

Kahukuraariki Trust

2021 Financial Statements

Kahukuraariki Trust

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For the Year Ended 31 March 2021

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Kahukuraariki Trust

Directory

As at 31 March 2021

Nature of Business	To receive, manage hold and administer the Trust's assets on behalf of and for the benefit of the present and future members of Ngatikahu ki Whangaroa in accordance with the deed.
Address	PO Box 83 Kaitaia 0441
Bankers	Bank of New Zealand 50 Commerce Street Kaitaia
Trust Formation Date	07-Nov-15
Trustees	Ella Henry (Resigned 14/12/19) Teresa TePania-Ashton Glendith Samson Makere Karatea Norman McKenzie Roger Kingi Sandra Heihei Luana Poata (Appointed 14/12/19)
Office Holder	Ella Henry - Chairperson (Resigned 14/12/19) Teresa TePania-Ashton - Chairperson (Appointed 14/12/19) Norman McKenzie - Deputy Chairperson
Auditor	BDO Northland Chartered Accountants
Solicitors	Tuia Group Wellington
IRD Number	118-953-207

Kahukuraariki Trust
Statement of Profit and Loss

For the Year Ended 31 March 2021

	Note	2021	2020
		\$	\$
Revenue			
Civil Defence Funding		70,593	-
Covid 19 Grant		44,242	5,758
Interest		669	5,052
Iwi Quantum Package - NRHCC Contract		88,656	-
Milford Portfolio (Tax paid - PIE)		191,297	134,053
Milford Portfolio (Overseas Income)		9,486	2,772
MBIE Commercial Advisors Fund		15,000	30,000
MOJ Funding		-	50,000
Other Revenue		700	-
TPK Whanau Maori Community & Marae Response Fund		4,000	-
Total Revenue		424,644	227,635
Less Expenses			
Operating Expenses			
Accountancy Fees		17,760	13,901
Advertising		312	3,042
AGM Expenses		13,881	-
Audit Fees		4,000	3,000
Bank Charges		66	99
Communications		17,383	5,208
Computer Costs		120	-
Consulting - External		72,533	63,539
Covid 19 Lockdown Resources Cost		23,314	3,821
Covid 19 Lockdown Support Cost		100,382	1,937
Covid 19 Post		99,113	-
Equipment Expensed (minor)		2,396	217
Equipment Rental		453	-
Farm Expenses / Clearing		-	6,522
General		501	306
Gifts		-	170
Hire - Vehicle		87	-
Hireage - Marae Koha		-	1,500
Housing Conference		161	-
Hui Catering		352	1,086
Hui Expenses		3,975	5,891
Insurance		7,446	6,623
Investment Portfolio Fees (Tax paid - PIE)		14,432	14,124
Investment Portfolio Fees (Tax deductible)		459	610
Investment Portfolio Forex loss (Tax deductible)		(7)	13
IRD - Interest & Penalties		-	522
Kaumatua Fees	8	2,400	2,950
Kiwisaver Employer Contributions		2,573	-
Legal		9,675	-
Monitoring Services		1,713	-
Motor Vehicle Expenses		1,219	-
NROP - Contractors		571	-
NROP - Fuel		90	-
NROP - Vessel Support/Hireage		900	-
Office Expenses		5,126	1,690
Printing & Stationery		3,131	9,214
Rates	10	182,968	-
Rental - Venue		1,526	3,913
Repairs & Maintenance		826	-
Salaries		90,785	-
Subcontractors/Admin		17,800	60,659
Subscriptions		4,673	985
Telephone Tolls & Internet		2,033	984
Travel - Flights Accommodation & Meals		5,333	17,141
Travel - Koha		-	4,486
Trustee Meeting Expenses		63	11,911
Trustee Meeting Fees	7	61,240	53,405
Trustee Travel & Accommodation		13,213	26,671
		786,975	326,140
Non Cash Expenses			
Depreciation	5	16,679	980
Total Expenses		803,654	327,121
Surplus Before Income Tax		(379,010)	(99,485)
Income Tax Expense	2	984	1,874
Net Surplus / (Deficit)		(379,994)	(101,359)

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Kahukuraariki Trust

Statement of Changes in Trust Funds (Equity)

For the Year Ended 31 March 2021

	2021	2020
	\$	\$
Revenues and Expenses		
Net Surplus / (Deficit)	(379,994)	(101,359)
Total Recognised Revenues and Expenses	(379,994)	(101,359)
Investment Revaluation Reserve	1,092,567	(130,042)
Trust Funds at the Beginning of the Year	19,925,933	20,157,335
Trust Funds at the End of the Year	20,638,506	19,925,934

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

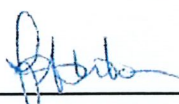
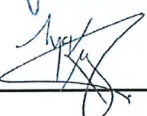
Kahukuraariki Trust

Balance Sheet

As at 31 March 2021

	Note	2021 \$	2020 \$
Current Assets			
BNZ Cheque Account - 00		49,495	87,808
BNZ Savings Account - 01		24,019	819,092
BNZ 02 - OTS		20,782	20,773
GST refund due		31,760	12,558
BNZ Business Credit card		11,551	21,080
BNZ Visa Chairperson		2,302	2,302
Accounts Receivable		805	5,758
Storage Key Bond		50	50
Total Current Assets		140,764	969,421
Non Current Assets			
Property Plant & Equipment	5	13,655,589	13,629,163
Investment - Milford Private Wealth		6,871,193	5,367,539
Total Non Current Assets		20,526,782	18,996,701
Total Assets		20,667,546	19,966,122
Current Liabilities			
Accounts Payable		21,007	28,481
Taxation	2	874	877
PAYE Payable		7,159	10,830
Total Current Liabilities		29,040	40,188
Total Liabilities		29,040	40,188
Net Assets		20,638,506	19,925,934
Trust Funds			
Retained Earnings	6	5,926,080	6,306,074
Investment Revaluation Reserve	6	1,112,426	19,860
Capital Reserve	6	13,600,000	13,600,000
Total Trust Funds		20,638,506	19,925,934

For and on behalf of the Trustees:

	Chairperson	Date	15th September 2021
	Trustee	Date	15th September 2021

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Kahukuraariki Trust

Notes to and forming part of the Financial Statements

For the Year Ended 31 March 2021

1 Statement of Accounting Policies

Reporting Entity

Kahukuraariki Trust is a post governance settlement entity established by a trust deed dated 7 November 2015. The entity was established to receive settlement funds and cultural redress as determined by the Ngatikahu ki Whangaroa Claims Settlement Act 2017.

The purpose for which the Trust was established is to receive, manage, hold and administer the Trust's assets on behalf of and for the benefit of the present and future members of Ngatikahu ki Whangaroa in accordance with the Deed.

The Financial statements are for the post governance settlement entity only - no other group entities have been established.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with a Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by the New Zealand Institute of Chartered Accountants.

There is no statutory requirement under the Trust Deed to prepare financial statements in accordance with Generally Accepted Accounting Practice. The Trustees have elected to prepare financial statements on a special purpose basis.

The financial statements have been specifically prepared for internal use.

The accounting principles recognised as appropriate for measurement and reporting of the Statement of Financial Performance and Statement of Financial Position on a historical cost basis are followed by the trust, unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest \$.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Financial Performance and Statement of Financial Position have been applied.

(a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the trust and revenue can be reliably measured.

Settlement funds are recognised upon receipt - interest is not accrued on monies owing pending settlement.

Other than in regard to pending settlements, interest received is recognised as interest accrues.

Grants and funding contracts are recorded on an accruals basis and when the conditions attached to them have been met.

(b) Property Plant & Equipment

Property Plant & Equipment is recognised at cost less accumulated depreciation. Historical cost includes expenditure directly attributable to the acquisition of assets, plus the cost of any replacements that have been capitalised.

Apart from the amendment to allow depreciation on buildings, depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007.

Redress settlement assets are recorded on the date of settlement. Property that has a readily obtained valuation has been introduced to the balance sheet based upon the rating valuation applicable in the year of settlement. This will form deemed cost for future financial reporting purposes. Settlement properties for which a readily obtained valuation does not exist have been recognised by way of note disclosure. These properties are of cultural significance and include urupa, conservation and religious sites.

Kahukuraariki Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2021

(c) Accounts Receivable

Accounts Receivable are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

(d) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense recognised in the Statement of Financial Performance is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years. The tax rate is 17.5% being the rate applicable to Maori Authorities.

To date RWT has been deducted at source and no other income tax is payable on the basis that a taxable activity has not yet commenced.

(e) Investments

Investments are carried at the lower of cost or net realisable value. Where there has been a permanent reduction in the value of the investments, this has been brought to account in the current period.

Investments comprise term deposits held with the bank. These have been classified as non current as they are intended to be held in the long term.

(f) Financial Instruments

Financial instruments - Financial assets

At initial recognition the Trust determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

Amortised cost

Includes assets where the Trust intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortized cost. Gains and losses are recognised in statement of financial performance when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in statement of financial performance when the assets are derecognised or impaired.

Fair value

Financial assets not held at amortised cost or cost are held at fair value. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Gains and losses are recognised in statement of financial performance for movements in the fair value of the assets and when the assets are derecognised.

Financial instruments - financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in statement of financial performance.

(g) Goods and Services Taxation (GST)

Revenues and expenses have been recognised in the financial statements exclusive of GST except that irrecoverable GST input tax has been recognised in association with the expense to which it relates. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

(h) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those used in previous years.

Kahukuraariki Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2021

2 Tax Reconciliation

	2021	2020
	\$	\$
Investment Portfolio - Overseas Investment Income	5,404	5,642
Investment Portfolio - Forex (Loss)/Gain	7	(13)
Investment Portfolio - Custodial & Monitoring	(459)	(610)
Interest earned per the income statement	669	5,052
Movement in accrued interest		645
Investment income for income tax purposes	5,621	10,716
Tax at 17.50%	984	1,874
RWT deducted at source	(110)	(997)
Income Tax (Receivable)/Payable	874	877

The above tax balances refer to PIE and interest income only. To date a taxable activity has not yet commenced and therefore there is no taxation or losses to account for from day to day operations.

3 Investments

	2021	2020
	\$	\$
Investment - Milford Private Wealth	6,871,193	5,367,539
Total Investments	6,871,193	5,367,539

4 Financial Instruments

	Amortised Cost	Cost	Fair Value
Financial Instruments - Financial Assets 2021	\$	\$	\$
Cash and cash equivalents	108,150	-	-
Receivables	805	-	-
	108,955	-	-

Financial Instruments - Financial Liabilities 2021

Payables	21,007	-	-
PAYE payable	7,159	-	-
	28,166	-	-

Financial Instruments - Financial Assets 2020

	Amortised Cost	Cost	Fair Value
	\$	\$	\$
Cash and cash equivalents	951,055	-	-
Receivables	5,758	-	-
	956,813	-	-

Financial Instruments - Financial Liability 2020

	\$	\$	\$
Payables	28,482	-	-
PAYE payable	10,830	-	-
	39,312	-	-

Kahukuraariki Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2021

5	Property Plant & Equipment	2021	2020
		\$	\$
	Office & General Equipment		
	At cost	19,361	9,083
	Less:		
	Accumulated Depreciation	(15,160)	(4,226)
	Net Book Value	4,202	4,857
	Motor Vehicles		
	At cost	32,826	-
	Less:		
	Accumulated Depreciation	(5,745)	-
	Net Book Value	27,082	-
	Land & Improvements		
	At cost		
	Redress Property - Stony Creek Station land & improvements	13,624,306	13,624,306
	Total Net Book Value	13,655,589	13,629,163
	Current year depreciation	16,679	980
6	Trust Capital	2021	2020
		\$	\$
	Retained Earnings		
	Opening Balance	6,306,074	6,407,434
	Plus/(Less):		
	Net Surplus / (Deficit)	(379,994)	(101,359)
	Closing Balance	5,926,080	6,306,075
	Capital Reserve		
	Opening Balance	13,600,000	13,600,000
		13,600,000	13,600,000
	Investment Revaluation Reserve		
	Opening Balance	19,860	149,902
	Unrealised (Loss) / Gain - Managed Portfolio	1,092,567	(130,042)
	Closing Balance	1,112,427	19,860
	Total Trust Capital	20,638,507	19,925,934

The capital reserve represents the initial financial reporting value of the redress property at Stony Creek.

7	Trustees Payments	Fees	Travel	Total
		\$	\$	\$
	Trustees Payments 2021			
	Glendith Samson	5,950	719	6,669
	Luana Poata	3,250	137	3,387
	Makere Karatea	4,665	139	4,804
	Norman McKenzie	7,300	385	7,685
	Roger Kingi (refer note 8)	27,100	1,008	28,108
	Sandra Heihei (refer note 8)	4,800	166	4,966
	Teresa TePania-Ashton	8,175	1,736	9,911
	Total Trustees Payments	61,240	4,290	65,530

Kahukuraariki Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2021

	Fees	Travel	Total
	\$	\$	\$
Trustees Payments 2020			
Ella Henry	3,600	-	3,600
Glendith Samson	5,593	841	6,434
Luana Poata	2,150	470	2,620
Makere Karatea	4,000	526	4,526
Norman McKenzie	1,650	-	1,650
Roger Kingi	13,582	1,641	15,223
Sandra Heihei	18,706	4,325	23,031
Teresa TePania-Ashton	4,125	139	4,264
Total Trustees Payments	53,405	7,942	61,347

Travel payments paid to Trustees are disclosed as part of Trustee Travel & Accommodation

8 Related Parties

During the year the Trust paid Sandra Heihei and Roger Kingi (Trustees) for their involvement in distributing food supplies to beneficiaries during the Covid 19 lockdown period, which is disclosed in the Profit & Loss under the Covid 19 Lockdown Support Costs. In addition, the Trust paid \$870 in storage fees to Mangatowai Marae. The Trust also paid the following Kaumatua and Kuia:

Kaumatua & Kuia Payments 2021	\$
Eliza Larkin	400
Harry Rakena	400
Jean Joseph	400
Manaaki Poto	400
Miriama Nelson	400
Pita Pangari	400
Total Kaumatua & Kuia Payments	2,400

9 Capital Commitments

As at 31 March 2021 there are no capital commitments. (March 2020: Nil).

10 Contingent Liabilities

For several years the Trust was in negotiations with the Far North District Council to remit outstanding rates. The rates are in relation to property which is currently illegally occupied and does not generate any revenue. On this basis the Trustees took a view that the charge was not reasonable and therefore the balance had not been accrued within the financial statements. A contingency in this regard was disclosed in the 2020 financial year to disclose that in the event the application to remit rates was rejected and there is no other immediate relief available the amount will become payable. In February 2021 the current Trustees agreed to settle the rates balance with the Far North District Council. A large one off expense has therefore crystallised in the 2021 financial year. The Trust has no contingent liabilities and no guarantees as at 31 March 2021.

11 Cultural Redress - Kowhairoa Peninsula

The crown paid Kahukuraariki Trust \$300,000 on settlement date from a cultural fund. The money was provided for the specific purpose of the development and implementation of a historic reserve management plan for the Kowhairoa Peninsula. During the 2018 financial year the Trust paid over the \$300,000 received to the Te Komanga Marae Trust. This is a registered charity who administer the historic reserve on behalf of the Iwi.



Kahukuraariki Trust

Notes to and forming part of the Financial Statements (continued)

12 Cultural Redress - Properties

A number of cultural redress properties were returned to the Trust upon settlement. Those properties are as follows;

Properties vested in fee simple

Stony Creek Station

(This property comprises 3 titles including the Clark block and the Thomson block - the Stony Creek Station has a rating valuation and has been recorded in the

Kowhairoa ana koiwi

Te Komanga Urupa

Opakau Urupa

Temahani Urupa

Otara ana koiwi

Waipuritaka ana koiwi

Pear tree bay property

Kowhairoa Peninsula property

Pukeangina/Kiwitahi Urupa

Waihi Bay property

Properties vested in fee simple subject to conservation covenants

Paekauri

Taemaro to Tokamata

13 Subsequent Events

In August 2021 a resurgence of the Covid-19 virus occurred, this resulted in a Nationwide lockdown. At the date of approving these financial statements, the alert levels have lifted for Northland however it is anticipated that the levels will continue to evolve along with the prevalence of the Covid-19 virus.

Covid-19 has had no affect on the going concern assumption - the entity has sufficient funds to work through the anticipated duration of this event.





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INDEPENDENT AUDITOR'S REPORT TO THE BENEFICIARIES OF KAHUKURAARIKI TRUST

Kerikeri Office
Tel: +64 9 407 7250

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kahukuraariki Trust ("the Trust"), which comprise the balance sheet as at 31 March 2021, and the statement of profit or loss and statement of changes in trust funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Trust for the year ended 31 March 2021 are prepared, in all material respects, in accordance with Chartered Accountants Australia and New Zealand's Special Purpose Financial Reporting Framework for use by For-Profit Entities ("the CAANZ Framework").

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 Financial Statements* section of our report. We are independent of the Trust 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 Trust.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared solely for the Trust's beneficiaries, as a body. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Trust and the Trust's beneficiaries, as a body, and should not be distributed to or used by parties other than the Trust or the Trust's beneficiaries. Our opinion is not modified in respect of this matter.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible for the preparation of the financial statements in accordance with the CAANZ Framework and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

PARTNERS: Adelle Allbon Angela Edwards Scott Kennedy Robyn Terlesk

BDO New Zealand Ltd, a New Zealand limited liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO New Zealand is a national association of independent member firms which operate as separate legal entities.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit 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 decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Trustees.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the 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 Trust'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 Trust to cease to continue as a going concern.

We communicate with the Trustees 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.

Who we Report to

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



BDO Northland
Whangarei
New Zealand
27 September 2021