THE REAL ESTATE INSTITUTE OF NEW ZEALAND INCORPORATED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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DIRECTORY

Registered office	155 Khyber Pass Road Auckland
Nature of business	A membership organisation representing real estate professionals nationwide.
Directors	Ms Bridget Coates (Chairperson) Ms Miriam Dean, QC Ms Angela Bull Ms Jo Clifford Ms Treena Drinnan Mr Neville Falconer Mr Malcolm Morris Mr Shane O'Brien Ms Gail Hudson
Incorporated Society number	222891
Independent auditor	RSM Hayes Audit 1 Broadway Auckland
Bankers	Bank of New Zealand Newmarket Auckland

THE REAL ESTATE INSTITUTE OF NEW ZEALAND INCORPORATED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Directors' Report

The Directors of The Real Estate Institute of New Zealand Incorporated (Institute) present this Annual Report, being the consolidated financial statements of the Institute for the financial year ended 30 June 2022, and the independent auditor's report thereon.

Statement of Responsibility

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the consolidated financial statements and related information.

The independent external auditors, RSM Hayes Audit have audited the consolidated financial statements and their report appears on pages 3 to 4.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements.

Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial records. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The consolidated financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Institute will not remain a going concern in the foreseeable future.

In the opinion of the Directors:

- The Consolidated Statement of Comprehensive Revenue and Expense is drawn up so as to present fairly, in all material respects, the financial result of the Institute for the financial year ended 30 June 2022;
- The Consolidated Statement of Financial Position is drawn up so as to present fairly, in all material respects, the state of affairs of the Institute as at 30 June 2022;
- The Consolidated Statement of Cash Flows is drawn up so as to present fairly, in all material respects, the cashflows of the Institute for the financial year ended 30 June 2022;
- There are reasonable grounds to believe that the Institute will be able to pay its debts as and when they fall due.

For and on behalf of the Directors:

REINZ Board Chairperson

27 September 2022
Date

REINZ Audit & Risk Committee Chairperson

27 September 2022
Date

RSM Hayes Audit
PO Box 9588
Newmarket, Auckland 1149
Level 1, 1 Broadway
Newmarket, Auckland 1023
T +64 (9) 367 1656
www.rsmnz.co.nz

Independent Auditor's Report

To the members of
The Real Estate Institute of New Zealand Incorporated

Opinion

We have audited the consolidated financial statements of The Real Estate Institute of New Zealand and its subsidiaries (the group), which comprise:

- the consolidated statement of financial position as at 30 June 2022;
- the consolidated statement of comprehensive revenue and expense for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements on pages 5 to 26 present fairly, in all material respects, the financial position of the group as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners *(including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the group or any of its subsidiaries.

Other information

The directors are responsible for the other information. The other information comprises the directory on page 1 and the directors' report and statement of responsibility on page 2 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible, on behalf of the group, for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/

Who we report to

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

RSM

RSM Hayes Audit
Auckland

28 September 2022

THE REAL ESTATE INSTITUTE OF NEW ZEALAND INCORPORATED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Statement of comprehensive revenue and expense

	Notes	2022	2021
Revenue from exchange transactions	5	8,906,162	8,131,769
Total revenue (excluding gains)		8,906,162	8,131,769
Direct Costs of Services		1,702,881	2,037,970
Depreciation and amortisation		764,793	960,019
Lose on assets disposed		147,517	-
Salaries and wages		3,882,118	2,971,170
Other expenses	8	2,984,165	2,293,935
Total expenses		9,481,474	8,263,094
Finance and dividend income	6	112,823	86,624
Net finance and dividend income		112,823	86,624
Operating surplus/(deficit)		(462,489)	(44,701)
Other gains and (losses)	7	(271,820)	317,166
Profit/(loss) from equity accounted investees	17	832,844	408,243
Net surplus for the year before income tax		**98,535**	**680,708**
Income Tax Expense/(Benefit)	13	-	-
Net surplus after income tax		98,535	680,708
Other comprehensive revenue and expense for the year		-	-
Total comprehensive revenue and expense for the year		**98,535**	**680,708**

Statement of changes in equity

	Notes	Accumulated comprehensive revenue and expense	Total equity
Balance as at 1 July 2020		15,532,066	15,532,066
Total comprehensive revenue and expense for the year		680,708	680,708
Balance as at 30 June 2021		**16,212,774**	**16,212,774**
Total comprehensive revenue and expense for the year		98,535	98,535
Balance as at 30 June 2022		**16,311,309**	**16,311,309**

Statement of financial position

	Notes	2022	2021
ASSETS			
Current assets			
Receivables from exchange transactions		85,834	267,412
Prepayments		245,545	110,079
Cash and cash equivalents	9	4,560,864	3,846,494
Tax receivable		2	2
		4,892,245	4,223,987
Non-current assets			
Property, plant and equipment	11	8,776,753	8,878,637
Intangible assets	12	243,770	820,387
Other financial assets	10.iii	2,819,654	3,084,706
Investments	17	3,417,673	2,584,829
		15,257,850	15,368,559
TOTAL ASSETS		**20,150,095**	**19,592,546**
LIABILITIES			
Current liabilities			
Payables from exchange transactions	14	571,865	686,467
Income in advance		2,776,692	2,328,394
Employee benefits	15	159,781	104,245
GST Payable		330,448	260,666
TOTAL LIABILITIES		**3,838,786**	**3,379,772**
NET ASSETS		**16,311,309**	**16,212,774**
EQUITY			
Accumulated comprehensive revenue and expense		16,311,309	16,212,774
Net assets/equity attributable to owners		16,311,309	16,212,774
TOTAL EQUITY		**16,311,309**	**16,212,774**

Statement of Cash Flows

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts		9,539,273	8,809,701
Interest and tax received		45,446	34,256
Dividends received		67,377	52,368
Cash paid to suppliers and employees		(8,677,223)	(7,381,183)
Net cash inflow/(outflow) from operating activities		**974,873**	**1,515,142**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(26,695)	171,266
Purchase of intangible assets	12	(64,283)	(456,005)
Purchase of property, plant and equipment	11	(169,525)	(25,249)
Proceeds from repayment of related party loans		-	-
Net cash inflow/(outflow) from investing activities		**(260,503)**	**(309,988)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Net cash inflow/(outflow) from financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		714,370	1,205,154
Cash and cash equivalents at 1 July		3,846,494	2,641,340
Cash and cash equivalents at 30 June	9	**4,560,864**	**3,846,494**

Notes to the financial statements

1. REPORTING ENTITY

The Real Estate Institute of New Zealand (Institute) is an incorporated society in New Zealand, incorporated under the Incorporated Societies Act 1908 and is a public benefit entity for the purposes of financial reporting in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

These financial statements consist of the Institute and its wholly owned subsidiaries, REINZ Member Services Limited and REINZ Ventures Limited, and together are referred to as "the Group".

2. BASIS OF PREPARATION

a) Statement of compliance
The financial statements complies with generally accepted accounting practice in New Zealand ("NZ GAAP").

The financial statements comply with the PBE Standards RDR as appropriate for Tier 2 not-for-profit public benefit entities.

The Group qualifies as a Tier 2 reporting entity as it does not have public accountability and it is not defined as large.

All reduced disclosure regime exemptions have been adopted.

These financial statements were authorised for issue by the Directors on the date indicated on page 2.

b) Measurement basis
The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through surplus or deficit which have been measured at fair value.

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

There has been no change in the functional currency of the Group.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Notes to the financial statements

a) Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

i. Classification of non-financial assets as cash generating assets or non-cash-generating assets
For the purpose of assessing impairment indicators and impairment testing, the Group classifies non-financial assets as non cash-generating assets as the primary objective of the assets is not to generate commercial return.

b) Assumptions and estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i. Useful lives and residual values
The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Group
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

ii. Impairment of non-financial assets – non-cash-generating assets
The Group reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that there may be a reduction in the future service potential that can reasonably be expected to be derived from the asset. Where indicators of possible impairment are present, the Group undertakes impairment tests, which require the determination of the asset’s fair value less cost to sell and its recoverable service amount. The asset’s fair value less costs to sell is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. In the absence of observable market evidence, fair value is measured using depreciated replacement cost (DRC). The value in use of the asset is calculated using DRC. DRC is determined by reference to the estimated cost of reproducing the asset or replacing the asset’s service potential. The estimation of these inputs into the calculation relies on the use estimates and assumptions. Any subsequent changes to the factors supporting these estimates and assumptions may have an impact on the reported carrying amount of the related asset.

Notes to the financial statements

4. SIGNIFICANT ACCOUNTING POLICIES

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

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised:

i. Revenue from non-exchange transactions

The Group does not have revenue generated from non-exchange transactions.

ii. Revenue from exchange transactions

Membership revenue

Membership revenue is recognised over the period of the membership as the services of membership are provided.

Services provided to members

Revenue from services provided to members is recognised over the period of the service as the service is provided to the members.

Statistics revenue

Revenue from statistics is recognised as the statistics are provided.

Commissions and rebates

Revenue from commissions and rebates is recognised at the point that the commission or rebate was earned which is the point at which the member incurs qualifying expenditure.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the statement of comprehensive revenue and expense.

Notes to the financial statements

Other gains and losses
Other gains and losses includes realised and unrealised fair value gains and losses on financial instruments at fair value through surplus or deficit.

b) Income tax

i. Goods and services tax
Revenues, expenses and assets are recognised net of the amount of GST except:
- When the GST incurred on a purchase of assets or services is not recoverable from the IRD, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- In the case of receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

ii. Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted.

iii. Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:
- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting surplus or deficit nor taxable surplus or deficit.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting surplus or deficit nor taxable surplus or deficit.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable surplus will be available against which the temporary differences can be utilised.

Notes to the financial statements

b) Income tax (cont'd)
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

c) Financial instruments
The Group initially recognises financial instruments when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

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

The Group's financial assets include: cash and short term deposits, trade and other receivables; and quoted financial instruments.

The Group classifies financial assets into the following categories: fair value through surplus or deficit, and loans and receivables.

The Group's financial liabilities include trade and other payables, and loans and borrowings.

The Group classifies financial liabilities into the following categories: amortised cost.

i. Initial recognition
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through surplus or deficit, transaction costs that are attributable to the acquisition of the financial asset.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through surplus or deficit, payables, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables and loans and borrowings, net of directly attributable transaction costs.

Notes to the financial statements

c) Financial instruments (cont'd)

ii. Subsequent measurement

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

Fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus or deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value presented as other losses (negative net changes in fair value) or other gains (positive net changes in fair value) in the statement of surplus or deficit.

Loans and receivables

This category generally applies to trade and other receivables and cash and cash equivalents. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. This category of financial assets is the most relevant to the Group.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

The effective interest rate amortisation is included in finance income in the statement of comprehensive revenue and expense.

The losses arising from impairment are recognised in the statement of comprehensive revenue and expense in finance costs for loans and in cost of sales or other operating expenses for receivables.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

Financial liabilities at amortised cost

This is the category of financial liabilities that is most relevant to the Group. After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the effective interest rate amortisation process. The effective interest rate amortisation is included as finance costs in the statement of comprehensive revenue and expense.

Notes to the financial statements

c) Financial instruments (cont'd)
Trade and other payables are unsecured and are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

This category generally applies to payables and loans and borrowings.

d) Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i. Financial assets classified as loans and receivables
The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables or held-to-maturity. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

Notes to the financial statements

e) Property, plant and equipment

i. Initial recognition and subsequent expenditure

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the Group, and if the item's cost or fair value can be measured reliably.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Subsequent costs that meet the recognition criteria above are recognised in the carrying value of the item of property, plant and equipment. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Consistent with recent interpretation of accounting standards for the treatment of the implementation of cloud-based software, the costs of such intangible assets is expensed unless the customisation and configuration of the intangible is an identifiable asset which REINZ has control over and can restrict others from using.

ii. Subsequent measurement

Subsequent to initial recognition, property, plant and equipment are measured at cost, net of accumulated depreciation and impairment losses, if any.

iii. Depreciation

Depreciation is charged on a straight line basis.

Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Buildings and Improvements	50 years
Furniture and fittings	8-11 years
Office plant	2-5 years
Computer hardware	2-3 years
Computer software	3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

Please refer to policy (f) on impairment of non-financial assets.

Notes to the financial statements

e) Property, plant and equipment (cont'd)

iv. Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in surplus or deficit.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to accumulated comprehensive revenue and expense, transferred to accumulated revenue and expenses as the asset was being used over its useful life, or not transferred at all.

f) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows (for cash-generating assets) or future remaining service potential are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in surplus or deficit. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

Exchange differences are recognised as income or expenses in the period in which they arise.

g) Equity and reserves

i. Accumulated comprehensive revenue and expense

Accumulated comprehensive revenue and expense is the Group's accumulated surplus or deficit since the formation of the Group.

Notes to the financial statements

5. REVENUE FROM EXCHANGE TRANSACTIONS

	2022	2021
Membership fees	4,591,788	4,097,576
Services provided to members	1,098,292	1,242,384
Statistics revenue	2,572,654	2,183,064
Commissions and rebates	348,794	240,372
Other revenue	294,634	368,373
	8,906,162	**8,131,769**

6. FINANCE INCOME

	2022	2021
Interest income		
Loans and receivables	23,051	6,160
Financial assets at fair value through surplus or deficit		
PDIF Dividends received	67,377	52,368
PDIF Interest received	22,395	28,096
	112,823	**86,624**

7. OTHER GAINS AND LOSSES

	2022	2021
i. Other gains from the Professional Development and Integrity Fund (PDIF)		
Fair value movement in financial assets at fair value through surplus or deficit	(291,747)	303,887
Net Gain on disposal of financial assets at fair value through surplus or deficit	19,927	13,279
	(271,820)	**317,166**
ii. Other losses from the Professional Development and Integrity Fund (PDIF)		
Net loss on disposal of financial assets at fair value through surplus or deficit	-	-
	-	**-**
Total net gains and losses	**(271,820)**	**317,166**

Notes to the financial statements

8. OTHER EXPENSES

	2022	2021
Computer charges	682,432	629,940
Public relations and marketing	59,061	79,966
Legal Costs	234,075	102,228
Building costs	205,139	124,597
Directors fees	400,666	393,333
Staff training and recruitment	256,525	209,161
Audit fees	34,831	31,550
Office and administration costs	1,111,436	723,160
	2,984,165	**2,293,935**

In the current year previously capitalised software development costs, relating to the development of REINZ CRM (Sonny) and SQL Databases by REINZ employees, has been written off, as capitalisation of which is not consistent with REINZ intangible asset policy. The amount write-off was not material to the financial statements as a whole, as such no prior year adjustment was considered necessary.

In the current financial year, costs of a similar nature for internally generated assets have been appropriately expensed in accordance with this policy and the accounting standard.

9. CASH AND CASH EQUIVALENTS

Cash at bank	357,914	23,353
PDIF investment cash at bank	149,306	98,772
Term Deposits	4,053,644	3,715,185
District Funds	-	9,184
	4,560,864	**3,846,494**
Cash and cash equivalents in the statement of cash flows	4,560,864	3,846,494

Borrowings
The undrawn facility at year end is nil (2021: $1,000,000)

Notes to the financial statements

10. FINANCIAL INSTRUMENTS

i. Classification and fair values of financial instruments

The tables below show the carrying amount of the Group's financial assets and financial liabilities:

	Carrying amount		
2022	**Financial assets**		**Financial liabilities**
Subsequently measured at fair value:	**FVTSD***	**Loans and receivables**	**Amortised cost**
Financial assets at fair value through surplus or deficit	2,819,654		
Subsequently not measured at fair value			
Cash and cash equivalent (assets)		4,560,864	
Receivables from exchange transactions		85,834	
Payables			571,865

** Fair value through surplus or deficit*

	Carrying amount		
2021	**Financial assets**		**Financial liabilities**
Subsequently measured at fair value:	**FVTSD***	**Loans and receivables**	**Amortised cost**
Financial assets at fair value through surplus or deficit	3,084,706		
Subsequently not measured at fair value			
Cash and cash equivalent (assets)		3,846,494	
Receivables from exchange transactions		267,412	
Payables			686,467

** Fair value through surplus or deficit*

ii. Fair values

Fair values of all financial instruments except for those at fair value through surplus or deficit approximate their carrying values.
Fair values of financial assets at fair value through surplus or deficit are based on the quoted market price in the active market of the security at reporting date.

Notes to the financial statements

10. FINANCIAL INSTRUMENTS (cont'd)

iii. Other financial assets - Professional Development and Integrity Fund (PDIF)

The Professional Development and Integrity Fund is the separate fund established by the Board of the Institute utilising the surplus funds provided on the dissolution of the Fidelity Fund. Independent advisors manage this funds' investments under the control of a Board subcommittee chaired by an Independent Chairman. Members of that Committee are Mr Arthur Young (Chair), Ms Bridget Coates, Mr Mark Coffey (retired), and Mr Neville Falconer.

Financial assets designated at initial recognition at fair value through surplus or deficit

	2022	2022 Allocation	2021	2021 Allocation
NZ Fixed Interest	844,700	30%	734,281	24%
New Zealand/Australian Property *	132,657	5%	220,023	7%
New Zealand/Australian equities *	1,028,331	36%	1,105,667	36%
International equities	813,966	29%	1,024,735	33%
	2,819,654		**3,084,706**	

* These items are treated as one portfolio which is managed and evaluated together on a fair value basis. Information regarding these investments is provided internally on that basis. The Group has thus designated this portfolio as at fair value through surplus or deficit.

The investment portfolio includes cash of $149,306 (2021: $98,772) which have been reclassified as cash and cash equivalents in these consolidated financial statements for financial reporting purposes.

Notes to the financial statements

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Furniture, fittings and alterations	Office & Computer equipment	Total
Cost					
Balance as at 1 July 2020	2,680,000	6,426,828	332,159	295,472	9,734,459
Balance as at 30 June 2021	2,680,000	6,426,828	333,739	316,938	9,757,505
Additions	-	-	78,193	91,332	169,525
Disposals/Transfers	-	-	(47,525)	(9,004)	(56,529)
Balance as at 30 June 2022	2,680,000	6,426,828	364,407	399,266	9,870,501
Accumulated depreciation and impairment					
Balance as at 1 July 2020	-	415,160	90,083	136,623	641,866
Balance as at 30 June 2021	-	543,697	118,538	216,633	878,868
Depreciation	-	128,536	33,516	95,359	257,411
Impairment	-	-	-	-	-
Disposals	-	-	(33,527)	(9,004)	(42,531)
Balance as at 30 June 2022	-	672,233	118,527	302,988	1,093,748
Net book value					
As at 1 July 2020	**2,680,000**	**6,011,668**	**242,076**	**158,849**	**9,092,593**
As at 30 June 2021	**2,680,000**	**5,883,131**	**215,201**	**100,305**	**8,878,637**
As at 30 June 2022	**2,680,000**	**5,754,595**	**245,880**	**96,278**	**8,776,753**

Notes to the financial statements

12. INTANGIBLE ASSETS

	Software
Cost	
Balance as at 1 July 2020	2,600,886
Balance as at 30 June 2021	3,056,891
Additions	64,283
Disposals	(583,525)
Balance as at 30 June 2022	2,537,649
Accumulated amortisation and impairment	
Balance as at 1 July 2020	1,515,690
Balance as at 30 June 2021	2,236,504
Amortisation	507,380
Impairment	-
Disposals	(450,005)
Balance as at 30 June 2022	2,293,879
Net book value	
As at 1 July 2020	**1,085,196**
As at 30 June 2021	**820,387**
As at 30 June 2022	**243,770**

13. TAXATION

(a) Taxation Expense

	2022	2021
Surplus before tax	98,535	680,708
Taxable Surplus/(Loss) - Non-Membership	(629,557)	(590,029)
Prima facie taxation at 28% (2021: 28%)	(176,276)	(165,208)
Add / (Less) tax effect of permanent differences	(48,148)	(10,494)
Tax losses not recognised / (utilised)	224,424	175,702
Current year tax expense / (benefit)	-	-

There are estimated group tax losses of $8,329,316 approximately (2021: $7,522,047) available to be carried forward at balance date. These are subject to statutory requirements continuing to be met and the Group earning sufficient assessable income.

(b) Deferred Tax (Asset)/Liability not recognised

	2022	2021
Opening Balance	(28,957)	(28,469)
Current year movement	623	(488)
Deferred Tax (Asset)/Liability	(28,334)	(28,957)

Notes to the financial statements

	2022	2021
14. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	571,865	686,467
	571,865	**686,467**

Trade payables are non-interest bearing and are normally settled on 30-day terms.

	2022	2021
15. EMPLOYEE BENEFITS		
Annual leave	159,781	104,245
	159,781	**104,245**

16. RELATED PARTY TRANSACTIONS

i. Transactions and balances

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Realestate.co.nz Limited

The Institute is a shareholder of Realestate.co.nz Limited via an intermediary REINZ Member Services Limited which is a wholly owned subsidiary of the Institute.

	2022	2021
Sponsorship Income	23,000	27,000
Rental Income	184,223	185,863
Lease Costs	42,000	42,000
Advertising Income	1,500	-
Data Sales Income	185,000	185,000
Ticket Sales	2,765	-

ii. Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

Notes to the financial statements

16. RELATED PARTY TRANSACTIONS (Cont'd)

iii. Compensation of key management personnel

	2022	2021
Directors fees	400,666	393,333
Salaries and short-term employee benefits	1,012,553	927,376
Other employee benefits	-	-
Number of key management personnel	3.9	3.8

The table below details payments made for the directors' duties during the year.

Name	2022	2021
Coates, B (Chair)	80,000	78,669
Alexander, W (retired)	16,666	39,333
Bull, A	40,000	39,333
Clifford, J	40,000	39,333
Coffey, M (retired)	16,666	39,333
Dean, M	40,000	39,333
Drinnan, T	23,334	-
Falconer, N	40,000	39,333
Hudson, G	40,000	39,333
Morris, M	24,000	-
O'Brien, S	40,000	39,333
Total	**400,666**	**393,333**

Ms A Bull is a director of Realestate.co.nz Limited. Ms A Bull has also received a fee for being the Institute's representative on the Board of Realestate.co.nz Limited directly from that Company.

Notes to the financial statements

17. INVESTMENTS

Investments consist of equity interests in Realestate.co.nz Limited and share interests in PT Investments Ltd.

	2022	2021
Shares	70,196	70,196
Net Equity Interest	3,347,477	2,514,633
Total	3,417,673	2,584,829

The Group has a 50% equity interest in Realestate.co.nz Limited (2021: 50%).

The Group has a 30.05% ownership in PT Investments Limited (2021: 30.05%).

18. EVENTS AFTER THE REPORTING PERIOD

Nil. (2021: On 17 August 2021, the New Zealand Government announced a Nationwide Level 4 Covid-19 lockdown, initially for a period of 7 days and extended it further for a longer period to contain the spread of the virus which affected NZ businesses ability to operate. This has resulted in postponement of all REINZ events and face to face education courses for the period of the lockdown. An extended lockdown would likely negatively affect operations and some revenue streams however the full extent of the lockdown is not known yet. Also refer note 20 below.)

19. COMMITMENTS AND CONTINGENCIES

The Group has no commitments at reporting date (2021: Nil).

The Group has no contingencies at reporting date (2021: Nil).

20. GOING CONCERN

Given the financial position and liquid assets the group owns at the date of authorising these consolidated financial statements, the directors believe the Group will be able to meet its financial and regulatory obligations for the foreseeable future and that the going concern assumption adopted in the preparation of these financial statements is appropriate.