Annual Report

For the year ended 30 June 2021

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Our journey

QV has been at the heart of nearly every property transaction in New Zealand for more than 125 years and counting. What sets us apart is our people and our technology.

Our journey began as the New Zealand Government's own valuation department, established in 1896 to provide valuation of properties for taxation purposes. It's a core function that we continue to fulfil to this very day, proudly serving 88% of New Zealand local and district Councils as well as being one of the largest providers in NSW, Australia.

With deregulation of the rating valuation system in 1998 came a major transformation. Valuation New Zealand's governance areas were assigned to the Office of the Valuer General, within Land Information New Zealand (Toitū Te Whenua), while the commercial arm (QV) was established as a Crown-owned company and in 2005 became a State Owned Enterprise. This change required a complete re-engineering of the organisation into a fully commercial business. Substantial investment in technology was a cornerstone, with a total digital transformation from the paper-based environment exponentially increasing the efficiency of our rating valuation processes and data quality for our customers.

As the new millennium dawned, we expanded QV's core competency into Australia. Our talented local team has come to hold several rating and taxation contracts throughout NSW, including the prestigious Sydney Central Business District contract.

We grew again with the acquisition of the Darroch and then DTZ businesses, enhancing our service offering to include extensive valuation, consultancy and property management services to commercial and industrial clients, and increasing synergy opportunities for our business.

Throughout this growth, we have always dedicated ourselves to the continuous improvement of our technology and systems, supported by our property experts. We were the first in New Zealand to introduce market-leading online property data and intelligence, and have been instrumental in leading industry change through the use of technology enabled products and services.

The next exciting chapter in our journey began this year when we regained control of our website QV.co.nz from long-time custodians CoreLogic. Moving forward, this will enable us to enhance our digital offering, promote and leverage our core professional services and products, and help us provide accessible, real-time property intelligence for all New Zealanders.

We are excited at the future opportunities of combining such a key digital channel with the deep expertise of our people, who have remained our core strength throughout the decades. We are proud to be one of the country's largest employers of property professionals, providing New Zealand with property experts for now and the future.

By pairing our expert local knowledge with our market-leading technology, we look forward to adding many more chapters to the QV journey in the future and continuing to deliver on our ongoing commitment of delivering trusted property intelligence to all New Zealanders.

Helping all New Zealanders make better **property decisions**

Our scope of activities

Our focus is on providing expert valuation and property intelligence services to the residential, rural, government and commercial sectors.

Consultancy

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

Rating valuations

Rating solutions provided for 88% of New Zealand local and district Councils and 17% in NSW, Australia

Property management

Property portfolio management for public sector organisations

Property intelligence and tools

Providing market intelligence, data analytics, tools and customised solutions

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

Our customers

Brand	Customers	Core services
QV CostBuilder salesdirect QV.co.nz	› Residential home owners, financial service providers, corporates and government › Local government › Rural sector › Consumers › Professionals › Building and property professionals	› Residential and rural market valuations › Insurance (rebuild) valuations › Rating valuation assessments › Asset valuations for financial reporting purposes › Rural market valuations › Building costs data and information › Online submission of property sale notices
QV Australia	› State and local government	› Rating and land tax valuations › Asset valuations for financial reporting purposes › Compensation valuations
darroch property advisors & valuers	› Government, financial service providers and corporates › Private property owners	› Commercial property and asset valuations › Property management services, including lease management and negotiation, tenant liaison and communication, property maintenance and financial management and reporting

Our core strengths

We are New Zealand's property experts

We employ and develop 250 property specialists, including more valuers than any other business in New Zealand

We are nationwide with local expertise

We are located across New Zealand, with 17 local offices and property professionals on the ground in every corner of New Zealand

We are trusted and have a strong brand recognition

76% brand awareness, and trusted by 65% of target market

We have market-leading technology

We continuously invest in new technology to support our customers' needs and bring new solutions to old problems

We are owned by New Zealand and are invested in its wellbeing

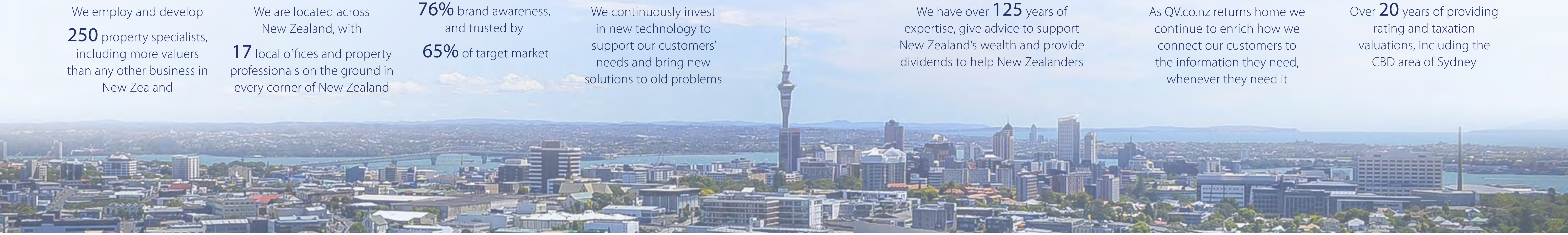
We have over 125 years of expertise, give advice to support New Zealand's wealth and provide dividends to help New Zealanders

We are growing our digital connectivity through QV.co.nz

As QV.co.nz returns home we continue to enrich how we connect our customers to the information they need, whenever they need it

We are rating and taxation specialists in NSW, Australia

Over 20 years of providing rating and taxation valuations, including the CBD area of Sydney



We are **the most trusted** property experts

PINZ Young Property Professional of the Year 2021
Jarrod Hedley – Winner

RICS Woman of the Built Environment Award 2021
Gail Smits – Highly Commended

Largest employer of property graduates

96 registered valuers and growing

Award-winning professionals

25 Year Club inauguration

High employee engagement

5 star Health & Safety rating

We grow **the value** we deliver

- 3 million page views on QV.co.nz
- Record number of market valuation reports
- 76% brand awareness
- QV e-Reports launched
- 77% brand independence
- Corporate value $24.4m
- $5.0m EBITDA

> **It was a privilege to attend the inaugural celebration of QV's 25 Year Club, a new initiative that recognises our longest-serving people.**
>
> **Gregory Fortuin**
> Chair

I am delighted to say that QV has had an outstanding year.

Defying all predictions, New Zealand's property market has taken off since the initial COVID-19 lockdown, buoyed by record-low interest rates and the sheer resilience of our economy. This, combined with our people's determination to meet customer needs, has resulted in revenues of all non-rating revaluation business units outperforming FY2020 and far exceeding our budget expectations.

Our revenues of $34.9m were lower than the $36.9m of FY2020 due to the timing of revenues over the three-year cycle of Council valuations. Taking this into account, our revenues for the year are an excellent achievement, reflecting QV's ability to respond to the high level of property market activity.

Given the uncertainties of the pandemic environment, we carefully managed our cost base throughout the year. The sustainable efficiencies realised in FY2020 flowed through into FY2021 and we made further improvements, most notably in our finance and technology functions.

Our prudent cost management combined with our strong non-rating revenues have offset the lower year for rating valuation revenues, resulting in a profit after tax of $2.2m compared to FY2020's $2.9m, and well ahead of budget. QV Australia has been an outstanding investment for QV with a reliable performance, providing good cash flow to the group.

In 2019, Darroch was under-performing, resulting in a write-down of goodwill. Management's efforts to right-size the cost-base through combining back-office functions and office premises, as well as aligning the skill sets and management to sustainably support the business unit, has meant that Darroch has had a very profitable year, well ahead of FY2020.

Our annual corporate valuation as at June 2021 shows that our equity valuation has increased from $20.9m to $24.4m. This is largely due to the excellent financial performance this year and our resulting increased cash position.

Market dynamics are continually shifting as the world adjusts to COVID-19. Although QV has benefited from a buoyant property market this year, there are likely to be economic changes on the horizon with increasing government regulatory and policy reviews, ongoing border restrictions and supply chain disruptions – all of which may affect the property market, our customers and our business.

In challenging times, like the last 15 months, is when our commitment to our people is truly tested. Our intensified focus on our people is reflected in our outstanding employee Net Promoter Score of +32 (on a scale of -100 to +100) with a participation rate of 81%. This reflects the enduring strength of our culture and the outstanding efforts of our management team, who continue to astutely lead our business with candid communication and great heart.

Finally, on a personal note, I would like to add what a privilege it was to attend the inaugural celebration of QV's 25 Year Club, a new initiative that recognises our longest-serving people with a tenure of more than quarter of a century. We came together to talk about QV's past, present and future – which is very bright indeed thanks to the continued hard work of our CEO Jacquie Barker, the Executive team, my fellow Board members, and the entire QV whānau.

Kia ora rawa atu.

Peace and Grace

Gregory Fortuin
Chair

> **We are proud to be the country's largest employer of graduate property consultants.**
>
> **Jacquie Barker**
> Chief Executive Officer

It has been another impressive year at QV. Although I am extremely proud of the financial results outlined in this document and growing our value to the Shareholder, I am even prouder of the way we have gone about achieving these outcomes, united as one QV whānau.

Our dynamic team culture has pulled us through what has been a difficult year of competing demands for our property expertise in a booming property market, increased regulation, and significant pressure on recruitment activities. Through all this and more, our people have always remained steadfast in their commitment to delivering more to our customers.

Together, we delivered more than 327,000 rating revaluations across 20 Councils in New Zealand and more than 570,000 annual values in NSW, Australia to the Valuer General standards under a changing regulatory climate. We also successfully completed a record number of market valuations in a very pressured environment.

Along with record revenues from non-rating activities this year, we have retained and secured new long-term contracts in a very competitive landscape. This achievement is testimony to our customer-centric approach, as indicated by our customer net promoter score (+51) and our open and transparent culture, as measured by our brand independence score of 77%.

Our people were critical to this success. We have continued to support and invest in them. We are proud to be the country's largest employer of graduate property consultants, with 44 currently making their way through our graduate development programme, including this year's largest-ever annual intake of 13. We have a responsibility to nurture and develop these supremely talented property professionals for the benefit of our customers, our industry, and the country as a whole.

We were absolutely thrilled when two of our people received industry recognition this year. Jarrod Hedley, one of our Area Managers, won the Property Institute of New Zealand's highly coveted Young Property Professional of the Year 2021. Gail Smits, our National Revaluation Manager, was recognised for her many years of contribution and was Highly Commended in the Royal Institution of Chartered Surveyors New Zealand Woman of the Built Environment Award 2021.

With culture at the heart of our success, this year we have embarked on two important cultural initiatives. Firstly, leaders across QV are participating in cultural heritage training, as we understand how important it is that we incorporate our national culture into our business. Secondly, we are refreshing our company values to support our future aspirations, while respecting the past and carrying forward what has made QV successful in our journey so far.

It has been a milestone year where we have made significant progress in our digital presence, continuing to build our brand awareness and our property expertise as part of repositioning ourselves for the future. Our content strategy and the relaunching of the QV.co.nz website has lifted our visibility and offering to New Zealand. We will continue to invest in these channels in the coming years, to continue to fulfil our promise of delivering trusted property intelligence to help government, business and the public make better property decisions.

The year ahead will bring its own challenges as we continue to operate in a pandemic environment and will face more regulatory change, local government reform and ongoing resourcing constraints. Nevertheless, we look forward to the year ahead with optimism and confidence.

As we pause to reflect on our achievements in the emotionally demanding year of FY2021, I would like to personally thank the entire QV whānau for their continued dedication and hard work, and to the Board, our Shareholder and Treasury for their enduring support.

It has been a privilege working with you all in FY2021.

Ngā manaakitanga.

Jacquie Barker
Chief Executive Officer

> **Our most important asset has always been, and will always be, our people.**
>
> **Rochelle Clancy**
> Chief People Officer

With more than 250 property experts working across New Zealand from Cape Reinga to Stewart Island – including the Chatham Islands – we alone have the reach and the expertise to help all of our customers make smarter property decisions across all sectors of the property ecosystem.

It is no coincidence that we have such a wide geographic reach. We realised very early on in our 125 year+ history that in order to have the best expertise, then you need to have the best experts, and to have the best local knowledge, then you also have to be local. As a force for good, we value New Zealand, literally and figuratively.

Our QV whānau

We also value our people. We genuinely care about their success and wellbeing, having recently launched our LiveWell safety and wellbeing brand where our people can readily access QV's many benefits, tools and resources that will help them live their best lives. It is an important part of our refreshed safety and wellbeing policy charter, which outlines our commitment to keeping all our people safe and well.

Our engaged and inclusive culture provides a gender mix of 41% female and 59% male, with 50/50 representation on the Executive, and 40/60 on the Board. We want all our people to be comfortable and proud to bring their true selves to work every day, regardless of background, gender, age, religion, nationality, sexual orientation, or level of experience.

We are committed to growing and developing our people's potential, whatever their career goals and aspirations. That is why we have implemented a weekly Learning Hour across our business to help our people enhance their knowledge. It's one of numerous ways we strive to foster a learning culture at QV – we develop and train the most property professionals across New Zealand, from our newest graduates through to our most experienced professionals.

When it comes to developing our people, our greatest resource is once again our people. We are privileged to have an average tenure of nine years, with many going on to serve for far longer than that. Our 25 Year Club make up more than nine centuries' worth of combined knowledge and expertise.

Better together

Communication is key. We pride ourselves on having a culture that is open and honest, with regular one-on-one meetings between managers and their people, and our #YourSay people pulse survey capturing valuable feedback from every member of the QV whānau. We don't just listen – we also act. We are committed to *'you said – we did'*. Many of our best initiatives have come about as a direct result of our peoples' feedback, which we communicate regularly, along with news from around the business, in our monthly company-wide meetings.

What our people tell us they value the most about working at QV, besides being part of a highly successful team that is making a real difference for New Zealanders, is our varied and flexible work environment that enables them to spend more time doing what they love. Even before COVID-19, every member of the QV whānau was able to work remotely.

By pairing our exceptional people and the strength of our QV culture with our advanced technology offering, we will continue to deliver market-leading property services and trusted property intelligence to all New Zealanders.

QV is more than New Zealand's leading valuation and property services company. We are also inventers, innovators and pioneers in the industry.

Our purpose is to help government, business and the public make better decisions – all day, every day, wherever they may be. That is why we are continually revolutionising how our information is shared and experienced, pairing accurate analytical data with practical insights from our nationwide team of property experts.

We don't just keep pace with rapidly evolving technology, we also help drive it. We continually push technological advancements and process improvements to make our data intelligence more accurate, timely, insightful, and accessible.

Our proud history of innovation

Like New Zealand's famous "number 8 wire" mentality, innovation and ingenuity have always been an essential part of our DNA. We have had a history of significant investment in technology, in particular in the rating valuation services area, that has lead us from historical paper based valuations to real-time automated valuations based on quality property data.

From the outset, we have had a culture of continuous improvement and pushing boundaries to deliver more across our existing operations and to solve customer challenges. That is why, at the dawn of the new millennium, we were first to make the district valuation roll available to Councils through our core valuation system.

Soon after, we established SalesDirect, our award-winning online tool that allows lawyers to quickly create and submit sale notices for local authorities for free. Nearly 20 years later, it still remains the fastest, most accurate and secure way to complete sales notices online across New Zealand, saving solicitors time and also ensuring that Councils, businesses and the public have fast access to accurate information.

We were also the first to use technology to simplify the rating valuation process. Our online objection portal went live with pre-populating information in 2011, allowing homeowners to easily object to their rating values online, and for QV valuers to respond in kind and remediate in the field as and when appropriate.

We took another leap forward in 2015 with the launch of two new products – QV CostBuilder, a comprehensive online index that takes the guesswork out of pricing building work, and the QV Homeguide property app. Then again one year later when we allowed crowd-sourced data for the first time via Updatemyproperty.co.nz, which allowed homeowners to lodge property changes online.

But arguably our most exciting technological advance came in 2018 with the launch of Monarch, a cutting-edge core system to drive productivity and the deployment of digital processes and efficiencies. For the first time, our customers were able to access real-time property data online via this next-generation property and analytics platform.

We continue to develop our platforms, which offer tools and interfaces that no other provider in the market currently delivers, including implementing a new tool that allows the automation of information following the completion of building consents and ensures consistency in our rating valuations.

The future is here

Exciting advancements in cloud technology have provided us with a robust foundation to meet our customers' future needs. Data and property insights are no longer enough; our customers want ready access to predictive modelling, data analytics, and deeper insights than ever before – and they want them now, in real time.

So with the recent return of our QV.co.nz channel we will continue to rise to meet our customers' expectations. This will be our primary channel for all our customers in the future, growing the value we deliver by enriching the customer experience and connecting people to the information they need, whenever they need it.

We have already made some great progress this year on that journey with the successful launch of real-time property value estimates and online e-Reports on our new-and-improved website. These are the first exciting steps towards a bright technologically advanced future.

> **QV is a partner trusted by more Councils than any other rating valuation provider.**
>
> **Mel Lewis**
> Chief Operations Officer

QV delivers trusted property intelligence to help government, business and the public make better decisions every day. No matter their requirements or the complexity of the job, New Zealanders can always rely on the accuracy and independence of our property intelligence and expertise.

A team of local experts
Our team are local property experts across New Zealand, inspecting and handcrafting valuations based on their complex understanding of the intricacies of the local market and environment.

Market-leading technology
Our world-class technology augments our team's expert local knowledge, ensuring its timely, accurate, and accessible to the New Zealand public.

A quality dataset
We are custodians of a highly valuable dataset assembled to support rating valuations for Councils. We also collect other property data and information enriched by a wide variety of sources and managed by a team of highly skilled data analysts.

Quality rating valuations
QV is a partner trusted by more Councils than any other rating valuation provider. That is why rating valuations are often colloquially known by the New Zealand public as a "QV".

Rating valuations are carried out on all New Zealand properties generally every three years, reflecting the likely selling price of a property at the effective revaluation date. As they are set once every three years, they are not reflective of the current market over time but provide the Council with an equitable base for levying rates over that period.

Three-yearly revaluations include analysing and understanding each individual local market and examining recent sales to ensure our in-depth market knowledge. Market value levels are set for each individual property type by comparing sales to properties. Physical inspections of key properties add to the physical inspections already undertaken over the previous three years when properties have changed.

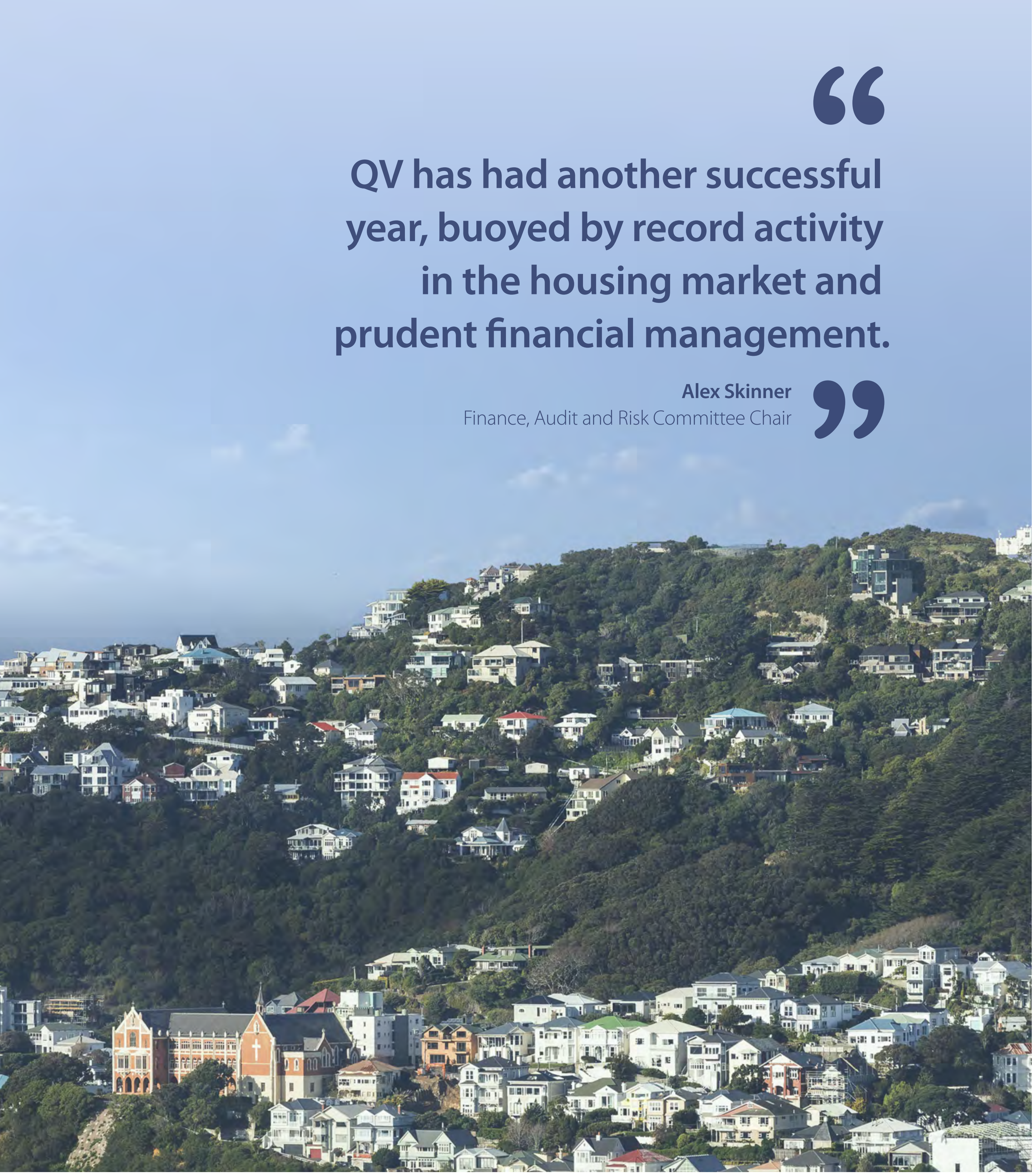
Our expert people are assisted by our continual investment in automated valuation models to confirm the accuracy of the market levels applied. The success of these models coming from attention to the increasing depth and quality of our property data. Using our world-class technology to track values and check for anomalies ensures the accuracy of our values. Where required, inspections of properties are undertaken and valuers investigate any anomalies, using their expertise and judgment to produce rating valuations which, prior to being released, must pass the independent audits undertaken by the regulator — the Office of the Valuer General.

We have a robust ongoing data maintenance process to capture all property updates, including building consents and subdivisions, and other changes to properties over time.

Property owners have the right to object to their rating valuation when they receive a new owner's notice. This is an important democratic mechanism for guaranteeing the integrity of the rating valuation system and ensuring continuous data quality.

Although they are not designed to be used for raising finance or as a guide for buying or selling property, the fact that many people use rating valuations for these purposes is testament to the trust and confidence put in them by the public and businesses.

We strive to continually provide an up to date equitable rating base for our Council customers. There are likely to be changes to the regulatory environment over the coming years. We look forward to working alongside our Council customers and the regulator to add to the breadth, depth and quality of data required for their future purposes.



> **QV has had another successful year, buoyed by record activity in the housing market and prudent financial management.**
>
> **Alex Skinner**
> Finance, Audit and Risk Committee Chair

Directors' responsibility statement

For the year ended 30 June 2021

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of the financial statements which give a true and fair view of the statement of financial position of Quotable Value Limited and its subsidiary ('QV') as at 30 June 2021 and the results of their financial performance, changes in equity and cash flows for the year ended 30 June 2021. QV comprises Quotable Value Limited and Quotable Value Australia Pty Limited.

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

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

The Directors are pleased to present the financial statements of QV for the year ended 30 June 2021.

This annual report is dated 25 August 2021 and is signed in accordance with a resolution of the Directors made pursuant to section 211(1)(k) of the Companies Act 1993.

For and on behalf of the Directors:

Gregory Fortuin – QV Board Chair

Alex Skinner – Finance, Audit and Risk Committee Chair

Dated 25 August 2021

Financial statements

For the year ended 30 June 2021

Statement of comprehensive income

For the year ended 30 June 2021

	Notes	2021 $NZ'000	2020 $NZ'000
Revenue			
Trading revenue	A.1	34,822	36,847
Interest revenue		7	20
Other income		55	54
Total revenue		**34,884**	**36,921**
Expenses			
Administration		559	971
Accounting, legal and consulting		491	1,169
Depreciation and amortisation	G, H, P	1,911	2,181
Finance and interest		63	60
Marketing		221	279
Occupancy		641	350
Operating	B.1	3,737	4,216
Other	B.2	1,878	2,153
Personnel expenditure	B.4	22,350	21,561
Total expenses		**31,851**	**32,940**
Profit before taxation		**3,033**	**3,981**
Income tax expense	C.1	857	1,109
Profit for the year		**2,176**	**2,872**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Translation of foreign operations		6	22
Other comprehensive income for the year net of tax		**6**	**22**
Total comprehensive income for the year		**2,182**	**2,894**

The accompanying notes form part of these consolidated financial statements

Statement of financial position

As at 30 June 2021

	Notes	2021 $NZ'000	2020 $NZ'000
Current assets			
Cash and cash equivalents	D	6,253	2,700
Trade and other receivables	E	5,688	4,822
Contract assets	F	3,035	2,364
Total current assets		**14,976**	**9,886**
Non-current assets			
Property and equipment assets	G	120	121
Goodwill	I	659	659
Intangible assets	H	5,510	6,413
Right-of-use-assets	P	3,990	3,255
Total non-current assets		**10,279**	**10,448**
Total assets		**25,255**	**20,334**
Current liabilities			
Contract liabilities	F	2,683	1,870
Trade and other payables	K	1,451	1,670
Employee entitlements	L	2,744	2,110
Provisions	M	3	78
Tax payable		654	66
Lease liabilities	P	586	669
Total current liabilities		**8,121**	**6,463**
Non-current liabilities			
Employee entitlements	L	146	122
Provisions	M	148	118
Lease liabilities	P	3,360	2,395
Deferred tax	C.3	449	387
Total non-current liabilities		**4,103**	**3,022**
Total liabilities		**12,224**	**9,485**
Net assets		**13,031**	**10,849**
Equity			
Issued capital	J.1	4,600	4,600
Foreign currency translation reserve	J.2	310	279
Retained earnings	J.3	8,121	5,970
Total equity		**13,031**	**10,849**

For and on behalf of the Board who authorised the issue of these financial statements on 25 August 2021.

Gregory Fortuin – QV Board Chair

Alex Skinner – Finance, Audit and Risk Committee Chair

Dated 25 August 2021

The accompanying notes form part of these consolidated financial statements

Statement of changes in equity

For the year ended 30 June 2021

	Notes	Issued capital NZ$'000	Retained earnings NZ$'000	Foreign currency translation reserve NZ$'000	Total shareholder's funds NZ$'000
Balance as at 1 July 2019		**4,600**	**3,370**	**225**	**8,195**
Profit for the year		-	2,872	-	2,872
Transfer	J.2	-	(32)	32	-
Other comprehensive income, net of tax		-	-	22	22
Total comprehensive income for the year		**-**	**2,840**	**54**	**2,894**
Dividends	J.3	-	(240)	-	(240)
Balance as at 30 June 2020		**4,600**	**5,970**	**279**	**10,849**
Profit for the year		-	2,176	-	2,176
Transfer	J.2	-	(25)	25	-
Other comprehensive income, net of tax		-	-	6	6
Total comprehensive income for the year		**-**	**2,151**	**31**	**2,182**
Dividends	J.3	-	-	-	-
Balance as at 30 June 2021		**4,600**	**8,121**	**310**	**13,031**

The accompanying notes form part of these consolidated financial statements

Statement of cash flows

For the year ended 30 June 2021

	Notes	2021 $NZ'000	2020 $NZ'000
Cash flows from operating activities			
Cash was provided from:			
Revenues from operations		35,048	36,421
Interest received		7	20
		35,055	**36,441**
Cash was applied to:			
Payments to employees and suppliers		30,435	31,079
Net GST paid/(received)		(51)	42
Interest paid		63	60
Income tax paid/(received)		209	207
		30,656	**31,388**
Net cash flows from operating activities	O	**4,399**	**5,053**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property and equipment assets		14	19
		14	**19**
Cash was applied to:			
Purchase of property and equipment assets & intangible assets		298	546
		298	**546**
Net cash flows from investing activities		**(284)**	**(527)**
Cash flows from financing activities			
Cash was applied to:			
Repayment of loan advance		-	1,780
Dividends paid		-	240
Repayment of lease liabilities		562	1,055
		562	**3,075**
Net cash flows from financing activities		**(562)**	**(3,075)**
Net increase (decrease) in cash and cash equivalents		3,553	1,451
Cash and cash equivalents as at 1 July		2,700	1,249
Cash and cash equivalents as at 30 June	D	**6,253**	**2,700**

The accompanying notes form part of these consolidated financial statements

Notes to the financial statements

For the year ended 30 June 2021

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

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

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

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

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

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

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

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

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

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

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

Estimates and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

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

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

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

Effective date	Standard
Annual reporting periods beginning on or after **1 January 2021.**	Interest Rate Benchmark Reform— Phase 2
Annual reporting periods beginning on or after **1 January 2022.**	Property, Plant and Equipment Proceeds before Intended Use
	Onerous Contracts—Cost of Fulfilling a Contract
	Annual Improvements to NZ IFRS 2018–2020
	Reference to the Conceptual Framework
Annual reporting periods beginning on or after **1 January 2023.**	NZ IFRS 17 Insurance Contracts
	Classification of Liabilities as Current or Non-current—Deferral of Effective Date
Annual reporting periods beginning on or after **1 January 2025.**	2019 Omnibus Amendments to NZ IFRS

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

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

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

A. Revenue

QV derives revenue through the provision of services such as rating and consultation services.

Rating services
Rating services provided include:

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

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

QV also provides various other services for Councils as required.

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

Other trading revenue
Database management services
The database management services require QV to maintain the data securely so that Councils can access the valuation data.

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

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

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

A.1 Summary of revenue

	2021 $NZ'000	2020 $NZ'000
Rating services	19,290	22,649
Consultancy services	12,781	11,491
Other trading revenue	2,751	2,707
	34,822	**36,847**

B. Expenses

B.1 Operating expenses

Individually significant items within operating expenses:

	2021 $NZ'000	2020 $NZ'000
Communication expenses	303	362
Computer operating expenses	2,882	3,313
Travel	222	211
Vehicle expenses	330	330
	3,737	**4,216**

B.2 Other expenses

Individually significant items within other expenses:

	2021 $NZ'000	2020 $NZ'000
Audit fees	171	203
Bad debts recovered	-	(3)
Bad debts written off	6	7
Allowance for expected credit losses raised during the period	-	82
Board expenses	221	233
Gain on disposal of assets	(14)	(3)
Other costs	1,494	1,634
	1,878	**2,153**

B.3 Auditors remuneration

Amounts paid or payable to:

	2021 $NZ'000	2020 $NZ'000
Audit New Zealand for:		
The audit of QV's financial statements	146	148
Recovery of audit fees from previous years	10	40
RSM Hayes for:		
The audit of the real estate trust accounts	15	15
	171	**203**

B.4 Personnel expenditure

	2021 $NZ'000	2020 $NZ'000
Personnel expenses	21,304	20,515
Superannuation contributions	602	611
Other personnel expenditure	444	435
	22,350	**21,561**

C. Income tax

C.1 Income tax expense

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

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

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

	2021 $NZ'000	2020 $NZ'000
Relationship between tax expense and accounting profit		
Profit from operations	3,033	3,981
Income tax expense at 28% (2020: 28%)	849	1,115
Plus/(less) tax effect of:		
Non-deductible expenditure	12	15
Prior period adjustment	-	1
Impact of tax rates in different jurisdictions (include rate change)	(4)	(5)
Other	-	(17)
Tax expense	**857**	**1,109**
Components of tax expense		
Current tax expense	795	245
Deferred tax	62	864
Tax expense	**857**	**1,109**

C.2 Imputation credit account

	2021 $NZ'000	2020 $NZ'000
Imputation credits available for use in subsequent periods	892	387
Franking credits – Quotable Value Australia Pty Limited	1,475	1,654

C.3 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

In accordance with NZ IAS 12 Income Taxes, a deferred taxation asset is recognised only to the extent that it is probable (i.e. more likely than not) that a future taxable profit will be available against which the asset can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Any reduction is recognised in the statement of comprehensive income.

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

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

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

Deferred tax summary

	2021 $NZ'000	2020 $NZ'000
Balance as at 1 July	(387)	477
Movements during the period	(62)	(864)
Balance as at 30 June	**(449)**	**(387)**

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

Deferred tax assets/(liabilities)

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

	Opening balance $NZ'000	Charged to income $NZ'000	Closing balance $NZ'000
For the year ended 30 June 2020:			
Gross deferred tax liabilities:			
Property, plant and equipment	(685)	(261)	(946)
Work in progress	(40)	(116)	(156)
	(725)	**(377)**	**(1,102)**
Gross deferred tax assets:			
Employee entitlements	277	80	357
Doubtful debt and impairment losses	-	22	22
Imputation credits converted to losses	-	-	-
Tax losses carried forward	730	(267)	463
Provisions	195	(322)	(127)
	1,202	**(487)**	**715**
	477	**(864)**	**(387)**

D. Cash and cash equivalents

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

	2021 $NZ'000	2020 $NZ'000
Cash at bank	6,253	2,697
Petty cash	-	3
	6,253	**2,700**

As at 30 June 2021, Quotable Value Australia Pty Limited hold a term deposit of $539,763 (2020: $532,178) that relate to the facility to be used to issue trade related guarantees or standby letters of credit. Refer to note T for information on the bonds contingent liabilities.

E. Trade and other receivables

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

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

	2021 $NZ'000	2020 $NZ'000
Trade receivables from contracts with customers	4,374	4,036
Allowance for expected credit losses	(78)	(78)
	4,296	**3,958**
Prepayments	1,107	221
Work in progress	281	643
Other	4	-
	5,688	**4,822**

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

Aged debtors schedule for QV

	Gross	Impairment	2021 $NZ'000 Net	Gross	Impairment	2020 $NZ'000 Net
Not past due	4,159	-	4,159	3,333	-	3,333
Past due 1-30 days	119	-	119	302	-	302
Past due 31-60 days	40	(37)	3	113	-	113
Past due 61+ days	56	(41)	15	288	(78)	210
Total trade receivables for the group	**4,374**	**(78)**	**4,296**	**4,036**	**(78)**	**3,958**

Movement in allowance for expected credit losses

	2021 $NZ'000	2020 $NZ'000
Balance at 1 July	78	-
Additional allowances made/(released) during the year	6	82
Bad debts recovered	-	3
Receivables written off during the period	(6)	(7)
Balance at 30 June	**78**	**78**

F. Contract assets/liabilities

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

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

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

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

	2021 $NZ'000	2020 $NZ'000
Balance at 1 July	**494**	**(380)**
Revenue recognised/(deferred)	(142)	874
Balance at 30 June	**352**	**494**
Current asset	3,035	2,364
Current liability	(2,683)	(1,870)
	352	**494**

G. Property and equipment assets

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

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

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

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

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

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

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

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

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

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

In the year ended 30 June 2021 there were no:

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

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

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

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

Movements of property and equipment assets
The following schedule shows the movements of property and equipment assets for the years ended 30 June 2021 and 2020:

	Leasehold improvements $NZ'000	Motor vehicles $NZ'000	Office equipment $NZ'000	Furniture & fittings $NZ'000	IT hardware $NZ'000	Total $NZ'000
Cost						
Balance as at 1 July 2019	**1,267**	**192**	**111**	**465**	**344**	**2,379**
Additions	-	-	2	22	-	24
Transfers	(4)	-	4	3	(42)	(39)
Disposals	(100)	(38)	(16)	(41)	(5)	(200)
Balance as at 1 July 2020	**1,163**	**154**	**101**	**449**	**297**	**2,164**
Additions	-	-	8	19	31	58
Transfers	-	-	(1)	1	-	-
Disposals	-	(56)	(11)	(22)	(9)	(98)
Balance as at 30 June 2021	**1,163**	**98**	**97**	**447**	**319**	**2,124**
Accumulated depreciation and impairment losses						
Balance as at 1 July 2019	**(1,254)**	**(187)**	**(102)**	**(399)**	**(236)**	**(2,178)**
Disposals	96	38	15	34	1	184
Transfers	4	-	(4)	(3)	42	39
Depreciation expense	(8)	(8)	(4)	(30)	(29)	(79)
Adjustment	-	3	-	(3)	(9)	(9)
Balance as at 1 July 2020	**(1,162)**	**(154)**	**(95)**	**(401)**	**(231)**	**(2,043)**
Disposals	-	56	11	21	9	97
Transfer	-	-	-	-	-	-
Depreciation expense	(1)	-	(2)	(25)	(30)	(58)
Balance as at 30 June 2021	**(1,163)**	**(98)**	**(86)**	**(405)**	**(252)**	**(2,004)**
Net book value						
As at 1 July 2019	**13**	**5**	**9**	**66**	**108**	**201**
As at 30 June 2020	**1**	**-**	**6**	**48**	**66**	**121**
As at 30 June 2021	**-**	**-**	**11**	**42**	**67**	**120**

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

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

H. Intangible assets (finite life)

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

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset.

Staff training costs are recognised as an expense when incurred.

Costs of maintaining computer software are recognised as an expense when incurred.

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

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

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

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

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

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

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

There were no:

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

Movements of intangible assets
The following schedule shows the movements of intangible assets for the years ended 30 June 2021 and 2020:

	Computer software $NZ'000	QIVS $NZ'000	Work-in-progress $NZ'000	Monarch $NZ'000	Total $NZ'000
Cost					
Balance as at 1 July 2019	**5,692**	**5,971**	**222**	**7,914**	**19,799**
Additions	-	-	577	1	578
Transfers	613	-	(744)	170	39
Disposals	(490)	-	-	-	(490)
Balance as at 30 June 2020	**5,815**	**5,971**	**55**	**8,085**	**19,926**
Additions	227	-	16	-	243
Transfers	18	-	(18)	-	-
Disposals	(150)	(1)	-	-	(151)
Balance as at 30 June 2021	**5,910**	**5,970**	**53**	**8,085**	**20,018**
Accumulated amortisation and impairment losses					
Balance as at 1 July 2019	**(4,893)**	**(5,949)**	**-**	**(1,883)**	**(12,725)**
Disposals	490	-	-	-	490
Transfers	(39)	-	-	-	(39)
Amortisation	(392)	(14)	-	(832)	(1,238)
Adjustments	6	(6)	-	(1)	(1)
Balance as at 30 June 2020	**(4,828)**	**(5,969)**	**-**	**(2,716)**	**(13,513)**
Disposals	149	1	-	-	150
Transfer	-	-	-	-	-
Amortisation	(516)	(2)	-	(626)	(1,144)
Balance as at 30 June 2021	**(5,195)**	**(5,970)**	**-**	**(3,342)**	**(14,508)**
Net book value					
As at 1 July 2019	**799**	**22**	**222**	**6,031**	**7,074**
As at 30 June 2020	**987**	**2**	**55**	**5,369**	**6,413**
As at 30 June 2021	**715**	**-**	**53**	**4,743**	**5,510**

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

Work-in-progress in the table above relates to investment in QV's website. This will be allocated to specific capital items in software on completion.

I. Goodwill

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

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

The following schedule shows the movements of goodwill for the years ended 30 June 2021 and 2020.

	2021 $NZ'000	2020 $NZ'000
Gross carrying amount		
Balance as at 1 July	10,007	10,007
Balance as at 30 June	**10,007**	**10,007**
Accumulated impairment losses		
Balance as at 1 July	(9,348)	(9,348)
Impairment loss for year	-	-
Balance as at 30 June	**(9,348)**	**(9,348)**
Net book value as at 1 July	659	659
Net book value as at 30 June	**659**	**659**

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

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

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

The carrying value of the goodwill in the QV CGU of $659k (2020: $659k) comprises two components being: an amount of $159k (2020: $159k) which relates back to the acquisition of the valuation business from Valuation New Zealand in 1999; and an amount of $500k which relates to the transfer of the rural business from Darroch Limited (to Quotable Value Limited) in 2014.

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

- Cash Flows were projected based on a 3-year business plan as approved by the Board of Directors;
- Cash Flows beyond a three-year period have been extrapolated using a growth rate of 2% (2020: 2%) which reflects long term inflation expectations; and
- A discount rate of 11.5% (2020: 11.5%) per annum has been applied to the cash flows.

J. Share capital and reserves

J.1 Issued capital

QV has capital of $4.6 million (2020: $4.6 million) of issued ordinary shares which confer on the holders the right to vote at any general meeting of shareholders. This consists of 4,600,000 (2020: 4,600,000) authorised ordinary shares.

J.2 Foreign currency translation reserve

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

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

	2021 $NZ'000	2020 $NZ'000
Balance as at 1 July	**279**	**225**
Arising on translation of foreign operations	6	22
Transfer to retained earnings	25	32
Balance as at 30 June	**310**	**279**

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

J.3 Retained earnings and dividends

	2021 $NZ'000	2020 $NZ'000
Balance as at 1 July	**5,970**	**3,370**
Profit for the year and attributable to the equity holders	2,176	2,872
Transfer from Foreign Currency Translation Reserve	(25)	(32)
Dividends paid during the year	-	(240)
Balance as at 30 June	**8,121**	**5,970**

No dividends were paid during the year (2020: dividends of 5.2 cents per share were declared and paid to holders of fully paid ordinary shares).

K. Trade and other payables

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

	2021 $NZ'000	2020 $NZ'000
Trade payables	660	752
Income in advance	210	202
Accruals	153	339
GST payable	428	377
	1,451	**1,670**

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

L. Employee entitlements

Short-term employee entitlements

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

Long-term employee entitlements

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

Holiday pay

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

Superannuation schemes

Defined contribution schemes

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

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

Employee entitlements consists of:

	2021 $NZ'000	2020 $NZ'000
Holiday pay accrual	934	798
Accrued salaries and wages	1,665	1,249
Other employee entitlements	291	185
	2,890	**2,232**
Current	2,744	2,110
Non-current	146	122
	2,890	**2,232**

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

Expected future payments are discounted using discount rates prescribed by Treasury and calculated as at 30 June 2021. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A salary inflation factor of 2.5% (2020: 2.5%) was used.

M. Provisions

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

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

Specific provisions

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

The following schedule shows the movements in the provision for the years ended 30 June 2021 and 2020:

Movement in provisions	Make good $NZ'000	Total $NZ'000
Gross carrying amount		
Balance as at 1 July 2020	**196**	**196**
Amounts reversed	(17)	-
Amounts provided	-	-
Amounts utilised	(28)	-
Balance as at 30 June 2021	**151**	**196**

	2021 $NZ'000	2020 $NZ'000
Current	3	78
Non-current	148	118
	151	**196**

N. Subsidiaries

Business combinations

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

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

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

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

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

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

QV's subsidiary conforms with QV's accounting policies.

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

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

Name of company	Percentage of holding at balance date		Principal activities	Country of domicile and incorporation	Balance date
	2021	2020			
Quotable Value Australia Pty Limited	100	100	Property Valuation	Australia	30 June

O. Reconciliation of profit for the period to net cash flows from operating activities

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

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

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

	2021 $NZ'000	2020 $NZ'000
Profit for the year	**2,176**	**2,872**
Depreciation	59	79
Depreciation of right-of-use asset	709	864
Amortisation of intangible assets	1,144	1,238
Impairment expense	-	-
Foreign exchange movement	6	22
Movement in provision for doubtful debts	-	78
Gain on sale of property and equipment	(14)	(3)
Deferred tax	61	864
Recognition of revenue (net)	142	(874)
Changes in net assets and liabilities		
- Decrease (increase) in receivables	(866)	473
- Increase (decrease) in payables	(269)	(413)
- Increase (decrease) in provisions	(45)	(112)
- Increase (decrease) in employee entitlements	658	(31)
- Increase (decrease) in GST payable/receivable	51	(42)
- Increase (decrease) in tax payable	587	38
Net cash flows from operating activities	**4,399**	**5,053**

P. Right-of-use asset & leases

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

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

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

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

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

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

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

	Right-of-use assets $NZ'000
Cost	
Balance as at 30 June 2019	**4,119**
Additions	-
Disposals	-
Other adjustments	-
Balance as at 30 June 2020	**4,119**
Additions	1,652
Disposals	(619)
Other adjustments	(175)
Balance as at 30 June 2021	**4,977**

	Right-of-use assets $NZ'000
Accumulated depreciation	
Balance as at 30 June 2019	**-**
Depreciation	(864)
Disposals	-
Balance as at 30 June 2020	**(864)**
Depreciation	(709)
Disposals	619
Other adjustments	(33)
Balance as at 30 June 2021	**(987)**
Carrying amount	
At 30 June 2020	**3,255**
At 30 June 2021	**3,990**

The average lease term is 4 years (2020: 4.7 years).

Amounts recognised in profit and loss	2021 $NZ'000	2020 $NZ'000
Depreciation	709	864
Interest expense on lease liabilities	63	12
Expense relating to short-term liabilities	815	329
Expense relating to leases of low value assets	265	46

Lease liabilities	2021 $NZ'000	2020 $NZ'000
Current	586	669
Non-current	3,360	2,395
	3,946	**3,064**

Maturity analysis	2021 $NZ'000	2020 $NZ'000
Year 1	586	669
Year 2	604	485
Year 3	582	478
Year 4	554	435
Year 5	501	372
Onwards	1,119	625
	3,946	**3,064**

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

Q. Related party information

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

		2021 $NZ'000	2020 $NZ'000
Gregory Fortuin	Director's fees	44	39
	Accounts payable	-	-
Agribusiness NZ	Director's fees	22	23
	Accounts payable	-	4
Alex Skinner Limited	Director's fees	22	14
	Accounts payable	-	2
Burton Partners	Director's fees	23	19
	Accounts payable	2	-
Marcon Holdings Limited	Director's fees	22	26
	Accounts payable	-	2
Multorum Limited	Director's fees	22	15
	Accounts payable	-	6
PJ Consulting Limited	Director's fees	27	23
	Accounts payable	-	2
Suzanne Tindal	Director's fees	22	3
	Accounts payable	-	-
Driller Holdings Pty Limited	Director's fees	4	4
Egan National Valuers	Service fees	14	24
Kim Wallace Limited	Director's fees	-	27

There are no guarantees to or from any related parties. All transactions with parties related to directors were in relation to directors' fees and the performance of director duties.

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

Purchases from related parties are made at terms equivalent to those that prevail on commercial terms. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There are no guarantees provided or received for any related party receivable or payable. There is no provision held against receivables from related parties (2020: Nil).

At balance date Quotable Value Australia Pty Limited had a balance payable to Quotable Value Limited of $248k (2020: $228k) for expenses charged by Quotable Value Limited. All transactions were at market prices and on normal commercial terms.

No related party balances have been written off or impaired during the year (2020: Nil).

Q.3 Share ownership

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

Q.4 Compensation of key management personnel

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

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

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

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

Fixed remuneration

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

Short-term incentives

Short-term incentives are annual at risk payments designed to motivate and reward for performance in that financial year. The target value of the short-term incentive is a dollar value. For 2021 the relevant target for the CEO was 18.75% of base salary, for all other Executives it was 9% to 17%.

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

There are no long term incentives within the business.

	FY2021 weighting %	Measure
Commercial Success (shared)	50%	EBITDA
People (shared)	20%	Employee engagement
Strategic Priority (individual)	30%	Specific targets

Key performance indicators can have a five-point rating scale ranging from 'minimally achieved' to 'exceeded' performance levels. However, the total annual short-term incentive cannot exceed 100%. The Board retains the discretion to ensure the final outcome of the annual short-term inventive fairly reflects the individual's performance over the financial year.

Chief Executive's remuneration

	Salary[1] $NZ'000	Benefits $NZ'000	Short-term incentive $NZ'000	Total remuneration $NZ'000
FY2021	**418**	**17**	**38**	**473**
FY2020	397	81	34	512

[1] Salary includes holiday pay paid as per NZ legislation.

In line with the NZ government COVID-19 initiative, the CEO's salary and short term incentive was reduced by 20% from 1 May 2020 to 31 October 2020.

Executive remuneration

	Salary[2] $NZ'000	Benefits $NZ'000	Termination benefits $NZ'000	Short-term incentive $NZ'000	Total remuneration $NZ'000
FY2021	**1,022**	**55**	**-**	**80**	**1,157**
FY2020	893	46	106	81	1,126

[2] Salary includes base salary and annual leave payments.

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

R. Borrowings

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

Borrowing costs

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

Bank facilities

	2021 $NZ'000	2020 $NZ'000
Westpac New Zealand		
Overdraft facility:		
- Facility limit	1,000,000	1,000,000
- Facility used	-	-
- Available facility	1,000,000	1,000,000
Money Market Loan facility:		
- Facility limit	3,500,000	4,500,000
- Facility used	-	-
- Facility available	3,500,000	4,500,000

The loan facility is made available only subject to the terms of an unsecured negative pledge and expires on 30 September 2022.

At balance date there is a business MasterCard facility of $71,500 (2020: $71,500), with a limit of $10,000 (2020: $71,500) of which $5,788 has been used (2020: $3,005).

S. Financial instruments

Recognition and measurement

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

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

Financial assets

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

Classification of financial assets

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

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

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

Amortised cost and effective interest method

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

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

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

Interest income is recognised in profit or loss.

Impairment of financial assets

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

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

QV has recognised a loss allowance in the current year of $78k (2020: $78K).

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

Definition of a default

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

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

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

Credit-impaired financial assets

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

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

Measurement and recognition of expected credit losses

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

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

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

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

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

Derecognition of financial assets

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

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

Classification as debt or equity

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

Equity instrument

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

Financial liabilities

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

Derecognition of financial liabilities

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

Currency risk

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

Sensitivity analysis

As at 30 June 2021, if the NZD had strengthened by 10% against the AUD with all other variables held constant, the profit for the year would have increased by $25,168. If the NZD had weakened by 10% against the AUD the profit would have decreased by $20,284.

Credit risk

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

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

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

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

Liquidity risk

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

	2021 $NZ'000	2020 $NZ'000
Financial assets at amortised cost		
Cash and cash equivalents	6,253	2,700
Trade and other receivables (excluding prepayments)	4,581	4,601
Total financial assets at amortised cost	**10,834**	**7,301**
Financial liabilities at amortised cost		
Creditors and other payables (excluding GST payable and Income in advance)	813	1,091
Total financial liabilities at amortised cost	**813**	**1,091**

T. Contingent liabilities

The following contingent liabilities have been identified:

Bonds

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

	2021 $NZ'000	2020 $NZ'000
Rental bonds	99	161
Contract performance bonds	606	629
Total bond value	**705**	**790**

Professional indemnity claims

QV is not currently subject to any professional indemnity claims.

Legal claims

There are no legal claims outstanding. (2020: Two valuers had their cases reviewed by the Valuer Registration Board. The majority of the exposure was for legal fees and fines. No provision was recognised).

U. Contingent assets

There are no contingent assets in the current year (2020: Nil).

V. Commitments

Leases payable	2021 $NZ'000	2020 $NZ'000
Non-cancellable operating lease commitments:		
- Not later than one year	253	248
- Later than one year and not later than five years	114	349
- Later than five years	-	-
Total commitments	**367**	**597**

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

W. Capital management

QV's capital is equity. Equity comprises accumulated funds and other reserves and is represented by net assets. Borrowings are held with the bank as outlined in note R (QV has not utilised any of the borrowing facilities as at 30 June 2021).

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

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

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

X. Events after the reporting period

After the end of the financial year, the New Zealand Government moved the country to COVID-19 Alert Level 4 and the Government of New South Wales, Australia, announced additional COVID-19 lockdown restrictions. At the date this Annual Report was approved by the Directors, the New Zealand Alert Level 4 restrictions remain in place, as do the stricter lockdown requirements in New South Wales.

These lockdowns have created some uncertainties, however, the Directors are of the view that QV is in a strong financial position and is putting measures in place to mitigate the potential impact of the lockdowns.

Other than the above, there were no events after balance date which required adjustments or disclosures to be made in the financial statements.

Statutory information

For the year ended 30 June 2021

A. Directors' remuneration

During the year directors of QV were paid the following:

Director	Period	Board	2021 $NZ'000	2020 $NZ'000
Gregory Fortuin *Appointed Chair 21 August 2019*	Full year	Quotable Value Limited	44	39
Paula Jackson *Appointed 1 November 2016, Appointed Deputy Chair 1 June 2020*	Full year	Quotable Value Limited	27	23
Conor English *Appointed 1 May 2018 Term ends 31 July 2021*	Full year	Quotable Value Limited	22	23
Joanne Conroy *Appointed 1 November 2018 - QV, December 2018 - Darroch[1]*	Full year	Quotable Value Limited	22	23
	Partial year	Darroch Limited[1]	-	3
Hon Mark Burton *Appointed 21 August 2019*	Full year	Quotable Value Limited	23	19
Alex Skinner *Appointed 13 November 2019*	Full year	Quotable Value Limited	22	14
Mads Moller *Appointed 13 November 2019*	Full year	Quotable Value Limited	22	15
Suzanne Maree Tindal *Appointed 1 May 2020 - QV, Appointed 1 May 2020 - QVA*	Full year	Quotable Value Limited	22	3
	Full year	Quotable Value Australia Pty Limited	-	-
Jacquie Barker *Appointed 1 May 2011*	Full year	Quotable Value Australia Pty Limited	-	-
Ben Driller *Appointed 1 July 2013*	Full year	Quotable Value Australia Pty Limited	4	4

[1] Darroch Limited was amalgamated into Quotable Value Limited from 1 November 2019, as such, all existing directorships ended on this date.

In line with the NZ government COVID-19 initiative, the Directors' took a fee reduction of 20% from 1 May 2020 to 31 October 2020.

B. Employees' remuneration

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

	Group	
	2021	2020
$100,000 - $109,999	13	6
$110,000 - $119,999	6	4
$120,000 - $129,999	5	10
$130,000 - $139,999	4	6
$140,000 - $149,999	6	2
$150,000 - $159,999	2	3
$160,000 - $169,999	2	4
$170,000 - $179,999	2	1
$180,000 - $189,999	1	1
$190,000 - $199,999	4	2
$200,000 - $209,999	4	1
$210,000 - $219,999	-	5
$220,000 - $229,999	3	1
$230,000 - $239,999	2	3
$240,000 - $249,999	-	1
$250,000 - $259,999	-	1
$270,000 - $279,999	2	-
$450,000 - $459,999	1	-
$530,000 - $539,999	-	1

C. Interests register

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

Gregory Fortuin	Chair/Director, Amanah Trust Management (NZ) Limited
	Chair/Director, Amanahnz Kiwisaver Limited
	Chair, Plain English Awards
	Ethnic Advisor, NZ Police Commission
	Strategic Adviser, NZ Police Commission (appointed 9 October 2020)
	Director/Trustee, Salvation Army NZ Governance Board (Appointed 23 February 2021)
Paula Jackson	Owner/Director, Paula Jackson Consulting Limited
	Director, Airways Corporation of New Zealand Limited
	Trustee, Ruamahunga Health Trust
	Shareholder, Martinborough Properties Limited
	Director, Mercer (N.Z.) Limited
	Advisory Chair, My Trucking Limited
	Non-Executive Director – Marsello Limited
	Independent Director, Whosonlocation Limited (resigned 2 March 2021)

Conor English	Chair, Agribusiness New Zealand Limited
	Director, GMP Pharmaceuticals Limited
	Chair, QEX Logistics Limited (resigned 18 February 2021)
	Director, Silvereye Communications Limited
	Director, New Zealand E-Sports Federation Inc.
	Director, Cannasouth Limited
	Director, Fiber Fresh GP Limited
Joanne Conroy	Director, Dunedin Venues Management Limited
	Director, Queenstown Lakes Community Housing Trust Developments Limited
	Director, Queenstown Lakes Community Housing Property Portfolio Limited
	Director & Shareholder, QDC Services Limited
	Director & Shareholder, Marcon Holdings Limited
	Chair, Westland Holdings Limited
	Trustee St John New Zealand Priory Chapter
	Deputy Chair, South Island Trust Board St John (resigned 31 August 2020)
	Chair, Sky City Queenstown Community Trust
	Destination Westland Limited
	Member of the Economic Development Committee for the Westland District Council (appointed 9 November 2020, resigned 22 June 2021)
	Executive Officer for the Whakatipu Wildlife Trust (appointed 5 July 2021)
Hon Mark Burton	Partner, Burton Partners
	Member, UNDP GPN Experts Roster for Rapid Response
Alex Skinner	Trustee & Chair Otautahi Community Housing Trust
	Director & Chair Otautahi Community Housing Development GP Ltd
	Director Alex Skinner Ltd
	Director Anchorage Trustee Services Ltd
	Trustee, Dream, Believe, Succeed Foundation
	National Board Member Royal NZ Plunket Society
	Director, Effectus Limited
	Trustee, Loyal Canterbury Lodge Investment Fund
	Director, Wild in Art NZ Limited
	Independent Director Christchurch City Holdings Limited

Mads Moller	Director & shareholder, Multorum Limited
	Director & Chair, Limpidity Limited
	Director, Webtools Limited (resigned 9 October 2020)
	Director, Thinclab Limited
	Director, AVA Limited (resigned 30 August 2020)
	Director, Vertical Group APS
	Director, Avetec Inc. (resigned 30 August 2020)
	Director, London & Cambridge Limited
	Director UC Business School
	Director Webtools Software Limited
	Director Skilitics Limited
	Director VMC Limited
	Director Fortun A/S (Denmark)
	Director Forward Limited (UK)
	Director SylSems Limited (UK)
	Director Excitor Limited (UK)
	Director Vigilante A/S (Denmark)
	Director Procon A/S (Norway)
	Director Protrego Inc (USA)
	Chair, Orb Viz Limited (appointed 1 December 2020)
	Director, Orbica Limited (appointed 1 December 2020)
	Director, 2IQ Limited (appointed 1 February 2021)
	Director, State 3 Limited (appointed 1 April 2021)
	Director, Story Tracks Limited (appointed 1 April 2021)
Suzanne Tindal	Chair, Advisory Board Lagorn Group Limited
	Board Deputy Chair, New Zealand Infrastructure Commission (Te Waihanga)
	Chair of Audit & Risk Committee, New Zealand Infrastructure Commission (Te Waihanga)
	Trustee, Hayson Family Trust
	Trustee, Swinkels Family Trust
	Independent Chair of the Hutt City Council Audit & Risk Committee
	Tauranga City Council Code of Conduct Committee (resigned 23 February 2021)
	Independent Director & Chair, Brosnan Holdings Limited (appointed 1 December 2020)
	Independent Director & Chair, Brosnan Construction Limited (appointed 1 December 2020)
	Independent Director & Chair, Bettabuilt NI Limited (appointed 1 December 2020)
	Independent Director, Brosnan Limited (appointed 1 December 2020)
Jacquie Barker (QVA)	Director, LRB Investments Limited
Ben Driller (QVA)	Director, Egan Australasia Pty Limited

D. Donations

No donations were made by QV during the year ended 30 June 2021 (2020: None).

E. Actual achievements

Ratio of consolidated shareholder's funds (equity) to total assets

Group position	2021 $NZ'000 Actual	2022 $NZ'000 SCI	2023 $NZ'000 SCI	2024 $NZ'000 SCI
Consolidated shareholder's funds (equity)	13,031	13,304	14,091	14,195
Total assets	25,255	23,370	22,510	22,764
Ratio	51.60%	56.93%	62.60%	62.36%

Statement of key performance indicators

For the year ended 30 June 2021

Financial performance indicators

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

Specified financial performance	Group Actual 2021	SCI Target 2021	Group Actual [1] 2020
Revenue ($000's)	34,884	30,870	36,921
EBITDA ($000's)	5,007	1,891	6,202
Profit after tax, impairment & amortisation before capital gains & dividend ($000's)	2,176	(520)	2,872
Profit after taxation & impairment/revenue	6.24%	(1.68%)	7.79%
EBIT/tangible assets	24.08%	(4.85%)	46.29%
Interest cover (EBITDA/interest)	55.2	(3.2)	100.5
Shareholder's return	9.95%	(4.85%)	11.52%
Dividend yield	0%	0%	1.15%
Dividend payout	0%	0%	8.89%
Gross margin	46.00%	44.57%	47.61%
Operating margin (EBITDA/Revenue)	14.35%	6.12%	16.85%
Current ratio	184.41%	146.82%	152.96%
Net debt/net debt + equity ratio (max 30%) gearing ratio[2]	(21.51%)	11.65%	3.25%
Return of equity	18.27%	(5.18%)	30.39%
Return on capital employed (EBIT/ave debt + equity)	18.72%	(5.08%)	30.45%

Other performance indicators	Actual 2021	SCI Estimate	Actual 2020
Corporate valuation[3]	$24.4m	$20.9m	$20.9m

[1] Certain results disclosed for 2020 do not agree to the 2020 Annual Report. Where appropriate, comparative results were updated to be comparable with the 2021 results.

[2] The result is a negative ratio as the group did not have an outstanding debt balance at year end.

[3] Based on an independent valuation carried out by Deloitte.

Non-financial performance indicators

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

Non-financial performance indicators	Group Actual 2021	SCI Target 2021	Group Actual[4] 2020
Customer			
Customer Net Promotor Score[5]	51	48-52	53
Data and insights freely available on a quarterly basis	4	4	Achieved
Valuation Education available during revaluation period	Yes	Yes	Achieved
Brand Credibility[6]			
QV provides independent information	77%	74%	76%
QV's information is trustworthy	65%	70%	69%
People			
Health and Safety Prequal[7]	5 star	5 star	5 star
Employee Net Promoter Score[8]	+32	+20	+42
Governance			
Audit ESCO Grade[9]	Very good	Good	Good

Notes

[4] Certain results disclosed for 2020 do not agree to the 2020 Annual Report. Where appropriate, comparative results were updated to be comparable with the 2021 results.

[5] Customer NPS is a 12 month rolling average measured by asking customers to rank from 0 - 10 whether they would recommend QV to others. The NPS is the difference between the percentage that rank QV a 9 or a 10 (promotors) less the percentage that rank QV a 0 to 6 (detractors). A survey conducted annually by Colmar Brunton, sent to 184 customer contacts.

[6] Brand credibility, including brand awareness is measured through an annual independent survey carried out by Colmar Brunton.

[7] Health and Safety Prequal result is measured through an annual independent survey carried out by +Impac Prequal.

[8] Employee NPS is measured by asking employees to rank from 0 – 10 whether they would recommend QV as a good place to work. The eNPS is the difference between the percentage that rank QV a 9 or a 10 (promotors) less the percentage that rank QV a 0 – 6 (detractors), providing a score between -100 and +100.

[9] Result graded independently by Audit New Zealand.

Statement of corporate governance

Financial statements

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

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

Board of directors

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

The Group had 8 full Board meetings during the year. Most full Board meetings take place in Auckland, with the ability to join the meeting video or conference call. In conjunction with these meetings, the Board and executive management team usually meet once a year to review the Group's strategy and progress.

Subsidiary company

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

Internal control

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

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

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

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

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

Committees of the board

The Company had two standing committees during the year. They were:

1. The Finance, Audit and Risk Committee
The Finance, Audit and Risk Committee comprised Alex Skinner (Chair - appointed 1 May 2020), Conor English (appointed 11 June 2019) and Suzanne Tindal (appointed 1 May 2020). The purpose of this committee is to oversee the financial management, external and internal audit functions and the overall risk management of the Group. The committee usually meets at least four times per year.

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

Director development

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

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent auditor's report

To the readers of Quotable Value Limited's group financial statements for the year ended 30 June 2021

The Auditor-General is the auditor of Quotable Value Limited and its New Zealand domiciled subsidiaries and other controlled entities (collectively referred to as "the Group"). The Auditor-General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group on pages 22 to 55, 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.

In our opinion the financial statements of the Group:

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

Our audit was completed on 25 August 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, we comment on other information, and we explain our independence.

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements

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

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 21, 56 to 64 and 69, but does not include the financial statements, and our auditor's report thereon.

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

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

Independence

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

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

KSMacKenzie

Karen MacKenzie
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Directory

For the year ended 30 June 2021

Gregory Fortuin	Director (Chair)
Paula Jackson	Director (Deputy Chair; People and Culture Committee Chair)
Conor English	Director
Joanne Conroy	Director
Hon. Mark Burton	Director
Alex Skinner	Director (Finance, Audit and Risk Committee Chair)
Mads Moller	Director
Suzanne Tindal	Director

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

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

QV.co.nz