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Ngati Paoa Group
Special Purpose Financial Report
For the year ended 30 June 2021

Ngati Paoa Group

Special Purpose Financial Report For the year ended 30 June 2021

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Ngati Paoa Group

Directory

As at 30 June 2021

Nature of Business:	Management of Iwi Assets
Registered Office:	11 Britomart Place Auckland 1010
Beneficiaries	Ngati Paoa Iwi
Trustees	Gary Thompson Bryce Heron Jasmine Castle James Ratahi Tania Tarawa Gwen Tepania-Palmer David Gray
Auditors:	Blackmore Virtue & Owens Auckland
Bankers:	ASB Bank BNZ Bank Westpac
Solicitors:	Kahui Legal Wellington
Accountants:	Kakano Advisory (division of McQueen & Associates Limited) Auckland

Ngati Paoa Group

Approval of Special Purpose Financial Report For the year ended 30 June 2021

The Trustees are pleased to present the approved Special Purpose Financial Report of Ngati Paoa Group for the year ended 30 June 2021.

Approved

For and on behalf of the Trustees.

Date

Ngati Paoa Group

Statement of Profit and Loss For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	3	246,993	682,258
Expenses	4	(755,215)	(819,753)
Net operating profit/(loss) before tax		(508,222)	(137,496)
Share of profit/(loss) of associates	5	500,596	747,892
Prior period adjustments		-	121,845
Income tax expense	6	-	-
Net surplus/(loss) after tax		(7,626)	732,241
Other Comprehensive Income			
Net gain/(loss) on asset revaluation - Pouarua Farm LP		15,981	10,704
Total comprehensive income for the year		<u>8,355</u>	<u>742,945</u>

This statement is to be read in conjunction with the notes to the special purpose financial statements on pages 8-13.

Ngati Paoa Group

Balance Sheet As at 30 June 2021

	Note	2021 \$	2020 \$
Equity		21,783,048	21,774,693
Represented by:			
Current Assets			
Cash at bank & short term investments		117,015	89,033
Accounts receivable		26,151	451,812
Prepayments		-	7,884
GST receivable		39,726	-
Income tax receivable		112,817	22,871
		<u>295,709</u>	<u>571,601</u>
Non-Current Assets			
Property, plant & equipment	7	4,750	4,735
Investment in Marutuahu Ropu LP	8	283,260	416,192
Investment in Pouarua Farm LP	9	21,955,787	21,396,263
		<u>22,243,797</u>	<u>21,817,190</u>
Total assets		22,539,506	22,388,791
Current Liabilities			
BNZ Facility		505,413	453,110
Accounts payable		251,044	107,148
GST payable		-	19,011
Provision for annual leave		-	34,828
		<u>756,458</u>	<u>614,098</u>
Total liabilities		756,458	614,098
Net assets		21,783,048	21,774,693

This statement is to be read in conjunction with the notes to the special financial statements on pages 8-13.

Ngati Paoa Group

Statement of movements in equity For the year ended 30 June 2021

	Retained Earnings	Share of Associate's Revaluation Reserve	Settlement ex the Crown	Total Equity
Balance at 1 July 2020	34,906	5,614,787	16,125,000	21,774,693
Profit/(loss) for the year	(7,626)	-	-	(7,626)
Other comprehensive income	-	15,981	-	15,981
Balance at 30 June 2021	<u>27,280</u>	<u>5,630,768</u>	<u>16,125,000</u>	<u>21,783,048</u>
Balance at 1 July 2019	(697,335)	5,604,083	16,125,000	21,031,748
Profit/(loss) for the year	732,241	-	-	732,241
Other comprehensive income	-	10,704	-	10,704
Balance at 30 June 2020	<u>34,906</u>	<u>5,614,787</u>	<u>16,125,000</u>	<u>21,774,693</u>

This statement is to be read in conjunction with the notes to the special purpose financial statements on pages 8-13.

Ngati Paoa Group

Notes to the special purpose financial statements For the year ended 30 June 2021

1 Reporting entity

The following entities are included in the Ngati Paoa Group Special Purpose Financial Statements:

Ngati Paoa Iwi Trust

- Trust established by a trust deed dated October the 4th 2013
- Engaged in the business of managing Iwi Assets

Ngati Paoa Group Holdings Limited

- Company incorporated under the Companies Act 1993
- Engaged in the business of Iwi Investment

Ngati Paoa Group Investments Limited

- Company incorporated under the Companies Act 1993
- Engaged in the business of Iwi Investment

The special purpose financial report was authorised in accordance with a resolution of the trustees of Ngati Paoa Iwi Trust.

2 Statement of Accounting Policies

Basis of preparation

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

The special purpose financial statements presented consolidate the financial statements of the following entities:

- Ngati Paoa Iwi Trust
- Ngati Paoa Group Holdings Limited
- Ngati Paoa Group investments Limited

These special purpose financial statements are prepared primarily for compliance with obligations under the group's loan agreements and are prepared in accordance with the optional NZICA Special Purpose Framework, applicable to for-profit entities.

All balances and transactions between the individual entities above have been eliminated on consolidation, in accordance with the consolidation principles applied under generally accepted accounting practice.

Historical cost

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

Ngati Paoa Group

Notes to the special purpose financial statements For the year ended 30 June 2021

2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, to the extent it is possible that the economic benefits will flow to the entity and revenue can be reliably measured.

Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollected amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

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.

Goods and Services tax

All amounts are stated exclusive of goods and services, with the exception of accounts receivable and payable which are stated inclusive of GST.

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.

Investment Property includes properties held to earn rental income and/or for capital appreciation that are not occupied by the Group. Gains or losses arising from the sale of these properties are included in profit or loss in the period in which they arise.

Financial instruments – financial liabilities

Financial liabilities, including borrowings and bank overdrafts, 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 profit or loss on an effective yield basis.

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 term of those borrowings.

Ngati Paoa Group

Notes to the special purpose financial statements For the year ended 30 June 2021

2 Investment in Associates

An associate is an entity over which the Group 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.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents the group's share of profit or loss after tax of the associate.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of loss of an associate' in the statement of profit or loss.

Changes in accounting policy

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous period.

Ngati Paoa Group

Notes to the special purpose financial statements

For the year ended 30 June 2021

3	Revenue	2021	2020
	Sales	197,271	285,182
	Crown Recoveries	19,719	396,383
	Interest Income	3	691
	Other Income	30,000	-
	Total revenue	246,993	682,257

4	Expenses	2021	2020
	Accounting and Admin	26,742	5,081
	Advertising	503	2,967
	Annual Leave	-	10,013
	Audit Fees	2,000	-
	Bad Debts	-	14,200
	Bank Fees	9,562	9,554
	Contractors	152,592	250,439
	Depreciation	1,792	3,093
	Directors Fees	32,000	32,000
	Entertainment - Deductible	1,609	2,393
	Entertainment - Non-deductible	1,851	2,752
	General Expenses	9,554	18,076
	Interest	47,800	37,674
	Legal Expenses	389,948	79,210
	Meeting Expenses	2,207	3,130
	Non-deductible Expenses	1,056	83
	Office Expenses	2,919	3,979
	Printing and Stationery	145	409
	Ratification	23,022	75,743
	Rent and Rates	(4,300)	108,828
	Salaries	-	116,667
	Signing Ceremony	23,308	-
	Subscriptions	11,048	13,867
	Tamaki Project Expenses	(5,423)	-
	Telephone and Internet	1,281	2,120
	Travel	24,000	23,304
	Trustees Fee	-	4,172
	Total expenses	755,215	819,753

5	Share of profit/(loss) of associates	2021	2020
	Share of Partnership Income/(Loss) from Marutuahu Ropu LP	(76,213)	325,641
	Share of Partnership Income/(Loss) from Pouarua Farm LP	576,809	422,251
		500,596	747,892

Ngati Paoa Group

Notes to the special purpose financial statements For the year ended 30 June 2021

6 Taxation

2021 2020

- -

7 Property, Plant & Equipment

2021 2020

	Cost	Accumulated Depn & Impairment	Net Book Value	Net Book Value
Computer Equipment	2,177	(2,177)	-	272
Office Equipment	25,754	(21,004)	4,750	4,463
	<u>27,931</u>	<u>(23,180)</u>	<u>4,750</u>	<u>4,735</u>

8 Investment in Marutuahu Ropu LP

2021 2020

Name	Country of Incorporation	Principal Activity	Proportion of Ownership	Proportion of Ownership
Marutuahu Ropu General Partner Limited	New Zealand	Property Investment	20.00%	20.00%

The following table illustrates the summarised financial information showing the movements of the Group's Investment in Marutuahu Ropu General Partner Limited.

Opening Balance	416,192	-
Add/(Less):		
Prior Period Adjustment	-	95,626
Profit/(Loss) for the year	(76,213)	325,641
WHR - Capital Contribution	-	(3,400)
Taxation Paid	(56,719)	(1,675)
Equity as at 30 June	<u>283,260</u>	<u>416,192</u>

The principal activity of Marutuahu Ropu General Partner Limited (Marutuahu Ropu LP) is property investment. Ngati Paoa holds a 20% share in Marutuahu Ropu LP with four other Hauraki Iwi, Ngati Maru, Ngati Tamatera, Te Patukirikiri and Ngati Whanaunga. Marutuahu Ropu LP is a private entity that is not listed on any public exchange. The Group's interest in Marutuahu Ropu LP is accounted for using the equity method in the consolidated financial statements.

This involves the Group recognising its share of the associate's surplus or deficit as well as its share of any other movements in the associate's net assets, including property revaluations.

The associate had no contingent liabilities or capital commitments as at 30 June 2021 or 2020.

Ngati Paoa Group

Notes to the special purpose financial statements For the year ended 30 June 2021

9	Investment in Pouarua Farm LP		2021	2020	
	Name	Country of Incorporation	Principal Activity	Proportion of Ownership	Proportion of Ownership
	Pouarua Farm General Partner Limited	New Zealand	Farming	29.17%	29.17%
The following table illustrates the summarised financial information showing the movements of the Group's Investment in					
	Opening Balance		21,396,263	21,107,306	
	Add/(Less):				
	Prior Period Adjustment		-	428	
	Profit/(Loss) for the year		576,809	422,251	
	Revaluation of Herd		15,981	10,704	
	Distribution		-	(117,383)	
	Tax Paid		(33,266)	(27,043)	
	Equity as at 30 June		<u>21,955,787</u>	<u>21,396,263</u>	

The principal activity of Pouarua Farm General Partner Limited (Pouarua Farm LP) is dairy farming. Pouarua consists of 2,206 hectares of farm property just west of Ngatea. Ngati Paoa holds a 29% share in Pouarua Farm LP with four other Hauraki Iwi, Ngati Maru, Ngati Tamatera, Ngati Tara Tokanui and Te Patukirikiri. Pouarua Farm LP is a private entity that is not listed on any public exchange. The Group's interest in Pouarua Farm LP is accounted for using the equity method in the consolidated financial statements.

This involves the Group recognising its share of the associate's surplus or deficit as well as its share of any other movements in the associate's net assets, including property revaluations.

The associate had no contingent liabilities or capital commitments as at 30 June 2021 or 2020.

10 Contingent Liabilities

There were no contingent liabilities at 30 June 2021 (June 2020: \$Nil).

11 Subsequent Events

There are no material events subsequent to balance date.