.

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 \$1,000 or more has been capitalised. Expenditure of less than \$1,000 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	
	2023	2022	2023	2022
Land and site improvements	-	-	-	-
Buildings	1,907,042	519,969	1,907,042	519,969
Total assets under construction	1,907,042	519,969	1,907,042	519,969

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	
	2023	2022	2023	2022
Creditors and other payables	191,927	277,659	258,852	320,060
Receipts in advance	46,005	43,739	46,005	43,739
Total trade and other payables under exchange transactions	237,932	321,398	304,857	363,799

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	
	2023	2022	2023	2022
Non-current				
Unsecured loans - non current	33,000,000	13,000,000	33,000,000	13,000,000
Secured loans - Non-current	-	-	-	-
Total non-current portion	33,000,000	13,000,000	33,000,000	13,000,000
Total borrowings	33,000,000	13,000,000	33,000,000	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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are measured at fair value plus transaction costs. Subsequent measurement is dependent on the classification of the financial instrument.

UPL Group is party to financial instrument arrangements as part of its normal operations. The financial assets and financial liabilities are classified as financial assets and financial liabilities at amortised cost using the effective interest method. Financial assets, such as receivables and 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. After the initial recognition, these are carried at amortised cost less provision for impairment. Gains and losses when the asset/liability are impaired or derecognised are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense on the basis of the UPL's accounting policies set out below.

	Parent		Group	
	2023	2022	2023	2022
Financial Assets				
<i>Financial assets at amortised cost</i>				
Cash and cash equivalents	25,850,282	1,830,545	25,850,387	1,865,228
Debtors and other receivables	9,247	148,860	9,247	152,874
Loans to subsidiaries	7,880,906	4,740,921	-	-
Related party receivables	58,387	145,263	737,851	-
Total financial assets at amortised cost	33,798,822	6,865,589	26,597,485	2,018,102
Financial Liabilities				
<i>Financial liabilities at amortised cost:</i>				
Liabilities to related parties	-	-	770,308	86,161
Borrowings	33,000,000	13,000,000	33,000,000	13,000,000
Trade and other payables	237,932	321,398	304,856	363,800
Total financial liabilities at amortised cost	33,237,932	13,321,398	34,075,163	13,449,960

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	
	2023	2022	2023	2022
Current portion				
Annual leave	4,557	24,101	4,557	24,101
Total Current portion	4,557	24,101	4,557	24,101
Non-current portion				
Retirement and long service leave	102,455	79,463	102,455	79,463
Total Non-current portion	102,455	79,463	102,455	79,463
Total employee entitlements	107,012	103,564	107,012	103,564

15. Equity

	Parent		Group	
	2023	2022	2023	2022
Accumulated funds				
Balance at beginning of year	2,769,102	(7,223,234)	7,649,154	4,149,331
Net surplus/(deficit)	720,398	(1,007,664)	85,712	3,499,822
Share of Subsidiary surplus	-	11,000,000	-	-
Balance at year end	3,489,500	2,769,102	7,734,866	7,649,154
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	32,986,556	25,329,049	32,986,556	25,329,049
Movements during the year from revaluation	(2,745,952)	7,657,507	(2,745,952)	7,657,507
Balance at year end	30,240,603	32,986,556	30,240,603	32,986,556
Asset revaluation reserve consist of:				
Buildings	4,113,783	6,639,736	4,113,783	6,639,736
Land	26,126,820	26,346,820	26,126,820	26,346,820
Total	30,240,603	32,986,556	30,240,603	32,986,556
Total equity				
Balance at beginning of year	51,055,658	33,405,815	55,935,710	44,778,380
Movements during the year	(2,025,555)	17,649,843	(2,660,240)	11,157,330
Balance at year end	49,030,103	51,055,658	53,275,470	55,935,710

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 2023, 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.

Registered holders of equity shares as at 30 June	Parent			
	2023	2023	2022	2022
Hutt City Council	27,000,001	100%	27,000,001	100%

16. Remuneration

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

Senior management	Parent		Group	
	2023	2022	2023	2022
Total remuneration	237,303	209,582	237,303	209,582
Full-time equivalents	1.00	1.00	1.00	1.00

Remuneration of Board members	Parent		Group	
	2023	2022	2023	2022
H MacKenzie	-	-	-	-
K Brown	12,348	16,095	12,348	16,095
P Bell (from 1 October 2020)	11,278	7,000	11,278	7,000
P Glensor (from 1 October 2020)	27,863	24,142	27,863	24,142
P Fa'afiu (from 1 April 2021)	17,906	16,095	17,906	16,095
C Madgwick (from 1 April 2021)	16,538	16,095	16,538	16,095
P Jacques (from on 30 May 2023)	16,052	16,095	16,052	16,095
	1,378		1,378	
Total Board remuneration	103,363	95,522	103,363	95,522
Number of Board members	7.00	6.00	7.00	6.00

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 2023, UPL made no severance payments, (2022: \$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 2023 are \$632,167 (2022: \$nil) for UPL and the Group.

Leased assets

Accounting policy

Operating leases as lessee

The Group leases 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	
	2023	2022	2023	2022
Not later than one year	39,307	8,965	39,307	8,965
Later than one year and not later than two years	39,307	-	39,307	-
Later than two years and not later than five years	9,827	-	9,827	-
Later than five years	-	-	-	-
Total non-cancellable operating leases	88,440	8,965	88,440	8,965

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2022: \$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 2023 there were nil contingent liabilities for UPL and the Group (2022: \$nil).

Contingent assets

As at 30 June 2023 contingent assets were \$nil for UPL and the Group (2022: \$nil).

20. Events after balance date

There have been no significant events since balance date (2022: 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:

There was no rent increase this financial year. The Board of Directors unanimously agreed not to increase rents due to the cost-of-living crisis.

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 below the budget of \$33,984,347 by \$24,679,999. This was due delays in completion of the Brook Street and 55 Britannia Street. The settlements being pushed out into the 2024/2025 financial year.

Expenses

Cost of commercial development sales was below the budget of \$27,814,735 by \$20,253,430. This was due to the same reasons explained above.

Statement of Financial Position

Current Assets

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

Current Liabilities

The creditors and other payables balance was 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 much lower than budget as due the Colson/Hollard development being accounted for as inventory in the budget. Property, plant and equipment is \$44,206,766 which is over the budget of \$41,633,732 due unbudgeted gains on revaluation.

Non-current Liabilities

Borrowings are higher than budget by \$11,200,000 due to the delay in the development progress as explained above and additional funding for the new acquisition which was not eventuating have resulted more cash in bank account.