

**Queenstown Lakes Community Housing Trust
Consolidated Annual Reports
For The Year Ended
31 March 2023**

Queenstown Lakes Community Housing Trust
Contents of Consolidated Annual Report
For The Year Ended 31 March 2023

	PAGE
Directory	3
Statement of Service Performance	4
Statement of Comprehensive Income and Expense	5
Statement of Changes in Equity	6
Statement of Financial Position	7
Statement of Cash Flows	9
Notes to the Financial Statements	10
Audit Report	16

Queenstown Lakes Community Housing Trust
Directory of Consolidated Annual Report
For The Year Ended 31 March 2023

Settlor	Graham Morris Todd
Date Settled	15 January 2007
Date of Incorporation	12 July 2007
Trustees	J M Conroy R J Key J E Macdonald B G McLeay P A J Smith R B Thomas
Accountants	McCulloch + Partners Chartered Accountants P O Box 64 Queenstown 9348
Solicitors	RVG Law P O Box 1513 Queenstown 9348
Auditors	Deloitte Limited P O Box 1245 Dunedin 9054
IRD Number	097-121-805

Queenstown Lakes Community Housing Trust
Statement of Service Performance
For The Year Ended 31 March 2023

Our Purpose	Provide affordable, community housing solutions.		
Our Vision	Transform the lives of committed people in our district, by providing them an opportunity to secure an affordable place to call home.		
Our Values	<ul style="list-style-type: none"> - Get excited about helping people into a home to call their own. - Maintain consistency, professionalism and respect. - Break ground and climb mountains. - Seek out emerging development and funding opportunities. 		
Key Strategic Goals	<ul style="list-style-type: none"> - Provision of housing - Enhance stakeholder relationships - Self sufficiency - Leader in housing sector 		
Our Impact	Strategic Goals	Outcomes This Year	Outcomes, Last Year (unaudited)
	<i>Provision of housing</i>		
	Total households assisted to date	244	241
	Total households currently housed	123	124
	Māori households assisted	15.40%	15.30%
	Pasifika households assisted	3.30%	4.00%
	<i>Enhance stakeholder relationships</i>		
	Relationship Framework Agreement with Queenstown Lakes District Council reviewed and updated, August 2022.		
	<i>Self sufficiency</i>		
	Zero-interest loans	This Year \$9,337,031	Last Year \$8,324,960
	All other loans	\$8,974,043	\$9,492,464
	<i>Leader in housing sector</i>		
	Management presentations to external groups sharing QLCHT model and learnings = 12.		



Queenstown Lakes Community Housing Trust
Statement of Comprehensive Income and Expense
For The Year Ended 31 March 2023

	Note	This Year \$	Group Last Year \$
Revenue From Exchange Transactions			
Property Sales		-	17,419,548
Lease Rentals		1,861,762	1,611,498
Property Management Fees Received		14,974	22,049
Realised & Unrealised Gains/(Losses) on Investments		(18,838)	4,425
Capital Gain on Disposal of Property, Plant and Equipment		50,335	797,010
Total Revenue From Exchange Transactions		1,908,232	19,854,529
Revenue From Non-Exchange Transactions			
Grants Received		50,000	60,000
QLDC Contributions Received	13	11,797,553	-
Stakeholders Contributions Received		-	178,261
Total Revenue From Non-Exchange Transactions	4	11,847,553	238,261
Other Income			
Interest & Dividends Received		48,019	15,048
Sundry Income		3,419	-
Total Other Income		51,439	15,048
Total Income		13,807,224	20,107,837
Less Expenses			
Administration Expenses		115,543	143,462
Cost of Goods Sold		-	16,556,472
Operating Expenses		445,761	575,676
Other Expenses			
Audit Fees	5	19,430	17,250
Depreciation	6	478,060	459,056
Interest		369,092	377,681
Loss on Sale of Fixed Assets		30,659	73,939.41
Trustee Fees		108,809	99,846
Wages		300,546	237,639
Total Other Expenses		1,306,596	1,265,411
Total Expenses		1,867,899	18,541,020
Surplus for the Year and Total Comprehensive		11,939,325	1,566,816

The accompanying notes form part of and are to be read in conjunction with these financial statements



Queenstown Lakes Community Housing Trust
Statement of Changes in Equity
For The Year Ended 31 March 2023

	Group	
	This Year \$	Last Year \$
Equity As At Start Of Year	33,794,052	32,227,235
Comprehensive Revenue and Expense	11,939,325	1,566,817
Equity As At 31 March 2023	<u>45,733,376</u>	<u>33,794,052</u>

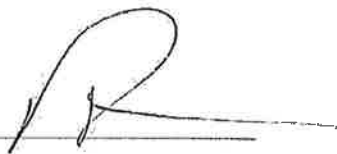


Queenstown Lakes Community Housing Trust
Statement of Financial Position
As at 31 March 2023

	Note	Group	
		This Year \$	Last Year \$
Equity			
Trustees' Accumulated Income Account		45,733,376	33,794,052
Total Equity		<u>45,733,376</u>	<u>33,794,052</u>
Represented by:			
Non Current Assets			
Property, Plant and Equipment	6	53,997,283	40,914,748
Term Deposits		-	2,000,000
Total Non Current Assets		<u>53,997,283</u>	<u>42,914,748</u>
Current Assets			
<i>Bank Accounts</i>			
ASB Bank Accounts		90,187	3,235,129
SBS Bank Accounts		81,956	148,947
Westpac Bank Accounts		73,297	15,455
RVG Law Trust Account		-	3,675,844
Craigs Investment Partners		1,008,488	799,412
		<u>1,253,928</u>	<u>7,874,787</u>
Accounts Receivable		42,180	431,523
Accrued Interest		-	20,116
Development Work in Progress	7	10,532,419	534,993
GST Receivable		5,524	6,252
Prepayments		46,163	32,758
Tax Receivable		14,824	2,220
Total Current Assets		<u>11,895,039</u>	<u>8,902,648</u>
Total Assets		<u>65,892,323</u>	<u>51,817,396</u>
Less Liabilities			
Non Current Liabilities			
Bank Loans	8	4,776,739	4,797,303
Central Lakes Trust Advance	8	3,932,824	4,101,165
Housing New Zealand Corporation	8	-	280,934
Ministry of Housing & Urban Development	8	9,337,031	8,024,426
Total Non Current Liabilities		<u>18,046,595</u>	<u>17,203,828</u>
Current Liabilities			
Current Portion Bank Loans	8	74,567	185,638
Current Portion Central Lakes Trust Advance	8	189,913	118,711
Current Portion Housing New Zealand Corporation	8	-	19,600
Accounts Payable		1,786,617	430,412
Accruals		61,254	65,155
Total Current Liabilities		<u>2,112,351</u>	<u>819,516</u>
Total Liabilities		<u>20,158,946</u>	<u>18,023,344</u>
Net Assets As Per Total Equity		<u>45,733,376</u>	<u>33,794,052</u>


The accompanying notes form part of and are to be read in conjunction with these financial statements

Queenstown Lakes Community Housing Trust
Statement of Financial Position
As at 31 March 2023

Signed 

Trustee

Date 18/07/23

Signed 

Trustee

Date 18/07/23



Queenstown Lakes Community Housing Trust
Statement of Cash Flows
For The Year Ended 31 March 2023

	Note	Group This Year \$	Group Last Year \$
Cashflows from Operating Activities			
Cash Was Provided From			
Receipts from Customers		2,269,498	18,621,572
Grants Received		50,000	60,000
Interest Received		49,298	19,473
Inclusionary Zoning Contributions Received		11,797,553	178,261
Cash Was Dispersed To			
Payments to Suppliers and Employees		9,554,444	10,171,991
Trustees' Fees		108,809	99,846
Interest Paid		366,345	377,721
Net Cash Inflow/(Outflow) from Operating Activities	10	<u>4,136,750</u>	<u>8,229,749</u>
Cashflows from Investing Activities			
Cash Was Provided From			
Sale of Property, Plant and Equipment		523,269	4,300,294
Term Deposits Matured		2,000,000	-
Cash Was Dispersed To			
Payments for Capital Work in Progress and Purchase of Property, Plant and Equipment		13,291,571	20,424,611
Term Deposits Invested		-	2,000,000
Net Cash Inflow/(Outflow) from Investing Activities		<u>(10,768,302)</u>	<u>(18,124,317)</u>
Cashflows from Financing Activities			
Cash Was Provided From			
Proceeds from Borrowings		-	9,622,423
Cash Was Dispersed To			
Repayment of Borrowings		10,693	-
Net Cash Inflow/(Outflow) from Financing Activities		<u>(10,693)</u>	<u>9,622,423</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		(6,620,859)	(272,145)
Cash and Cash Equivalents at the Beginning of the Year		<u>7,874,787</u>	<u>8,146,931</u>
Cash and Cash Equivalents at the End of the Year		<u><u>1,253,928</u></u>	<u><u>7,874,787</u></u>
Represented by:			
ASB Bank Accounts		90,187	3,235,129
SBS Bank Accounts		81,956	148,947
Westpac Bank Accounts		73,297	15,455
RVG Law Trust Account		-	3,675,844
Craigs Investment Partners		1,008,488	799,412
		<u>1,253,928</u>	<u>7,874,787</u>

Queenstown Lakes Community Housing Trust

Notes to the Financial Statements

For The Year Ended 31 March 2023

Statement of Accounting Policies

Reporting Entity

Queenstown Lakes Community Housing Trust operated in accordance with its Trust Deed and is governed by the requirements of the Trustee Act 1956.

The Financial Statements of the entity have been prepared in accordance with generally accepted accounting practice in New Zealand for general purpose financial reports. They comply with Public Benefit Entity Standards Reduced Disclosure Regime, as appropriate for Tier 2 not-for-profit public benefit entities.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed in the preparation of these accounts.

Specific Accounting Policies

The following specific accounting policies have a material effect on the measurement of results and financial position:

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from non-exchange transactions:

Government grants and funding

Revenues from non-exchange transactions with the Government and government agencies is recognised when the Group obtains control of the transferred asset (cash, goods, services, or property), and:

- ▶ it is probable that the economic benefits or service potential related to the asset will flow to the Group and can be measured reliably; and
- ▶ the transfer is free from conditions that require the asset to be refunded or returned to the Government if the conditions are not fulfilled.

Revenue from government grants and funding is measured at the fair value of the assets (cash, goods, services, or property) transferred over to the Group at the time of transfer.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once the Group has satisfied these conditions.

Stakeholder contributions

Stakeholder contributions are recognised as revenue when the Trust renders the services for which the contribution was levied. Stakeholder contributions that are received before the Trust is able to provide the service for which they are levied are recognised as liabilities until the Trust provides the services.

Revenue from exchange transactions:

Interest revenue

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate.

Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the statement of comprehensive revenue and expenses.

Rental revenue

Rental revenue arising from operating leases on properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of financial performance due to its operating nature.

Property Revenue

Revenue from the sale of Development Property is recognised when the significant risks and rewards of ownership have been transferred to the home owner and revenue can be reliably measured.

Disposal of Property Plant and Equipment

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

Depreciation

Depreciation has been charged on buildings at a rate of 3% DV per annum. No depreciation is charged on land.

Taxation

The Trust is exempt from paying tax under the Income Tax Act 2007.

Property Plant and Equipment

Buildings are stated at cost less accumulated depreciation, and land is stated at cost, less any impairment. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially recognised at fair value.

Work In Progress

Capital Work in Progress and Development Work In Progress are measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Accounts Receivable and Mortgages Issued

Accounts receivable and mortgages issued are stated at amortised cost using the effective interest method, less impairment.

Goods and Services Tax

The accounts have been prepared on a GST exclusive basis with the exception of Accounts Payable and Accounts Receivable which are stated GST inclusive.

Leases

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

Rent received from an operating lease is recognised as income on a straight-line basis over the lease term.

Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries (including non-monetary benefits) and annual leave are recognised in surplus or deficit during the period in which the employee rendered the related services and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled.

Borrowing costs

All 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.

Basis of consolidation

The Group financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being Queenstown Lakes Community Housing Trust (the parent entity) and its subsidiaries over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

The Group financial statements include the information and results of each subsidiary from the date on which the Trust obtains control and until such time as the Trust ceases to control such entity.

In preparing the Groups financial statements, all intragroup balance and transactions, and unrealised profits arising within the Group are eliminated in full.

Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Changes in Accounting Policies

There have been no changes in Accounting Policies. All policies have been applied on a basis consistent with those used in the last year.

Notes

1 Capital Commitments

The Trust is due to complete construction of 10 homes at its Northlake development in Wanaka. The total build cost is budgeted to be \$5,427,487, excluding land; as at 31 March 2023, \$5,323,248 had been spent. The project is due for completion in May 2023.

The Trust is currently building 28 homes in the Longview subdivision in Lake Hawea. The total build cost is budgeted to cost \$14,803,351 excluding land; as at 31 March 2023, \$1,858,477 had been spent. The project is due for completion in May 2024.

The Trust is currently undertaking Earthworks for 68 homes at the Tewa Banks site in Arrowtown. The total build cost is budgeted to cost \$52,071,823 excluding land; as at 31 March 2023, \$2,902,631 had been spent. The project is due for completion in April 2026.

2 Contingent Liabilities

As at 31 March 2023 the Trust has no contingent liabilities (2022: \$Nil).

3 Related Parties

2023 no disclosure is required (2022: \$nil).

4 Revenue From Non-Exchange Transactions

	Note	Group	
		This Year	Last Year
		\$	\$
Grants Received - Cash Contributions		50,000	60,000
QLDC Contributions Received	13	11,797,553	-
Stakeholders Contributions Received		-	178,261
Total as at 31 March 2023		<u>11,847,553</u>	<u>238,261</u>

5 Fees Paid To Auditors

	Group	
	This Year	Last Year
	\$	\$
Audit Services	19,430	17,250
Total as at 31 March 2023	<u>19,430</u>	<u>17,250</u>

6 Property, Plant and Equipment

2023	Group Cost	Purchases	Transfer from WIP	Sales or Disposals	Depn Charge	Accum Depn	Net Book Value
Land	25,490,349	12,687,727	-	21,997	-	-	38,156,080
Buildings	16,193,315	603,844	-	481,596	476,666	2,645,063	15,838,897
Plant & Equipment	3,701	-	-	-	1,394	13,661	2,307
Total as at 31 March	<u>41,687,365</u>	<u>13,291,571</u>	<u>-</u>	<u>503,593</u>	<u>478,060</u>	<u>2,658,723</u>	<u>53,997,283</u>

2022	Group Cost	Purchases	Transfer from WIP	Sales or Disposals	Depn Charge	Accum Depn	Net Book Value
Land	11,104,313	11,089,112	4,740,000	1,443,085	-	-	24,717,736
Buildings	10,796,593	3,853,348	4,134,714	2,134,139	457,205	2,186,230	16,193,312
Plant & Equipment	3,668	1,884	-	-	1,851	12,267	3,701
Total as at 31 March	<u>21,904,574</u>	<u>14,944,344</u>	<u>8,874,714</u>	<u>3,577,223</u>	<u>459,056</u>	<u>2,198,497</u>	<u>40,914,748</u>



7 Development Work In Progress

	Group	
	This Year \$	Last Year \$
Opening Balance		
Plus Additions	534,993	7,436,324
Less Transfer to Property, Plant and Equipment	9,997,426	5,925,721
Less Transfer to Cost of Goods Sold	-	(8,874,714)
Total as at 31 March 2023	<u>10,532,419</u>	<u>534,993</u>

8 Borrowings

	Group	
	This Year \$	Last Year \$
ASB Loans		
Opening Balance	1,392,941	1,431,749
Plus Drawdowns	3,500,000	1,833,932
Less Repayments	(41,635)	(1,872,740)
Total as at 31 March 2023	<u>4,851,306</u>	<u>1,392,941</u>

	Group	
	This Year \$	Last Year \$
ASB Loans		
Current Portion	74,567	41,438
Non-Current Portion	4,776,739	1,351,303
Total as at 31 March 2023	<u>4,851,306</u>	<u>1,392,941</u>

The ASB loans 910003 and 910012 have interest charged at a rate of 2.65%p.a. and are due to be repaid by 27 May 2024 & 31 May 2046 respectively. These loans are secured over the property at 11-21 Suffolk Street, Arrowtown.

	Group	
	This Year \$	Last Year \$
Westpac Loans		
Opening Balance	3,590,000	-
Plus Drawdowns	-	5,420,000
Less Repayments	(3,590,000)	1,830,000
Total as at 31 March 2023	<u>-</u>	<u>3,590,000</u>

	Group	
	This Year \$	Last Year \$
Westpac Loans		
Current Portion	-	144,000
Non-Current Portion	-	3,446,000
Total as at 31 March 2023	<u>-</u>	<u>3,590,000</u>

	Group	
	This Year \$	Last Year \$
Central Lakes Trust Advance		
Opening Balance	4,219,875	6,153,472
Plus Drawdowns	-	650,000
Less Repayments	(97,138)	(2,583,597)
Total as at 31 March 2023	<u>4,122,737</u>	<u>4,219,875</u>

	Group	
	This Year \$	Last Year \$
Central Lakes Trust Advance		
Current Portion	189,913	118,711
Non-Current Portion	3,932,824	4,101,165
Total as at 31 March 2023	<u>4,122,737</u>	<u>4,219,875</u>

The \$3,505,289 loan has interest charged at a rate of 5.20%p.a. and is due to be repaid by 21 November 2026. The loan is secured over 11 properties at Shotover Country.

The \$617,449 loan has interest charged at a rate of 5.41%p.a. and is due to be repaid by 12 April 2026. The loan is secured over 2 properties at Hkuiwai.



	Group	
	This Year \$	Last Year \$
Housing New Zealand Corporation		
Opening Balance	300,534	320,134
Less Repayments	(300,534)	(19,600)
Total as at 31 March 2023	-	300,534
	Group	
	This Year \$	Last Year \$
Housing New Zealand Corporation		
Current Portion	-	19,600
Non-Current Portion	-	280,934
Total as at 31 March 2023	-	300,534
	Group	
	This Year \$	Last Year \$
Ministry of Housing & Urban Development		
Opening Balance	8,024,426	
Plus Drawdowns	1,312,605	8,024,426
Less Repayments		
Total as at 31 March 2023	9,337,031	8,024,426
	Group	
	This Year \$	Last Year \$
Ministry of Housing & Urban Development		
Current Portion	-	
Non-Current Portion	9,337,031	8,024,426
Total as at 31 March 2023	9,337,031	8,024,426

The \$6,344,531 Toru loan is interest free and is due to be repaid by 6 May 2036. The loan is secured over 26 Toru units.

The \$2,452,500 Alps View loan is interest free and is due to be repaid by 17 March 2037. The loan is secured over 9 Alps View properties.

The Ministry of Housing & Urban Development loans are stated at face value and not at amortised cost in accordance of PBE IPSAS29 Financial Instruments - Recognition and Measurement. Any adjustment would not be material to users of the financial statements.

9 Subsidiaries

Name of Entity Subsidiary	Country of Incorporation		Balance Date	Ownership	Interest
QLCHT Shotover Country Limited	New Zealand	New Zealand	31 March	100%	100%
QLCHT Developments Limited	New Zealand	New Zealand	31 March	100%	100%
QLCHT Property Portfolio Limited	New Zealand	New Zealand	31 March	100%	100%
Queenstown Housing Bonds Limited	New Zealand	New Zealand	31 March	100%	100%

10 Reconciliation of Operating Cash Flows to Net Surplus

	Group	
	This Year \$	Last Year \$
Net Surplus/(Deficit) for the Year	11,939,313	1,566,817
Add/(Deduct):		
Depreciation	478,060	459,056
Depreciation Recovered	(50,335)	(797,010)
Loss/(Gain) on Disposal of Property, Plant and Equipment	30,659	73,939
Provisions Made	(5,132)	(17,416)
Adjustments for Movements In:		
(Increase)/Decrease in Accounts Receivable	409,459	(434,523)
Increase/(Decrease) in Accruals	1,344,328	284,993
(Increase)/Decrease in Development Work In Progress	(9,997,427)	7,101,331
Increase/(Decrease) in Payables	(12,175)	(10,439)
Net Cash (Outflow)/Inflow from Operating Activities	4,136,750	8,229,749

11 Operating Leases

	Group	
	This Year \$	Last Year \$
Operating Lease as Lessee		
Less than one year	15,450	15,450
Between one and five years	-	-
Total Non-Cancellable Operating Lease Payments	15,450	15,450

The Trust has entered into an operating lease for office premises. The previous 2 year lease expired on 31 March 2021, and is now on a 60 working days' notice basis.

Operating Lease as Lessor

The future non-cancellable minimum lease payments of operating leases as lessor at reporting date are \$284,761 (2022: \$635,494).

Please Note: the Tenancy end dates are no longer applicable with the new RTA laws where fixed tenancies automatically become periodic at the end of their fixed terms.

12 Secure Home Properties

During the year QLCHT sold \$380,000 (2022: \$12,740,623) of property under Secure Home arrangements.

The Secure Home arrangements allow the purchaser to acquire the building assets under a 100-year lease arrangement while QLCHT retains legal ownership of the land and title to the property. Subsequent to acquiring the right to occupy the property based on the cost of the improvements, the purchaser pays rental income to QLCHT for the lease of the land. All other obligations related to the building assets are the responsibility of the purchaser for the duration of the lease. The Secure Home arrangements contain provisions for the purchaser to require QLCHT to re-purchase the building assets at a price based on the original purchase price, adjusted for capital improvements, maintenance, and inflation.

At 31 March 2023 QLCHT had received no notices to re-purchase any building assets under the Secure Home arrangement.

13 QLDC Contributions

During the year ended 31 March 2023 the Queenstown Lakes District Council (QLDC) granted QLCHT 1.1109ha land at "Longview" Cemetery Road, Lake Hawea, for the purposes of affordable housing. The land has been recorded at fair value of \$11,475,000.

In addition payments were also received totalling \$322,523 from other developers.

During the year ended 31 March 2022 the Queenstown Lakes District Council (QLDC) granted QLCHT 3.6831 hectares of land at Jopp Street Arrowtown for the purpose of affordable housing development by QLCHT. The land was transferred by QLDC for a nominal sum of \$1. QLCHT has a 999-year lease on the land at an annual rental charge of \$1 per annum. The title of the land is subject to an encumbrance that prevents QLCHT from selling or transferring the land to a third party, and in the event QLCHT was ever wound up the land would transfer back to QLDC for consideration of \$1. The encumbrances on the land means it is difficult to determine the fair value of the land, as this is usually based on a willing buyer and willing seller scenario. In this case the encumbrances over the land prevent QLCHT from being able to sell the land. QLCHT has not attributed any value to the property on the basis that fair value can not be reliably determined. Notwithstanding this QLCHT considers the land important in the context of developing affordable housing on the land. The development asset will reflect the cost of construction for the affordable housing, with no value attributed to the land component as a result of the encumbrances noted above, until such time as the encumbrance has been removed and replaced with a less restrictive covenant. This is expected to occur June 2023.

Queenstown Lakes Community Housing Trust
Audit Report
For The Year Ended 31 March 2023

Independent Auditor's Report

To the Trustees of Queenstown Lakes Community Housing Trust

Opinion We have audited the financial statements of Queenstown Lakes Community Housing Trust (the 'group') and its subsidiaries ('the group'), which comprise the financial statements on pages 5 to 15, and the statement of service performance on page 4. The complete set of financial statements comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements presents fairly, in all materials respects:

- the financial position of the Queenstown Lakes Community Housing Trust as at 31 March 2023, and its financial performance and cash flows for the year then ended; and
- the service performance for the year ended 31 March 2023 in accordance with the group's service performance criteria

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ('PBE Standards RDR') issued by the New Zealand Accounting Standards Board.

Basis for opinion We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard NZ AS 1 *The Audit of Service Performance Information* ('NZ AS 1'). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report and performance report* sections of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor, we have no relationship with, or interests in, the group.

Other information The Board of Trustees is responsible on behalf of the group for the other information. The other information comprises the information in the Annual Report that accompanies the financial report and performance report and the audit report.

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

Our responsibility is to read the other information obtained prior to the date of our audit report and consider whether it is materially inconsistent with the financial report and performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Board of Trustees' responsibilities for the financial report and performance report

The Board of Trustees is responsible on behalf of the group for:

- the preparation and fair presentation of the financial statements and the statement of service performance in accordance with PBE Standards RDR;
- service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards RDR; and
- such internal control as the Board of Trustees determines is necessary to enable the preparation of financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial report and performance report, the Board of Trustees is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Trustees either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial report and performance report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the statement of service performance 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 conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this financial report and performance report.

A further description of our responsibilities for the audit of the financial report and performance report is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/>

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Board of Trustees, as a body, in accordance with Section 207B of the Companies Act 1993. Our audit has been undertaken so that we might state to the Board of Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Dunedin, New Zealand
18 July 2023