

UPL DEVELOPMENTS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022



Central Park on Copeland - Townhouses): Location Ron Deal Way, Eponi



The Lane - Townhouses): Location Waterloo

CHAIR'S REPORT

I am pleased to report on the performance of UPL Developments Limited (UPLDL) for the July 2021 – June 2022 year.

UPLDL continued to act as the General Partner providing property development management services for UPL Limited Partnership (UPLLP).

During 2021/2022, UPLDL continued to support UPLLP in the development, project management and construction of residential townhouses at two scale projects – one in Epuni and the other in Waterloo.

The final three (three-bedroom) townhouses of the Central Park on Copeland (Epuni) development project were completed and settled within the year. The second scale project, The Lane – Waterloo, also saw the remaining twenty two settlements completed, thus completing this project too.

Feedback from purchasers has been very positive and reflects our focus on providing quality designed and built homes. It is satisfying to see that several 'first home buyers' and young families purchased these properties, and that scale medium-density housing is welcomed in Lower Hutt. Both projects were sold off-the-plan prior to construction commencing (totalling 34 townhouses at Central Park and 27 townhouses at The Lane).

The Board and Management of UPLDL successfully fulfilled their General Partner obligations during the year providing the following management services:

- 1.1 Keeping proper books of account and records for UPLDL and UPLLP in accordance with Accounting Standards.
- 1.2 Tendering, negotiating and executing on behalf of the Partnership, contracts for the Central Park and The Lane developments, along with employing subcontractors to assist with construction.
- 1.3 Implementation of all systems and processes relating to COVID-19 for on-site management to ensure safety and wellbeing of all, along with adherence in respect to all matters pertaining to Health and Safety Regulations.
- 1.4 Facilitating the payment of contract progress claims, and payments to other suppliers engaged to provide services or goods to Central Park and The Lane developments.
- 1.5 Organising UPLDL and UPLLP monthly board meetings, including preparation of agendas and management reports, and recording of meeting minutes.

Financial Performance

UPLDL achieved a surplus of \$22,900 before tax for the 2021/2022 financial year with revenues of \$179,242 and expenses of \$156,342.



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

Pamela Bell

Chair

25 November 2022

INTEREST REGISTER

UPL Developments Limited	Interests
Directors	
Pamela June Bell (Chair)	<p>Brosnan Group*, Director (ceased March 2022)</p> <p>*Brosnan Group is made up of the below commercial construction companies:</p> <ul style="list-style-type: none"> - Brosnan Limited - Brosnan Construction Limited - Brosnan Construction Canterbury - Brosnan Holdings Limited - Bettabuilt NI Limited <p>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)</p>
Hugh Nicholas Mackenzie	<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 UPL Limited Partnership, Director Urban Plus Limited, Director</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>Global Vice Chair, Amnesty International Charity Limited Chair, ETCO - Electrical Training Company Independent Director, CORE Education Limited</p>

	<p>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</p>
Cameron Madgwick	<p>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</p>
Chief Executive	
Daniel Christopher Moriarty	<p>DNA Family Trustee Limited, Shareholder DNA Holdings (2018) Limited, Director Forza Limited, Director</p>



CENTRAL PARK ON COPELAND



STATEMENT OF SERVICE PERFORMANCE

Measure	Target 2022	Achievement 2022	Target 2021	Achievement 2021
Undertake, negotiate and execute tender processes for and on behalf of the Partnership and 'parent' company as required	Undertake, negotiate and execute tender processes for and on behalf of the Partnership and 'parent' company as required	Achieved	Undertake, negotiate and execute tender processes for and on behalf of the Partnership and 'parent' company as required	Achieved
Facilitate civil and construction contracts for and on behalf of the Partnership and 'parent' company as required	Facilitate civil and construction contracts for and on behalf of the Partnership and 'parent' company as required	Achieved	Facilitate civil and construction contracts for and on behalf of the Partnership and 'parent' company as required	Achieved
Facilitate the payment of contract progress claims for Board approved contracts and payments to other suppliers engaged to provide services or goods to defined development projects	Facilitate the payment of contract progress claims for Board approved contracts and payments to other suppliers engaged to provide services or goods to defined development projects	Achieved	Facilitate the payment of contract progress claims for Board approved contracts and payments to other suppliers engaged to provide services or goods to defined development projects	Achieved
Capital expenditure within budget ¹	\$0	Not Achieved \$4,850,126 There was no capital expenditure budget for the 2021/22 financial year as the decision to use UPL DL for development projects was made after the budget was set	N/A UPL DL was not used for development projects in 2020/21	N/A UPL DL was not used for development projects in 2020/21
Operational expenditure within budget ²	\$346,819	Achieved \$156,342	N/A UPL DL was not used for development projects in 2020/21	N/A UPL DL was not used for development projects in 2020/21
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 in the year to 30 June 2022	N/A UPL DL was not used for development projects in 2020/21	N/A UPL DL was not used for development projects in 2020/21

Measure	Target 2022	Achievement 2022	Target 2021	Achievement 2021
From 1 July 2021, all new housing units (standalone house or townhouse) shall achieve a certified HomeStar™ design rating of at least six stars ³	All new housing units to achieve a HomeStar™ design rating of at least six stars	N/A No new housing units were consented in the year to 30 June 2022	N/A UPL DL was not used for development projects in 2020/21	N/A UPL DL was not used for development projects in 2020/21
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 commercial development projects were completed during the year to 30 June 2022	N/A UPL DL was not used for development projects in 2020/21	N/A UPL DL was not used for development projects in 2020/21
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 housing was released to the market as 'Affordable' during the year to 30 June 2022	N/A UPL DL was not used for development projects in 2020/21	N/A UPL DL was not used for development projects in 2020/21
Value of divestment to Community Housing Providers (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 the year to 30 June 2022	N/A UPL DL was not used for development projects in 2020/21	N/A UPL DL was not used for development projects in 2020/21
Long term public rental accommodation pre-tax returns at no less than (or equal to) 3.5% after depreciation ⁴	3.5%	N/A No long term rental accommodation was developed during the year to 30 June 2022	N/A UPL DL was not used for development projects in 2020/21	N/A UPL DL was not used for development projects in 2020/21
Act as general partner when a Limited Partnership structure is utilised for development projects	Act as general partner when a Limited Partnership structure is utilised for development projects	Achieved	Act as general partner when a Limited Partnership structure is utilised for development projects	Achieved

(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.

Independent Auditor's Report

To the readers of UPL Developments Limited's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of UPL Developments Limited (the company). 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 performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 12 to 21, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 5 and 6.

In our opinion:

- the financial statements of the company on pages 12 to 21:
 - 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 New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 5 and 6 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2022.

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

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'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's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

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

Independence

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

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



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 UPL Developments Limited (the Company) confirm that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

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

The Directors have authority to sign these financial statements.

The Directors and management of the Company 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 Directors and management of the Company, 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.



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

Pamela Bell
Chair

25 November 2022



A handwritten signature in blue ink that reads "Hugh Mackenzie".

Hugh Mackenzie
Director

25 November 2022

Statement of Comprehensive Income for the Year Ended 30 June 2022

	Notes	Actual 2022	Budget 2022	Actual 2021
Revenue				
Interest revenue		7	-	1
Other revenue		30,435	-	-
Recovery of management fees	7	148,800	346,819	155,846
Total revenue		179,242	346,819	155,847
Expenses				
Fees for the audit of the financial statements		4,877	5,500	4,739
Other specialist services		2,665	4,250	17,180
Payment of management fees	7	148,800	337,009	133,874
Finance expenses		-	60	54
Total expenses		156,342	346,819	155,847
Profit / (Loss) before tax		22,900	-	-
Income tax expense / (benefit)	5	6,412	-	-
Profit / (Loss) after tax		16,488	-	-
Total comprehensive income		16,488	-	-

Explanations of the major variances against budget are provided in note 11. The accompanying notes form part of these statements.

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

	Actual 2022	Budget 2022	Actual 2021
Balance at 1 July	-	-	-
Total comprehensive income for the year	16,488	-	-
Balance at 30 June	16,488	-	-

Explanations of the major variances against budget are provided in note 11. The accompanying notes form part of these statements.

Statement of Financial Position as at 30 June 2022

	Notes	Actual 2022	Budget 2022	Actual 2021
Current assets				
Cash & cash equivalents	8	14,375	-	4,608
Debtors and other receivables	8	-	37,799	12,551
Inventories	2	4,850,127	-	-
Total current assets		4,864,502	37,799	17,159
Total assets				
		4,864,502	37,799	17,159
Current liabilities				
Trade & other payables	8	11,077	37,799	17,159
Other liabilities	8	227,589	-	-
Tax Payable	5	6,412	-	-
Borrowings	3	4,602,936	-	-
Total current liabilities		4,848,014	37,799	17,159
Total liabilities				
		4,848,014	37,799	17,159
Net assets				
		16,488	-	-
Equity				
Accumulated funds		16,488	-	-
Total equity		16,488	-	-

Explanations of the major variances against budget are provided in note 11. The accompanying notes form part of these statements.

Statement of Cash Flows for the Year Ended 30 June 2022

	Actual 2022	Budget 2022	Actual 2021
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Management fees	148,800	186,912	142,826
Other revenue	30,442	-	-
	179,242	186,912	142,826
<i>Cash was applied to:</i>			
Management fees	(206,808)	(177,572)	(133,875)
Payments to suppliers	(4,743,979)	(9,750)	(4,813)
Interest paid	(61,763)	(60)	-
	(5,012,550)	(187,382)	(138,688)
Net cash flows from operating activities	(4,833,309)	(470)	4,138
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Proceeds from borrowings	4,602,936	-	-
Advance from Hutt City Council	240,140	-	-
	4,843,076	-	-
<i>Cash was applied to:</i>			
Repayment of borrowings	-	-	-
	-	-	-
Net cash flows from financing activities	4,843,076	-	-
Net increase / (decrease) in cash & cash equivalents	9,767	(470)	4,138
Cash & cash equivalents at the beginning of the year	4,608	470	470
Cash & cash equivalents at the end of the year	14,375	-	4,608
<i>Cash balance at end of the year comprises:</i>			
Cash & on call deposits	14,375	-	4,608
Cash & cash equivalents at the end of the year	14,375	-	4,608

Explanations of the major variances against budget are provided in note 11. The accompanying notes form part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

REPORTING ENTITY

UPL Developments Limited (the "Company") is a 100 percent owned council controlled organisation of Urban Plus Limited (UPL). The Company was incorporated on 19 December 2016 as Fairfield Waters Limited and changed its name to UPL Developments Limited on 20 April 2018.

The primary objective of the Company is to act as General Partner for UPL Limited Partnership through managing the day to day business activities of UPL Limited Partnership.

The Company has designated itself a for profit entity for financial reporting purposes.

The financial statements of the Company 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

The financial statements have been prepared on a going concern basis.

The accounting policies have been applied consistently throughout the period.

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 NZ International Financial Reporting Standards Reduced Disclosure Regime, as appropriate for a profit oriented entity. The Company is not considered large for the purposes of determining the appropriate reporting tier and has opted to report as a Tier 2 entity applying NZIFRS with Reduced Disclosure Requirements.

Measurement base

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars. The functional currency is New Zealand dollars. The Company has not entered into any foreign currency transactions.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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.

Debtors and other receivables

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.

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.

Interest income is recognised using the effective interest method.

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.

Creditors and other payables

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

Budget figures

The budget figures are those approved by the Board at the beginning of the year. 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, the Company 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 underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the reporting period in which the revision is made and in any future periods that will be affected by those provisions. There have been no critical judgements made.

2. Inventory

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 profit / (loss) for the year.

	2022	2021
Commercial property development at 1 July	-	-
Cost of Sales of Commercial Development Property	-	-
Additional Developments during the year	4,850,127	-
Commercial property development at 30 June	4,850,127	-

No inventory has been pledged as security for liabilities.

3. Borrowings

Accounting Policy

The Company 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 Income.

Borrowings

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 Company has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing costs

Borrowing costs directly attributable to the construction of a 'qualifying asset' (the Company's commercial developments intended for sale – inventory) are capitalised. Total interest capitalised in the year to 30 June 2022 was \$61,763 (2021: \$nil). Once properties are sold the borrowing costs and other inventory associated with the sale are expensed on settlement as cost of sales.

	2022	2021
Loans from related parties	4,602,936	-
Total borrowings - current	4,602,936	-

4. Other liabilities

	2022	2021
Current Portion		
Due to related parties	227,589	-
Total other liabilities – current portion	227,589	-

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 income or directly in equity.

	2022	2021
Net surplus / (deficit) before tax	22,900	-
Tax at 28%	6,412	-
Tax expense	6,412	-
Current tax	-	-
Deferred tax	6,412	-

Deferred tax asset (liability)

	Property, plant & equipment	Employee entitlements	Other provision	Tax losses	Total
Balance at 30 June 2020	-	-	-	-	-
Charged to surplus / (deficit)	-	-	-	-	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2021	-	-	-	-	-
Charged to surplus / (deficit)	-	-	-	-	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2022	-	-	-	-	-

6. Remuneration

Key management personnel consist of the Board members. Board members receive no remuneration.

Due to the difficulty in determining the full-time equivalent for Board members, the full-time equivalent figure is taken as the number of Board members.

Board Members	2022	2021
P Bell, Chair	1.00	1.00
H Mackenzie	1.00	1.00
K Brown	1.00	1.00
P Glensor	1.00	1.00
P Fa'afiu	1.00	1.00
C Madgwick	1.00	1.00
B Walshe (term ended 30 June 2021)	-	1.00
	6.00	7.00

7. Related Party Disclosures

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	2022	2021
<i>Sales and purchases of goods and services</i>		
Recovery of management fee from the Limited Partnership	148,800	155,846
Payment of management fee to Urban Plus Limited	206,808	133,875
Payment of interest to Urban Plus Limited	61,763	53

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2022	2021
<i>Current payables (purchase of goods and services)</i>		
Hutt City Council	227,589	-
Borrowings from Urban Plus Limited	4,602,936	-
<i>Current receivables</i>		
Hutt City Council	-	12,551

8. Categories of financial instruments

Accounting Policy

The Company 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 Income.

All financial instruments are recognised in the Statement of Financial Position on the basis of the Company's accounting policies. All financial instruments disclosed on the Statement of Financial Position are recorded at amortised cost.

	2022	2021
Financial assets		
<i>Financial assets at amortised cost</i>		
Cash & cash equivalents	14,375	4,608
Debtors and other receivables	-	12,551
Total financial assets	14,375	17,159
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Other liabilities	227,589	-
Trade and other payables	11,077	17,159
Tax payable	6,412	-
Total financial liabilities	245,078	17,159

9. Capital commitments

CAPITAL COMMITMENTS

The Company had no capital commitments as at 30 June 2022 (2021: nil).

10. Contingent liabilities and assets

CONTINGENT ASSETS

As at 30 June 2022 the Company had no contingent assets (2021: nil).

CONTINGENT LIABILITIES

As at 30 June 2022 the Company had no contingent liabilities (2021: nil).

The Company are obligated to promptly remedy any defects or faults in the construction of the properties it sells which arise from faulty workmanship or materials if notified of the fault by the purchaser within 12 months of the settlement date. The cost of this obligation is difficult to estimate but is not expected to be material.

11. Explanation of major variances against budget

Revenue of \$179,242 relates to the recovery of management fees from the Limited Partnership and the unbudgeted sale of an existing structure at a property acquired for development. Expenses of \$156,342 relate to the payment of management fees to UPL (parent) and professional fees for audit services and tax support. Three of the five development projects budgeted to take place for the company during the year didn't eventuate, resulting in lower management fee revenues being recovered and the Limited Partnership and paid to UPL.

12.Events after balance date

There have been no significant events since balance date.

13.Impact of COVID-19

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