

Kahukuraariki Trust

2022 Financial Statements

Kahukuraariki Trust

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For the Year Ended 31 March 2022

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Kahukuraariki Trust

Directory

As at 31 March 2022

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	7 Nov 15
Trustees	Teresa TePania-Ashton Glendith Samson Makere Karatea Norman McKenzie Roger Kingi Sandra Heihei Luana Poata
Office Holder	Teresa TePania-Ashton - Chairperson 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 2022

	Note	2022 \$	2021 \$
Revenue			
Civil Defence Funding		-	70,593
Covid 19 Grant		-	44,242
Interest		404	669
Iwi Quantum Package - NRHCC Contract		15,000	88,656
Koha - Portacom		1,300	-
Milford Portfolio (Tax paid - PIE)		38,204	191,297
Milford Portfolio (Overseas Income)		5,980	9,486
MBIE Commercial Advisors Fund		-	15,000
MOJ Funding		-	-
NROP - NIWA		250,860	-
Other Revenue		296	700
TPK Whanau Maori Community & Marae Response Fund		-	4,000
Total Revenue		312,044	424,644
Less Expenses			
Operating Expenses			
Accountancy Fees		5,311	17,760
Admin Expenses		264	-
Advertising		2,348	312
AGM Expenses		-	13,881
Audit Fees		4,500	4,000
Bank Charges		89	66
Catering		199	-
Communications		2,930	17,383
Computer Costs		1,419	120
Consulting - External		2,690	72,533
Covid 19 Lockdown Resources Cost		-	23,314
Covid 19 Lockdown Support Cost		11,946	100,382
Covid 19 Post		-	99,113
Election Services Expenses		27,918	-
Equipment Expensed (minor)		1,283	2,396
Equipment Rental		-	453
General		157	501
Impairment - Portacom		21,739	-
Gifts - Koha		100	-
Hire - Vehicle		683	87
Housing Conference		-	161
Hui Catering		-	352
Hui Expenses		521	3,975
Insurance		8,904	7,446
Interest expense		2	-
Investment Portfolio Fees (Tax paid - PIE)		16,900	14,432
Investment Portfolio Fees (Tax deductible)		354	459
Investment Portfolio Forex loss (Tax deductible)		166	(7)
IRD - Interest & Penalties		250	-
IT Expenses		1,844	-
Iwi Registration Database		2,079	-
Kaumaturua Fees	8	-	2,400
Kiwisaver Employer Contributions		6,558	2,573
Legal expenses		32,414	9,675
Loss on Asset Disposal		356	-
Monitoring Services		-	1,713
Motor Vehicle Expenses		5,850	1,219
NROP - Contractors		93,790	-
NROP - Fuel		95	90
NROP - Other Expenses		496	571
NROP - SIL		276,879	-
NROP - Vessel Support/Hireage		-	900
Office Expenses		805	5,126
Parking Fees		35	-
Postage & Mail		745	-
Printing & Stationery		3,274	3,130
Professional Advice		4,348	-
Rates	10	47,719	182,968
Rental - Venue		3,078	1,526
Repairs & Maintenance		-	826
Roadshow Hui		9,560	-
Salaries		225,229	90,785
Subcontractors/Admin		30,623	17,800
Subscriptions		11,637	4,673
Telephone Tolls & Internet		3,871	2,033
Training & Development		2,027	-
Travel - Flights Accommodation & Meals		11,965	5,333
Travel - Koha		261	-
Trustee Meeting Expenses		-	63
Trustee Meeting Fees	7	32,326	61,240
Trustee Travel & Accommodation		8,868	13,213
Venue Hire		1,469	-
		928,873	786,975
Non Cash Expenses			
Depreciation	5	12,565	16,679
Total Expenses		941,437	803,654
Surplus Before Income Tax		(629,394)	(379,010)
Income Tax Expense	2	1,026	984
Net (Deficit)		(630,420)	(379,994)

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 2022

		2022	2021
		\$	\$
Revenues and Expenses			
Net (Deficit)		(630,420)	(379,994)
Total Recognised Revenues and Expenses		(630,420)	(379,994)
Investment Revaluation Reserve	6	292,074	1,092,567
Trust Funds at the Beginning of the Year		20,638,506	19,925,933
Trust Funds at the End of the Year		20,300,160	20,638,506

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 2022

	Note	2021 \$	2020 \$
Current Assets			
BNZ Cheque Account - 00		30,873	49,495
BNZ Savings Account - 01		7,509	24,019
BNZ 02 - OTS		85	20,782
GST refund due		33,258	31,760
BNZ Business Credit card		6,423	11,551
BNZ Visa Chairperson		-	2,302
Accounts Receivable		72,122	805
Storage Key Bond		50	50
Total Current Assets		150,320	140,764
Non Current Assets			
Property Plant & Equipment	5	13,623,042	13,655,589
Investment - Milford Private Wealth		6,627,818	6,871,193
Total Non Current Assets		20,250,860	20,526,782
Total Assets		20,401,180	20,667,546
Current Liabilities			
Accounts Payable		77,130	15,992
Employee Entitlements		11,650	5,015
Taxation	2	1,830	874
PAYE Payable		10,410	7,159
Total Current Liabilities		101,020	29,040
Total Liabilities		101,020	29,040
Net Assets		20,300,160	20,638,506
Trust Funds			
Retained Earnings	6	5,295,661	5,926,080
Investment Revaluation Reserve	6	1,404,500	1,112,426
Capital Reserve	6	13,600,000	13,600,000
Total Trust Funds		20,300,160	20,638,506

For and on behalf of the Trustees:



Chairperson

Date 16 June 2022



Trustee

Date 16 June 2022

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

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.

For the Year Ended 31 March 2022

(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 a 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 amortised 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) Employee Entitlements

Employee entitlements consist of annual leave accrued as at the balance date.

(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.

For the Year Ended 31 March 2022

2 Tax Reconciliation

Investment Portfolio - Overseas Investment
Investment Portfolio - Forex (Loss)/Gain
Investment Portfolio - Custodial & Monitoring
Interest earned per the income statement

2022	2021
\$	\$
5,980	5,404
(166)	7
(354)	(459)
404	669
5,864	5,621
Tax at 17.50%	984
RWT deducted at source	(110)
Balance carried forward from 2021	-
Income Tax (Receivable)/Payable	874

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 on losses to account for from day to day operations.

3 Investments

Investment - Milford Private Wealth

2022	2021
\$	\$
6,627,818	6,871,193
6,627,818	6,871,193

Total Investments

4 Financial Instruments

Financial Instruments - Financial Assets 2022

Cash and cash equivalents
Receivables

Amortised Cost	Cost	Fair Value
\$	\$	\$
44,890	-	-
72,122	-	-
117,012	-	-

Financial Instruments - Financial Liabilities 2022

Payables
PAYE payable

77,130	-	-
10,411	-	-
87,541	-	-

Financial Instruments - Financial Assets 2021

Cash and cash equivalents
Receivables

Amortised Cost	Cost	Fair Value
\$	\$	\$
108,150	-	-
805	-	-
108,955	-	-

Financial Instruments - Financial Liability 2021

Payables
PAYE payable

15,992	-	-
7,159	-	-
23,151	-	-

For the Year Ended 31 March 2022

5 Property Plant & Equipment

Office & General Equipment

At cost

Less:

Accumulated Depreciation

Net Book Value

Motor Vehicles

At cost

Less:

Accumulated Depreciation

Net Book Value

Land & Improvements

At cost

Redress Property - Stony Creek Station land & improvements

Total Net Book Value

Current year depreciation

6 Trust Capital

Retained Earnings

Opening Balance

Plus/(Less):

Net Surplus / (Deficit)

Closing Balance

Capital Reserve

Opening Balance

Investment Revaluation Reserve

Opening Balance

Unrealised (Loss) / Gain - Managed Portfolio

Closing Balance

Total Trust Capital

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

7 Trustees Payments

Trustees Payments 2022

Glendith Samson

Luana Poata

Makere Karatea

Norman McKenzie

Roger Kingi

Sandra Heihei

Teresa TePania-Ashton

Total Trustees Payments

	Fees	Travel	Total
	\$	\$	\$
Glendith Samson	4,805	430	5,235
Luana Poata	4,405	123	4,528
Makere Karatea	3,858	204	4,063
Norman McKenzie	4,804	358	5,163
Roger Kingi	6,895	171	7,066
Sandra Heihei	811	17	828
Teresa TePania-Ashton	6,746	3,269	10,016
Total Trustees Payments	32,326	4,573	36,899

For the Year Ended 31 March 2022

Trustees Payments 2021

Glendith Samson
Luana Poata
Makere Karatea
Norman McKenzie
Roger Kingi
Sandra Heihei
Teresa TePania-Ashton

Fees	Travel	Total
\$	\$	\$
5,950	719	6,669
3,250	137	3,387
4,665	139	4,804
7,300	385	7,685
27,100	1,008	28,108
4,800	166	4,966
8,175	1,736	9,911
61,240	4,290	65,530

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

8 Related Parties

The Trust also paid the following Kaumatua and Kuia:

Kaumatua & Kuia Payments

Eliza Larkin
Harry Rakena
Jean Joseph
Manaaki Poto
Miriam Nelson
Pita Pangari

2022	2021
\$	\$
-	400
-	400
-	400
-	400
-	400
-	400
-	2,400

Total Kaumatua & Kuia Payments

9 Capital Commitments

As at 31 March 2022 there are no capital commitments. (March 2021: 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 had crystallised in the 2021 financial year. The Trust has no contingent liabilities and no guarantees as at 31 March 2022.

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.

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 tiles 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

There are no events subsequent to the balance date.



INDEPENDENT AUDITOR'S REPORT TO THE BENEFICIARIES OF KAHUKURAARIKI TRUST

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 2022, 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 2022 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.

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
16 June 2022