

Annual Report 2023

Pūrongo ā-tau



Karakia

As a proud Aotearoa New Zealand business, it is our duty and privilege to respect and protect our Māori culture. We regularly use the following karakia, which strongly reflects our values, to open our meetings.

Kia horo ta marino
Kia whakapapa pounamu te moana
Hei huarahi mā tātou i te rangi nei
Aroha atu, aroha mai
Tātou i a tātou katoa
Hui e! Tāiki e!

May peace be widespread
May the sea be like greenstone
A pathway for us all this day
Let us show respect for each other
For one other
Bind us all together





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Letter from the Chair

He reta pōwhiri nā te Tiamana



Welcome to our report of the 2022/23 year.
Nau mai ki tā mātou tirohanga rāpopoto o te tau 2022/23.

Once again, it is my pleasure to present our achievements for the financial year. This year we have taken the first steps to provide an integrated annual report. We want to provide a more structured and holistic understanding of the resources available to us and how these are nurtured and used to produce value for all our stakeholders.

We take our responsibility as custodians of over \$2.9 trillion of property valuations very seriously. We have made progress on our strategic initiatives, including our market-leading real time values for residential, lifestyle and rural properties, enriching our customers' and their customers' experience with new support products, and developing our partnering and relationships. We remain committed to ongoing investment in our people, technology and processes, to ensure we are future fit.

The recent weather events have drawn attention to the challenges of climate change facing us all. This year we measured our carbon footprint for the first time and announced our participation in the Carbon Neutral Government Programme. We are working on identifying and implementing initiatives to reduce our carbon emissions over the coming years.

This year was greatly influenced by increased economic volatility, extreme weather events, and a severe downturn in the property market. Notwithstanding the market downturn, we have been extremely busy with a large programme of statutory valuation work across the motu, coupled with our people providing property management and valuation services to storm ravaged communities.

We are very proud to have achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of \$4.7m and 33% above our previous year's result and well ahead of our Statement of Corporate Intent. This reflects a remarkably strong finish to what I know has been a marathon year for every part of our business. Profit after tax was \$2.1m, which was 83% above last year's outcome. We were also pleased to be able to return a dividend to our shareholder above the amount budgeted in our Statement of Corporate Intent.

We could not have achieved our outstanding results, financial and non-financial, without our people. To all members of our QV whānau, I offer my heart-felt appreciation for all your hard mahi and commitment to our customers over the past year. Ngā mihi, too, to our leadership team and my fellow Board members, including outgoing Deputy Chair Paula Jackson who left us after six and a half years on the QV Board.

I am proud of our achievements this year and am very excited about continuing with you all on this great journey together.

Kia ora rawa atu.

Peace and Grace.

Gregory Fortuin
 Chair





Chief Executive Update

Te Pūrongo a te Tumu Whakarae



Together, we will succeed.
Mā tōu rourou, mā tōku rourou ka ora tātou!

This whakataukī, or Māori proverb, has never been more appropriate than it is right now, as we look back on what has been another challenging, but also incredibly successful year for our business.

Despite economic and regulatory headwinds, extreme weather events, and capacity constraints across the property valuation profession as a whole, we have delivered 626,000 rating valuations with a combined value of \$6 billion across 22 territorial authorities in Aotearoa New Zealand. Our QV Australia team has also delivered more than 815,000 annual values in New South Wales, including the large contract of the Sydney CBD that produces around 80% of the land tax revenue in the State.

A key strategic priority this year has been the development of a new operating model that will support our future alongside the continuation of our real time values programme of work. This evolution will harness our talent, data and technology to lift our capacity and capability, providing a future fit foundation across our entire business.

We have also continued to invest in wider, deeper, more timely data sets, making greater use of automation and artificial intelligence, and added additional resource in key areas. That includes our technology team and leadership to drive new revenue streams, as well as a substantial increase in the number of registered valuers. We also have more than 30 being mentored and guided towards registration in our highly successful graduate programme.

With extensive customer research completed this year, we have been concentrating on our customers' experience and addressing opportunities for improvement. We have been duly rewarded for these initiatives with our customer

Net Promoter Score increasing to +72 (on a scale of -100 to +100).

Our health and wellbeing programme continues to be well received, alongside some new initiatives, including the extension of Parental Leave entitlements. Although a demanding year, with many competing demands, our people have been extremely engaged and our employee Net Promoter Score this year was an outstanding +43 with an 85% participation rate.

Our QV whānau were also recognised at this year's Property Institute of New Zealand Industry Awards. QV was highly commended in the Large Professional Business of the Year Award, QV valuer Blake Ngarimu was a Future Leader Award finalist, and Ken Taylor won the prestigious John M Harcourt Memorial Award for his many outstanding achievements over a career that has spanned more than 45 years.

Whakamihi and congratulations to every single member of our QV whānau for all of our many successes this year. I am grateful for your continued hard mahi and dedication, and look forward to what will be our silver jubilee year ahead, marking 25 successful years since QV was first established as a Crown-owned company. Together, we help all New Zealanders prosper.

Ngā manaakitanga,

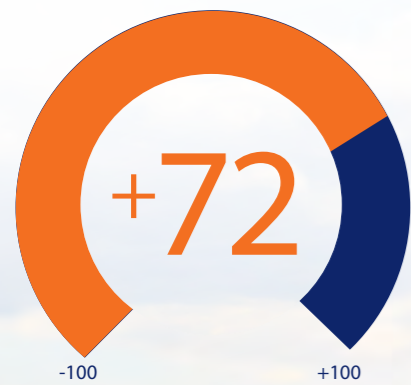
Jacquie Barker
 Chief Executive Officer

Our Business Overview

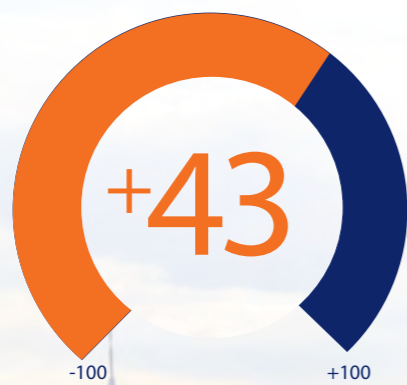
A Tātou Mahi



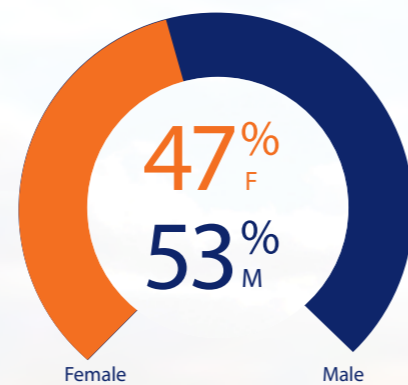
Customer Net Promotor Score



Employee Net Promotor Score



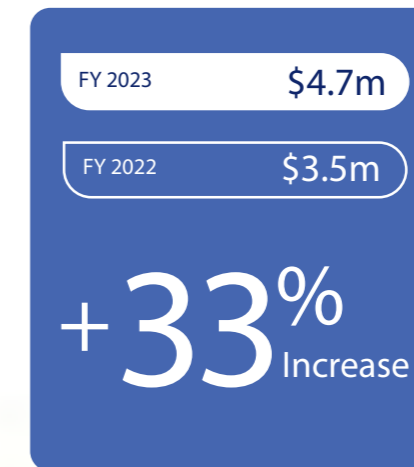
Leading Industry diversity



Trading Revenue



EBITDA



Profit for the year



A team of over **300** based in New Zealand and NSW, Australia



The largest property graduate programme in Aotearoa, New Zealand



Responsible for valuing **2.4 million** properties in Aotearoa and NSW, with a combined value of

\$2.9 trillion



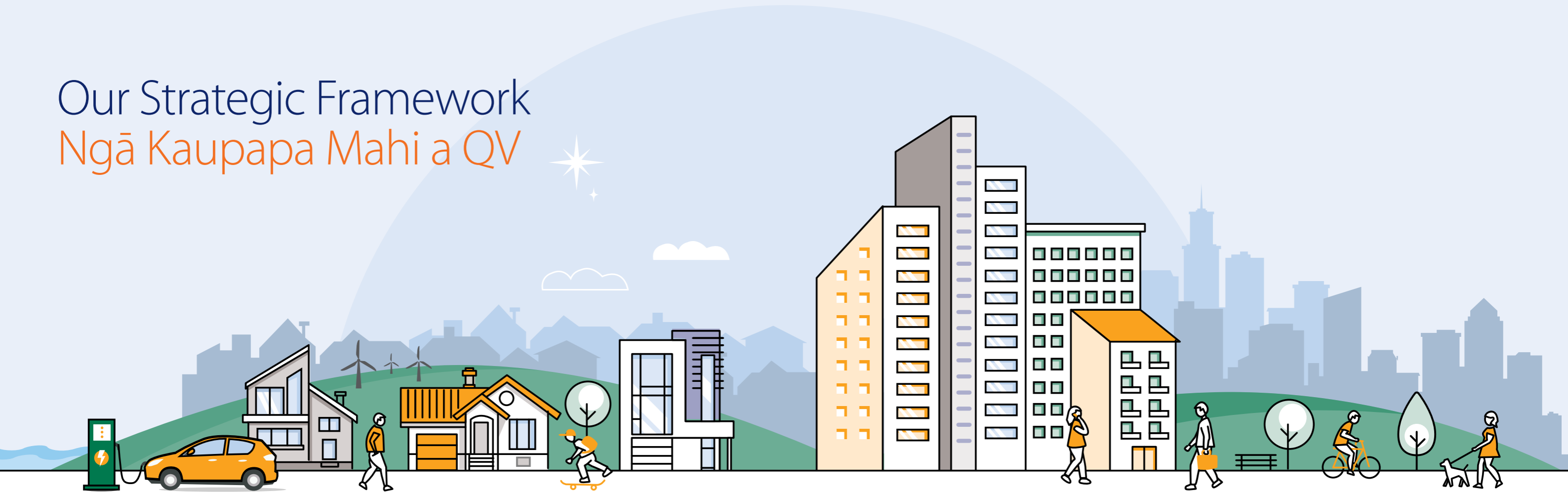
In 2023 we valued **58,000** building consents and **58,750** subdivisions



1.4m+ properties were re-valued for **46** Councils and Local Government Areas



Our Strategic Framework Ngā Kaupapa Mahi a QV



Our Purpose Delivering trusted property intelligence and expertise to help people, business and local government prosper

Our North Star To revalue every property in Aotearoa New Zealand every day

Our Strategic Objectives

1 We grow the value we deliver

Focus area 1:
Creating greater value for customers

Focus area 2:
Achieving operational excellence

2 We are the most trusted property expert

Focus area 3:
Connecting people to the information they need

Focus area 4:
Being recognised for property expertise

Our Values



In sync
We're one tight team with a shared purpose

Whiria te taura kia ita
Plait the binding to hold firm



Rock solid
We're seriously good at what we do

Te toka tū moana
The resilient rock of the sea



Future fit
We're driving change and disrupting the game

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

Our Capitals



Intellectual



People



Social



Natural



Financial

Our Brands



Introducing our Capitals Ngā Hua O Ngā Mahi A QV

A journey of many paths.
He awa ara rau.

This year we take our first step in adopting the integrated reporting framework. The framework provides a structure for better communicating how we use resources to create value over time, through a combination of quantitative and qualitative information.

Our capitals are resources that are applied to create value and deliver our strategic objectives. It helps to see the business holistically and how it creates value through improving the social, environmental and economic well-being of our customers, people, shareholder and Aotearoa New Zealand.



Intellectual Capital Manaaki Mātauranga

Our intellectual capital is our stock in trade. It represents our data, technology, insights, and expert local knowledge of every type of property, in every part of Aotearoa New Zealand, and in NSW, Australia.



From knowing comes understanding, from understanding comes enlightenment.
Mā te mōhio ka mārama, mā te mārama ka mātau.

Rating valuations

QV is trusted by more Councils in Aotearoa New Zealand than any other rating valuation provider. Working together with these customers, we help deliver rating valuations essential for Councils to set the rates that fund services in their local communities.

We have embarked on an extensive programme of work to change our operating model, to increase the depth and breadth of our data sets, and to develop technology to increase automation and the use of artificial intelligence. These advancements combined with our people expertise have the primary objective of consistently meeting the growing expectations of the Valuer General and delivering rating revaluations on time and to the high quality standards expected by our Council customers.

Ensuring an equitable rating base for all

Transparency of how a rating revaluation objection is processed has always been a key focus for us. Following discussions with the regulator, our new residential objection report delivered to the objector via a secure folder on QV.co.nz has been launched. This enhanced report is comprehensive, including all of the property's details, as well as photos and comparable sales used in determining the value. This greatly improves transparency and improves operational efficiency.

Property intelligence & tools

We are constantly driving process improvements and technological advancements to connect people to the information they need, when and wherever they need it. Along with our valuation platform, QV.co.nz remains a key channel, with ongoing work to ensure it provides our customers with a good experience – including making it easier for ratepayers to update their property data and raise objections online.

Exciting advancements in our core valuation system – including refinements to our real-time valuation technology and improved rural sales analysis with rural property datasets – has allowed our whānau to perform their work with an even greater understanding of the latest property data.

We will continue to invest and grow this intellectual capital to lift our capacity and capabilities in the years ahead, to provide all New Zealanders with accurate and timely information they can rely on to make smarter decisions.

QV CostBuilder

We have partnered with a multinational construction and building information software provider RIB to combine our QV CostBuilder service with its RIB CostX product. This partnership provides our customers with an even richer, more comprehensive user experience, which will help them save time and improve their accuracy at a time when price pressure is front of mind.

Property Institute Awards:

Professional Business of
the Year - Large Business
QV – Highly Commended



People Capital Manaaki Tangata

Our people capital is what we proudly call our QV whānau. We cover every corner of Aotearoa New Zealand and NSW, Australia, where our highly talented people enable us to deliver our market-leading products and services every day.



We value:



WELLBEING
Be your best you

Work in a connected workplace, alongside leaders who genuinely care about your wellbeing. Enjoy summer hours and a great range of excellent health and wellbeing benefits.



WHĀNAU
Family matters

That's why we provide extensive sick leave and support for you and your whānau, so you can achieve the right work/home balance.



LEARNING
Shape your future

The best mentoring and coaching in the industry, ongoing development, and interesting, varied career experiences.



YOU
Our people mean the world to us

We champion a kind and inclusive company culture that values you personally and professionally, with competitive remuneration and options to suit you.

Growth and development

Supporting and growing our culture, talent and capability is critical to successfully delivering our strategy. Following an extensive recruitment campaign this year to attract talent in the highly competitive market, we have managed to grow our QV whānau to over 300.

This includes technology expertise, highly sought after registered valuers, and the introduction of a cohort of valuation assistants. Valuation assistants expand our capacity to deliver ongoing roll maintenance and data quality projects. This supports our new operating model to deliver consistent work flows to our customers and allows our registered valuers to focus their expertise where they are most needed.

Our highly successful property graduate programme is the largest in the motu and is an important pipeline of talent into our business. Eleven talented young graduates joined us this year, bringing the total number of up-and-coming valuers that we are helping guide to achieving their registration to more than 30. We were also very pleased to award a scholarship and a future place in the programme to another promising young valuer this year.

Retaining and developing our people remains of paramount importance, with the introduction of new leadership, valuation, and customer experience training modules

Supporting our people

Extreme weather events this year, including Cyclone Gabrielle and widespread flooding in Tāmaki Makaurau/Auckland, impacted some of our people. We have supported those affected in practical ways and offered our continued support to them and their whānau.

Our LiveWell programme is continually refreshed to keep it relevant to our people's needs throughout the year. The programme provides the tools, resources, and initiatives to support the mental and physical wellbeing of our people and their immediate whānau.

Gender equality

We are proud of a gender mix that is 47% female and 53% male. Although our policy has always been that remuneration is based on the role performed, reflecting the level of skills, responsibilities and effort involved, we have recently started our journey reporting on our gender pay gap and will continue to take appropriate actions to close it.

Extended parental leave

We value whānau. We strive to support all our people on their parental journey, helping them to succeed as parents and as professionals. We enhanced our parental leave offerings this year to include 12 weeks' top-up payments at 100%, one-week partner leave at full pay, superannuation contributions while our people are on parental leave, and full-value annual leave when they return.

Award Winning Professionals



**Property Institute Awards:
John M. Harcourt
Memorial Award**
Winner: Ken Taylor



**Property Institute Awards:
Future Leader Award**
Finalist: Blake Ngarimu



**Property Institute Awards:
Future Leader**
Sophie Treder



Social Capital Manaaki i te Hapori

Everything we do, we do for our customers and for the good of Aotearoa New Zealand. By growing the value we deliver to the people, businesses and Councils we serve, we are ultimately helping to lift the country's living standards and general wellbeing.



Growing the value we deliver

Work continues with an ongoing program of improvements across our business to meet the evolving needs and expectations of our customers. Feedback gained from a series of comprehensive customer workshops to learn more about their current and future needs has shaped our technology and operational improvements through this year and into the next.

Adding more tools and transparency for our customers and their customers over the year has continued to build more trusted relationships. This has been reflected in our latest customer Net Promoter Score of +72 (scale -100 to +100), which is a significant increase on last year's +37.

Lifting our brand voice and trust

We received even more media coverage this year than last, primarily as a result of our popular QV House Price Index and targeted releases about our ratings work across the motu. As a result of this ongoing communication, and our growing presence and reach on social media, independent market researchers Kantar have recorded high scores for QV's brand awareness and trust, with positive growth across our target market in this key metric.

Helping our storm-affected communities

Extreme weather on the North Island caused sizeable damage to livelihoods, homes, and infrastructure across the top half of the North Island. This has led to a surge in demand for valuation work to assess loss in land value of the properties affected, and to help these communities get back on their feet. We've responded by increasing our capacity and reprioritising our work.

We partner with Councils across the motu to ensure ratepayers are kept abreast of what is happening in their district during a rating valuation. This was particularly important this year in Hastings, which was severely impacted by Cyclone Gabrielle. QV supported the Council to obtain an Order in Council under the Severe Weather Emergency Recovery Legislation Act 2023 to temporarily amend the Rating Valuations Act so as to allow their revaluation to be concluded before 30 June 2023, an outcome that the Council was seeking to ensure they had a new set of values for their rating base.



Brand Awareness **+70**

Source: Kantar Brand Tracker 2023: Target audience

Brand Trust **68%**

Source: Kantar Brand Tracker 2023: Target audience

We are also extremely pleased that our Property Services division was able to quickly respond to a request from the Ministry of Business, Innovation and Employment to provide support to the Temporary Accommodation Services for those who needed emergency temporary accommodation.

Te ao Māori

As a proud Aotearoa New Zealand business, it is our duty and a privilege to respect and protect our Māori culture, to support our diversity, and better reflect the many communities and customers that we serve across the motu every day.

With guidance from cultural consultancy TIRA, Tū Kotahi (previously Tūtira Mai), we strive to be authentic in building our cultural competency and embedding complimentary principles of te ao Māori, te reo, and Te Tiriti o Waitangi (the Treaty of Waitangi) with our own company values, culture, and way of doing things.

Building our cultural capacity across the business began with our leaders completing a comprehensive training course, and continued this year with 30% of our QV whānau electing to take part in a te ao Māori for professionals training course.

Natural Capital Manaaki i te Taiao

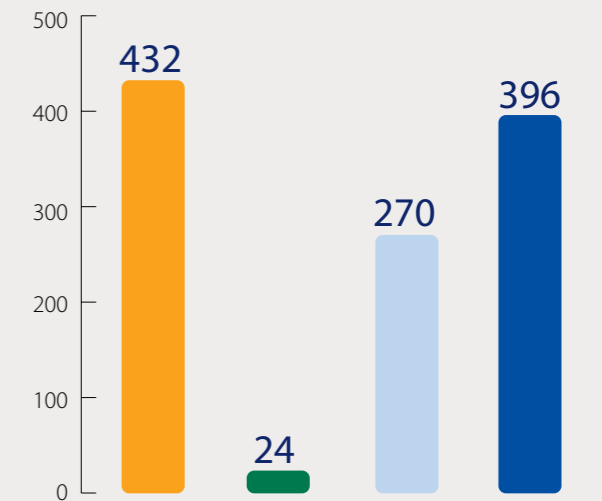
We value Aotearoa New Zealand — literally and figuratively. We have a responsibility to play our part and to partner with others in ongoing efforts to protect and reduce our impact on our natural resources.



Reduce gross emissions by **12%**
2024/25 from our base year.

Reduce gross emissions by **42%**
2029/30 from our base year.

Emissions (tCO2e) by category



- Category 1:** Direct emissions
- Category 2:** Indirect emissions from imported energy (location-based method*)
- Category 3:** Indirect emissions from transportation
- Category 4:** Indirect emissions from products used by organisation



Carbon neutral programme

QV has elected to participate in the Government’s carbon neutral programme. We recently completed measuring our emissions (carbon footprint) to ISO 14064-1:2018 which was certified by Toitū Envirocare, a subsidiary of Manaaki Whenua – Landcare Research, a Crown Research Institute that aims to protect the ecological and economic future of Aotearoa New Zealand. Our base year for measured emissions of 1,122 tCO2e is for the 12 months ended February 2023. Our first report under the Carbon Neutral Government programme is due in December 2023.

A QV sustainability working group has recently been established, made up of a cross-section of passionate advocates from different business units and regions. Their role will be to champion strategies and initiatives that will help us reduce, reuse, and recycle to achieve our carbon reduction and other sustainability targets.

Technological solutions

The widespread adoption of digital technologies can help humankind significantly reduce its global emissions, according to the World Economic Forum. Ongoing advancements in our digital solutions have already helped us reduce our travel, delivering real time digital and desk top valuations with less need for physical inspections, thereby supporting our business goal to reduce our carbon footprint.

Meanwhile, digitally connected workflows and advancements in our enterprise platform deliver significant operational efficiencies moving forward, with new climate change-related digital solutions a focus to help all New Zealanders make informed decisions about what is often regarded as the greatest global challenge of our time.

Climate change implications

Climate change is a significant risk faced by us all. Our primary concern will always be the safety of our people and we manage those risks carefully. However, the implications for climate change effects on property and by extension our customers, are likely to be significant (e.g. areas prone to flooding, slips, and damage arising from weather events).

The first step is to understand how might climate change impact our customers, what decisions will they need to make, and the data and information that will be required to make those forward looking decisions. This in turn will require changes to our activities, processes, information and services we provide. We are actively considering these challenges and how to address them.

Financial Capital

He pitopito kōrero mō te pūtea

We have finished the year well ahead of our Statement of Corporate Intent (SCI) financial targets, despite a challenging year. Our strong balance sheet positions us to invest in our technology, processes and people to consistently meet our customers' expectations – now and into the future.



Financial performance

Our outstanding revenue performance of \$40.2m exceeds our SCI target of \$38.9m and prior year's \$34.9m. This outperformance was driven by the timing and volumes associated with triennial revaluations, very high volume of insurance claim related valuation work, growth in our Property Services business, and higher than budgeted inflation linked price increases.

Costs were well managed, although people costs and US dollar denominated operating costs were higher than expected. Nevertheless, QV Group achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of \$4.7m, exceeding our SCI target by 18% and prior year by 33%. This is an excellent result given the increased regulatory requirements, which have greatly increased the cost of delivering our core rating valuation work and inflationary pressures, particularly to attract and retain highly skilled people.

Financial position

QV Group maintains a strong balance sheet. This prudent approach has placed us in an excellent position to invest in our technology, data and people, to retain our market leading position and to grow our products and services. Furthermore, we want to be in a position to withstand any further unexpected economic shocks in light of the uncertain environment.

The triennial nature of Council revaluations leads to differences in the timing between the collection of monies and the work being completed, and therefore we need to carefully manage our working capital over a three-year cycle.

Cash flow

Notwithstanding our excellent result for the year, our cash flow from operations was below the prior year. This is due to work in progress with the cash flow from this to be realised in the coming year.



Return on Equity

↑ 14.6%

FY 2022: 8.6%

Dividend paid

\$523,000

Technology Investment

\$1.1m

Director's Responsibility Statement

Te Pūrongo a ngā Ringatohu

For the year ended 30 June 2023



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 2023 and the results of their financial performance, changes in equity and cash flows for the year ended 30 June 2023. 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 2023.

This annual report is dated 30 August 2023 and is signed in accordance with a resolution of the Directors made pursuant to section 211(1)(k) of the Companies Act 1993.

For and on behalf of the Directors:

Gregory Fortuin
Director

Alex Skinner
Director



Financial Statements

For the year ended 30 June 2023

Statement of comprehensive income

For the year ended 30 June 2023

	Notes	2023 \$000	2022 \$000
Trading revenue	A.1	40,190	34,908
Service delivery and administration	B.1	(29,063)	(25,828)
Other expenses	B.1	(8,332)	(7,479)
Operating profit		2,795	1,601
Finance costs	P	(85)	(98)
Finance income		171	26
Finance costs – net		86	(72)
Profit before taxation		2,881	1,529
Income tax expense	C.1	(773)	(379)
Profit for the year		2,108	1,150
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations		(42)	62
Total comprehensive income for the year		2,066	1,212

Statement of financial position

As at 30 June 2023

	Notes	2023 \$000	2022 \$000
Current assets			
Cash and cash equivalents	D	6,506	6,849
Trade and other receivables	E	9,467	6,267
Tax Receivable		405	-
Contract assets	F	1,904	2,652
Total current assets		18,282	15,768
Non-current assets			
Property and equipment assets	G	246	285
Goodwill	I	659	659
Intangible assets	H	5,437	5,640
Deferred tax	C.3	79	71
Right-of-use-assets	P	3,015	3,475
Total non-current assets		9,436	10,130
Total assets		27,718	25,898
Current liabilities			
Contract liabilities	F	2,857	3,612
Trade and other payables	K	2,247	1,487
Employee entitlements	L	3,350	3,079
Tax payable		-	102
Lease liabilities	P	639	608
Total current liabilities		9,093	8,888
Non-current liabilities			
Employee entitlements	L	223	204
Provisions	M	166	151
Lease liabilities	P	2,476	2,913
Deferred tax	C.3	594	119
Total non-current liabilities		3,459	3,387
Total liabilities		12,552	12,275
Net assets		15,166	13,623
Equity			
Issued capital	J.1	4,600	4,600
Foreign currency translation reserve	J.2	330	372
Retained earnings	J.3	10,236	8,651
Total Shareholders' funds		15,166	13,623

For and behalf of the Board who authorised the issue of these financial statements on 30 August 2023.



Gregory Fortuin – Director



Alex Skinner – Director

Statement of changes in equity

For the year ended 30 June 2023

	Notes	Issued Capital \$000	Retained Earnings \$000	Foreign Currency Translation Reserve \$000	Total Shareholders' Funds \$000
Balance as at 1 July 2021		4,600	8,121	310	13,031
Profit for the year		-	1,150	-	1,150
Other comprehensive income, net of tax		-	-	62	62
Total comprehensive income for the year		-	1,150	62	1,212
Dividends	J.3	-	(620)	-	(620)
Balance as at 30 June 2022		4,600	8,651	372	13,623
Profit for the year		-	2,108	-	2,108
Other comprehensive income, net of tax		-	-	(42)	(42)
Total comprehensive income for the year		-	2,108	(42)	2,066
Dividends	J.3	-	(523)	-	(523)
Balance as at 30 June 2023		4,600	10,236	330	15,166

Statement of cash flows

For the year ended 30 June 2023

	Notes	2023 \$000	2022 \$000
Cash flows from operating activities			
Cash was provided from:			
Revenues from services provided		37,081	35,604
Interest income		171	26
		37,252	35,630
Cash was applied to:			
Payments to employees and suppliers		34,567	31,111
Net GST paid/(received)		(156)	(102)
Income tax paid		942	1,332
		35,353	32,341
Net cash flows from operations	O	1,899	3,289
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property and equipment assets		10	-
Cash was applied to:			
Purchase of property and equipment assets & intangible assets		(986)	(1,561)
Net cash applied to investing activities		(976)	(1,561)
Cash flows from financing activities			
Cash was applied to:			
Dividends paid		(523)	(620)
Repayment of lease liabilities		(696)	(575)
Net cash flows applied to financing activities		(1,219)	(1,195)
Net (decrease)/increase in cash and cash equivalents		(296)	533
Cash and cash equivalents as at 1 July		6,849	6,253
Exchange (losses)/gains on cash and cash equivalents		(47)	63
Cash and cash equivalents as at 30 June	D	6,506	6,849

Notes to the financial statements

Reporting entity

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

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

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

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

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

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

Basis of preparation

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

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

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

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

Functional and presentation currency

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

Estimates and judgements

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

In particular, information about significant areas of estimation 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:

- Revenue: Allocation of price across performance obligations and over time recognition – Note A.
- Capitalisation and impairment of intangible assets – Notes H and I.
- Right-of-use asset and Lease liabilities – Note P.

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

Standards and interpretation issued but not yet effective

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

Standard	Effective date
Classification of Liabilities as Current or Non-current—Deferral of Effective Date	Annual reporting periods beginning on or after 1 January 2023 .
Disclosure of Accounting Policies	Annual reporting periods beginning on or after 1 January 2023 .
Disclosure of Accounting Estimates	Annual reporting periods beginning on or after 1 January 2023 .
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual reporting periods beginning on or after 1 January 2023 .

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

Basis of consolidation

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

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

A. Revenue

QV derives revenue through the provision of services.

Rating services:

Rating services includes Council triennial valuations (including other services), Regional Council Services, Urgent New improvement valuations and Database management services.

Council triennial valuations and other services

Triennial valuations and other services are contract based. Contracts typically include three performance obligations: triennial valuations, objections and roll maintenance. Where contracts do not specify the price allocation, an allocation model is used to allocate a price to each performance obligation. This allocation remains unchanged for the duration of the contract.

There is a significant amount of time and resource required to undertake the triennial valuation and its timeframe is clearly identified in the contract. The portion of the contract fee allocated to the triennial valuation is recognised over the time of delivering the service.

The objections performance obligation is recognised over time based on the number of objections completed.

Roll maintenance revenue is recognised over the period of the contract to reflect the delivery of the service over time.

Regional Council Services and Urgent New Improvements

Regional Council Services: Services requested by Councils which are out of scope services.

Urgent New Improvements: Quotable Value Limited is permitted by legislation (s16, Rating Valuations Act) to offer rating valuation review services to individual property owners. Rating valuations are usually carried out on all New Zealand properties every three years. However, a property owner or ratepayer can request an urgent rating valuation review so that the rating valuation will reflect the current condition of their property, without having to wait for another general revaluation to occur.

These revenues largely follow the same process as market valuation revenue. Revenue is recognised when earned by reference to the stage of completion of work carried out. The timespan for delivery of the service is short.

Database management services

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

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

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

Consultancy:

Market valuations and other

Full market, desktop and e-valuer valuation 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. The CostBuilder subscription services are recognised over time.

Other trading revenue:

Property services

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

Other data services

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

A.1 Trading revenue

	2023 \$000	2022 \$000
Rating services: - Over time	25,105	19,685
Consultancy services - Over time	12,414	13,005
Other trading revenue:		
• Over time	2,449	1,928
• At a point in time	222	290
	40,190	34,908

B. Expenses

B.1 Service Delivery and administration/other expenses

Breakdown of expenses by nature:

	2023 \$000	2022 \$000
Service delivery and administration		
Employee benefits expenses	27,767	24,791
Other valuation costs	1,296	1,037
	29,063	25,828
Other expenses		
Depreciation and amortisation	1,891	1,929
Occupancy costs	635	498
Computer operating expenses	3,125	2,727
Audit fees (refer to note B.2)	230	163
Other	2,451	2,162
	8,332	7,479

B.2 Auditors' remuneration

Amounts paid or payable to:

	2023 \$000	2022 \$000
The audit of QV's financial statements:		
PricewaterhouseCoopers	202	-
Audit New Zealand	-	150
The audit of the real estate trust accounts:		
BDO New Zealand	14	-
RSM Hayes	-	13
Toitū carbonreduce certification	14	-
	230	163

C. Income tax

C.1 Income tax expense

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

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

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

	2023 \$000	2022 \$000
Relationship between tax expense and accounting profit		
Profit from operations	2,881	1,529
Income tax expense at 28% (2022: 28%)	807	428
Plus/(less) tax effect of:		
Non-deductible (income)/expenditure	1	(14)
Prior period under/(over) adjustment	1	(18)
Impact of tax rates in different jurisdictions (include rate change)	(36)	(17)
Other		-
Tax expense	773	379
Components of tax expense		
Current tax expense	306	780
Deferred tax	467	(401)
Tax expense	773	379

C.2 Imputation credit account

	2023 \$000	2022 \$000
Imputation credits available for use in subsequent periods	1,672	1,223
Franking credits – Quotable Value Australia Pty Limited	1,804	1,685

C.3 Deferred tax

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

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

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

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

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

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

	2023 \$000	2022 \$000
QVL		
Balance as at 1 July	(119)	(508)
Movement during the period	(475)	389
Balance as at 30 June	(594)	(119)
QVA		
Balance as at 1 July	71	63
Movement during the period	8	8
Balance as at 30 June	79	71

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

Deferred tax assets/(liabilities)

	Opening balance \$000	Credited/ (charged) to profit or loss \$000	Closing balance \$000
QVL			
For the year ended 30 June 2023:			
Deferred tax liabilities:			
Property, plant and equipment	(915)	37	(878)
Work in progress, contract assets and liabilities	65	(608)	(543)
	(850)	(571)	(1,421)
Deferred tax assets:			
Employee entitlements	663	39	702
Doubtful debt and impairment losses	13	(6)	7
Tax losses carried forward	-	60	60
Provisions	55	3	58
	731	96	827
Balance as at 30 June	(119)	(475)	(594)

	Opening balance \$000	Credited/ (charged) to profit or loss \$000	Closing balance \$000
QVL			
For the year ended 30 June 2022:			
Deferred tax liabilities:			
Property, plant and equipment	(1,027)	112	(915)
Work in progress, contract assets and liabilities	(79)	144	65
	(1,106)	256	(850)
Deferred tax assets:			
Employee entitlements	614	49	663
Doubtful debt and impairment losses	22	(9)	13
Provisions	(38)	93	55
	598	133	731
Balance as at 30 June	(508)	389	(119)

QVA	Opening balance \$000	Credited/ (charged) to profit or loss \$000	Closing balance \$000
For the year ended 30 June 2023:			
Deferred tax assets:			
Employee entitlements	68	8	76
Provisions	1	-	1
Property, plant and equipment	2	-	2
	71	8	79
QVA	Opening balance \$000	Credited/ (charged) to profit or loss \$000	Closing balance \$000
For the year ended 30 June 2022:			
Deferred tax assets:			
Employee entitlements	56	12	68
Provisions	1	0	1
Property, plant and equipment	6	(4)	2
	63	8	71

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.

	2023 \$000	2022 \$000
Cash at bank	6,506	6,849

As at 30 June 2023, Quotable Value Australia Pty Limited hold a term deposit of \$549,686 (2022: \$557,483) 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.

	2023 \$000	2022 \$000
Trade receivables from contracts with customers	5,236	4,532
Allowance for expected credit losses	(26)	(45)
	5,210	4,487
Prepayments	1,090	1,055
Work in progress	3,013	725
Other	154	-
	9,467	6,267

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:

	Gross \$000	Impairment \$000	2023 \$000	Gross \$000	Impairment \$000	2022 \$000
Not past due	4,899	-	4,899	4,085	-	4,085
Past due 1 -30 days	217	-	217	321	-	321
Past due 31 -60 days	84	(11)	73	117	(36)	81
Past due 61+ days	36	(15)	21	9	(9)	-
	5,236	(26)	5,210	4,532	(45)	4,487

Movement in allowance for expected credit losses:

	2023 \$000	2022 \$000
Balance at 1 July	45	78
Additional allowances made/(released) during the year	(19)	(15)
Bad debts recovered	-	-
Receivables written off during the period	-	(18)
Balance at 30 June	26	45

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 judgement in allocating total contract revenue to the different performance obligations (refer to Note A).

	2023 \$000	2022 \$000
Balance at 1 July	(960)	352
Revenue recognised/(deferred)	7	(1,312)
Balance at 30 June	(953)	(960)
Current asset	1,904	2,652
Current liability	(2,857)	(3,612)
	(953)	(960)

G. Property and equipment assets

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

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

Additions

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

Disposals

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

Subsequent costs

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

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

Depreciation, useful lives and residual value

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

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

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.

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 2023 there were no:

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

Impairment of assets

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

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

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

Movements of property and equipment assets

The following schedule shows the movements of property and equipment assets for the years ended 30 June 2023 and 2022:

	Leasehold improvements \$000	Motor vehicles \$000	Office equipment \$000	Furniture & fittings \$000	IT hardware, including IT WIP \$000	Total \$000
Cost						
Balance as at 1 July 2021	1,163	98	97	447	319	2,124
Additions	-	-	2	6	237	245
Transfers	-	-	-	-	-	-
Disposals	(162)	(19)	(9)	(14)	(32)	(236)
Balance as at 1 July 2022	1,001	79	90	439	524	2,133
Additions	-	-	-	4	140	144
Transfers/other	-	-	-	-	(82)	(82)
Disposals	-	(38)	(2)	-	-	(40)
Balance as at 30 June 2023	1,001	41	88	443	582	2,155
Accumulated depreciation and impairment losses						
Balance 1 July 2021	(1,163)	(98)	(86)	(405)	(252)	(2,004)
Disposals	162	19	9	14	32	236
Transfers	-	-	-	-	-	-
Depreciation expense	-	-	(4)	(18)	(58)	(80)
Balance 1 July 2022	(1,001)	(79)	(81)	(409)	(278)	(1,848)
Disposals	-	38	2	-	-	40
Transfer	-	-	-	-	-	-
Depreciation expense	-	-	(4)	(10)	(87)	(101)
Balance 30 June 2023	(1,001)	(41)	(83)	(419)	(365)	(1,909)
Net book value						
As at 1 July 2021	-	-	11	42	67	120
As at 30 June 2022	-	-	9	30	246	285
As at 30 June 2023	-	-	5	24	217	246

H. Intangible assets (finite)

Finite life intangible assets comprise acquired computer software and two categories of specialised software that has been internally developed: Quotable's Integrated Valuation System (QIVS) and Monarch. QIVS is QV's legacy data management platform. Monarch is the new data management platform.

Finite life intangible assets are recorded at cost less accumulated amortisation and impairment.

Software acquisition

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

Software development

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

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

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

Impairment of assets

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

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

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

Amortisation

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

The 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.

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

Asset	Amortisation rate
Software	10 – 33%
Monarch & Other projects	10 – 17%

There were no:

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

Movements of intangible assets

The following schedule shows the movements of intangible assets for the years ended 30 June 2023 and 2022:

	Computer software \$000	Internally developed software: QIVS \$000	Work-in-progress \$000	Internally developed software: Monarch \$000	Total \$000
Cost					
Balance 30 June 2021	5,910	5,970	53	8,085	20,018
Additions	615	-	701	-	1,316
Transfers	103	-	(103)	-	-
Disposals	(1)	-	-	-	(1)
Balance 30 June 2022	6,627	5,970	651	8,085	21,333
Additions	-	-	924	-	924
Transfers	(141)	-	(1,401)	1,542	-
Disposals	-	-	-	(4)	(4)
Balance 30 June 2023	6,486	5,970	174	9,623	22,253
Accumulated amortisation and impairment losses					
Balance 1 July 2021	(5,195)	(5,970)	-	(3,342)	(14,507)
Disposals	1	-	-	-	1
Transfer	-	-	-	-	-
Amortisation	(456)	-	-	(731)	(1,187)
Balance 1 July 2022	(5,650)	(5,970)	-	(4,073)	(15,693)
Disposals	-	-	-	-	-
Transfer	5	-	-	(5)	-
Amortisation	(270)	-	-	(853)	(1,123)
Balance 1 July 2023	(5,915)	(5,970)	-	(4,931)	(16,816)
Net Book Value					
As at 1 July 2021	715	-	53	4,743	5,511
As at 30 June 2022	977	-	651	4,012	5,640
As at 30 June 2023	571	-	174	4,692	5,437

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

I. Goodwill

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

Impairment

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

The following schedule shows the movements in goodwill for the years ended 30 June 2023 and 2022:

	2023 \$000	2022 \$000
Gross carrying amount		
Balance 1 July	10,007	10,007
Balance 30 June	10,007	10,007
Accumulated impairment losses		
Balance 1 July	(9,348)	(9,348)
Impairment loss for the year	-	-
Balance 30 June	(9,348)	(9,348)
Net book value 1 July	659	659
Net book value 30 June	659	659

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

Impairment testing

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

The carrying value of the goodwill in the QV CGU of \$659k (2022: \$659k) comprises two components being: an amount of \$159k (2022: \$159k) which relates back to the acquisition of the valuation business from Valuation New Zealand in 1999; and an amount of \$500k (2022: \$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% (2022: 2%) which reflects long term inflation expectations; and
- A post-tax discount rate of 13% (2022: 13%) per annum has been applied to the cash flows which reflects the industry in which the CGU operates.

There are no reasonable possible changes in key assumptions used in the determination of the recoverable value that would result in an impairment.

J. Share capital and reserves

J.1 Issued capital

QV has capital of \$4.6 million (2022: \$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 (2022: 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.

	2023 \$000	2022 \$000
Balance 1 July	372	310
Arising on translation of foreign operations	(42)	62
Balance 30 June	330	372

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

	2023 \$000	2022 \$000
Balance 1 July	8,651	8,121
Profit for the year and attributable to the equity holders	2,108	1,150
Dividends paid during the year	(523)	(620)
Balance 30 June	10,236	8,651

Dividends of \$523,000 were paid to QV's shareholders during the year (2022: \$620,000).

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.

	2023 \$000	2022 \$000
Trade payables	945	606
Income in advance	297	225
Accruals	319	126
GST payable	686	530
	2,247	1,487

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). A provision of \$130,000 was recognised as at 30 June 2020. As at 30 June 2023 there was a remaining provision of \$25,820 (2022: \$31,110). 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 the 2026 financial year 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 several defined contribution superannuation plans. Contributions to superannuation plans are based on percentages of employee gross salaries. Obligations for contributions are recognised as an expense in the statement of comprehensive income as incurred.

Employee entitlements consist of:

	2023 \$000	2022 \$000
Holiday pay accrual	1,176	1,006
Accrued salaries and wages	2,058	1,940
Other employee entitlements	339	337
	3,573	3,283
Current	3,350	3,079
Non-current	223	204
	3,573	3,283

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 2023. 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% (2022: 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 2023 and 2022:

	2023 \$000	2022 \$000
Gross carrying amount		
Opening balance	151	151
Amounts reversed	-	-
Amounts provided/(utilised)	15	-
Balance 30 June	166	151
Current	-	-
Non-current	166	151
	166	151

N. Subsidiaries

Business Combinations

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

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

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

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

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

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

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

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

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

Name of company	Percentage of holding at balance date		Principal activities	Country of domicile and incorporation	Balance date
	2023	2022			
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.

	2023 \$000	2022 \$000
Profit for the year	2,108	1,150
Depreciation	101	80
Depreciation of right-of-use asset	666	662
Amortisation of intangible assets	1,123	1,187
Foreign exchange movement	93	4
Movement in provision for doubtful debts	(19)	(15)
Gain on sale of property and equipment	(10)	(3)
Deferred tax	467	(401)
Change in contract asset and liability (net)	(7)	1,312
Changes in net assets and liabilities		
– Decrease (increase) in receivables	(3,181)	(564)
– Increase (decrease) in payables	604	(66)
– Increase (decrease) in provisions	15	-
– Increase (decrease) in employee entitlements	290	393
– Increase (decrease) in GST payable/receivable	156	102
– Increase (decrease) in tax payable	(507)	(552)
Net cash flows from operating activities	1,899	3,289

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 (including leases with an extension option), 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, QV adopted the modified retrospective approach for the initial measurement of the ROU assets. Lease liabilities were measured at the present value of the remaining lease payments of existing leases, discounted using QV's incremental borrowing rate as 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-asset \$000
Cost	
Balance 1 July 2021	4,977
Additions	139
Disposals	-
Other adjustments	(39)
Balance 30 June 2022	5,077
Additions	-
Disposals	-
Other adjustments	206
Balance 30 June 2023	5,283
Accumulated depreciation	
Balance 1 July 2021	(987)
Depreciation	(662)
Disposals	-
Other adjustments	47
Balance 30 June 2022	(1,602)
Depreciation	(666)
Disposals	-
Other adjustments	-
Balance 30 June 2023	(2,268)
Carrying amount	
As at 1 July 2021	3,990
As at 30 June 2022	3,475
As at 30 June 2023	3,015

The average remaining lease term is 3 years (2022: 4 years).

	Lease liability \$000	
Balance 1 July 2021		3,946
Other adjustment		52
Interest		98
Repayments		(575)
Balance 30 June 2022		3,521
Other		205
Interest		85
Repayments		(696)
Balance 30 June 2023		3,115
	2023	2022
	\$000	\$000
Lease liabilities		
Current	639	608
Non-current	2,476	2,913
	3,115	3,521
	2023	2022
	\$000	\$000
Maturity analysis		
Year 1	639	608
Year 2	665	591
Year 3	603	605
Year 4	560	530
Year 5	265	547
Onwards	383	640
	3,115	3,521

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

	2023	2022
	\$000	\$000
Amounts recognised in profit or loss		
Depreciation	666	662
Interest expense on lease liabilities	85	98
Expense relating to short-term liabilities	789	695
Expense relating to leases of low value assets	246	231

Q. Related party information

a. Summary of Key management personnel and compensation

	2023	2022
	\$000	\$000
Short term benefits	2,112	1,828

The table above includes the remuneration of the Chief Executive, Executive Team and the Board of Directors.

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

Entity	Type	2023	2022
		\$000	\$000
Gregory Fortuin	Director's fees	47	47
	Accounts payable	4	4
PJ Consulting	Director's fees	24	29
	Accounts payable	4	2
Alex Skinner Limited	Director's fees	23	23
	Accounts payable	4	2
Alma Hong Consultancy	Director's fees	23	18
	Accounts payable	2	2
Multorum Limited	Director's fees	23	23
	Accounts payable	6	-
Burton Partners	Director's fees	23	23
	Accounts payable	2	-
Suzanne Tindal	Director's fees	24	23
	Accounts payable	2	-
Urban Outcomes Limited	Director's fees	23	18
	Accounts payable	2	-
Driller Holdings Pty Limited	Director's fees	4	4
Egan National Valuers	Service fees	-	17
Agribusiness NZ Limited	Director's fees	-	2
Marcon Holdings Limited	Director's fees	-	6

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

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

c. Balances arising from sales/purchases of goods and services

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.

No related party balances have been written off or impaired during the year (2022: Nil).

d. Share ownership

Quotable Value Limited is a State Owned Enterprise as all shares are owned by the Crown.

e. Compensation of key management personnel

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

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

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

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

Fixed remuneration

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

Short-term incentives

Short-term incentives are annual at risk payments which are designed to motivate and reward for performance in that financial year. The target value of the at risk payment is a dollar value. For 2023 the relevant target for the CEO was 19% of base salary. For all other Executives it was 12% to 15%.

This year 100% of the Executive annual short-term incentives were based on shared measures relating to commercial success (financial performance), customer (delivery) and People (employee engagement), aligned to QV's strategic priorities.

There are no long term incentives within the business.

	2023 weighting %	Measure
Commercial Success	45%	EBITDA
People	20%	Employee engagement
Customer	35%	Customer and delivery targets

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

Chief Executive's remuneration

	Salary* \$000's	Benefits \$000's	Short-term incentive** \$000's	Total remuneration \$000's
2023	437	22	83	542
2022	407	20	75	502
2021	418	17	38	473

* Salary includes holiday pay paid as per NZ legislation.

** Incentive paid in the year relates to prior year achievement.

Executive's remuneration

	Salary* \$000's	Benefits \$000's	Termination benefits \$000's	Short-term incentive** \$000's	Total remuneration \$000's
2023	1,131	71	-	154	1,356
2022	931	54	-	125	1,110
2021	1,022	55	-	80	1,157

* Salary includes holiday pay paid as per NZ legislation.

** Incentive paid in the year relates to prior year achievement.

Executive remuneration includes the role of Chief Financial Officer, Chief Operating Officer, Chief People Officer, Chief Technology Officer, Chief Revenue Officer and General Manager Whetū.

R. Borrowings

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

There were no outstanding borrowings (2022: Nil).

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

	2023 \$000's	2022 \$000's
Westpac New Zealand		
Overdraft facility:		
- Facility limit	1,000	1,000
- Facility used	-	-
- Available facility	1,000	1,000
Money Market Loan facility:		
- Facility limit	2,000	2,500
- Facility used	-	-
- Facility available	2,000	2,500

The loan facility is made available only subject to the terms of an unsecured negative pledge and expires on 30 September 2024.

At balance date there is a business MasterCard facility of \$71,500 (2022: \$71,500), with a limit of \$10,000 (2022: \$10,000) of which \$0 is outstanding (2022: \$8,815).

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 \$26k (2022: \$45K).

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 2023, 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 \$46,554. If the NZD had weakened by 10% against the AUD the profit would have decreased by \$38,089.

Credit risk

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

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

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

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

Liquidity risk

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

	2023 \$000's	2022 \$000's
Financial assets at amortised cost		
Cash and cash equivalents	6,506	6,849
Trade and other receivables (excluding prepayments)	8,377	5,212
Total financial assets at amortised cost	14,883	12,061
Financial liabilities at amortised cost		
Creditors and other payables (excluding GST payable and income in advance)	1,264	732
Total financial liabilities at amortised cost	1,264	732

T. Contingent liabilities

The following contingent liabilities have been identified:

Bonds

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

	2023 \$000's	2022 \$000's
Rental bonds	100	102
Contract performance bonds	878	623
Total bond value	978	725

Professional indemnity claims

QV is not currently subject to any professional indemnity claims.

Legal claims

There are no outstanding legal claims. (2022: An entity in the Group was a defendant in a legal action involving a claim relating to a valuation. This claim was struck out by the High Court).

U. Contingent assets

There are no contingent assets in the current year (2022: Nil).

V. Commitments

	2023 \$000's	2022 \$000's
Non-cancellable operating lease commitments:		
– Not later than one year	55	59
– Later than one year and not later than five years	-	55
	55	114

QV has commitments in relation to its IT hardware.

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 2023).

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.

X. Events after the reporting period

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

Statutory information

For the year ended 30 June 2023

A. Directors' remuneration

During the year directors of QV were paid the following:

Director	Period	Board	2023 \$000's	2022 \$000's
Gregory Fortuin Appointed Director & Chair: 21 August 2019	Full year	QVL	47	47
Paula Jackson Appointed: 1 November 2016 Appointed Deputy Chair: 1 June 2020 Term ended: 30 April 2023	Partial	QVL	24	29
Suzanne Maree Tindal Appointed: 1 May 2020; Deputy Chair 30 April 2023 Appointed: 1 May 2020	Full year Full year	QVL QVA	24 -	23 -
Alex Skinner Appointed: 13 November 2019	Full year	QVL	23	23
Alma Hong Appointed: 1 October 2021	Full year	QVL	23	18
Mads Moller Appointed: 13 November 2019	Full year	QVL	23	23
Hon Mark Burton Appointed: 21 August 2019	Full year	QVL	23	23
Natasha Possenniskie Appointed: 1 October 2021	Full year	QVL	23	18
Conor English Appointed: 1 May 2018 Term ended: 31 July 2021	Partial	QVL	-	2
Joanne Conroy Appointed: 1 November 2018 Term ended: 30 September 2021	Partial	QVL	-	6
Jacque Barker Appointed: 1 May 2011	Full year	QVA	-	-
Ben Driller Appointed: 1 July 2013	Full year	QVA	4	4

B. Employees' remuneration

Remuneration and other benefits of \$100,000 per annum or more received¹ by employees in their capacity as employees were:

	2023	2022
\$100,000 - \$109,999	18	8
\$110,000 - \$119,999	12	6
\$120,000 - \$129,999	7	7
\$130,000 - \$139,999	8	5
\$140,000 - \$149,999	9	3
\$150,000 - \$159,999	2	9
\$160,000 - \$169,999	7	4
\$170,000 - \$179,999	4	3
\$180,000 - \$189,999	4	2
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	1	4
\$210,000 - \$219,999	3	1
\$220,000 - \$229,999	2	2
\$230,000 - \$239,999	2	2
\$240,000 - \$249,999	1	2
\$250,000 - \$259,999	-	1
\$260,000 - \$269,999	2	1
\$280,000 - \$289,999	1	-
\$290,000 - \$299,999	-	1
\$320,000 - \$329,999	1	-
\$490,000 - \$499,999	-	1
\$530,000 - \$539,999	1	-

¹ This table does not include any accruals for employee entitlements.

C. Interest register

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

Gregory Fortuin	Shareholder/Chair, Always-Ethical Limited
	Director/Trustee, Salvation Army NZ Governance Board
	Advisor to the Royal New Zealand Police College Board
	Ethnic Advisor New Zealand Police Commission
	Strategic Adviser to the New Zealand Police Commissioner
	Chair Plain English Awards
	AE Kiwisaver Limited
	AE Nominees Limited
Hon Mark Burton	Partner, Burton Partners
	Member, UNDP GPN Experts Roster for Rapid Response
Mads Moller	Director & shareholder, Multorum Limited
	Independent Director, Vertical Group APS (NO)
	Board Advisor, University Canterbury Business School
	Shareholder/Director, Fortune A/S (Denmark)
	Shareholder/Director, Forward Limited (UK)
	Shareholder/Director, SylSems Limited (UK)
	Shareholder/Director, Excitor Limited (UK)
	Shareholder/Director, Protrego Inc (USA)
	Independent Chair, Orb Viz Limited
	Director, 2IQ Limited (resigned August 2022)
	Independent Director, Protocol Policy Systems Limited
	Independent Director, Spatial Computing Solutions Limited
	Independent Director, Dea AeroSpace Limited (resigned July 2022)
	Independent Director, Webtools Heath Limited
	Independent Director, Inventure Holdings Limited
	Independent Director, Webtools Agritech Limited
	Independent Director, Education Payroll Limited (appointed 14 August 2022)
Independent Non-Executive Director, Fuse Information Technologies Limited (appointed 14 December 2022)	
Alex Skinner	Trustee & Chair, Otautahi Community Housing Trust
	Director & Chair, Otautahi Community Housing Development GP Limited
	Director, Alex Skinner Limited
	Director, Anchorage Trustee Services Limited
	Trustee, Dream, Believe, Succeed Foundation (resigned July 2022)
	National Board Member, Royal NZ Plunket Society
	Director, Effectus Limited (resigned June 2023)
	Trustee, Loyal Canterbury Lodge Investment Fund
	Independent Director, Christchurch City Holdings Limited
	Director, Wild in Art NZ Limited
	Independent Trustee, Manchester Unity Welfare Trust
	Chair of Advisory Board, Bennetto Natural Foods
	Independent Chair, Assurity Consulting

Suzanne Tindal	Board Deputy Chair, New Zealand Infrastructure Commission (Te Waihangā)
	Chair of Audit & Risk Committee, New Zealand Infrastructure Commission (Te Waihangā)
	Trustee, Hayson Family Trust
	Trustee, Swinkels Family Trust
	Independent Chair, Hutt City Council Audit & Risk Committee
	Independent Director, Brosnan Holdings Limited
	Independent Director, Brosnan Construction Limited
	Independent Director, Bettabuilt NI Limited
	Independent Director, Brosnan Limited
	Independent Director, Brosnan Maintenance Limited
Independent Member, Sunshine Coast Council Audit Committee	
Natasha Possenniskie	Director & shareholder, Urban Outcomes Limited
	Director, Site Safe New Zealand Inc. (resigned October 2022)
	Member, New Zealand Institute of Building Risk and Audit Committee
	Independent Trustee, Te Toi Mahana Community Housing (appointed March 2023)
	Trustee, NLP Trust
Wing Mun (Alma) Hong	Trustee, Penrose Trust
	Director, Alma-Hong Consultancy
Jacquie Barker (QVA)	Independent Council Member, LocationTech (resigned June 2023)
	External Board Member, Network Enabled Army Program Board (resigned May 2023)
	External Board Member, Frigate Sustainment Management Group
	Member, Diversity and Inclusion Sub-Board, NZTech Alliance
	Board Member, Civil Aviation Authority (appointed August 2022)
	Board Member, Ministry of Defence Cybersecurity (appointed June 2023)
Ben Driller (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 2023 (2022: Nil).

Statement of key performance indicators

For the year ended 30 June 2023

Financial performance indicators

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

	Group Actual 2023	SCI Target 2023	Group Actual 2022
General			
Revenue \$000	40,190	38,881	34,908
EBITDA \$000	4,686	3,969	3,530
Profit after tax, impairment & amortisation before capital gains & dividend \$000	2,108	1,856	1,150
Profit after taxation & impairment/revenue	5.25%	4.77%	3.29%
Shareholders returns			
Dividend yield	2.05%	1.42%	2.43%
Return on equity	14.64%	13.07%	8.61%
Total shareholders return	(6.98%) ¹	1.42%	4.75%
Profitability and efficiency			
Return on capital employed (EBIT/ave debt + equity)	16.10%	13.03%	9.56%
Operating margin (EBITDA/Revenue)	11.66%	10.21%	10.11%
Leverage/solvency			
Net debt/net debt + equity ratio (max 30%) gearing ratio ²	(75.13%)	(80.65%)	(32.3%)
Interest cover (EBITDA/interest)	NMF ³	22.30	22.24
Debt to EBITDA ⁴	(72.38%)	(99.02%)	-
Growth			
Capital replacement	52.06%	118.82%	80.82%
Revenue growth	15.13%	12.37%	0.25%
Underlying EBITDA growth	32.79%	24.62%	(28.66%)

¹ The return is negative due to the reduction in the corporate valuation.

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

³ No meaningful measure as QV has no interest bearing debt and receives interest income.

⁴ This was not a key measure for FY22.

Non-financial performance indicators

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

Non-financial performance indicator	Group Actual 2023	SCI Target 2023	Group Actual 2022
Customer			
Customer Net Promoter Score ¹	+72	+50	+37
Regional coverage	16	16	16
Data and insights freely available on a quarterly basis	4	4	4
Brand Credibility²			
Trust QV's information	68%	65%	66%
People			
Health and Safety Prequel ³	5 stars	5 stars	5 stars
Employee Net Promoter Score ⁴	+43	+30	+34
Governance			
Audit ESCO Grade ⁵	Very Good	Very Good	Very good

¹ 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 (promoters) less the percentage that rank QV a 0 to 6 (detractors).

² Brand credibility, including brand awareness is measured through an annual independent survey carried out by Kantar.

³ Health and Safety Prequel result is measured through an independent assessment carried out by IMPAC.

⁴ 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 (promoters) less the percentage that rank QV a 0 - 6 (detractors), providing a score between -100 and +100.

⁵ ESCO grade is a framework applied by QV's auditor to assess QV's environment, systems and controls. A grading system is applied, with 'very good' being the highest grade and 'poor' being the lowest grade.

Statement of corporate governance

Financial statements

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

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

Board of directors

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

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

Subsidiary company

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

Internal control

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

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

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

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

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

Committees of the board

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

1. The Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee comprised Alex Skinner (Chair), Suzanne Tindal and Alma Hong. The purpose of this committee is to oversee the financial management, external and internal audit functions and the overall risk management of the Group.

2. The People and Culture Committee

The People and Culture Committee comprised Chair Hon Mark Burton (appointed 1 April 2023), previously Paula Jackson (resigned 30 April 2023) and Natasha Possenniskie. The committee is designed to assist the Board to ensure the Company fulfils its overarching people and communication responsibilities – creating an environment where our people are passionate about working for the Group.

3. The Whetū Committee

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

Director development

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

Independent Auditor's Report

To the readers of Quotable Value Limited's Group Financial Statements for the year ended 30 June 2023

The Auditor-General is the auditor of Quotable Value Limited Group (the Group). The Auditor-General has appointed me, Troy Florence, using the staff and resources of PricewaterhouseCoopers, 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 28 to 57, that comprise the statement of financial position as at 30 June 2023, 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 2023; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 31 August 2023. 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 liquidate the Group or to cease operations, 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 the 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 obtained at the date of the report is the information included on pages 1 to 27, 58 to 65 and 69, but does not include the financial statements and our audit 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 Standards 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

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



Troy Florence

PricewaterhouseCoopers
On behalf of the Auditor-General

Auckland, New Zealand
31 August 2023

Directory

For the year ended 30 June 2023

Gregory Fortuin	Director (Chair)
Suzanne Tindal	Director (Deputy Chair) and Director QVA
Alex Skinner	Director
Alma Hong	Director
Hon. Mark Burton	Director
Mads Moller	Director
Natasha Possenniskie	Director
Ben Driller	Director (QVA)
Jacque Barker	Chief Executive Officer and Director QVA
Gary Obbes	Chief Financial Officer
Brendon Bodger	General Manager, Whetū
Rochelle Clancy	Chief People Officer
David Nagel	Chief Operating Officer
Neil Cran	Chief Technology Officer
Nigel Dasler	Chief Revenue Officer
Registered Office	QV House, 22 Nevis Street, Petone
Postal Address	Private Bag 39818, Wellington Mail Centre, Lower Hutt 5045
Telephone	0800 786 822
Website	QV.co.nz
Auditor	Troy Florence of PricewaterhouseCoopers on behalf of the Controller and Auditor General
Banker	Westpac Banking Corporation
Solicitor	DLA Piper NZ
Insurance Broker	Marsh Limited

