



UPL LIMITED PARTNERSHIP

ANNUAL REPORT

FOR
THE YEAR ENDED 30 JUNE 2024



20 NEW HOMES SELLING NOW
15 - 19 Brook Street, Waiwhetu, Lower Hutt



BROOK STREET



20 NEW HOMES SELLING NOW
15 - 19 Brook Street, Waiwhetu, Lower Hutt

PARTNERSHIP REPORT

We are pleased to report on the performance of the UPL Limited Partnership (the Partnership) for the 2023/2024 Financial Year (FY). The Partnership has achieved a loss of \$18,906.

This FY the priority and focus were on the continuation and commencement of development projects on behalf of the UPL Group. No projects were anticipated to be completed in the year.

Strategy

The Board and the Management of the Partnership continue to pursue its strategic focus during the year with the emphasis on:

- 1.1 Developing land in a manner which maximises its value at an appropriate level of risk for the investment of funds; and
- 1.2 Carrying out business undertakings in common with Urban Plus Limited with a view to deriving profits from development projects for the purpose of funding the growth of our housing portfolio for the elderly.
- 1.3 Looking to establish relationships with the Ministry of Housing and Urban Development and Community Housing Providers for the establishment of new opportunities of mutual benefit.

Financial Performance

The Partnership was at a loss of \$ 18,906 for the 2023/2024 Financial Year on revenues of \$1,259.

The year's financial performance indicates a positive variance of \$510,564 against a budgeted deficit of \$529,470. This is due to the marketing cost for Brook Street that has not incurred, and the intercompany finance expenses not being eliminated in the budget calculations.

Homestar 6 – Design & Construction

In alignment with one of our key Statement of Intent drivers, all current Partnership development projects are designed and constructed to attain a minimum rating of no less than Homestar 6. This is in alignment with the Shareholder's target of becoming carbon neutral by 2030. It is pleasing to note that 15 - 19 Brook Street and 55 Britannia Street projects achieved Homestar 6 Design accreditation from NZ Green Building Council. As both projects are still in construction phase, the Homestar 6 Build rating submission is yet to be completed.

The Market

The prior FY saw significant drops in property values as well as private developer projects being shelved / land banked, or not proceeded with / divested. This FY saw the same, but also a change of pathway from local developers – who looked to on-board with Kāinga Ora and build for them, rather than take the risk and develop their own projects due to lack of demand from the market and high cost of capital. Real estate agents advised of low volumes with property listings, and this continued throughout the year. Towards the end of the 23/24 FY, property prices in general softened, with some areas in Wellington region showing a negative value.

The uncertainty of Kāinga Ora's direction also led to employee, consultant, and contractor unease – with many employees leaving the organisation, and the external resourcing seeing drops of commissioned work and some projects ceasing altogether. We noted a continued number of companies going into receivership / liquidation in the construction industry, although this was not just in the Wellington region but nationwide.

From a sales perspective, we noted, as did other local developers and real estate agents that buyers were inclined not to buy 'off-the-plans' for new build products. Buyers preferred to wait until the latter stages (within three months) of a project's completion before looking to enter into contractual sales agreements. This was mainly due to not having to revisit the pre-approvals process with banks / funders multiple times throughout the construction

programme. Sales were occurring (upon completion), but it was noted that anticipated sales prices were having to be recalibrated lower towards where the market was indicating more realistic price points.

Cost of capital, interest rates and insurance premiums continued to rise but appear to have stabilised toward year-end. All have had an impact on development costs and therefore sales pricing.

The prior FY saw a saturation of medium density (mainly two-bedroom townhouse typology) builds occur in several suburbs of Lower Hutt. The overall property downturn has also meant that this FY not all of these townhouses have been sold, so an oversupply remains to be divested. We are confident these will sell in time, but more slowly than previously forecasted. This means that there is still a buyers' market in Lower Hutt – with a notable trend being purchasers looking at existing properties with larger outdoor space than the 'brand new' townhouse / medium density typology offers. What this entails is that UPL still sees a challenge to divest its Brook Street and Tama Street product at the anticipated sales pricing in the approved business case.

The removal of the First Home Grant for first home buyers (FHBs) by the current coalition government has meant it is now (arguably) harder for FHBs to get onto the property ownership ladder. The cohort, usually regarded as the 'missing middle' – who continually have saved studiously for a deposit only to have the market shift and move away from their aspirations time and again are also now unable to access a grant to assist in securing a deposit for a home. This adds strain to the rental market, and delays home ownership opportunities yet again. Whilst there are wider economic murmurings that the lending rates will drop towards the end of the year, we remain hesitant to align with this thinking.

However, the Partnership views the UPL Groups development pathway positively – in that UPL is positioned well in both the peak and the trough markets and continue to operate and deliver housing in areas other developers do not. The partnership is positioned well in these financially testing times and has sufficient projects within the Group's development programme to press on with and deliver for our valued partners.

Our focus will remain on prudent asset and cashflow management, programming and development choices which will drive the continual success of the Partnership for our Stakeholders.

On behalf of the General Partner:



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

Pamela Bell

Chair

25 September 2024



A handwritten signature in black ink that reads "Daniel Moriarty".

Daniel Moriarty

Chief Executive

25 September 2024

CURRENT PROJECTS

BROOK STREET, WATERLOO

This project will provide 20x two- and three-bedroom townhouses to first home buyers and owner-occupiers in a highly sought-after location. Construction is nearing completion, with settlements expected from August 2024.



55 BRITANNIA STREET, PETONE

Twelve three-bedroom townhouses (over four blocks) are now well into construction with a completion date of October 2024. All blocks are now fully enclosed with internal second fix being installed. Landscaping both hard and soft have commenced. UPL are working with various Community Housing Providers in seeking their interest in purchasing the development from UPL.



INTEREST REGISTER

UPL Limited Partnership	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. (ceased May 2024) Abodo Wood Ltd – Independent board advisor Chief Executive of NZ Institute of Building (Commencement Date: 25 July 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 Problem Gambling Foundation, Board Member Shetland Society of Wellington, Secretary 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 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 Expert Panelist for Environmental Protection Authority UPL Developments Ltd, 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 Morley Nominees Limited – Director Gibson Sheat Lawyers – Chief Executive UPL Developments Limited, Director UPL Limited Partnership, Director Urban Plus Limited, Director</p>

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 – Member Audit and Risk Committee Human Rights Commission, Independent Member - Audit and Finance Committee Jacques Consulting Limited, Director New Zealand Law Society, Chair – Finance, Audit and Risk Committee Primary Client – The New Zealand Treasury Tū Ora Compass Health (Trustee and Chair Finance and Risk Committee) (from 7 December 2023) Totaranui Te Ātiawa General Partner Limited Acting Chief Financial Officer - NZ Qualifications Authority (ceased June 2024)
Chief Executive	
Daniel Christopher Moriarty	DNA Family Trustee Limited, Shareholder DNA Holdings (2018) Limited, Director Forza Limited, Director

STATEMENT OF SERVICE PERFORMANCE

Measure	Target 2024	Achievement 2024	Target 2023	Achievement 2023
Develop land in a manner which maximises its value at a level of risk appropriate for the investment of funds.	Develop land in a manner which maximises its value at a level of risk appropriate for the investment of funds.	Achieved	Develop land in a manner which maximises its value at a level of risk appropriate for the investment of funds.	Achieved
To perform business undertakings in common with UPL with a view to profit from development projects for the purposes of funding elderly housing portfolio and meeting the Shareholder's wider key priority outcomes.	Perform business undertakings in common with UPL with a view to profit from development projects for the purposes of funding elderly housing portfolio and meeting the Shareholder's wider key priority outcomes.	Achieved	Perform business undertakings in common with UPL with a view to profit from development projects for the purposes of funding elderly housing portfolio and meeting the Shareholder's wider key priority outcomes.	Achieved
Capital expenditure within budget ⁽¹⁾	\$8,848,328	Not Achieved \$9,734,667 The projects are ahead of the budget	Nil	Not Achieved \$808,388
Operational expenditure within budget ⁽²⁾	\$529,470	Achieved \$20,165	\$140,120	Achieved \$23,081
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 sources of energy for space heating, water heating and cooking facilities.	Achieved All consented projects utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities.	All new developments shall only utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities.	Achieved All consented projects utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities.
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 (standalone house or townhouse) shall achieve a certified HomeStar design rating of at least six stars.	Achieved All projects that were consented in the year to 30 June 2024 achieved a HomeStar design rating of at least six stars.	All new housing units (standalone house or townhouse) shall achieve a certified HomeStar design rating of at least six stars.	N/A No projects received HomeStar design rating accreditation within this financial year.

Measure	Target 2024	Achievement 2024	Target 2023	Achievement 2023
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 housing was released to the market during the year to 30 June 2024.	20%	Achieved No housing was released to the market during the year to 30 June 2023.
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 2024.	15%	N/A No housing was released to the market as 'Affordable' during the year to 30 June 2023.
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 12.5% (except where the Board and Shareholder agree otherwise to achieve specified objectives).	12.5%	N/A No divestments to Community Housing Providers were made during the year to 30 June 2024.	12.5%	N/A No divestments to Community Housing Providers were made during the year to 30 June 2023.
Long term public rental accommodation pre-tax returns at no less than (or equal to) 3.5% after depreciation ⁽⁴⁾	3.5%	N/A We completed 5 long term public rental accommodation in June 2024, but they were untenanted.	3.5%	N/A No long-term rental accommodation was developed during the year to 30 June 2023.

1. Capital expenditure relates to expenditure on property development projects. These properties are developed for sale and held as inventory rather than being capitalised at completion. This expenditure includes interest expenses.
2. Operational expenditure excludes cost of commercial development sales.
3. HomestarTM is an independent rating tool for assessing the health, efficiency, and sustainability of homes.
4. Returns are specific to each project's (Board Approved) business case where long-term market rentals are developed. Future rents are set per independent annual review.

Independent Auditor's Report**To the readers of UPL Limited Partnership's financial statements and performance information for the year ended 30 June 2024**

The Auditor-General is the auditor of UPL Limited Partnership (the Limited Partnership). 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 Limited Partnership on his behalf.

Opinion

We have audited:

- the financial statements of the Limited Partnership on pages 14 to 21, that comprise the statement of financial position as at 30 June 2024, 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 Limited Partnership on pages 7 and 8.

In our opinion:

- the financial statements of the Limited Partnership on pages 14 to 21, which have been prepared on a disestablishment basis:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2024; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the Limited Partnership presents fairly, in all material respects, the Limited Partnership's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Limited Partnership's objectives for the year ended 30 June 2024.

Our audit was completed on 25 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to the financial statements being prepared on a disestablishment basis. In addition, we outline the responsibilities of the Board of Urban Plus Limited (the General Partner) and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter - The financial statements have been prepared on a disestablishment basis

Without modifying our opinion, we draw attention to the Basis of Preparation section in Note 1 on page 17, which outlines that the financial statements have been prepared on a disestablishment basis, as the General Partner intends to cease operations of the Limited Partnership within the next 12 months, following the completion and sale of the two properties under development and once all financial and legal obligations have been met. There was no impact on the measurement or recognition of assets and liabilities as a result of the disestablishment basis of preparation.

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 General Partner for the financial statements and the performance information

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

The General Partner 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 General Partner is responsible on behalf of the Limited Partnership for assessing the Limited Partnership's ability to continue as a going concern. If General Partner concludes that the going concern basis of accounting is inappropriate, the General Partner is responsible for preparing the financial statements on a disestablishment basis and making appropriate disclosures.

The General Partner's responsibilities arise from the Local Government Act 2002 and the Limited Partnership Act 2008.

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 Limited Partnership'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 Limited Partnership's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Partner.
- We evaluate the appropriateness of the reported performance information within the Limited Partnership's framework for reporting its performance.
- We conclude on the appropriateness of the use of the disestablishment basis of accounting by the General Partner.
- 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 General Partner 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 General Partner is responsible for the other information. The other information comprises the information included on pages 1 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 Limited Partnership 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 (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

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



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

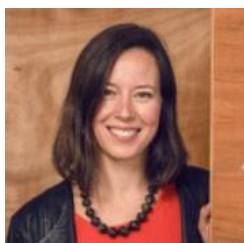
Responsibility

The Board and management of the Partnership 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 Partnership 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 Partnership, the annual Financial Statements and the Statement of Service Performance for the year ended 30 June 2024 fairly reflect the financial position and operations of the Partnership.



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

Pamela Bell

Chair

25 September 2024



A handwritten signature in black ink that reads "Phillip Jacques".

Phillip Jacques

Director

25 September 2024

Statement of Comprehensive Income for the Year Ended 30 June 2024

	Actual 2024	Budget 2024	Actual 2023
Notes			
Finance revenue	1,259	-	19
Sale of commercial developments	-	-	22,954
		-	
Total revenue	1,259	-	22,973
Fees for the audit of the financial statements	10,936	33,508	10,098
Specialist services	7,189	-	12,934
Marketing expenses	-	157,500	-
Finance expenses	-	338,462	-
Other expenses	2,040	-	49
Total expenses	20,165	529,470	23,081
Profit / (Loss)	(18,906)	(529,470)	(108)
Total comprehensive income / (Loss)	(18,906)	(529,470)	(108)

Explanations of the major variances against budget are provided in note 10. The accompanying notes form part of these statements.

Statement of Changes in Equity for the Year Ended 30 June 2024

	Actual 2024	Budget 2024	Actual 2023
Balance at 1 July	5,188,437	5,155,142	5,188,546
Total comprehensive income for the year	(18,906)	(529,470)	(108)
Distribution to UPL	-	-	-
Balance at 30 June	5,169,530	4,625,672	5,188,437

Explanations of the major variances against budget are provided in note 10. The accompanying notes form part of these statements.

Statement of Financial Position as at 30 June 2024

	Notes	Actual 2024	Budget 2024	Actual 2023
Current Assets				
Cash & cash equivalents	2	160,314	876,965	46
Debtors and other receivables	2	282	3,920	-
Inventories	3	15,901,545	15,516,753	6,166,878
Total current assets		16,062,141	16,397,638	6,166,924
Total assets		16,062,141	16,397,638	6,166,924
Current Liabilities				
Trade & other payables	2	178,458	771,966	20,196
Borrowings from related parties	4	10,370,784	11,000,000	-
Due to related parties	5	343,368	-	770,307
Total current liabilities		10,892,610	11,771,966	790,503
Non Current Liabilities				
Borrowings from related parties	4	-	-	187,984
Total non current liabilities		-	-	187,984
Total liabilities		10,892,610	11,771,966	978,487
Net assets (assets minus liabilities)		5,169,530	4,625,672	5,188,437
Equity				
Accumulated funds		5,169,530	4,625,672	5,188,437
Total equity		5,169,530	4,625,672	5,188,437

Explanations of the major variances against budget are provided in note 10. The accompanying notes form part of these statements.

Statement of Cash Flows for the Year Ended 30 June 2024

Notes	Actual 2024	Budget 2024	Actual 2023
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Interest received	977	-	19
	977	-	19
<i>Cash was applied to:</i>			
Payments to suppliers	(21,724)	-	(28,364)
Interest paid	(291,544)	(338,462)	(18,709)
Cost of commercial developments	(9,283,302)	(8,799,519)	(789,679)
	(9,596,570)	(9,137,981)	(836,752)
Net cash flows from operating activities	(9,595,593)	(9,137,981)	(836,733)
Net cash flows from investing activities	-	-	-
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Advance from related parties	-	9,600,000	766,472
Proceeds from borrowings	10,182,800	-	753,000
	10,182,800	9,600,000	1,519,472
<i>Cash was applied to:</i>			
Repayment of borrowings	(426,939)	-	(703,000)
	(426,939)	-	(703,000)
Net cash flows from financing activities	9,755,861	9,600,000	816,472
Net increase/(decrease) in cash & cash equivalents	160,268	462,019	(20,261)
Cash & cash equivalents at the beginning of the year	46	414,946	20,307
Cash & cash equivalents at the end of the year	160,314	876,965	46

Explanations of the major variances against budget are provided in note 10. The accompanying notes form part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

REPORTING ENTITY

UPL Limited Partnership is a 100 percent owned council-controlled organisation of Urban Plus Limited (UPL). The Partnership was incorporated on 20 January 2017 and changed its name to UPL Limited Partnership on 4 May 2018. UPL Developments Limited is the General Partner to the partnership.

The primary objective of the Partnership is to develop properties in the Hutt Valley area for profit.

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

The financial statements of the Partnership are for the year ended 30 June 2024. The financial statements were authorised for issue by the Board of Directors on 25 September 2024.

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

The accounting policies have been applied consistently throughout the period.

Disestablishment

The Board has signaled an intention to wind up the Partnership within the next 12 months. As of June 2024, UPL Limited Partnership is working on two development projects (Brook St and 55 Britannia St). Both projects are expected to be completed by December 2024. It is anticipated that the properties from these projects will be sold shortly after their completion. Following the sale of the properties, UPL Limited Partnership plans to proceed with its disestablishment. This process will take place once all financial and legal obligations have been met. The financial statements of the Partnership have therefore been prepared on disestablishment basis.

There was no change to the measurement or recognition of financial statement amounts as a result of the disestablishment basis of preparation.

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 Partnership 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.

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 Contracts with Customers includes property development sales, where revenue is recognised upon satisfaction of performance obligations. UPL Partnership recognises revenue from the sale of property developments at a point in time, at which it transfers the risks and rewards and control of the property to the end buyer on an agreed

settlement date. Expenses associated with property developments are recognised on settlement date.

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.

Income tax

The UPL Partnership is a flow-through entity for New Zealand Income Tax purposes. The profits and losses of the Partnership are attributed directly to the partners.

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 Partnership 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. 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 to 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

The Limited Partnership 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 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 Partnership's accounting policies set out below.

	2024	2023
Financial Assets		
Financial assets at amortised cost:		
Cash and cash equivalents	160,314	46
Debtors and other receivables	282	-
Total financial assets at amortised cost	160,596	46
Financial Liabilities		
Financial liabilities at amortised cost:		
Due to related parties	343,368	770,307
Borrowings	10,370,784	187,984
Trade and other payables	178,458	20,196
Total financial liabilities at amortised cost	10,892,610	978,487

3. 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.

	2024	2023
Commercial property development at 1 July	6,166,878	5,335,536
Cost of Sales of Commercial Development Property	-	-
Additional Developments during the year	9,734,667	831,342
Commercial property development at 30 June	15,901,545	6,166,878

No inventory has been pledged as security for liabilities.

4. Borrowings

Accounting Policy

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

	2024	2023
Loans from related parties	10,370,784	-
Total borrowings - current	10,370,784	-
Loans from related parties	-	187,984
Total borrowings - non current	-	187,984

Borrowing costs

Borrowing costs directly attributable to the construction of a 'qualifying asset' (the Partnership's commercial developments intended for sale – inventory) are capitalised, therefore there is no borrowing costs disclosed in the statement of comprehensive income (2023: \$nil). Total interest capitalised in the year to 30 June 2024 was \$291,544 (2023: \$18,709). Once properties are sold the borrowing costs and other inventory associated with the sale are expensed on settlement as cost of sales.

5. Other liabilities

	2024	2023
Current Portion		
Due to related parties	343,368	770,307
Total other liabilities - current portion	343,368	770,307

6. Remuneration

Key management personnel consist of the Board members of the general partner and UPL. 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	2024	2023
P Bell, Chair	1.00	1.00
H MacKenzie	-	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
P Jacques	1.00	1.00
	6.00	7.00

7. 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 UPL Limited Partnership and its parent (Urban Plus Limited) would have adopted in dealing with those entities at arm's length in the same circumstances.

8. Capital commitments

CAPITAL COMMITMENTS

Capital commitments as of 30 June 2024 amounted to \$nil (2023: \$nil).

9. Contingent liabilities and assets

CONTINGENT ASSETS

As at 30 June 2024 the Partnership had no contingent assets, (2023: \$nil).

CONTINGENT LIABILITIES

As at 30 June 2024 the Partnership had no contingent liabilities, (2023: \$nil).

The Partnership 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.

10. Explanation of major variances against budget

STATEMENT OF FINANCIAL PERFORMANCE

Overall, the Limited Partnership achieved a loss of \$18,906, compared with the budgeted deficit of \$529,470. This is due the marketing cost for Brook Street has not incurred and the intercompany finance expenses not being eliminated in the budget calculations.

STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents is less than budget due to higher volume of payments being made prior to 30 June than what was budgeted. This results in trade and other payables lower than budget and inventories is higher than budget.

11. Events after balance date

There have been no significant events since balance date (2023: \$nil).