Property Council New Zealand

2023/24

General Purpose Financial Report

Property Council of New Zealand Incorporated

General Purpose Financial Report

For the year ended 31 March 2024

Property Council of New Zealand Incorporated

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Property Council of New Zealand Incorporated
Directory

Nature of Business	An incorporated body representing New Zealand's Commercial, Industrial, Retail, Property Funds and Multi Unit Residential Property owners, managers, developers, and investors.
Registered Office	Level 4
	51 Shortland Street Auckland
Chief Executive	Leonie Freeman
Board	National Chair
	Scott Pritchard
	Directors
	Anna Crosbie
	Clive Mackenzie
	Gerard Earl
	Kerin Russell-Smith
	Mark Thomson
	Patrick Dougherty
	Board Intern
	Natasha Sarkar
Solicitors	Martelli McKegg Lawyers
Bankers	Bank of New Zealand
Accountants	Baker Tilly Staples Rodway Auckland Limited
Independent Auditor	BDO Auckland

Property Council of New Zealand Incorporated
Consolidated Statement of Service Performance
For the year ended 31 March 2024

Purpose

Together, shaping cities where communities thrive.

Our work

Property Council's work can be segmented into five pillars:

1. Inspirational industry leadership
2. Influential advocacy
3. Communications with impact
4. Exceptional member value
5. A dynamic and secure organisation

Relevance to Strategic Plan

Plan on a Page: Strategy 2022-2025

Purpose	**Together, shaping cities where communities thrive** ***Whakarite taone e ora ai ngā hapori***

Values	**Kaitiakitanga** We are guardians of the land and built environment, protecting, respecting and growing Aotearoa for future generations.	**Manaakitanga** We respect and care for one another's wellbeing, nurturing relationships and engaging to find solutions.	**Whakatinanatia** We deliver quality, sustainable cities, spaces and regions for all to live, work, and play.	**Hapori** We foster and embrace community, ensuring Aotearoa is a place where everyone belongs.

Goals	**Inspirational Industry Leadership** We are the recognised and and trusted industry leader that champions property in our community.	**Influential Advocacy** We influence government and decision makers to support outcomes that have a positive impact on the property industry and our communities.	**Communications With Impact** We showcase the property industry's contribution to the community and the New Zealand economy.	**Exceptional Member Value** We engage, educate and foster mutually beneficial relationships for our members and the wider industry.	**A Dynamic & Secure Organisation** We ensure the organisation is future-proofed and has the resilience, capability, and capacity to deliver quality services to our members
2022-2025 Priorities	1. Lead initiatives that support thriving communities, precincts and cities. 2. Enhance key trusted stakeholder relationships. 3. Champion diversity and inclusion.	4. Increase the impact and influence of our advocacy programme. 5. Overhaul our research and publication programme to better meet member and industry needs.	6. Actively move the dial of public perception to highlight the property industry's role as city shapers. 7. Increase the impact and reach of our member communication.	8. Maintain and grow our membership. 9. Expand, leverage and elevate our events and services, to enhance our member's expertise and experience.	10. A financially sound, future-focused, high-performing organisation.

*This information (the purpose, pillars and strategic overview) was defined in [Property Council's 2022-2025 Strategy].

Property Council of New Zealand Incorporated
Consolidated Statement of Service Performance
For the year ended 31 March 2024

Strategic Pillar 1: Inspirational industry leadership

Objective: To be seen as an industry leader that champions the property sector.

Measure	Indicator	FY2024	FY2023
1. Member feedback via the Member Survey	Members consistently rate the following question highly: *Property Council is an industry leader that champions the property sector.*	8.38/10	8.42/10
2. D&I initiatives – increasing diversity at Property Council events.	Female attendance at events	37%	35%
	Female speakers at events	45%	46%
3. Number of speaking engagements.	Number of speaking engagements by the Chief Executive remains consistently high year on year.[1]	43	51

Method of measurement

1. The Member Survey is sent to all members of Property Council (approx. 11,000 recipients) in Q4 of the financial year. Data is collected via Survey Monkey and the results are reported to the Board at the subsequent National Board meeting. This data is presented as the average rating out of 10.
2. The percentage of females attending events and female speakers are measured by tallying the gender attendee and speaker data, summarised by respective Event Managers in a consolidated events reporting spreadsheet. This information is sourced from a summary spreadsheet with data provided by respective Event Managers.
3. The number of speaking engagements is measured by the Chief Executive, who inputs this data into our internal monthly report.

[1] The indicator has been updated to reflect the current high number of speaking engagements, and the realisation that increasing year on year is not sustainable for one person.

Property Council of New Zealand Incorporated
Consolidated Statement of Service Performance
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Strategic Pillar 2: Influential advocacy

Objective: To influence government and decision makers to support decisions that foster a thriving property industry.

Measure	Indicator	FY2024	FY2023
1. Number of submissions to Central and Local Government.	Property Council completes a number of written and oral submissions to both Central and Local Government.	40	58
2. Number of stakeholder meetings.	Property Council continues to meet with external stakeholders on a regular basis on behalf of our members.	253	357
3. Member feedback via the Member Survey	Members consistently rate the following question highly: *Property Council actively influences government and decision makers on behalf of the property industry.*	7.79/10	7.75/10

Method of measurement

1. The number of submissions is collated by Property Council's advocacy team and published on our website https://www.propertynz.co.nz/submissions. This data is also collected and published in our internal monthly reporting.
2. The tally of stakeholder meetings is counted by Property Council's advocacy team, collected in our CRM, Upbeat, and reported in our internal monthly report.
3. The Member Survey is sent to all members of Property Council (approx. 11,000 recipients) in Q4 of the financial year. Data is collected via Survey Monkey and the results are reported to the Board at the subsequent National Board meeting. These results are presented as the average rating out of 10.

Strategic Pillar 3: Communications with impact

Objective: We showcase the property industry's contribution to the community and the New Zealand economy

Measure	Indicator	FY2024	FY2023
1. Number of website visitors	Visitor numbers to the Property Council website remain strong.	90,891	73,194
2. Number of media hits	Measured via Fuseworks media monitoring service.	238	280
3. Engagement with our member communications	Data provided via Higher Logic email marketing platform – the average open rate of Property Council's emails is higher than the average rate of 21.5%.	Av. Open rate 33.57%	Av. Open rate 25.4%

Method of measurement:

1. Website visitors are measured by Google Analytics and reported on in our internal monthly report.
2. Media hits are measured via the Fuseworks media monitoring service and reported on in our internal monthly report.
3. Email marketing statistics are measured via the Higher Logic email marketing platform and reported on in our internal monthly report. The benchmarked average open rate was provided by Campaign Monitor's Email Marketing Benchmarks for 2022 study.

Strategic Pillar 4: Exceptional member value

Objective: We inform, educate, and foster mutually beneficial relationships for our members and the wider industry.

Measure	Indicator	FY2024	FY2023
1. Number of events held and attendees	Number of events	71	59
	Event attendees	10,484	11,058
2. Feedback from Member Survey	Members consistently rate the following question highly: *Property Council delivers services and benefits to members effectively and efficiently.*	7.77/10	7.72/10
3. Feedback from national event surveys	A majority of attendees rated the overall event they attended as good, very good or excellent (results are an average across all national events for the financial year).	98.44%	97.00%
4. Member retention rate	Property Council membership remains stable with a high retention rate.	84.80%	87.18%

Method of measurement:

1. All Property Council events are published and promoted on the Property Council website with a full list of past events available via our CRM, Upbeat, and is also summarised by respective Event Managers in a consolidated events reporting spreadsheet. This information is sourced from a summary spreadsheet with data provided by respective Event Managers.
2. The Member Survey is sent to all members of Property Council (approx. 11,000 recipients) in Q4 of the financial year. Data is collected via Survey Monkey and the results are reported to the Board at the subsequent National Board meeting. These results are presented as the average rating out of 10.
3. Event surveys are sent to all event attendees and stakeholders at the conclusion of our national conferences (The Property Conference, Retail Conference, Offset | Reset (biennial), and the Residential Development Summit). These surveys are designed in Survey Monkey and the data is collected and reported on in the event debrief report within two months of the event.
4. The member retention rate is calculated based on the number of membership renewal invoices paid for the financial year divided by the number of membership renewal invoices sent on 1st April each year. e.g., In FY2024, 546 renewal invoices were sent to members and 463 were paid, giving us a retention rate of 84.8%.

Strategic Pillar 5: A dynamic and secure organisation

Objective: To ensure the organisation has the capability and capacity to deliver quality services to our members.

Measure	Indicator	FY2024	FY2023
1. Secure and maintain financial security.	Create and maintain a Financial Resilience Reserve that ensures financial security.	$2.053M	$1.865M
	Achieve the budgeted operating surplus.	Actual $110k Budget $12k	Actual $455K Budget $148K
2. Staff Culture Survey results	Property Council staff rate the following question highly: *I would recommend Property Council as a great place to work.*	4.95/5	4.95/5
3. Staff turnover statistics	Staff turnover remains low.	5%	11%

Method of measurement

1. Financial results are collated by the Finance Team and audited on an annual basis. The budget and actual operating surplus excludes income from the financial resilience fund.
2. The Staff Culture Survey is sent to all full-time staff members at Property Council New Zealand. Data is collected via Survey Monkey and the result is presented as the average score.
3. Staff turnover statistics are collated by the Corporate Services team. Assumptions: the figures include all permanent employees and two consultants {Advocacy & Finance} and exclude fixed-term employees. FTE (Full time Equivalent) is counted to determine number of permanent roles. E.g., more than 30 hours as per IRD tax rule for FTE).

Judgements and data collection

1. The key pillars for reporting were decided by Property Council's 2022-2025 Strategy, which outlines five key pillars of the business.
2. The measures to include were decided by:
    a) Information that we already reported on under each of the five pillars.
    b) Data that was readily accessed and verifiable by audit.
    c) Information that provided hard data rather than anecdotal evidence.
3. *Member Survey responses* - This information is collected via a Member Survey that is sent to all members of Property Council (approx. 11,000 recipients) in Q4 of the financial year. Data is collected via Survey Monkey, collated and the results are reported to the Board at the subsequent National Board meeting by the Head of Communications. There are no formal reviews of the information, however, the raw data is available in the spreadsheet downloaded from Survey Monkey, which is stored for reference and checking if required.
4. *Event attendance data* - Event attendance data is collected via Property Council's CRM, Upbeat, which processes online event registration transactions. This data is then collated by the Event/Regional Manager who is managing the event and summarised by the Head of Membership and Commercial Services in Property Council's monthly report, which also serves as a review and control of the information provided. This report is also tabled to the National Board at its quarterly meetings.
5. *Number of events held during the period* - Event quantity information is collected via Property Council's CRM, Upbeat, which processes online event registration transactions for each event held. This data is then collated by the Event/Regional Manager who is managing the event and summarised by the Head of Membership and Commercial Services in Property Council's monthly report, which also serves as a review and control of the information provided. This report is also tabled to the National Board at its quarterly meetings.
6. *Website analytics (via Google analytics)* - Website analytics are collected via Google Analytics monthly by the Head of Communications, who reports this outcome as part of Property Council's monthly report. While there are no formal reviews or controls of this information, the data is freely available via the Google Analytics platform at any time.
7. *Member retention rates* - Member retention rates are collected via Property Council's CRM, Upbeat, which tracks all membership subscription invoices sent, versus those which are paid. This rate is calculated based on the number of membership renewal invoices paid for the financial year divided by the number of membership renewal invoices sent.

E.g., In FY2024, 546 renewal invoices were sent to members and 463 were paid, giving us a retention rate of 84.8%. This information is collected and updated monthly by the Membership and Sponsorship Manager and reviewed and summarised by the Head of Membership and Commercial Services for the Property Council monthly report.

8. *Staff turnover statistics* - Staff turnover statistics are collected by the Corporate Services team, which manages all human resources for the business, with the data based on incoming and outgoing employee movement. This data is collated by the Head of Operations and reported on an annual basis at the end of the financial year. This data is reviewed by the Chief Executive and the National Chair as part of the Annual Report. Assumptions for staff turnover statistics: the figures include all employment types (permanent/fixed term), excludes external consultants and FTE (Full Time Equivalent) is counted to determine number of permanent roles. E.g., more than 30 hours as per IRD tax rule for FTE).

Consolidated Statement of Comprehensive Revenue and Expense
For the year ended 31 March 2024

	Note	2024 $	2023 $
Revenue			
Revenue from exchange transactions	3	5,569,332	5,470,701
Cost of sales	5	(2,412,440)	(2,203,001)
Gross profit		3,156,892	3,267,700
Revenue from non-exchange transactions	3	-	412,000
Income from financial assets	4	249,358	91,440
Other income		30,701	31,615
		3,436,951	3,802,755
Less: expenses			
Operational expenses		(697,327)	(818,220)
Depreciation and amortisation expense	5	(41,000)	(48,565)
Employee benefits expense	5	(2,209,213)	(1,862,980)
Occupancy expense		(236,563)	(202,334)
		(3,184,103)	(2,932,099)
Surplus for the year		252,848	870,656
Total comprehensive revenue and expense for the year		252,848	870,656

The accompanying notes form part of these financial statements.

Property Council of New Zealand Incorporated
Consolidated Financial Statements

Consolidated Statement of Changes in Net Assets/Equity
For the year ended 31 March 2024

	Note	Accumulated revenue and expense $	Financial resilience reserve $	Total equity $
Balance as at 1 April 2022		1,255,997	1,153,051	2,409,048
Surplus for the year		870,656	-	870,656
Total comprehensive revenue and expense for the year		870,656	-	870,656
		2,126,653	1,153,051	3,279,704
Transfer to financial resilience reserve	17	(712,000)	712,000	-
Balance as at 31 March 2023		1,414,653	1,865,051	3,279,704
Balance as at 1 April 2023		1,414,653	1,865,051	3,279,704
Surplus for the year		252,848	-	252,848
Total comprehensive revenue and expense for the year		252,848	-	252,848
		1,667,501	1,865,051	3,532,552
Transfer to financial resilience reserve	17	(187,620)	187,620	-
Balance as at 31 March 2024		1,479,881	2,052,671	3,532,552

The accompanying notes form part of these financial statements.

Property Council of New Zealand Incorporated
Consolidated Financial Statements

Consolidated Statement of Financial Position
As at 31 March 2024

	Note	2024 $	2023 $
Current assets			
Cash and cash equivalents	7	432,408	348,704
Receivables from exchange transactions	8	125,538	113,209
Inventories	9	4,924	11,151
Other financial assets	10	883,938	3,131,409
Other assets	11	934,364	410,350
Total current assets		2,381,172	4,014,823
Non-current assets			
Investments at fair value	12	2,171,774	-
Property, plant and equipment	13	126,695	137,814
Intangible assets	14	16,406	22,996
Total non-current assets		2,314,875	160,810
Total assets		4,696,047	4,175,633
Current liabilities			
Payables from exchange transactions	15	437,327	289,638
Employee benefit liabilities		137,445	153,689
Revenue in advance	16	588,723	452,602
Total current liabilities		1,163,495	895,929
Total liabilities		1,163,495	895,929
Net assets		3,532,552	3,279,704
Equity			
Accumulated revenue and expense		1,479,881	1,414,653
Financial resilience reserve	17	2,052,671	1,865,051
Total equity		3,532,552	3,279,704

Approved on behalf of the Board, dated 02/08/2024

Chief Executive: ______________________ National Chair: ______________________

The accompanying notes form part of these financial statements.

Property Council of New Zealand Incorporated
Consolidated Financial Statements

Consolidated Statement of Cash Flows
For the year ended 31 March 2024

	Note	2024	2023
		$	$
Cash flow from operating activities			
Proceeds from members		2,496,212	2,087,384
Proceeds from events		3,081,379	3,053,781
Proceeds from other revenue		301,390	548,884
Interest received		114,703	88,714
Payments to suppliers		(3,736,557)	(3,041,015)
Payments to employees		(2,225,457)	(1,874,808)
Net cash provided by operating activities		31,670	862,940
Cash flow from investing activities			
Payments for property, plant and equipment		(18,054)	(45,882)
Payments for intangible assets		(5,610)	-
Proceeds from / (payments for) short term deposits		75,698	(1,471,374)
Net cash provided by / (used in) investing activities		52,034	(1,517,256)
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at beginning of the financial year		348,704	1,003,020
Net increase / (decrease) in cash and cash equivalents held		83,704	(654,316)
Cash and cash equivalents at end of financial year	7	432,408	348,704

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report is for Property Council of New Zealand Incorporated ('the Council') and its controlled entity (The South Island Property Council Education Trust), together referred to as "the Group".

The Council is an incorporated society under the Incorporated Societies Act 1908.

The primary objective of the Council is to represent New Zealand's Commercial Industrial, Retail, Property Funds and Multi Unit Residential Property owners, managers, developers and investors.

The following is a summary of the material accounting policies adopted by the Group in the preparation and presentation of the general purpose financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the general purpose financial report

Statement of Compliance

The general purpose financial report has been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). It complies with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 2 not- for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

The Group qualifies as a Tier 2 reporting entity as for the two most recent reporting periods total expenditure was less than $33 million and the Group is not considered to be publicly accountable.

Measurement Basis

The financial statements have been prepared under the historical cost convention.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars ($) which is the Council’s functional and the Group’s presentation currency, rounded to the nearest dollar. There has been no change in the functional currency of the Council or its controlled entity during the year.

(b) Revenue

Revenue is recognised when the amount of revenue can be measured reliably, and it is probable that economic benefits will flow to the Group. It is measured at the fair value of consideration received or receivable. The following specific recognition criteria in relation to the Group’s revenue streams must also be met before revenue is recognised.

i. Revenue from exchange transactions

Membership fees and subscriptions

Revenue is recognised over the period of the membership or subscription (usually 12 months). Amounts received in advance for memberships or subscriptions relating to future periods are recognised as a liability until such time that period covering the membership or subscription occurs.

Events

Revenue from ticketing fees is recognised in surplus or deficit in the period in which the event has taken place. Amounts recognised in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest

Interest is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All other exchange revenue is recognised when the related goods or services are provided.

ii. Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the Group, and
- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow. Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

Member special levy

The member special levy has been recognised on receipt from the members. It is classified as non-exchange revenue because it is an additional voluntary payment from certain members with no direct consideration from the Group in return.

(c) Income tax

The Council's controlled entity is a registered charity under the Charities Act 2005 and is therefore not subject to income tax.

The Council is not subject to income tax on any profits derived within the circle of the Council's membership. Therefore, any income received from members, such as subscriptions and events is not taxable. The income tax exemption does not extend to transactions with non-members that can be clearly distinguished such as ticket purchases for events and interest income. However, as a not-for-profit body, the Council is entitled to a deduction for tax for the lessor of $1,000 or the amount that would be the amount that would be the net income derived from the Council's non-member transactions.

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

(d) Inventories

Inventories held for sale are measured at the lower of cost and net realisable value.

(e) Financial instruments

(i) Recognition and initial measurement

Receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. At initial recognition, an entity may measure short-term receivables and payables at the original invoice amount if the effect of discounting is immaterial.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; or fair value through surplus or deficit (FVTSD).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

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

All of the Group’s financial assets meet the requirements to be classified as financial assets at amortised cost, except its investments at fair value which meet the requirements of financial assets at FVTSD.

The Group's investments at fair value are classified as FVTSD because they are managed, and their performance is evaluated on a fair value basis. Financial assets at FVTSD are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in surplus or deficit. The Group's financial assets at amortised cost consist of cash and cash equivalents, term deposits, and receivables. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

Cash and cash equivalents include cash on hand, cash at bank on call, and short-term deposits with an original maturity of three months or less. Term deposits within other financial assets consist of term deposits with an original maturity of more than three months.

Financial liabilities

Financial liabilities are classified as measured at amortised cost.

These financial liabilities are subsequently measured at amortised cost using the effective interest method. Any interest expense is recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus of deficit.

The Group’s financial liabilities consist of payables and they are measured at amortised cost.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

(iv) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Impairment of non-derivative financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

(f) Property, plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rates	Depreciation basis
Office equipment	12%- 67%	Diminishing value
Furniture, fixtures and fittings	10%-48%	Diminishing value

(g) Intangibles

Computer software

Computer software is initially recognised at cost. It is amortised over its estimated useful life. Depreciation rates range from 50% to 60% diminishing value. Computer software is carried at cost less accumulated amortisation and any impairment losses.

(h) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows (for cash-generating assets) or future remaining service potential (for non-cash-generating assets) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

All of the Group's assets are considered to be cash-generating.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight- line basis over the life of the lease term.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits

(vi) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be wholly settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short- term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(vii) Retirement benefit obligations

Defined contribution superannuation plan

The Group makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

(k) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Basis of consolidation

(i) Controlled entities

Controlled entities are entities controlled by the Group. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The financial statements of the Group's controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Subsequent changes in a controlled entity that do not result in a loss of control are accounted for as transactions with owners of the controlling entity in their capacity as owners, within net assets/equity.

The financial statements of the controlled entities are prepared for the same reporting period as the controlling entity, using consistent accounting policies.

(ii) Loss of control of a controlled entity

On the loss of control, the Group derecognises the assets and liabilities of the controlled entity, and the other components of net assets/equity related to the controlled entity. Any surplus or deficit arising on the loss of control is recognised in surplus or deficit.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

The estimates and judgements are based on experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Uncertainty about these estimates and judgements could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any other periods affected.

Judgements made by management in the application of PBE IPSAS that have significant effects on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the consolidated financial statements.

Judgements have also been made regarding the results reported in the Consolidated Statement of Service Performance. Management has made judgements in relation to which outcomes and outputs best reflect the performance towards achievement of the Group’s purpose and alignment with the Group’s strategy. These are detailed in the Consolidated Statement of Service Performance.

NOTE 3: REVENUE

	2024 $	2023 $
Revenue from exchange transactions		
- Events	3,194,690	3,082,053
- Membership subscriptions	2,236,948	2,287,565
- Other business services revenue	86,586	68,020
- Other membership revenue	13,860	4,425
- Research and information products	37,248	28,638
	5,569,332	5,470,701
Revenue from non-exchange transactions		
- Member special levy	-	412,000
	-	412,000

NOTE 4: INVESTMENT INCOME

Investment income comprises interest income on cash and cash equivalents and short-term investments, income and fair value gains and losses on investments at fair value through surplus or deficit.

	2024 $	2023 $
- Interest income received on cash and cash equivalents and short-term deposits	112,613	91,440
- Income from investments at fair value	71,385	-
- Fair value gains from investments at fair value through surplus or deficit	65,360	-
	249,358	91,440

NOTE 5: OPERATING EXPENSES

	2024 $	2023 $
Surplus before income tax has been determined after:		
Direct Costs		
- Event costs	2,383,378	2,174,649
- Member services costs	17,998	25,170
- Research and information products	11,064	3,182
	2,412,440	2,203,001
Depreciation		
- office equipment	14,352	13,625
- furniture, fixtures and fittings	14,449	11,944
	28,801	25,569
Amortisation of non-current assets		
- computer software	12,199	22,996
Total Depreciation and Amortisation	41,000	48,565
Employee benefits		
- Short term benefits	2,062,930	1,728,456
- Employer KiwiSaver expense	59,455	52,207
- Other employee benefits	86,828	82,317
	2,209,213	1,862,980
Net loss on disposal of non-current assets		
- Loss on sale of plant and equipment	372	4,647

NOTE 6: INCOME TAX

The Council has not recognised a deferred income tax asset of $ 68,680 (2023: $82,879) in respect of taxation losses amounting to $ 245,285 (2023: $295,995) that can be carried forward against future taxable income.

The ability to utilise these future income tax benefits depends on the generation of sufficient assessable income, which the directors have determined is not sufficiently certain.

NOTE 7: CASH AND CASH EQUIVALENTS

	2024 $	2023 $
On call bank deposits - Council	418,862	336,775
On call bank deposits - South Island Property Council Education Trust	13,546	11,929
	432,408	348,704

NOTE 8: RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2024 $	2023 $
CURRENT		
Trade debtors	81,782	103,413
Provision for doubtful debts	-	-
	81,782	103,413
Other receivables		
GST receivable	37,166	3,061
Other debtors	6,590	6,735
	43,756	9,796
	125,538	113,209

NOTE 9: INVENTORIES

	2024 $	2023 $
CURRENT		
Publications *(At cost)*	4,924	11,151

NOTE 10: OTHER FINANCIAL ASSETS

	2024 $	2023 $
CURRENT		
Term deposits - Council	793,232	3,045,439
Term deposits - South Island Property Council Education Trust	90,706	85,970
Short term deposits	883,938	3,131,409

A guarantee is registered over the Council term deposits in favour of Datacom Employee Services Limited to the value of $50,000 (2023: $50,000). This relates to payroll services.

$50,000 (2023: $50,000) of the Council term deposits is required by the BNZ as security for credit cards.

$0 (2023: $1,865,051) of the Council term deposits relates to the financial resilience reserve (refer note 17).

NOTE 11: OTHER ASSETS

	2024 $	2023 $
CURRENT		
Prepayments	934,364	410,350

NOTE 12: INVESTMENTS AT FAIR VALUE

The carrying amounts of investments, is their fair value. The investments are managed by Craigs Investment Partners pursuant to a discretionary investment management service. The portfolio is pursuant to and complies with the Council's investment policy and Craigs Investment Partners mandate which specifies asset allocations, risk exposures and prohibited investments in accordance with the Council's statement of investment policies and objectives.

	2024 $	2023 $
Financial Resilience Fund	2,171,774	-

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	2024 $	2023 $
Plant and equipment		
Office equipment at cost	76,500	73,644
Accumulated depreciation	(51,067)	(48,866)
	25,433	24,778
Furniture, fixtures and fittings at cost	194,716	192,041
Accumulated depreciation	(93,454)	(79,005)
	101,262	113,036
Total property, plant and equipment	126,695	137,814

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

Office equipment		
Opening carrying amount	24,778	24,253
Additions	15,379	15,612
Disposals	(372)	(1,461)
Depreciation expense	(14,352)	(13,626)
Closing carrying amount	25,433	24,778
Furniture, fixtures and fittings		
Opening carrying amount	113,036	97,479
Additions	2,675	30,270
Disposals	-	(2,769)
Depreciation expense	(14,449)	(11,944)
Closing carrying amount	101,262	113,036

NOTE 14: INTANGIBLE ASSETS

	2024 $	2023 $
Computer software at cost	121,040	115,431
Accumulated amortisation and impairment	(104,634)	(92,435)
Total intangible assets	16,406	22,996

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

Computer software		
Opening balance	22,996	46,408
Additions	5,610	-
Disposals		(416)
Amortisation expense	(12,200)	(22,996)
Closing balance	16,406	22,996

NOTE 15: PAYABLES FROM EXCHANGE TRANSACTIONS

	2024 $	2023 $
CURRENT		
Trade creditors	338,471	217,359
Other creditors	98,856	72,279
	437,327	289,638

The Group does not have non-exchange payables.

NOTE 16: REVENUE IN ADVANCE

	2024 $	2023 $
Membership revenue in advance	22,360	51,767
Event revenue in advance	551,469	393,335
Corporate sponsorship in advance	11,250	7,500
Other revenue in advance	3,644	-
	588,723	452,602

NOTE 17: FINANCIAL RESILIENCE RESERVE

The Council have identified the importance of creating financial sustainability for the organisation by maintaining financial reserves into the future. The target was to build cash reserves to a level of $2,000,000 by March 2024. To facilitate this objective, a special levy was introduced which raised $1,365,051. The balance of $687,620 was funded from operating surpluses, including compounded interest of the special levies while they were held in term deposits. The levy was a voluntary payment. In the current year $2,052,671 has been transferred to Craigs Investment Partners to be invested as outlined in Note 12. The Council's expectation is that the investments at fair value (refer note 12) will at all times equal or exceed the balance in the financial resilience reserve.

NOTE 18: RELATED PARTY TRANSACTIONS

(a) Related parties

Related party	Nature of relationship
Members providing National Board members	Members of the board are employees of fully paid members of the Council. These members pay an annual subscription which was $194,100 (2023: $183,300) in aggregate for those 7 members that provided a National Board member to the Council.

(b) Transactions with key management personnel

Key Management includes the National Board (who are not remunerated for their services), the Chief Executive Officer, Head of Membership & Commercial Services, Head of Operations, Head of Finance, Head of Communications and Head of Advocacy. During the year Key Management did not receive any other benefits other than what they were entitled to under their employment contracts. Compensation received by key management personnel of the Council disclosed below:

	2024 $	2023 $
- short-term employee benefits	1,014,000	922,504
- number of FTE's	6	6

Transactions of a commercial nature between the Council and its members are independent of any membership relationship and are on an arm’s length basis. These transactions are not considered to meet the definition of a related party transaction.

NOTE 19: SOUTH ISLAND PROPERTY COUNCIL EDUCATION TRUST

The Trust is a controlled entity of the Council by virtue of the Trust's objectives aligning with those of the Council and the Trustees of the Trust being entirely board members, employees of members, or employees of the Council. The Trust's results are consolidated into these financial statements.

The purpose of the Trust is to promote and support the education of students studying in the property industry and other persons employed in or about the property industry. These funds are limited to being spent on the purpose of the Trust.

Interest of $5,187 (2023: $2,250) and event surplus of $1,536 (2023: $Nil) was earned during the year. Expenses for the year were $281 (2023: $269).

NOTE 20: CAPITAL AND LEASING COMMITMENTS

	2024 $	2023 $
(a) Operating lease commitments		
- not later than one year	127,521	151,457
- later than one year and not later than five years	61,210	199,781
	188,731	351,238

The Group's lease commitments include property leases and leases of equipment.

The lease with Sharp Corporation NZ Limited is registered on the Personal Property Securities Register.

NOTE 21: CONTINGENT LIABILITIES

There are no known contingent liabilities at balance date (2023: $Nil).

NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2024 that has significantly affected or may significantly affect:

(a) The operations, in financial years subsequent to 31 March 2024, of the Council, or

(b) The results of those operations, or

(c) The state of affairs, in financial years subsequent to 31 March 2024, of the Council.

The board intend for the Council to continue to operate and believe Council is able to meet its obligations as they fall due for a period of at least 12 months from the date of these financial statements being authorised. The Council has adequate cash and short-term investments.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PROPERTY COUNCIL OF NEW ZEALAND INCORPORATED

Opinion

We have audited the general purpose financial report of Property Council of New Zealand Incorporated ("the Council") and its controlled entity (together, "the Group"), which comprises the consolidated financial statements on pages 8 to 24, and the consolidated statement of service performance on pages 2 to 7. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 31 March 2024, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying general purpose financial report presents fairly, in all material respects:

- the consolidated financial position of the Group as at 31 March 2024 and its consolidated financial performance, and its consolidated cash flows for the year then ended; and
- the consolidated service performance for the year ended 31 March 2024, in accordance with the Group's service performance criteria,

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

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated statement of service performance in accordance with the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the General Purpose Financial Report section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carried out another assignment for the Group regarding taxation assistance. Our firm has no other relationship with, or interests in, the Council or its controlled entity.

Board Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Group for:

(a) the preparation and fair presentation of the consolidated financial statements and consolidated statement of service performance in accordance with Public Benefit Entity Standards RDR issued by the New Zealand Accounting Standards Board;

(b) service performance criteria that are suitable in order to prepare a statement of service performance in accordance with Public Benefit Entity Standards RDR; and

(c) such internal control as those charged with governance determine is necessary to enable the preparation of the consolidated financial statements and consolidated statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report those charged with governance are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated statement of service performance are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

A further description of the auditor's responsibilities for the audit of the general purpose financial report is located at the XRB's website at https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13/

This description forms part of our auditor's report.

Who we Report to

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

BDO Auckland

BDO Auckland
Auckland
New Zealand
2 August 2024