

# Giving back to the future

Five years of progress



**GISBORNE  
HOLDINGS LTD**  
*Investment for local return*

Annual Report 2021





**5** years ago, GHL set out to support Tairāwhiti by generating profits to feed back into the community.

This report is not just a recap on this year, but a celebration of what we've achieved so far...





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# About GHL

Commercial venture  
with community heart.



# Our Purpose

## Investment for local return

Gisborne Holdings Ltd (GHL) is a commercial venture with a community heart. It was established, in its current form, in 2016, to run council's commercial investments, outside of the political environment and return profits back to the local community.

### Investment for local return means:

- We invest in economy owned assets for the benefit of current and future generations
- We make distributions to, and support, Gisborne District Council
- We create wealth and jobs for the region
- We support local businesses by utilising their services.



## Our Businesses

While seemingly unrelated, there are unique synergies between each of our businesses. From asset growth, to strong cash flow, social purpose and business enablement – each part of our organisation provides an important ingredient to the success of GHL.



### Tauwhareparae Farms

11,250 total hectares of land covering Puketawa, Tamatea and Tauwhare stations.



### Waikanae Beach Top 10 Holiday Park

The region's largest accommodation provider.



### Commercial Property and Projects

Property management and development.



### Gisborne Vehicle Testing

Independent testing station, AA agency and fleet management services.



### Wash'n Go

Gisborne's super easy-pay cashless auto wash system.

## Our Philosophy





Five years of GHL:

# Our Achievements

Five years ago, we started on this journey with big dreams and an unwavering determination to achieve as much as possible with the assets transferred to us.

From the start, we set out with a clear ambition to:

- Achieve increasing and sustainable financial returns
- Sustainably manage and protect community owned businesses
- Deliver growth through investment in complementary core businesses
- Be the best employer in the region
- Be a respected household name in Tairāwhiti.

While we are proud of every milestone achieved on our journey to date, our greatest success is being in the position we have now created for ourselves.

It has taken five years, but we are now more united as one cohesive group than ever before – allowing us to move forward and grow as a true collective power under the GHL umbrella. We genuinely believe all of our businesses bring something to the table, financially and at a community level and that each has an important role in the future success of GHL.

## Key highlights



# Our Directors



**Dave Mullooly** - Chair

"I am proud of how the combined GHL Team across all business units have dealt with the challenges that have come our way in the past disruptive year. Great effort, thanks so much."



**Andrew Allan**

"While climatic and pandemic events outside our control have challenged the business this year, we should take comfort from the year's results on the back of hard work from the GHL team in all business units. Great result."



**Rob Telfer**

"I am proud of the company's achievement this year, and our focus on supplying our shareholder with solid dividends while still growing the company for future generations."



**Hayden Swann**

"Highlight for me is the solid net profit achieved in an uncertain environment where business diversification is key. Stunning result from the Top 10 Waikanae Holiday Park."



**Jacqueline Blake**

"We are proud of the financial and non-financial benefits generated by the contributions of our directors and staff in pursuit of our Company's vision."







# Chair and Chief Executive Report

Despite coming with its own challenges, including an ongoing pandemic and a prolonged recovery from the previous summer's drought, our fifth year in operation managed to exceed expectations.

We are pleased to report a net profit after tax of \$16.3 million as well as the meeting of all financial targets outlined in our Statement of Intent.

Our culture of continuous improvement and operational efficiency led to the Board voting unanimously to merge Tauwhareparae Farms Limited into Gisborne Holdings Limited. TFL was in effect, being managed as a division of GHL, however requirements such as separate Board meetings, financial statements and audits due to its separate legal entity status were a key driver to the merger.

During the year, we completed the Wash'n Go development on unused land adjacent to the Gisborne Vehicle Testing Station. This expertly-managed project came in on budget and only slightly behind schedule due to international shipping delays. Operational for less than two weeks prior to year-end, initial results far exceeded business case expectations.

Meanwhile, investment continued at the Holiday Park and on the Farm housing and building upgrade programme.

## Financial Results

Net profit before tax was \$17.7m, up from last year's net loss of \$0.1m. This was largely driven by exceptionally positive revaluations of our investment property and an increase in forestry assets, offset by a decrease in the livestock valuation due to a combination of commodity prices and volume of stock on hand at year end.

Earnings before interest, tax, amortisation, and revaluation (EBITDAR) was \$5.3 million, up 15% (\$0.7m) on prior year.

Equity rose \$23.7m and 24% to \$123.0m as property and carbon credits values also improved. This equates to a 50% increase in value over the past five years.

Total assets grew 20% to \$149.3 million, an increase of 59% over the past five years.

Cashflow for the year was positive, ending the year \$0.5m up on the opening position. GHL's debt ratio reduced from 14% to 12% due to the positive cashflow and increase in equity.

## Distribution

GHL will make a cash distribution to Gisborne District Council of \$2.0m for the year ending June 2021. This is 11% higher than our Statement of Intent commitment and \$0.2m higher than prior year.

Payment will be made in March 2022 as per our distribution policy.

Distributions pertaining to the five years to June 2021 total \$9.8 million. These distributions are used by Council to fund their work across the region that otherwise would need to be funded by rates.

## Health and Safety

The safety of our staff, contractors and customers is a priority for the company and a key metric within GHL's reporting functions. Our focus on ensuring the company has a healthy and safe culture, where leaders are committed and staff are empowered to put safety first, is improving every year and this is reflected in an increased reporting of events.

Notwithstanding this focus, there were two lost time injuries to farm employees this year.

## Outlook

The effects of the recent droughts continue to be felt on the farm, however a mild winter to date, destocking of all but capital stock prior to year-end, and careful pasture and stock management gives us the confidence to meet or exceed kilograms of protein off the farm in the year ahead.

The Holiday Park continues to be at risk from further COVID-19 lockdowns. While we monitor staffing levels and diversify our customer base with trade customers, any further lockdowns will have a negative impact on guest nights and profit expectations with no guarantees of bouncing back like we did following the 2020 lockdown.

Due to the everchanging environment within this industry, GVT, unfortunately, continues in a rebuilding phase. Management and staff are committed to improving turnover and returns by looking at all possible options and opportunities. This is being monitored closely.

There continues to be significant regulatory changes on the horizon, especially for the farm and forestry operations. GHL aims to be at the forefront of these changes, leading by example for the region.

With low debt levels and great diversity within the business, we are confident GHL is in a sound position to meet the likely challenges of further disruption caused by COVID-19 and any regulatory changes we may face. We will also continue to seek opportunities to diversify or strengthen our current businesses to ensure the preservation of shareholder value and resilient increasing distributions.

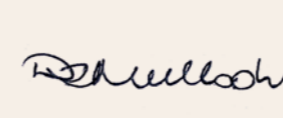
## Our People

We are privileged to work with a fantastic team of passionate staff, who work collaboratively to help us achieve our goals. In return we are striving to ensure we have a workplace that recognises and rewards the hard work of our most important asset – our people. We would like to take this time to thank everyone for their continued hard work.

For continuity, Rob Telfer stood down as Chair during the year but remains on the Board. Dave Mullooly was appointed Chair, with Andrew Allan appointed Deputy Chair.

Our Board and Management team reflect a diversity of thought and experience, which ensures robust discussions, well thought through business decisions with the community at the heart of it all.

We are pleased to be presenting this 2021 Annual Report and look forward to working in collaboration with our shareholders and key business partners on the delivery of our 2021/2022 Statement of Intent.



Dave Mullooly  
Chair



Tracey Johnstone  
Chief Executive

## EBITDA

# \$5.3m

up 15% on prior year

## Distribution

# \$2.0m

11% higher than our Statement of Intent commitment and \$0.2m higher than prior year

## Equity

# \$123m

up 24% on prior year

## Merger

# Tauwhareparae Farms Limited

was merged into GHL on 30 June 2021

## Holiday Park

# 62% revenue rise

to a record \$3.1m

## Property & Projects

# Wash'n Go

project successfully completed during the year within budget



TFL (Tauwhareparae Farms)

**Future proof  
farming  
through  
genetics and  
sustainable  
land use**





**Tauwhareparae Farms** is at the foundation of our portfolio, providing strong asset growth to help sustain GHL’s overall performance.

### Goals

Each year we commit to delivering 15,000 fat lambs to Ovation, from across our three farming stations. This partnership with Ovation which aligns with our ethos of supporting local, provides consistency around our lamb prices, ensuring we get a good price each year.

### Performance

We are delighted to have achieved our fat lamb commitment to Ovation Gisborne by April 2021. Our commitment is 15,000 but we sent 18,500 lambs to them. Considering this was achieved during a drought, this was a great result from a dedicated and resilient team.

We are also pleased to report that the new water reticulation scheme at Tauwhare Station performed faultlessly throughout the drought. Cow and heifer scanning results across this period were above the district average on two stations, Puketawa and Tamatea, while Tauwhare achieved the district average. This shows what a great job the team are doing in caring for and farming the animals.

### Challenges

As with every year, seasonal changes, commodity prices and weather unpredictability provide plenty of challenges for the team. While relatively unaffected by COVID-19, this season we faced another drought during summer, along with the turnover of two managers who left to pursue new opportunities.

As an organisation that prides itself on supporting local, we’re happy to announce that all TFL vacancies over the past season have been filled by local people. For the second year in a row, it was an honour to support SuperGrans with beef, which was then donated throughout the Tairāwhiti community for those in need. Our partnership with SuperGrans is greatly rewarding for us and something we are looking forward to continuing in the future.

### Key highlights

**All vacancies**  
in the year filled  
by local people

**100%**  
capital stock  
maintained during  
the drought

**18,500 lambs**  
delivered to  
Ovation

**“At the farm, we take pride in providing well-handled, grass-fed only, beef and lamb to Gisborne and around the world. We focus on lifting stock performance and infrastructure, as well as our environmental impact.”**

**Trent Boyd.** Puketawa Farm Manager | Tauwhareparae Farms







Waikanae Beach Top 10 Holiday Park

**A community  
asset assisting  
regional  
tourism and  
development**





**Waikanae Beach Top 10 Holiday Park** provides quality accommodation services for visitors, and enables more companies to stay and do business in the region.

### Goals

As with previous years, our two key performance indicators are increased revenue and strong customer review scores.

In order to achieve this, our primary focus is on improving efficiencies, maintaining an ideal occupancy rate of 75%, and retaining great staff. This year we have put a lot of emphasis on staff retention, looking at ways to improve their conditions, including salary increases towards the living wage and initiatives to enhance wellbeing.

### Performance

This was a bumper year for the holiday park, with record levels of occupancy and profit. This is due in large part to an increase in kiwis travelling to and within the region and the success of the Top 10 promotions throughout the region, combined with tireless work from an amazing team and continued efficiencies in our processes.

### Challenges

With record levels of occupancy throughout the year and an abnormally busy off-peak season, staff burnout was the immediate cause for concern. We have taken a proactive approach to protect our greatest asset by bringing in casual staff to alleviate overloads.

The ongoing issue of noise levels caused by commercial operations and heavy traffic, while being out of our control, has a direct impact on our overall customer review scores.

Our focus on investing in our core team has paid dividends, as we continued to maintain staff in key roles within the customer service team. This was evidenced by our core team putting in an amazing effort and shining brightly during an unprecedented year for the business.

### Key highlights

**112%**  
increase in profit  
before tax

**rated #1**  
for best value in  
Gisborne

**Major  
infrastructure  
investment**  
ablution block



**“We have a fun team and beautiful location of work. Our holiday park is great for families to make memories together.”**

**Belle Huhu.** Customer Service Officer | Waikanae Beach Top 10 Holiday Park



# New occupancy record

for roofed accommodation  
and campsites



Property Holdings

**Investing in  
community  
owned assets  
for the benefit  
of current  
and future  
generations**





The Property Holdings division manages a large and diverse portfolio of property that helps maintain a solid cashflow for the organisation.

### Goals

Every year we aim for fully tenanted, well maintained buildings with no need for remedial work. This year we have focused on the maintenance of existing properties and supplier relationships along with the development of our new Wash'n Go carwash.

### Performance

We're proud to report on a successful year, with incremental asset growth while delivering several new projects on time and on budget in spite of COVID-19.

Our team has worked extremely hard managing the design and build of the new Wash'n Go carwash at our Childers Road site, which features water recycling technology to reduce our environmental impact.

Project management is one of our strengths, shown here by delivering a high-quality build under budget whilst navigating the impact of COVID-19.

### Challenges

COVID-19 has presented a major challenge in the availability of contractors available for projects. This labour shortage affects the entire construction industry and has been a risk well managed by our team, whose strong relationships have ensured our projects are always completed on time.

This year we also focused on the farm buildings at TFL, which resulted in several major roof repairs and full replacements ensuring weather tightness and long-term durability for the buildings.

We manage 130 community and staff houses on behalf of GDC. We have already ensured each property meets all the healthy home requirements set out by the government and are aiming to have all properties up to the new ventilation standards before the end of 2021, significantly earlier than the 2024 due date. So far 80% of the properties have been completed.

### Key highlights

**0 lost hours**  
Injury time

**100% occupancy**  
across entire portfolio

**Wash'n Go**  
completed



“Keeping our buildings well-maintained and compliant ensures that they can be utilised by the Tairāwhiti community now, and in years to come.”

Chris West. Maintenance Officer | Property Holdings



GVT (Gisborne Vehicle Testing)

**Keeping our  
people safe  
on the road**





**Gisborne Vehicle Testing** exists to keep our community safe on the road, while ensuring competitive prices among testing stations in the region.

### Goals

For Gisborne Vehicle Testing, it was a year of consolidation, as we looked to rebuild for the future while minimising losses.

Our main focus for this year was staff recruitment and retention in order to get us back to full capacity and able to deliver a high-quality service.

### Performance

It was a successful year in terms of staffing. We led a major drive for new staff, including out of region talent, offering temporary accommodation at Waikanae Top 10 Holiday Park to help them make the transition. We are pleased to welcome three inspectors, who have committed to long-term contracts as we establish greater continuity and reliability for our customers.

### Challenges

Changing market dynamics have created multiple challenges for the business, with AA services decreasing as people are driven online as well as an increase in modern fleets requiring less WOF and maintenance.

As a flow-on effect, retaining staff has become the largest issue. Being understaffed for parts of the year has led to a decrease in our level of customer service and impacted public perception. Our key challenge for the coming year will be to rebuild our solid reputation as customers return for their annual service.

Rebuilding business share will be more of a long game, but we are confident that once customers return during the coming year, positive word of mouth will start to gain traction.

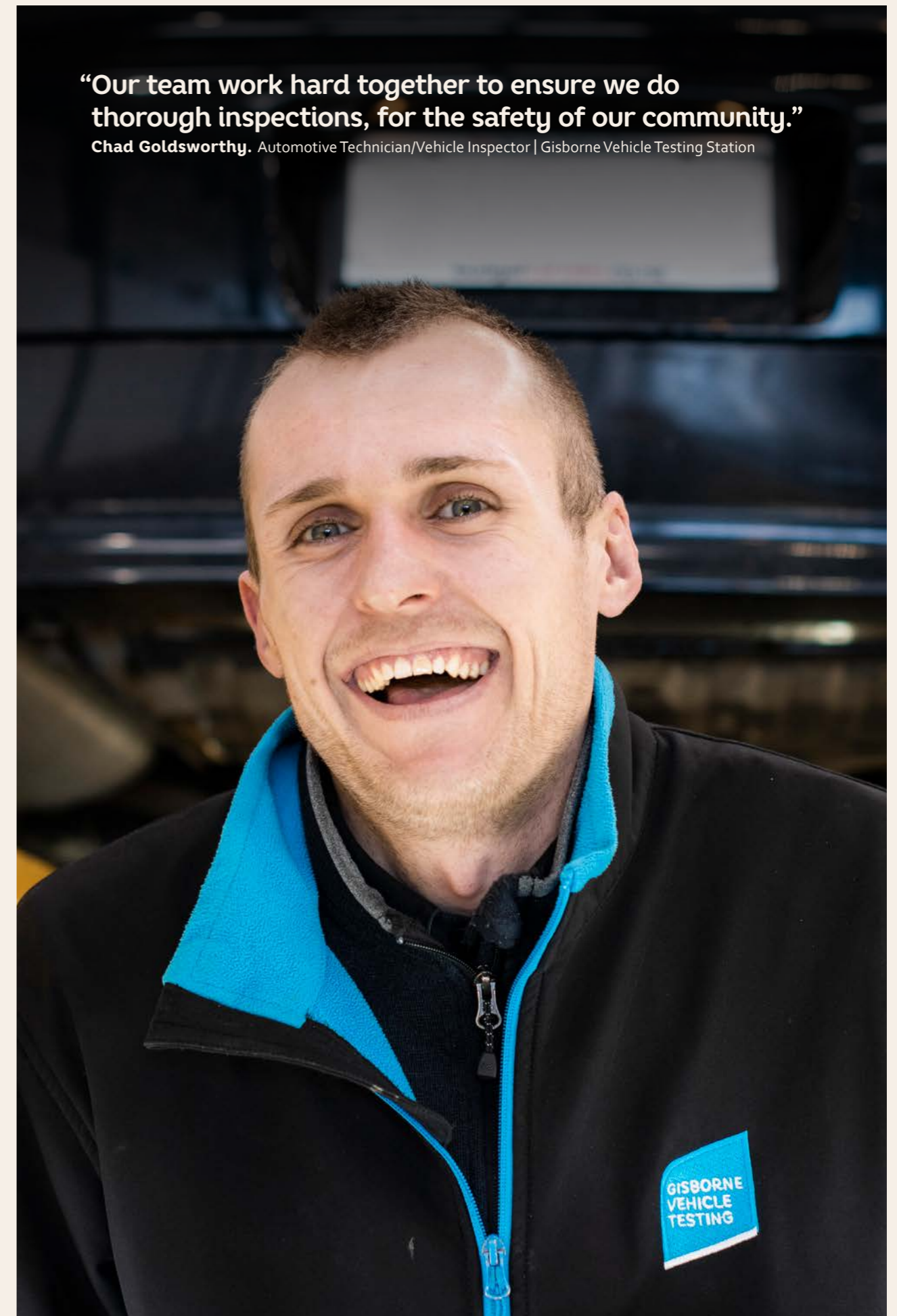
Despite our various challenges, we're proud to have maintained key commercial customers throughout the year while growing the number of fleets that we service.

### Key highlights

**100%**  
staff retention

**3 new**  
inspectors

**More fleets**  
serviced



**“Our team work hard together to ensure we do thorough inspections, for the safety of our community.”**

**Chad Goldsworthy.** Automotive Technician/Vehicle Inspector | Gisborne Vehicle Testing Station





# Wash'n Go

Introducing Gisborne's super easy-pay cashless auto and self service wash facility.

While looking for opportunities to develop a vacant lot, GHL identified a gap in the market for a future focused auto wash facility.

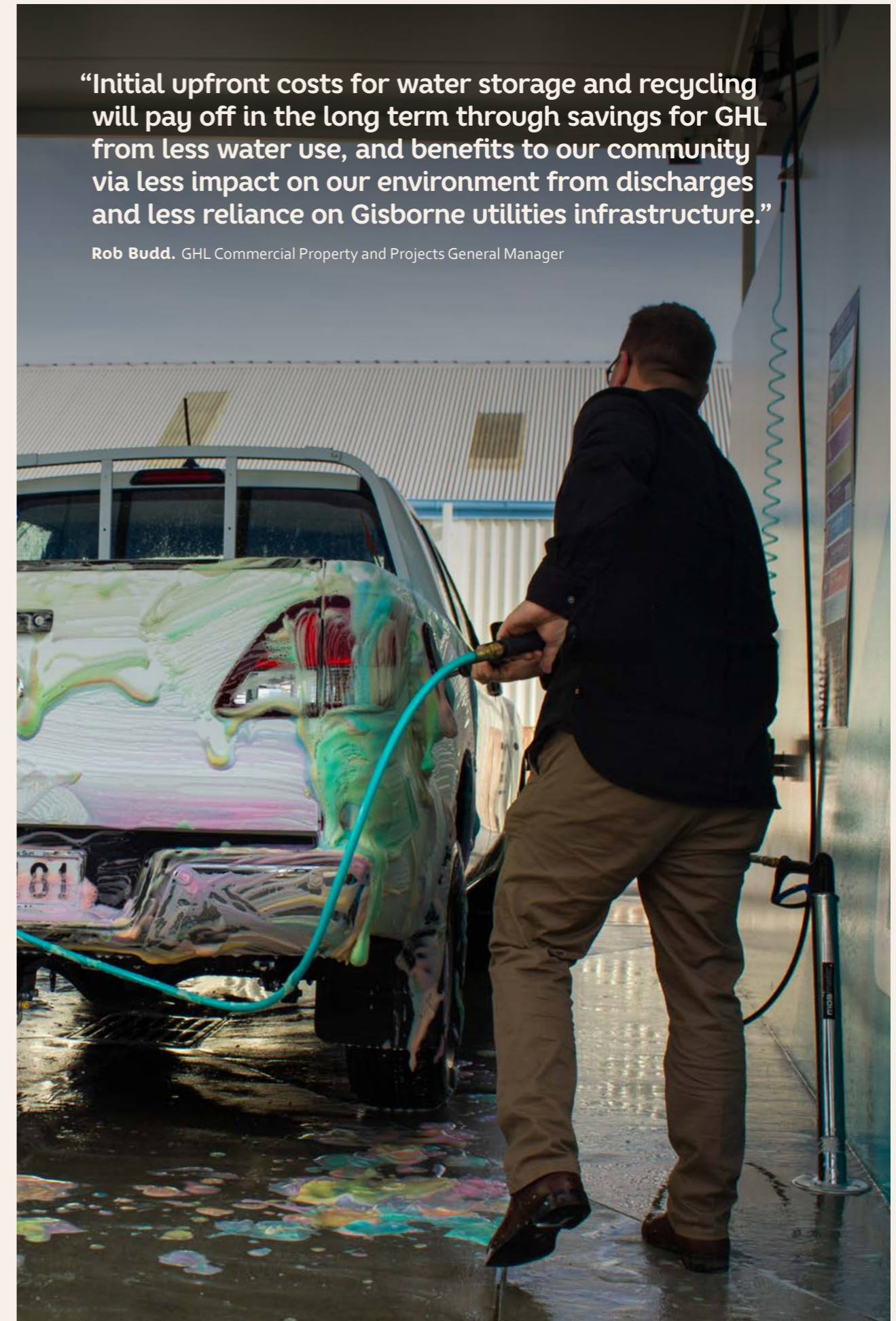
When developing the business, it was of paramount importance to build this facility with sustainably-led features in mind including water harvesting, storage and recycling.

## Key highlights

**90%** recycled water in the auto wash

**4 x 10,000-litre** underground rainwater tanks

**1st** of its kind in Gisborne



“Initial upfront costs for water storage and recycling will pay off in the long term through savings for GHL from less water use, and benefits to our community via less impact on our environment from discharges and less reliance on Gisborne utilities infrastructure.”

Rob Budd. GHL Commercial Property and Projects General Manager





# Financial Statements

Directors' report

Audit report

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Notes to and forming part of the financial statements

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## Directors' report 2021

### For the year ended 30 June 2021

The Board of Directors present their consolidated financial statements for Gisborne Holdings Limited for the year ended 30 June 2021 and the auditor's report thereon.

For and behalf of the Board of Directors:



D. Mullooly



A. Allan

16 September 2021



#### INDEPENDENT AUDITOR'S REPORT

##### TO THE READERS OF GISBORNE HOLDINGS LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

The Auditor-General is the auditor of Gisborne Holdings Limited (the company). The Auditor-General has appointed me, David Borrie, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and performance information of the company on his behalf.

#### Opinion

We have audited:

- the financial statements of the company on pages 42 to 69, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 69 and 70.

In our opinion:

- the financial statements of the company on pages 42 to 69:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 69 and 70 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2021.

Our audit was completed on 16 September 2021. This is the date at which our opinion is expressed.

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

#### Basis for our opinion

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

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

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

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

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty

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exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 8 to 38 and 71 to 72, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Independence

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

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

David Borrie  
Ernst & Young  
Chartered Accountants  
On behalf of the Auditor-General  
Wellington, New Zealand

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## Statement of comprehensive income for the year ended 30 June 2021

	Notes	Actual 2021 \$000	Budget unaudited 2021 \$000	Actual 2020 \$000
<b>Revenue from contracts with customers</b>				
Tauwhareparae Farms		7,419	6,934	7,116
Property Holdings		222	312	203
Gisborne Vehicle Testing Station		727	971	677
Waikanae Holiday Park		3,068	1,324	1,904
<b>Total Revenue from contracts with customers</b>	5.1	<b>11,436</b>	9,541	9,900
<b>Revenue other</b>				
Rental Income		2,258	2,300	2,293
Change in Valuation of Investment Property, Livestock, Forestry and Carbon Credits		13,503	-	(3,294)
<b>Total Revenue other</b>		<b>15,761</b>	2,300	(1,001)
<b>Total Revenue</b>		<b>27,197</b>	11,841	8,899
<b>Cost of sales</b>				
Tauwhareparae Farms		2,573	2,720	2,548
Property Holdings		441	554	490
Gisborne Vehicle Testing Station		108	194	71
Waikanae Holiday Park		484	225	338
<b>Total Cost of Sales</b>		<b>3,606</b>	3,693	3,447
<b>Gross Profit</b>		<b>23,591</b>	8,148	5,452
<b>Total Income</b>		<b>23,591</b>	8,148	5,452
<b>Expenditure from continuing operations</b>				
Salaries and Wages		3,544	3,213	3,206
Administrative Expenditure		1,146	993	951
Depreciation		731	726	740
Loss on sale of assets		130	-	15
Financing Expenditure		367	596	667
<b>Total Expenditure</b>		<b>5,918</b>	5,528	5,579
<b>Net Operating Profit/(Loss) before taxation</b>	5.2	<b>17,672</b>	2,620	(127)
Subvention Payment – Gisborne District Council		(400)	-	(550)
Taxation (expense)/credit	8	(946)	(600)	564
<b>Net Profit/(Loss) for the period</b>		<b>16,326</b>	2,020	(113)

## Statement of comprehensive income for the year ended 30 June 2021 (continued)

	Notes	Actual 2021 \$000	Budget unaudited 2021 \$000	Actual 2020 \$000
<b>Other comprehensive income</b>				
Revaluation gain on property, plant and equipment	15	8,519	-	812
Deferred tax on building revaluations		(1,399)	-	-
Revaluation gain/(loss) on carbon credits	18	2,049	-	1,517
Deferred tax on carbon credits revaluation		(574)	-	(425)
<b>Other comprehensive income for the year attributable to owners of the Company</b>		<b>8,595</b>	-	1,904
Net profit/(loss) for the year		16,327	2,020	(113)
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>24,922</b>	2,020	1,791



## Statement of changes in equity for the year ended 30 June 2021

	Ordinary Shares \$000	Asset Revaluation Reserve \$000	Carbon Credit Revaluation Reserve \$000	Fair Value Reserve \$000	Retained Earnings \$000	Total \$000
At July 2020	33,478	41,748	1,689	(5)	22,428	99,338
Net profit/(loss) for the year	-	-	-	-	16,327	16,327
Other comprehensive income	-	7,120	1,475	(5)	-	9,994
Total comprehensive income for the year	-	7,120	1,475	-	16,327	24,923
<b>Transactions with owners in their capacity as owners</b>						
Shares Issued	-	-	-	-	-	-
Dividend	-	-	-	-	(1,250)	(1,250)
At 30 June 2021	33,478	48,868	3,164	(5)	37,505	123,010

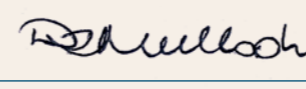
## Statement of changes in equity for the year ended 30 June 2020

	Ordinary Shares \$000	Asset Revaluation Reserve \$000	Carbon Credit Revaluation Reserve \$000	Fair Value Reserve \$000	Retained Earnings \$000	Total \$000
At July 2019	33,478	40,936	597	(5)	23,741	98,747
Net profit/(loss) for the year	-	-	-	-	(113)	(113)
Other comprehensive income	-	812	1,092	-	-	1,904
Total comprehensive income for the year	-	812	1,092	-	(113)	1,791
<b>Transactions with owners in their capacity as owners</b>						
Shares Issued	-	-	-	-	-	-
Dividend	-	-	-	-	(1,200)	(1,200)
At 30 June 2020	33,478	41,748	1,689	(5)	22,428	99,338

## Statement of financial position as at 30 June 2021

	Notes	Actual 2021 \$000	Budget unaudited 2021 \$000	Actual 2020 \$000
Contributed Equity	6	33,478	33,478	33,478
Retained Earnings	7	37,505	25,785	22,428
Reserves	7	52,027	41,601	43,432
<b>Total Equity</b>		<b>123,010</b>	<b>100,864</b>	<b>99,338</b>
Represented by:				
<b>Current Assets</b>				
Cash and cash equivalents		2	-	2
Trade and other receivables	10	264	405	867
Inventories	11	196	186	129
<b>Total Current Assets</b>		<b>462</b>	<b>591</b>	<b>998</b>
<b>Current Liabilities</b>				
Bank	12	102	18,198	571
Payables and Accruals	13	1,475	1,240	1,665
Gisborne District Council - Current Account		408	600	557
Taxation		332	-	434
Lease liability	15.2	57	-	55
<b>Total Current Liabilities</b>		<b>2,374</b>	<b>20,038</b>	<b>3,282</b>
<b>Net Working Capital</b>		<b>(1,912)</b>	<b>(19,447)</b>	<b>(2,284)</b>
<b>Non-current Assets</b>				
Investment property	14	48,751	34,334	35,293
Property, plant & equipment	15.1	70,552	62,728	60,724
Right of use assets	15.2	1,447	1,176	1,523
Biological assets	16	20,013	24,184	19,955
Equity Instruments at fair value through other comprehensive income	17	497	464	497
Investments in shares	17	2	2	2
Intangible assets - NZ Emission Units	18	7,586	4,018	5,537
<b>Total Non-current Assets</b>		<b>148,848</b>	<b>126,906</b>	<b>123,531</b>
<b>Non-current Liabilities</b>				
Financial liabilities - term loan	12.1	15,900	-	15,900
Deferred tax	8	6,582	5,465	4,512
Lease liability	15.2	1,444	1,130	1,497
<b>Total non-current Liabilities</b>		<b>23,926</b>	<b>6,595</b>	<b>21,909</b>
<b>Net Assets</b>		<b>123,010</b>	<b>100,864</b>	<b>99,338</b>

For and on behalf of the Board, who authorise the issue of these financial statements on 16 September 2021.



D. Mullooly



A. Allan



## Statement of cash flows for the year ended 30 June 2021

	Actual 2021 \$000	Budget unaudited 2021 \$000	Actual 2020 \$000
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Receipts from customers	14,297	14,200	12,147
Goods and services tax (net)	-	-	-
	14,297	14,200	12,147
Cash was applied to:			
Payments to suppliers & employees	8,705	10,279	8,022
Income tax refunds payments / (refunds)	897	-	934
	9,627	10,279	8,956
<b>Net cash inflow/(outflow) from operating activities</b>	<b>4,670</b>	<b>3,921</b>	<b>3,191</b>
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Proceeds from sale of fixed assets	22	-	19
	22	-	19
Cash was applied to:			
Purchase of fixed assets	2,193	3,400	825
	2,193	3,400	825
<b>Net cash inflow/(outflow) from Net cash investing activities</b>	<b>(2,171)</b>	<b>(3,400)</b>	<b>(806)</b>
<b>Cash flows from financing activities</b>			
Cash was provided from:			
Term loan	-	-	15,900
	-	-	15,900
Cash was applied to:			
Dividends & subvention payment paid	1,250	1,200	1,800
Gisborne District Council - Current Account	550	600	(197)
Interest paid	230	596	530
	2,030	2,396	2,133
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(2,030)</b>	<b>(2,396)</b>	<b>13,767</b>
Net increase/(decrease) in cash held	469	(1,875)	16,153
Opening cash brought forward	(569)	(16,323)	(16,722)
<b>Ending cash carried forward</b>	<b>(100)</b>	<b>(18,198)</b>	<b>(569)</b>
Cash at year end:			
Cash and cash equivalents	2	-	2
Bank wholesale advances	(102)	(18,198)	(571)
<b>Ending cash carried forward</b>	<b>(100)</b>	<b>(18,198)</b>	<b>(569)</b>





## Notes to and forming part of the financial statements

### 1. Corporate Information

Gisborne Holdings Limited is a company incorporated and domiciled in New Zealand and is a Council-Controlled Trading Organisation as defined in section 6 of the Local Government Act 2002. The Company is wholly owned by Gisborne District Council and is registered under the Companies Act 1993.

The Financial Statements for Gisborne Holdings Limited are for the year ended 30 June 2021. The Financial Statements were authorised on 16 September 2021.

#### The principal activities during the year were:

- The production and supply of livestock
- The planting, growing and tending of forestry
- The maintenance and reversion of native forestry areas
- The provision of accommodation for council employees and council services
- Project Management of Property Development
- Operation of Waikanae Holiday Park
- Operation of Gisborne Vehicle Testing Station
- Commercial Property leasing and management.

There have been no significant changes in the nature of these activities during the year.

### 2. Summary of significant accounting policies

#### (a) Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993. The financial statements have also been prepared on a historical cost basis except where accounting policies state assets or liabilities are carried at fair value.

The financial report is presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

The financial statements are prepared on a going concern basis. Although net working capital is a liability, the company can utilise an undrawn funding facility as required and is therefore still a going concern.

#### (b) Statement of Compliance

The financial statements of Gisborne Holdings Limited have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). Gisborne Holdings Limited is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR'), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS RDR.

The company is eligible and has elected to report in accordance with Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that the group has no public accountability and is not a large for-profit public sector entity.

#### (c) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

#### (d) Trade receivables

Trade receivables, which generally have 30-60 day terms, are recognized initially at fair value and subsequently measure at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of Financial assets are reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognized when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flow, discounted at the original effective interest rate.

The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flow, discounted at the original effective interest rate. Present value is calculated under IFRS 9 expected credit loss model, where fair value of receivables is calculated based on the future values of these balances in 1 year, using the companies incremental borrowing rate.

#### (e) Inventories

In accordance with NZ IAS 41 – Agriculture wool on hand is valued at fair value less estimated point of sale costs at time of harvest. Consumable stocks are valued at the lower of cost, determined on a first-in first-out basis, and net realisable value. This valuation includes allowances for slow moving and obsolete inventories.

In accordance with NZ IAS 2 – Inventories are valued at the lower of cost, determined on a first-in first-out basis, and net realisable value.

#### (f) Livestock

Livestock is valued at fair value less point of sale costs. These values are not the same as those used for calculating taxation. Changes in the value of existing productive livestock and the numbers and/or composition of the livestock are treated as revenue items.

#### (g) Forestry Assets

Forestry assets are valued on the basis of fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. Forestry assets are revalued annually by an independent valuer. Valuation movements pass through the Statement of Comprehensive Income. The costs to maintain the forestry assets are included in the Statement of Comprehensive Income.

#### (h) Investments and other financial assets

IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. These include:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses of profit or loss on derecognition
- Financial assets FVPL.



## Notes to and forming part of the financial statements (continued)

### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### Debt instruments at FVOCI

The Company applies the categories under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

### Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

### (i) Property, plant and equipment

Plant and equipment is stated as historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance and revaluation costs are recognised in the statement of comprehensive income as incurred.

Land and buildings are measured at fair value, based on annual valuations by external independent valuers who apply the International Valuations Standard Committee International Valuation Standards, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. The effective date for the valuation was 30 June 2021.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Land – not depreciated  
 Land Improvements – 10 years  
 Buildings – 40 years  
 Plant and equipment – 10 years  
 Office Equipment – 10 years  
 Motor vehicles – 5 years  
 IT equipment – 4 years  
 Leasehold Improvements – 2 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at each financial year.

Capital work in progress is not depreciated. The total cost of a project is transferred to freehold buildings and/or plant and equipment on its completion and then depreciated.

### Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Under disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### (j) Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the Property Institute of New Zealand.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### (k) Emissions Trading Scheme

Gisborne Holdings Limited has voluntarily entered the New Zealand Emissions Trading Scheme ("ETS") in respect of 1,224 hectares of forest land located in the Tauwhareparae area. This entitles Gisborne Holdings Limited to receive emission units ("units") for carbon stored in the specified area, from 1 January 2008 baseline.

Units received are initially recognised at fair value on the date they are received with the uplift recognised in the Statement of Comprehensive Income. Measurement at subsequent year ends is at fair value referenced to market prices with movements being recorded in other comprehensive income.

Where there is an obligation to return units this liability is recognised on the Statement of Financial Position, measured with reference to the carrying value of units on hand. Where there are insufficient units on hand to meet the emissions obligation, this is measured by reference to the current market value for units held.

Future cash flows associated with units receivable/payable are taken into consideration in determining the valuation of the specified area.



## Notes to and forming part of the financial statements (continued)

### (l) Impairment of non-financial assets other than goodwill and indefinite life intangibles

Non-financial assets are tested for impairment whenever events or changes in circumstances indicated that the carrying amount may not be recoverable.

The Company conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

### (m) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

### (n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### (o) Provisions and employee benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it's probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the state of comprehensive income net of any reimbursement.

### Employee leave benefits, wages, salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

### (p) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### Group as a lessee

The Company leases offices and land (holiday park). The contracts are made for fixed periods with right of renewal options included.

The Company allocates the consideration in the contract to the lease based on the stand-alone price in the contract.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the future fixed lease payments (taking into account any rent reviews).

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Where it is determined it is no reasonably certain the extension option will be exercised, the lease liability will be measured up until the point of the initial lease period.

The lease payments are discounted using either the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Statement of Comprehensive Income over the lease period.

Right of use assets are measured at cost comprising the amount of the initial measurement of the lease liability.

Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low value assets are recognised on a straight-line basis as an expense in the Statement of Comprehensive Income, and are exempt from NZ IFRS 16 recognition. Short term leases are those with a term of less than 12 months. Low value assets comprise office equipment, for example photocopiers.

Where a right of use asset is subleased, the full amount of the lease obligation to the Company is recognised in accordance with the above, with the income received from the subleased recognised as revenue in the Statement of Comprehensive Income.

The Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follow:

Buildings – 40 years

The Right of use assets are depreciated over the following years based on current agreements:  
GDC Ground lease for Holiday Park - 336 months  
Worxs Buildings Lease - 132 months

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.



## Notes to and forming part of the financial statements (continued)

### Group as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### (q) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (r) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

### (s) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary reasons.

Deferred income tax assets are recognised for all deductible and temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

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

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing the financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

### (t) Government grants

The Group receives government grants from the Ministry of Primary Industries which subsidises the cost of forestry establishment, silviculture and thinning. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. This is in accordance with NZ IAS 20: Government Grants.

## 3. Financial risk management objectives and policies

The Company's principle financial instruments comprise receivables, payables, bank loans and overdrafts, available-for-sale investments, cash and short-term deposits and derivatives.

### Risk exposures and responses

The Company manages its exposure to key financial risks, including interest rate risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security.

The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the financial controller under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified, including interest rate risk, credit allowances, and future cash flow forecast projections.

## 4. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be responsible under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumption and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and considerations may be found in the relevant notes to the financial statements.

### (i) Significant accounting judgements

Impairment of non-financial assets other than goodwill and indefinite life intangibles.

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectation. If an impairment trigger exists, the recoverable amount of the asset is determined.



## Notes to and forming part of the financial statements (continued)

### Taxation

The Company accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Statement of Comprehensive Income.

### Leases

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

### (ii) Significant accounting estimates and assumptions

#### Valuation of livestock

The Company has included livestock at fair value and movements in fair value are recognised in comprehensive income. The fair value of livestock has been determined by independent livestock valuers after deduction of the estimate costs to market the livestock.

#### Valuation of land, buildings and investment property.

The Company has included land, buildings and investment property at fair value and movements in fair value are recognised in comprehensive income. The fair value of land, buildings and investment property have been determined by independent property valuers.

#### Valuation of forestry

The Company has included forestry at fair value and movements in fair value are recognised in comprehensive income. The fair value of forestry has been determined by independent forestry valuers.

#### Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturer's warranties (for plant and equipment), and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustment to useful lives is made when considered necessary.

### Leases

The estimation of the lease term are based on substance of the contract with renewal options available

### (iii) Key judgements

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as health and safety measures for our people (such as social distancing and working from home).

At this stage, the impact on our business and results has been positive. As we operate in the primary industry and tourism industry, we have found increased demand for our products and our services. We will continue to follow government policies and advice and, in parallel,

we will do our utmost to continue our operations in the best and most safe way possible without jeopardising the health of our people.

### (iv) Reinstatement of prior year comparatives

During Financial year 2021, Gisborne Holdings Limited reviewed and reclassified certain expenses giving a more accurate reflection of them in line with their business operations. Prior year comparatives have been restated to allow an accurate comparison against 2021 comparatives.

### (v) Amalgamation

On 30 June 2021, Tauwhareparae Farms Limited, the sole subsidiary of Gisborne Holdings Limited. Gisborne Holdings Limited was the sole shareholder of Tauwhareparae Farms Limited, amalgamated into Gisborne Holdings Limited, as "Gisborne Holdings Limited". The Amalgamation has no effect on the value of Gisborne Holdings Limited and the presentation of financial statements within. The value of the transaction was made at the value of Tauwhareparae farms shareholdings to Gisborne Holdings Limited. Therefore the result of this amalgamation has nil effect on the net assets of Gisborne Holdings Limited.

## 5.1 Revenue from contracts with customers

### 2021

	Tauwhareparae Farms Actual 2021 \$000	Property Holdings Actual 2021 \$000	Gisborne Vehicle Testing Station Actual 2021 \$000	Waikanae Holiday Park Actual 2021 \$000	TOTAL Actual 2021 \$000
<b>Major Goods</b>					
LiveStock	6,924	-	-	-	6,924
Wool	212	-	-	-	212
Forestry	21	-	-	-	21
Other	216	-	-	19	235
<b>Total Goods</b>	<b>7,373</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>7,392</b>
<b>Major Services</b>					
Accommodations	-	-	-	2,956	2,956
Other	46	222	727	93	1,087
<b>Total Services</b>	<b>46</b>	<b>222</b>	<b>727</b>	<b>3,049</b>	<b>4,044</b>
<b>Total</b>	<b>7,419</b>	<b>222</b>	<b>727</b>	<b>3,068</b>	<b>11,436</b>

### 2020

	Tauwhareparae Farms Actual 2020 \$000	Property Holdings Actual 2020 \$000	Gisborne Vehicle Testing Station Actual 2020 \$000	Waikanae Holiday Park Actual 2020 \$000	TOTAL Actual 2020 \$000
<b>Major Goods</b>					
LiveStock	6,699	-	-	-	6,699
Wool	205	-	-	-	205
Forestry	-	-	-	-	-
Other	153	-	-	9	162
<b>Total Goods</b>	<b>7,057</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>7,066</b>
<b>Major Services</b>					
Accommodations	-	-	-	2,796	2,796
Other	59	214	755	83	1,111
<b>Total Services</b>	<b>59</b>	<b>214</b>	<b>755</b>	<b>2,879</b>	<b>3,906</b>
<b>Total</b>	<b>7,116</b>	<b>214</b>	<b>755</b>	<b>2,888</b>	<b>10,972</b>



## Notes to and forming part of the financial statements (continued)

## 5.2 Net operating profit/(loss) before taxation includes:

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
<b>After charging:</b>			
Audit fees	60	80	62
Directors' fees	197	200	194
Employee benefit expenditure	3,447	3,213	3,115
<b>Depreciation:</b>			
- Buildings & Improvements	416	335	414
- Plant and equipment	180	100	178
- Motor Vehicles	135	100	147
<b>Financing Expenditure :</b>			
- Short term Advance Facility	197	596	368
- Overdraft	34	-	161
- Lease Depreciation	80	-	77
- Lease Interests	56	-	60

## 6. Contributed equity

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
<b>Issued and paid up</b>			
Balance at 1 July	33,478	33,478	33,478
Issued Share Capital	-	-	-
<b>Balance at 30 June</b>	<b>33,478</b>	<b>33,478</b>	<b>33,478</b>

## 7. Retained Earnings and Reserves

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
<b>Retained Earnings</b>			
Balance 1 July	22,428	23,765	23,741
Net Profit attributable to equity holders	16,327	2,020	(113)
Dividend	(1,250)	-	(1,200)
<b>Balance 30 June</b>	<b>37,505</b>	<b>25,785</b>	<b>22,428</b>
<b>Asset Revaluation Reserve</b>			
Balance 1 July	41,748	41,212	40,936
Revaluation of Land	3,523	-	1,015
Revaluation of Buildings	4,996	-	(203)
Deferred tax on Buildings revaluation	(1,399)	-	-
<b>Balance 30 June</b>	<b>48,868</b>	<b>41,212</b>	<b>41,748</b>
<b>Fair Value Reserve</b>			
Balance 1 July	(5)	(5)	(5)
<b>Balance 30 June</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>
<b>Carbon Credit Revaluation Reserve</b>			
Balance 1 July	1,689	394	597
Revaluation of Carbon Credits	2,049	-	1,517
Deferred tax on Carbon Credits revaluation	-	-	(425)
<b>Balance 30 June</b>	<b>3,164</b>	<b>394</b>	<b>1,689</b>
<b>Total Closing Balance Revaluation Reserves</b>	<b>52,027</b>	<b>41,601</b>	<b>43,432</b>

## Nature and Purpose of Reserves

**Asset Revaluation Reserve**

The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings to the extents that they offset one another.

**Available-for-sale Revaluation Reserve**

The revaluation reserve arises on revaluation of investments which are recognised as assets.

**Interest rate risk**

The Company's financial assets and liabilities which are exposed to interest rate risk include cash and deposits and secured bank loans. The Company adopts a policy of reducing the exposure to changes in interest rates by utilising interest rate swaps to limit future interest costs, when necessary.

**Carbon Credit Revaluation Reserve**

The carbon credit revaluation reserve records movements in the fair value of carbon credits.



## Notes to and forming part of the financial statements (continued)

## 8. Income Tax

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
<b>(a) Income Tax</b>			
The major components of income tax expenses are:			
<b>Income Statement</b>			
<b>Current income tax</b>			
Current period income tax charge	851	600	874
Prior period adjustment	-	-	(55)
<b>Deferred income tax</b>			
of temporary differences	99	-	(1,381)
Prior period adjustment	(4)	-	-
Income tax expense/(credit) reported in the income statement	946	600	(564)
<b>(b) Amounts charged or credited directly to other comprehensive income</b>			
Relating to revaluation of Carbon Credits	574	-	425
<b>(c) Numerical reconciliation between aggregate tax expense recognise in the statement of comprehensive income and tax expense calculated per statutory income tax rate</b>			
<b>Total accounting profit/(loss) before income tax</b>	<b>17,272</b>	<b>-</b>	<b>(677)</b>
At the Group's statutory income tax rate of 28% (2018 : 28%)	4,836	-	(189)
Herd livestock adjustment	(212)	-	597
Prior period adjustment	(4)	-	(671)
Non-deductible income and expenses	(3,674)	-	(172)
Change in tax depreciation on buildings	-	-	(113)
IFRS 16	-	-	(16)
Aggregate income tax expense/(credit)	946	-	(564)
<b>Aggregate income tax expense/(credit) is attributable to:</b>			
Continuing operations	946	-	(564)
	946	-	(564)
Effective tax rate	5%	23%	84%
Imputation credit balance	2,900	-	2,476
<b>(d) Recognised deferred tax assets and liabilities</b>			
Deferred income tax at 30 June relates to the following			
<b>(i) Deferred tax liabilities</b>			
Biological assets	2,982	4,978	2,905
Building revaluations	1,399	-	-
Accelerated depreciation: buildings, plant & equipment, motor vehicles	165	200	137
IFRS 16	(15)	-	(8)
Other	(73)	-	(72)
NZ Emission Units	2,124	287	1,550
Gross deferred tax liabilities	6,582	5,465	4,512
Set-off of deferred tax assets	-	-	-
<b>Net deferred tax liabilities</b>	<b>6,582</b>	<b>5,465</b>	<b>4,512</b>

## 9. Subvention Payments Paid

Paid during the year			
Subvention payment 2020	-	-	600
Subvention payment 2021	400	600	-
	400	600	600

## 10. Financial assets at fair value through profit or loss

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
Trade receivables	78	405	678
	78	405	678
Related party payable Gisborne District Council	186	-	189
<b>Balance at 30 June</b>	<b>264</b>	<b>405</b>	<b>867</b>

There are no impaired trade and other receivables.

**Fair value and credit risk**

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

## 11. Inventories

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
Farm supplies on hand	117	90	85
Wool on hand	67	50	28
Goods for sale	12	46	16
<b>Balance at 30 June</b>	<b>196</b>	<b>186</b>	<b>129</b>

No inventories are pledged as security for liabilities nor are any inventories subject to retention of title clauses.

## 12. Bank

Working Capital facility with a limit of \$3.5 million is in place with ANZ Bank New Zealand Limited. The facilities are secured by way of a general security agreement. The balance at 30 June 2021 was \$0.102m (2020: \$0.571m).

## 12.1 Financial Liabilities – term loan

Term Facilities of \$15.9m are in place with ANZ Bank New Zealand Limited, which is fully drawn as at 30 June 2021. The facilities are secured by way of mortgage and general security agreement and terminate on 31 July 2022.



## Notes to and forming part of the financial statements (continued)

## 13. Payables and accruals

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
Trade creditors and accruals	1,129	1,240	1,330
Accrued staff entitlements	346	-	335
	1,475	1,240	1,665
Related party payable Gisborne District Council	408	600	557
<b>Balance at 30 June</b>	<b>1,883</b>	<b>1,840</b>	<b>2,222</b>

## Fair Value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Related party payable to Gisborne District Council comprises of trade payables at normal terms of trade. Dividend and subvention payable balances are on terms in accordance with Statement of Intent.

## 14. Investment Property

For the year ended 30 June 2021

	Land \$000	Buildings \$000	Total \$000
<b>Cost or valuation</b>			
At 30 June 2019	14,307	20,027	34,334
Additions at cost	-	24	24
Disposals at net book value	-	-	-
Revaluation adjustment	1,986	(1,051)	935
<b>At 30 June 2020</b>	<b>16,293</b>	<b>19,000</b>	<b>35,293</b>
Additions at cost	-	14	14
Disposals at net book value	-	-	-
Revaluation adjustment	4,786	8,658	13,444
<b>At 30 June 2021</b>	<b>21,079</b>	<b>27,672</b>	<b>48,751</b>

The Company's investment properties consist of seven properties (2020: seven properties). Management determined that the investment properties consist of three classes - commercial, residential and cropping- based on the nature, characteristics and risks of each property.

As at 30 June 2021, the fair values of the properties are based on valuations performed by Kay Maw of Lewis Wright Valuation & Consultancy Ltd, an accredited independent valuer. The valuation method used was the market comparison approach. Rental income derived from investment properties was \$2.157m (2020: 2.166m). Direct operating expenses generating rental income was \$0.294m (2020: \$0.282m).

## 15.1 Property plant and equipment

	Freehold Land & \$000	Buildings \$000	Construction in Progress \$000	Leasehold Improvements \$000	Plant & Equipment \$000	Motor Vehicles \$000	Total \$000
<b>Year ended 30 June 2020</b>							
<b>At 1 July net of accumulated depreciation and impairment</b>	<b>49,284</b>	<b>9,213</b>	<b>50</b>	<b>2</b>	<b>931</b>	<b>405</b>	<b>59,885</b>
Additions at cost	-	487	105	2	153	102	849
Disposals and transfers	-	-	(48)	-	-	(34)	(82)
Revaluation adjustment	1,015	(203)	-	-	-	-	812
Depreciation charged for the year	(182)	(234)	-	(1)	(177)	(146)	(740)
<b>At 30 June net of accumulated depreciation and impairment</b>	<b>50,117</b>	<b>9,263</b>	<b>107</b>	<b>3</b>	<b>908</b>	<b>326</b>	<b>60,724</b>
<b>Year ended 30 June 2021</b>							
<b>At 1 July net of accumulated depreciation and impairment</b>	<b>50,117</b>	<b>9,263</b>	<b>107</b>	<b>3</b>	<b>908</b>	<b>326</b>	<b>60,724</b>
Additions at cost	-	1,361	94	-	663	103	2,221
Disposals and transfers	-	(64)	(92)	-	(4)	(21)	(181)
Revaluation adjustment	3,523	4,996	-	-	-	-	8,519
Depreciation charged for the year	(181)	(234)	-	(1)	(180)	(135)	(731)
<b>At 30 June net of accumulated depreciation and impairment</b>	<b>53,459</b>	<b>15,322</b>	<b>109</b>	<b>2</b>	<b>1,387</b>	<b>273</b>	<b>70,552</b>

The fair value of freehold land (including forestry land) and improvements (including buildings) are determined by independent valuation. The independent valuation was performed by Bruce Cowper and Kay Maw of Lewis Wright Valuation & Consultancy Ltd, independent registered valuers. The fair value as per the valuation at 30 June 2021 was \$68.784m (2020: \$59.380m).

Fair value is the amount for which assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable to those held by the group.



## Notes to and forming part of the financial statements (continued)

### 15.2 Right of use assets and lease liabilities

This note provides information for leases where the group is a lessee.  
For leases where the group is a lessor, see note 22.

#### Amounts recognised in the statement of position

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

#### For the year ended 30 June 2021

	Buildings \$000	Land \$000	Total \$000
At 30 June 2019	550	1,050	160
Additions (Note 15.1)	-	-	-
Disposals (Note 15.1)	-	-	-
Depreciation expense	(42)	(35)	(77)
At 30 June 2020	508	1,015	1,523
Additions (Note 15.1)	3	-	3
Disposals (Note 15.1)	-	-	-
Depreciation expense	(44)	(35)	(79)
At 30 June 2021	467	981	1,447

Set out below are the carrying amounts of lease liabilities (included under financial expenditure) and the movements during the period:

#### For the year ended 30 June 2021

	2021 \$000	2020 \$000
As at 1 July	1,552	1,600
Additions	-	-
Accretion of interest	59	59
Payments	(110)	(107)
At 30 June 2020	1,501	1,552
Current	57	55
Non-current	1,444	1,497
At 30 June 2021	1,501	1,552

### 16. Biological Assets (Consumable)

Biological Assets consist of sheep and cattle (Livestock) and plantation trees (Forestry).

The group farms livestock for the sale of sheep, lambs, cattle and calves.

#### (a) Reconciliation of opening balance to closing balance

#### For the year ended 30 June 2021

	Sheep		Cattle		Forestry		Total
	Quantity	\$000	Quantity	\$000	Hectares	\$000	\$000
Open balance							
As at 1 July	33,625	5,631	5,524	5,450	1,502	8,874	19,955
Natural Increase	33,905	4,687	2,463	1,491	-	-	6,178
Purchases	57	55	39	271	32	150	476
Change in Fair Value	-	536	-	(178)	-	886	1,244
Sales	(33,656)	(4,133)	(2,907)	(2,765)	-	-	(6,898)
Death, Kills & Recovery	(2,815)	(514)	(468)	(428)	-	-	(942)
Closing Balance as at 30 June	31,116	6,262	4,651	3,841	1,534	9,910	20,013

#### (b) The fair value of biological assets as at end of the year was:

#### Consumable Biological Assets Group Livestock

	2021 Quantity	\$000	2020 Quantity	\$000
<b>SHEEP</b>				
Mature Sheep	24,948	5,173	25,228	4,458
Immature Sheep	6,168	1,089	8,397	1,172
<b>Total Sheep</b>	<b>31,116</b>	<b>6,262</b>	<b>33,625</b>	<b>5,630</b>
	2021 Quantity	\$000	2020 Quantity	\$000
<b>CATTLE</b>				
Mature Cattle	2,646	2,700	3,183	3,875
Immature Cattle	2,005	1,141	2,341	1,575
<b>Total Cattle</b>	<b>4,651</b>	<b>3,841</b>	<b>5,524</b>	<b>5,450</b>
	2021 Hectares	\$000	2020 Hectares	\$000
<b>FORESTRY</b>				
Forest Tree Crop				
<b>Total Forestry</b>	<b>1,534</b>	<b>9,910</b>	<b>1,502</b>	<b>8,874</b>
<b>Total Biological Assets as at 30 June</b>		<b>20,013</b>		<b>19,954</b>

The fair value of livestock is determined by independent valuation as at 30 June 2021. The independent livestock valuation was performed by Gisborne East Coast Farmers Ltd, independent livestock agents, in accordance with the Company's accounting policy detailed in Note 1.

The independent valuation used the quoted price in an active market as the appropriate basis for determining fair value. Where there is more than one active market that the group has access to, the most relevant market has been used.



## Notes to and forming part of the financial statements (continued)

The gain on initial recognition of livestock sold is recognised in the statement of comprehensive income in the year of harvest. At time of harvest, wool is recorded as inventory.

The fair value of the forest tree crop is determined by independent valuation. Independent forestry valuation as at 30 June 2021 was performed by PF Olsen and Company Limited, independent providers of professional forestry services. The fair value is assessed as follows:

- The maturity value of the existing tree crop and the future cost of realising that revenue are determined.
- Future costs and revenue are discounted from the year in which they occur to the date of the valuation by applying an appropriate discount rate.

The appropriate discount rate is determined by considering the recent sales of forests and the relative sensitivity of the value of the forest to future log prices.

Significant assumptions applied in this determination of fair value are:

	2021	2020
Appropriate Discount Rate (pre-tax)	6.0%	6.0%
Rate of inflation	1%	1%
Rate of tax	28%	28%

### 17. Equity Instruments

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
<b>At fair value</b>			
Shares - unlisted	497	-	497
Shares - listed	2	-	2
	499	-	499

Investments are in ordinary shares, and therefore have no fixed maturity date or coupon rate.

#### Value assumptions

##### (a) Listed shares

Their fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

##### (b) Unlisted shares

The fair value of the unlisted investments has been estimated using valuation techniques based on assumptions, which are supported by observable inputs. Management believes the estimated fair value resulting from the valuation techniques and recorded in the Statement of Financial Position and the related changes in fair value recorded in equity are reasonable and the most appropriate at the Statement of Financial Position date.

### 18. Intangible Assets

Intangible assets consist of NZ Emissions Units.

#### Reconciliation of opening balance to closing balance

##### For the year ended 30 June 2021

	NZ Emission Units Post 1989	
	Quantity	\$000
Opening Balance as at 1 July	174,382	5,537
Received by government grant at fair value	-	-
Valuation Increase/(Decrease)	-	2,049
<b>Closing Balance at 30 June</b>	<b>174,382</b>	<b>7,586</b>

##### For the year ended 30 June 2021

	NZ Emission Units Post 1989	
	Quantity	\$000
Opening Balance as at 1 July	174,382	4,019
Received by government grant at fair value	-	-
Valuation Increase/(Decrease)	-	1,517
<b>Closing Balance at 30 June</b>	<b>174,382</b>	<b>5,536</b>

### 19. Contingencies

The Company has a contingent liability in respect of both its pre-1990 and post-1989 forests which are part of the New Zealand Emissions Trade Scheme. Should the Company deforest all of its pre-1990 forests, it would have a liability under the ETS to surrender New Zealand emissions units of approximately \$6.9m determined at 30 June 2021 (2020: \$5.0m). Should the Company experience a decrease in total carbon stocks for all of its post-1989 forests, whether due to events such as harvest or forest fire, it would have a liability under the ETS to surrender New Zealand emissions units of approximately \$11.9m determined at 30 June 2021 (2020: \$8.7m). The amount and timing of any liability is uncertain and is dependent on the occurrence of the circumstances described above and the price of emissions units at the time of deforestation.

### 20. Capital commitments

The Company has Capital commitments at 30 June 2021 of \$0.073m, this is for upgrades at Waikanae Beach Holiday Park, (2020, \$0.097m).



## Notes to and forming part of the financial statements (continued)

### 21. Transactions with related parties

During the year the Company paid various expenses to the Gisborne District Council and made sales to the Gisborne District Council, who is the ultimate sole shareholder of the Company. The amounts charged by and to the Gisborne District Council were based on normal terms and condition of trade. These are outlined below.

Related Party Consolidated	Sales to related parties		Purchases from related parties		Other transactions with related parties	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Shareholder:</b>						
Gisborne District Council						
Rates materials and dog registrations paid	-	-	266	196	-	-
Subvention payment and Dividends	-	-	-	-	1,650	1,750
Management Fee	132	121	-	-	-	-
Rental	1,882	1,972	49	50	-	-
Property Maintenance	55	75	-	-	-	-
Fleet Maintenance	53	64	-	-	-	-

No related party debts have been written off or forgiven during the year.

Details relating to key management personnel, including remuneration paid are included below. Key management personnel include all directors.

Compensation of key management personnel	2021 \$000	2020 \$000
Short-term employee benefits	197	194

Employees paid over \$100,000 per year	2021	2020
- \$100,000 - \$109,999	1	1
- \$110,000 - \$119,999	0	0
- \$120,000 - \$129,999	0	2
- \$130,000 - \$139,999	2	0
- \$140,000 - \$149,999	0	1
- \$150,000 - \$159,999	2	1
- \$160,000 - \$169,999	0	0
- \$170,000 - \$179,999	0	0
- \$180,000 - \$189,999	0	0
- \$190,000 - \$199,999	0	0
- \$200,000 - \$209,999	1	1

### 22. Operating Leases

The Company has various commercial property leases. The leases run for various terms and are reviewed as per individual lease agreements.

	2021 \$000	2020 \$000
Contracted Future Minimum Rental Income		
Within one year	2,154	1,833
After one year but no more than five years	8,236	8,408
After more than five years	30,367	28,555

### 23. Subsequent events

Subsequent to balance date, part of 25 & 27 Bank Street land was sold at market.

Subsequent to balance date, on the 17 August 2021 New Zealand went into alert level 4 lockdown with the COVID-19 delta variant entering country, on 31 August this Alert level reduced to Level 3 outside Auckland and is to drop to level 2 on 8 September. Waikanae Beach Holiday Park and Gisborne Vehicle testing are restricted from trading in Level 4 and 3 other than for essential services, however this is a developing situation, and no further information is available at this stage.

The Directors resolved on 16 September 2021 to recommend a final dividend of the year ended 30 June 2021 of \$1.6m.

### 24. Government Grants

The Company accessed the Ministry of Primary Industries Grant for the year for the establishment of forestry. There are no outstanding contingencies or unfulfilled conditions relating to these grants at balance date. The amount received for the year ended 30 June 2021 was \$0.021m.

### 25. Risk identification and management

The Company has in place policies and procedures to identify areas of significant business risk, and implement procedures to effectively manage those risks. Where appropriate the Board obtains advice directly from external advisors. Once a significant business risk is identified, the Board is advised and corrective action is taken promptly to mitigate and monitor the risk.

### 26. Capital Management

The Company's capital is its equity which comprises retained earnings. Equity is represented by net assets. The Group manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, and general financial dealings to ensure the Company effectively achieves its objectives and purpose, whilst still remaining a going concern.

### 27. Financial targets

		Actual 2021 \$000	Actual 2020 \$000
A return on shareholder' funds ratio of at least 3% (1)	Achieved	16%	1%
A bank debt to bank debt plus equity ratio of no more than 25% (2)	Achieved	12%	14%
A minimum five year rolling average GDC return on investment of 5% (3)	Achieved	6%	5%
An interest coverage ratio of at least times 4.0 (4)	Achieved	12	6
A shareholder funds to total assets ratio of no less than 75%	Achieved	82%	80%
GHL Meets the minimum level of distribution outlined in the SOI	Achieved	\$1.8m	\$1.8m

(1) EBIT/Average Shareholder's funds

(2) Bank/Bank + Equity

(3) Distribution/Contribution to Equity Averaged over 5 years

(4) EBIT&Reval/Financing expenditure

Calculation for point (3) is in line with Statement of Intent 2021 method, previous year this was calculated as Distribution / Net Assets. Averaged over 5 years.



## Notes to and forming part of the financial statements (continued)

## 28. Non-Financial targets

GOAL	OBJECTIVE	MEASURE	ACHIEVED
Ensure GHL are effectively managing Community Housing on behalf of GDC.	Residents are satisfied with the GHL's management of Community Housing.  Operate within parameters set by GDC.	Annual satisfaction survey of 95% or better.  Budgets are adhered to.	<b>Achieved 98.2%.</b>  Note: Adherence with budget is recorded as the net of revenue and expenditure.
Ensure the Waikanae Beach Top 10 Holiday Park is positively contributing to Tairāwhiti's tourism sector.	Customers are satisfied with the service provided by the park staff and facilities provided.	GRI Index score of 85% or better.	<b>Not Achieved 82.6%.</b> Score mainly impacted by the high number of campers and resulting noise complaints.
Ensure land is managed sustainably and to be a leader in land stewardship.	Land and waterways are managed in line with best practice.	Environmental plans are in place for each of the three stations and budgets incorporate annual spend on measures to implement improvements required.  30m riparian strips are enforced to better protect watercourses from the effects of forestry.	<b>Achieved</b>
To make safety our priority and provide a safe environment.	Maximise safety across all divisions.  A Health and Safety Calendar and Annual Improvement Plan are in place.	Minimum of 10 Health and Safety Committee meetings held each year.  Health and Safety Calendar is reviewed annually and adhered to.  The Annual Improvement Plan is agreed in January each year in consultation with an independent Health and Safety provider.	<b>Achieved</b>
To maximise returns to GDC.	All assets are fully utilised.	Maintain 100% occupancy across the Property portfolio.	<b>Achieved</b>
To be a good employer.	To be a company people want to work.	Training opportunities provided.  Annual review of salaries to progress towards our goal of all permanent staff being paid the living wage.	<b>Achieved</b>
Ensure assets are managed prudently.	Assets are maintained/upgraded in a timely cost-effective manner.	A ten-year Asset Management plan is in place.  A three-year rolling Maintenance plan is in place.  Management and Maintenance plans are reviewed annually to ensure maintenance work is being undertaken and priorities reassessed as required.  Annual budgets reflect maintenance plans.	<b>Achieved</b>

## Statutory information

## Directors holding office during the year

David Mullooly	(Chair)
Andrew Allan	(Deputy Chair)
Robert Telfer	
Jacqueline Blake	
Hayden Swann	

## Entries in the interests' register

## General notice of interests declared during the year (Section 140(2) of the Companies Act 1993)

No general notices of interest were notified by directors during the year.

## Share dealings (Section 148 of the Companies Act 1993)

No director has had any relevant interest in any shares issued by the Company.

## Use of company information (Section 145 of the Companies Act 1993)

During the year the Board received no notices from any director requesting to use Company information received in their capacity as a director which would not otherwise have been available to them.

## Directors' insurance (Section 162(7) of the Companies Act 1993)

The Company has insured, and provided indemnities to all its directors against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as directors.

The insurance/indemnity does not cover liabilities arising from criminal convictions.

## Directors' remuneration (Section 161(2) of the Companies Act 1993)

Directors' remuneration in respect of the year ended 30 June 2021 was as follows:

D Mullooly	\$44,782
A Allan	\$32,778
R Telfer	\$53,552
J Blake	\$32,778
H Swann	\$32,778

In addition to directors' fees the following amount for vehicle and expense reimbursement was \$1,657 (2020: \$673).

No other benefits have been provided by the Company to a director for services as a director or in any other capacity. No loans have been made by the Company to a director nor has the Company guaranteed any debts incurred by a director.



## Directory

### Directors

David Mullooly (Chair)  
Andrew Allan (Deputy Chair)  
Robert James Telfer  
Jacqueline Blake  
Hayden Swann

### Registered office

The Works Building  
41 The Esplanade  
Gisborne 4040

### Postal address

PO Box 694  
Gisborne 4040  
Telephone 020-4183 4481

### Senior management

Chief Executive – Tracey Johnstone

### Auditor

Ernst & Young on behalf of the Office of the Auditor General – David Borrie

### Bankers

ANZ - Gisborne Branch  
PO Box 1246  
Gisborne 4040

### Solicitors

Grey Street Legal – Gisborne Holdings Limited  
PO Box 146  
Gisborne 4040

### Photography

Thanks to Strike Photography and the Gisborne Herald for imagery used in this document.

