

Special Purpose Financial Report

Ngati Paoa Iwi Trust
For the year ended 30 June 2016

Prepared by Account to Succeed Limited



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Directory

Ngati Paoa Iwi Trust For the year ended 30 June 2016

Nature of Business

Management of Iwi Assets

Address

275 Great South Road, Papakura, New Zealand, 2110

IRD Number

112-693-343

Trustees

Gary Thompson

Bryce Heron

Beneficiaries

Ngati Paoa Iwi

Accountant

Account to Succeed Limited

Bankers

BNZ Bank Limited

Solicitors

Minter Ellison

Auditor

David Knightley Accounting



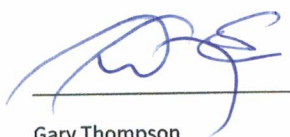
Approval of Financial Report

Ngati Paoa Iwi Trust For the year ended 30 June 2016

The Trustees are pleased to present the approved financial report including the historical financial statements of the Ngati Paoa Iwi Trust for the year ended 30 June 2016.

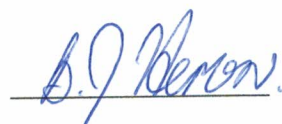
APPROVED

For and on behalf of the Trustees.



Gary Thompson

Date 15.12.2017



Bryce Heron

Date 15-12-2017

Statement of Profit or Loss

Ngati Paoa Iwi Trust For the year ended 30 June 2016

	NOTES	2016	2015
Trading Income			
Property sales		8,735,281	-
Sales		50,400	58,139
Sales - RMA		365,062	169,349
Other Income		31,517	-
Total Trading Income		9,182,260	227,488
Total Income		9,182,260	227,488
Expenses			
Travel and Accommodation		2,452	2,099
ACC Levies		-	23
Advertising		4,802	1,330
Bank Fees		3,892	(749)
Collective		-	1,217
Computer Expense		300	3,227
Consulting		7,958	43,622
Contractors		565,036	347,373
Cost of properties sold		8,735,280	-
Depreciation		2,755	1,199
Equipment Hire		-	396
Event Expenses		-	6,804
Office Expenses		2,589	3,829
Insurance		7,006	3,667
Interest Expense		43,921	12,810
Interest Expenses - IRD UOM		28	717
Legal expenses		31,725	33,249
Meeting Expense		6,244	10,328
Non Deduction Expenses		201	678
Rates		4,772	-
Rent		5,183	6,900
Salaries		1,200	-
Staff Expenses		-	969
Subscriptions		5,420	1,166
Tavel - KM		-	1,502
Telephone & Internet		629	620
Trustees Fee		45,030	45,031
Donation		-	25,111
Total Expenses		9,476,424	553,116
Net Trustees Income for the Year (Deficit)		(294,165)	(325,629)

Audit Disclaimer : The accompanying notes and Audit Report form part of these financial statements.

Balance Sheet

Ngati Paoa Iwi Trust As at 30 June 2016

	NOTES	30 JUN 2016	30 JUN 2015
Assets			
Current Assets			
Trade and Other Receivables			
Trade receivables		157,350	41,769
Prepayments		3,019	6,000
Bond		1,200	1,200
Total Trade and Other Receivables		161,569	48,969
GST Receivable		-	2,871
Total Current Assets		161,569	51,840
Non Current Assets			
Investment in Ngati Paoa Commercial Group	5	16,014,716	16,044,725
Total Non Current Assets		16,014,716	16,044,725
Fixed assets			
Property, Plant and Equipment		5,429	4,216
Total Fixed assets		5,429	4,216
Total Assets		16,181,714	16,100,780
Liabilities			
Current Liabilities			
Bank			
Ngati Paoa Iwi Trust RMA	8	151,051	(176)
Ngati Paoa Iwi trust	8	451,775	302,935
Ngati Paoa Iwi Trust OTS		4	4
Total Bank		602,829	302,763
Trade and Other Payables			
Creditors		65,539	9,015
PAYE		2,300	4,950
Total Trade and Other Payables		67,839	13,965
GST Payable		21,158	-
Total Current Liabilities		691,826	316,728
Total Liabilities		691,826	316,728
Net Assets		15,489,888	15,784,052
Trustee Funds			
Total Trustee Funds	4	15,489,888	15,784,052

Audit Disclaimer : The accompanying notes and Audit Report form part of these financial statements.



Notes to the Financial Statements

Ngati Paoa Iwi Trust

For the year ended 30 June 2016

1. Statement of Accounting Policies

2. Reporting Entity

Ngati Paoa Iwi Trust is a trust established by a trust deed dated October the 4th 2013,

Ngati Paoa Iwi Trust is engaged in the business of managing Iwi Assets.

This special purpose financial report was authorised for issue in accordance with a resolution of trustees.

Basis of Preparation

The financial statements have been specifically prepared for the purposes of meeting the trust's income tax requirements and to comply with obligations under the entity's loan agreement(s).

The financial statements have been prepared for the reporting of the administration of the trust assets to members of the iwi.

The Trust has investments in various associated entities as disclosed under note 5. Consolidated financial statements to include these entities have not been completed. Due to restructuring within the Trust investment entities (Ngati Paoa Commercial Group) consolidated financial statements of these entities have been prepared for the special purpose to comply with bank funding requirements. Consolidated financial statements of the group comprising the Ngati Paoa Iwi Trust and the associated investment entities will be completed for the year ended 30 June 2018.

Historical Cost

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis during the year of operation.

Revenue Recognition

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

Sales of services are recognised in the period by reference to the stage of completion of the transaction at the end of the reporting period.

Lease income is recognised on a straight line basis over the life of the lease.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt, net of non-refundable tax credits.

Property, Plant and Equipment and Investment Property

Property, plant and equipment and investment property are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

An item of property, plant and equipment or investment property is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Upon derecognition, the asset revaluation reserve relating to the asset disposed shall be transferred to retained earnings.

Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue in respect of each reporting period after adjusting for any variances between estimated and actual income tax payable in the prior reporting period.

Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

	2016	2015
3. Income Tax Expense		
Net Trustees income		
Accumulated Tax Losses B'fwd	(340,948)	(15,319)
Net Trustees Income for the Year	(294,165)	(325,629)
Total Net Trustees Taxable Income / (Loss to C'fwd)	(635,113)	(340,948)
Taxable Profit (Loss)	(635,113)	(340,948)
Tax Payable at 17.5%	-	-
Income Tax Payable (Refund Due)	-	-
	2016	2015

4. Trustee Funds

Retained Earnings		
Opening Balance	(340,948)	(15,319)
Current Year Earnings	(294,165)	(325,629)
Accumulated Retained earnings (Deficit)	(635,112)	(340,948)
Other Funds		
Opening Balance	16,125,000	15,625,000
Settlement ex the crown	-	500,000
Total Other Funds	16,125,000	16,125,000
Total Trustee Funds	15,489,888	15,784,052
	2016	2015

5. Related Parties

Investment and Loans		
NPGH Loan account	389,616	16,044,625

	2016	2015
Shares in Ngati Paoa Group Investments Limited	15,625,000	-
Shares in Ngati Paoa Group Holdings Limited	100	100
Total Investment and Loans	16,014,716	16,044,725

The Trust has the following investments in Associates :

a. 100% shareholding in Ngati Paoa Group Investments Limited - Entity is engaged in the business of property sale and development and managing iwi investments.

b. 100% shareholding in Ngati Paoa Group Holdings Limited - Entity is engaged in the business of property sale and development and the management of Farming investments.

c. Advances to Ngati Paoa Group Holdings Limited - Loans to related parties are interest free and repayable by agreement.

An associate is an entity over which the Trust has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

6. Commitments

The Trust has no capital or revenue commitments (Prior year \$ nil)

7. Contingencies

The Trust has provided a supporting guarantee to the following associates to cover borrowings that the associated entity has :

a. Ngati Paoa Group Holdings Limited - Term loan from Westpac bank for \$3,323,035 as at 30 June 2016

8. Borrowings

Borrowings are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost (using the effective interest method). Fees for establishing new borrowings are spread over the terms of those borrowings.

a. Overdraft with the BNZ Bank with a limit of \$150,000 for six months at a current interest rate of 11.45% (repayment date 21 December 2017).

b. Overdraft with the BNZ Bank with a limit of \$500,000 for a period until Treaty Settlement at a current interest rate of 8.63%



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INDEPENDENT AUDITOR'S REPORT

To the Trustees of Ngati Paoa Iwi Trust

Report on the Financial Statements

I have audited the special purpose financial Statements of Ngati Paoa Iwi Trust on pages 5 to 9, which comprise the balance sheet as at 30 June 2016, and the statement of Profit and Loss, for the year to 30 June 2016, and a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation of special purpose financial statements in accordance with the objective of reporting on their administration of the Trust assets to members of the Iwi, and for such internal control as they determine is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

My responsibility is to express an opinion on these special purpose financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing (New Zealand). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the special purpose financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the special purpose financial statements.



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unmodified opinion on the separate financial statements of Ngati Paoa Iwi Trust and my modified opinion on the consolidated financial statements..

Other than in my capacity as auditor I have no relationship with, or interests in Ngati Paoa Iwi Trust or any of its investment properties.

Basis for Modified Opinion

The Trust has received a partial settlement from the Crown to a value of \$15,625,000. This settlement is in the form of a share in a farm property together with four other Iwi. The Trust's settlement share interest of this property is 29.21%. The trust has chosen to hold it's interest in the farm property in a separate wholly owned Company (Ngati Paoa Farming Ltd), which in turn is owned by Ngati Paoa Group Holding Ltd (NPGHL).

The Trust has established an investment company, Ngati Paoa Group Investments Limited (NPGIL) for the acquisition of property for development and sale.

All the shares in NPGH and NPGIL are wholly owned by the Trust, thus presenting a "Group" relationship with the respective entities.

Under the Deed of Settlement for the trust, it is a requirement that Consolidated Financial Statements be prepared for each income year after Settlement Date. Currently Settlement Date has not been determined. Accordingly Group Financial statements have not been prepared.

Further, I have not reviewed or audited any of the associated investment entities, nor am I aware of an audit or review having been conducted on these entities. These investments are accounted for on a cost basis. Accordingly, I do not express any opinion on the value or otherwise of these investments.

Under the New Zealand Equivalents to International Financial Reporting Standards, the associate investment entity should have been consolidated because it is controlled by the Trustee. Had NPGHL and NPGIL been consolidated, many elements in the accompanying financial statements could have been materially affected. The effects on the financial statements for not preparing consolidated financial statements have not been determined.

Modified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Modified Opinion paragraph, the special purpose financial statements on pages 5 to 9 present fairly, in all material aspects, the financial position of the Ngati Paoa Iwi Trust as at 30 June 2016 and of its financial performance for the year to 30 June 2016 in accordance with the special purpose requirements for reporting to the Iwi. :

I have obtained all the information and explanations that I have required.

In my opinion, proper accounting records have been kept by the Trustees as far as appears from an examination of those records.

Without modifying my opinion, I draw attention to the note under the heading "Basis of Preparation" on page seven, which describes the basis of accounting. The special purpose for which these financial statements have been prepared is to assist the Trustees planning and management obligations and to report the Trustee's stewardship of the financial affairs of the Trust to its Iwi members. These financial statements may not be suitable for any other purpose.



David G Knightley
18 December 2017
Newmarket
AUCKLAND