Annual Report

For the year ended 30 June 2020

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The QV story

QV is at the heart of nearly every property transaction in New Zealand

We have been trusted property valuers for more than 120 years, first as New Zealand's Government Valuation Department through to the commercial state-owned entity we are today.

We connect people to accurate property data, analysed by our skilled property professionals. We provide property intelligence to help business, central and local government and the public make better decisions. This is essential for their prosperity and wellbeing.

Our specialist knowledge and core competency of providing rating valuation services to 89% of councils in New Zealand has been leveraged and we are now a leader in the New South Wales, Australia market, including the prestigious Sydney CBD contract.

Over time we have diversified our revenue streams and our expertise. We are now a major provider of market valuations and property consultancy services and also large scale portfolio valuations, predominantly for financial reporting purposes. Our Darroch brand provides valuation and consultancy in the commercial/industrial area and also property management services. In addition to our professional consultancy, we provide database management services and online cost and sales information.

Our core strength is our people, networked to every corner of New Zealand. Our people's expertise is used in all facets of New Zealand property and has been enhanced with the amalgamation of the Darroch business into the QV Group. This provides added strength in the commercial/industrial valuation and property management sectors and increased synergy opportunities for our business.

Our brand is well known and trusted by New Zealand. This year we regain the control of our website QV.co.nz from long time custodians, CoreLogic. This will enable QV to enhance our digital platform strategy, promoting our professional services and products. We will have a formidable combination of our people, technology and trusted data.

We are proud to be a New Zealand state-owned enterprise. We take our heritage very seriously, contributing to the property ecosystem in a sustainable manner and supporting New Zealand for future generations.

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

Nationwide **property experts**

HIGHLIGHTS


COVID-19 Response
5 Star Health & Safety Rating
All contract obligations met
Record Employee Engagement
$6.2M EBITDA
70% Brand Awareness
HOT PROPERTY
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> **The guiding principle for the Board during this time, was to ensure the safety and well-being of our people balanced with having a sustainable business once we have crossed the COVID-19 bridge**
>
> Gregory Fortuin – Chair

The year 2020 will be etched in the memories of the business community for many years to come, due to the unprecedented times from the effects of the pandemic, COVID-19. Although the full effects are yet to be determined, there is certainly an immediate impact on virtually every business with the lockdown of communities for the greater good of the country.

QV was travelling well up to the start of March 2020 and ahead of budget for the financial year. Our cost optimisation project was achieving planned savings, our core rating business in NZ and Australia was strong and we were achieving good gains in the folding of our Darroch business into QV. QV however, was not immune to the effects of the COVID-19 Lockdown, with property transactions stopped in their tracks. Our revenue from market value reports declined by 90% virtually overnight.

Our people and senior leadership team were incredible and pulled together to come up with new and innovative ways of working. This was essential so that we could keep delivering the level of service for our customers that they required during that difficult time. The guiding principle for the Board during that time was to ensure the safety and wellbeing of our people balanced with having a sustainable business once we have crossed the COVID-19 bridge.

I was particularly pleased with the level of stakeholder engagement maintained over this period by the Board and the senior leadership team. Our people received open and honest communication, detailing our initiatives for ensuring business sustainability, while not hiding the severity of the situation and the challenges for the business. Our shareholders via Treasury also received regular communication with regard to key priorities such as scenario planning, cost savings, strategic opportunities and how we were ensuring the health and safety of our people.

Our outcomes for the year have reflected these special efforts, generating revenue and profit above last financial year's result. Our revenue has exceeded budget at $36.9M and is a great result in the context of the operating environment. EBITDA was 98% above budget at $6.2M and the company valuation was 14% more than last year. The cost optimisation project, the ability of our people to be flexible in their work and our agility in meeting customer requirements were instrumental in producing an excellent year.

This year we have continued to lift the foundational requirements of the business, building on our financial management information system and the review and implementation of many governing policies.

The emphasis this year on our people has achieved great results with an increase in our employee engagement from -3 to a record +42 (on a scale of -100 to +100). This is due to better communication, local leadership and a commitment from management to make changes to the business based on feedback. We have also invested in the development of our people with the introduction of an online learning tool.

This year has seen a number of changes to the Board since I was appointed to the Chair in August 2019. During this time we have welcomed Hon Mark Burton, Alex Skinner, Mads Moller and Sue Tindal who all bring a great breadth of experience, knowledge and enthusiasm. I am also grateful for Paula Jackson for accepting the role as Deputy Chair and excited to be working with such a talent in the innovative technology space. I would also like to take the opportunity to sincerely thank Kim Wallace the outgoing Acting Chair who guided QV in such a professional manner and a mentor and support to myself as the incoming Chair with her endless knowledge and passion for the QV business.

Finally, I would like to sincerely thank Jacquie Barker our CEO and the whole QV family, as there is no doubt that the dedication and focus from everyone has contributed to the impressive outcomes for the year. As the country enters the next phase of its gradual recovery I know that the shape of doing business post COVID-19 will never be the same again. I also know we can count on the continued resilience and unyielding commitment from QV to New Zealand Inc.

Peace and Grace

Gregory Fortuin
Chair

We are New Zealand's property experts

We employ and develop 240 property specialists, including more valuers than anyone in New Zealand

We partner and make connections to get the most out of property data

We work with central government, 89% of New Zealand Councils and all the major residential banks

We are owned by New Zealand and are invested in New Zealand's wellbeing

We have 120 years of expertise, give advice to support New Zealand's wealth and provide dividends to help New Zealanders

We are nationwide with local expertise

We are located across regional New Zealand, with 17 local offices in every corner of New Zealand

We are rating and taxation specialists in NSW, Australia

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

We have world class technology

We provide flexible, real-time, transparent information

We are trusted and have a strong brand recognition

70% New Zealand brand awareness, and trusted by 65% of customers and ratepayers

Our core customers

While most New Zealanders benefit from our property data and intelligence, our core customers are:

- Central government, including departments and other SOEs and Crown entities
- Local government, including city, district and regional Councils across New Zealand and NSW, Australia
- Business, including banking/insurance, property, construction and education

Our scope of activities

Market valuations & property consultancy

Specialist property valuations and property consultancy for the residential, commercial and rural sectors

Rating valuations

Rating solutions provided for 89% of the New Zealand Councils and 17% in NSW, Australia

Asset valuations

Independent, specialist asset valuations for financial reporting purposes

Property management

Property portfolio management for private and public sector organisations

Our approach

Partnering

We are trusted by our customers and the wider sector to facilitate accessible and comprehensive property data and intelligence

Pushing boundaries

We are continually pushing boundaries to deliver more across our existing operations and to solve customer challenges

Operating responsibly

We are committed to being commercially successful, enabling ongoing investment in our technology and people, while delivering sustainable returns to our shareholder and New Zealand

Property intelligence and tools

Providing market intelligence, data analytics, tools and customised solutions

QV Costbuilder | **SalesDirect** | **Database Management**

I am very pleased to be able to outline the excellent overall result for this year. It is quite an achievement in the context of the very challenging COVID-19 environment in which we have had to navigate. We are proud of our track record and reputation as a company that delivers, with a "safe pair of hands" for our customers. This year has been no exception and even more important in these uncertain times.

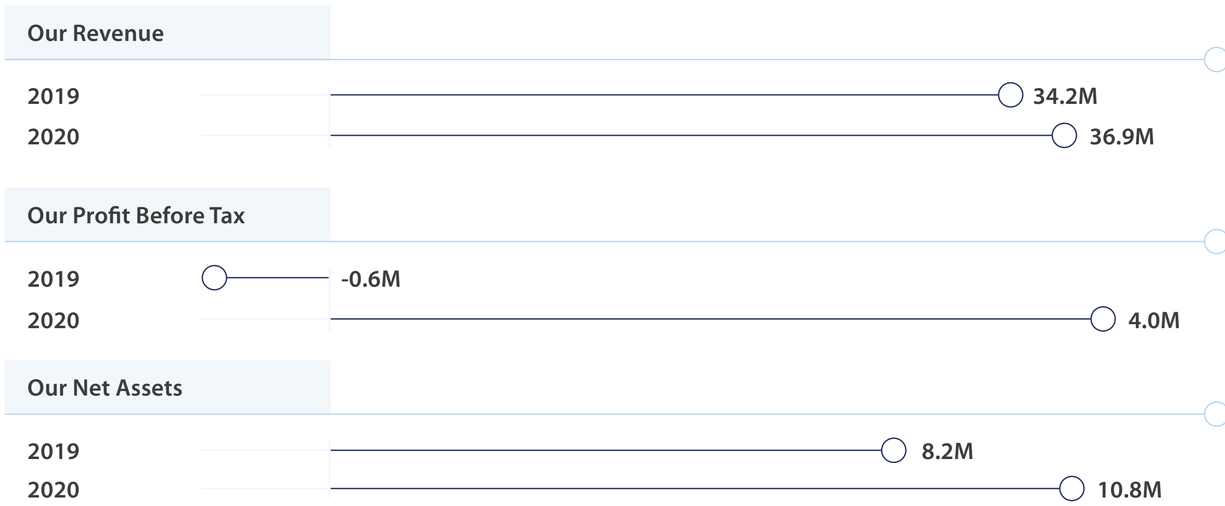
For our Council customers we have delivered on all of our rating valuation contracts, including 21 fully audited triennial revaluation projects, comprising of more than 580,000 properties. The revaluations spanned the length of New Zealand from the Far North through to Gore, and ranged in size from a few thousand properties, to more than 170,000 in Christchurch City. The maintenance of the rating valuations and associated property data has seen an additional 64,000 valuations due to building consents and 38,000 valuations due to the subdivision of land. For our New South Wales operation in Australia we delivered the revaluation of over 500,000 properties to a high audited standard for our rating and taxation contracts, including the very complex Sydney Central Business District area.

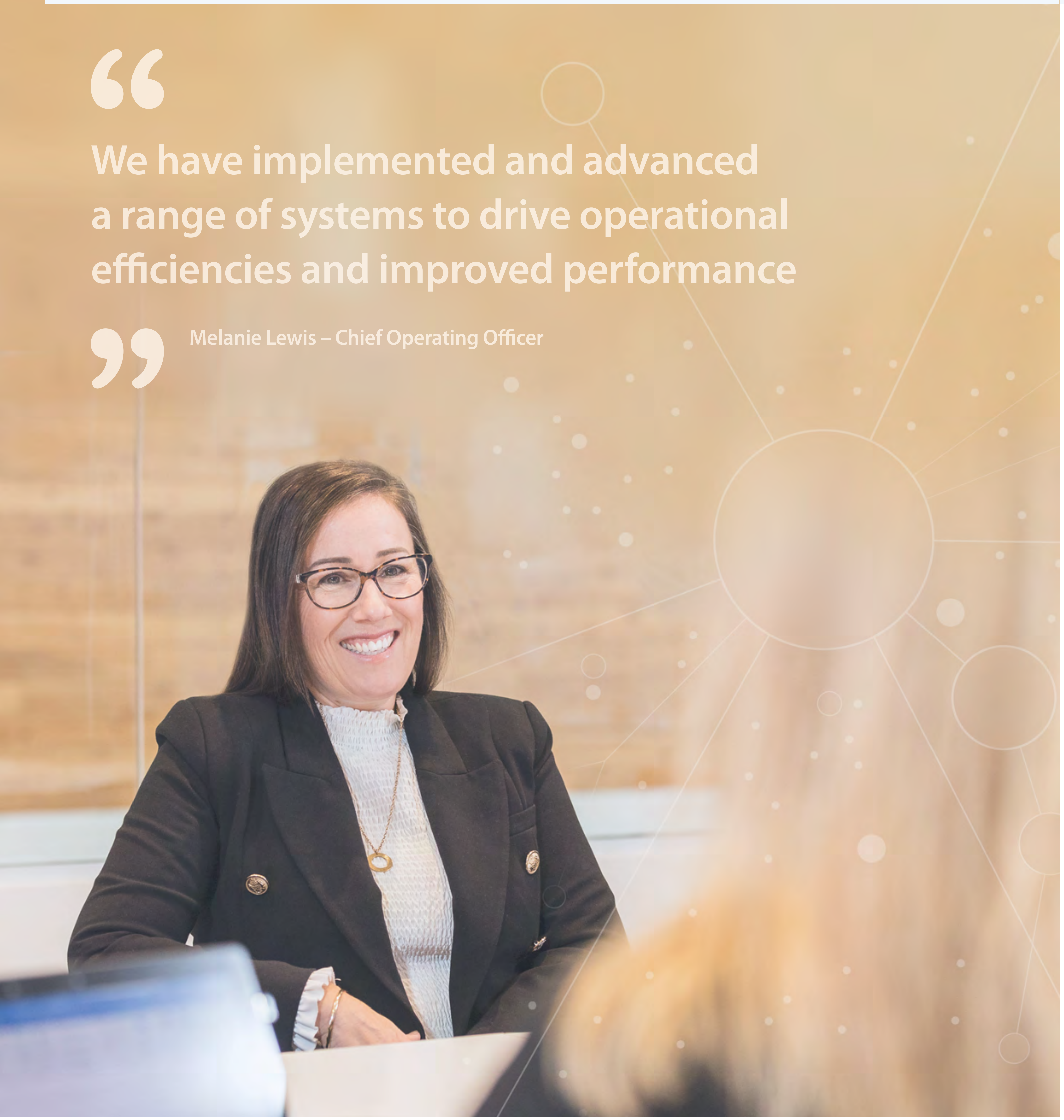
For the public, Local and Central Government and our business customers we have delivered over 11,000 property valuations and consultancy reports, including large portfolio work. Our property management contracts have been delivered with exceptional service, culminating in being awarded a new contract from Waka Kotahi (NZTA).

As a professional services company, our focus this year was very much on our people. Our expert property people are networked in all corners of New Zealand and New South Wales and are our competitive advantage in a property ecosystem that is dominated by the supply of digital data, without the insights of property experts. We have introduced a number of initiatives for our people this year and are extremely proud of the high people engagement score particularly in light of what was a difficult last quarter of the year.

Our people are absolutely our core strength. Their health and wellbeing has been paramount during the COVID-19 pandemic. I have been extremely proud of the unity and energy of the QV family throughout this extremely difficult time. I would like to personally thank the entire team for the outstanding delivery to our customers amidst very unusual operating circumstances. It has been a privilege to share their home environments and I thank them for their openness to do so. I would also like to thank our Board, Shareholders and Treasury for their steadfast support for QV and look forward to assisting the New Zealand business community, Local and Central Government with the COVID-19 recovery through property intelligence.

Jacquie Barker
Chief Executive Officer





Our financial performance

All units across the business were performing extremely well up to March 2020, including Darroch following significant challenges in previous years. In early March we were forecasting a significant lift to our year end pre-tax profit compared to budget. The COVID-19 pandemic however created a new environment for QV, with the virtual shutdown of the property market, particularly during the Alert Level 4 Lockdown. We are very pleased therefore to report that we have still been able to exceed budget this financial year and improve on last year's performance.

Responding to a pandemic

We are extremely proud of the QV family's response to the COVID-19 pandemic. Our recent investment in our technology infrastructure provided the agility required in this period, allowing the entire QV Group to be working from home on Day 1 of the Alert Level 4 Lockdown due to our cloud based technology systems and supporting performance framework.

We anticipated the Alert Level 4 Lockdown, which coincided with a very busy time for our business with a need to deliver on our rating valuation and asset valuation contracts for our customers. Our Board, leadership team, and our people worked extremely hard to ensure the sustainability of our business and our customers' business continuance over this time. This included innovative new work practices so that we could continue to provide essential work for the financial services industry. This dedication enabled QV to deliver on all of our contractual obligations.

We also had an opportunity to take a leadership role in the Local Government sector with an innovative solution for our customers to pivot in the way that we renewed our contracts. Our approach of partnering while offering cost savings to assist with their COVID-19 initiatives was extremely well received. We understand the financial pressures that our Council customers are under and believe that QV will be stronger if we continue to work closely to achieve efficiencies together in the future.

Our strong commercial approach in planning for the impacts of COVID-19, while undertaking an agile business response has resulted in our outstanding year-end financial result. Cost savings, including the CEO and Board taking a 20% pay cut for six months, has supported our future business sustainability.

This environment also showcased our people as property experts, with QV providing expert commentary in the market on the effect of the COVID-19 pandemic on the property industry via media coverage and with the use of digital channels. Looking forward there is uncertainty remaining in our revenue streams through the COVID-19 recovery. Some of our long term contracts are affected by regulatory change which will push a large amount of Council work out a year. Market valuation work is also unpredictable, as it is dependent on the volume of property transactions. Overall, we expect the volumes to be less in the next financial year.

New Zealand is passionate about property and we will continue to provide property intelligence in the current volatile property sector through our trusted brand.

Realising opportunities from new technology

Investment in technology to support existing and new business opportunities continues to be a strategic priority. Technology provides new opportunities, helping us to deliver new solutions and approaches for our customers, as well as enabling efficiency gains through automating key processes. We have implemented and advanced a range of systems to drive operational efficiencies and improved performance.

We continue to develop our Monarch platform which provides tools and interfaces that no other provider in the market has delivered. We successfully implemented a new tool to improve our ongoing roll maintenance for residential rating valuations. The new tool allows the automation of information following the completion of building consents and ensures consistency in the rating valuations. QV completes approximately 64,000 of these updates to rating valuations per year. We are focused on ensuring a robust, accurate process which provides equitable and trusted valuations for ratepayers.

Supporting the health, safety and wellbeing of our people

The health, safety and wellbeing of our people is of utmost importance. This year, the profile of health and safety was raised across the business pre COVID-19, which resulted in QV being awarded a 5 star PREQUAL rating.

PREQUAL is an independently managed service that provides contractors with an indication of a contractors' ability to perform work safely. It enables a contractor to demonstrate they have been independently assessed and can be trusted to work safely to get the job done. This year PREQUAL provided an independent assessment of QV's safety capability, commitment and competence. QV was awarded a 5 Star rating, which is the highest rating attainable and an upgrade from previous years. The results from this assessment are as a result of the great work and commitment that we have put in place to lift the capability, processes and tools across QV.

During the various COVID-19 Alert Levels the health, safety and wellbeing of the QV family has been of paramount importance. Strictly enforced property inspection protocols, personal protective equipment, social distancing and contact tracing have been at the forefront of our strategy. Clearly communicated processes and protocols assisted in zero COVID-19 cases. Hygiene, social distancing and contact tracing under Alert Levels are still in place.

Darroch progress

As outlined in our 2018/19 Annual Report, we have now folded the Darroch business into QV. The legal amalgamation successfully took place on 1 November 2019 and the integration of the team and processes are progressing well. At the end of the third quarter of this financial year Darroch as a business unit of QV was ahead of budget and making a profit. The COVID-19 pandemic had an immediate negative impact on commercial property during Alert Levels 3 and 4. This resulted in a loss of some of the gains made but we are delighted to have made a positive EBITDA and good turn around from last year. We will continue to seek opportunities and further synergies with Darroch and QV in the coming years.

Cost optimisation

All businesses are facing stronger competition and our customers are expecting greater value from the services that we provide. Prior to COVID-19, QV was successfully undertaking a cost optimisation programme to ensure that our costs were fit for purpose. COVID-19 has put even more pressure on costs of business for our customers. Therefore, we continue to focus on efficiencies to help our customers and to improve the overall efficiency of our business.

Continued improvements to our financial systems and controls

We continue to focus on improving our internal controls and compliance in line with public entity best practice. During the previous reporting period, our auditors, Audit New Zealand, completed the audit for the year ended 30 June 2019. The Board is pleased to report that the QV Group's environment, systems and controls (ESCO) grade for financial information systems and controls was upgraded from the previous financial year.

We have rolled out a new module of our upgraded financial management information system, an online digital platform capturing supplier invoices and approval process. This has seen improvements in business efficiencies along with enhanced controls around the supplier vendor approval and expense allocation process. An online travel tool with delegation authority has also been implemented.

Similar to many New Zealand public and private organisations, last year QV identified issues with the calculations of leave entitlements under the Holidays Act 2003. The first phase of this project to ensure the current system is compliant with the Holidays Act 2003 has been completed. Phase two of the project to undertake a detailed analysis of the liability at an individual level of the over and under payments has also been completed. The outcome was not as significant as estimated in the financial accounts as at 30 June 2019. We will seek guidance on the options available to rectify the liability for both current and past employees during FY2021.

OUR PROCESS FOR QUALITY RATING VALUATIONS

QV is trusted to provide a robust, accurate and cost-effective rating valuation process. We have specialist knowledge and a core competency in portfolio valutions.

A team of local experts: Our team are specialists, handcrafting valuations based on our understanding of the complexities of the local market and environment.

A fit for purpose process: Ensuring a robust and cost-effective process for equitably spreading the incidence of the rating base for Councils.

An independently audited dataset: All rating valuations are approved by the Office of the Valuer General to ensure the standards and rules are met, and that the rating values reflect the market at the time of valuation.

A valuable dataset: We are custodians of an important and valuable dataset, owned by Councils (the district valuation roll). This base data for a rating valuation system is now also used by the whole property ecosystem for a range of activities, including assisting with the selling, valuing, insuring and financing of property.

1

The revaluation process

- **Market analysis and sales data review**

  We begin by analysing and understanding each individual local market, inspecting a sample of sales for in-depth market knowledge. Market value levels are set for each property type.

- **Physical inspections**

  We carry out targeted physical inspections of key property types and areas of high land use changes.

- **Benchmarking and value adjustments**

  Our world leading technology platform allows us to accurately value properties en-mass. Individual worksheets are assessed for rural, large institutions and business use properties.

- **Peer review and quality auditing**

  We then ensure the accuracy of our values. Statistical testing and thematic mapping are used to track values and check for anomalies. Additional individual handcrafting of values and inspections are done as required.

2

Managing objections

Property owners have the right to object to their rating valuation. **A robust review of the basis of the valuation, including an on-site inspection from our skilled team is undertaken.** This is an important process for the integrity of the rating valuation system.

To assist ratepayers to understand the value of their property, we provide access to free property information and an easy to use online portal to lodge an objection.

3

Ongoing roll maintenance

The ongoing maintenance of the district valuation roll is **essential to keep the property values and data up-to-date** and is the cornerstone of the triennial revaluation process.

We have a robust roll maintenance process to capture all property updates including building consents and subdivisions.

Director's responsibility statement

For the year ended 30 June 2020

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of the consolidated financial statements which give a true and fair view of the consolidated statement of financial position of Quotable Value Limited and its subsidiary ('the Group') as at 30 June 2020 and the results of their consolidated financial performance, consolidated changes in equity and consolidated cash flows for the year ended 30 June 2020. The Group comprises Quotable Value Limited and Quotable Value Australia Pty Limited.

The Directors consider that the consolidated financial statements of the Group have been prepared using accounting policies appropriate to the Group'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 the Group and to prevent and detect fraud and other irregularities.

The Directors are pleased to present the consolidated financial statements of the Group for the year ended 30 June 2020.

This annual report is dated 28 October 2020 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

Paula Jackson – Director

Dated 28 October 2020

Financial statements

For the year ended 30 June 2020

Consolidated statement of comprehensive income

For the year ended 30 June 2020

	Notes	2020 $NZ'000	2019 $NZ'000
Revenue			
Trading revenue		36,847	34,168
Interest revenue		20	16
Other income		54	-
Total revenue	2	**36,921**	**34,184**
Expenses			
Administration		971	923
Accounting, legal and consulting		1,169	1,134
Depreciation and amortisation	3 (a)	2,181	1,418
Finance and interest		60	82
Impairment		-	489
Marketing		279	204
Occupancy		350	1,584
Operating	3 (b)	4,216	4,967
Other	3 (c)	2,153	2,061
Personnel	3 (d)	21,561	21,897
Total expenses		**32,940**	**34,759**
Profit/(Loss) before taxation		3,981	(575)
Income tax expense/(benefit)	4	1,109	(19)
Profit/(Loss) for the year net of tax, attributable to owners of the Group		**2,872**	**(556)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Translation of foreign operations	19	22	(16)
Other comprehensive income for the year net of tax		**22**	**(16)**
Total comprehensive income for the year, attributable to owners of the Group		**2,894**	**(572)**

Consolidated statement of financial position

As at 30 June 2020

	Notes	2020 $NZ'000	2019 $NZ'000
Current assets			
Cash and cash equivalents	6	2,700	1,249
Trade and other receivables	7	4,822	5,373
Contract assets	8	2,364	1,820
Total current assets		**9,886**	**8,442**
Non-current assets			
Property and equipment assets	9	121	201
Goodwill	10	659	659
Intangible assets	11	6,413	7,074
Deferred taxation	4 (c)	-	477
Right-of-use assets	22	3,255	-
Total non-current assets		**10,448**	**8,411**
Total assets		**20,334**	**16,853**
Current liabilities			
Contract liabilities	8	1,870	2,200
Trade and other payables	16	1,670	2,079
Borrowings	14	-	1,780
Employment entitlements	17	2,110	2,027
Provisions	18	78	49
Taxation payable		66	28
Lease liabilities	22	669	-
Total current liabilities		**6,463**	**8,163**
Non-current liabilities			
Employment entitlements	17	122	236
Provisions	18	118	259
Lease liabilities	22	2,395	-
Deferred taxation	4 (c)	387	-
Total non-current liabilities		**3,022**	**495**
Total liabilities		**9,485**	**8,658**
Net assets		**10,849**	**8,195**
Equity			
Issued capital	5	4,600	4,600
Foreign currency translation reserve	19	279	225
Retained earnings	20	5,970	3,370
Total equity		**10,849**	**8,195**

For and on behalf of the Board who authorised the issue of these financial statements on 28 October 2020.

Gregory Fortuin – Director

Paula Jackson – Director

Consolidated statement of changes in equity

For the year ended 30 June 2020

	Notes	Issued Capital NZ$'000	Retained earnings NZ$'000	Foreign Currency Translation Reserve NZ$'000	Total Shareholder's Funds NZ$'000
Balance as at 30 June 2018		**4,600**	**3,528**	**241**	**8,369**
Effect of change in accounting policy for NZ IFRS 15 adjustment		-	398	-	398
Balance as at 1 July 2018		**4,600**	**3,926**	**241**	**8,767**
Profit/(Loss) for the year net of tax		-	(556)	-	(556)
Other comprehensive income, net of tax		-	-	(16)	(16)
Total comprehensive income for the year		**-**	**(556)**	**(16)**	**(572)**
Payment of dividends	20	-	-	-	-
Balance as at 30 June 2019		**4,600**	**3,370**	**225**	**8,195**
Profit/(Loss) for the year net of tax		-	2,872	-	2,872
Transfer		-	(32)	32	-
Other comprehensive income, net of tax		-	-	22	22
Total comprehensive income for the year		**-**	**2,840**	**54**	**2,894**
Payment of dividends	20	-	(240)	-	(240)
Balance as at 30 June 2020		**4,600**	**5,970**	**279**	**10,849**

The accompanying notes form part of these consolidated financial statements

Consolidated statement of cash flows

For the year ended 30 June 2020

	Notes	2020 $NZ'000	2019 $NZ'000
Cash flows from operating activities			
Cash was provided from:			
Revenues from operations		36,421	35,955
Interest received		20	16
		36,441	**35,971**
Cash was applied to:			
Payments to employees and suppliers		31,079	33,154
Net GST paid/(received)		42	81
Interest paid		60	82
Income tax paid/(received)		207	56
		31,388	**33,373**
Net cash flows from operating activities	**21**	**5,053**	**2,598**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property and equipment assets		19	16
		19	**16**
Cash was applied to:			
Purchase of property and equipment assets & intangible assets		546	2,400
		546	**2,400**
Net cash flows from investing activities		**(527)**	**(2,384)**
Cash flows from financing activities			
Cash was applied to:			
Repayment of loan advance		1,780	792
Dividends paid		240	-
Repayment of lease liabilities		1,055	-
		3,075	**792**
Net cash flows from financing activities		**(3,075)**	**(792)**
Net increase (decrease) in cash and cash equivalents		1,451	(578)
Cash and cash equivalents as at 1 July		1,249	1,827
Cash and cash equivalents as at 30 June	**6**	**2,700**	**1,249**

The accompanying notes form part of these consolidated financial statements

Consolidated notes to and forming part of the consolidated financial statements

For the year ended 30 June 2020

1. Statement of accounting policies

Reporting entity
Quotable Value Limited is a State-Owned Enterprise in terms of the State-Owned Enterprises Act 1986. It is incorporated and domiciled in New Zealand and is wholly owned by the Crown.

The Group comprises of Quotable Value Limited, which is registered under the Companies Act 1993, and Quotable Value Australia Pty Limited, which is registered and domiciled in Australia and is registered under the Corporations Act 2001.

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

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

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

Basis of Preparation
The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

a) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous years, except where the Group has updated the accounting policies consistent with the requirements of the new and revised NZ IFRS requirements as discussed in (d) below.

b) Statement of compliance

These financial statements have been prepared in accordance with the requirements of the State-Owned Enterprises Act 1986, which includes the requirement to comply with GAAP.

The consolidated financial statements comply with New Zealand equivalent to International Financial Reporting Standards (NZ IFRS), and other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS as appropriate for for-profit entities.

c) Functional and Presentation Currency

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

d) Application of new and revised International NZ Financial Reporting Standards (NZ IFRSs)

Impact of application of NZ IFRS 16 Leases
From 1 July 2019, the Group has adopted NZ IFRS 16 Leases. NZ IFRS 16 introduces a single model for lessees which recognises all leases on the statement of financial position through an asset representing the right of use (ROU) of the leased item during the lease term and a liability representing the obligation to make lease payments.

The Group has applied the practical expedient on transition available under NZ IFRS 16 and thus has not reassessed whether a contract is or contains a lease. The Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under NZ IAS 17. The lease liabilities are initially measured at the present value of the remaining unpaid lease payments as of 1 July 2019, discounted using the applicable discount rate.

The Group has adopted NZ IFRS 16 using the modified retrospective approach with the ROU assets being equal to the initial measurement of the corresponding leased liabilities for all existing leases at 1 July 2019 and any initial direct costs. Comparative figures for the year ended 30 June 2019 are not restated, but instead continue to reflect the accounting policies under NZ IAS 17 Leases. The ROU assets are subsequently measured at cost and then depreciated on a straight line basis over the remaining period of the lease or useful life. Costs incurred with a lease that are not part of the cost of the ROU asset are expensed.

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

Where the Group 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.

The Group 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, plant and equipment.

For short-term leases (non-obligation leases) and leases of low-value assets, the Group 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.

In applying the modified retrospective approach available under NZ IFRS 16, the Group has used the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics; and
- Leases with a remaining term of twelve months or less from the date of application have been accounted for as short-term leases (i.e. not recognised on balance sheet) even though the initial term of the leases from lease commencement date may have been more than twelve months.

Financial impact of the initial application of NZ IFRS 16
The weighted average incremental borrowing rate applied to lease liabilities on 1 July 2019 was 1.9%.

The following table shows the operating lease commitments disclosed applying NZ IAS 17 at 30 June 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the Statement of Financial Position at the date of initial application.

	$NZ'000
Operating lease commitments at 30 June 2019	**1,910**
Short-term leases and leases of low-value assets	(463)
Effect of discounting the above amounts	(48)
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	2,525
Lease liabilities recognised at 1 July 2019	**3,924**

Impact on the Statement of Cash Flows for the year ended 30 June 2020:
Under NZ IFRS 16, lessees must present:

- Short-term lease payments and payments for leases of low-value assets as part of operating activities;
- Cash paid for the interest portion of lease liability as operating activities; and
- Cash payments for the principal portion of lease liabilities as part of financing activities.

Under NZ IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities. Comparative numbers have not been restated.

The adoption of NZ IFRS 16 did not have an impact on net cash flows.

e) Standards and interpretation in issue not yet adopted:

There are no new standards, amendments or interpretations that have been issued but are not yet effective and have not been early adopted that are expected to have a significant impact on the Group.

f) Basis of consolidation

The Group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group are consolidated on a line-by-line basis. All intra-group balances, transactions, revenue, and expenses are eliminated on consolidation.

The group 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.

g) Critical accounting estimates

In preparing these financial statements the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed within the notes referred to below:

- Property and equipment assets useful lives and residual value - Note 9;
- Intangible assets useful lives and residual value - Note 11;
- Retirement and long service leave - Note 17 provides an analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities;
- Goodwill impairment - Note 10.

Actual results normally always differ from those estimates, possibly significantly. Items that are considered particularly sensitive to changes in estimates and assumptions, and the relevant accounting policies are those that relate to impairment of goodwill and other intangibles.

h) Critical judgements in applying the Group's accounting policies

Management has exercised the following critical judgements in applying the Group's accounting policies for the year ended 30 June 2020:

Capitalisation and impairment of intangible assets
Internally generated intangible assets can only be capitalised to the extent they meet the criteria outlined in our research and development accounting policy. Any expense not meeting the capitalisation criteria is recognised as research and development expense in profit or loss. Judgement is required in determining whether all the capitalisation criteria have been met and at what point and this consideration is undertaken on a case by case basis for significant projects. Research and development expenditure is disclosed in Note 3 (c) and capitalised intangible assets in Note 11.

i) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Consolidated Statement of Financial Position.

j) Foreign Currency Transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss within the Consolidated Statement of Comprehensive Income.

The accounting policies set out have been applied in preparing the consolidated financial statements for the year ended 30 June 2020, and the comparative information presented in these consolidated financial statements for the year ended 30 June 2019.

2. Revenue

Trading revenue

The Group derives revenue through the provision of services to third parties which include triennial valuation services, other valuation services - council contracts, database management services and income from investments.

Revenue is measured based on the consideration specified in the contract with a customer. Payment is typically due on a monthly basis, and pricing is determined using the cost plus margin approach.

Triennial valuation

The triennial valuation is identified as a separate performance obligation from the day to day services because there is a significant amount of time and resource required to undertake the triennial valuation and its timeframe is clearly identified in the contracts. Therefore a Council would expect the Group to deliver the triennial valuation independent to any other valuation related services.

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

Other valuation services - Council contracts

The Group is essentially at a stand ready position to undertake the various services for the Councils. The Councils will receive the benefits as the services are being performed over time, therefore a portion of the contract fee has been allocated to the other valuation service performance obligation and is recognised when the service is performed.

Property services

The following have been identified as separate performance obligations as these are clearly identified in the contracts: Lease management, Facilities Management and Portfolio Management.

Revenue for the performance obligations are recognised in line with *NZ IFRS 15 Revenue from Contracts with Customers (the Standard)* as follows, when the service has been delivered to the customer:

- Lease management - the entity is required to be at a 'stand-ready' position which means it needs to be ready to deliver the necessary services for managing the leases. This meets the first criteria of the Standard for recognising the performance obligation over time.
- Facilities management - the entity is required to be at a 'stand-ready' position which means it needs to be ready to deliver the necessary services for managing the facilities and being available for the property help desk services. This meets the first criteria of the Standard for recognising the performance obligation over time.
- Portfolio management - the entity is at a 'stand-ready' position which means it needs to be ready to deliver the necessary services in accordance with its responsibilities under the contract. This meets the first criteria of the Standard for recognising the performance obligation over time.

Database management services

The database management services requires the Group to maintain the data securely so that Councils can access the valuation data.

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.

Disbursements

The disbursement revenue requires the Group to perform services on behalf of customers for which they are reimbursed.

Revenue for disbursements has been recognised at the point in time of performing the service.

Interest revenue

Interest revenue is recognised at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other income

Other income relates to government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs and are recognised in profit or loss in the period in which the grant is made.

Covid-19 impact

Council related valuation services were not materially impacted by Covid-19. When Covid-19 first arrived in NZ, QV focused on field work and when the country went into lockdown, our staff were able to undertake desk assessment work. Furthermore, our Council other valuation services are subject to long term contracts with monthly activities which QV was able to perform during lockdown.

Our Asset valuation services were initially impacted by lockdown, however, the demand for these services is driven by companies requiring valuations of their properties for their year end reporting purposes. Consequently this activity has continued although at slightly lower levels compared to pre-Covid.

Our other property valuation services is largely driven by current market activity. This is the buying and selling of properties or borrowing secured by property. This was significantly impacted by lockdown as buying and selling came to a halt. Once lockdown lifted, buying/selling recommenced which led to a resurgence of activity although this was still lower than prior year.

Revenue and expenses from continuing operations includes:

a) Trading revenue

	2020 $NZ'000	2019 $NZ'000
Triennial valuations	22,043	18,859
Other valuation services - Council contracts	8,324	8,305
Database management services	1,733	1,470
Property management services	1,580	1,859
Property valuations	2,842	3,303
Disbursements	325	372
	36,847	**34,168**

3. Expenses

Research and Development
Development costs are recognised as an asset when all of the following criteria are met:

- the product or process is clearly defined and the costs attributable to the product or process can be identified separately and measured reliably;
- the technical feasibility of the product or process can be demonstrated;
- the Group intends to produce and market, or use, the product or process;
- the existence of a market for the product or process or its usefulness to the Group, if it is to be used internally, can be demonstrated; and
- adequate resources exist, or their availability can be demonstrated, to complete the project and market or use the product or process.

Capitalisation is limited to that amount which, taken together with further related costs, is probable of recovery from related future benefits.

Development costs recognised as an asset are amortised on a straight line basis over the period of expected benefits.

All other development costs and all research costs are recognised as expenses in the period in which they are incurred.

Expenditure from continuing operations includes:

a) Depreciation and amortisation expense

	Notes	2020 $NZ'000	2019 $NZ'000
Amortisation of intangible assets	11	1,238	1,294
Depreciation	9	79	124
Depreciation of right-of-use asset	22	864	-
		2,181	**1,418**

b) Operating expenses

	2020 $NZ'000	2019 $NZ'000
Communication expenses	362	388
Computer operating expenses	3,313	3,852
Travel expenses	211	313
Vehicle expenses	330	414
	4,216	**4,967**

c) Other expenses

	Notes	2020 $NZ'000	2019 $NZ'000
Audit fees	3 (e)	203	142
Bad debts recovered		(3)	(3)
Bad debts written off		7	22
Allowance for expected credit losses raised during the period		82	(15)
Board expenses		233	245
Direct valuation costs		1,041	911
Insurance		576	663
(Gain)/Loss on disposal of assets		(3)	9
Other costs		17	4
Research & development		-	83
		2,153	**2,061**

d) Personnel expenses

	2020 $NZ'000	2019 $NZ'000
Personnel expenses	20,950	21,282
Superannuation contributions	611	615
	21,561	**21,897**

e) Auditors' remuneration

Amounts paid or payable to the auditors for:

	2020 $NZ'000	2019 $NZ'000
The audit of the Group's consolidated financial statements - Audit New Zealand on behalf of the Office of the Auditor-General*	188	127
The audit of the real estate trust accounts - RSM Hayes	15	15
Total audit fees	**203**	**142**

* Auditors' remuneration in 2020 includes $40,000 relating to the audit of the Group's consolidated financial statements for the year ended 30 June 2019.

4. Income tax

a) 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. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

	2020 $NZ'000	2019 $NZ'000
Relationship between tax expense and accounting profit		
Profit/(Loss) from operations	**3,981**	**(575)**
Income tax expense at 28% (2019: 28%)	1,115	(161)
Plus/(less) tax effect of:		
Non deductible expenditure	15	146
Prior period adjustment	1	-
Impact of tax rates in different jurisdictions	(5)	(4)
Other	(17)	-
Tax expense/(benefit)	**1,109**	**(19)**
Components of tax expense		
Current tax expense	245	201
Deferred tax	864	(65)
Tax on NZ IFRS 15 adjustment	-	(155)
Prior period adjustment	-	-
Tax expense/(benefit)	**1,109**	**(19)**

b) Imputation credit account

	2020 $NZ'000	2019 $NZ'000
Imputation credits available for use in subsequent periods	387	480
Franking credits - Quotable Value Australia Pty Limited ('QVA')	1,654	1,459

c) Deferred taxation

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

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

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

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

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

The following tables shows the deferred tax liability for the year:

	2020 $NZ'000	2019 $NZ'000
Balance as at 1 July	477	412
Movements during the period	(864)	65
Balance as at 30 June	**(387)**	**477**

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

Deferred tax assets/(liabilities)

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

	Opening balance $NZ'000	Charged to income $NZ'000	Charged to equity $NZ'000	Closing balance $NZ'000
For the year ended 30 June 2019:				
Gross deferred tax liabilities:				
Property and equipment assets	(266)	(419)	-	(685)
Work in progress	(195)	155	-	(40)
	(461)	**(264)**	**-**	**(725)**
Gross deferred tax assets:				
Employee entitlements	440	(163)	-	277
Doubtful debt and impairment losses	9	(9)	-	-
Tax losses carried forward	303	427	-	730
Provisions	121	74	-	195
	873	**329**	**-**	**1,202**
Total	**412**	**65**	**-**	**477**

5. Issued capital

	2020 $NZ'000	2019 $NZ'000
Balance at 1 July	4,600	4,600
Balance at 30 June	**4,600**	**4,600**

At 30 June 2020 the Group has authorised and issued 4,600,000 ordinary shares fully paid (2019: 4,600,000). The shares have no par value. All shares carry equal voting rights and the right to share in any surplus on winding up of the Group. None of the shares carry fixed dividend rights. There is no right of redemption attached to these shares.

6. 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 Consolidated Statement of Financial Position.

	2020 $NZ'000	2019 $NZ'000
Cash at bank	2,697	1,246
Petty cash	3	3
	2,700	**1,249**

The carrying value of short-term deposits in cash at bank with maturity dates of three months or less approximates their fair value. As at 30 June 2020, Quotable Value Australia Pty Limited hold term deposits of $532,178 (2019: $507,844) that relate to the facility to be used to issue trade related guarantees or standby letters of credit. Refer to note 23 for information on the bonds contingent liabilities.

7. 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.

	2020 $NZ'000	2019 $NZ'000
Trade Receivables from contracts with customers	4,036	4,661
Allowance for expected credit losses	(78)	-
	3,958	**4,661**
Related party receivables - trade	-	10
Prepayments	221	279
Work in progress	643	423
	4,822	**5,373**

The average credit period on sales of services is 30 days. No interest is charged on trade receivables. The Group 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.

In assessing these factors, the Group has assessed that the economic impact of Covid-19 has increased the risk of default, particularly on older items relating to smaller debts. Consequently, this has resulted in a full provision for those debts resulting in a higher level of provision than in prior years.

Aged debtors schedule for the Group

			2020 $NZ'000			2019 $NZ'000
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	3,333	-	3,333	3,911	-	3,911
Past due 1-30 days	302	-	302	431	-	431
Past due 31-60 days	113	-	113	68	-	68
Past due 61+ days	288	(78)	210	251	-	251
Total trade receivables for the Group	**4,036**	**(78)**	**3,958**	**4,661**	**-**	**4,661**

Movement in allowance for expected credit losses

	2020 $NZ'000	2019 $NZ'000
Balance at 1 July	-	34
Additional allowances made/(released) during the year	82	(15)
Bad Debts recovered	3	3
Receivables written off during the period	(7)	(22)
Balance at 30 June	**78**	**-**

8. 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. Some customers pay a monthly fee over a contract term, usually a minimum of 3 years, for all the services the Group provides to that customer, including triennial valuation services.

Where the Group 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 Income in the Statement of Comprehensive Income.

If the Group 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.

	2020 $NZ'000	2019 $NZ'000
Triennial valuation services		
Balance at 1 July	**(380)**	**-**
Recognition of contract asset	-	2,289
Recognition of contract liability	-	(1,736)
Opening equity adjustment (before tax)	-	**553**
Revenue recognised during the year	874	(933)
Balance at 30 June	**494**	**(380)**
Current asset	2,364	1,820
Current liability	(1,870)	(2,200)
	494	**(380)**

9. Property and equipment assets

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

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

Additions
The cost of an item of property and equipment assets is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Group 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 the Group 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 in the profit or loss within the Consolidated Statement of Comprehensive Income when they are incurred.

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

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

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

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

In the year ended 30 June 2020 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 losses arising as a result of Covid-19.

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

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

An impairment loss is recognised in the profit or loss in the Consolidated Statement of Comprehensive Income immediately.

The following schedule shows the movements of property and equipment assets for the years ended 30 June 2019 and 2020:

	Leasehold improvements	Motor vehicles	Office equipment	Furniture & fittings	General IT hardware	Core application IT hardware	Total
	$NZ'000	$NZ'000	$NZ'000	$NZ'000	$NZ'000	$NZ'000	$NZ'000
Cost							
Balance as at 1 July 2018	**1,262**	**192**	**118**	**490**	**208**	**77**	**2,347**
Additions	5	-	3	1	107	-	116
Effect of foreign exchange	-	-	-	-	-	-	-
Disposals	-	-	(10)	(26)	(48)	-	(84)
Balance as at 30 June 2019/1 July 2019	**1,267**	**192**	**111**	**465**	**267**	**77**	**2,379**
Additions	-	-	2	22	-	-	24
Transfers	(4)	-	4	3	-	(42)	(39)
Disposals	(100)	(38)	(16)	(41)	(5)	-	(200)
Balance as at 30 June 2020	**1,163**	**154**	**101**	**449**	**262**	**35**	**2,164**
Accumulated depreciation and impairment losses							
Balance as at 1 July 2018	**(1,202)**	**(176)**	**(108)**	**(378)**	**(189)**	**(77)**	**(2,130)**
Disposals	-	-	10	18	48	-	76
Depreciation expense	(52)	(11)	(4)	(39)	(18)	-	(124)
Balance as at 30 June 2019/1 July 2019	**(1,254)**	**(187)**	**(102)**	**(399)**	**(159)**	**(77)**	**(2,178)**
Disposals	96	38	15	34	1	-	184
Transfer	4	-	(4)	(3)	-	42	39
Depreciation expense	(8)	(8)	(4)	(30)	(29)	-	(79)
Adjustment	-	3	-	(3)	(9)	-	(9)
Balance as at 30 June 2020	**(1,162)**	**(154)**	**(95)**	**(401)**	**(196)**	**(35)**	**(2,043)**
Net book value							
As at 1 July 2018	**60**	**16**	**10**	**112**	**19**	**-**	**217**
As at 30 June 2019	**13**	**5**	**9**	**66**	**108**	**-**	**201**
As at 30 June 2020	**1**	**-**	**6**	**48**	**66**	**-**	**121**

Property and equipment assets useful lives and residual value
At each balance date the Group 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 the Group to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the Consolidated Statement of Comprehensive Income, and carrying amount of the asset in the Consolidated Statement of Financial Position.

The Group minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

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

10. Goodwill

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 in the profit or loss within the Consolidated Statement of Comprehensive Income and is not subsequently reversed.

	2020 $NZ'000	2019 $NZ'000
Gross carrying amount		
Balance as at 1 July	10,007	10,007
Balance as at 30 June	**10,007**	**10,007**
Accumulated impairment losses		
Balance as at 1 July	(9,348)	(8,859)
Impairment loss for year	-	(489)
Balance as at 30 June	**(9,348)**	**(9,348)**
Net book value as at 1 July	659	1,148
Net book value as at 30 June	**659**	**659**
Allocated to the following Cash Generating Units (CGUs):		
Quotable Value	659	659
	659	**659**

Impairment testing for CGUs containing goodwill:

For the purpose of impairment testing, goodwill is allocated to the Group's CGUs which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Prior to the current year, goodwill was in Quotable Value Limited and Darroch Limited and each was a CGU. During the current year, Quotable Value Limited and Darroch Limited were amalgamated into Quotable Value Limited and Darroch Limited no longer exists as a separate legal entity. The CGUs are both within Quotable Value Limited.

Quotable Value CGU

The carrying value of the goodwill in the Quotable Value CGU of $659k (2019: $659k) comprises two components being: an amount of $159k (2019: $159k) which relates back to the acquisition of the valuation business from Valuation New Zealand in 1999; and an amount of $500k which relates to the transfer of the rural business from Darroch Limited (to Quotable Value Limited) in 2014.

The recoverable value of the Quotable Value 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% (2019: 3%) which reflects long term inflation expectations.
- A discount rate of 11.5% (2019: 11.6%) per annum has been applied to the cash flows.

Darroch CGU

In 2019 the recoverable value of the Darroch CGU was based on a Value in Use calculation. The recoverable value was less than the carrying value of the CGU and therefore an impairment of $489k was recognised in 2019 reducing the value of the CGU goodwill to nil.

11. Intangible assets (finite)

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

Costs of developing and maintaining the Group website are recognised as an expense when incurred.

Database and software

The Quotable Integrated Valuation System II Database ('QIVS'), Monarch Project, other projects and software are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes being recognised as a change in accounting estimate.

Impairment of assets

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

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

An impairment loss is recognised in the profit or loss in the Consolidated Statement of Comprehensive Income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

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 profit or loss.

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

Asset	Amortisation rate
QIVS II Database	33%
Software	10 – 33%
Monarch Project & other projects	11 – 15%

The fair value of the intangible assets is approximately equal to their carrying amount. In the year ended 30 June 2020 for the Group there were no:

- impairment losses recognised or reversed in the current period;
- borrowing costs capitalised;
- restrictions on title relating to intangible assets or items pledged as security for liabilities; and
- impairment losses arising due to Covid-19 impacts on QV's operations.

The following schedule shows the movements of intangible assets for the years ended 30 June 2019 and 2020:

	Computer software $NZ'000	QIVS $NZ'000	Work-in-progress $NZ'000	Monarch $NZ'000	Total $NZ'000
Gross carrying amount					
Balance as at 1 July 2018	**6,090**	**6,377**	**1,508**	**5,451**	**19,426**
Additions	49	-	1,546	-	1,595
Transfers	352	-	(2,815)	2,463	-
Disposals	(799)	(406)	(17)	-	(1,222)
Balance as at 30 June 2019/1 July 2019	**5,692**	**5,971**	**222**	**7,914**	**19,799**
Additions	-	-	577	1	578
Transfers	613	-	(744)	170	39
Disposals	(490)	-	-	-	(490)
Balance as at 30 June 2020	**5,815**	**5,971**	**55**	**8,085**	**19,926**
Accumulated amortisation and impairment losses					
Balance as at 1 July 2018	**(5,498)**	**(6,320)**	**-**	**(817)**	**(12,635)**
Disposals/Adjustments	799	406	-	-	1,205
Effect of foreign exchange	(2)	-	-	-	(2)
Amortisation	(192)	(35)	-	(1,066)	(1,293)
Balance as at 30 June 2019/1 July 2019	**(4,893)**	**(5,949)**	**-**	**(1,883)**	**(12,725)**
Disposals	490	-	-	-	490
Transfer	(39)	-	-	-	(39)
Amortisation	(392)	(14)	-	(832)	(1,238)
Adjustment	6	(6)	-	(1)	(1)
Balance as at 30 June 2020	**(4,828)**	**(5,969)**	**-**	**(2,716)**	**(13,513)**
Net book value					
As at 1 July 2018	**592**	**57**	**1,508**	**4,634**	**6,791**
As at 30 June 2019	**799**	**22**	**222**	**6,031**	**7,074**
As at 30 June 2020	**987**	**2**	**55**	**5,369**	**6,413**

The Group has reviewed the value of the QIVS database and Monarch project for impairment and, as the databases support operational business processes, their value is estimated to be greater than the carrying value. The Group believes that the databases hold their value on a going concern basis as revenue generating capacity continues.

WIP in the table above relates to investments in the Financial Management Information System. They will be allocated to specific capital items in software on completion.

12. 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 the Group 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, the Group'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. The Group's goodwill accounting policy is set out in notes 1(g) and 10.

Control is achieved when the Company:

- 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 Company 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 Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

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

At its meeting on 22 July 2019, the Board of Directors of Quotable Value Limited (the Board) resolved to fold Darroch Limited into Quotable Value Limited. A number of options for giving effect to this resolution were considered by the Board at its meeting on 26 August 2019 and the decision was made to amalgamate Darroch Limited and Quotable Value Limited using the short form amalgamation provisions under the Companies Act 1993 on 1 November 2019. Quotable Value Limited is the amalgamated (continuing) company and Darroch Limited was disestablished.

Quotable Value Limited has one subsidiary company (2019: two subsidiaries).

	Percentage of holding at balance date		Principal activities	Country of domicile and incorporation	Balance date
Name of company	2020	2019			
Subsidiaries					
Darroch Limited	0	100	Property Valuation and Management	New Zealand	30 June
Quotable Value Australia Pty Limited	100	100	Property Valuation	Australia	30 June

13. Related party information

Quotable Value Limited is a State-Owned Enterprise in terms of the State-Owned Enterprises Act 1986.

a) Related party transactions with entities related to key management personnel and Directors

		2020 $NZ'000	2019 $NZ'000
Agribusiness NZ	Director's fees	23	23
	Accounts payable	4	-
Alex Skinner Limited	Director's fees	14	-
	Accounts payable	2	-
Burton Partners	Director's fees	19	-
Driller Holdings Pty Limited	Director's fees	4	4
Duncan Cotterill Limited	Sales	-	9
	Accounts receivable	-	10
	Director's fees	-	54
Kim Wallace Limited	Director's fees	27	29
Marcon Holdings Limited	Accounts payable	2	-
Marcon Limited	Director's fees	26	25
Medary Services Limited	Director's fees	-	20
Multorum Limited	Director's fees	15	-
	Accounts payable	6	-
PJ Consulting Limited	Director's fees	23	23
	Accounts payable	2	-
Stratus Limited	Director's fees	-	27

All transactions between entities and directors within the group were at normal market prices and on normal commercial terms. There are no guarantees to or from any related parties.

b) Balances arising from sales/purchases of goods and services

Purchases from related parties are made at terms equivalent to those that prevail on commercial terms. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There are no guarantees provided or received for any related party receivable or payable. There is no provision held against receivables from related parties (2019: Nil).

Quotable Value Australia Pty Limited paid Quotable Value Limited $227,635 (2019: $224,944) for expenses recharged by Quotable Value Limited.

No related party balances have been written off or impaired during the year (2019: Nil).

c) Share ownership

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

d) Compensation of key management personnel

QV Group'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 the Company's remuneration position against market movement and trends, and to recommend the total overall remuneration adjustment for QV 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 the QV Executive at the end of the 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 designed to motivate and reward for performance in that financial year. The target value of the short-term incentive is a dollar value. For FY2020 the relevant target for the CEO was 18.75% of base salary, for all other Executives it was 12.5% to 17%.

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

Note: There are no long-term incentives.

	FY2020 weighting %	Measure
Commercial Success (shared)	50%	EBITDA
People (shared)	20%	Employee engagement
Strategic Priority (individual)	30%	Specific targets

In line with the New Zealand Government COVID-19 initiative for CEO's to reduce their remuneration by 20% for six months, the CEO's base salary and short-term incentive maximum potential was reduced to reflect this initiative. Measures for the CEO short-term incentive were revised down to 50% of the original maximum potential.

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

Chief Executive's remuneration

	Salary $NZ'000	Benefits $NZ'000	Subtotal $NZ'000	Short-Term incentive $NZ'000	Total remuneration $NZ'000
FY2020	**397**	**81**	**478**	**34**	**511**
FY2019	370	75	445	40	485
FY2018	366	72	438	40	478
FY2017	338	45	383	20	403

* In line with the NZ government COVID-19 initiative for CEO's remuneration to reduce by 20% over 6 months, the CEO salary and short-term incentive was reduced from 1 May 2020.
* Benefits include; KiwiSaver, carpark and professional memberships.
* Short-term incentive is paid in the financial year following performance.

Executive remuneration

	Salary $NZ'000	Benefits $NZ'000	Termination benefits $NZ'000	Subtotal $NZ'000	Short-Term incentive $NZ'000	Total remuneration $NZ'000
FY2020	**893**	**46**	**106**	**1,046**	**81**	**1,127**

* Roles covered are: Chief Financial Officer, Chief Operating Officer, Chief People Officer, Chief Technology Officer & General Manager Business Development & Partnering.

14. 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 method.

Borrowing costs

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

	2020 $NZ'000	2019 $NZ'000
Current		
Westpac New Zealand money market	-	1,780
	-	**1,780**

Current	-	1,780
Non-current	-	-
	-	**1,780**

The bank overdraft is made available only subject to the terms of an unsecured negative pledge. The facility available totals $1,000,000 (2019: $1,000,000). No overdraft is drawn down at balance date.

The bank money market facility is made available only subject to the terms of an unsecured negative pledge. The facility currently available totals $4,500,000 (2019: $4,500,000). There are no fixed repayment terms. The loan is due to expire on 31 July 2021. None of the available facility (2019: $1,780,000) has been used at balance date.

At balance date there is a business MasterCard facility of $71,500 (2019: $71,500) of which $3,005 (2019: $3,939) is drawn down.

2020: The facility renewal was completed in December 2019 with a variation to the existing facility which included an updated definition for interest cover ratio. This aims to resolve the impact of NZ IFRS 15 on the interest cover ratio.

2019: The transition to NZ IFRS 15 during the 2019 period resulted in differences in timing of revenue recognition. As a result, Quotable Value Limited technically breached the Interest Cover Ratio covenant condition attached to the Westpac NZ Money Market Loan (balance at 30 June 2019: $1,780,000). Quotable Value Limited discussed with Westpac to review the covenant definitions and calculations to align with the new revenue accounting standards.

The carrying value of borrowings approximates their fair value.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash-flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	2019 $NZ'000	Financing cash flows* $NZ'000	Non-cash changes $NZ'000	2020 $NZ'000
Money market - call	1,780	(1,780)	-	-
Total liabilities from financing activities	**1,780**	**(1,780)**	**-**	**-**

* The cash flows from long-term and short-term debt make up the amount of proceeds and repayments presented in the statement of cash flows.

15. Financial instruments

Recognition and measurement

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

The Group designates cash and cash equivalents and trade and other receivables (excluding prepayments) as financial assets at amortised cost. The Group 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
The Group recognises a loss allowance for expected credit losses 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.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group'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.

The Group has recognised a loss allowance in the current year of $78k (2019: nil).

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 default
The Group 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 the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group 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 the Group 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 the Group 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.

The Group 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
The Group 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.

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by a group entity are 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 instruments
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
The Group 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
The Group derecognises financial liabilities when, and only when, the Group's 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. The Group operates in Australia which requires the entities to enter into transactions denominated in Australian dollars (AUD). The Group holds small balances of AUD on call with international banks. As a result of these activities, exposure to currency risk arises.

Sensitivity analysis
As at 30 June 2020, if the NZD had strengthened by 10% against the AUD with all other variables held constant, the profit for the year would have been $60,891 lower. If the NZD had weakened by 10% against the AUD the profit would have increased by $74,458.

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

The Group's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents (note 6), and net trade and other receivables (note 7).

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. The Group has no significant concentration of credit risk, as its credit customers are relatively small.

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

The carrying amount of financial assets and liabilities are as follows:

	2020 $NZ'000	2019 $NZ'000
Financial assets at amortised cost		
Cash and cash equivalents	2,700	1,249
Trade and other receivables (excluding prepayments)	4,601	5,095
Total financial assets at amortised cost	**7,301**	**6,344**
Financial liabilities at amortised cost		
Creditors and other payables	1,091	1,490
Borrowings - secured loans	-	1,780
Total financial liabilities at amortised cost	**1,091**	**3,270**

The contractual cash flows for borrowings – secured loans is the same as its carrying amount. This is due to the borrowings being on call therefore can be repaid at any time during the period. As a result, the interest payable on the settlement of the borrowing can vary depending on the repayment date and has been excluded from the estimated contractual cash flows. Historically the Group pays the borrowings – secured loans within 12 months from balance date.

16. Trade and other payables

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

	2020 $NZ'000	2019 $NZ'000
Trade payables	752	723
Income in advance	202	170
Accruals	339	767
GST payable	377	419
	1,670	**2,079**

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

17. Employment entitlements

Short-term employee entitlements
Provision is made in respect of the Group'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 the Group in respect of services provided by employees up to reporting date.

Holiday pay
In the prior year the Group identified issues with the calculation of leave entitlements for New Zealand employees under the Holidays Act 2003 (the Act). During the current year the Group instructed its payroll service provider to correct the issue and to determine the amount of leave underpaid in the prior 6 years. This work has been completed and the Group is compliant with the Act and has determined a holiday pay underpayment of $130,000 which has been provided for in 2020.

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 Consolidated Statement of Comprehensive Income as incurred.

Australian schemes
The Group contributed to a number of defined contribution superannuation plans. Contributions to superannuation plans are based on percentages of employee gross salaries. Obligations for contributions are recognised as an expense in the Statement of Comprehensive Income as incurred.

	2020 $NZ'000	2019 $NZ'000
Employment entitlements consists of:		
Holiday pay	798	803
Accrued salaries and wages	1,249	1,238
Other employee entitlements	185	222
	2,232	**2,263**
Current	2,110	2,027
Non-current	122	236
	2,232	**2,263**

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 2020. 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% (2019: 2.5%) was used.

18. Provisions

Provisions
Provisions are recognised when the Group 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.

Make good
The Group 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, the Group has the option to renew leases, which impacts on the timing of expected cash outflows to make good the premises. Assuming this is not exercised the first cash-flows associated with this would occur in 2021.

The Group is subject to professional indemnity claims in the course of its business. The Group reassesses the likelihood of successful claims at least annually. The Group's current assessment is that the likelihood of an outflow is remote. Accordingly, the Group has reversed its previous provisions. Determination of any provision is subjective, with the settlement of claims being dependent on a number of factors including whether or not the claimant suffered loss.

Movement in provisions	Make good $NZ'000	Total $NZ'000
Gross carrying amount		
Balance as at 1 July 2018	**368**	**368**
Amount reversed	(60)	(60)
Balance as at 30 June 2019 / 1 July 2019	**308**	**308**
Amount reversed	(112)	(112)
Amount provided	2	2
Amount utilised	(2)	(2)
Balance as at 30 June 2020	**196**	**196**

	2020 $NZ'000	2019 $NZ'000
Current	78	49
Non-current	118	259
	196	**308**

19. 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.

	2020 $NZ'000	2019 $NZ'000
Balance as at 1 July	**225**	**241**
Arising on translation of foreign operations	22	(16)
Transfer to retained earnings	32	-
Balance as at 30 June	**279**	**225**

Exchange differences relating to the translation of AUD being the functional currency of Quotable Value Australia Limited into NZD are brought to account by entries made directly to the foreign currency translation reserve.

20. Retained earnings and dividends

	2020 $NZ'000	2019 $NZ'000
Balance as at 1 July	**3,370**	**3,926**
Profit/(loss) for the year and attributable to the equity holders	2,872	(556)
Transfer from Foreign Currency Translation Reserve	(32)	-
Dividends paid during the year - normal	(240)	-
Balance as at 30 June	**5,970**	**3,370**

During the year dividends of 5 cents were declared and paid to holders of fully paid ordinary shares (2019: nil).

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

Operating activities include cash received from all income sources of the Group and records 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.

	2020 $NZ'000	2019 $NZ'000
Profit/(Loss) for the year	**2,872**	**(556)**
Depreciation	79	124
Depreciation of Right-of-Use asset	864	-
Amortisation of intangible assets	1,238	1,294
Impairment expense	-	489
Foreign exchange movement	22	(16)
Movement in provision for doubtful debts	78	(34)
Loss (gain) on sale of property and equipment assets	(3)	9
Deferred tax	864	(65)
Recognition of revenue	(874)	933
Changes in net assets and liabilities:		
Decrease (increase) in receivables	473	846
Increase (decrease) in payables	(413)	384
Increase (decrease) in provisions	(112)	(60)
Increase (decrease) in employee entitlements	(31)	(659)
Increase (decrease) in GST Payable/receivable	(42)	(81)
Increase (decrease) in tax payable	38	(10)
Net cash flows from operating activities	**5,053**	**2,598**

22. Leases (Group as a lessee)

Right-of-use assets	Premises $NZ'000
Cost	
At 1 July 2019	4,119
Additions	-
Disposals	-
Balance as at 30 June 2020	**4,119**
Accumulated depreciation	
At 1 July 2019	-
Depreciation	(864)
Balance as at 30 June 2020	**(864)**
Carrying amount	
At 30 June 2020	**3,255**

The average lease term is 4.7 years.

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

Lease liabilities	2020 $NZ'000
Current	669
Non-current	2,395
	3,064

Maturity analysis	2020 $NZ'000
Year 1	669
Year 2	485
Year 3	478
Year 4	435
Year 5	372
Onwards	625
	3,064

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

23. Contingent liabilities

The Group had the following contingent liabilities at year end:

Bonds

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

	2020 $NZ'000	2019 $NZ'000
Rental bonds	161	156
Contract performance bonds	629	1,140
Total bond value	**790**	**1,296**

Professional indemnity claims

The Group is not currently subject to any quantified or unquantified professional indemnity claims.

Legal costs

During the reporting period two valuers had their cases reviewed by the Valuer Registration Board (VRB). A provision has not been recognised for either case given final costs have not been determined. The majority of the exposure would be for legal fees, plus other costs and fines.

24. Contingent assets

There are no contingent assets in the current year (2019: $18,466). In the prior year, the Group received a credit from a supplier to be applied to services purchased from 1 July 2019.

25. Commitments

Leases payable	2020 $NZ'000	2019 $NZ'000
Non-cancellable operating lease commitments, payable:		
Not later than one year	248	903
Later than one year and not later than five years	349	960
Later than five years	-	47
Total commitments	**597**	**1,910**

The Group has lease commitments in relation to IT hardware (2019: office rents, car parks and IT hardware). Most properties have the option of extending leases although these are reviewed at the time of renewal for necessity and continuation.

There are no restrictions placed on the Group by its leasing arrangements.

26. Capital management

The Group's capital is equity and borrowings. Equity comprises accumulated funds and other reserves and is represented by net assets. Borrowings are held with the bank as outlined in note 14.

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

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

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

27. Subsequent events

There were no subsequent events.

28. COVID-19 implications

The COVID-19 pandemic virus has led to widespread economic uncertainty and volatility that is impacting the operations of business, including the Group.

The uncertainty has led to difficulty in accurately forecasting future performance. Accounting standards require the Group to consider the conditions that exist at the reporting date and when the accounts are approved by the board.

As at the date of these accounts, it is anticipated that COVID-19 will have a negative impact on the financial performance of the business. Implications of COVID-19 expected on the Group include:

- *Revenue recognition* – The amount of revenue recognised and the pattern of revenue recognition is expected to be impacted by COVID-19 due to the delays in rendering services.
- *Impairment* – The effects of the COVID-19 outbreak has been considered in the impairment of financial and non-financial assets for expected credit losses, intangible assets and goodwill. Our budgets and forecasts for the FY21 through to FY23 have reduced revenues and margins in response to COVID-19 and these have been used in our assessments of whether impairments of goodwill and intangible assets are required. We have also considered the impact of COVID-19 on our debtors and this has resulted in an increase in the allowance for expected credit losses.
- *Debt Structure* – the Group may require additional financing or restructure its existing debt facility over the next 12 months due to the uncertain economic environment created by the COVID-19 outbreak.
- *Going Concern* – The directors' have considered all information available as at the date these accounts were approved and are of the view that the going concern basis is appropriate and that the Group will meet the test of going concern for at least the next 12 months. In reaching this conclusion the Board has considered:
  - the financial projections contained in the Statement of Corporate intent FY 2021 – 2023
  - revenue in the plan is forecast 16% lower than the current year
  - the Group is expected to report a small loss for the next financial reporting period
  - the Group has and will have sufficient funds available to meet its current forecast obligations as and when they fall due over at least the next 12 months.

Statutory information

For the year ended 30 June 2020

1. Directors' remuneration

Directors of the Group during the year and remuneration and other benefits paid to the Directors by the companies were $185,470 (Parent) (2019: $196,654) and subsidiary $5,883 (2019: $29,533 including Darroch).

Director	Period	Board	2020 $NZ'000	2019 $NZ'000
Raewyn Lovett	Partial year	Quotable Value Limited	-	39
Appointed Chair 1 May 2015, term ended 1 May 2019	Partial year	Quotable Value Australia Pty Limited	-	4
	Partial year	Darroch Limited[1]	-	8
Gregory Fortuin	Partial year	Quotable Value Limited	39	-
Appointed Chair 21 August 2019				
Kim Wallace	Partial year	Quotable Value Limited	27	29
Appointed 1 May 2012, Appointed Deputy Chair 1 June 2018, Appointed Acting Chair from 1 May 2019 to appointment of Chair Gregory Fortuin - appointed Chair 21 August 2019), term ended 30 Aprll 2020				
Stephen Panckhurst	Partial year	Quotable Value Limited	-	7
Appointed 11 March 2013, term ended 31 October 2018				
David Cameron-Brown	Partial year	Quotable Value Limited	-	20
Appointed 1 May 2016, term ended 30 April 2019				
Neil Barr	Partial year	Quotable Value Limited	-	20
Appointed 1 May 2016, term ended 30 April 2019	Partial year	Darroch Limited[1]	-	8
Paula Jackson	Full year	Quotable Value Limited	23	23
Appointed 1 November 2016. Appointed Deputy Chair 1 June 2020				
Bennett Medary	Partial year	Quotable Value Limited	-	20
Appointed 1 January 2017, term ended 30 April 2019				
Conor English	Full year	Quotable Value Limited	23	23
Appointed 1 May 2018				
Jacquie Barker	Full year	Quotable Value Australia Pty Limited	-	-
Appointed 1 May 2011 - QVA, Appointed 17 December 2015 - Darroch[1]	Partial year	Darroch Limited[1]	-	-
Greg Cate	Partial year	Darroch Limited[1]	-	-
Appointed 5 May 2014, Resigned 13 September 2019				
Ben Driller	Full year	Quotable Value Australia Pty Limited	4	4
Appointed 1 July 2013				
Joanne Conroy	Full year	Quotable Value Limited	23	16
Appointed 1 November 2018 - QV, December 2018 - Darroch[1]	Partial year	Darroch Limited[1]	3	5
Hon Mark Burton	Partial year	Quotable Value Limited	19	-
Appointed 21 August 2019				
Alex Skinner	Partial year	Quotable Value Limited	14	-
Appointed 13 November 2019				
Mads Moller	Partial year	Quotable Value Limited	15	-
Appointed 13 November 2019				
Suzanne Maree Tindal	Partial year	Quotable Value Limited	3	-
Appointed 1 May 2020				

[1] As outlined in note 12, Darroch Limited was amalgamated into Quotable Value Limited from 1 November 2019, as such, all existing directorships ended on this date.

2. Employees' remuneration

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

	Group	
	2020	2019
$100,000 - $109,999	6	8
$110,000 - $119,999	4	13
$120,000 - $129,999	10	7
$130,000 - $139,999	6	3
$140,000 - $149,999	2	3
$150,000 - $159,999	3	1
$160,000 - $169,999	4	-
$170,000 - $179,999	1	3
$180,000 - $189,999	1	2
$190,000 - $199,999	2	4
$200,000 - $209,999	1	3
$210,000 - $219,999	5	2
$220,000 - $229,999	1	3
$230,000 - $239,999	3	1
$240,000 - $249,999	1	-
$250,000 - $259,999	1	-
$290,000 - $299,999	-	1
$320,000 - $329,999	-	1
$470,000 - $479,999	-	1
$530,000 - $539,999	1	-

3. Interests register

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

Gregory Fortuin *Appointed 21 August 2019*	Director, Fortuin Taylor Properties Limited
	Director, Amanahnz Kiwisaver Limited
	Chair, Plain English Awards
	Ethnic Advisor NZ Police Commission (appointed 24 September 2019)
Kim Wallace *Appointed 1 May 2012, Term ended 30 April 2020*	Director, Port Nelson Limited
	Director, AgResearch Limited (appointed 6 July 2018)
	Owner/Director, Kim Wallace Limited
	Independent Governance Advisor NZTA/KiwiRail – NCTIR Alliance (appointed 8 February 2019)
	Director & Shareholder, Seahorse Beach Investments Limited (appointed 6 November 2003)
	Independent Committee Chair, Christchurch City Council's Audit & Risk Management Committee (appointed 1 July 2018)
Paula Jackson *Appointed 1 November 2016*	Trustee, Wellington Culinary Events Trust (resigned 9 December 2019)
	Non-Executive Director, Collect Rewards Limited
	Independent Director, WhosOnLocation Limited
	Owner/Director, Paula Jackson Consulting Limited
	Director, Airways Corporation of New Zealand Limited
	Trustee, Ruamahunga Health Trust
	Shareholder, Martinborough Properties Limited
	Director, Mercer (N.Z.) Limited
	Advisory Chair, My Trucking Limited
	Non-Executive Director - Marsello Limited (appointed November 2016)
Conor English *Appointed 1 May 2018*	Chairman, Agribusiness New Zealand Limited
	Director, GMP Pharmaceuticals Limited
	Chairman, QEX Logistics Limited
	Director, Silvereye Communications Limited
	Director, New Zealand E-Sports Federation Inc.
	Director, Cannasouth Limited
	Director, Fiber Fresh GP Limited

Joanne Conroy *Appointed 1 November 2018 (QV), December 2018 (Darroch)*	Director, Dunedin Venues Management Limited
	Director, Queenstown Housing Bonds Limited (resigned 1 November 2019)
	Director, Queenstown Lakes Community Housing Trust Developments Limited
	Director, Queenstown Lakes Community Housing Property Portfolio Limited
	Director, Otago Southland Employers Association (resigned 31 October 2019)
	Director and Shareholder, QDC Services Limited
	Director and Shareholder, Marcon Holdings Limited
	Chair, Westland Holdings Limited
	Director, Westlands Holdings (resigned 1 July 2019)
	Deputy Chair, South Island Trust Board of St John (resigned 24 June 2020)
	Trustee St John New Zealand Priory Chapter (appointed 24 June 2020)
	Member, Sky City Queenstown Community Trust
	Destination Westland Limited (appointed 25 May 2020)
Hon Mark Burton *Appointed 21 August 2019*	Partner, Burton Partners
	Member, UNDP GPN Experts Roster for Rapid Response
Alex Skinner *Appointed 13 November 2019*	Trustee & Chair Otautahi Community Housing Trust (appointed 14 November 2019)
	Trustee, Loyal Canterbury Lodge Investment Fund
	Director, Wild in Art NZ Limited
	Independent Director Christchurch City Holdings Limited (appointed 16 December 2019)
	Director, Christchurch City Holdings Limited
	Director, Wild in Art NZ Limited
	Trustee, Loyal Canterbury Lodge Investment Fund
	Director, Christchurch City Holdings Limited
Mads Moller *Appointed 13 November 2019*	Director and Shareholder, Multorum Limited
	Director and Chair, Limpidity Limited
	Director, Webtools Limited
	Director, Thinclab Limited
	Director, AVA Limited
	Director, Vertical Group APS
	Director, Avetec Inc.
	Director, London & Cambridge Limited

Suzanne Tindal *Appointed 1 May 2020 (QV), 26 August 2020 (QVA)*	Chair, Advisory Board Lagorn Group Limited
	Deputy Chair, New Zealand Infrastructure Commission (Te Waihanga)
	Director, Mainfreight Limited (resigned 2 June 2020)
	Trustee, Hayson Family Trust
	Trustee, Swinkels Family Trust
	Chair of the Audit and Risk Committee New Zealand Infrastructure Commission (Te Waihanga)
	Independent Chair of the Hutt City Council Audit & Risk Committee (appointed 19 June 2020)

The Board of Directors acknowledges that the Group holds Directors' and Officers' liability insurance arranged through Marsh Limited (formerly known as Jardine Lloyd Thompson) for up to NZ$20 million limit of liability through Berkshire Hathaway.

4. Donations

Donations made by the Company and Group during the year ended 30 June 2020 were $Nil (2019: $Nil).

5. Actual achievements

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

The table below shows the ratio of consolidated shareholder's funds (equity) to total assets for the planning period:

	2020 $NZ'000	2021 $NZ'000	2022 $NZ'000	2023 $NZ'000
Group position	Actual	SCI	SCI	SCI
Consolidated shareholder's funds (equity)	10,849	9,795	11,013	11,731
Total assets	20,334	18,849	19,674	19,598
Ratio	53.35%	51.97%	55.98%	59.86%

6. Changes in business of company

Darroch Limited was amalgamated into Quotable Value Limited from 1 November 2019.

Statement of key performance indicators

For the year ended 30 June 2020

Financial performance indicators

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

Specified financial performance	Group Actual 2020	SCI Target 2020	Group Actual 2019
Revenue ($NZ'000)	$36,921	$34,568	$34,184
EBITDA ($NZ'000)	$6,202	$3,117	$909
Profit after tax, impairment and amortisation before capital gains & dividends ($NZ'000)	$2,872	$526	($556)
Profit after taxation and impairment/revenue	7.79%	1.52%	(1.63%)
EBIT/tangible assets	52.61%	8.19%	(5.89%)
Interest cover (EBITDA/interest)	103.37	4.83	11.09
Shareholder return	13.82%	3.48%	(0.83%)
Dividend yield	1.15%	1.66%	-
Dividend payout	8.36%	10.40%	0.00%
Gross margin	64.97%	36.56%	33.28%
Operating margin (EBITDA/Revenue)	16.83%	9.01%	2.66%
Current ratio	152.96%	150.40%	103.42%
Net debt/net debt + equity ratio (maximum 30%) gearing ratio[1]	(33.13%)	3.29%	6.09%
Return on equity	30.39%	6.23%	(6.91%)
Return on capital employed (EBIT/ave debt + equity)	34.25%	7.44%	(4.91%)

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

Non-financial performance indicators

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

Non-financial performance indicators	Group Actual 2020	SCI Target 2020	Group Actual 2019
Customer			
Customer Net Promotor Score[1]	53	45-50	47.78
Data and insights freely available on a quarterly basis	Achieved	Meet	Achieved
Valuation Education available during revaluation period	Achieved	Meet	Achieved
Brand Credibility[2]			
QV provides independent information	74%	73%	77%
Trust QV's information	65%	69%	64%
People			
Health and Safety Prequal	Exceeded	Maintain	N/A
Employee Net Promoter Score[3]	42	0-2	N/A
Governance			
Audit ESCO Grade	Good	Good	N/A

Notes

[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 (promotors) less the percentage that rank QV a 0 to 6 (detractors).

[2] Brand credibility is measured through an annual independent survey

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

Statement of corporate governance

Consolidated financial statements

The Directors of the Group are responsible for preparing consolidated 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 was Raewyn Lovett until 30 April 2019 with Kim Wallace as Acting Chair from 1 May 2019. Gregory Fortuin was appointed as Chair from 21 August 2019.

The Group had 9 full Board meetings during the year and 5 COVID-19 update meetings. Most full Board meetings take place in Auckland, however all meetings were conducted via video or conference call during COVID-19 between March and June 2020. In conjunction with these meetings, the Board and executive management team usually meet once a year to review the Group's strategy and progress.

Subsidiary company

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

Internal control

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

The Directors acknowledge that they are responsible for the company'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 the Company and the Group 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 consolidated financial statements.

Committees of the Board

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

1. The Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee comprised Alex Skinner (Chair - appointed 1 May 2020), Kim Wallace (term ended 30 April 2020), Conor English (appointed 11 June 2019) and Suzanne Tindal (appointed 1 May 2020). The purpose of this committee is to oversee the financial management, external and internal audit functions and the overall risk management of the Group. The committee usually meets at least four times per year.

2. The People Committee

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

Director development

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

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent auditor's report

To the readers of the Quotable Value Limited's group financial statements for the year ended 30 June 2020

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

Opinion

We have audited the financial statements of the Group on pages 22 to 61, that comprise the statement of financial position as at 30 June 2020, 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 2020; 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 28 October 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of Covid-19 on the Group. 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.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Group as set out in note 28 to the financial statements.

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 of Directors. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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

Responsibilities of the Board of Directors for the financial statements

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

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 21, 62 to 71 and 77, but does not include the financial statements, and our auditor's report thereon.

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

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

Independence

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

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

KS MacKenzie

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

Directory

For the year ended 30 June 2020

Gregory Fortuin	Director (Chair)	Appointed 21 August 2019
Paula Jackson	Director	Appointed Deputy Chair 1 June 2020
Conor English	Director	
Joanne Conroy	Director	
Kim Wallace	Director	Acting Chair until appointment of Chair Term ended 30 April 2020
Hon. Mark Burton	Director	Appointed 21 August 2019
Alex Skinner	Director	Appointed 13 November 2019
Mads Moller	Director	Appointed 13 November 2019
Suzanne Tindal	Director	Appointed 1 May 2020

Jacquie Barker	Chief Executive Officer	
Gary Obbes	Chief Financial Officer	Appointed 1 May 2020
Rob Bullock	Chief Financial Officer	Appointed 23 October 2019, term ended 30 April 2020
Greg Cate	Chief Financial Officer	Term ended 13 September 2019
Brendon Bodger	General Manager, Business Development and Partnering	
Kirti Suman	Chief Growth Officer	Term ended 4 October 2019
Rochelle Clancy	Chief People Officer	
Melanie Lewis	Chief Operating Officer	Appointed 28 January 2020
Neil Cran	Chief Technology Officer	Appointed 27 April 2020

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

quotablevalue.co.nz