Annual Report

MWRC Holdings Ltd
For the year ended 30 June 2022

Prepared by O'Fee Next Level Accounting

Contents

Directors Report

MWRC Holdings Ltd
For the year ended 30 June 2022

Chair's Report

During the financial year ended 30 June 2022 we expanded our investment portfolio to include two additional properties, 184 Grey Street and 40 Bowen Street. The purchase of these properties were predominately financed through borrowings and the residual balance paid using available cash.

These properties were purchased with the objective of strengthening financial returns and to increase future investment capabilities and options for the shareholder.

Our investment property holdings increased from $29,770,000 to $32,570,000 compared to the previous financial year as a result of further investments.

Our shareholding in CentrePort has been independently valued between $59 million to $71 million, indicating a slight decrease compared to the previous financial year. No additional dividends were received above the standard biannual shareholder dividend payments.

Financial Statements

The financial statements required by section 66 of the Local Government Act 2002 (LGA(2002)), are attached.

R J Keedwell

A L Benbow

Date: 30 November 2022

Registered Office

C/o Horizons Regional Council

11-15 Victoria Avenue
Palmerston North

Auditors

Audit New Zealand on behalf of the Controller and Auditor General.

All Directors listed their interests in the register on being appointed to the company.

The following interests were registered at balance date:

Director	
A L Benbow	
Scanpower Limited	- Director
AL & KC Partnership	
R J Keedwell	
Has not further interests to disclose.	

The Companies Act 1993 requires disclosure of the amount of donations, audit fees, fees for other services from the auditor, and the number of employees of the company who received remuneration and other benefits above $100,000 per annum, in brackets of $10,000. For this financial year, no staff were employed by MWRCH. The audit fee was $16,649 GST exclusive to Audit New Zealand. There were no audit fees for other services and no donations made.

Directors' Insurance

The company has arranged Directors' and Officers' liability insurance cover for $2 million with QEB Insurance (International) Limited and IAG NZ Limited to indemnify the Directors' against loss as a result of actions undertaken by them as Directors and employees provided they operate within the law. This disclosure is made in terms of Section 162 of the Companies Act 1993.

Directors' use of Company Information

The Board received no notices during the year from Directors requesting use of company information received in their capacity as Directors which would not have otherwise been available to them.

Statement of Responsibility

In terms of the Local Government Act 2002, the Board of Directors is responsible for the preparation of MWRC Holdings Limited's financial statements and to assist the company meet its objectives and any other requirements in its Statement of Intent (SOI).

The Board of Directors of MWRC Holdings Limited has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board of Director's opinion, these financial statements fairly reflect the financial position and operations of MWRC Holdings Limited for the year ended 30 June 2022.

Signed on behalf of the Board of Directors:

R J Keedwell

A L Benbow

Date: 30 November 2022

Statement of Comprehensive Revenue and Expense

MWRC Holdings Ltd
For the year ended 30 June 2022

	NOTES	2022	2022 SOI	2021
Revenue				
Rents		2,212,501	2,066,000	1,915,349
Interest	1	4,674	83,000	472
Dividends		1,384,616	1,385,000	4,615,385
Gain on Investment property revaluation		403,807	-	844,007
Total Revenue		4,005,598	3,534,000	7,375,214
Expenses				
Administration Costs	2	356,531	168,100	201,041
Finance Costs	1	520,177	510,000	538,798
Rental Expenses	3	532,404	201,150	282,424
Victoria Avenue Development	4	220,959	242,000	234,976
Subvention Payment to Council	5	-	114,000	311,740
Total Expenses		1,630,071	1,235,250	1,568,979
Surplus/(deficit) before tax		2,375,526	2,298,750	5,806,235
Income tax expense				
Income tax expense	5	252,400	-	346,819
Surplus/(deficit) after tax		2,123,126	2,298,750	5,459,416
Surplus/(deficit) attributable to MWRC Holdings Ltd		2,123,126	2,298,750	5,459,416
Surplus/(deficit) after distributions		2,123,126	2,298,750	5,459,416
Total comprehensive revenue and expense		2,123,126	2,298,750	5,459,416

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Explanations of major variances against budget are provided in the notes.

Statement of Financial Position

MWRC Holdings Ltd
As at 30 June 2022

	NOTES	30 JUN 2022	2022 SOI	30 JUN 2021
Assets				
Current Assets				
Cash and cash equivalents	6	2,043,746	4,461,000	3,839,756
Debtors and Accruals	7	188,388	-	248,010
Goods and Services tax	7	435	-	-
Income Tax Receivable	7	1,543	-	70
Other Current Assets	8	199,096	11,000	199,096
Total Current Assets		**2,433,207**	**4,472,000**	**4,286,932**
Non-Current Assets				
Other Financial Assets	9	70,000,000	70,000,000	70,000,000
Investment Property	11	32,570,000	29,551,000	29,770,000
Total Non-Current Assets		**102,570,000**	**99,551,000**	**99,770,000**
Total Assets		**105,003,207**	**104,023,000**	**104,056,932**
Liabilities				
Current Liabilities				
Creditors and Accrued Expenses	12	2,624,908	2,702,000	3,224,170
Goods and services tax	12	-	-	29,682
Provisions		-	-	311,740
Borrowing and other financial liabilities	13	-	-	-
Total Current Liabilities		2,624,908	**2,702,000**	3,565,592
Non-Current Liabilities				
Borrowing and other financial liabilities	13	18,500,000	17,000,000	17,000,000
Deferred Tax Liability	5	599,651	-	347,251
Total Non-Current Liabilities		**19,099,651**	**17,000,000**	**17,347,251**
Total Liabilities		**21,724,559**	**19,702,000**	**20,912,843**
Net Assets		83,278,648	**84,321,000**	83,144,089
Equity				
Contributed Capital	14	31,500,000	31,500,000	31,500,000
Accumulated Funds	14	7,160,647	6,998,000	7,026,088
Reserves	14	44,618,001	45,823,000	44,618,001
Total Equity		83,278,648	**84,321,000**	83,144,089

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated.

Explanations of major variances against budget are provided in the notes.

Statement of Changes in Equity

MWRC Holdings Ltd
For the year ended 30 June 2022

	2022	2022 SOI	2021
Equity			
Balance at 1 July	83,144,089	83,054,000	79,784,673
Total Comprehensive Revenue and Expense for the year	2,123,126	2,298,000	5,459,416
Dividends Paid	(1,988,567)	(2,236,000)	(2,100,000)
Asset Revaluation Reserve		1,205,000	
Balance at 30 June	**83,278,648**	**84,321,000**	**83,144,089**

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Explanations of major variances against budget are provided in the notes.

Statement of Cash Flows

MWRC Holdings Ltd
For the year ended 30 June 2022

	2022	SOI	2021
Cash Flows from Operating Activities			
Dividends	1,384,616	1,385,000	4,615,385
Interest Received	4,674	82,000	472
Other Income	2,293,081	2,375,000	1,838,300
Income tax received/(paid)	(1,542)	-	2,076
Subvention payments	(311,443)	-	-
Interest Paid	(567,922)	(510.000)	(673,497)
Payments to suppliers	(1,241,548)	(702,000)	(532,637)
GST	(11,099)	(195,000)	(87,941)
Total Cash Flows from Operating Activities	**1,548,817**	**2,434,000**	**5,162,158**
Cash Flows from Financing Activities			
Proceeds from loans borrowed from other parties	1,500,000	-	-
Dividends Paid	(2,100,000)	(2,100,000)	(1,250,000)
Total Cash Flows from Financing Activities	**(600,000)**	**(2,100,000)**	**(1,250,000)**
Cash Flows from Investing Activities			
Payments to purchase investment property	(2,744,827)	-	(1,676,383)
Retentions received from trust	-	-	200,000
Retentions paid to trust	-	-	(3,875)
Total Cash Flows from Investing Activities	(2,744,827)	-	**(1,480,258)**
Net Increase/ (Decrease) in Cash	**(1,796,011)**	**334,000**	**2,431,900**
Cash Balances			
Cash and cash equivalents at beginning of period	3,839,756	2,127,000	1,407,856
Cash and cash equivalents at end of period	2,043,746	334,000	3,839,756
Net change in cash for period	(1,796,011)	2,461,000	2,431,900

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated.

Explanations of major variances against budget are provided in the notes.

Statement of Accounting Policies

MWRC Holdings Ltd
For the year ended 30 June 2022

MWRC Holdings Limited (MWRCH) is a Council Controlled Trading Organisation (CCTO),owned 100% by Horizons Regional Council (HRC). MWRCH was incorporated on 14 December 2009 and commenced trading on 15 December 2009. MWRCH was primarily incorporated for the purposes of managing the investments of HRC and has designated itself a Public Benefit Entity (PBE) for Financial Reporting purposes, in keeping with the designation of the shareholder.

The financial statements are those of MWRCH, for the year ended 30 June 2022 , and were authorised for issue by the Board of Directors on 30 November 2022

Basis of Preparation

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

Statement of Compliance

The financial statements of MWRCH have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. MWRCH is not publicly accountable and expenditure is not higher than $30 million. These financial statements comply with PBE standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Specific accounting policies for major categories of revenue are outlined below:

Other Revenue

Other forms of revenue including fees, charges, and other revenues are recognised on a percentage of completion of the transactions as at the reporting date.

Dividends received are recognised when the right to the payment is established.

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the term of the lease.

Expenditure

Expenditure is recognised on an accrual basis when the service was provided, or the goods received.

Income Tax

Income tax expense may comprise both current and deferred tax and is calculated using tax rates that were enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised, or the liability is settled, based on tax rates (and tax laws) 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.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which MWRCH expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all 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 an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, on demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities, in the Statement of Financial Position.

Trade and Other Receivables

Trade and other receivables are initially stated at their face value, less any provision for impairment.

Other Financial Assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which MWRCH commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and MWRCH has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired. MWRCH has the following assets:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater that 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above.

They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. MWRCH includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value with gains and losses recognised in other comprehensive revenue and expense.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment of Financial Assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables

Impairment is established when there is evidence that the Company will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership,or liquidation and default in payments are indicators that the assets is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables,the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expenses

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties or the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the assets is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Payables

Short term creditors and other payables are recorded at their face value.

Borrowings

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

Borrowing Costs

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

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “financial costs”.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- reserves;
- accumulated funds; and
- contributed capital.

Reserves

These reserves relate to the revaluation of MWRCH's investment in CentrePort Limited. This reserve comprises the cumulative net change in the fair value through other comprehensive revenue and expense.

Goods and Services Tax (GST)

These financial statements are presented net of GST, except for receivables and payables which are inclusive of GST. Where GST paid is not recoverable, due to it relating to exempt items, the GST inclusive amount is recognised as part of the related asset or expense including the GST relating to investing and financing activities.

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.

The net GST paid to, or recovered from, the IRD is recognised as an item in operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumption have been made 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 or 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:

- Estimating the fair value of the Investment Property – Note 11
- Estimating the fair value of the CentrePort Investment – Note 9

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Fair value of the Investment Property – Note 11
- Fair value of the CentrePort Investment – Note 9
- CentrePort is not an associate due to its minority shareholding and has therefore been accounted for as fair value – Note 9

Notes to the Performance Report

MWRC Holdings Ltd
For the year ended 30 June 2022

	NOTES	2022	2021

1. Interest Revenue and Finance Costs

Interest revenue from term deposits, call accounts and use of money interest		4,674	472
Finance Costs			
Interest on borrowings from parent (Horizons Regional Council)		520,177	538,798
Total Finance Costs		**520,177**	**538,798**
Net Finance Costs		515,503	538,326

	NOTES	2022	2021

2. Administration Expenses

Consulting and accounting fees		333,455	181,145
Audit Fees		15,297	16,163
Other administration		7,779	3,733
Total Administration Expenses		**356,531**	**201,041**

	NOTES	2022	2021

3. Rental Expenses

Cleaning		46,075	40,227
Legal expenses		140,854	21,527
Light, Power, Heating		31,980	23,874
Rates		122,890	91,633
Repairs and Maintenance		190,606	105,163
Total Rental Expenses		**532,404**	**282,424**

	NOTES	2022	2021

4. Victoria Avenue Development

Ground Lease		132,000	132,000
Insurance		88,918	102,976
IRD Fitout		41	-
Total Victoria Avenue Development		**220,959**	**234,976**

	NOTES	2022	2021

5. Tax

Components of tax expense			
Current Tax		-	(432)
Deferred Tax		252,400	347,251
Total Components of tax expense		**252,400**	**346,819**

Relationship between tax expense and accounting surplus			
Net surplus/(deficit) before tax)		2,375,526	5,806,235
Tax and Tax Adjustments			
Tax at 28%		665,147	1,625,746
Non-deductible expenditure		2,193	784
Non-assessable income		(27,679)	(257,600)
Other Items		-	(432)
Gross up effect of imputation credits		151,201	316,802
Tax credit arising from imputation credits		(538,462)	(1,131,415)
Tax loss dereognised		-	-
Tax losses utilised		-	(207,066)
Tax expense for the year		**252,400**	**346,819**

The proposed subvention payment to Council is $nil (2021 - $311,740).

Deferred Tax Liability

Deferred tax assets/(liabilities	**Investment Property**	**Financial Instruments**	**Provisions**	**Tax Losses**	**Total**
Balance at 1 July 2020	(6,859)	-	4,394	2,465	-
Charged to surplus or deficit	(340,392)	-	(4,394)	(2,465)	-
Charged to other comprehensive revenue and expense	-	-	-	-	-
Derecognition of tax asset	-	-	-	-	-
Balance at 30 June 2021	(347,251)	-	-	-	(347,251)
Charged to surplus or deficit	(466,503)	-	-	214,103	(252,400)
Derecognition of tax asset	-	-	-	-	-
Balance at 30 June 2022	(813,754)	-	-	214,103	(599,651)

	NOTES	2022	2021

6. Cash and cash equivalents

Cash at bank and on hand		2,043,746	3,839,756
Total Cash and cash equivalents		**2,043,746**	**3,839,756**

	NOTES	2022	2021
7. Receivables and Accruals			
GST Receivable		435	-
Income Tax Receivable		1,543	70
Debtors and Accruals			
Prepayments		43,659	1,427
Accounts Receivable		144,729	246,584
Total Debtors and Accruals		**188,388**	**248,010**
Total Receivables and Accruals		**190,366**	**248,080**

During the year ended 30th June 2021 one of the tenants of 17 Victoria Avenue had contested some of the charges for their leased area. This has since been resolved and resulted in MWRC applying a credit to their account for rent overcharged of $73,763.03 and a credit for a contribution to their legal fees of $51,737.33. Of these amounts all except for $3589.72 relates to the year ended 30 June 2022 and prior

	NOTES	2022	2021
8. Other Current Assets			
Retentions Held in Trust		199,096	199,096
Total Other Current Assets		**199,096**	**199,096**

Retentions held are in a bank account managed by Council. Retentions are expected to be paid at the end of the 12 month defect liability period.

	NOTES	2022	2021
9. Other financial assets			
Unlisted shares in CentrePort Ltd (23.08% shareholding). Recognised at fair value.		70,000,000	70,000,000

	NOTES	2022	2021
Made up of			
Balance at 1 July		70,000,000	70,000,000
Less impairement		-	-
Plus Fair Value gain on revaluation		-	-
Balance at 30 June		70,000,000	70,000,000

Overview

Horizons Regional Council own 23.08% of the issued shares of CentrePort Limited through its wholly own subsidiary, MWRCH Holdings Limited (MWRCH). The balance of the shares are owned by Greater Wellington Regional Council. Each year MWRCH engages an independent third party, PriceWaterhouseCoopers (PwC), to assess the fair value of this shareholding and provide an indicative valuation range of the carrying value of the investment.

The valuation advice for port operations is determined using a discounted cash flow method as the primary valuation methodology for valuing the 100% value of CentrePort, with a cross check to a capitalisation of earnings method using market multiples and the pro-rata share of CentrePort's net tangible assets.

This has relied on the following information provided by CentrePort management:

- The Company's 2023 to 2025 Statement of Intent ("2022 SOI") which includes a forecast income statement, balance sheet and cash flow statement for the years FY23 to FY25;
- The Company's audited FY22 financial statements; and
- Information on the Company's website.

The indicative valuation range for the Council's 23.08% shareholding is $59M to $71M (2021 $61M to $72M). This represents a modest decrease to that of the 2021 range, as a result CentrePorts WACC increasing with the interest rate environment, a decrease in the cash balance and moving away from the 2018 10 year plan earnings (which is now out of date). However the amount of capital expenditure in forecast years has decreased this year, which partially offsets the negative impacts mentioned above.

The Directors' have retained the same carrying value of the Company's 23.08% shareholding in CentrePort as at 30 June 2022. This decision was made after considering the following:

- reviewing the independent valuation advice from PwC
- acknowledging the capital investment plans of CentrePort
- noting the significant forecasted improvement in EBITDA and shareholder dividends proposed from 2021 to 2025
- improving productivity
- improving market conditions in a post COVID-19 recovery period

It was noted that a 23.08% share of CentrePort's net assets is $107M. Applying the higher minority discount rate of 35% results in a value of $69M, which falls within the indicative valuation range provided and is in line with the carrying value of $70M.

Impact of the 2016 Kaikoura Earthquake on investment

As has been reported in previous reports, the November 2016 Kaikoura earthquake resulted in significant damage to CentrePort's assets and business. While the rebuild still contains a degree of uncertainty about the future business operations of CentrePort and in particular the capital expenditure required to reinstate the Company's assets or otherwise develop the Port, the Company's plans have been further developed.

CentrePort is continuing to provide more certainty on its future business operations in the preparation of a Master "Regeneration Plan" for their development of the Port and has commenced discussions with its shareholders in relation to these plans. Capital expenditure forecasts remain subject to some uncertainty whilst the Regeneration Plan process is ongoing.

Uncertainties in the valuation advice

The Directors' note that there is a high degree of uncertainty with regards to CentrePorts future capital expenditure and future financial performance and hence returns to shareholders. Key uncertainties highlighted in the fair value valuation advice they have received include:

- While all insurance proceeds have now been received, over the past 2.5 years there has been considerable disruption due to COVID-19 and New Zealand's response to the global pandemic. The cruise ship industry which was heavily impacted has begun to recover with the boarders opening, and expectations are this will reach pre-COVID levels by FY24.
- The capital expenditure required to rebuild and redevelop the port is very material to the indicative valuation. CentrePort has developed its Regeneration Plan and although CentrePort has greater visibility on major investments compared to previous years, uncertainty remains with regards to the timing and quantum of expenditure.
- A significant amount of the capital expenditure remains subject to detailed business casing and shareholder approval, which adds to the uncertainty regarding the quantum and timing.

- Short term capital expenditure forecasts remain highly volatile and uncertain due to the inherent unpredictability of the rebuild process, and changing strategic direction.
- Historical capital expenditure over the last 3 years has been significantly below spending levels that have been forecasted. The capital expenditure profile forecasted has been modified to reflect this uncertainty.
- A significant amount of the capital expenditure plan relates to ongoing rectification and resilience work that will likely not generate a WACC return on investment but is necessary for the long-term resilience of the port.

Assumptions

The independent valuation advice is also based on the following key assumptions:

- A valuation date as at 30 June 2022.
- CentrePort investment property value of $63M up from $61M last year.
- Mid period cash-flow timing
- A tax rate of 28%, with tax being paid in the year incurred
- A nominal terminal growth rate of 2.0%
- Capital expenditure forecasts are based upon conversations with management and the forecast financial statements contained with the 2022 SOI.
- A WACC of 7.6% - 7.9% being a significant increase on last year due to a large increase in the risk free rate used.
- Terminal year capital expenditure estimate of $24m
- NZ interest rates have increased significantly since last year reflecting market expectations for increases in the OCR.
- The return on investment for any capital expenditure on the proposed Multi-User Ferry Terminal is to be determined at the business case stage, and so it has been assumed based on the uncertainty, it will generate a cost of capital return.
- Capital expenditure related to ongoing rectification and resilience work will not likely generate a cost of capital return.
- A discount of 30-35% has been applied due to MWRCH's minority shareholding. MWRCH has little control over CentrePort's operations as the other shareholder Greater Wellington has a majority shareholding of greater than 75%. This discount reflects the lower value this shareholding has since it has limited ability to influence strategy setting, dividend policy and the right to refuse the transfer of shares.

Sensitivity Analysis

Sensitivity analysis has been completed where changes in key inputs to assumptions would significantly change the fair value.

The change to the valuation from changing these inputs has been estimated as follows:

- The weighted average cost of capital (WACC) utilised to determine the DCF of the port operations ranged from 7.6% to 7.9% across the 10-year forecast period. If the WACC was increased by 0.5% for every time period, the impact on the value of the Council's shareholding would be a reduction of $5.1m or 7.8%. If the WACC was reduced by 0.5% for every time period, the impact on the value of the shareholding would be an increase of $6.1m or 9.4%.
- If the value of CentrePort's commercial property interests was to decrease by $10m, the value decrease would be $1.6m or 2.4%. If the value were to increase by $10m, the value increase would be $1.6m or 2.4%.
- If the capital expenditure forecasts were to decrease by 5% from those assumed in the valuation (with no flow on changes to revenue or cost), the value impact would be an increase of $2.5m or 3.9%. If the capital expenditure forecasts were to increase by 5% from those assumed in the valuation, the value impact would be a decrease of $2.5m or 3.9%.
- The minority discount applied to the shareholding range was 30% to 35%. If the midpoint of that discount range was to decline by 5%, the value of the valuation midpoint would increase by $4.7m or 7.2%. If the minority discount was increase from its midpoint by 5%, the value decrease would be $4.9m or 7.6%

The valuation advice including calculating the discount rate has been carried out by an independent third party (PWC) with experience in valuing investments of this type.

10. Financial Instrument Categories

	NOTES	2022	2021
Financial Assets			
Loans & Receivables			
Cash and Cash Equivalents	6	2,043,746	3,839,756
Receivables	7	144,729	246,584
Total Loans & Receivables		**2,188,475**	**4,086,340**
FV through Comprehensive revenue and expenses			
CentrePort unlisted shares	9	70,000,000	70,000,000
Total FV through Comprehensive revenue and expenses		**70,000,000**	**70,000,000**
Financial Liabilities			
Payables		2,475,395	3,089,762
Borrowings from Horizons	13	18,500,000	17,000,000
Total Financial Liabilities		**20,975,395**	**20,089,762**
Total Financial Instrument Categories		**51,213,080**	**53,996,578**

	NOTES	2022	2021

11. Investment Property

	NOTES	2022	2021
28 North Street, Palmerston North			
Balance 1 July		3,670,000	3,150,000
Development Costs for the year		-	-
Renovations		-	-
Revaluation as at 30 June to reflect fair value		-	520,000
Total 28 North Street, Palmerston North		**3,670,000**	**3,670,000**
17-23 Victoria Avenue, Palmerston North			
Balance 1 July		25,000,000	24,000,000
Development Costs for the year		44,827	675,993
Disposals		(348,634)	-
Revaluation as at 30 June to reflect fair value		303,807	324,007
Total 17-23 Victoria Avenue, Palmerston North		**25,000,000**	**25,000,000**
7 Victoria Avenue, Palmerston North			
Balance at 1 July		1,100,000	-
Purchase Costs for the year		-	1,100,000
Renovations		-	-
Revaluation as at 30 June to reflect fair value		-	-
Total 7 Victoria Avenue, Palmerston North		**1,100,000**	**1,100,000**
40 Bowen Street, Feilding			
Balance at 1 July		-	-
Purchase Cost for the year		1,900,000	-
Renovations		-	-
Revaluation as at 30 June to reflect fair value		100,000	-
Total 40 Bowen Street, Feilding		**2,000,000**	**-**
184 Grey Street, Palmerston North			
Balance at 1 July		-	-
Purchase Cost for the year		800,000	-
Renovations		-	-
Revaluation as at 30 June to reflect fair value		-	-
Total 184 Grey Street, Palmerston North		**800,000**	**-**
Total Investment Property		**32,570,000**	**29,770,000**

The North Street property applies the fair value model for valuing the property and is valued at $3,670,000 as at 30 June 2022. In determining the fair value the valuers have utilised an income capitalisation approach referred to the lease of the property. Yields are derived from analysis of comparable sales in the market. The property was valued by an independent registered valuer Telfer Young who has the relevant professional qualifications and recent experience. There are no known restrictions to the realisability of the investment property.

The property at 17-23 Victoria Avenue applies the fair value model for valuing the property and is valued at $25,000,000 as at 30 June 2022. In determining the fair value the valuers have utilised an income capitalisation approach referred to the lease of the property. Yields are derived from analysis of comparable sales in the market. The property was valued by an independent registered valuer Telfer Young who has the relevant professional qualifications and recent experience. There are no known restrictions to the realisability of the investment property. The development cost of $44,827 and credit in disposals of ($348,634), is to recognise the overstatement of assets last year, while the gain on revaluation of $303,807 is a balancing entry to get the asset to $25m as per the independent valuation.

The property at 7 Victoria Avenue applies the fair value model for valuing the property and is valued at $1,100,000 as at 30 June 2022. In determining the fair value valuers have utilised an income capitalisation approach referred to the lease of the property. Yields are derived from analysis of comparable sales in the market. The property was valued by an independent registered valuer Telfer Young who has the relevant professional qualifications and recent experience. There are no known restrictions to the realisability of the investment property.

The property at 40 Bowen Street applies the fair value model for valuing the property and is valued at $2,000,000 as at 30 June 2022. In determining the fair value valuers have utilised an income capitalisation approach referred to the lease of the property. Yields are derived from analysis of comparable sales in the market. The property was valued by an independent registered valuer Telfer Young who has the relevant professional qualifications and recent experience. There are no known restrictions to the realisability of the investment property.

The property at 184 Grey Street applies the fair value model for valuing the property and is valued at $800,000 as at 30 June 2022. In determining the fair value valuers have utilised an income capitalisation approach referred to the lease of the property. Yields are derived from analysis of comparable sales in the market. The property was valued by an independent registered valuer Telfer Young who has the relevant professional qualifications and recent experience. There are no known restrictions to the realisability of the investment property.

Impact of COVID-19

Disruption to the economy and an increase in general economic uncertainty has been evident from when the COVID-19 pandemic reached New Zealand in early 2020.

Throughout the country, prices across most commercial property sectors have been impacted by the pandemic. The risk of a re-emergence of COVID-19 in the community continues to be an ongoing threat and an increase in Alert Levels could have a considerable effect on businesses. The level of risk will differ across different commercial property classes, with those not able to operate to full capacity during lower Alert Levels being the most affected.

In particular those properties associated with hospitality and travel have been impacted.

In general terms, industrial properties are likely to be the least affected commercial property class, with offices moderately affected, and retail/hospitality the most affected.

Given the quality of the subject property assets and current tenure we consider that the risks associated with COVID-19 are expected to be relatively low in comparison to other commercial properties.

	NOTES	2022	2021
Rental Information			
Rental Revenue		2,212,501	1,915,349
Direct Operating Expenses - property generates rental revenue		313,496	196,797

Operating leases as lessor

The North Street property is leased under an operating lease. It is for a non-cancellable term of nine years from 1 June 2015. The future lease payments to be collected are as follows:

	NOTES	2022	2021
Operating leases			
Not later than one year		247,185	247,185
Later than one year and not later than five years		226,586	473,873
Later than five years		-	-
Total Operating leases		**473,771**	**721,058**

The property at 17-23 Victoria Avenue is leased under an operating lease. The following tenants have the following non-cancellable terms in place;

Objective Corporation Solutions NZ Limited for a term of seven years from 1 May 2020.

Horizons Regional Council for a term of five years from 6 December 2019.

Inland Revenue for a term of nine years from 27 September 2019.

Palmerston North City Council for a term of ten years from 6 December 2019.

Amayjen Restaurant for a term of six years from 28 December 2020.

The future lease payments to be collected are as follows;

	NOTES	2022	2021
Operating Leases			
Not later than one year		1,682,294	1,646,738
Later than one year and not later than five years		6,092,699	6,269,888
Later than five years		1,705,830	3,074,605
Total Operating Leases		**9,480,823**	**10,991,231**

The property at 7 Victoria Avenue is leased under an operating lease. It had a non-cancellable term of six years from 5 July 2012 with one right to renewal of four years. The lease was extended by a further year on 3rd March 2022 and now expires 4th July 2023. The future lease payments are to be collected as follows;

	NOTES	2022	2021
Operating Leases			
Not later than one year		43,600	43,600
Later than one year and not later than five years		3,633	-
Later than five years		-	-
Total Operating Leases		**47,233**	**43,600**

The property at 40 Bowen Street is leased under an operating lease. It is a non-cancellable term of fifteen years from 22 September 2021 with two rights to renewal of five years. The future lease payments are to be collected as follows;

	NOTES	2022	2021
Operating leases			
Not later than one year		150,000	-
Later than one year and not later than five years		600,000	-
Later than five years		1,384,521	-
Total Operating leases		**2,134,521**	**-**

	NOTES	2022	2021
12. Creditors and Accrued Expenses			
GST Payable		-	29,682
Accounts Payable		195,726	198,332
Accrued Retentions		199,096	199,096
Accrued Dividends		1,988,567	2,100,000
Income in Advance		149,513	134,408
Sundry Accruals		92,006	592,334
Total Creditors and Accrued Expenses		**2,624,908**	**3,253,852**

Creditors and accrued expenses includes retentions held of $199,096 (2021 - $199,096) related to construction contracts in progress.

	NOTES	2022	2021
13. Borrowings and other financial liabilities			
Term Portion		18,500,000	17,000,000
Total Borrowings and other financial liabilities		**18,500,000**	**17,000,000**

The loan is from Horizons. Interest is being charged to MWRCH at the same rate as what Horizons pays for its own long term borrowing, plus a margin of 0.25%.

	NOTES	2022	2021

14. Equity

	NOTES	2022	2021
Accumulated Funds			
Balance at 1 July		7,026,088	3,666,672
Surplus/(deficit) for the year		2,123,126	5,459,416
Less Dividend paid		(1,988,567)	(2,100,000)
Balance at 30 June		**7,160,647**	**7,026,088**
Authorised Capital (56,100,000 shares issued and fully paid)			
Balance at 1 July		31,500,000	31,500,000
Movement - Issued Capital		-	-
Balance at 30 June		**31,500,000**	**31,500,000**
Reserves			
CentrePort Shares			
Balance at 1 July		44,618,001	44,618,001
Gain/(Loss) on revaluation	9	-	-
Balance at 30 June		**44,618,001**	**44,618,001**
Total Equity		**83,278,648**	**83,144,089**

	NOTES	2022	2021
Number of Shares Issued			
Opening Number of Shares Issued		56,100,000	56,100,000
Additional Shares Issued		-	-
Closing Number of Shares Issued		**56,100,000**	**56,100,000**

15. Operating Lease Commitments

The land situated at 17-23 Victoria Avenue, is leased by MWRC Holdings Ltd under an operating lease. The lease was signed 17 October 2017 and is for a non-cancellable term of 35 years. The future lease payments to be made are as follows:

	NOTES	2022	2021
Commitments to lease land			
Not later than one year		132,000	132,000
Later than one year and not later than five years		528,000	528,000
Later than five years		3,344,000	3,471,419
Total Commitments to lease land		**4,004,000**	**4,131,419**

	NOTES	2022	2021
16. Retentions			
Opening Retentions		199,096	399,096
Retentions Recognised		-	-
Retentions Released		-	(200,000)
Closing Retentions		**199,096**	**199,096**

A separate bank account has been set up in the Council for the recording and recognition of the retentions. Retentions are expected to be paid at the end of the 12 month defect liability period.

17. Contingent Liabilities and Guarantees

There were no contingent liabilities and guarantees that would be considered material at year end. (2021 - Nil)

18. Related party transactions

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 the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Group (such as dividends paid and received), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

Key management personnel

There are no employees employed by MWRCH. All functions are performed by Horizons staff with their costs invoiced to MWRCH. Similarly Rachel Keedwell and Allan Benbow are not paid salaries by MWRCH with their Horizon salaries deemed to cover their responsibilities as directors of MWRCH.

19. Explanations of major variances against budget

Explanations for major variations (+/- 10%) from MWRCH's SOI for 2021-22 are as follows:

Statement of Comprehensive Revenue and Expense

- Interest revenue was significantly less than budget due to lower than expected interest rates.
- Expenditure exceeded budget due to higher than expected repairs and maintenance, engineering and legal costs. This was driven by the acquisition of additional properties and unforeseen legal dispute with an existing tenant.

Statement of Financial Position

The acquisition of 184 Grey Street and 40 Bowen street resulted in:

- Increase in investment property holdings by $2.8m
- Increase in borrowings and other financial liabilities by $1.5m
- Lower than budgeted cash and cash equivalents

Other current assets was higher than budget due to the timing of retention releases

Deferred tax liability was lower than previous year due to a reduction in dividend income

Debtors and accruals reduced from $248K (FY 2021) to $188K (FY 2022), comprising of insurance prepayment $44K and $145K accrued rent revenue.

20. Subsequent Events After Balance Date

A settlement was reached with a tenant in 17-23 Victoria Ave which resulted in a payment to the tenant for overcharged rent of $73,763.03 and a contribution towards their legal costs of $ 51,696.42. This agreement was reached on 13th July 2022. $70,173.30 of the overcharged rent relates to periods prior to 30th June 2022

21. Implications of Covid-19

The implications of COVID-19 during the year being reported on were minimal. The ongoing effects relate to changing interest rates and potential impacts on valuation of investments. Considerations have been made by the respective independent valuers when determining the latest valuations for these assets. Refer to Notes 9 & 11 for further detail.

22. Legislative Compliance

Section 67 of the Local Government Act requires the Company to complete its Annual Report within 3 months of balance date. For the year ended 30 June 2022 this date was extended to 30 November 2022 under the Covid-19 Response (Further Management Measures) Legislation.

Performance Targets

The targets are to:

1. Provide a minimum cash return on investment to Council of 65% NPAT

	Actual 2022 $000	SOI 2022 $000	Actual 2021 $000
Net Profit After Tax (NPAT)	2,123	2,298	5,459
Dividend/subvention payment	1,988	2,236	2,412
Dividend as percentage of NPAT	93.64%	97.30%	44.19%

2.Operate within agreed budgets

Overall revenue is well above budget due to an increase in rents received. Overall expenditure is over budget due to additional consultancy and repairs and maintenance costs. For more details refer to note 19.

3. Maintain the following financial performance targets

	Actual 2022 $000	**SOI 2022 $000**	**Actual 2021 $000**
Net Profit Before Tax	2,375	2,298	4,962
Income Return on net Assets*	2.85%	2.73%	6.98%
Income Return on net Assets (excluding CentrePort)	7.46%	7.17%	9.06%
Dividend (excluding subvention payments)	1,988	2,236	2,100
Debt Repayment	-	-	-

* Income return on net assets is calculated as the net profit before tax divided by net assets

Independent Auditor's Report

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

The Auditor-General is the auditor of MWRC Holdings Limited (the company). The Auditor-General has appointed me, Andrew Clark, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 5 to 26, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expense, 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 page 27.

In our opinion:

- the financial statements of the company on pages 5 to 26:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2022; and
        - its financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime; and
- the performance information of the company on page 27 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 30 November 2022. 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 uncertainties in the fair value of CentrePort Limited shares. 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.

Emphasis of matter - uncertainties over the fair value of the shares in CentrePort Limited (CentrePort)

Without modifying our opinion, we draw your attention to Note 9 on pages 16 to 18, which outlines how the fair value of the shares in CentrePort as at 30 June 2022 has been determined. There are a number of uncertainties involved in estimating the fair value, as the key assumptions are sensitive to change. These uncertainties could have a material effect on the fair value of the shares.

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 3 and 4, 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.

Andrew Clark

Andrew Clark
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand