



TDHL

Timaru District Holdings Ltd

Delivering Prosperity

Timaru District Holdings Ltd

Annual Report 2022

www.tdhl.co.nz

Report Contents

Directors' declaration

Directory

Annual report

Statement of objectives & performance

Financial Statements

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Statutory information

Auditor's report

Directors declaration

In the opinion of the Directors of Timaru District Holdings Limited ('the Company') the financial statements and notes, on pages 8 to 61:

Comply with New Zealand generally accepted accounting practice and present fairly the financial position of the Company as at 30 June 2022 and the result of operations for the year ended on that date;

Have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the annual report including the financial statements of Timaru District Holdings Limited for the year ended 30 June 2022.



Mark F. Rogers (Chairperson)
Date: 23 November 2022



R. Keoghan (Deputy Chair)
Date: 23 November 2022

Directory

Incorporation number	881487
Principal activities	Property - non-residential - renting or leasing
Registered office	2 King George Place Timaru New Zealand
Directors	Mark F. Rogers (Chairperson) Rebecca L. Keoghan (Deputy Chairperson) Peter J. Burt Sally B. Parker (appointed on 8 December 2021) Aaron W. K. Bethune (appointed on 10 May 2022) Richard L. Lyon (ceased 8 December 2021) Ian R. Fitzgerald (ceased 8 December 2021)
Shareholders	Timaru District Council 49,550,000 ordinary shares <hr/> 49,550,000 ordinary shares
Auditor	Audit New Zealand, Christchurch On behalf of the Auditor-General

Highlights & Challenges

Net Surplus after tax

\$13.0M

down from \$16.7M

Net Cash from Operations

\$2.7M

down from \$3.9M

Dividends from Associates

\$2.4M

up from \$2.0M

Property Revenue

\$2.8M

down from \$2.9M

Investment Property Valuation

\$45.5M

up 4.2%

Share of Associate Surplus

\$10.1M

down from \$12.8M

Total Dividend to TDC

\$1M

down from \$2M

Total Equity

\$149.5M

up from \$135M

Chairman and General Manager Report

TDHL's resilience, careful stewardship of its investments and focus on consolidation has ensured a solid return despite uncertain and challenging operating conditions. TDHL has met its performance targets while providing a strong return, continued to pay down debt and have substantially increased the shareholder's equity.

Our focus on building our relationships and working closely with our associates has ensured that we are better placed to constructively engage with them at a governance level and support them through a greater understanding of their operating environment. This year has seen the continued influence of supply-chain disruptions, a high inflationary environment, and the growing effects of decarbonisation on their businesses.

Internally, we have begun working through a refreshed purpose, vision and strategic priorities to ensure they clearly reflect our aspirations and are closely aligned with the strategic direction of our shareholder. This will see TDHL being fit-for-purpose and resilient going forward.

Changes have also been seen around the Board table. We would like to acknowledge and thank retiring Chair Ian Fitzgerald and Director Richard Lyon for their service and contribution to TDHL. Both played long and critical roles in TDHL throughout their tenures, including significant decision points for the company.

We welcomed two new Directors during the year, Sally Parker and Aaron Bethune joined the board bringing a fresh perspective and strong financial skills.

Summary of activities

Financial Performance

TDHL generated an operating surplus after tax of \$13.0M in returns from its associates, property rentals and revaluations including net cash from operations of \$2.7M. Underlying this is the story of consolidation and ongoing financial support to our shareholder through the \$1M dividend payment and \$1.7M in interest and extra principal payments throughout the year. This resulted in a total cash payments to Council of \$2.7M compared with \$2.4M in 2020/21.

The total assets have grown 8.1%, total liabilities decreased by 6.1% and the shareholders equity increased by 11.0% to \$149.5M.

Commercial property portfolio

Near capacity occupancy levels and positive leasing arrangements supported sustainable property revenue. Several development opportunities including the \$2.5M sealing of the 3 Fraser St container yard see us continue to add value to our tenants and portfolio.

Following the sale in 2020, the Showgrounds development continues to track towards opening.

Post balance date, we announced the sale of part of the Stafford Street properties. This first stage of development enables an exciting new project which supports Council's Theatre development plans and makes a significant contribution to the revitalisation of Timaru's CBD.

[Continued next page >](#)

Alpine Energy Limited



TDHL has a 47.5% shareholding in Alpine Energy Limited. The principal activity of Alpine Energy is electricity distribution to households and businesses in the South Canterbury region via its electricity distribution network.

PrimePort Timaru Limited



TDHL has a 50% shareholding in PrimePort Timaru Limited with the other 50% shareholding held by Port of Tauranga Limited. PrimePort plays a critical role connecting our district's exporters and importers to the world.

Conclusion

Finally, we would like to thank the Mayor, Councillors and Council Officers for their support throughout the year and we look forward to another productive year ahead.

A stylized, handwritten signature in black ink, appearing to read "Mark F. Rogers".

Mark F. Rogers
Chairperson

A stylized, handwritten signature in black ink, appearing to read "Frazer Munro".

Frazer Munro
General Manager

Statement of objectives and performance

The objectives of the Company for this financial year are specified in the Statement of Intent which was approved by the shareholders. These objectives are listed below and the performance achieved during the financial year.

General Objectives

a. To maximise the value of the subsidiary and associate and joint venture trading companies to the Council, as the shareholder in TDHL.

○ Achievement:

Alpine Energy Limited

The Alpine Energy Group's results for the 2021/22 financial year are as follows:

Performance Manager	Target	Actual
Ratio of shareholders funds to total assets	59%	57%
Rate of return on shareholders funds	7.27%	5.10%
Net tangible assets per share	\$7.07	\$7.60
Earnings per fully paid share	\$0.309	\$0.214
Dividend per fully paid share	\$0.06	\$0.06

Statement of objectives and performance

○ Achievement:

PrimePort Timaru Limited

The PrimePort results for the 2021/22 financial year are as follows:

Performance Manager	Target	Actual
Return on total assets	6.03%	5.80%
Return (after tax) on shareholders' funds	9.95%	9.31%
Ratio of shareholders' funds to total assets	\$0.61	\$0.62
Net Tangible assets per share	\$8.49	\$9.28
Earnings per fully paid share	\$0.84	\$0.87

b. To ensure insofar as it is reasonably and lawfully able, that the Statements of Intent of each of TDHL's subsidiaries and associates reflects the policies and objectives of the Council and TDHL in the area of activity or operation of that subsidiary or associate.

○ Achievement:

All Statements were reviewed and considered to be in line with applicable policies and objectives.

c. To monitor the activities of the companies, comprising the group, to ensure that the respective Statements of Intent are adhered to.

Statement of objectives and performance

○ Achievement:

The performance and activities of the companies are monitored regularly through reporting and updates.

d. To keep the TDC informed of matters of substance affecting the group.

○ Achievement:

The Timaru District Council was informed on a quarterly basis on the performance of the Company and its associates. Presentations were also made to the Council on various matters.

e. To obtain a commercial return and build long term strategic value from the port property portfolio, but to have regard to the broader port economy including working in conjunction with PrimePort to ensure operations contribute to the port business as far as practicable.

○ Achievement:

The commercial return is achieved through diligent management of the leases and regular market rent reviews. A close relationship with PrimePort is maintained by regular engagement at a management and Board level, and joint initiatives. The achievement can be seen in the annual performance of the PrimePort and the return on property.

f. To evaluate and consider development options from time to time.

○ Achievement:

TDHL actively maintains a watching brief for development opportunities and improvement options, with several projects investigated over the year and others coming to fruition.

g. To undertake asset purchases, partner with external parties, or assist future developments that, taking into account the strategic priorities of the shareholder, contribute to the economic development of the district.

Statement of objectives and performance continued

○ Achievement:

TDHL continues to take a proactive approach with an outlook to pursue opportunities were considered appropriate. TDHL is actively engaging with external parties on current and future projects and will continue to do so.

h. To maintain current best practices of risk management including health and safety.

○ Achievement:

Risk management is incorporated into every decision TDHL considers. Health and Safety at an operational and associates level has been reviewed by the Board.

i. To ensure activities around TDHL's property portfolio mitigate risk to the Company and its Shareholders.

○ Achievement:

TDHL continually reviews its investment portfolio, specifically around the tradeable property assets.

Statement of objectives and performance continued

Specific Objectives for 2021/2022

Objective	Performance Target	Achieved
To engage with Council to ensure TDHL contributes to Council's Strategic Framework.	Hold at least one strategic update workshop with Council in late 2021 to present Council any refreshed strategic direction which may include a revised Sol.	Workshop held 14 September 2021.
Work with Council to articulate the principles that define the strategic priorities of the shareholder.	Develop an investment framework that defines the criteria and balances the "and" principles of: financial return and shareholders strategic priorities and feasibly achievable by TDHL.	Regularly discussed and developed through a series of workshops with TDC.
Effectively and prudently manage TDHL's property assets, obtaining a satisfactory return on investment on commercial properties Property held for non-financial reasons shall achieve good community outcomes over the medium term.	To achieve a return on investment of 7% or greater on the leasable port property portfolio held for investment purposes Continue with business-as-usual approach acknowledging there will be some optimisation on the fringes of the portfolio Annual review of property held for non-financial reasons.	A return on investment of 7.3% was achieved.
To continue debt reduction and shareholder distributions subject to no major investments being undertaken and available cashflow.	The current intention is to maintain \$3M of reserves, provide a dividend to Timaru District Council as indicated below, with any remaining surplus to be used for debt reduction. The above is subject to the solvency test and no new major investments being undertaken.	\$3M of reserves maintained, \$1M dividend paid and \$1.5M of debt repayments made.

Statement of objectives and performance continued

Financial Performance Targets

	Target	Actual	Achieved
EBITDA			
Earnings before Interest Tax Depreciation and Amortisation	\$3,115,300	\$3,908,000	Yes
Net profit after tax to shareholders funds	2%	2%	Yes
Net tangible assets per fully paid share	4.07	4.82	Yes
Earnings per fully paid share	0.08	0.10	Yes
Dividends paid per fully paid share	0.03	0.03	Yes
Shareholder funds to total assets	83%	85%	Yes

Comment for below performance targets

The targets above are set within the Statement of Intent. For the purpose of measuring and calculating performance targets, earnings and net profit are defined as "excluding gain on revaluation of investment property, share of associate surplus and inclusive of associate paid dividends". The above targets and achievement have therefore, been calculated on this basis.

Statement of comprehensive income

For the year ended 30 June 2022 in New Zealand dollars

	Note	2022 \$000	2021 (Restated) \$000
Revenue		2,807	2,945
Share of associate surplus		10,097	12,752
Gain on changes in fair value of derivative financial instruments			195
Revaluation of investment properties		2,212	3,760
		15,116	19,652
Operating expenses		(1,299)	(1,494)
Losses on sale of investment property		-	(89)
		13,817	18,069
Operating profit before financing costs			
Finance income		34	31
Finance expenses		(710)	(786)
Net financing costs		(676)	(755)
Profit before income tax		13,141	17,314
Income tax expense		(131)	(603)
Profit for the year		13,010	16,711
Other comprehensive income			
Share of associate surplus - other comprehensive income		2,793	(164)
Other comprehensive income/(loss) for the year, net of income tax		2,793	(164)
Total comprehensive income for the year		15,803	16,547

Statement of financial position

As at 30 June 2022 in New Zealand dollars

	Note	2022 \$000	2021 (Restated) \$000
Assets			
<i>Current assets</i>			
Cash and cash equivalents		785	635
Other financial assets		2,500	2,503
Trade and other receivables		565	575
Property held for sale		979	-
Total current assets		4,829	3,713
<i>Non-current assets</i>			
Right of use assets		5	14
Investment properties		45,488	43,645
Investments in associates		123,862	113,401
Property held for sale		432	1,064
Deferred tax asset		356	2
Total non-current assets		170,143	158,126
Total assets		174,972	161,839

Statement of financial position continued

As at 30 June 2022 in New Zealand dollars

	Note	2022 \$000	2021 (Restated) \$000
Liabilities			
<i>Current liabilities</i>			
Trade and other payables		215	860
Employee benefits		14	6
Income tax payable		1,075	599
Lease liabilities		5	9
Total current liabilities		1,309	1,474
<i>Non-current liabilities</i>			
Interest bearing loans and borrowings		24,181	25,681
Lease liabilities		-	5
Total non-current liabilities		24,181	25,686
Total Liabilities		25,490	27,160
Equity			
Share capital		31,000	31,000
Retained earnings		103,649	91,639
Asset revaluation reserve		14,833	12,040
Total Equity		149,482	134,679
Total liabilities and equity		174,972	161,839

Statement of changes in equity

For the year ended 30 June 2022 in New Zealand dollars

	Share capital	Retained earnings	Asset revaluation reserve	Total
Balance at 1 July 2021	31,000	91,639	12,040	134,679
Total comprehensive income for the year				
Profit for the year		13,010	2,793	15,803
Total comprehensive income for the year	-	13,010	2,793	15,803
Transactions with owners of the Company				
Dividends paid during the year	-	(1,000)	-	(1,000)
Total transactions with owners	-	(1,000)	-	(1,000)
Balance at 30 June 2022	31,000	103,649	14,833	149,482
Balance at 1 July 2020	31,000	91,696	-	122,696
Correction of prior year error	-	(14,768)	12,204	(2,564)
Balance at 1 July 2020 (Restated)	31,000	76,928	12,204	120,132
Total comprehensive income for the year				
Profit for the year	-	16,711	(164)	16,547
Total comprehensive income for the year	-	16,711	(164)	16,547
Transactions with owners of the Company				
Dividends paid during the year	-	(2,000)	-	(2,000)
Total transactions with owners	-	(2,000)	-	(2,000)
Balance at 30 June 2021	31,000	91,639	12,040	134,679

Statement of cash flows

For the year ended 30 June 2022 in New Zealand dollars

Note	2022 \$000	2021 \$000
Cash flows from operating activities		
Cash received from customers	3,242	2,962
Cash paid to suppliers and employees	(1,738)	(1,718)
Income tax paid	-	(5)
Interest received	34	31
Interest paid	(1,307)	(785)
Dividends received	2,428	3,442
Net cash from operating activities	2,659	3,927
Cash flows from investing activities		
Proceeds from sale of investment property	-	6,444
Acquisition of investments	-	(1,500)
Net cash from investing activities	-	4,944
Cash flows from financing activities		
Repayment of borrowings	(1,500)	(7,900)
Dividends paid	(1,000)	(2,000)
Lease payments	(9)	(4)
Net cash (to) financing activities	(2,509)	(9,904)
Net increase/(decrease)	150	(1,033)
Opening cash and cash equivalents 1 July	635	1,668
Closing cash and cash equivalents 30 June	785	635

Notes to the financial statements

① Reporting entity

Timaru District Holdings Limited (the “Company”) is a Council Controlled Organisation as defined in section 6 of the Local Government Act 2002. The Company is wholly owned by Timaru District Council. The Company began operation on 29 October 1997.

The entity consists of Timaru District Holdings Limited, and associated entities, PrimePort Timaru Limited (50%) and Alpine Energy Limited (47.50%). All entities are incorporated in New Zealand.

The Company’s principal activity is Property - non-residential - renting or leasing.

The financial statements presented are for Timaru District Holdings Limited as at and for the year ended 30 June 2022.

② Basis of preparation

The financial statements of Timaru District Holdings Limited have been prepared in accordance with the requirements of the Companies Act 1993, the Local Government Act 2002 and the New Zealand International Financial Reporting Standards.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

For the purposes of complying with NZ GAAP, the Company is eligible to apply Tier-2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (“NZ IFRS RDR”) on the basis that it does not have public accountability and is not a large for-profit public sector entity. The Company has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Timaru District Holdings Limited is New Zealand dollars.

Notes to the financial statements continued

② Basis of preparation continued

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment property which are measured at fair value, and associates which are equity accounted. Fair values have been determined for measurement purposes based on the methods outlined in the notes specific to the asset. Where applicable, further information about the assumptions made in determining fair value is also disclosed in the notes specific to that asset or liability.

These financial statements are presented in New Zealand dollars (\$) which is the Company's functional currency, rounded to the nearest thousand dollars (\$000). They have been prepared on a GST exclusive basis except for receivables and payables that are stated inclusive of GST.

Use of estimates and judgements

The preparation of the financial statements in conformity with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The principal areas of judgement in preparing these financial statements are set out below. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 9 Valuation of investment property.
- Note 12 Leases, on determining whether a contract contains a lease, lease terms, incremental borrowing rate, and lease renewal options.

Basis of preparation continued

Impact of COVID-19

COVID-19 disruption remains a risk for New Zealand. While the TDHL team has responded to the changing environment, the overall impact on the operations of the company has been minimal. Investment properties held by the Company were independently valued as at 30 June 2022 by Tom Patterson B.Com (VPM), MIPINZ, a registered valuer with CBRE Limited. The valuation report has indicated that the last twelve months has seen some modest growth in land values for industrial land in both the Port and Washdyke locations as a result of low interest rates and the COVID-19 pandemic. An impairment assessment has been completed for the Company's investment in associated entities, Alpine Energy Limited and PrimePort Timaru Limited as at 30 June 2022. No impairment loss is required to be recognised due to COVID-19 based on the results of the assessment. In summary, management and the board have considered the impact of COVID-19 on the Company's operations and the relevant balances and disclosures in the financial statements. Overall, the financial impacts of COVID-19 on the Company have been minimal for the year ended 30 June 2022.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Goods and Services Tax

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense. Timaru District Holdings Limited became registered for GST in January 2007 and all parent transactions prior to this time were recorded inclusive of GST.

Notes to the financial statements continued

Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements continued

Cash and cash equivalents policy

Cash and cash equivalents means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Company invests as part of its day-to-day cash management.

Restatement of comparative information

Certain comparative period information has been represented or restated. Refer to note 11 for further details.

③ Revenue

Property rentals	2022	2021
	\$000	\$000
	2,807	2,945
	2,807	2,945

Revenue is recognised when the performance obligation associated with the respective contract is satisfied and can be reliably measured.

Rental income from the investment property is recognised in the Statement of Comprehensive Income when due and paid by the Lessee and is spread evenly over the lease period. Rental income from investment property solely comprises of operating lease income from lease contracts in which the Company acts as a lessor (refer to note 12).

Notes to the financial statements continued

④ Net financial costs

	2022	2021
	\$000	\$000
Interest income	34	2021
Finance income	34	31
Interest expense	(710)	(786)
Finance expense	(710)	(786)
Net financing costs	(676)	(755)

Finance income and expenses policy

Finance income comprises interest income on funds invested using the effective interest method. Finance costs comprise interest expense on interest bearing loans and borrowings. The interest expense component of interest bearing loans and borrowings is recognised as an expense using the effective interest rate method.

⑤ Operating expenses

	2022	2021
Directors' fees	195	149
Audit fees	10	9
Audit fees relating to the previous financial year		
Audit fees - Annual accounts audit	18	17
Holding Company operating costs	1,068	1,310
Net financing costs	-	5
Depreciation - Lease assets	8	4
	1,299	1,494

Notes to the financial statements continued

⑥ Income tax

	2022 \$000	2021 \$000
Tax recognised in profit or loss		
Current tax expense		
Current period	485	605
Total current tax expense	485	605
Deferred tax expense		
Origination and reversal of temporary differences	(354)	(2)
Total deferred tax benefit	(354)	(2)
Total income tax expense	131	603
Reconciliation of effective tax rate		
Profit before tax	13,141	17,314
Income tax using the Company's domestic tax rate of 28%	4,460	4,801
Permanent differences	(3,649)	(3,762)
Imputation credits received on dividends	(680)	(436)
Income tax expense	131	603
Deferred tax		
Investment property	346	-
Property held for sale	6	-
Employee benefits	4	2
Lease liability	1	4
Right of use assets	(1)	(4)
Net deferred tax assets	356	2

The current tax liability of \$1,075,000 (2021: 599,000) represents the amount of income taxes payable in respect of current and prior periods.

Notes to the financial statements continued

⑥ Income tax policy

Tax expense comprises current and deferred tax and is calculated using rates enacted or substantively enacted at balance date. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the tax is recognised as an adjustment against the item to which it relates. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of goodwill. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Notes to the financial statements continued

⑦ Cash and cash equivalents

	2022 \$000	2021 \$000
Current assets		
Bank accounts	785	635
Total cash and cash equivalents in the statement of cash flows	785	635
Reconciliation of cash flows from operating activities		
	2022	2021 (Restated)
Cash flows from operating activities		
Profit for the year	15,803	16,547
<i>Adjustments for:</i>		
Loss on sale of investment property		89
Share of associate surplus	(10,461)	(11,031)
Gain on changes in FV of derivative financial instruments	-	(195)
Deferred tax expense	(354)	(2)
Impairment of property held for sale	22	-
Gain on FV of investment property	2,212	3,760
	2,797	1,648
Change in trade and other receivables	13	1,902
Change in trade and other payables	(151)	377
Net cash from operating activities	2,659	3,927

Notes to the financial statements continued

⑧ Trade and other receivables

	2022 \$000	2021 \$000
Debtors	565	575
	565	575

Bad debt expenses of nil (2021: \$15,000) have been recorded within operating expenses in the statement of comprehensive income.

Trade and other receivables policy

Trade and other receivables are initially recognised at fair value, being their cost, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Impairment is calculated based on an expected credit loss (ECL) model under NZ IFRS 9. No provision is recognised as at 30 June 2022 (2021: nil).

Notes to the financial statements continued

⑨ Investment properties

	2022 \$000	2021 \$000
Opening balance	43,645	47,482
Change in fair value	2,212	3,760
Sale of Showgrounds (part 1)	-	(6,533)
Transfer of Showgrounds to property held for sale	-	(1,064)
Transfer of Stafford Street Properties to trading stock	(369)	-
	45,488	43,645
Amounts recognised in profit or loss for investment properties		
	2022	2021 (Restated)
Rental income from operating leases	2,807	2,945
Direct operating expenses from property that generated rental income	(583)	(638)
Direct operating expenses from property that did not generate rental income	(97)	(143)
Fair value gain recognised in other income	2,270	4,442
	8,794	6,606
Sale of Showground		
	2022	2021
Sale of investment property	-	6,444
Opening carrying value of Showgrounds	-	(6,533)
Loss recognised as an expense	-	(89)

Notes to the financial statements continued

9 Measuring investment property at fair value

Investment properties held by the Company were independently valued as at 30 June 2022 by Ian Fairbrother VP (Urban) FNZIV, FPINZI, a registered valuer and Tom Patterson B.Com (VPM), MIPINZ, a registered valuer who are both with Telfer Young (Canterbury) Limited. The valuation is based on fair value. In determining fair value, Mr Fairbrother has used the rental capitalisation approach. This method uses unobservable inputs (level 3 as defined by NZ IFRS 13). This method is based upon assumptions including future rental income and appropriate discount rates. The valuations have been completed in accordance with international valuation standards by an experienced valuer with extensive market knowledge in the types of investment property owned by the company.

Where property is leased as land and buildings generally on short term lease terms, the property has been valued at freehold land value. Where land is subject to a ground lease, the property has been valued at the lessor's interest in the land.

There are no investment properties where title is restricted. There are no current contractual obligations to purchase, construct or develop investment property.

Investment property policy

Land and buildings held to earn rental income or for capital appreciation or both are deemed port related investment property. This includes land held for a currently undetermined use that is not owner-occupied property or for short term sale.

Investment property is valued at the end of each financial year. Valuation is at fair value as determined by a qualified independent valuer. They are recorded at valuation and are not subject to annual depreciation. Variation in value is recorded in the profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Notes to the financial statements continued

10 Property held for sale

Property Held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction within the next financial year. Property held for sale is valued at the lower of carrying amount and fair value to sell less costs to sell. Any impairment losses for write-downs of non-current assets held for sale are recognised in the profit or loss. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Property held for sale is not depreciated or amortised while they are classified as held for sale. Timaru District Holdings Limited has the following commitments as at 30 June 2022 and 30 June 2021. During the 2021 financial year the first settlement was received for the contract of the sale of lot 1 of the Showgrounds Property. A contract has been signed for the remaining lots 5, 8 and 9 with expected settlement dates between October 2022 and October 2023. The remaining value of the property is reflected on the balance sheet as property held for sale.

11 Investments in associate companies

The interest in the associate companies has been reflected in the financial statements on an equity accounting basis, which shows the share of surplus/deficits in the statement of comprehensive income and the share of post-acquisition increases/decreases in net assets in the statement of financial position.

For the purpose of equity accounting, all property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses with the exception of land which is recognised at fair value.

An impairment assessment has been completed for the Company's investment in associate entities (Alpine Energy Limited and PrimePort Timaru Limited) as at 30 June 2022. No impairment loss is required to be recognised.

Notes to the financial statements continued

PrimePort Timaru Ltd

Principal activity: Port operator

Ownership: 50.0% (2020: 50.0%)

Balance date: 30 June

Results of Associate

	2022	2021
Share of Profit before tax	5,482	5,188
Taxation	(949)	(1,613)
Share of Profit After Tax	4,533	3,575
Share of Other Comprehensive Income	2,793	-
Share of Total Comprehensive Income	7,326	3,575

Interest in Associate

	2022	2021 (Restated)
Balance at Beginning of Year	33,395	30,670
Recognised total comprehensive income	7,326	3,575
Dividends	(1,250)	(850)
Balance at End of Year	39,471	33,395
Share of Recognised total comprehensive income	7,326	3,575
Dividends Paid	(1,250)	(850)
Total Movement in Investment	6,076	2,725

11 Investments in associate companies (continued)

Summarised financial information of PrimePort Timaru Limited presented on a gross basis

	2022	2021 (Restated)
Current Assets	5,467	4,070
Non Current Assets	121,247	104,439
Current Liabilities	5,374	5,533
Non Current Liabilities	42,401	36,190
Revenues	28,350	26,291
Profit or loss from continuing operations	9,068	7,149
Other Comprehensive Income	5,585	-
		-
Total Comprehensive Income	14,653	7,149

Alpine Energy Ltd

Principal activity: Electricity Distribution

Ownership: 47.50% (2020: 47.50%)

Balance date: 31 March

The financial statements of Alpine Energy are prepared for the year to 31 March 2022.

There have been no significant transactions or events between that date and 30 June 2022 that require adjustments for equity accounting purposes.

Results of Associate

	2022	2021
Share of Profit before tax	7,458	11,771
Taxation	(1,896)	(2,594)
Share of Profit After Tax	5,563	9,177
Share of Other Comprehensive Income	-	(164)
Share of Total comprehensive income	5,563	9,013

Notes to the financial statements continued

⑪ Investments in associate companies continued

Interest in Associate

	2022	2021 (Restated)
Balance at Beginning of Year	80,006	72,171
Recognised total comprehensive income	5,563	9,013
Dividends	(1,178)	(1,178)
Balance at End of Year	84,390	80,006
Share of Recognised total comprehensive income	5,563	9,013
Dividends Paid	(1,178)	(1,178)
Total movement in investment	4,385	7,835

Summarised financial information of Alpine Energy Limited presented on a gross basis

	2022	2021 (Restated)
Current Assets	22,256	18,215
Non Current Assets	302,847	300,618
Current Liabilities	19,733	19,337
Non Current Liabilities	127,705	131,061
Revenues	68,402	81,235
Profit or loss from continuing operations	11,711	17,757
Other Comprehensive Income	-	1,218
Total Comprehensive Income	11,711	18,975

Notes to the financial statements continued

11 Investments in associate companies continued

Restatement of the share of associate total comprehensive income and investment in associates.

Statement of financial position (extract)	As at 1 July 2020 (Audited) \$000	Adjustment for NZ IFRS 15 Revenue from Contracts with Customers \$000	Adjustment for classification of reserves \$000	Adjustment for dividend recognition \$000	Adjustment for historical difference from application of different accounting policies \$000	As at 1 July 2020 Restated \$000
Total Assets	157,560	(1,160)	-	-	(1,404)	154,996
Investment in Associates	105,405	(1,160)	-	-	(1,404)	102,841
Retained earnings	91,696	(1,160)	(12,204)	-	(1,404)	76,928
Reserves	-	-	12,204	-	-	12,204
Total equity	122,696	(1,160)	-	-	(1,404)	120,132

Notes to the financial statements continued

11 Investments in associate companies continued

Restatement of the share of associate total comprehensive income and investment in associates.

Statement of financial position (extract)	As at 30 June 2021 (Audited) \$000	Adjustment for NZ IFRS 15 Revenue from Contracts with Customers \$000	Adjustment for classification of reserves \$000	Adjustment for dividend recognition \$000	Adjustment for historical difference from application of different accounting policies \$000	As at 30 June 2021 Restated \$000
Total Assets	164,403	(1,160)	-	-	(1,404)	161,839
Trade and other receivables	104	-	-	471	-	575
Investment in Associates	116,436	(1,160)	-	(471)	(1,404)	113,401
Retained earnings	106,243	(1,160)	(12,204)	-	(1,404)	91,639
Reserves	-	-	12,204	-	-	12,204
Total equity	137,243	(1,160)	-	-	(1,404)	134,679

Notes to the financial statements continued

11 Investments in associate companies continued

Restatement of the share of associate total comprehensive income and investment in associates.

Statement of comprehensive income (extract)	As at 30 June 2021 (Audited) \$000	Adjustment for NZ IFRS 15 Revenue from Contracts with Customers \$000	Adjustment for classification of reserves \$000	Adjustment for dividend recognition \$000	Adjustment for historical difference from application of different accounting policies \$000	As at 30 June 2021 Restated \$000
Share of associate surplus	11,031	-	164	1,557	-	12,752
Finance income	1,588	-	-	(1,557)	-	31
Profit before income tax	17,150	-	164	-	-	17,314
Profit for the year	16,547	-	164	-	-	16,711
Share of associate surplus comprehensive income	-	-	(164)	-	-	(164)
Total comprehensive income for the year	16,547	-	-	-	-	16,547

Restatement of the share of total comprehensive income and investment in associates

Adjustment for Classification of Reserves

An adjustment has been made to correctly classify the share of associates' asset revaluation reserves, historically this was reported as retained earnings. To rectify this an adjustment of \$12.040M has been made to increase reserves and decrease retained earnings.

Notes to the financial statements continued

11 Investments in associate companies continued

Adjustment for NZ IFRS15 Revenue from Contracts with Customer

In reviewing the historical accounting treatment of associates an issue was identified. In 2019 Alpine Energy Limited transitioned to NZ IFRS 15 Revenue from Contracts with Customers. As part of this transition Alpine Energy Limited changed its accounting policy on accounting for upfront customer contributions. The impact on transition was to reverse revenue previously recognised upfront for these contributions and instead recognise a contract liability on receipt and recognise the revenue subsequently as the related services are provided.

On accounting for the associate, this retrospective restatement was not accounted for and the Company had accounted for the change prospectively. This means investments in associates and retained earnings were overstated by \$1.2M as at the opening balance of 1 July 2020.

Adjustment for Dividend Recognition

In reviewing the historical accounting treatment of associates it was identified that in 2021, the treatment of dividends from associates within the statement of comprehensive income were incorrectly classified and calculated. Under NZ IAS 28 the investor's share of the investee's profit or loss is recognised in the investor's profit or loss and distributions received from investments in associates reduce the carrying amount of the investment.

To rectify this error the 2021 statement of comprehensive income has been adjusted, increasing the share of associate surplus by \$1.557M concurrently reducing finance income. Further, the investment in associates balance has been reduced by \$471,000 and trade receivables increased to rectify the amount of distributions made by associates to TDHL.

Notes to the financial statements continued

11 Investments in associate companies continued

Adjustment for historical difference from application of different accounting policies

In reviewing the historic treatment in associates and the reconciliation it was identified that there was a difference between the carrying amount of the associate investment and summarised financial information of the associate. This variance was investigated and determined to be a historic variance which pre-dates available financial records limiting the ability to identify the origin of these variances.

With no information available to indicate otherwise, these variances have been treated as historical errors relating to the differences in accounting policies and have been adjusted, with the opening balance of investment in associates reducing by \$1.404M to rectify the error.

Reconciliation of the summarised financial information to the carrying amount of associate investment:

Notes to the financial statements continued

11 Investments in associate companies continued



	2021 Audited	Adjustment	2021 Restated
Net assets (gross)	66,786		66,786
TDHL share 50%	33,393		33,393
Historical difference from application of different accounting policies	(380)	380	-
Closing investment in PrimePort Timaru Limited	33,014	380	33,395



	2021 Audited	Adjustment	2021 Restated
Net assets (gross)	168,435		168,435
TDHL share 47.5%	80,007		80,007
Historical difference from application of different accounting policies	1,784	(1,784)	-
Timing variance final dividend	471	(471)	-
NZ IFRA 15 Adjustment	1,160	(1,160)	-
Closing investment in Alpine Energy Limited	83,421	(3,415)	80,006

Notes to the financial statements continued

11 Investments in associate companies continued



Net assets (gross)

TDHL share 50%

	2022	2021 Restated
Net assets (gross)	78,939	66,786
TDHL share 50%	39,470	33,393
		-

Closing investment in PrimePort Timaru Limited	39,471	33,395
---	---------------	---------------



Net assets (gross)

TDHL share 47.5%

	Adjustment	2021 Restated
Net assets (gross)	177,665	168,435
TDHL share 47.5%	84,391	80,007

Closing investment in Alpine Energy Limited	84,390	80,006
--	---------------	---------------

Notes to the financial statements continued

12 Leases

As a lessee

Right-of-use asset

	Motor vehicle 2022 \$000	Motor vehicle 2021 \$000
Balance at 1 July 2021	14	-
Additions	-	17
Depreciation charge for the year	9	(3)
Balance at 30 June 2022	5	14

Lease liabilities

	Motor vehicle 2022 \$000	Motor vehicle 2021 \$000
Current	5	9
Non-current	-	5
Total lease liabilities	5	14

Notes to the financial statements continued

12 Leases

The interest rate applied to lease liabilities is 7.60% and the lease matures in January 2023.

Amounts recognised in the statement of cash flows

Cash outflows for leases totalled \$9,000 (2021: \$4,000) during the year.

Leases policy

Recognition and measurement

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the contract. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Notes to the financial statements continued

12 Leases

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Impairment

The right-of-use asset is regularly assessed for impairment (see further detail in note 2).

Notes to the financial statements continued

12 Leases continued

As a lessor

The Company leases out its investment properties. The Company classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Assets held under operating leases are included within Investment property in note 9.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2022 \$000	2021 \$000
Less than one year	2,027	2,130
One to two years	1,479	1,582
Two to five years	3,396	2,508
More than five years	14,242	15,576
	21,144	21,796

Notes to the financial statements continued

13 Trade and other payables

	2022 \$000	2021 \$000
Trade creditors and accruals	126	194
Interest payable	81	660
Sundry payables	8	6
	215	860

Trade and other payables policy

Trade and other payables are measured at cost, being their fair value. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the financial statements continued

14 Employee benefits

	2022 \$000	2021 \$000
Current		
Annual leave accrual	14	6
	14	6

Employee benefits policy

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid for outstanding annual leave balances if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Notes to the financial statements continued

15 Interest bearing loans and borrowings

	2022 \$000	2021 \$000
Non-current		
Bank loans	2,500	3,500
Loans from Timaru District Council	21,681	22,181
	24,181	25,681

The interest rates for the loans from Timaru District Council range from 1.75% to 4.03% (2021: 1.61% to 1.70%). These loans have no fixed repayment terms and are repayable within 366 days (2020: 90 days) after notice by the Council seeking repayment of the outstanding amount. The interest rate applied is linked to the bank bill rate for the period plus basis points agreed with the Council.

The interest rates for the bank loan facilities range from 1.67% to 3.46% (2021: 0.69% to 1.67%). The \$2.5m borrowing is on a fixed interest rate of 3.46% until 13 July 2022. The interest rate applied to the wholesale money market borrowing is received every 3 months by reference to the bank bill bid rate for that period. The average rate on the wholesale money market borrowing during the year is 2.07%.

Notes to the financial statements continued

15 Interest bearing loans and borrowings

Maturity dates of the interest rate instruments within the long term facility are:



Security

Timaru District Holdings Limited commercial bills are secured by a first ranking general security agreement over all property of the company. Loan from Timaru District Council to the Company is secured by Debenture over the company's assets.

Interest bearing loans and liabilities policy

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the period of the borrowing using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Notes to the financial statements continued

16 Financial instruments classification

Financial instruments are recognised in the Statement of Financial Position when the Company becomes party to a financial contract. They include cash and cash equivalents, short term investments, trade and other receivables, trade and other payables, interest bearing loans and borrowings, lease liabilities, shares in associate companies, related party receivables, and related party payables.

Financial assets (except for trade receivables without a significant financing component) and liabilities are initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets and liabilities are classified into the following categories:

Financial assets held at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions, and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amounts outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit and loss. Financial assets held at amortised cost comprise: cash and cash equivalents, short term investments, trade and other receivables, and related party receivables.

Notes to the financial statements continued

16 Financial instruments classification continued

Financial assets held at fair value through profit and loss

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit and loss. Financial assets at FVTPL comprise derivative financial instruments.

Financial assets held at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income (FVOCI) if it meets both the following conditions, and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amounts outstanding.

Financial liabilities held at amortised cost

Financial liabilities not designated as at FVTPL on initial recognition are classified as at amortised cost. Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit and loss. Financial liabilities held at amortised cost comprise: trade and other payables, interest bearing loans and borrowings, related party payables, and lease liabilities.

Impairment - financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Notes to the financial statements continued

16 Financial instruments classification continued

The carrying value of financial assets and liabilities are as follows:

	2022 \$000	2021 \$000
Financial assets as per balance sheet		
<i>Measured at amortised cost:</i>		
Cash and cash equivalents	785	635
Other financial assets – short term deposits	2,500	2,503
Receivables	565	575
Total financial assets	3,850	3,713

GST receivable and prepayments do not meet the definition of a financial asset and have been excluded from the above table.

	2022 \$000	2021 \$000
Financial liabilities as per balance sheet		
<i>Measured at amortised cost:</i>		
Payables and accruals	215	860
Term loans	24,181	25,681
Total financial liabilities	24,396	26,541

GST payable, fringe benefit taxes and employee entitlements do not meet the definition of a financial liability and have been excluded from the above table.

Notes to the financial statements continued

17 Related parties

The carrying value of financial assets and liabilities are as follows:

Key management personnel

Key management personnel comprise the Directors and the General manager.

Key management personnel compensation comprised

	2022	2021
Short term employee benefits	389	289
Post-employment benefits	7	-
	396	289

Dividends paid

During the year a dividend of \$1,000,000 (2021: \$2,000,000) was paid.

Transactions involving related entities

The entities, the nature of the relationship and the types of transactions which the Company entered into during the period are detailed below:

Related entity	Nature of relationship	Types of transactions
Timaru District Council	Parent	Sales, Purchases, Loan payable, Balance payable
Alpine Energy Limited	Partially owned	Sales, Balance receivable
PrimePort Timaru Limited	Partially owned	Sales, Balance receivable

Notes to the financial statements continued

17 Related parties continued

The following transactions between related parties occurred during the year:

2022

Related party	Sale of goods and services \$00	Purchase of goods & services \$000	Balances receivable \$000	Balances payable \$000	Loan payable \$000
Timaru District Council	32	896	-	77	21,681
Alpine Energy Limited	1	-	-	-	-
PrimePort Timaru Limited	89	-	7	-	-
	122	896	7	77	21,681

2021

Related party	Sale of goods and services	Purchase of goods and services	2022 Balances receivable	Balances payable	Loan payable
Timaru District Council	13	883	-	645	22,181
Alpine Energy Limited	2	-	-	-	-
PrimePort Timaru Limited	80	1	-	-	-
	95	884	-	645	22,181

Related party receivable and payable balances are interest free, unsecured, and are repayable on demand. No related party debts have been written off or forgiven during the year. Refer to note 15 for Timaru District Council loan policy.

Notes to the financial statements continued

18 Share capital and reserves

	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Shares				
Balance 1 July	49,550	49,550	31,000	31,000
Balance at 30 June	49,550	49,550	31,000	31,000

At 30 June 2022, share capital comprised 49,550,000 shares (2021: 49,550,000).

18,550,000 shares (2020: 18,550,000) issued at a price of \$1.35 each have been paid to \$185.50 (2021: \$185.50). This uncalled capital is security for the Letter of Credit facility of \$25M with ANZ Bank for the credit facilities. All issued shares rank equally.

Share capital policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

19 Capital Management

The Company’s capital is its equity, which comprises issued shares, retained earnings and revaluation reserves. Equity is represented by net assets. Section 5 of the Port Companies Act 1988 states that the principal objective of every port Company shall be to operate as a successful business. PrimePort Timaru’s principal objective is to operate as a successful business, exploiting opportunities and managing risk thereby ensuring the maintenance and growth in equity. Alpine Energy’s objective when managing capital is to safeguard the ability to continue as a going concern in order to provide returns to shareholders, consumers and other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Notes to the financial statements continued

20 Contingencies

No contingent assets or contingent liabilities exist at balance date for Timaru District Holdings Limited (2021: nil).

No contingent assets or contingent liabilities exist at balance date for PrimePort Timaru Limited (2021: nil).

Alpine Energy Limited group has contingent liabilities of \$4.09M as at 31 March 2022 in the form of performance and import guarantees to cover ongoing project work (2021: \$7.M).

21 Subsequent events

On 29 June 2022 Timaru District Holdings entered into an unconditional sale and purchase agreement for the sale of 101, 105 and 107-111 Stafford Street for an agreed purchase price of \$360,000. The settlement date of this agreement is 27 July 2022.

These properties are held as property held for sale on Timaru District Holding Limited's statement of financial position. The sale of these properties has been treated as a non-adjusting event.

Statutory Information

Directors

Timaru District Holdings Limited

Mark Rogers (Chairperson, 1 December 2021 to present)

Rebecca L. Keoghan (Deputy Chairperson)

Peter J. Burt

Aaron W. K. Bethune (appointed 10 May 2022)

Sally B. Parker (appointed 8 December 2021)

Entries made in the interests register

The following entries were recorded in the interests registers of the Company:

Mark Rogers (Chairman)

Men at Work Limited - Independent Chairman

PrimePort Timaru Limited - Director

Institute of Directors Canterbury Branch - Committee Member

Kingsdown - Salisbury Hall Society Incorporated - Treasurer

MVHB Professional Services Limited - Shareholder and Director

Te Runanga o Arowhenua Limited - Chairman

The Rogers Family Trust - Trustee

Westroads Limited - Director

Cumberland Property Group Limited - Director

Cumberland Rural Properties Limited - Director

Takapo AMW Limited - Chairman

Rebecca L. Keoghan (Deputy Chairman)

Keoghan Farm Limited - Director

Gravity Dance Studio - Director

Fire and Emergency NZ - Director & Chair

Alpine Energy Ltd - Director

Glen Elgin Family Trust - Trustee

Glenfiddich Family Trust - Trustee

Statutory Information

Peter J. Burt

Timaru District Council - Councillor

Environment Canterbury - Zone Manager South Canterbury

Aorangi Stadium Trust - Chairman

Roncalli Development Trust - Chairman

Aspect Trust - Chairman

Sally B. Parker

Timaru District Council - Councillor

SC District Health Board - employee

NZNO New Zealand Nursing Organisation- member

Timaru Town and Country Club - member

Aaron Bethune

Tainui Group Holdings Limited - Head of Financial Planning and Analytics

Spirit of Adventure Trust - Trustee

Bethune Consulting Limited - Director

Bethune Family Trust - Trustee

Statutory Information continued

Interest in transactions

- All transactions with Directors were entered into during the normal course of business and at normal terms and condition.

Use of Company information

- During the year there were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors, which would otherwise have been available to them.

Shareholding by directors

There are no shareholdings held by directors.

Remuneration and other benefits to directors

Timaru District Council independently chose to undertake a review of Directors fees in August 2021. The fees were last set in 2014.

	Timaru District Holdings Limited	2022	2021
Director FY2022	Mark Rogers (Chairperson)	\$50,000	\$20,800
Director FY2022	Rebecca L. Keoghan (Deputy Chairperson)	\$45,200	\$26,700
Director FY2022	Peter J. Burt	\$35,000	\$20,800
Director FY2022	Sally B. Parker (8 December 2021 to present)	\$18,900	\$-
Director FY2022	Aaron Bethune (10 May 2022 to present)	\$5,100	\$-
Ceased 8 December 2021	Richard L. Lyon	\$16,200	\$26,800
Ceased 30 November 2021	Ian R. Fitzgerald	\$25,000	\$47,200
	Nigel Bowen	\$-	\$7,200
	Total	\$195,400	\$149,500

Statutory Information continued

Indemnity and Insurance: Directors and Employees

Timaru District Holdings Limited

- The Company has entered into an agreement to indemnify all Directors, Company Secretary, and Executive Officer, against loss resulting from the actions which arise out of the performance of their normal duties as director or advisor.

Dividends

Net dividends of 0.03 cents per fully paid share were paid during the year.

Short term employee benefits

The Company paid short term employee benefits to key management personnel of between \$200,001 and \$210,000 during the year; (2021: between \$130,001 and \$140,000).

Donations

During the year Timaru District Holdings Limited made no donations. (2021: \$Nil).

Auditors' Remuneration

During the year the following amounts were payable to the auditors of the company:

	Company	Audit work	Other services
Timaru District Holdings Ltd		17,880	0
Balance at 30 June		17,880	0

Independent Auditor's Report

To the shareholders of Timaru District Holdings Limited's financial statements and statement of objectives and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Timaru District Holdings Limited (the Company). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of objectives and performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 15 to 57, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of objectives and performance information of the Company on pages 9 to 14.

In our opinion:

- the financial statements of the Company on pages 15 to 57:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022;
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime; and
- the statement of objectives and performance information of the Company on pages 9 to 14 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 23 November 2022. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

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

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

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

In preparing the financial statements and the statement of objectives and 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 shareholders, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of objectives and 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 statement of objectives and 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 statement of objectives and 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 statement of objectives and performance information, including the disclosures, and whether the financial statements and the statement of objectives and 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 1 to 8, and 58 to 61, but does not include the financial statements and the statement of objectives and performance information, and our auditor's report thereon.

Our opinion on the financial statements and the statement of objectives and 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 statement of objectives and 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 statement of objectives and performance information, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

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

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



John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



TDHL

Timaru District Holdings Ltd

Delivering Prosperity

Timaru District Holdings Ltd

Annual Report 2022

www.tdhl.co.nz