CentrePort Limited Group
Annual Financial Report
for the year ended 30 June 2022

Directors' report

Report of Directors

The Directors are pleased to submit their Annual Report including the Group financial statements of CentrePort Limited (CentrePort) and its subsidiaries (the Group) for the year ended 30 June 2022.

Principal Business

CentrePort Limited is a port company pursuant to the Port Companies Act 1988.

Results

Group revenue for the year ended 30 June 2022 was $84.2m (2021: $80.2m).

The net assets balance as at 30 June 2022 is $461.8m (2021: $432.7m).

Revenue of $84.2m compared to $80.2m the previous year reflects a solid year in the face of global and local supply chain challenges and COVID-19 related disruptions.

Higher revenue and good cost management resulted in a 20.7% increase in net cash flows from operating activities.

CentrePort entered into two strategic partnerships in the year. A joint venture with Dixon & Dunlop increases CentrePort's ability to complete capital works. The joint venture with Port Marlborough creates a new freight link between exporters in Marlborough and international markets.

CentrePort made a $21m impairment to the value of non-current assets. This reflects higher interest rates and a less certain economic outlook.

CentrePort finalised its binding ruling with Inland Revenue during the year. An alternative tax treatment was agreed with Inland Revenue resulting in the reversal of a $23.5m tax expense recognised last year.

CentrePort's regeneration focus since the 2016 Kaikoura Earthquake has delivered enabling infrastructure including the reinstatement of rail infrastructure, the Container Berth Extension and significant ground resilience works. With the constraints of COVID-19 pandemic diminishing, CentrePort is well positioned to drive growth and improve financial performance.

A dividend of $6m (2021: $5m excluding a special dividend of $15m) was paid to the shareholders, the Greater Wellington Regional Council and the Horizons Regional Council.

Trades

Trades continued to be impacted from COVID-19 during the year, including:

- No log harvesting being allowed under alert level four reducing log export volumes
- Inconsistent weekly container volumes due to disrupted supply chains
- No cruise ship visits during the year
- Low aviation fuel volumes discharged at Burnham wharf as a result of significantly reduced demand.

Despite this, CentrePort achieved record vehicle import numbers of 29k, which represents a 19% increase from the previous year.

Container volumes for the year of 90k TEUs is 2% down on last year. Global and local supply chains continue to be significantly disrupted as a result of the ongoing pandemic.

Log export volumes of 1.74 million JAS (Japanese Agricultural Standard) is 6% down on last year's record export volume of 1.84 million JAS. Log exports were impacted by decreased demand and high inventory levels in the Chinese market during the year.

Fuel import volumes of 885k tonnes is 5% down on the previous year which continue to be impacted by the pandemic.

The outlook for the next financial year is uncertain due to inflationary pressures, continuing supply chain disruptions and growing geopolitical tensions. The shipping disruptions experienced in 2022 are expected to continue into the new financial year.

Despite the uncertain outlook, CentrePort is well positioned to grow cargo volumes and build a long term sustainable and resilient business.

Port Marlborough Joint Venture

Port Marlborough and CentrePort have joined forces to provide an end-to-end logistics supply chain connecting Marlborough exporters directly to the world.

The ports entered into a formal agreement in June 2022 which creates a new, reliable, resilient, and lower carbon freight link between exporters in Marlborough and international markets. The initiative provides a cargo hub and freight movement via road/rail to coastal and international shipping.

The Marlborough Inland Hub joint venture between Port Marlborough and CentrePort will see the development of the Riverlands site. A total of 7 hectares of the 32-hectare site is expected to be utilised for the hub with the remainder available to prospective parties.

Dixon & Dunlop Joint Venture

CentrePort completed a 50% acquisition of civil contracting company Dixon & Dunlop in September 2021.

The deal strengthens the port’s regeneration programme with extensive works already underway utilising the firm, and future works in the pipeline in the coming years. In addition to CentrePort requirements, there are significant contract opportunities going forward in the Wellington region.

Impairment

CentrePort made a $21m impairment to the value of non-current assets. The adjustment brings our asset base in line with expected earnings in an increasingly changeable environment.

At the end of the financial year CentrePort assessed the port operations cash generating unit including goodwill for impairment. The carrying amount of CentrePort’s net operating assets are compared to the recoverable amount. The recoverable amount has been calculated by applying the fair value less cost of disposal method. The fair value is determined through the income approach, in which the estimated future cash flows over the next 30 years are discounted to a present value.

The discount rate applied by CentrePort to calculate the recoverable amount has increased to 7.4% from 6.4% a year ago largely due to an increase in the risk-free rate based on long term New Zealand Government bond yields. The increase in the discount rate has resulted in a decrease to the estimated recoverable amount to an extent that it is appropriate that a $21m write down should be recognised in the current year.

Despite the adjustment the Port remains a very strong long-term infrastructure business.

Income Tax Adjustment

During the year, CentrePort finalised its binding ruling with Inland Revenue to confirm the key assumptions underpinning the tax treatment of the insurance proceeds from the 2016 Kaikoura earthquake.

Last year Inland Revenue disagreed with the classification of specific assets deemed to be disposed, which resulted in an additional income tax expense of $23.5m which was recognised in the 30 June 2021 result. An alternative tax treatment was subsequently agreed with Inland Revenue and included in the finalised binding ruling, resulting in a reversal of this income tax expense adjustment.

Regeneration

The regeneration programme is delivering long term benefits by ensuring resilience is built into the business and to facilitate growth so that CentrePort reaches its full potential as a regionally strategic asset for the communities of central New Zealand. Regeneration work during the year included:

- The completion in March 2022 of the Thorndon container wharf reinstatement project. The project has expanded the operational length of our ship-to-shore cranes from 125 metres to 262 metres. This significantly improves productivity as the cranes can now work the entire length of berthed container ships.
- The Seaview energy resilience project continues. With the first phase being the landside fuel pipe complete, the second phase involving the wharf renewal gathered momentum.

- Ground resilience improvements throughout the port continue with the installation of more than 4,500 stone columns to date utilising nearly 100,000 tonnes of aggregate.
- The completion of the F-site (former BNZ building site) development. Ground improvements and paving works were finalised and the site was handed over to StraitNZ Bluebridge for use for vehicle marshalling, improving the efficiency of and resilience of this vital service.

Carbon Reduction Strategy / Implementation

CentrePort has committed to a strategy to achieve net zero carbon emissions by 2040, and a 30 percent reduction by 2030 (excluding third parties and growth). A series of initiatives were completed /underway during the year including the deployment of an electric forklift, additional electric vehicles in CentrePort's motor vehicle fleet, and continued rollout of LED lighting programme.

Among options being explored to support the carbon reduction strategy are hydrogen vehicles (two trucks will be lease in 2023), solar energy and electric hybrid tugs/launches.

CEO Change

The year saw the departure of Derek Nind as CEO, who was replaced by Anthony Delaney in June 2022 after a comprehensive recruitment process.

Dividends

	2022 $000
Interim dividend paid 25 February 2022	3,000
Second interim dividend paid 29 June 2022	3,000
	6,000

The Directors have declared dividends of $6.0m for the year ended 30 June 2022.

Directors holding office during the year

Parent & Subsidiaries
L J C Johnstone (Chairperson)
J A Monaghan (retired 25 November 2021)
K Magill (retired 25 November 2021)
S Haslem
M Lewington
N Crauford
C Day (appointed 26 November 2021)
W Tauwhare-George (appointed 26 November 2021)

Remuneration of Directors

Directors’ remuneration paid during the year was as follows:

	Directors' Remuneration $
L J C Johnstone	140,417
J A Monaghan	27,708
K Magill	27,708
S Haslem	87,168
M Lewington	67,667
N Crauford	71,750
C Day	43,339
W Tauwhare-George	40,714

Entries in the Interests Register

CentrePort maintains an Interests Register in which particulars of certain transactions and matters involving the Directors are recorded. The following are the particulars in the Interests Register as at 30 June 2022.

L J C Johnstone (Chairperson)

- Director and shareholder of Maimere Properties Limited and Wholesale Frozen Foods Limited.
- Director of Waimaha Farms Limited; Reihana Land Holdings Limited; Jenkins Group Limited; and Jenkins Freshpac Systems Limited

S Haslem

- Director and Shareholder of Omphalos Limited
- Director of Rangatira Limited; Meteorological Service of New Zealand Limited; Kordia Group Limited; Livestock Improvement Corporation; LIC Agritechnology Limited; Payments NZ Limited and Ngai Tahu Holdings Corporation.

M Lewington

- Director of Mercer (N.Z.) Limited and Mercer Investments (New Zealand) Limited

N Crauford

- Director of Watercare Services; Director and Shareholder of Riposte Consulting; and Chair of Electricity Authority, and GNS Science and Subsidiaries
- Trustee of Wellington Regional Stadium Trust

C Day

- Director of Datacom Group Limited; and Director and Shareholder of Fairholm Farming Limited
- Chief Trasformation Officer at Silver Fern Farms Limited

W Tauwhare-George

- Director of Port Nicholson Fisheries LP; Ngai Tahu Farming Limited; Hamilton Riverview Hotels Limited; and Muka Tangata WDC
- CEO of Parininihi Ki Waitotara
- Chair of Ngamotu Hotels Ltd and Deputy Chair of Te Tai Hauauru Collective

Directors

On 29 August 2022 the Board resolved that Anthony Delaney be appointed as Director of the Company pursuant to clause 23.3 of the Company's Constitution. A Director appointed under clause 23.3 holds office until the next annual meeting of the Company.

On 30 August 2022, Nicki Crauford resigned from her position as Director.

In accordance with the Company's Constitution, two Directors (Sophie Haslem and Martin Lewington) will retire by rotation at this year's Annual General Meeting. Both Directors will offer themselves for re-election to the Board.

Directors' Insurance

The Company has arranged Directors' and Officers' liability insurance cover to indemnify the Directors' against loss as a result of actions undertaken by them as Directors and employees provided they operate within the law. This disclosure is made in terms of Section 162 of the Companies Act 1993.

Remuneration of Employees

During the year, the number of employees or former employees of CentrePort Limited and its subsidiaries who received remuneration and other benefits in excess of $100,000 are:

	Number of Current Employees
$100,001 - $110,000	**10**
$110,001 - $120,000	**27**
$120,001 - $130,000	**18**
$130,001 - $140,000	**21**
$140,001 - $150,000	**13**
$150,001 - $160,000	**11**
$160,001 - $170,000	**5**
$170,001 - $180,000	**2**
$180,001 - $190,000	**2**
$190,001 - $200,000	**2**
$200,001 - $210,000	**1**
$220,001 - $230,000	**2**
$240,001 - $250,000	**3**
$250,001 - $260,000	**2**
$270,001 - $280,000	**2**
$280,001 - $290,000	**1**
$310,001 - $320,000	**1**
$320,001 - $330,000	**1**
$440,001 - $450,000	**1**
$620,001 - $630,000	**1**
	126

Donations

The Group made $44,420 (2021: $45,079) of donations during the year.

Auditor

The Auditor-General continues in office in accordance with Section 19 of the Port Companies Act 1988. The Auditor-General has appointed Mr J Shepherd of Deloitte Limited to undertake the audit. The Company paid audit fees of $279,850 for the year ended 30 June 2022 (2021: $251,900). Deloitte also provided other assurance services during the period at a cost of $36,000.

Registered Office

CentrePort Limited
2 Fryatt Quay
PO Box 794
Wellington 6140
New Zealand

For, and on behalf of, the Board of Directors

L J C Johnstone
Chairperson
31 August 2022

S Haslem
Director
31 August 2022

Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	**2022 $'000**	2021 $'000
CONTINUING OPERATIONS			
Revenue from Contracts with Customers	3	**65,199**	61,871
Other Revenue		**18,987**	18,317
Operating Revenue		**84,186**	80,188
Operating Expenses	4	**(77,352)**	(73,935)
Results from Operating Activities		**6,834**	6,253
Finance Expenses		**(410)**	(238)
Finance Income		**2,992**	4,041
Net Interest Income		**2,582**	3,803
Share of Profit of Investments Using the Equity Method	14	**1,260**	-
Net Gain / (Loss) on Disposal of Assets		**88**	1,119
Demolition Costs		**(468)**	(1,181)
		10,296	9,994
Changes in Fair Values and Impairment			
Impairment of Property, Plant and Equipment, Goodwill and Software	15	**(21,000)**	-
Increase / (Decrease) in Fair Value of Investment Property	13	**4,842**	(1,998)
Increase / (Decrease) in Fair Value of Property, Plant and Equipment	12	**(107)**	(263)
		(16,265)	(2,261)
Profit / (Loss) before Income Tax		**(5,969)**	7,733
Income Tax Benefit / (Expense)	5	**27,636**	(25,514)
Profit / (Loss) for the Year from Continuing Operations, net of Tax		**21,667**	(17,781)
Other Comprehensive Income (OCI)			
Increase in the Value of Port Land after Tax	12	**10,167**	7,010
Adjustment to Fair Value for Land Resilience Impact	12	**2,487**	7,899
Share of Net Change in Revaluation Reserve of Joint Ventures		**813**	-
Other Comprehensive Income for the year		**13,467**	14,909
Total Comprehensive Income / (Loss) for the Year, net of Tax		**35,134**	(2,872)

The notes and accounting policies form part of and should be read in conjunction with the financial statements

Statement of Changes in Equity

For the year ended 30 June 2022

		Attributable to equity holders of the Company			
	Notes	**Share Capital $'000**	**Revaluation Reserves $'000**	**Retained Earnings $'000**	**Total Equity $'000**
Balance as at 1 July 2020		30,000	9,402	416,062	455,464
					-
Profit / (Loss) for the Year from Continuing Operations, net of Tax		-	-	(17,781)	(17,781)
Increase in Value of Port Land after Tax		-	7,010	-	7,010
Adjustment to Fair Value for Land Resilience Impact		-	7,899	-	7,899
Other Adjustments		-	83	-	83
Dividends	7	-	-	(20,000)	(20,000)
Balance as at 30 June 2021		30,000	24,393	378,281	432,674

	Notes	**Share Capital $'000**	**Revaluation Reserves $'000**	**Retained Earnings $'000**	**Total Equity $'000**
Balance as at 1 July 2021		30,000	24,393	378,281	432,674
Profit / (Loss) for the Year from Continuing Operations, net of Tax		-	-	21,667	21,667
Increase in Value of Port Land after Tax		-	10,167	-	10,167
Adjustment to Fair Value for Land Resilience Impact		-	2,487	-	2,487
Share of Other Comprehensive Income / (Loss) of Associates		-	813	-	813
Dividends	7	-	-	(6,000)	(6,000)
Balance as at 30 June 2022		30,000	37,860	393,948	461,808

The notes and accounting policies form part of and should be read in conjunction with the financial statements

Balance Sheet

As at 30 June 2022

	Notes	**2022 $'000**	2021 $'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	8	**141,620**	192,113
Trade and Other Receivables	9	**12,200**	10,275
Inventories	10	**3,318**	2,913
Current Tax Asset	5	**475**	-
Investment in Commercial Paper	22	**19,461**	19,902
Total Current Assets		**177,074**	225,203
Non-current Assets			
Property, Plant and Equipment	11,12	**254,138**	218,409
Investment Properties	11,13	**62,617**	55,493
Investments in Joint Ventures	14	**12,818**	-
Goodwill	15	**-**	2,675
Loans and Advances to Joint Ventures		**7,670**	7,753
Other Intangible Assets		**350**	506
Right-of-use Asset	18	**2,514**	2,145
Total Non-current Assets		**340,107**	286,981
Total Assets		**517,181**	512,184
LIABILITIES			
Current Liabilities			
Trade and Other Payables	16	**12,289**	11,216
Provision for Employee Entitlements	17	**3,659**	3,176
Current Tax Liabilities	5	**-**	2,198
Lease Liabilities	18	**160**	104
Borrowings	19	**11,000**	7,500
Total Current Liabilities		**27,108**	24,194
Non-current Liabilities			
Deferred Tax Liabilities	5	**25,616**	53,029
Lease Liabilities	18	**2,486**	2,120
Provision for Employee Entitlements	17	**163**	167
Total Non-current Liabilities		**28,265**	55,316
Total Liabilities		**55,373**	79,510
Net Assets		**461,808**	432,674
EQUITY			
Contributed Equity	6	**30,000**	30,000
Revaluation Reserves		**37,860**	24,393
Retained Earnings		**393,948**	378,281
Total Equity		**461,808**	432,674

L J C Johnstone
Chairperson

31 August 2022

S Haslem
Director

31 August 2022

The notes and accounting policies form part of and should be read in conjunction with the financial statements

Statement of Cash Flows

For the year ended 30 June 2022

	Notes	**2022 $'000**	2021 $'000
Cash Flows from / (used in) Operating Activities			
Receipts from Customers		**83,648**	81,371
Payments to Suppliers and Employees		**(67,220)**	(70,729)
Interest Income Received		**2,538**	5,526
Interest Expense Paid		**(327)**	(158)
Income Taxation Paid	5	**(2,450)**	(2,509)
Net Cash Flows from / (used in) Operating Activities	21	**16,189**	13,501
Cash Flows from / (used in) Investing Activities			
Proceeds from Sale of Property, Plant and Equipment		**113**	4,899
Purchase of Property, Plant and Equipment		**(51,496)**	(53,011)
Development of Investment Properties		**(2,340)**	(2,797)
Investment in Joint Ventures		**(10,845)**	-
Dividend Received		**100**	-
Purchase of Investment in Commercial Paper	22	**(19,461)**	(19,902)
Realisation of Investment in Commercial Paper	22	**19,902**	19,726
Loans and Advances to Joint Venture	22	**-**	(7,680)
Net Cash Flows from / (used in) Investing Activities		**(64,027)**	(58,766)
Cash Flows from / (used in) Financing Activities			
Drawdown of Borrowings	19	**3,500**	7,500
Repayment of Lease Liabilities		**(155)**	(172)
Dividends Paid to Shareholders of the Parent	7	**(6,000)**	(20,000)
Net Cash Flows from / (used in) Financing Activities		**(2,655)**	(12,672)
Net increase / (decrease) in Cash and Cash Equivalents		**(50,493)**	(57,937)
Cash and Cash Equivalents at the Beginning of the Year		**192,113**	250,050
Cash and Cash Equivalents at End of Year	8	**141,620**	192,113

The notes and accounting policies form part of and should be read in conjunction with the financial statements

Contents of the notes to the financial statements

1 Statement of Compliance

CentrePort Limited (the 'Company' or 'CentrePort') is a profit-oriented entity established under the Port Companies Act 1988. CentrePort and subsidiaries (the 'Group') is a reporting entity for the purposes of the Companies Act 1993 and its financial statements comply with that Act and the Financial Reporting Act 2013. The Group consists of CentrePort Limited, its subsidiaries and joint ventures as disclosed in notes 14 and 22. The Company's registered office is 2 Fryatt Quay, PO Box 794, Wellington, New Zealand.

Consolidated financial statements for the Group are presented in accordance with the Companies Act 1993 and the Port Companies Act 1988.

Unless otherwise stated, all amounts are rounded to $000 and are expressed in New Zealand dollars.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). These financial statements comply with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable Financial Reporting Standards as appropriate for Tier 1 for-profit entities. They also comply with International Financial Reporting Standards.

The financial statements have been prepared on the basis of historical cost except for the revaluation of operational port land, investment properties, financial instruments and an impairment of plant and equipment.

(b) Accounting Policies

Accounting policies that summarise the measurement basis and are relevant to the understanding of the financial statements are included in the accompanying notes.

(c) Critical Accounting Estimates and Judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Detailed information about each of these estimates and judgements is included in the notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

- Valuation Approach for Fixed Assets measured at Fair Value (note 11)
- Useful lives and residual values used to calculate depreciation on Property, Plant and Equipment (note 12)
- Recoverable amount of the Port Operations Cash Generating Unit (note 15)

2 Summary of Significant Accounting Policies (continued)

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of CentrePort and entities controlled by CentrePort. Control is achieved when CentrePort is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The results, assets, and liabilities of joint ventures are incorporated into these financial statements using the equity method.

(e) Statement of Cash Flows

The following are the definitions used in the statement of cash flows:

(a) Cash and cash equivalents comprise cash on hand, cash in banks, and short term investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within cash.

(b) Operating activities comprise the principal revenue-producing activities of the group and other activities that are not considered to be investing or financing activities.

(c) Investing activities are those activities relating to the acquisition and disposal of Property, Plant & Equipment, Investment Property, Intangible Assets, Investments and Joint Ventures. Investments include securities not falling within the definition of cash.

(d) Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.

(f) Impairment of Assets

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

The recoverable amount for the Port Operations Cash Generating Unit is calculated using the fair value less costs to sell method. In assessing fair value less costs to sell, an Enterprise Value is calculated by discounting estimated future cash flows to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to CentrePort. The Group considers a wide range of factors including the Group's financial budgets, strategic plans, and historical performance to formulate the future cash flow projections. The Group also engages external advisors to determine appropriate discount rates, discount period, and long term growth rates integral to the valuation, and to prepare the fair value less cost of disposal model.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the 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 to the extent that an upwards revaluation has been recognised.

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

2 Summary of Significant Accounting Policies (continued)

(g) Foreign Currency Translation

Transactions in foreign currency are converted at the rate of exchange ruling at the date of the transaction. At balance date, foreign monetary assets and liabilities are translated at the closing rate and exchange variations arising from these transactions are recognised in the Statement of Comprehensive Income.

(h) 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.

Cash flows are included in the statement of cash flows on a net basis for GST purposes. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(i) Standards, Amendments and Interpretations

There have been no new or revised accounting standards, interpretations or amendments effective during the year which have a significant impact on the Group's accounting policies or disclosures.

There are several other amendments and interpretations issued but not yet effective. These are not expected to have a material impact on the consolidated financial statements of the Group.

(j) Fair Value Hierarchy

The fair value of Operational Port Land, Investment Properties and the fair value less cost of disposal of the Port Operations Cash Generating Unit is determined on a hierarchical basis that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Assumptions for valuation models are based on management's judgements and estimates. Changes in the assumptions used in these models and projections of future cash flows could affect the reported fair value.

3 Operating Revenue

Recognition and Measurement

(i) ***Revenue from Port Operations***

The Group receives revenue from contracts with customers from its Port Operations.

Performance obligations and timing of revenue

The majority of revenue from Port Operations is from services provided by the Group to its customers including wharfage, stevedoring, and marine services. Revenue is recognised as the services are delivered over time. On partially completed contracts revenue is recognised using the output method. For partially completed wharfage and stevedoring services revenue is recognised based on the quantity of goods moved across the Port out of the total required to be moved (i.e. an output method). This is considered a faithful depiction of revenue as wharfage contracts are typically for the movement of a set quantity of goods across the Port. For partially completed marine services revenue is recognised as the number of times the vessel has been brought into and out of the Port out of the required total. This is considered a faithful depiction as marine service contracts are to bring a vessel in and out of the Port a set number of times. Payment for services rendered is due upon completion of the contracted service.

Determining the transaction price

Most of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by references to those fixed prices.

Some contracts provide customers with rebates based on volumes of goods moved across the port. Historical experience enables the Group to estimate reliably the value of rebates that will be earned and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when rebates are provided.

Allocating amounts to performance obligations

For all contracts there is a fixed unit price for each service provided. Therefore, there is no judgment involved in allocating the contract price as the contract price is the fixed price multiplied by the quantity of services provided. Where a customer utilises more than one type of service the Group is able to determine the split of the total contract price between each service by reference to the service's standalone selling price.

Incremental costs of obtaining and fulfilling a contract

The costs of obtaining and fulfilling a contract are recognised as an expense when incurred. These costs do not result in the recognition of a separate asset as all contracts are service contracts where revenue is recognised over time by using the output method.

Practical expedients

Based on the above the Group applies practical expedient B16 in NZ IFRS 15 as it considers that its right to consideration for services performed corresponds directly with the amount of services performed by the Group to date. Therefore, the Group recognises revenue at the amount to which it has a right to invoice.

(ii) ***Other Revenue***

Other revenue is made up of rental income from leases that is recognised in accordance with NZ IFRS 16. Refer to note 18.

(iii) ***Interest Revenue***

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iv) ***Harvest Revenue***

During the year ended 30 June 2022, the Group acquired land and assets and received revenue from the harvest of grapes. The land, and associated assets, was sold to a joint venture before 30 June 2022, see note 22 for more details.

3 Operating Revenue (continued)

Disaggregation of Revenue from Contracts with Customers

All of the Group's revenue from Contracts with Customers relate to Port Operations or Vineyard Revenue.

	2022 $'000	2021 $'000
Revenue from Port Operations	**63,838**	61,871
Revenue from Vineyard	**1,361**	-
Total Revenue from Contracts with Customers	**65,199**	61,871

4 Operating Expenses

	Notes	**2022 $'000**	2021 $'000
Operating expenses included in the statement of comprehensive income classified by nature			
Employer Contribution to Superannuation		**1,227**	1,179
Employee Benefits Expense		**24,735**	23,452
Rental and Lease Expenses	18	**581**	1,072
Change in Provision for Expected Credit Loss	9	**-**	(100)
Depreciation of Property, Plant and Equipment	12	**9,850**	7,410
Right-of-Use Asset Depreciation	18	**207**	201
Contracted Services		**20,301**	21,146
Amortisation		**190**	259
Fuel and Utilities		**2,273**	2,255
Vineyard and Harvest Costs		**380**	-
Rates and Insurance		**6,098**	6,900
Repairs and Maintenance		**4,176**	4,068
Directors' Remuneration and Expenses		**541**	530
Audit Fee		**280**	252
Other Assurance Services provided by Auditor		**36**	-
Other Operating Expenses		**6,477**	5,311
Total Operating Expenses		**77,352**	73,935

Fees paid to auditor
The audit fee is for the annual audit of the financial statements.

Other assurance services provided by Auditor include:

- Agreed upon procedures report for the CentrePort Captive Insurance Limited insurance license at a cost of $5,000.
- A limited assurance engagement in connection with the Greenhouse Gas Emissions Inventory Report at a cost of $31,000.

5 Income Tax

Recognition and Measurement

The tax expense for the period comprises current and deferred tax. Tax is recognised on the income statement, except to the extent that it relates to items recognised in the statement of comprehensive income or directly in equity. In this case, the tax is recognised in the statement of comprehensive income or directly in equity, respectively.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and by unused tax losses.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that they will be utilised.

Key Assumptions

During the year ended 30 June 2022, CentrePort finalised its binding ruling with Inland Revenue to confirm the key assumptions underpinning the tax treatment of the insurance proceeds.

Last year Inland Revenue disagreed with the classification of specific assets deemed to be disposed, which resulted in an additional income tax expense of $23.5m which was recognised in the 30 June 2021 year. An alternative tax treatment was subsequently agreed with Inland Revenue and included in the finalised binding ruling, resulting in a reversal of this income tax expense adjustment.

	2022 $'000	2021 $'000
The Income Taxation (Benefit) / Expense is Represented By:		
Current Taxation expense	**(223)**	4,179
Deferred Tax expense	**(27,413)**	21,334
Income Taxation (Benefit) / Expense	**(27,636)**	25,514
Relationship between income tax and accounting surplus:		
Net surplus (deficit) before tax	**(5,969)**	7,733
Income Taxation on the Surplus for the Year at 28%	**(1,671)**	2,165
Taxation Effect of:		
- Equity Earnings in Joint Ventures / Associates	**(353)**	-
- Non-taxable Insurance Proceeds	**(752)**	-
- Change in Fair Values of Investment Properties	**(1,326)**	633
- Non-Deductible Expenditure	**949**	603
- Non-Taxable Gain on Sale of Land	**-**	(392)
- (Recognition) of Deferred Tax on Buildings	**460**	(565)
- Insurance Proceeds on non-depreciable assets	**(1,478)**	-
- Prior Period Adjustments	**(23,553)**	23,444
- Other	**88**	(374)
Income Tax Expense	**(27,636)**	25,514
Income Tax Receivable / (Payable)		
Opening Balance	**(2,198)**	(526)
Income tax paid / (refunded)	**2,446**	2,506
Prior Year Adjustment	**949**	(4,179)
Current Year Tax (Liability) / Benefit	**(722)**	-
Closing Balance	**475**	(2,198)

5 Income Tax (continued)

	2022 $'000	2021 $'000
Deferred Tax Liability / (Asset) Comprises		
Balance at 1 July	**53,029**	31,697
Prior Period Adjustment	**(22,607)**	19,264
Current Year Movement	**(4,806)**	2,068
Balance at 30 June	**25,616**	53,029

Movements	**Property, plant and equipment $'000**	**Investment properties $'000**	**Insurance recoverable $'000**	**Employee entitlements $'000**	**Tax losses $'000**	**Other $'000**	**Total $'000**
At 1 July 2020	(3,628)	-	36,475	(1,486)	(344)	680	31,697
Prior Period Adjustment	(2,061)	-	21,274	-	-	51	19,264
Current Year Movement	10,455	-	(7,804)	551	(757)	(377)	2,068
At 30 June 2021	4,766	-	49,945	(935)	(1,101)	354	53,029
At 1 July 2021	4,766	-	49,945	(935)	(1,101)	354	53,029
Prior Period Adjustment	516	-	(24,076)	147	757	48	(22,608)
Current Year Movement	675	393	(5,619)	(310)	344	(288)	(4,805)
At 30 June 2022	5,957	393	20,250	(1,098)	-	114	25,616

Imputation Credit Account

	2022 $'000	2021 $'000
Imputation credits available at a Tax Rate of 28%		
Through direct shareholding in the Parent Company	**(1,057)**	1,044
	(1,057)	1,044

6 Contributed Equity and Reserves Movements

	2022 Shares	2021 Shares	2022 $'000	2021 $'000
Ordinary shares				
Authorised Ordinary Shares Issued and Fully Paid	**23,424,657**	23,424,657	**30,000**	30,000

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Revaluation Reserves $'000	Retained Earnings $'000	Total $'000
At 1 July 2020	9,402	416,062	425,464
Loss for the year from Continuing Operations	-	(17,781)	(17,781)
Other Comprehensive Income	14,909	-	14,909
Other adjustments	83	-	83
Dividends	-	(20,000)	(20,000)
At 30 June 2021	24,393	378,281	402,674
Profit for the year from Continuing Operations	-	21,667	21,667
Other Comprehensive Income	13,467	-	13,467
Other adjustments	-	-	-
Dividends	-	(6,000)	(6,000)
At 30 June 2022	37,861	393,947	431,808

7 Dividends

	2022 $'000	2021 $'000
Interim Dividends Paid on Ordinary Shares	**6,000**	5,000
Special Dividend Paid on Ordinary Shares	**-**	15,000
	6,000	20,000

Dividend per share was $0.26 (2021: $0.85)

8 Cash and Cash Equivalents

Cash and Cash Equivalents includes cash in hand, deposits held with banks with less than 90 days maturity, and term deposits with greater than 90 days maturity but which are available within 90 days.

Refer to note 20 for accounting policy on recognition and measurement of Cash and Cash Equivalents.

	2022 $'000	2021 $'000
Cash at bank and in hand	**141,620**	192,113
Total Cash and Cash Equivalents	**141,620**	192,113

9 Trade and Other Receivables

Trade and Other Receivables are recognised at Amortised Cost, less Provision for Expected Credit Losses. Trade and Other Receivables measured at Amortised cost approximates fair value. Expected Credit Losses are determined using a lifetime Expected Credit Loss provision for Trade and Other Receivables. The Expected Credit Loss rates are based on the Group's historical credit losses experienced over the prior three year period. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. As at 30 June 2022 the Group expects negligible credit losses (2021: negligible).

	2022 $'000	2021 $'000
Trade Debtors	**7,777**	8,398
Less Expected Credit Losses	**-**	-
Trade Receivables	**7,777**	8,398
Other Receivables	**3,105**	1,508
Prepayments	**1,318**	369
Total Trade and Other Receivables	**12,200**	10,275

10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cost of crushed concrete and spare parts are calculated using the weighted average cost method. Spare parts are held for maintenance purposes only.

	2022 $'000	2021 $'000
Crushed concrete		
Kaiwharawhara crushed concrete	**1,117**	1,506
	1,117	1,506
Stock		
Spares stock control	**1,869**	1,299
Fuel and stock control	**332**	108
	2,201	1,407
Total Inventories	**3,318**	2,913

11 Valuation Approach for Fixed Assets measured at Fair Value

Operational Port Land (note 12) and Investment Properties (note 13) have been valued in accordance to the relevant Valuation Guidance and NZ IFRS 13 (Fair Value Movements). Operational Port Land and Investment Properties were valued on 30 June 2022 by independent registered valuers of the firm Colliers International.

Operational Port Land comprises Industrial Zoned Land and Other Port Land (2021: Industrial Zoned Land and Other Port Land) and the fair values have been determined in accordance with International Valuation Standards and Australia and New Zealand Valuation and Property Standards NZVTIP 2 - Valuations for Real Property, Plant & Equipment for Use in New Zealand Financial Reports and NZ IAS 16 (Property, Plant and Equipment).

Developed investment properties and land available for development have been valued in accordance with Valuation Guidance Note ANZVGN 9 - Assessing rental value and NZ IAS 40 - Investment Property. Land available for development was valued in accordance with Valuation Guidance Note NZVGN 1 Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400, and NZ IAS 40 - Investment Property.

All inputs into the determination of fair value of Operational Port Land and Investment Properties sit within level 3 of the fair value hierarchy of inputs (described in note 2), as they are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Operational Port Land

(i) Industrial Zoned Land

The fair value of Industrial Zoned Land is on a vacant basis, reflecting the land in its current state, however ignoring any and all operational buildings, structures and improvements involved in the day to day operation of port related activities. Industrial Zoned Land is made up of Freehold land and Land leased out to third parties (“Leasehold Land”) as part of port operations.

Each freehold parcel of land is valued on a rate per square metre basis using the Direct Sales Comparison approach. In carrying out this comparison, consideration is given to:

- sales of land or development sites within the wider Wellington region;
- size, shape, location and access to services including road frontage, exposure to vehicles, allowable height, and density of use;
- the current state of the Wellington and wider New Zealand economy; and
- the current state of Wellington property markets including the office, industrial, large format retail, residential accommodation, and hotel accommodation markets.

Each leasehold parcel of land is valued using a Capitalised Net Rental approach, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Significant inputs into this valuation approach are:

- comparable recent rental settlements on a rate per square metre of land;
- perpetually renewable or terminating lease;
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

- Classic approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate per square metre and multiplies by the land area leased; and
- Traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

11 Valuation Approach for Fixed Assets measured at Fair Value (continued)

Other key assumptions underlying the valuation are set out below:

- It is assumed that there is a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with ensuring the land is resilient are to be borne by CentrePort and have been excluded from the valuer's assessed value. This has been taken into account in the fair value as noted in the "Operational Port Land Resilience" adjustment below.

The following table summarises the valuation approach used by the valuers to arrive at an assessed value together with the Provision for Land Resilience and the sensitivity of the valuation to movements in unobservable inputs:

Industrial Zoned Land	**Assessed Value**	**Valuation Approach**	**Key Valuation Assumptions**	**Valuation Impact**
Freehold Land	$102.0m *(2021: $98.0)**	Direct Sales Comparison approach	Weighted average land value - the rate per sqm applied to the subject property. This ranges from $50psqm to $1,650psqm *(2021: $50psqm to $1,600psqm)*	+-5% $5.1m *(2021: +-5% $4.9m)*
		Market Capitalisation	Capitalisation rate - the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 6.25% *(2021: 6.5%)*	+-0.25% $0.1m *(2021: +-0.25% $0.1m*)*
		Discounted Cash Flow	Discount rate - the rate of return used to determine the present value of future cash flows. The rate used was 7.5% *(2021: 7.75%)*	+-0.25% $0.1m *(2021: +-0.25% $0.03m*)*
Leasehold Land	$11.5m *(2021: $7.4m)*	Capitalised Net Rental approach	Weighted average land value - the rate per sqm applied to the subject property. This ranges from $1,500psqm to$1,750psqm *(2021: $1,100psqm to $1,350psqm)*	+-5% $0.4m *(2021: -0.5%* $0.4m +0.5% $0.3m*)*
Assessed Value	**$113.5m *(2021: $104.7m)***			
Provision for Land Resilience	($27.8m) *(2021: ($43.6m))*	Cost estimates	Estimated cost of completing land resilience work.	+-15% $4.2m *(2021: +-15% $6.5m)*
Total Fair Value	**$85.7m *(2021: $61.8m)***	See note 12		

Certain prior year comparatives have been reclassified to align with current year presentation.

11 Valuation Approach for Fixed Assets measured at Fair Value (continued)

Operational Port Land Resilience

An adjustment of $27.8m has been made to the fair value of Operational Port Land at 30 June 2022 (2021: $43.6m) to recognise the resilience work that needed to be undertaken to support the land and achieve the assessed value determined by Colliers International in their independent valuation. The resilience works costs are estimated with reference to the costs for remediation works already undertaken for part of the operational port land and third party cost estimates. $13.3m of remediation works were completed during the year. The land resilience provision was decreased by $2.5m for the revised estimate of the cost to complete the remediation works.

There is a level of uncertainty attached to the amount of adjustment to be recognised for port land resilience. This uncertainty includes the appropriate level of resilience required for each area of land, the range of potential technical solutions available to provide the desired level of resilience, and the cost of each potential solution.

(ii) Other Port Land

Other Port Land is made up of Freehold land and land leased out to third parties (“Leasehold Land”). Significant ancillary services are provided to these third parties. Leasehold Land is valued using a combination of the following approaches:

- Capitalised Net Market Rental approach - this is where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease.
- Market Capitalisation approach - This is where fair value is determined by assessing the property's market ground rental and then capitalising this using an appropriate yield.
- Discounted Cashflow approach - This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

Significant inputs into these valuation approaches are:

- comparable recent rental settlements on a rate per square metre of land;
- perpetually renewable or terminating lease;
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market ground rental is assessed using the traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Other key assumptions underlying the valuation are set out below:

- The 2022 rent reviews have not been undertaken or initiated by either party. The valuation assumes the rentals have remained at those levels previously payable.

11 Valuation Approach for Fixed Assets measured at Fair Value (continued)

The following table summarises the key inputs and assumptions used by the valuer to arrive at an assessed value and the sensitivity of the valuation to movements in unobservable inputs:

Other Port Land	Assessed Value	Valuation Approach	Key Valuation Assumptions	Valuation Impact
Leasehold Land	$26.5m *(2021: $24.4m)*	Capitalised Net Market Rental	Weighted average land value - the rate per sqm applied to the subject property. This ranges from $150psqm to $750psqm *(2021: $150psqm to $700 psqm)*	+-5% $1.3m *(2021: +-5% $1.2m)*
Freehold Land	$3.1m *(2021: $3.0m)**	Market Capitalisation	Market capitalisation rate - the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. This is set at 8.25% *(2021: 8.5%)*	+-0.25% $0.3m (2021: +-0.25% $0.3m*)
		Discounted Cashflow	Discount rate - the rate of return used to determine the present value of future cash flows. The rate used was 8.75% *(2021: 9.0%)*	+-0.25% $0.2m *(2021:* +-0.25% $0.2m*)
Total Fair Value	**$29.6m** ***(2021: $27.4m)***	See note 12		

(b) Investment Properties

The fair value of investment properties is based on the highest and best use for commercial property.

(i) Developed Investment Property

The Developed Investment Property consists of the Customhouse building (2021: the Customhouse building). This property is leased to a third party.

Developed Investment Property is valued using a combination of the following approaches:

- Contract Income approach - This is where fair value is determined by directly capitalising the passing income. This method is effective where income is receivable from a secure tenant, however this is less effective where the current contract rent varies from the assessed market rent due to various factors.
- Market Capitalisation approach - This is where fair value is determined by capitalising the property's market rental at an appropriate yield, and then an allowance is made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term.
- Discounted Cashflow approach - This is where fair value is determined by a present value of the projected cashflow of the property over a 10 year period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

11 Valuation Approach for Fixed Assets measured at Fair Value (continued)

(ii) Land Available for Development

Land Available for Development consists of the Harbour Quays Development Land (2021: Harbour Quays Development Land and the former BNZ Building).

Land Available for Development is valued using a Direct Sales Comparison approach - This is where the subject property is compared with recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing features. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region, along with adjustments for factors such as the size, shape, location, access to services including road frontage, exposure to vehicles, allowable height, and density of use of the property.

Other key assumptions underlying the valuation are set out below:

- It is assumed that all 'normal' site services are fully reinstated, and no allowance has been made for any remedial or repair work required to the site or surrounding land and infrastructure.
- The valuation is based on the current Masterplan and the provision of several development sites across the precinct. Any alteration to the Masterplan or development sites may have an impact on the valuation.
- There are limitations to the soil along the reclamation edge and ground improvements are needed across the sites to mitigate the risk of lateral spread. This was factored into the valuation and the adopted values reflect the requirement for additional sub terrain site strengthening costs likely to be incurred as part of any new development.
- The valuation assumed that CentrePort will erect a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with the sea wall are assumed to be borne by CentrePort and have been excluded from Collier's valuation. This has been estimated and deducted from the assessed value to measure the fair value in these financial statements.
- Due to low market confidence in the precinct (particularly for office uses); market assurance needs to be regained. This is perceived to be difficult should CentrePort decide against a strengthened seawall and elect for a compromised alternative solution.
- All interim income generated from the vacant sites has been disregarded. This income does help offset operating expenses and holding costs, however, many of the vacant land sales reference to value the subject land, also similarly have existing income pending redevelopment.

11 Valuation Approach for Fixed Assets measured at Fair Value (continued)

The table below summarises the valuation approach and key assumptions used by the valuers to arrive at the assessed value together with estimated cost to repair services to undeveloped sites, rebuild a seawall, and complete ground improvement works and the sensitivity of the valuation to movements in unobservable inputs.

Class of Investment Property	**Assessed Value**	**Valuation Approach**	**Key Valuation Assumptions**	**Valuation Impact**
Developed Investment Property	$31.8m *(2021: $26.0m)*	Contract Income	Capitalisation rate - the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 7.0% *(2021: 8.5%)*	-+0.25% $1.5m *(2021:* -0.25% $0.75m + 0.25% $1.0m*)*
		Market Capitalisation	Capitalisation rate - the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 6.25% *(2021: 7.25%)*	+0.25% $1.5m -0.25% $2.0m *(2021: +- 0.25% $1.0m)*
		Discounted Cashflow	Discount rate - the rate of return used to determine the present value of future cash flows. The rate selected was 7.5% *(2021: 8.0%)*	+0.25% $0.72m -0.25% $0.74m *(2021: +- 0.25% $0.54m)*
Land Available for Development	$39.7m *(2021: $37.9m)*	Direct Sales Comparison	Weighted average land value - the rate per sqm applied to the subject property. The rates applied ranged from $125-$2,625 per sqm *(2021: $120-$2,500 per sqm)*	+-5.0% $2.0m *(2021: +-5.0% $1.9m)*
Assessed Value	**$71.4m** *(2021: $63.9m)*			
Cost to repair services to undeveloped sites, rebuild a seawall and complete ground improvement works	($8.8m) *(2021: ($8.4m))*	Cost estimates	Estimated cost of completing works on Land Available for Development.	+-10% $0.9m *(2021: +-10% $0.8m*)
Total Fair Value	**$62.6m** ***(2021: $55.5m)***	See note 13		

12 Property, Plant and Equipment

Recognition and Measurement

The Group has four classes of Property, Plant & Equipment:

- Operational Port Land
- Buildings
- Wharves, Paving and Seawalls
- Plant & Equipment

Operational Port Land is stated at fair value (see note 11) at the date of revaluation. Fair value is determined by reference to the highest and best use of land as determined by the independent valuer. Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2022, adjusted for the estimated land resilience costs.

The Group's Policy is to get a formal valuation every 3 to 5 years, but this has been brought forward due to the current market conditions. When there is no formal valuation performed the fair value of Operational Port Land is reviewed at the end of each reporting period to ensure that the carrying value of land is not materially different from its fair value. Any revaluation increase of Operational Port Land is recognised in Other Comprehensive Income and accumulated as a separate component of equity in the properties Revaluation Reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in Profit or Loss, in which case the increase is credited to Profit or Loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the Profit or Loss to the extent that it exceeds the balance, if any, held in the property’s Revaluation Reserve relating to a previous revaluation.

Property, Plant & Equipment (other than Operational Port Land) is recorded at cost less accumulated depreciation and impairment. Cost represents the value of the consideration to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service.

The Board and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property, Plant & Equipment. There is an element of judgement in this assessment. There is a developed Port plan, and those items of land that are considered integral to the operations of the Port have been included in Operational Port Land. Land held specifically for capital appreciation, an undetermined purpose, or to derive rental income has been classed as Investment Property.

Depreciation

There is no depreciation on Operational Port Land. Depreciation on other Property, Plant & Equipment is charged on a straight line basis so as to write-off the cost of the Property, Plant & Equipment to its estimated residual value over its expected useful life. The expected useful lives are as follows:

Buildings	5 to 50 years
Wharves, Paving and Seawalls	2 to 100 years
Plant and Equipment	2 to 50 years

The useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Impairment

An asset’s (or cash generating unit's) carrying amount is written down immediately to its recoverable amount if the asset’s (or cash generating unit's) carrying amount is greater than its estimated recoverable amount as per note 2(f).

During the year ended 30 June 2022, the Group tested for the impairment of Goodwill previously acquired in a business combination (see note 15). Due to the current uncertainty surrounding the economic outlook and supply chains, a low cargo volume scenario was selected which resulted in a total impairment of $21.0m, of which $18.3m was applied to Plant and Equipment.

12 Property, Plant and Equipment (continued)

	Port Land at Fair Value $'000	Buildings at Cost $'000	Wharves and Paving at Cost $'000	Plant and Equipment at Cost $'000	Work in Progress $'000	Total $'000
Year ended 30 June 2021						
Opening net book amount	62,420	10,567	18,006	36,596	24,903	152,492
Additions	11,197	1,103	-	-	45,545	57,846
Transfers from Work in Progress	-	141	18,661	17,512	(36,363)	(50)
Disposals	(2,200)	(16)	(42)	(1,729)	-	(3,986)
Reclassification	3,102	-	-	-	1,769	4,871
Increase in Fair Value (OCI)	7,010	-	-	-	-	7,010
Decrease in Fair Value (Profit or Loss)	(263)	-	-	-	-	(263)
Depreciation charge (note 4)	-	(877)	(2,036)	(4,497)	-	(7,410)
Change in the Provision for Resilience	7,899	-	-	-	-	7,899
Closing net book amount	**89,166**	**10,918**	**34,589**	**47,882**	**35,854**	**218,409**
At 30 June 2021						
Cost or Valuation	132,754	21,730	119,112	93,696	35,854	403,146
Provision for Land Resilience	(43,588)	-	-	-	-	(43,588)
Accumulated Depreciation & Impairment	-	(10,812)	(84,523)	(45,814)	-	(141,149)
Net book amount	**89,166**	**10,918**	**34,589**	**47,882**	**35,854**	**218,409**
Year ended 30 June 2022						
Opening net book amount	89,166	10,918	34,589	47,882	35,854	218,409
Additions	13,599	-	-	-	37,810	51,410
Transfers from Work in Progress	-	832	43,100	4,509	(48,509)	(70)
Disposals	-	(2)	(1)	(17)	-	(20)
Impairment	-	(1,433)	(10,414)	(6,441)	-	(18,288)
Increase in Fair Value (OCI)	10,167	-	-	-	-	10,167
Decrease in Fair Value (Profit or Loss)	(107)	-	-	-	-	(107)
Depreciation charge (note 4)	-	(1,111)	(3,730)	(5,009)	-	(9,850)
Change in the Provision for Resilience	2,487	-	-	-	-	2,487
Closing net book amount	**115,313**	**9,203**	**63,544**	**40,923**	**25,155**	**254,138**
At 30 June 2022						
Cost or Valuation	143,076	20,366	119,705	96,623	25,155	404,925
Provision for Land Resilience	(27,763)	-	-	-	-	(27,763)
Accumulated Depreciation & Impairment	-	(11,163)	(56,161)	(55,700)	-	(123,024)
Net book amount	**115,313**	**9,203**	**63,544**	**40,923**	**25,155**	**254,138**

12 Property, Plant and Equipment (continued)

Operational Port Land

	Industrial Zoned Land $'000	Commercial Zoned land $'000	Other Port Land $'000	Provision for land resilience $'000	Total Operational Port Land $'000
Opening value 1 July 2020	94,725	2,200	25,495	(60,000)	62,420
Additions	915	-	-	10,282	11,197
Transfers / reclassifications	4,871	-	-	(1,769)	3,102
Increase / (decrease) in fair value	4,884	-	1,863	7,899	14,647
Disposals	-	(2,200)	-	-	(2,200)
Closing value at 30 June 2021*	**105,396**	**-**	**27,359**	**(43,588)**	**89,166**
Opening value 1 July 2021	105,396	-	27,359	(43,588)	89,166
Additions	262	-	-	13,338	13,600
Transfers / reclassifications	-	-	-	-	-
Increase / (decrease) in fair value	7,853	-	2,207	2,487	12,547
Closing value at 30 June 2022	**113,511**	**-**	**29,566**	**(27,763)**	**115,313**

* there has been a reclassification of $650k from Other Port Land Freehold to Industrial Zoned Land Freehold at 30 June 2021. This is for the Norfolk Road property which was incorrectly classified on acquisition in 2021.

13 Investment Properties

Recognition and Measurement

Investment Property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value (see note 11) determined by an independent valuer at the reporting date. Gains or losses arising from changes in fair value of investment property are recognised in the Statement of Comprehensive Income in the period in which they arise.

The below numbers allow for estimated costs to repair services to undeveloped sites, rebuild a seawall, and complete ground resilience works (note 11).

The Group has the following classes of Investment Property:

- Developed Investment Property; and
- Land Available for Development

	Developed Investment Properties $'000	Land Available for Development $'000	Total Investment Properties $'000
Opening value 1 July 2020	29,901	30,003	59,904
Additions	-	2,458	2,458
Transfers / reclassifications	-	(4,871)	(4,871)
Increase / (decrease) in fair value	(3,901)	1,903	(1,998)
Closing value at 30 June 2021	**26,000**	**29,493**	**55,493**
Opening value 1 July 2021	26,000	29,493	55,493
Additions	124	2,157	2,282
Increase / (decrease) in fair value	5,643	(800)	4,842
Closing value at 30 June 2022	**31,767**	**30,850**	**62,617**

14 Joint Ventures

Recognition and Measurement

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with NZ IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with NZ IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

14 Joint Ventures (continued)

30 June 2021

	Direct Connect Container Services Limited $'000	Dixon & Dunlop Limited $'000	Marlborough Inland Hub Limited $'000	Total $'000
Summarised Balance Sheet				
Current				
Cash and cash equivalents	354	-	-	354
Other current assets (excluding cash)	304	-	-	304
Total current assets	**658**	**-**	**-**	**658**
Other current liabilities (including trade payables)	(251)	-	-	(251)
Total current liabilities	**(251)**	**-**	**-**	**(251)**
Non-current				
Assets	15,043	-	-	15,043
Total non-current assets	**15,043**	**-**	**-**	**15,043**
Financial liabilities	(16,160)	-	-	(16,160)
Other liabilities	-	-	-	-
Total non-current liabilities	**(16,160)**	**-**	**-**	**(16,160)**
Net assets	**(710)**	**-**	**-**	**(710)**
Summarised statement of comprehensive income				
Revenue	2,757	-	-	2,757
Operating expenses	(2,822)	-	-	(2,822)
Net finance cost	-	-	-	-
Profit / (Loss)	**(65)**	**-**	**-**	**(65)**
Reconciliation of summarised financial information				
Opening carrying value at 1 July 2020	**(327)**	**-**	**-**	**(327)**
Additional investment	-	-	-	-
Share of profit/(loss)	(33)	-	-	(33)
Gain on sale of asset	4	-	-	4
Applied against loan	355	-	-	355
Closing carrying value 30 June 2021	**-**	**-**	**-**	**-**

14 Joint Ventures (continued)

30 June 2022

	Direct Connect Container Services Limited $'000	Dixon & Dunlop Limited $'000	Marlborough Inland Hub Limited $'000	Total $'000
Summarised Balance Sheet				
Current				
Cash and cash equivalents	376	1,368	-	1,744
Other current assets (excluding cash)	349	1,653	-	2,001
Total current assets	**725**	**3,020**	**-**	**3,745**
Other current liabilities (including trade payables)	(308)	(1,269)	(254)	(1,831)
Total current liabilities	**(308)**	**(1,269)**	**(254)**	**(1,831)**
Non-current				
Assets	14,885	5,067	15,370	35,322
Total non-current assets	**14,885**	**5,067**	**15,370**	**35,322**
Financial liabilities	(16,160)	-	-	(16,160)
Other liabilities	-	-	-	-
Total non-current liabilities	**(16,160)**	**-**	**-**	**(16,160)**
Net assets	**(858)**	**6,818**	**15,116**	**21,076**
Summarised statement of comprehensive income				
Revenue	3,460	13,104	-	16,564
Operating expenses	(3,609)	(10,583)	-	(14,192)
Profit / (Loss)	**(149)**	**2,520**	**-**	**2,372**
Reconciliation of carrying value				
Opening carrying value at 1 July 2021	**-**	**-**	**-**	**-**
Additional investment	-	4,095	6,750	10,845
Share of profit/(loss)	(74)	1,260	-	1,186
Movement through OCI	-	-	813	813
Dividends received	-	(100)	-	(100)
Applied against loan	74	-	-	74
Closing carrying value at 30 June 2022	**-**	**5,255**	**7,563**	**12,818**

14 Joint Ventures (continued)

Details of the Group's joint ventures at the end of the reporting period are as follows:

Name of entity	Principal activities	Proportion of ownership interest 2022	2021
Direct Connect Container Services Limited	**Container storage and transportation**	**50 %**	50 %
Dixon & Dunlop Limited	**Earthmoving, groundworks and equipment hire**	**50 %**	- %
Marlborough Inland Hub Limited	**Logistics services**	**50 %**	- %

During the year ended 30 June 2022, the Group acquired shares in Dixon and Dunlop Limited and Marlborough Inland Hub Limited. See note 22 for more details.

15 Goodwill and Impairment

	2022 $'000	2021 $'000
Cost	**2,675**	2,675
Impairment loss	**(2,675)**	-
Closing Net Book Value	**-**	2,675

Determining the recoverable amount for the port operations cash generating unit

Significant capital expenditure was incurred in the current year in relation to the regeneration programme which is expected to continue for several years in the future. The increase in the fixed assets of the port operations cash generating unit (CGU) increases the risk that the net assets of the CGU (including the balance of goodwill) may be higher than its recoverable amount. CentrePort has assessed that its assets which are subject to impairment testing are within one CGU with the exception of Direct Connect Container Services Limited, Dixon & Dunlop Limited and Marlborough Inland Hub Limited. This means that all assets work together to generate cash flows. The key premise of this assumption is that the harbour enables the port to exist.

To assess the port operations cash generating unit including goodwill for impairment, the recoverable amount was determined through applying the fair value less cost of disposal method. The fair value is determined through the income approach as allowed by NZ IFRS 13 Fair Value Measurements, in which the estimated future cash flows over the next 30 years are discounted to a present value. Estimated future cash flows are based on past experiences and factor in the current disruption to the global and local supply chains.

An impairment assessment was calculated for the port operations cash generating unit and it was concluded that there was an impairment of $21.0m to recognise, and therefore, the impairment was first allocated to goodwill ($2,675k) and the remainder to non-current assets valued at cost - Property, Plant and Equipment ($18,288k - see note 12) and Software ($37k). The recoverable amount was calculated based on three scenarios. The lower cargo volume scenario was selected as managements best estimate due to the current uncertainty surrounding the economic outlook and supply chains.

15 Goodwill and Impairment (continued)

The discount rate applied by CentrePort to calculate the recoverable amount has increased to 7.4% from 6.4% a year ago largely due to an increase in the risk-free rate based on long term New Zealand Government bond yields. The increase in the discount rate has resulted in a decrease to the estimated recoverable amount to an extent that it is appropriate that a $21m write down should be recognised in the current year.

The key assumptions in the impairment model and related sensitivity are as follow:

Assumption	Value of assumption	% Change in assumption	$ value impact of change in assumption on the valuation model
Weighted average cost of capital (discount rate)	7.4 %	+0.4%	-$39m
		-0.4%	+$40m
Terminal growth rate	2.0 %	+0.2%	+$7m
		-0.2%	-$6m
Indexation	2.0 %	+0.2%	+$23m
		-0.2%	-$22m
Revenue throughout forecast period		+5.0%	+$76m
		-5.0%	-$76m
Forecasted Capital Expenditure throughout forecast period		+5.0%	-$26m
		-5.0%	+$26m

Whilst not included in the key assumptions table the following other key assumptions are also included in the model:

- Forecasted sales volumes and prices for containers, logs, fuel, and cruise ships
- Cost of disposal of the CGU
- Operating costs of the CGU

All inputs contained in the model are classified as Level 3 fair value measurements as described in note 2(j).

16 Trade and Other Payables

	2022 **$'000**	2021 $'000
Trade payables	**5,309**	3,971
Accruals	**5,838**	6,070
Income in Advance	**502**	739
Other payables	**640**	436
	12,289	11,216

Trade and Other Payables principally comprise amounts outstanding for trade purchases and ongoing costs. Trade and Other Payables measured at amortised cost approximates fair value.

17 Provision for Employee Entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

	2022 **$'000**	2021 $'000
Current liability	**3,659**	3,176
Non-current liability	**163**	167
Total Liability	**3,822**	3,343

The rate used for discounting the provision for future payments is 3.6% (2021: 1.8%).

18 Leases

Leases as a lessee

The Group leases various land and equipment. Rental contracts are typically made for fixed periods ranging from 2 to 20 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Lease payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- Makes adjustments specific to the lease, e.g. term, type of property, and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability less any lease incentives received. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Comprehensive Income. Short-term leases are leases with a term of 12 months or less.

Extension options

Extension options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Factors assessed include historical lease durations and the costs of any business disruption required to replace the leased asset. Most extension options have been included in the lease liability, because the Group could not easily replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised). The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Leases as a lessor

The Group leases out investment properties, port operational land, buildings, plant and equipment, and wharf facilities. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee. Where the lease is a sub-lease, it is classified as a finance lease whenever the terms of the sub-lease transfer all the risks and rewards of the right-of-use asset to the sub-lessee. All other leases are classified as operating leases.

18 Leases (continued)

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Lease payments for some contracts include CPI increases.

Finance Leases

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The balance sheet shows the following assets subject to operating leases where the Group is the lessor:

	Port Land at Fair Value $'000	Investment Property at Fair Value $'000	Buildings at Cost $'000	Wharves and Paving at Cost $'000	Plant & Equipment at Cost $'000	Right of Use Assets at Cost $'000
Year ended 30 June 2021						
Opening net book amount	37,148	32,258	6,181	13,159	1,518	545
Additions	-	65	-	-	-	191
Transfer from Work in Progress	-	-	24	4,142	-	-
Disposals	-	-	-	(42)	-	-
Reclassification	(540)	5,884	(3,385)	17	(3)	477
Impairment adjustment	-	(214)	-	-	-	-
Revaluation	5,787	(3,794)	-	-	-	-
Depreciation Charge	-	-	(286)	(1,240)	(74)	(109)
Change in the Provision for Resilience	1,925	-	-	-	-	-
Closing net book amount	**44,319**	**34,199**	**2,534**	**16,036**	**1,441**	**1,104**
At 30 June 2021						
Cost or Valuation	47,693	37,849	4,024	28,370	2,114	1,294
Provision for Land Resilience	(3,374)	-	-	-	-	-
Accumulated Depreciation & Impairment	-	(3,650)	(1,490)	(12,334)	(673)	(190)
Net book amount	**44,319**	**34,199**	**2,534**	**16,036**	**1,441**	**1,104**
Year ended 30 June 2022						
Opening net book amount	44,319	34,199	2,534	16,036	1,441	1,104
Additions	-	-	-	-	-	550
Transfers from Work in Progress	-	-	108	1,686	126	-
Reclassification	-	-	(10)	-	-	-
Impairment adjustment	-	(100)	(315)	(2,255)	(193)	-
Revaluation	7,256	6,202	-	-	-	-
Depreciation charge	-	-	(311)	(1,514)	(74)	(118)
Change in the Provision for resilience	1,225	-	-	-	-	-
Closing net book amount	**52,801**	**40,302**	**2,007**	**13,952**	**1,299**	**1,536**
At 30 June 2022						
Cost or Valuation	54,950	43,952	3,946	30,070	2,227	1,844
Provision for Land Resilience	(2,149)	-	-	-	-	-
Accumulated Depreciation & Impairment	-	(3,650)	(1,939)	(16,118)	(928)	(308)
Net book amount	**52,801**	**40,302**	**2,007**	**13,952**	**1,299**	**1,536**

18 Leases (continued)

The Group expects the following lease payments to be received in relation to its operating and finance leases as a lessor:

Amounts Receivable under operating leases as a Lessor

	2022 $'000	2021 $'000
Within 1 year	**11,505**	11,357
Between 1 and 2 years	**10,823**	7,227
Between 2 and 3 years	**10,291**	6,625
Between 3 and 4 years	**9,903**	6,596
Between 4 and 5 years	**9,912**	6,496
Greater than 5 years	**26,867**	27,879
Total	**79,301**	66,180

19 Borrowings

	2022 $'000	2021 $'000
Current Liabilities		
NZ Green Investment Finance	**11,000**	7,500

CentrePort entered has a $15.0m debt facility with New Zealand Green Investment Finance (NZGIF) to accelerate investment into low carbon projects.

The Group has drawn down $11.0m of this facility at balance date (2021: $7.5m). The interest rate is based on BKBM (bank bill bid settlement) rate plus a margin payable on funds drawn. A commitment fee is also payable on the facility limit. The facility was renewed on 7 June 2022 for a term of 13-months. The Lender has first ranking security over all current and future assets held by the Group.

20 Financial Risk Management

Financial Instruments

As part of normal operations, the Group is party to financial instruments with risk to meet operational needs.

CentrePort regularly undertakes reviews of its financial risk management as its capital structure changes.

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group 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 the Statement of Comprehensive Income.

All recognised financial assets and liabilities are subsequently measured at either amortised cost or fair value through profit and loss, depending on the classification of the financial asset or liability. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of initial recognition.

Amortised Cost

Financial assets and liabilities are classified as measured at amortised cost if the financial asset or liability is held to collect or make payment on contractual cash flows, and those cash flows are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents, trade receivables, other receivables, loans, trade payables, and other payables are recorded at amortised cost using the effective interest method less any impairment.

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

Fair Value through Profit or Loss (FVTPL)

All other financial assets or liabilities that are not measured at Amortised Cost are measured at fair value through profit or loss.

Financial Assets and Liabilities at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the Statement of Comprehensive Income.

Offsetting Financial Instruments

Financial Assets and Liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Risk Management Objectives

Treasury activities are reported to the Board and the Audit and Risk Committee.

Capital Risk Management

CentrePort manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group as at 30 June 2022 consists of cash reserves, debt facilities, and retained earnings (2021: cash reserves, debt facilities, and retained earnings).

(a) Market risk

Currency Risk

The Group enters into forward exchange contracts to hedge the Group's foreign currency risk on major asset purchases.

20 Financial Risk Management (continued)

Interest Rate Risk

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite as provided for in the Treasury Policy.

The Group is exposed to interest rate risk through the Group's treasury investment portfolio if market interest rates decline below annual budgeted amounts.

Group Sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 0.5% (2021: 0.5%) increase or decrease represents management's assessment of the possible change in interest rates.

The following table summarises the sensitivity of the Group’s financial assets and financial liabilities to interest rate risk and foreign exchange risk:

		Interest rate risk			
		-0.5%		+0.5%	
30 June 2022	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	141,620	(834)	(834)	834	834
Accounts receivable	10,111	-	-	-	-
Investment in Commercial Paper	19,461	(94)	(94)	94	94
Loans and Advances to Joint Venture	7,670	-	-	-	-
Financial liabilities					
Provision for Employee Entitlements	3,822	-	-	-	-
Trade payables	11,787	-	-	-	-
Borrowings	11,000	55	55	(55)	(55)
Total increase / (decrease)		(873)	(873)	873	873

		Interest rate risk			
		-0.5%		+0.5%	
30 June 2021	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	192,113	(1,105)	(1,105)	1,105	1,105
Accounts receivable	9,765	-	-	-	-
Investment in Commercial Paper	19,902	(98)	(98)	98	98
Loans and Advances to Joint Venture	7,753	-	-	-	-
Financial liabilities					
Provision for Employee Entitlements	3,343	-	-	-	-
Trade payables	10,479	-	-	-	-
Borrowings	7,500	38	38	(38)	(38)
Total increase / (decrease)		(1,166)	(1,166)	1,166	1,166

20 Financial Risk Management (continued)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from Cash and Cash Equivalents with banks, financial institutions, loans and advances to joint ventures, and other institutions as well as outstanding Trade and Other Receivables. For banks, financial institutions, and other institutions only independently rated parties with a minimum rating of 'A' are accepted. For Trade and Other Receivables the Group performs credit evaluations on all customers requiring credit and generally does not require collateral. Maximum exposures to credit risk as at balance date are the carrying value of financial assets in the balance sheet.

Trade and other receivables include amounts that are not impaired but considered past due as at balance date. Expected Credit Losses are calculated on a lifetime basis for Trade Receivables. Please see note 9 for more information.

Credit Risk Exposure

	2022 $'000	2021 $'000
Cash at bank and short-term bank deposits		
AA- Rated Entities	**113,620**	-
AA rated entities	**-**	141,113
A rated entities	**28,000**	51,000
	141,620	192,113
Held-to-maturity investments		
AA+ rated entities	**19,461**	-
AA rated entities	**-**	19,902
Unrated entities	**7,670**	7,753
	27,131	27,655

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks or other institutions with high credit-ratings assigned by international credit-rating agencies.

The investments with unrated entities are with related parties (note 22).

20 Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. To reduce the exposure to liquidity risk the Group holds cash and cash equivalents (refer to note 9) and has a bank overdraft facility of $2.0m through a set off arrangement (2021: $2.0m).

Liquidity profile of financial instruments

The following tables detail the Group's liquidity profile based on undiscounted cash outflows at 30 June 2022 and 30 June 2021, assuming future interest cost on borrowings at nil (2021: nil) of the average debt for each period.

	Less than One Year $'000	1-2 Years $'000	2-5 Years $'000	5+ Years $'000	Total $'000
30 June 2022					
Trade and Other Payables	11,787	-	-	-	11,787
Employee Entitlements	3,659	163	-	-	3,822
Lease Liabilities	302	301	776	2,117	3,496
Borrowings	11,000	-	-	-	11,000
Total	26,748	464	776	2,117	30,105
30 June 2021					
Trade and Other Payables	10,479	-	-	-	10,479
Employee Entitlements	3,176	167	-	-	3,343
Lease Liabilities	317	292	822	2,362	3,793
Borrowings	7,500	-	-	-	7,500
Total	21,472	459	822	2,362	25,115

(d) Financial instruments at Amortised Cost

	2022 $'000	2021 $'000
Assets		
Trade and other receivables	**10,111**	9,754
Loans and Advances to Joint Venture	**7,670**	7,753
Cash and cash equivalents	**141,620**	192,113
Investment in Commercial Paper	**19,461**	19,902
Total assets	**178,862**	229,522
Liabilities		
Employee entitlements	**3,822**	3,343
Trade and other payables	**11,787**	10,479
Borrowings	**11,000**	7,500
Lease liabilities	**2,645**	2,225
Total liabilities	**29,254**	23,547

21 Reconciliation of Profit After Income Tax to Net Cash Inflow from Operating Activities

	2022 $'000	2021 $'000
Profit / (Loss) for the Year from Continuing Operations	**21,667**	(17,781)
Add / (Less) Non-Cash Items:		
Depreciation	**9,850**	7,410
Right-of-Use Asset Depreciation	**207**	201
Amortisation	**190**	259
Impairment of Property, Plant and Equipment, Goodwill, and Software	**21,000**	-
Decrease / (Increase) in Fair Value of Investment Properties	**(4,842)**	1,998
Decrease / (Increase) in Fair Value of Property, Plant and Equipment	**107**	263
Equity Accounted Earnings	**(1,184)**	-
Gain on Disposal of Fixed Assets	**(88)**	(1,119)
Increase / (Decrease) in Deferred Tax liability	**(27,413)**	21,332
Add / (Less) Movements in Working Capital:		
Trade and Other Receivables	**(1,919)**	6,008
Trade and Other Payables	**1,070**	117
Inventories	**(404)**	(187)
Taxation Payable/Refund	**(2,673)**	1,673
Provision for Employee Entitlements	**479**	(2,522)
Add / (Less) Items Classified as Investing and Financing Activities:		
Accounts Payable related to Property, Plant & Equipment	**(666)**	(907)
Accounts Payable related to Investment Properties	**58**	339
Prepayments related to Property, Plant & Equipment	**749**	(3,583)
Other	**-**	-
Net cash inflow from operating activities	**16,189**	13,501

22 Related Party Transactions

Subsidiaries and Joint Ventures of CentrePort Ltd

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest held by the Group	
			2022 %	2021 %
CentrePort Properties Limited	Investment in special purpose vehicles	New Zealand	**100**	100
Direct Connect Container Services Limited	Container storage and transportation	New Zealand	**50**	50
Harbour Quays D4 Limited	Commercial Rental Property	New Zealand	**100**	100
Wellington Port Coldstores Limited	Inactive	New Zealand	**100**	100
CentrePort Captive Insurance Limited	Inactive	New Zealand	**100**	100
Dixon & Dunlop Limited	Earthmoving, groundworks and equipment hire	New Zealand	**50**	-
Marlborough Inland Hub Limited	Logistics services	New Zealand	**50**	-

Direct Connect Container Services Limited

CentrePort provided a secured and interest bearing long-term shareholder advance to Direct Connect Container Services Ltd of $7.0m, in October 2021. Interest is payable on the principal of 7.0% per annum, income from the loan for the year ended 30 June 2022 was $490k (2021: $325k). The loan is repayable on 29 November 2029.

At 30 June 2022, CentrePort has $1.1m of unsecured advances to Direct Connect Container Services - there were no new advances made during the year (2021: $680k). There is no interest charged on these advances and they are repayable on demand. This cash advance is shown on the balance sheet net of CentrePort's share of losses, $670k.

CentrePort Captive Insurance Limited

With the approval of the Board and Shareholders, CentrePort Limited established CentrePort Captive Insurance Limited. The company was created to more effectively manage risks and costs of CentrePort’s asset base. CentrePort Captive Insurance Limited was incorporated on 27 May 2021 with $1.0m of capital. CentrePort has applied to the Reserve Bank of New Zealand for a licence under The Insurance (Prudential Supervision) Act 2010 for this company to operate as a captive insurance company, the application is still pending at 30 June 2022.

Dixon & Dunlop Limited

On 31 August 2021, CentrePort Limited purchased 50% of the shares in Dixon & Dunlop Limited for $4.1m. CentrePort's interest in Dixon & Dunlop has been accounted for using the equity method. CentrePort received a $100k cash dividend in June 2022. CentrePort gave Dixon & Dunlop a short term advance of $100k which was paid back during the period.

Marlborough Inland Hub Limited

On 23 December 2021, the Group purchased land and assets used to fulfil a Grape Supply Agreement in Marlborough for $13.5m which was treated as an asset held for sale. On 29 June 2022, Marlborough Inland Hub Limited was established as a joint venture between the Group and Port of Marlborough New Zealand Limited. The joint venture purchased this property from the Group for $13.5m. The land component of the property was revalued at 30 June 2022 from $10.6m to $12.3m.

At 30 June there was $246k receivable for oncharged biological work in progress and Inland hub design costs.

22 Related Party Transactions (continued)

Parent and Controlled entities

CentrePort is 76.9% owned by WRC Holdings Ltd, a subsidiary of Wellington Regional Council, and 23.1% owned by MWRC Holdings Limited, a subsidiary of Manawatu-Wanganui Regional Council (trading as Horizons Regional Council).

The Group has a tax loss share arrangement with the Wellington Regional Council and Subsidiaries that allows the Group to purchase tax losses.

During the year transactions between the Group and related parties included:

	2022 $'000	2021 $'000
Greater Wellington Regional Council and Subsidiaries		
Income received from rent and services performed	**85**	359
Payment for use of navigational facilities, guarantee of CentrePort Group borrowings, and services performed	**(818)**	(780)
Investment in Commercial Paper	**19,461**	19,902
Repayment of Commercial Paper	**(20,000)**	(20,000)
Horizons Regional Council and Subsidiaries		
Payment for services performed	**(5)**	(5)
Direct Connect Container Services Limited		
Income received from rent and services performed	**198**	286
Sale of plant	**-**	650
Payment for goods and services	**(87)**	(100)
Cash advances	**-**	(680)
Loan advances	**-**	(7,000)
Interest received	**490**	325
Dixon & Dunlop Limited		
Payment for services performed	**(5,526)**	-
Dividend received	**100**	-
Marlborough Inland Hub Limited		
Sale of Property, Plant and Equipment	**13,500**	-

At year-end the following outstanding balances with related parties were recorded as an asset / (liability):

	2022 $'000	2021 $'000
Greater Wellington Regional Council payable	**(18)**	-
GWRC Commercial Paper	**19,461**	19,902
Direct Connect Container Services Limited receivable	**19**	15
Direct Connect Container Services Limited payable	**(7)**	-
Direct Connect Container Services Limited Loan receivable	**7,000**	7,000
Direct Connect Container Services Limited Cash Advance receivable*	**1,100**	1,100
Dixon and Dunlop Limited payable	**(679)**	-
Marlborough Inland Hub receivable	**246**	-
	27,122	28,017

*The cash advances paid to Direct Connect Container Services Limited are carried on the balance sheet net of CentrePort's share of losses.

As at 30 June 2022, the Group held $19.5m (2021: $19.9m) of unsecured Commercial Paper issued by GWRC. The Commercial Paper will mature on 29 March 2023 for $20.0m.

22 Related Party Transactions (continued)

Key Management Personnel Compensation

The compensation of the Directors and executives, being the key management personnel of the entity, is set out below:

	2022 $'000	2021 $'000
Salaries, fees, and other short-term employee benefits	**3,449**	4,084

23 Capital Commitments

At balance date CentrePort had entered into commitments for the acquisition of property, plant, and equipment amounting to of $15.8m for the Group (2021: $21.5m).

24 Contingent Liabilities

CentrePort Limited and CentrePort Properties Limited were added as defendants on 27 April 2021 to proceedings commenced by Statistics New Zealand against Beca Limited and Dunning Thornton Consultants Limited. The proceedings concern Statistics House which sustained damage and was subsequently demolished following the Kaikoura earthquake in November 2016. The claim against CentrePort Limited has subsequently been discontinued but a claim remains against CentrePort Properties Limited. CentrePort continues to take advice on these proceedings. The indicative claim against the three parties involved is $18m. CentrePort has denied any liability. The proceeding is unresolved at 30 June 2022 and a trial is scheduled for November 2023.

At 30 June 2022, there was a contingent liability for a former contractor who had instigated a second set of proceedings against CentrePort for the alleged unlawful suspension, and then termination, of their contract in relation to a health and safety incident that occurred on the 2nd of October 2019. CentrePort successfully contested this claim during 2021. The contractor has subsequently filed Judicial Review proceedings which will be heard in October 2022, therefore, this contingent liability is still ongoing. The total amount claimed by the contractor is approximately $1m.

25 Contingent Assets

There are no contingent assets in 2022 (2021: nil).

26 Subsequent Events

There have been no subsequent events up to the date of signing these financial statements which would affect the amounts or disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CENTREPORT LIMITED GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of CentrePort Limited Group (the Group). The Auditor-General has appointed me, James Shepherd, using the staff and resources of Deloitte Limited, 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 21 to 60, that comprise the balance sheet as at 30 June 2022, 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 2022; 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 New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 31 August 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements

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

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

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

The Board of Directors' responsibilities arise from the Port Companies Act 1988.

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 and auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it 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 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 company 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 15 to 20, but does not include the financial statements, and our auditor's report thereon.

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

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

Independence

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

In addition to the audit we have carried out an agreed-upon procedure engagement in respect of CentrePort Captive Insurance Limited's insurance licensing application and a limited assurance engagement over the Group's Greenhouse Gas Emissions Inventory Report which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group.

J Shepherd

James Shepherd
Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand