Annual Report 2022

We value Aotearoa New Zealand

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QV HAS BEEN HELPING NEW ZEALANDERS MAKE BETTER PROPERTY DECISIONS FOR WELL OVER A CENTURY AND COUNTING

Our remarkable journey began in 1896 as the New Zealand Government's own valuation department, to provide valuation of properties for taxation purposes. It's a core function that we continue to fulfil to this very day, proudly serving 90% of Aotearoa New Zealand Councils as well as being the largest provider of rating and taxation valuations in NSW, Australia.

In the last 126 years, we have grown and evolved into a savvy, modern and commercial organisation, constantly driving process improvements and technological change to solve customer challenges and meet their future needs. In this way, we have been instrumental in leading industry change through the use of technology-enabled products and services.

We combine this market-leading technology with the vast experience of our more than 280 professionals. Together, we proudly deliver trusted intelligence to help local government, businesses and the public make smarter decisions using property information — anytime, anywhere, from Cape Reinga to the Bluff, mai i Te Reinga ki Murihiku, and also in New South Wales, Australia.

Our purpose

DELIVERING TRUSTED PROPERTY INTELLIGENCE TO HELP GOVERNMENT, BUSINESS AND THE PUBLIC MAKE BETTER DECISIONS

Our purpose is to provide expert valuation and property intelligence services to the residential, rural, government, and commercial sectors. We accomplish this by meeting our two key objectives: growing the value we deliver, and by being the most trusted professionals.

We have made great strides this year towards accomplishing the strategic initiatives that will enable us to further achieve these objectives. We have invested in our partnerships, people and technology, lifted and enhanced our brand voice, improved our operational processes, enriched our customer experience, and much more. Our goal to revalue every property in Aotearoa New Zealand every day is getting ever closer.

As a proud State-Owned Enterprise, we are owned by all of Aotearoa New Zealand. That is why we work hard to support every town, city, and region, while investing in our people, systems, and technology to meet the future needs of our customers.

OUR SUCCESS HELPS KIWIS AND AOTEAROA NEW ZEALAND PROSPER

Our scope of activities

WE TAKE SERIOUSLY OUR RESPONSIBILITY TO AOTEAROA NEW ZEALAND'S LARGEST ASSET CLASS

CONSULTANCY

Specialist property valuations and consultancy for the residential, commercial and rural sectors. Independent, specialist asset valuations for financial reporting purposes.

RATING VALUATIONS

Council property valuations to assess an equitable rating base to ensure ratepayers pay fairly for the services they receive. We are the largest supplier in both Aotearoa New Zealand and NSW, Australia.

PROPERTY MANAGEMENT

Property portfolio management for public sector organisations, balancing commercial drivers against public good outcomes.

PROPERTY INTELLIGENCE AND TOOLS

Providing market intelligence, data analytics, tools and customised solutions through:

- QV.co.nz
- QV CostBuilder
- QV House Price Index
- QV Quartile Index
- Database Management
- SalesDirect

Our customers

WE PROVIDE EXPERT VALUATION AND PROPERTY INFORMATION SERVICES TO THE RESIDENTIAL, RURAL, PUBLIC AND COMMERCIAL SECTORS

RESIDENTIAL HOME OWNERS **LOCAL GOVERNMENT** **FINANCIAL SERVICE PROVIDERS, CORPORATES AND GOVERNMENT** **RURAL SECTOR**	› Rating valuation assessments › Residential and rural market valuations › Asset valuations for financial reporting purposes › Insurance valuations	QV
CONSUMERS	› Residential property information › Real-time property value estimates › Property education	QV.co.nz
BUILDING AND PROPERTY PROFESSIONALS	› Comprehensive database of construction costs and information	CostBuilder powered by QV
STATE AND LOCAL GOVERNMENT	› Rating and land tax valuations › Asset valuations for financial reporting › Compensation valuations	QV Australia
GOVERNMENT, FINANCIAL SERVICE PROVIDERS AND CORPORATES **PRIVATE PROPERTY OWNERS**	› Commercial property and asset valuations › Property management services	darroch property advisors & valuers
PROFESSIONALS	› Online submission of property sale notices	salesdirect

Our values

ONE SET OF VALUES TO SUPPORT OUR FUTURE ASPIRATIONS

Because QV is a proudly Kiwi State-Owned Enterprise, we have received guidance from a Māori engagement consultancy to help us align our values with complimentary principles of te ao Māori, the Māori world view. It is part of a much larger cultural journey that we have recently embarked upon to incorporate more of our national culture and identity into our business.

IN SYNC

WE'RE ONE TIGHT TEAM WITH A SHARED PURPOSE

Whiria te taura kia ita
Plait the binding to hold firm

ROCK SOLID

WE'RE SERIOUSLY GOOD AT WHAT WE DO

Te toka tū moana
The resilient rock of the sea

FUTURE FIT

WE'RE DRIVING CHANGE AND DISRUPTING THE GAME

Whakamaua te ihu kia tika
Steer the bow to take the right path

People highlights

WE ARE TRUSTED PROPERTY EXPERTS

PINZ FUTURE LEADER
BLAKE NGARIMU

PINZ FUTURE LEADER
CLEMENTINE RANKIN

PINZ STUDENT OF THE YEAR
BRENDAN TANCREDI

LEADING INDUSTRY DIVERSITY 47% FEMALE, 53% MALE

HIGH EMPLOYEE ENGAGEMENT SCORE

115 REGISTERED VALUERS, AND GROWING

MĀORI & PASIFIKA SCHOLARSHIP

LARGEST PROPERTY GRADUATE PROGRAMME IN THE COUNTRY

REFRESHED COMPANY VALUES

NEW LONG SERVICE RECOGNITION

5-STAR HEALTH AND SAFETY RATING

AWARD WINNING PROFESSIONALS

Business highlights

WE GROW THE VALUE WE DELIVER

CORPORATE VALUATION DOUBLED IN 3 YEARS (+100%)

75% BRAND AWARENESS

EBITDA TARGET (+26%)

INDUSTRY LEADING SOCIAL MEDIA ENGAGEMENT RATE

DIVIDEND PAID

LARGEST RATING & TAXATION VALUATION PROVIDER IN NSW

QV COSTBUILDER RELAUNCHED

TOP FINANCIAL AUDIT RATING

Letter from the Chair

WE HAVE GONE FROM STRICT DEFENSE TO OFFENSE

It is both an honour and a privilege to introduce the Annual Report for the year ended 30 June 2022 as Chair of the QV Board. Although it has been a challenging year on many fronts, it has also been an outstanding one, filled with some wonderful achievements.

We farewell this financial year and greet the next with our business in a strong position and our services in high demand.

This comes in spite of COVID-19 lockdowns and illness, and a pronounced level of economic uncertainty. Like many businesses, recruitment remains an ongoing challenge, with complexities arising from COVID-19, increasing regulatory standards, and strong competition.

It is against this increasingly complex backdrop that we have repositioned our business approach this year from strict defence to offense. We have made a marked shift in focus from protecting our balance sheet through rigorous cost control and minimal capital investment during FY2021 and the early part of the pandemic, to re-establishing our ongoing investment in additional people resources and in our technology and processes during FY2022.

As a result of this capital investment programme set out in our Statement of Corporate Intent and our planned people cost increases, our profit after tax, at $1.2m, has fallen lower than at the end of FY2021, but still remains well ahead of our target. A key driver of our financial result has been COVID-19, which impacted our market valuations work volumes and affected our capacity due to illness. The delay to Auckland Council's rating revaluation delivery, and others, also impacted our revenues.

Our capacity constraints have been exacerbated by an industry-wide shortage of registered valuers, which remains one of our key business risks. We have continued to work hard this year on this strategic priority, focussing on the future, including our new Māori and Pasifika Scholarship and our highly successful graduate programme which helped 15 graduates gain their registration this year. We refreshed our employee value proposition and company values, and worked tirelessly to support our QV whānau during this trying time of increased economic and social turmoil.

I am pleased to say these efforts have been rewarded with another outstanding employee Net Promoter Score of +34 (on a scale of -100 to +100) — an increase of +2 on last year's result — with our highest participation rate ever. This reflects the enduring strength of our rock solid QV culture and the remarkable efforts of our management team, who continue to lead our business with great communication and kindness, always striving for excellence in everything they do.

Our balance sheet remains strong through prudential management, and our efforts to create greater value for customers have also paid off with the winning of the contract to provide Rating Valuation Service to the Western Bay of Plenty District Council and QV Australia winning an additional rating and taxation contract in New South Wales, among other business highlights. These amazing achievements stand us in good stead for the year ahead.

Finally, I wanted to offer my deepest heart-felt appreciation to our hardworking CEO, the management team, my fellow Board members, and the entire QV whānau for all their wonderful efforts and dedication this year. To accomplish all that we have together, amidst so much economic and social uncertainty, is truly a testament to the talent and tenacity of all our people.

Kia ora rawa atu.
Peace and Grace,

Gregory Fortuin
Chair

Statement from the CEO

IN SYNC, ROCK SOLID, AND FUTURE FIT

It has been another highly successful year at QV, made even more remarkable by the very significant level of disruption that we have faced. Despite increasingly volatile market conditions and a myriad of other challenges relating to the ongoing COVID-19 pandemic that have impacted us as a business, I am very proud of the financial results outlined in this document and of our many notable achievements throughout this financial year.

But what is most pleasing for me is that, despite the high level of adversity we have faced, we have never lost sight of our core business values or objectives, no matter what. Though these values have been refreshed and revitalised this year to support our future aspirations, they have always been at the heart of the success of our organisation. We are and have always been: In Sync, Rock Solid, and Future Fit.

The value In Sync, could not be more important given that our QV whānau in Tāmaki Makaurau and the Waikato were in lockdown for much of this financial year, with many of our people around Aotearoa New Zealand also working from home during this time. Yet despite being separated physically, we have stayed in sync with each other, delivering more than 800,000 rating valuations across 18 Councils in Aotearoa New Zealand, and more than 525,000 annual values in NSW, Australia.

We have stayed in sync with our customers too, conducting a far-reaching qualitative survey with key Council and commercial stakeholders and using it to form the basis of a refreshed customer engagement programme. We have also stayed in sync with the Aotearoa New Zealand public at large, whose demands for up-to-the-minute analytics and insights have inspired a number of exciting advancements this year in our technology and data offering.

Crucially, we remain rock solid as a business and as a partner in our customers' success, as evidenced by our high scores for brand awareness and trust. 73% of those aware of QV agree that QV helps New Zealanders make smarter property decisions.

To remain future fit, we have invested heavily in our technology and peoples' ongoing development and wellbeing. We have made significant progress on our real time values with a goal to be able to revalue Aotearoa New Zealand every day. We also extended our wellbeing programme, provided even greater workplace flexibility, expanded our support offerings to whānau, and introduced new long service milestones to reward some of our most experienced people.

We also proudly remain Aotearoa New Zealand's largest employer of graduate property consultants, with 32 currently making their way through our graduate development programme, including another large intake of graduates this year. The success of this programme is worth shouting about, with a record 15 of our people achieving registered valuer status this year.

These highly talented young valuers are indeed the future of our business and our industry — as are our two young valuers who have been selected into the Property Institute of New Zealand's Future Leaders programme, plus our graduate awarded the prestigious Property Institute of New Zealand's Student of the Year. I would like to congratulate them and every single member of our QV whānau on a fantastic job this year.

I am grateful for the continued hard mahi and dedication of the QV whānau in such a difficult year. I look forward to celebrating many more wonderful achievements together in the future.

Ki te kāpuia e kore e whati.
We succeed together.

Jacquie Barker
Chief Executive Officer

Focus One and Two

CREATING GREATER VALUE FOR CUSTOMERS AND ACHIEVING OPERATIONAL EXCELLENCE

We continue to create industry leading innovations to maximise our expertise, productivity and serviceability of our products and services. Our drive to continually improve our products and work processes and provide value for our customers is part of our DNA.

ENRICH OUR CUSTOMER EXPERIENCE

We have completed a full refresh and relaunch of the Darroch, QV Australia, and CostBuilder websites, refreshing and revitalising their content and greatly improving the user experience for our customers.

SUPPORT REGIONAL AOTEAROA

We have successfully supported the regions during the year with our people on the ground throughout the country. Increased media coverage during rating revaluations to ensure people are made aware of the release, value levels, and with free access to information and education. Actions taken include local value change articles, posting targeted Q&A's and connecting with ratepayers through digital channels.

QUALITY RATING VALUATIONS

We have continued to invest heavily in our people, processes, and technology to enhance our core services, especially in the wake of increased regulation and market volatility.

As well as enhancing our real-time valuation engine to assist our valuers in the rating valuation process, we have bolstered our national revaluation team this year by bringing on new specialists, appointed new team leads, and established dedicated sector leads. This team will be supported by a new executive level data governance group who are committed to cleansing, refreshing and building upon our data quality.

CORPORATE GOVERNANCE

We are continually improving our governance through strengthening internal controls, enhanced risk management and compliance in line with public entity best practice. This year there have been over 65 process improvements made in this area and we have maintained our ESCO rating of 'very good' being the highest audit standard achievable.

Focus Three and Four

CONNECTING PEOPLE TO THE INFORMATION THEY NEED AND BEING RECOGNISED FOR OUR PROPERTY EXPERTISE

For more than a century and counting, we have delivered trusted property intelligence to help government, business and the public make better decisions. No matter their requirements or the complexity of the job, Kiwis have always been able to trust our independent property intelligence and expertise.

BRAND AND VOICE

QV's House Price Index and Quartile Index continue to receive high media coverage alongside our own digital channel distributions, ensuring communication to a wide audience. With over 185 media releases, articles and social media posts, our experts are sought out for commentary both nationally and regionally.

COSTBUILDER

CostBuilder provides building cost information, vital in the current inflationary environment and is a unique product in the market. Based on customer feedback we launched the revamped CostBuilder platform with a vastly improved feature set and customer experience.

REAL-TIME VALUES

In a major technological leap, we have improved our automated property valuation engine to determine real-time values for residential and lifestyle properties. Not only is this fundamental to providing up-to-date relevant property information to our customers and QV.co.nz users, but it will assist our valuers during the valuation process.

E-REPORTS

This year we have streamlined the search and purchase of automated e-Reports, our instant digital property reports, to help people make better property decisions from any device, at any time. We have also launched and promoted our new residential and lifestyle Verified e-Report, a valuer-assisted desktop estimate.

Director's responsibility statement

FOR THE YEAR ENDED 30 JUNE 2022

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of the financial statements which give a true and fair view of the statement of financial position of Quotable Value Limited and its subsidiary ('QV') as at 30 June 2022 and the results of their financial performance, changes in equity and cash flows for the year ended 30 June 2022. QV comprises Quotable Value Limited and Quotable Value Australia Pty Limited.

The Directors consider that the financial statements of QV have been prepared using accounting policies appropriate to QV's circumstances that have been consistently applied and are supported by reasonable and prudent judgements and estimates, and that all applicable New Zealand equivalents to International Financial Reporting Standards have been followed.

The Directors have responsibility for the maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of QV and to prevent and detect fraud and other irregularities.

The Directors are pleased to present the financial statements of QV for the year ended 30 June 2022.

This annual report is dated 24 August 2022 and is signed in accordance with a resolution of the Directors made pursuant to section 211(1)(k) of the Companies Act 1993.

For and on behalf of the Directors

Gregory Fortuin
Director

Dated 24 August 2022

Alex Skinner
Director

Financial statements

For the year ended 30 June 2022

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	2022 $NZ'000	2021 $NZ'000
Revenue			
Trading revenue	A.1	34,908	34,822
Interest revenue		26	7
Other income		-	55
Total revenue		**34,934**	**34,884**
Expenses			
Administration		227	559
Accounting, legal and consulting		135	491
Depreciation and amortisation	G,H,P	1,929	1,911
Finance and interest		98	63
Marketing		249	221
Occupancy		498	641
Operating	B.1	3,491	3,737
Other	B.2	1,987	1,878
Personnel expenditure	B.4	24,791	22,350
Total expenses		**33,405**	**31,851**
Profit before taxation		**1,529**	**3,033**
Income tax expense	C.1	379	857
Profit for the year		**1,150**	**2,176**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Translation of foreign operations		62	6
Other comprehensive income for the year net of tax		**62**	**6**
Total comprehensive income for the year		**1,212**	**2,182**

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	2022 $NZ'000	2021 $NZ'000
Current assets			
Cash and cash equivalents	D	6,849	6,253
Trade and other receivables	E	6,267	5,688
Contract assets	F	2,652	3,035
Total current assets		**15,768**	**14,976**
Non-current assets			
Property and equipment assets	G	285	120
Goodwill	I	659	659
Intangible assets	H	5,640	5,510
Right-of-use-assets	P	3,475	3,990
Total non-current assets		**10,059**	**10,279**
Total assets		**25,827**	**25,255**
Current liabilities			
Contract liabilities	F	3,612	2,683
Trade and other payables	K	1,487	1,451
Employee entitlements	L	3,079	2,744
Provisions	M	-	3
Tax payable		102	654
Lease liabilities	P	608	586
Total current liabilities		**8,888**	**8,121**
Non-current liabilities			
Employee entitlements	L	204	146
Provisions	M	151	148
Lease liabilities	P	2,913	3,360
Deferred tax	C.3	48	449
Total non-current liabilities		**3,316**	**4,103**
Total liabilities		**12,204**	**12,224**
Net assets		**13,623**	**13,031**
Equity			
Issued capital	J.1	4,600	4,600
Foreign currency translation reserve	J.2	372	310
Retained earnings	J.3	8,651	8,121
Total equity		**13,623**	**13,031**

For and on behalf of the Board who authorised the issue of these financial statements on 24 August 2022.

Gregory Fortuin – Director

Alex Skinner – Director

Dated 24 August 2022

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Notes	Issued capital $NZ'000	Retained earnings $NZ'000	Foreign currency translation reserve $NZ'000	Total shareholder's funds $NZ'000
Balance as at 1 July 2020		**4,600**	**5,970**	**279**	**10,849**
Profit for the year		-	2,176	-	2,176
Transfer	J.2	-	(25)	25	-
Other comprehensive income, net of tax		-	-	6	6
Total comprehensive income for the year		**-**	**2,151**	**31**	**2,182**
Dividends	J.3	-	-	-	-
Balance as at 30 June 2021		**4,600**	**8,121**	**310**	**13,031**
Profit for the year		-	1,150	-	1,150
Transfer	J.2	-	-	-	-
Other comprehensive income, net of tax		-	-	62	62
Total comprehensive income for the year		**-**	**1,150**	**62**	**1,212**
Dividends	J.3	-	(620)	-	(620)
Balance as at 30 June 2022		**4,600**	**8,651**	**372**	**13,623**

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Notes	2022 $NZ'000	2021 $NZ'000
Cash flows from operating activities			
Cash was provided from:			
Revenues from operations		35,604	35,048
Interest received		26	7
		35,630	**35,055**
Cash was applied to:			
Payments to employees and suppliers		30,952	30,435
Net GST paid/(received)		(102)	(51)
Interest paid		98	63
Income tax paid		1,332	209
		32,280	**30,656**
Net cash flows from operations	**O**	**3,350**	**4,399**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property and equipment assets		-	14
		-	**14**
Cash was applied to:			
Purchase of property and equipment assets & intangible assets		1,559	298
		1,559	**298**
Net cash flows from investing activities		**(1,559)**	**(284)**
Cash flows from financing activities			
Cash was applied to:			
Dividends paid		620	-
Repayment of lease liabilities		575	562
		1,195	**562**
Net cash flows from financing activities		**(1,195)**	**(562)**
Net increase (decrease) in cash and cash equivalents		596	3,553
Cash and cash equivalents as at 1 July		6,253	2,700
Cash and cash equivalents as at 30 June	**D**	**6,849**	**6,253**

Notes to the financial statements

Reporting entity

These financial statements are for the Group ("QV"), consisting of:

- Quotable Value Limited, which is registered and domiciled in New Zealand and is registered under the Companies Act 1993; and
- Quotable Value Australia Pty Limited, which is registered and domiciled in Australia and is registered under the Corporations Act 2001.

QV is a State-Owned Enterprise in terms of the State-Owned Enterprises Act 1986 and is wholly owned by the Crown.

The principal activity of QV is the provision of property valuations and data. QV is a for profit entity for the purposes of complying with generally accepted accounting practice (GAAP).

The financial statements were authorised for issue by the Directors on the date stated in the Statement of Financial Position.

QV's owners or others do not have the power to amend the financial statements after issue.

Basis of preparation

These financial statements have been prepared using historical cost and on a going concern basis in accordance with:

- generally accepted accounting practice in New Zealand (NZ GAAP); New Zealand equivalents to International Financial Reporting Standards (NZ IFRS); and as a result they comply with International Financial Reporting Standard (IFRS), as well as other New Zealand accounting standards and authoritative notices applicable to entities that apply NZ IFRS, and;
- the requirements of the Companies Act 1993 and the State-Owned Enterprises Act 1986.

Where required, prior year comparatives have been reclassified to comply with current year disclosure.

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which include GST.

Functional and presentation currency

These financial statements are presented in New Zealand dollars, which is the Parent's functional currency, and all financial information has been shown in thousands and is rounded to the nearest thousand dollars.

Estimates and judgements

The preparation of financial statements 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. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation of uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes relating to:

- Capitalisation and impairment of intangible assets – Notes H and I.
- Provisions – Note M.
- Deferred tax assets and liabilities – Note C.3.
- Useful life of property, plant, equipment and intangibles – Notes G and H.
- Right-of-use asset and Lease liabilities – Note P.

In the opinion of management, all adjustments necessary for a fair presentation of the results of operations, financial position and cash flows have been reflected.

Standards and interpretation issued but not yet effective

A number of amendments to standards have been issued that are not yet effective and have not been adopted by QV, including amendments to:

Standard	Effective date
Property, Plant and Equipment Proceeds before Intended Use	Annual reporting periods beginning on or after 1 January 2022.
Onerous Contracts—Cost of Fulfilling a Contract	Annual reporting periods beginning on or after 1 January 2022.
Annual Improvements to NZ IFRS 2018–2020	Annual reporting periods beginning on or after 1 January 2022.
Reference to the Conceptual Framework	Annual reporting periods beginning on or after 1 January 2022.
NZ IFRS 17 Insurance Contracts	Annual reporting periods beginning on or after 1 January 2023.
Classification of Liabilities as Current or Non-current — Deferral of Effective Date	Annual reporting periods beginning on or after 1 January 2023.
2019 Omnibus Amendments to NZ IFRS	Annual reporting periods beginning on or after 1 January 2025.

QV has assessed that these are not likely to have a material effect on its financial statements.

Basis of consolidation

QV's financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses and cash flows of entities in the group. All intra-group balances, transactions, revenue, and expenses are eliminated on consolidation.

QV's financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date the Parent obtains control of the entity and ceases when the Parent loses control of the entity.

A. REVENUE

QV derives revenue through the provision of services.

Rating services

Council triennial valuations and other services

Triennial valuations are identified as a separate performance obligation from the day to day services because there is a significant amount of time and resource required to undertake the triennial valuation and its timeframe is clearly identified in the contracts.

As the valuation is performed every three years and is included in the fee set by the contract, a portion of the contract fee has been allocated to the triennial valuation performance obligation and is recognised over the time of delivering the service.

QV also provides various other services for Councils as required.

Consultancy

Market valuations

Revenue is recognised when earned by reference to the stage of completion of work carried out if the outcome can be reliably measured. If the outcome of a market valuation cannot be estimated reliably, revenue is recognised only to the extent of the direct costs incurred in respect of the work performed.

Other trading revenue

Database management services

The database management services require QV to maintain property valuation data on behalf of Councils and provide them access to the data.

The revenue for database management services has been recognised over the time of performing the service.

The service is continuous each year of the contract therefore the fee determined within the contract is recognised each year and revenue is recognised in equal instalments each month.

Property services

QV provides property management services. Included in these services are lease, facilities, and portfolio management services, and incidental consultancy services. Revenue is recognised over the term of the contract as services are provided, only if these can be reliably measured.

Other data services

QV provides property related data and information. Revenue is recognised at the time the data or information is provided.

A.1 Trading revenue

	2022 $NZ'000	2021 $NZ'000
Rating services	19,685	19,655
Consultancy services	13,005	12,781
Other trading revenue	2,218	2,386
	34,908	**34,822**

B. EXPENDITURE

B.1 Operating expenses

Individually significant items within operating expenses:

	2022 $NZ'000	2021 $NZ'000
Communication expenses	266	303
Computer operating expenses	2,727	2,882
Travel	154	222
Vehicle expenses	344	330
	3,491	**3,737**

B.2 Other expenses

Individually significant items within other expenses:

	2022 $NZ'000	2021 $NZ'000
Audit fees	163	171
Bad debts written off	-	6
Allowance for expected credit losses increase/(release)	(15)	-
Board expenses (including Directors' fees)	219	221
Loss/(gain) on disposal of assets	(2)	(14)
Other costs	585	539
Other valuation costs	1,037	955
	1,987	**1,878**

B.3 Auditors' remuneration

Amounts paid or payable to:

	2022 $NZ'000	2021 $NZ'000
Audit New Zealand for:		
The audit of QV's financial statements	150	146
Recovery of audit fees from previous years	-	10
RSM Hayes for:		
The audit of the real estate trust accounts	13	15
	163	**171**

B.4 Personnel expenditure

	2022 $NZ'000	2021 $NZ'000
Personnel expenses	23,507	21,304
Superannuation contributions	727	602
Other personnel expenses	557	444
	24,791	**22,350**

C. INCOME TAX

C.1 Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. QV's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2022 $NZ'000	2021 $NZ'000
Relationship between tax expense and accounting profit		
Profit from operations	1,529	3,033
Income tax expense at 28% (2021: 28%)	428	849
Plus/(less) tax effect of:		
Non-deductible (income)/expenditure	(14)	12
Prior period under/(over) adjustment	(18)	-
Impact of tax rates in different jurisdictions (include rate change)	(17)	(4)
Other	-	-
Tax expense	**379**	**857**
Components of tax expense		
Current tax expense	780	795
Deferred tax	(401)	62
Tax expense	**379**	**857**

C.2 Imputation credit account

	2022 $NZ'000	2021 $NZ'000
Imputation credits available for use in subsequent periods	1,223	892
Franking credits – Quotable Value Australia Pty Limited	1,685	1,475

C.3 Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable (i.e. more likely than not) that taxable profits will be available against which those deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Any reduction is recognised in the statement of comprehensive income.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which QV expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority. QV intends to settle its current tax assets and liabilities on a net basis.

Deferred tax summary

Group	2022 $NZ'000	2021 $NZ'000
Balance as at 1 July	(449)	(387)
Movement during the period	401	(62)
Balance as at 30 June	**(48)**	**(449)**
Comprising of:		
Quotable Value Limited	(119)	(515)
Quotable Value Australia	71	66
	(48)	**(449)**

The following table shows a breakdown of movements in deferred tax assets and liabilities for the year:

a) Deferred tax assets/(liabilities)

For the year ended 30 June 2022	Opening balance $NZ'000	Charged to income $NZ'000	Closing balance $NZ'000
Deferred tax liabilities			
Property, plant and equipment	(1,021)	108	(913)
Work in progress	(79)	144	65
	(1,100)	**252**	**(848)**
Deferred tax assets			
Employee entitlements	671	55	726
Doubtful debt and impairment losses	22	(9)	13
Tax losses carried forward	-	-	-
Provisions	(42)	103	61
	651	**149**	**800**
	(449)	**401**	**(48)**

For the year ended 30 June 2021	Opening balance $NZ'000	Charged to income $NZ'000	Closing balance $NZ'000
Deferred tax liabilities			
Property, plant and equipment	(946)	(75)	(1,021)
Work in progress	(156)	77	(79)
	(1,102)	**2**	**(1,100)**
Deferred tax assets			
Employee entitlements	357	314	671
Doubtful debt and impairment losses	22	-	22
Tax losses carried forward	463	(463)	-
Provisions	(127)	85	(42)
	715	**(64)**	**651**
	(387)	**(62)**	**(449)**

D. CASH AND CASH EQUIVALENTS

Cash comprises cash on-hand and on-demand deposits. Cash equivalents are short-term (less than 3 months), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are shown with borrowings in current liabilities in the Statement of Financial Position.

	2022 $NZ'000	2021 $NZ'000
Cash at bank	6,849	6,253

As at 30 June 2022, Quotable Value Australia Pty Limited hold a term deposit of $557,483 (2021: $539,763) that relate to the facility to be used to issue trade related guarantees or standby letters of credit. Refer to note T for information on the bonds contingent liabilities.

E. TRADE AND OTHER RECEIVABLES

Accounts receivable are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Work in progress is work undertaken but not invoiced at balance date.

	2022 $NZ'000	2021 $NZ'000
Trade receivables from contracts with customers	4,532	4,374
Allowance for expected credit losses	(45)	(78)
	4,487	**4,296**
Prepayments	1,055	1,107
Work in progress	725	281
Other	-	4
	6,267	**5,688**

The average credit period on sales of services is 30 days. No interest is charged on trade receivables. QV measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Aged debtors schedule for QV

	Gross $NZ'000	Impairment $NZ'000	2022 $NZ'000	Gross $NZ'000	Impairment $NZ'000	2021 $NZ'000
Not past due	4,085		4,085	4,159	-	4,159
Past due 1–30 days	321		321	119	-	119
Past due 31–60 days	117	(36)	81	40	(37)	3
Past due 61+ days	9	(9)	-	56	(41)	15
	4,532	**(45)**	**4,487**	**4,374**	**(78)**	**4,296**

Movement in allowance for expected credit losses

	2022 $NZ'000	2021 $NZ'000
Balance at 1 July	**78**	**78**
Additional allowances made/(released) during the year	(15)	6
Bad debts recovered	-	-
Receivables written off during the period	(18)	(6)
Balance at 30 June	**45**	**78**

F. CONTRACT ASSETS/LIABILITIES

Contract assets or liabilities arise on triennial valuation services. They arise due to timing differences between the performance of the valuation services and the payment for those services. Terms for each contract are varied.

Where QV is entitled to payment before the performance of the services, the payment is recognised as a contract liability. At the point at which the services have been performed, the contract liability will be recognised as revenue in the statement of comprehensive income.

If QV performs the services before it is entitled to payment, it records this as a contract asset. Any amount recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

For some contracts management have exercised their judgment in allocating total contract revenue to the different performance obligations.

	2022 $NZ'000	2021 $NZ'000
Balance at 1 July	**352**	**494**
Revenue recognised/(deferred)	(1,312)	(142)
Balance at 30 June	**(960)**	**352**
Current asset	2,652	3,035
Current liability	(3,612)	(2,683)
	(960)	**352**

G. PROPERTY AND EQUIPMENT ASSETS

Property and equipment asset classes consist of leasehold improvements, motor vehicles, office equipment, furniture and fittings, general and core application information technology (IT) hardware.

Property and equipment assets are stated at cost less depreciation and impairment losses.

Additions

The cost of an item of property and equipment assets is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to QV and the cost of the property or equipment assets can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Any gains and losses on disposals are included in the profit or loss.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to QV and the cost of the property and equipment assets can be measured reliably.

The day-to-day servicing costs of property and equipment assets are recognised as an expense in the statement of comprehensive income when they are incurred.

Depreciation

Property and equipment assets are depreciated on a straight line basis that will write off the cost of the assets to their estimated residual value over their useful lives.

Asset	Depreciation rate
Furniture and fittings	15%
Motor vehicles	20%
Office equipment	33%
General IT hardware	25%
Core application IT hardware	25%
Leasehold improvements	25% – 33%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

The cost of leasehold improvements is capitalised and depreciated over the unexpired period of the lease or the estimated remaining useful life of the improvements, whichever is the shorter.

In the year ended 30 June 2022 there were no:

- items of property or equipment assets which were not in current use;
- impairment losses recognised or reversed in the current period;
- borrowing costs capitalised;
- restrictions on title relating to property and equipment assets or items pledged as security for liabilities.

Impairment of assets
QV reviews the carrying amounts of its finite life tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In that case the recoverable amount of the asset is estimated in order to determine the extent of impairment loss if any.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less the cost to sell and value in use.

An impairment loss is recognised as an expense in the statement of comprehensive income immediately.

Movements of property and equipment assets
The following schedule shows the movements of property and equipment assets for the years ended 30 June 2022 and 2021:

Cost	Leasehold improvements $NZ'000	Motor vehicles $NZ'000	Office equipment $NZ'000	Furniture & fittings $NZ'000	IT hardware, including IT WIP $NZ'000	Total $NZ'000
Balance as at 1 July 2020	**1,163**	**154**	**101**	**449**	**297**	**2,164**
Additions	-	-	8	19	31	58
Transfers	-	-	(1)	1	-	-
Disposals	-	(56)	(11)	(22)	(9)	(98)
Balance as at 1 July 2021	**1,163**	**98**	**97**	**447**	**319**	**2,124**
Additions	-	-	2	6	237	245
Transfers	-	-	-	-	-	-
Disposals	(162)	(19)	(9)	(14)	(32)	(236)
Balance as at 30 June 2022	**1,001**	**79**	**90**	**439**	**524**	**2,133**
Accumulated depreciation and impairment losses						
Balance as at 1 July 2020	**(1,162)**	**(154)**	**(95)**	**(401)**	**(231)**	**(2,043)**
Disposals	-	56	11	21	9	97
Depreciation expense	(1)	-	(2)	(25)	(30)	(58)
Balance as at 1 July 2021	**(1,163)**	**(98)**	**(86)**	**(405)**	**(252)**	**(2,004)**
Disposals	162	19	9	14	32	236
Depreciation expense	-	-	(4)	(18)	(58)	(80)
Balance as at 30 June 2022	**(1,001)**	**(79)**	**(81)**	**(409)**	**(278)**	**(1,848)**
Net book value						
As at 1 July 2020	**1**	**-**	**6**	**48**	**66**	**121**
As at 30 June 2021	**-**	**-**	**11**	**42**	**67**	**120**
As at 30 June 2022	**-**	**-**	**9**	**30**	**246**	**285**

Property and equipment assets useful lives and residual value
At each balance date QV reviews the useful lives and residual values of its property and equipment assets. Assessing the appropriateness of useful life and residual value estimates of property and equipment assets requires QV to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by QV, and expected disposal proceeds from the future sale of the asset.

QV has not made significant changes to past assumptions concerning useful lives and residual values.

H. INTANGIBLE ASSETS (FINITE)

Software acquisition
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Software development
Costs that are directly associated with the development of software for internal use are recognised as an intangible asset where the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial, and other resources to complete the development and to use the software product are available;
- The expenditure attributable to the software product during its development can be reliably measured.

Other development expenditure that does not meet the above criteria is recognised as an expense when incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period. Research costs, and costs associated with maintenance, are recognised as an expense when incurred.

Database and software
QV's database and software are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes being recognised as a change in accounting estimate.

Impairment of assets
At each reporting date, QV assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, QV makes a formal estimate of the recoverable amount. Intangible assets that are not yet available for use are tested for impairment. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In accordance with NZ IAS 36: Impairment of Assets, the recoverable amount is the greater of fair value less costs of disposal or the value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognised as an expense in the statement of comprehensive income immediately.

Amortisation
The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases the date the asset is derecognised. The amortisation charge for each financial year is recognised in the statement of compressive income.

The amortisation rates used in the preparation of these statements are as follows:

Asset	Amortisation rate
Software	10 – 33%
Monarch & Other projects	10 – 15%

There were no:

- impairment losses recognised or reversed in the current period;
- borrowing costs capitalised; or
- restrictions on title relating to intangible assets or items pledged as security for liabilities.

Movements of intangible assets

The following schedule shows the movements of intangible assets for the years ended 30 June 2022 and 2021:

Cost	Computer software $NZ'000	QVIS $NZ'000	Work-in-progress $NZ'000	Monarch $NZ'000	Total $NZ'000
Balance 30 June 2020	**5,815**	**5,971**	**55**	**8,085**	**19,926**
Additions	227	-	16	-	243
Transfers	18	-	(18)	-	-
Disposals	(150)	(1)	-	-	(151)
Balance 30 June 2021	**5,910**	**5,970**	**53**	**8,085**	**20,018**
Additions	615	-	701	-	1,316
Transfers	103	-	(103)	-	-
Disposals	(1)	-	-	-	(1)
Balance 30 June 2022	**6,627**	**5,970**	**651**	**8,085**	**21,333**
Accumulated amortisation and impairment losses					
Balance 30 June 2020	**(4,828)**	**(5,969)**	**-**	**(2,716)**	**(13,513)**
Disposals	149	1	-	-	150
Amortisation	(516)	(2)	-	(626)	(1,144)
Balance 30 June 2021	**(5,195)**	**(5,970)**	**-**	**(3,342)**	**(14,507)**
Disposals	1	-	-	-	1
Amortisation	(456)	-	-	(731)	(1,187)
Balance 30 June 2022	**(5,650)**	**(5,970)**	**-**	**(4,073)**	**(15,693)**
Net Book Value					
As 1 July 2020	987	2	55	5,369	6,413
As 30 June 2021	715	-	53	4,743	5,510
As 30 June 2022	**977**	**-**	**651**	**4,012**	**5,640**

QV has reviewed the value of its software for indications of impairment and, found their value is estimated to be greater than the carrying value. QV believes that the databases hold their value on a going concern basis as revenue generating capacity continues.

Work in progress in the table above relates to various application developments and will be allocated to specific capital items on completion and implementation.

I. GOODWILL

Goodwill on acquisition of subsidiaries is recognised as an asset and separately identified.

Impairment

Goodwill is not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately as an expense in the statement of comprehensive income and is not subsequently reversed.

The following schedule shows the movements in goodwill for the years ended 30 June 2022 and 2021:

	2022 $NZ'000	2021 $NZ'000
Gross carrying amount		
Balance 1 July	10,007	10,007
Balance 30 June	**10,007**	**10,007**
Accumulated impairment losses		
Balance 1 July	(9,348)	(9,348)
Impairment loss for the year	-	-
Balance 30 June	**(9,348)**	**(9,348)**
Net book value 1 July	659	659
Net book value 30 June	**659**	**659**

Goodwill is fully allocated to the Quotable Value Limited cash generating unit.

Impairment testing

For the purpose of impairment testing, goodwill is allocated to QV's cash generating unit (CGU) which represents the lowest level within QV at which the goodwill is monitored for internal management purposes.

Prior to the 2020 financial year, goodwill was in Quotable Value Limited and Darroch Limited and each was a CGU. However, during the 2020 financial year Quotable Value Limited and Darroch Limited were amalgamated into Quotable Value Limited and Darroch Limited no longer exists as a separate legal entity. The Darroch CGU is now included in the Quotable Value Limited CGU.

The carrying value of the goodwill in the QV CGU of $659k (2021: $659k) comprises two components being: an amount of $159k (2021: $159k) which relates back to the acquisition of the valuation business from Valuation New Zealand in 1999; and an amount of $500k (2021: $500k) which relates to the transfer of the rural business from Darroch Limited (to Quotable Value Limited) in 2014.

The recoverable value of the QV CGU was based on a Value in Use (VIU) calculation using the Discounted Cash Flow (DCF) methodology. The recoverable value was in excess of the carrying value of the CGU and therefore no impairment has been recognised. The key assumptions in the VIU calculation were:

- Cash Flows were projected based on a 3-year business plan as approved by the Board of Directors;
- Cash Flows beyond a three-year period have been extrapolated using a growth rate of 2% (2021: 2%) which reflects long term inflation expectations; and
- A discount rate of 13% (2021: 11.5%) per annum has been applied to the cash flows.

J. SHARE CAPITAL AND RESERVES

J.1 Issued capital

QV has capital of $4.6 million (2021: $4.6 million) of issued ordinary shares which confer on the holders the right to vote at any general meeting of shareholders. This consists of 4,600,000 (2021: 4,600,000) authorised ordinary shares.

J.2 Foreign currency translation reserve

Foreign currency translation differences of foreign operations are recognised through other comprehensive income and accumulated in equity in a foreign currency translation reserve.

Assets and liabilities of foreign operations are translated at the closing rate. Revenue and expense items are translated at the New Zealand Reserve Bank mid-month exchange rates over the year, as a surrogate for the spot rates at transaction dates. Exchange differences are taken through other comprehensive income and then accumulated to a foreign currency translation reserve in equity.

	2022 $NZ'000	2021 $NZ'000
Balance 1 July	**310**	**279**
Arising on translation of foreign operations	62	6
Transfer to retained earnings	-	25
Balance 30 June	**372**	**310**

This reserve represents exchange differences relating to the translation of Quotable Value Australia's transactions and balances, which are in Australian dollar (its functional currency) into New Zealand dollar.

J.3 Retained earnings and dividends

	2022 $NZ'000	2021 $NZ'000
Balance 1 July	**8,121**	**5,970**
Profit for the year and attributable to the equity holders	1,150	2,176
Transfer from Foreign Currency Translation Reserve	-	(25)
Dividends paid during the year	(620)	-
Balance 30 June	**8,651**	**8,121**

Dividends of $620,000 were paid to QV's shareholders during the year (2021: $nil).

K. TRADE AND OTHER PAYABLES

Trade payables and other accounts payable are recognised when QV becomes obliged to make future payments resulting from the purchase of goods and services.

	2022 $NZ'000	2021 $NZ'000
Trade payables	606	660
Income in advance	225	210
Accruals	126	153
GST payable	530	428
	1,487	**1,451**

The average credit period on invoices is 30 days. QV has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

L. EMPLOYEE ENTITLEMENTS

Short-term employee entitlements

Provision is made in respect of QV's liability for wages and salaries, annual leave, long service leave and retirement leave. Annual leave and other entitlements that are expected to be settled within 12 months of reporting date, are measured at nominal values on an actual entitlement basis at current rates of pay.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis based on the present value of the estimated future cash outflows to be made by QV in respect of services provided by employees up to reporting date.

Holiday pay

In 2019 the Group identified issues with the calculation of leave entitlements for New Zealand employees under the Holidays Act 2003 (the Act). QV instructed its payroll service provider to correct the issue and to determine the amount of leave underpaid in the prior 6 years. Based on the work carried out, a provision of $130,000 was recognised as at 30 June 2020. As at 30 June 2022 there was a remaining provision of $31,110 (2021: $31,287). Where a former employee cannot be found and the amount of remedial payment is not paid out for 5 years, that amount will be subject to the Unclaimed Money Act 1971. This will mean that at the end of FY2026 any unpaid amount will be paid to the Inland Revenue department.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to Kiwisaver are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the statement of comprehensive income as incurred.

Australian schemes

QV contributes to a number of defined contribution superannuation plans. Contributions to superannuation plans are based on percentages of employee gross salaries. Obligations for contributions are recognised as an expense in the statement of comprehensive income as incurred.

Employee entitlements consist of:

	2022 $NZ'000	2021 $NZ'000
Holiday pay accrual	1,006	934
Accrued salaries and wages	1,940	1,665
Other employee entitlements	337	291
	3,283	**2,890**
Current	3,079	2,744
Non-current	204	146
	3,283	**2,890**

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using discount rates prescribed by Treasury and calculated as at 30 June 2022. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A salary inflation factor of 2.5% (2021: 2.5%) was used.

M. PROVISIONS

Provisions are recognised when QV has a present obligation (either legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Specific provisions:

Make good

QV has an obligation to return lease premises to the same condition as at the commencement of the lease, for some lease contracts. The amount recognised is the best estimate of the consideration required to settle this obligation. In many cases, QV has the option to renew leases, which impacts on the timing of expected cash outflows to make good the premises.

The following schedule shows the movements in the provision for the years ended 30 June 2022 and 2021:

	Make good $NZ'000	Total $NZ'000
Gross carrying amount		
Balance 1 July 2021	**151**	**196**
Amounts reversed	-	(17)
Amounts provided	-	-
Amounts utilised	-	(28)
Balance 30 June 2022	**151**	**151**
Current	-	3
Non-current	151	148
	151	**151**

N. SUBSIDIARIES

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by QV in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under NZ IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with NZ IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, QV's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. Refer to QV's goodwill accounting policy in note I.

Control is achieved when Quotable Value Limited ("the parent"):

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Parent reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Parent obtains control over the subsidiary and ceases when the Parent loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Parent gains control until the date when the Parent ceases to control the subsidiary.

Quotable Value Limited's subsidiary conforms with QV's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of QV are eliminated in full on consolidation.

Details about Quotable Value Limited's subsidiary are set out below:

Name of company	Percentage of holding at balance date 2022	2021	Principal activities	Country of domicile and incorporation	Balance date
Quotable Value Australia Pty Limited	100	100	Property Valuation	Australia	30 June

O. RECONCILIATION OF PROFIT FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Operating activities include cash received from all income sources of QV and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure.

	2022 $NZ'000	2021 $NZ'000
Profit for the year	**1,150**	**2,176**
Depreciation	80	59
Depreciation of right-of-use asset	662	709
Amortisation of intangible assets	1,187	1,144
Foreign exchange movement	63	6
Movement in provision for doubtful debts	(15)	-
Gain on sale of property and equipment	(3)	(14)
Deferred tax	(401)	61
Recognition of revenue (net)	1,312	142
Changes in net assets and liabilities		
- Decrease (increase) in receivables	(564)	(866)
- Increase (decrease) in payables	(64)	(269)
- Increase (decrease) in provisions	-	(45)
- Increase (decrease) in employee entitlements	393	658
- Increase (decrease) in GST payable/receivable	102	51
- Increase (decrease) in tax payable	(552)	587
Net cash flows from operating activities	**3,350**	**4,399**

P. RIGHT-OF-USE ASSET & LEASES

Leases consist of premises leased across New Zealand and New South Wales, Australia.

Right of use assets (ROU) are measured at cost at the lease commencement date and lease liabilities are measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease (if that rate can be readily determined) or QV's incremental borrowing rate. Costs incurred with a lease that are not part of the cost of the ROU asset are expensed.

On adoption of NZ IFRS 16 as at 1 July 2019, lease liabilities were measured at the present value of the remaining lease payments, discounted using QV's incremental borrowing rate as at 1 July 2019. (The weighted average incremental borrowing rate applied to lease liabilities on 1 July 2019 was 1.9%.) QV adopted NZ IFRS 16 using the modified retrospective approach with the initial measurement of the ROU assets being equal to the corresponding leased liabilities for all existing leases at 1 July 2019 and any initial direct costs.

ROU assets are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. ROU assets are depreciated on a straight-line basis over the remaining period of the lease or useful life. QV applies NZ IAS 36 to determine whether a ROU asset is impaired and accounts for any identified loss under the same policy adopted for property and equipment assets (refer to note G).

Lease liabilities are subsequently measured by increasing the carrying amount for interest, reducing it for payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where QV incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets (NZ IAS 37). The costs are included in the related ROU asset. The make good liability is presented as a separate line in the statement of financial position.

For short-term leases (non-obligation leases) and leases of low-value assets, QV has opted to recognise the lease expense as it occurs as permitted by NZ IFRS 16. This expense is presented within the statement of comprehensive income.

Cost	Right-of-use-asset $NZ'000
Balance 1 July 2020	**4,119**
Additions	1,652
Disposals	(619)
Other adjustments	(175)
Balance 30 June 2021	**4,977**
Additions	139
Disposals	-
Other adjustments	(38)
Balance 30 June 2022	**5,077**

Accumulated depreciation	
Balance 1 July 2020	**(864)**
Depreciation	(709)
Disposals	619
Other adjustments	(33)
Balance 30 June 2021	**(987)**
Depreciation	(662)
Disposals	-
Other adjustments	47
Balance 30 June 2022	**(1,602)**

Carrying amount	
At 1 July 2020	3,255
At 30 June 2021	3,990
At 30 June 2022	**3,475**

The average lease term is 4 years (2021: 4 years).

Amounts recognised in profit or loss	2022 $NZ'000	2021 $NZ'000
Depreciation	662	709
Interest expense on lease liabilities	98	63
Expense relating to short-term liabilities	695	815
Expense relating to leases of low value assets	231	265

Lease liabilities	2022 $NZ'000	2021 $NZ'000
Current	608	586
Non-current	2,913	3,360
	3,521	**3,946**

Maturity analysis	2022 $NZ'000	2021 $NZ'000
Year 1	608	586
Year 2	591	604
Year 3	605	582
Year 4	530	554
Year 5	547	501
Onwards	640	1,119
	3,521	**3,946**

QV does not face a significant liquidity risk with regards to its lease liabilities.

Q. RELATED PARTY INFORMATION

Q.1 Related party transactions with entities related to key management personnel and directors

Entity	Type	2022 $NZ'000	2021 $NZ'000
Gregory Fortuin	Director's fees	47	44
	Accounts payable	4	-
PJ Consulting	Director's fees	29	27
Alex Skinner Limited	Director's fees	23	22
	Accounts payable	2	-
Alma Hong Consultancy	Director's fees	18	-
	Accounts payable	2	-
Multorum Limited	Director's fees	23	22
Burton Partners	Director's fees	23	23
	Accounts payable	-	2
Suzanne Tindal	Director's fees	23	22
Urban Outcomes Limited	Director's fees	18	-
Driller Holdings Pty Limited	Director's fees	4	4
Egan National Valuers	Service fees	17	14
Agribusiness NZ Limited	Director's fees	2	22
	Accounts payable	-	-
Marcon Holdings Limited	Director's fees	6	22
	Accounts payable	-	-

There are no guarantees to or from any related parties. Transactions with related parties:

- Directors' fees: For performance of their duties; and
- Service fees: Valuation services provided in Australia.

Q.2 Balances arising from sales/purchases of goods and services

Purchases from related parties are made at terms equivalent to those that prevail on commercial terms. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There are no guarantees provided or received for any related party receivable or payable.

At balance date Quotable Value Australia Pty Limited had a balance payable to Quotable Value Limited of $25k (2021: $248k) for expenses recharged by Quotable Value Limited. All transactions were at market prices and on normal commercial terms.

No related party balances have been written off or impaired during the year (2021: Nil).

Q.3 Share ownership

QV is a State Owned Enterprise as all shares are owned by the Crown.

Q.4 Compensation of key management personnel

QV's Remuneration and Reward approach is to pay fair and competitive market rates to attract and retain the best people and to align individual rewards with the objectives of the business. Executive remuneration is reviewed annually to ensure people are fairly rewarded for their contribution to the business. In setting remuneration QV reviews market information including from similar sectors and sized businesses.

QV has a formally constituted People and Culture Committee made up of at least two members of the Board. The People and Culture Committee is responsible for recommending terms of employment of the Executive, as well as reviewing and recommending the remuneration, incentive targets and performance of the CEO. The People and Culture Committee is also responsible for reviewing QV's remuneration position against market movement and trends, and to recommend the total overall remuneration adjustment for QV's People.

The Board is committed to ensure the remuneration practices of the Executive are appropriate, fair and transparent. The Executive team remuneration has two components; fixed remuneration and an annual short term incentive designed to reward performance within the current financial year.

Each year the Board reviews and approves the key performance indicators for each Executive. The Board is also responsible for assessing the performance of the Executive and signing off the annual performance incentive of QV's Executives at the end of each financial year.

Fixed remuneration

Fixed remuneration consists of base salary and benefits. Benefits for the Executive may include the following: KiwiSaver, carpark and professional memberships. QV's approach is to pay fixed remuneration with reference to the fixed pay market median.

Short-term incentives

Short-term incentives are annual at risk payments which are designed to motivate and reward for performance in that financial year. The target value of the at risk payment is a dollar value. For 2022 the relevant target for the CEO was 20.6% of base salary. For all other Executives it was 10% to 17%.

This year 70% of the Executive annual short-term incentives were shared measures relating to commercial success (financial performance) and People (employee engagement), while 30% was attributed to individual performance measures aligned to QV's strategic priorities.

There are no long term incentives within the business.

	2022 weighting %	Measure
Commercial Success (shared)	50%	EBITDA
People (shared)	20%	Employee engagement
Strategic Priority (individual)	30%	Specific targets

Key performance indicators can have a five-point rating scale ranging from 'minimally achieved' to 'exceeded' performance levels. The Board retains the discretion to ensure the final outcome of the annual at risk payment fairly reflects the individual's performance over the financial year.

Chief Executive's remuneration

	Salary* $NZ'000	Benefits $NZ'000	Short-term incentive $NZ'000	Total remuneration $NZ'000
2022	407	20	75	502
2021	418	17	38	473
2020	397	81	34	512

**Salary includes holiday pay paid as per NZ legislation.*

Executive's remuneration

	Salary* $NZ'000	Benefits $NZ'000	Termination benefits $NZ'000	Short-term incentive $NZ'000	Total remuneration $NZ'000
2022	931	54	-	125	1,110
2021	1,022	55	-	80	1,157
2020	893	46	106	81	1,126

**Salary includes holiday pay paid as per NZ legislation.*

Executive remuneration includes the role of Chief Financial Officer, Chief Operating Officer, Chief People Officer, Chief Technology Officer & General Manager Business Development & Partnering.

R. BORROWINGS

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measure at amortised cost using the effective interest rate method.

Borrowing costs

Interest expense is accrued on a time basis using the effective interest rate method. All borrowing costs are recognised as an expense in the period in which the change relates to.

Bank facilities

	2022 $NZ'000	2021 $NZ'000
Westpac New Zealand		
Overdraft facility:		
- Facility limit	1,000	1,000
- Facility used	-	-
- Available facility	1,000	1,000
Money Market Loan facility:		
- Facility limit	2,500	3,500
- Facility used	-	-
- Facility available	2,500	3,500

The loan facility is made available only subject to the terms of an unsecured negative pledge and expires on 30 September 2023.

At balance date there is a business MasterCard facility of $71,500 (2021: $71,500), with a limit of $10,000 (2021: $10,000) of which $8,815 has been used (2021: $5,788).

S. FINANCIAL INSTRUMENTS

Recognition and measurement

Financial assets and financial liabilities are recognised when a group entity becomes a party to a contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order 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 principal amount outstanding.

QV designates cash and cash equivalents and trade and other receivables (excluding prepayments) as financial assets at amortised cost. QV has not designated financial assets as fair value through profit or loss or fair value through other comprehensive income.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For these financial instruments, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss.

Impairment of financial assets

QV recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

QV always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on QV's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

QV has recognised a loss allowance in the current year of $45k (2021: $78K).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Definition of a default

QV considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including QV, in full.

Irrespective of the above analysis, QV considers that default has occurred when a financial asset is more than 90 days past due unless QV has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to QV in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped based on the nature of the financial instrument, size and nature of the debtor and external credit ratings where available. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If QV has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 months ECL at the current reporting date.

QV recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

QV derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments issued by QV is classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

QV designates its trade and other payables and borrowings as financial liabilities at amortised cost. All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

QV derecognises financial liabilities when, and only when its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Quotable Value Australia Pty Limited, a subsidiary of Quotable Value Limited operates in Australia which requires the entities to enter into transactions denominated in Australian dollars (AUD). QV holds bank accounts with AUD balances with Westpac Australia. As a result of these activities, exposure to currency risk arises.

Sensitivity analysis

As at 30 June 2022, if the NZD had strengthened by 10% against the AUD with all other variables held constant, the profit for the year would have increased by $53,276. If the NZD had weakened by 10% against the AUD the profit would have decreased by $43,589.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligation to QV, resulting in a financial loss. QV has adopted a policy of only dealing with creditworthy counterparties.

QV's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents (note D), and net trade and other receivables (note E).

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables. QV has no significant concentration of credit risk, as its credit customers are relatively small.

QV only invests funds with registered banks with specified Standard and Poor's credit ratings of AA- and above.

Liquidity risk

Liquidity risk is the risk that QV will encounter difficulty meeting their short-term commitments as they fall due. QV manages liquidity risk by maintaining sufficient cash by preparing monthly cash flow reports and budgets. The debtor's collection process and cash position is monitored daily.

	2022 $NZ'000	2021 $NZ'000
Financial assets at amortised cost		
Cash and cash equivalents	6,849	6,253
Trade and other receivables (excluding prepayments)	5,212	4,581
Total financial assets at amortised cost	**12,061**	**10,834**
Financial liabilities at amortised cost		
Creditors and other payables (excluding GST payable and income in advance)	732	813
Total financial liabilities at amortised cost	**732**	**813**

T. CONTINGENT LIABILITIES

The following contingent liabilities have been identified:

Bonds

QV has performance bonds for contracts undertaken and rental bonds on properties occupied. The table below details the values associated with these bonds:

	2022 $NZ'000	2021 $NZ'000
Rental bonds	102	99
Contract performance bonds	623	606
Total bond value	**725**	**705**

Professional indemnity claims

QV is not currently subject to any professional indemnity claims.

Legal claims

An entity in the Group is a defendant in a legal action involving a claim relating to a valuation. The directors believe, based on legal advice, that the claim has no merit and no outflow of resources will be required by the Group. (2021: No legal claims).

U. CONTINGENT ASSETS

There are no contingent assets in the current year (2021: Nil).

V. COMMITMENTS

	2022 $NZ'000	2021 $NZ'000
Leases payable		
Non-cancellable operating lease commitments:		
- Not later than one year	59	253
- Later than one year and not later than five years	55	114
	114	**367**

QV has lease commitments in relation to its premises it leases and IT hardware. There are no restrictions placed on QV by its leasing arrangements. In addition to these commitments, QV also has commitments relating to premises which as classed as right of use assets. Refer to note P.

W. CAPITAL MANAGEMENT

QV's capital is equity. Equity comprises accumulated funds and other reserves and is represented by net assets. Borrowings are held with the bank as outlined in note R (QV has not utilised any of the borrowing facilities as at 30 June 2022).

QV is subject to the financial management and accountability provisions of the State Owned Enterprises Act 1986.

QV manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure that QV achieves its objectives and purpose whilst remaining a going concern.

QV manages its borrowings through a target gearing ratio as determined by its Statement of Corporate Intent. Refer to the Statement of Key Performance Indicators for the current year achievement against target.

X. EVENTS AFTER THE REPORTING PERIOD

There were no events after balance date which required adjustments or disclosures to be made in the financial statements.

Statutory information

For the year ended 30 June 2022

A. DIRECTORS' REMUNERATION

During the year directors of QV were paid the following:

Director	Period	Board	2022 $NZ'000	2021 $NZ'000
Gregory Fortuin				
Appointed Director and Chair: 21 August 2019	Full year	QVL	47	44
Paula Jackson				
Appointed: 1 November 2016				
Appointed Deputy Chair: 1 June 2020	Full year	QVL	29	27
Alex Skinner				
Appointed: 13 November 2019	Full year	QVL	23	22
Alma Hong				
Appointed: 1 October 2021	Partial	QVL	18	-
Mads Moller				
Appointed: 13 November 2019	Full year	QVL	23	22
Hon Mark Burton				
Appointed: 21 August 2019	Full year	QVL	23	23
Natasha Possenniskie				
Appointed: 1 October 2021	Partial	QVL	18	-
Suzanne Maree Tindal				
Appointed: 1 May 2020	Full year	QVL	23	22
Appointed: 1 May 2020	Full year	QVA	-	-
Conor English				
Appointed: 1 May 2018				
Term ended: 31 July 2021	Partial	QVL	2	22
Joanne Conroy				
Appointed: 1 November 2018				
Term ended: 30 September 2021	Partial	QVL	6	22
Jacquie Barker				
Appointed: 1 May 2011	Full year	QVA	-	-
Ben Driller				
Appointed: 1 July 2013	Full year	QVA	4	4

B. EMPLOYEES' REMUNERATION

Remuneration and other benefits of $100,000 per annum or more received by employees in their capacity as employees were:

	2022	2021
$100,000 - $109,999	8	13
$110,000 - $119,999	6	6
$120,000 - $129,999	7	5
$130,000 - $139,999	5	4
$140,000 - $149,999	3	6
$150,000 - $159,999	9	2
$160,000 - $169,999	4	2
$170,000 - $179,999	3	2
$180,000 - $189,999	2	1
$190,000 - $199,999	1	4
$200,000 - $209,999	4	4
$210,000 - $219,999	1	-
$220,000 - $229,999	2	3
$230,000 - $239,999	2	2
$240,000 - $249,999	2	-
$250,000 - $259,999	1	-
$260,000 - $269,999	1	-
$270,000 - $279,999	-	2
$290,000 - $299,999	1	-
$450,000 - $459,999	-	1
$490,000 - $499,999	1	-

C. INTEREST REGISTER

A directors' interest register is maintained by the Board as listed below:

Gregory Fortuin	Chair/Director, Amanah Trust Management (NZ) Ltd.
	Chair/Director, Amanahnz Kiwisaver Ltd.
	Chair, Plain English Awards
	Ethnic Advisor, NZ Police Commission
	Strategic Adviser, NZ Police Commission (appointed 9 October 2020)
	Director/Trustee, Salvation Army NZ Governance Board (appointed 23 February 2021)
Paula Jackson	Owner/Director, Paula Jackson Consulting Ltd.
	Trustee, Ruamahunga Health Trust
	Shareholder, Martinborough Properties Ltd.
	Director, Mercer (N.Z.) Ltd.
	Advisory Chair, My Trucking Ltd.
	Non-Executive Director, Marsello Ltd.
	Director, Airways Corporation of New Zealand Ltd. (resigned 26 January 2022)
Hon Mark Burton	Partner, Burton Partners
	Member, UNDP GPN Experts Roster for Rapid Response
Mads Moller	Director & shareholder, Multorum Ltd.
	Director, Thinclab
	Director, Vertical Group APS
	Director, London & Cambridge Ltd.
	Business Advisor, University of Canterbury Business School
	Director, Fortun A/S (Denmark)
	Director, Forward Ltd. (UK)
	Director, SylSems Ltd. (UK)
	Director, Excitor Ltd. (UK)
	Director, Vigilante A/S (Denmark)
	Director, Procon A/S (Norway)
	Director, Protrego Inc (USA)
	Chair, Orb Viz Ltd.
	Director, 2IQ Ltd.
	Director, Spatial Computing Solutions Ltd (appointed 29 October 2021)
	Director, Education Payroll Ltd (appointed 16 May 2022)
Alex Skinner	Trustee & Chair, Otautahi Community Housing Trust
	Director & Chair, Otautahi Community Housing Development GP Ltd.
	Director, Alex Skinner Ltd.
	Director, Anchorage Trustee Services Ltd.
	Trustee, Dream, Believe, Succeed Foundation (resigned 18 July 2022)
	National Board Member, Royal NZ Plunket Society
	Director, Effectus Ltd.
	Trustee, Loyal Canterbury Lodge Investment Fund
	Director, Wild in Art NZ Ltd.
	Independent Director, Christchurch City Holdings Ltd.
	Chair of Advisory Board, Bennetto Natural Food Productions (appointed 8 February 2022)
	Interim Independent Chair, Assurity Consulting Ltd. (appointed 1 June 2022)
Suzanne Tindal	Board Deputy Chair, New Zealand Infrastructure Commission (Te Waihanga)
	Chair of Audit & Risk Committee, New Zealand Infrastructure Commission (Te Waihanga)
	Trustee, Hayson Family Trust
	Trustee, Swinkels Family Trust
	Independent Chair, Hutt City Council Audit & Risk Committee
	Independent Director, Brosnan Holdings Ltd.
	Independent Director, Brosnan Construction Ltd.
	Independent Director, Bettabuilt NI Ltd.
	Independent Director, Brosnan Ltd.
	Independent Director, Brosnan Maintenance Ltd. (appointed 12 July 2021)
	Chair, Advisory Board Lagom Group Ltd. (resigned 31 March 2022)
	Director, New Zealand Post Ltd. (appointed 1 November 2021, resigned 30 June 2022)
	Independent Director & Chair, Fliway Group Ltd. (appointed 1 March 2022, resigned 30 June 2022)
	Independent Director & Chair, Fliway Holdings Ltd. (appointed 1 March 2022, resigned 30 June 2022)
	Independent Director & Chair, Fliway International Ltd. (appointed 1 March 2022, resigned 30 June 2022)
	Independent Director & Chair, Fliway Logistics Ltd. (appointed 1 March 2022, resigned 30 June 2022)
	Independent Director & Chair Fliway, Transport Ltd. (appointed 1 March 2022, resigned 30 June 2022)
Natasha Possenniskie	Director & shareholder, Urban Outcomes Ltd.
	Director, Site Safe New Zealand Inc.
	Member, New Zealand Institute of Building Risk and Audit Committee
Wing Mun (Alma) Hong	Director, Alma-Hong Consultancy
	Independent Council Member, LocationTech
	External Board Member, Network Enabled Army Program Board
	External Board Member, Frigate Sustainment Management Group
	Member, Diversity and Inclusion Sub-Board, NZTech Alliance
Jacquie Barker (QVA)	Director, LRB Investments Ltd.
Ben Driller (QVA)	Director, Egan Australasia Pty Ltd.

D. DONATIONS

No donations were made by QV during the year ended 30 June 2022 (2021: Nil).

Statement of key performance indicators

For the year ended 30 June 2022

FINANCIAL PERFORMANCE INDICATORS

The Board agreed the following financial targets with the Ministry at the beginning of the year:

Specific financial performance	Group Actual 2022	SCI Target 2022	Group Actual 2021
Revenue ($NZ'000)	34,908	35,910	34,884
EBITDA ($NZ'000)	3,577	2,839	5,007
Profit after tax, impairment & amortisation before capital gains & dividend ($NZ'000)	1,150	542	2,176
Profit after taxation & impairment/revenue	3.29%	1.51%	6.24%
EBIT/tangible assets[1]	-	-	24.08%
Interest cover (EBITDA/interest)	36.32	17.5	55.2
Shareholder return	4.75%	4.05%	9.95%
Dividend yield	2.43%	5.12%	0%
Dividend payout	9.05%	8.60%	0%
Gross margin	43.61%	43.71%	46.00%
Operating margin (EBITDA/Revenue)	10.25%	7.91%	14.35%
Current ratio	177.41%	170.98%	184.41%
Net debt/net debt + equity ratio (max 30%) gearing ratio[2]	(32.3%)	(56.6%)	(21.51%)
Return on equity	8.61%	4.06%	18.27%
Return on capital employed (EBIT/ave debt + equity)	9.56%	5.73%	18.72%

[1] While this measure was included in the SCI, it is not a requirement per the Owners Expectation Manual. Furthermore this measure does not provide meaningful results as QV has immaterial amounts of tangible assets.
[2] The result is a negative ratio as the Group did not have any outstanding debt balance at year end.

Other financial performance	Group Actual 2022	SCI Target 2022	Group Actual 2021
Shareholder's funds (equity) ($NZ'000)	13,623	13,304	13,031
Total assets ($NZ'000)	25,827	23.370	25,255
Ratio shareholder's funds to total assets	52.75%	56.93%	51.60%
Capital investment ($NZ'000)	1,561	1,651	301
Dividend paid to the Crown ($NZ'000)	620	620	-

NON-FINANCIAL PERFORMANCE INDICATORS

The Board agreed the following non-financial targets with the Ministry at the beginning of the year:

Non-financial performance indicator	Group Actual 2022	SCI Target 2022	Group Actual 2021
Customer			
Customer Net Promoter Score[3]	37	51–56	51
Regional coverage[4]	16	16	-
Data and insights freely available on a quarterly basis	4	4	4
Valuation Education available during revaluation period[5]			Yes
Brand Credibility[6]			
QV provides independent information[7]	-	-	77%
QV brand recognition	75%	82%	76%
Trust QV's information	66%	70%	65%
People			
Health and Safety Prequel[8]	5 stars	5 stars	5 star
Employee Net Promotor Score[9]	+34	+25	+32
Governance			
Audit ESCO Grade[10]	Very good	Good	Very good

[3] Customer NPS is a 12 month rolling average measured by asking customers to rank from 0 - 10 whether they would recommend QV to others. The NPS is the difference between the percentage that rank QV a 9 or a 10 (promotors) less the percentage that rank QV a 0 to 6 (detractors).
[4] This is a new measure for FY22, comparative amounts have not been measured.
[5] This is not a key measure for FY22.
[6] Brand credibility, including brand awareness is measured through an annual independent survey carried out by Kantar.
[7] This is not a key measure for FY22.
[8] Health and Safety Prequel result is measured through an independent assessment carried out by IMPAC.
[9] Employee NPS is measured by asking employees to rank from 0 – 10 whether they would recommend QV as a good place to work. The eNPS is the difference between the percentage that rank QV a 9 or a 10 (promotors) less the percentage that rank QV a 0 – 6 (detractors), providing a score between -100 and +100.
[10] ESCO grade is a framework applied by Audit New Zealand to assess QV's environment, systems and controls. A grading system is applied, with 'very good' being the highest grade and 'poor' being the lowest grade. Audit New Zealand independently grades QV.

Statement of corporate governance

Financial statements

The Directors of QV are responsible for preparing financial statements that give a true and fair view of the consolidated financial position of the Group as at the end of the financial year and the consolidated results of operations and cash flows for the year. The external auditors are responsible for expressing an opinion on the consolidated financial statements, based on their review and assessment of the conclusions drawn from evidence obtained in the course of the external audit.

The consolidated financial statements set out in this report have been prepared by management in accordance with generally accepted accounting practice. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable judgements and estimates.

Board of Directors

The Board of Directors retains full and effective control over the Group, monitors executive management and ensures that decisions on material matters are in the hands of the Board. The Chair of the Board of Directors is Gregory Fortuin.

The Group had 8 full Board meetings during the year. Full Board meetings are a combination of face to face and video meetings. Due to COVID-19, full Board meetings were held by video conference. In conjunction with these meetings, the Board and executive management team usually meet once a year to review the Group's strategy and progress.

Subsidiary company

Quotable Value Limited ('QV') has a 100%-owned operating subsidiary, Quotable Value Australia Pty Limited ('QVA') incorporated in New South Wales, Australia. The Directors of QVA are Jacquie Barker (Chair - CEO of QV), and Australian residents Suzanne Tindal and Ben Driller (Public Officer).

Internal control

To fulfil its responsibilities, management maintains adequate accounting records and has developed and continues to maintain an appropriate system of internal controls.

The Directors acknowledge that they are responsible for QV's system of internal financial control.

Internal financial controls implemented by management can provide only reasonable and not absolute assurance against material misstatement or loss.

The Directors constantly review the effectiveness of the system of internal financial control. No major breakdowns were identified during the year in the system of internal control.

After reviewing internal management financial reports and budgets the Directors believe that QV will continue to be a going concern in the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Committees of the Board

QV had three standing committees during the year. They were:

1. **The Finance, Audit and Risk Committee**
   The Finance, Audit and Risk Committee comprised Alex Skinner (Chair), Suzanne Tindal, Connor English (resigned 31 July 2021) and Alma Hong (appointed 1 October 2021). The purpose of this committee is to oversee the financial management, external and internal audit functions and the overall risk management of the Group.

2. **The People and Culture Committee**
   The People and Culture Committee comprised Paula Jackson (Chair), Hon. Mark Burton, Joanne Conroy (resigned 30 September 2021) and Natasha Possenniskie (appointed 1 October 2021). The committee is designed to assist the Board to ensure the Company fulfils its overarching people and communication responsibilities – creating an environment where our people are passionate about working for the Group.

3. **The Whetū Committee**
   The Whetū Committee was established in December 2021 and comprised Mads Moller (Chair), Alma Hong and Natasha Possenniskie. The committee is designed to assist the Board in reviewing QV's proposed technology and operational solutions, including business plans, reviewing progress against delivery, monitoring financial budgets, providing the Board with recommendations and advising the Board on matters relating to the economic and technological landscape.

Director development

The Board believes it is in the best interest of QV to ensure that Directors will remain current with best corporate governance practice. The Group budgets a small amount each year to support the continued professional development of Directors.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent auditor's report

To the readers of Quotable Value Limited's group financial statements for the year ended 30 June 2022

The Auditor-General is the auditor of Quotable Value Limited group (the Group). The Auditor-General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group on pages 24 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.

In our opinion the financial statements of the Group:

- 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 New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 31 August 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, 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

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

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

In preparing the financial statements, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Group, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the State-Owned Enterprises Act 1986.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, 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.

We did not evaluate the security and controls over the electronic publication of the financial statements.

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, 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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify 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 23, 58 to 65 and 69, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements 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 Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *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 Group.

KS MacKenzie

Karen MacKenzie
Audit New Zealand

On behalf of the Auditor-General
Auckland, New Zealand

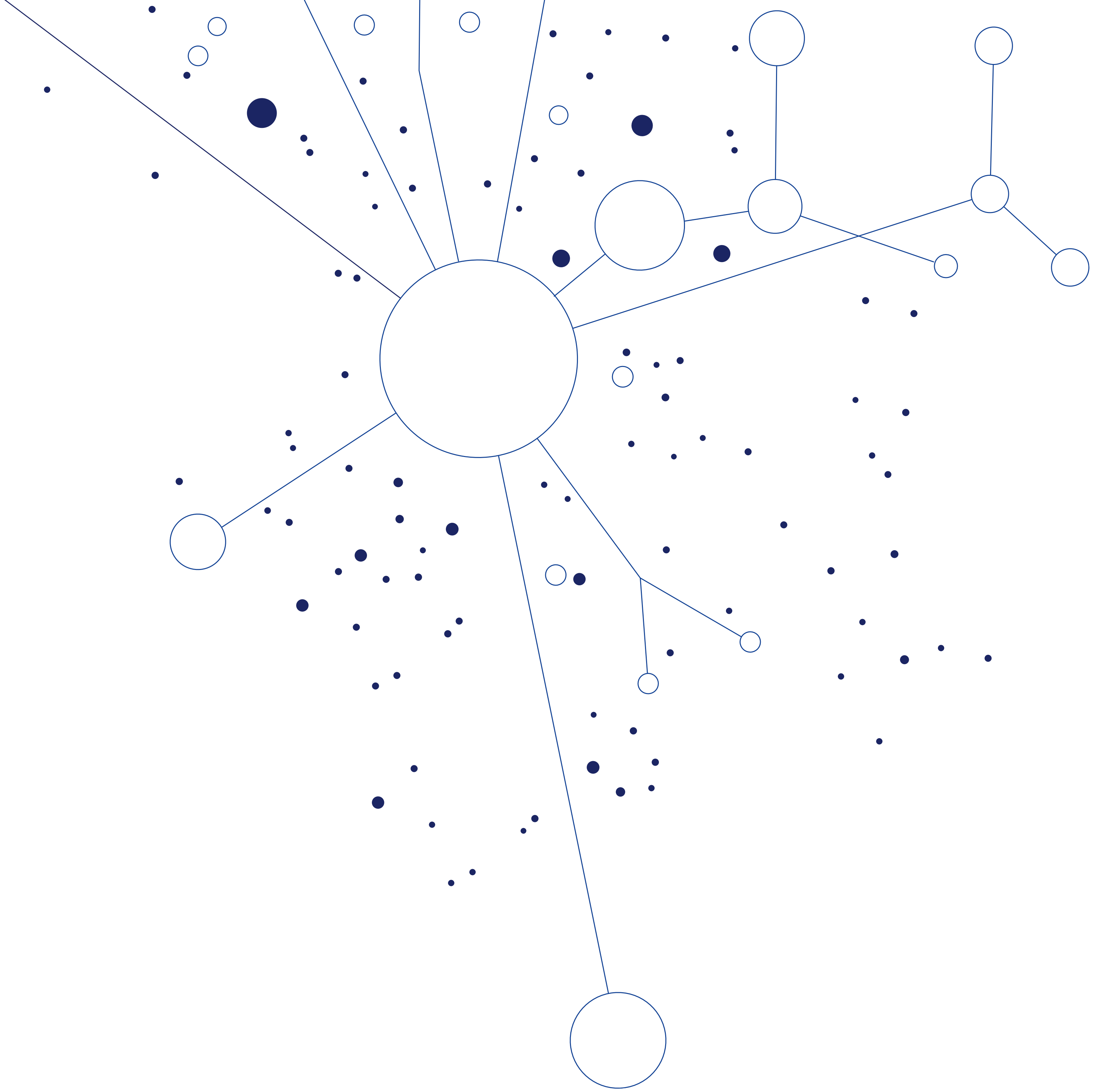
Directory

For the year ended 30 June 2022

Gregory Fortuin	Director (Chair)
Paula Jackson	Director (Deputy Chair)
Alex Skinner	Director
Alma Hong	Director
Hon. Mark Burton	Director
Mads Moller	Director
Natasha Possenniskie	Director
Suzanne Tindal	Director (QVL and QVA)
Ben Driller	Director (QVA)

Jacquie Barker	Chief Executive Officer and Director for QVA
Gary Obbes	Chief Financial Officer
Brendon Bodger	General Manager, Business Development and Partnering
Rochelle Clancy	Chief People Officer
Melanie Lewis	Chief Operating Officer
Neil Cran	Chief Technology Officer

Registered Office	QV House, 22 Nevis Street, Petone
Postal Address	Private Bag 39818, Wellington Mail Centre, Lower Hutt 5045
Telephone	0800 786 822
Website	QV.co.nz
Auditor	Audit New Zealand on behalf of the Controller and Auditor-General
Banker	Westpac Banking Corporation
Solicitor	DLA Piper NZ
Insurance Broker	Marsh Limited



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