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Te Tōtarahoe o Paerangi Trust Group

Financial Statements for the 15
Month Period Ended 30 June
2023

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Deloitte Rotorua

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For the 15 Month Period Ended 30 June 2023

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INDEPENDENT AUDITORS REPORT

To the Trustees of Te Tōtarahoe o Paerangi Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Te Tōtarahoe o Paerangi Trust and its subsidiaries (the group) on pages 5 to 34, which comprise the statement of service performance, consolidated statement of financial position as at 30 June 2023, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and consolidated statement of cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion:

a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;

b) the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2023, and its financial performance and its cash flows for the period then ended in accordance with Tier 2 Not-For-Profit PBE 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)), and the audit of the statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). 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 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 or any of its subsidiaries.

Trustees Responsibilities for the Consolidated Financial Statements

Those charged with governance are responsible on behalf of the Group for Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance; and for the preparation and fair presentation of the consolidated financial statements in accordance with Tier 2 Not-For-Profit PBE Reduced Disclosure Regime, and for such internal control as those charged with governance 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, those charged with governance 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 or to cease operations, or have no realistic alternative but to do so.

Auditors 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 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 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:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-13/>

Restriction on Distribution or Use

This report is made solely to the trustees, as a body, in accordance with Trust Deed. Our audit work has been undertaken so that we might state to the trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Cameron Town
Silks Audit Chartered Accountants Ltd
Whanganui, New Zealand

Date: 15 November 2023

Trust Directory

These Financial Statements are for the 15 Month Period Ended 30 June 2023

| | | |
|-------------------------------|---|----------------------|
| Purpose of Trust | The purpose for which the Trust has been established is to receive, manage, hold and administer the Trust Assets on behalf of and for the benefit of present and future uri of Ngati Rangi in accordance with the Trust Deed. | |
| Address | Physical Address 1 Mountain Road, Ohakune, Ruapehu, New Zealand, 4625 Postal Address PO Box 195, Ohakune, Ruapehu, New Zealand, 4625 | |
| Members of Trust Board | Whetu Moataane | (Chairperson) |
| | Sarah Bell | (Deputy Chairperson) |
| | Darnielle Tomairangi Mareikura | |
| | Sarah Reo | |
| | Rawiri Tinirau | |
| | Deborah Te Riaki | |
| | Bernard Whakataumatatanga Mareikura (ended September 2022) | |
| | Olive Hawira (appointed September 2022) | |
| Chief Executive | Hoani Ponga (ended August 2022) | |
| | Helen Leahy (appointed August 2022) | |

Statement of Service Performance

For the 15 Month Period Ended 30 June 2023

Why does Te Tōtarahoe o Paerangi exist?

By deed of settlement, Rukutia Te Mana, dated 10 March 2018, Ngati Rangi and the Crown agreed the terms of the settlement of the historical Treaty of Waitangi claims of Ngati Rangi.

As part of the Ngati Rangi settlement it is necessary for a Ngati Rangi post-settlement governance entity to be established to implement the terms of the settlement, and receive and manage the settlement redress, on behalf and for the benefit of Ngati Rangi.

The governance entity for Ngati Rangi - Te Tōtarahoe o Paerangi – is:

- (a) the post-settlement governance entity for the purpose of the settlement of the historical Treaty of Waitangi claims of Ngati Rangi that is contained in Rukutia Te Mana;
- (b) in so doing, act on behalf and in the beneficial interests of Ngati Rangi to:
 - (i) advance the cultural, social, environmental and economic aspirations of Ngati Rangi;
 - (ii) uphold and protect the mana of the iwi and our rohe; and
 - (iii) empower the mana of Ngati Rangi.

Our Vision is Kia mura ai te ora o Ngāti Rangi ki tua o te 1,000 tau

- Ngāti Rangi continues to vibrantly exist in 1,000 years

Our Mission is E kōkiri tahi ana a Ngāti Rangi i ngā kaupapa hei oranga mō te katoa

- Together Ngāti Rangi will grow itself and its communities

How does Te Tōtarahoe o Paerangi achieve its goals?

The purpose for which the Trust is established is to receive, manage, hold and administer the Trust Assets on behalf of and for the benefit of present and future Members of Ngati Rangi in accordance with this Deed, including without limitation:

- (a) the promotion of the social, cultural, spiritual, educational, environmental and economic advancement and wellbeing of Ngati Rangi and its members;
- (b) the promotion of the health and wellbeing generally, including of the aged or those suffering from mental or physical sickness or disability, of Ngati Rangi and its members;
- (c) providing for the ongoing maintenance and establishment of places of cultural or spiritual significance to Ngati Rangi and its members, including marae;
- (d) the promotion and advancement of the social and economic development of Ngati Rangi including, without limiting the generality of this purpose, by the promotion of business, commercial or vocational training or the enhancement of community facilities in a manner appropriate to the particular needs of Ngati Rangi;
- (e) the promotion and protection of the health and wellbeing of Te Kahui Maunga and Te Waiū-o-te-Ika;
- (f) acting as the post-settlement governance entity for Ngati Rangi for the purpose of the settlement of the historical Treaty of Waitangi claims of Ngati Rangi, including receiving or administering any redress in relation to the Tongariro National Park or Te Kahui Maunga;
- (g) implementing the terms of the settlement of the historical Treaty of Waitangi claims of Ngati Rangi contained in the Deed of Settlement and the Settlement Legislation;

Statement of Service Performance

For the 15 Month Period Ended 30 June 2023

- (h) ensuring that any Commercial Activities and Cultural Activities are appropriately structured to serve the Trust Purpose; and
- (i) any other purpose that is considered by the Trustees from time to time to be beneficial to Ngati Rangi and its Members.

The Trust Deed sets out the purposes and powers, and provides for the governance, control and operation of Te Tōtarahoe o Paerangi.

What did Te Tōtarahoe o Paerangi do during the year?

Quantitative Measures – The board held 10 meetings as a Board.

- 26 May 2022; online
- 28 July 2022; 1 Mountain Road
- 17 September 2022; Hui-a-Tau; Raketapauma Marae
- 27 October 2022; Te Pae Tata, 43a Ruapehu Road
- 24 November 2022; Te Pae Tata, 43a Ruapehu Road
- 7 February 2023; Snowy Waters Lodge; Raetihi
- 28 March 2023; Tiorangi Marae, Karioi
- 27 April 2023; online
- 24 May 2023; The Peaks Motor Inn, Ohakune
- 22 June 2023 : The Peaks Motor Inn, Ohakune

Other hui were held on specific governance areas of priority.

Ruapehu Alpine Lifts: RAL relationship agreement, Te Pae Toka.

The minimum expectation from Ngāti Rangi is that whoever concession assigned to, if anyone, that assignment be subject to or be conditional on acceptance on terms of the relationship agreement which Ngati Rangi reached with Ruapehu Alpine Lifts at significant time, effort and expense. During the period in question, Te Tōtarahoe directors met with MBIE; DOC; Te Arawhiti; Pure Turoa; Whakapapa Holdings; the Voluntary administrators; and the Ruapehu Skifields Stakeholders Association. Correspondence was sent to respective agencies; briefing papers developed; legal advice sought.

Te Korowai o Wainuiārua:

During the current year, correspondence was distributed; a hui was held on 30 May 2023 at the Uenuku offices; advice was sought from Chapman Tripp and various briefing papers were written and discussed.

Statement of Service Performance

For the 15 Month Period Ended 30 June 2023

Qualitative Measures

For each of the above hui, agenda were circulated in advance; minutes were recorded; and briefing papers presented to illuminate the issues requiring discussion.

Qualitative Descriptions

Tiria te Aroha

In February 2023, in the aftermath of Cyclone Gabrielle, Te Tōtarahoe o Paerangi agreed to work with Nga Tangata Tiaki o Whanganui to support uri who have been significantly impacted by the recent storms. A \$1,000 grant is available to any whānau whose homes have been flooded.

By 30 June 2023, 39 payments of \$1000.00 have been made to whānau. This process was streamlined by using an office forms link that can be filled in over the phone by a member of staff or by the whānau themselves. The overall consensus is that whānau were thrilled to receive support from home and on a number of occasions have been referred by other whānau members because the entrenched whakaaro of “someone may need it more than us” is strong. A number of whānau shared that they were planning to use the money to relieve some of the pressure associated with loss of income, freezer supplies, electrical bills, and car bills related to damage from flooding. One whānau was awaiting the arrival of their pēpi and all of their brand-new belongings had been ruined.

Thank you for all the love shown to the many of us affected by the Cyclone. It has been a very hard time for myself and whanua, we have had significant damage to our home due to flooding and trees falling. Sadly our 2 beloved Kuri were taken by the flood waters which has caused alot of heartache. We are without power and are struggling with money for kai and bills from being unable to attend mahi. I would like to apply for the grant being offered to help with cost of kai, bills, essentials and housing.

Consolidated Statement of Comprehensive Revenue & Expenses

For the 15 Month Period Ended 30 June 2023

| | Note | Group | |
|--|------|--------------------|-------------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Revenue from non-exchange transactions | | | |
| Grants & Funding | 6 | 893,761 | 729,901 |
| Other Revenue | 7 | 150,990 | 67,557 |
| Donations | | 579 | 14,560 |
| | | 1,045,331 | 812,018 |
| Revenue from exchange transactions | | | |
| Grants & Funding | 8 | 5,672,995 | 4,541,750 |
| Karioi Forest Lease | | 895,517 | 246,107 |
| Other Revenue | 9 | 122,463 | 35,332 |
| Interest Income | | 814,245 | 156,954 |
| | | 7,505,221 | 4,980,144 |
| Total Revenue | | 8,550,551 | 5,792,162 |
| Expenses | | | |
| Employee Related Costs | 10 | 3,152,741 | 2,563,433 |
| Sub-Contractors and Sub-Contracted Services | 11 | 1,006,153 | 984,986 |
| Other Operating Expenses | 12 | 1,857,497 | 1,495,914 |
| Grants and Donations made | 13 | 24,186 | 10,426 |
| Depreciation of Property, Plant & Equipment | 27 | 241,671 | 183,186 |
| Interest Expense | | 4,606 | 2,147 |
| Total Expenses | | 6,286,853 | 5,240,093 |
| Net Operating Surplus | | 2,263,698 | 552,069 |
| Other Gains/ (Losses) | | | |
| Revaluation of Investment property | 25 | (166,717) | 2,556,184 |
| Total Surplus/ Deficit for the year before taxation | | 2,096,981 | 3,108,253 |
| Taxation Expense | 29 | 250,018 | 20,549 |
| Net Surplus after Taxation | | 1,846,963 | 3,087,704 |
| Other Comprehensive Revenue & Expenses | 16 | (5,274,215) | 12,108,455 |
| Total Comprehensive Revenue & Expenses | | (3,427,252) | 15,196,159 |

Consolidated Statement of Changes in Net Assets

For the 15 Month Period Ended 30 June 2023

| | Group | |
|--|---|-------------------|
| | Accumulated comprehensive revenue and expense | Total equity |
| | \$ | \$ |
| Note | | |
| Opening Balance 1 April 2022 | 45,160,371 | 45,160,371 |
| Total Comprehensive Revenue for the year | (3,427,252) | (3,427,252) |
| Closing Equity 30 June 2023 | 41,733,119 | 41,733,119 |
| Opening Balance 1 April 2021 | 29,964,212 | 29,964,212 |
| Total Comprehensive Revenue for the year | 15,196,156 | 15,196,156 |
| Closing Equity 31 March 2022 | 45,160,371 | 45,160,371 |

Consolidated Statement of Financial Position

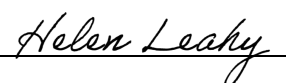
For the 15 Month Period Ended 30 June 2023

| | Note | Group | |
|----------------------------------|------|-------------------|-------------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Current Assets | | | |
| Cash & Cash Equivalents | 14 | 3,654,355 | 9,180,085 |
| Investments | 15 | 15,029,476 | 13,018,161 |
| Trade Receivables (Non-exchange) | 24 | 299,553 | 3,461 |
| Trade Receivables (Exchange) | 24 | 599,171 | 629,615 |
| Inventory | | - | 1,939 |
| Tax Asset | 28 | - | 4,595 |
| Total Current Assets | | 19,582,556 | 22,837,856 |
| Non-Current Assets | | | |
| Investments | 15 | 4,745,015 | 744,784 |
| Investment Property | 25 | 11,994,375 | 11,050,651 |
| Property Development Costs | | 78,755 | |
| WIP - Te Ara Mangawhero Cycleway | | 213,176 | - |
| Property, Plant & Equipment | 27 | 988,983 | 726,381 |
| New Zealand Carbon Credits | 23 | 6,531,833 | 12,094,892 |
| Total Non-Current Assets | | 24,552,137 | 24,616,708 |
| Total Assets | | 44,134,693 | 47,454,564 |
| Current Liabilities | | | |
| Trade & Other Payables | 26 | 498,667 | 254,963 |
| Income in Advance | 26 | 1,587,235 | 1,798,134 |
| GST Payable | | 11,544 | 60,490 |
| Tax Liability | 29 | 151,117 | - |
| Employee Entitlements | 28 | 142,812 | 150,489 |
| Finance - Lease | 30 | 10,199 | 15,713 |
| | | 2,401,574 | 2,279,790 |
| Non-Current Liabilities | | | |
| Finance - Lease | 30 | - | 14,403 |
| | | - | 14,403 |
| Total Liabilities | | 2,401,574 | 2,294,193 |
| Net Assets | | 41,733,119 | 45,160,371 |
| Represented by: | | | |
| Retained Earnings | | 41,733,119 | 45,160,371 |
| Total Equity | | 41,733,119 | 45,160,371 |

Chair: _____



Chief Executive: _____



Date: 15 November 2023

Date: 15 November 2023

Consolidated Statement of Cash Flows

For the 15 Month Period Ended 30 June 2023

| | Note | Group | |
|--|-----------|--------------------|---------------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| <i>Receipts</i> | | | |
| <i>Non-exchange</i> | | | |
| Receipts from grants & funding | | 1,281,074 | 820,904 |
| Receipts from donations | | 580 | 14,560 |
| Other | | 65,728 | 71,306 |
| <i>Exchange</i> | | | |
| Receipts from Fees and Services | | 5,841,378 | 5,486,054 |
| Receipts from Interest | | 705,464 | 156,036 |
| | | 7,894,224 | 6,548,860 |
| <i>Payments</i> | | | |
| Payments to Suppliers | | 2,834,688 | 2,632,634 |
| Payments to Employees | | 2,760,989 | 2,477,038 |
| Grants & Donations Paid | | 23,861 | - |
| Interest Paid | | 3,336 | - |
| Net Income Tax | | 101,735 | (113,540) |
| GST Paid | | 47,611 | (221,061) |
| | | 5,772,220 | 4,775,071 |
| Net cash flows from operating activities | | 2,122,004 | 1,773,788 |
| Cash flows from investing activities | | | |
| <i>Receipts</i> | | | |
| Distribution Received | | - | 14,671 |
| | | - | 14,671 |
| <i>Payments</i> | | | |
| Purchase of Property, Plant & Equipment | | 505,968 | 216,150 |
| Purchase of Investment Property | | 1,110,441 | |
| Purchase of Development Costs | | 297,444 | |
| Purchase of Investments | | 5,711,649 | 12,474,881 |
| Leases | | 19,917 | 18,959 |
| Loans from Other Investing Activities | | 2,315 | - |
| | | 7,647,734 | 12,709,990 |
| Net cash flows from investing activities | | (7,647,734) | (12,695,319) |
| Cash flows from financing activities | | | |
| Proceeds from loans | | - | - |
| Net cash flows from financing activities | | - | - |
| Net Increase / (Decrease) in Cash & Cash Equivalents | | (5,525,730) | (10,921,530) |
| Cash & Cash Equivalents at 1 April | | 9,180,084 | 20,101,614 |
| Cash & Cash Equivalents at 30 June | 14 | 3,654,354 | 9,180,084 |

For the 15 Month Period Ended 30 June 2023

1. Reporting Entity

The financial statements comprising of Te Tōtarahoe o Paerangi Trust (Parent), Te Kūmete o Paerangi Limited Partnership, Ruapehu WorX Limited Partnership and Ngā Waihua o Paerangi Trust, together the "Group" are presented for the 15 month period ended 30 June 2023.

These group financial statements and the accompanying notes summarise the financial results of activities carried out by the Group.

The parent was established under the Ngati Rangi Claims Settlement Act 2019.

During the year the Group changed their balance date from 31 March to 30 June. The Financial Statements of the Group are for the fifteen-month period ended 30 June 2023. The comparative period is the year ended 31 March 2022.

Treaty Settlement

The Ngati Rangi Deed of Settlement is the final settlement of all historical Treaty of Waitangi claims of Ngati Rangi. The settlement includes an agreed historic account, crown acknowledgements and apology, cultural redress, financial and commercial redress. The total value of financial and commercial redress for Ngati Rangi is \$17 million plus \$8.46 million in accumulated forestry rentals and \$879k in interest. This a combination of cash and commercial redress properties.

2. Statement of Compliance

The Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-for-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-for-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board of Trustees has elected to report in accordance with Tier 2 Not-for-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

3. Summary of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements

Basis of measurement

These consolidated financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of non-derivative financial instruments. The accrual basis of accounting has been used unless otherwise stated.

For the 15 Month Period Ended 30 June 2023

Functional and presentational currency

The consolidated financial statements are presented in New Zealand (\$), which is the Group's functional currency. There has been no change in functional currency of the Group during the year.

Basis of consolidation

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases. In preparing the consolidated financial statements, all inter-entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity are consistent with policies adopted by the Group and have a 30 June 2023 reporting date.

Revenue

Revenue is measured at the fair values of the consideration received. Revenue is recognised when the significant risks and rewards of ownership has been transferred to the buyer and when the rights to receive payment is established. The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions

Transactions that are not exchange transactions are where an entity either receives value from another entity, without directly giving or receiving approximately equal value in exchange.

Donations

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific programmes or services or donations in-kind. Where a value can reasonably be place on donations in-kind these are recognised in the financial statements.

Grant Revenue

Grant revenue includes funding received under contract and grants given by other charitable organisations, philanthropic organisations, government agencies, non-government agencies and businesses. Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attaching to a grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Revenue from exchange transactions

Transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Contract Funding

Contract funding is recognised when the requirements under the contract agreement have been met.

For the 15 Month Period Ended 30 June 2023

Fees for services

Fees for services are recognised when the service has been delivered and the entitlement for payment has arisen.

Rental income

Rental Income from investment properties is recognised in the Profit and Loss on a straight line basis over the term of the lease. Contingent rentals are recognised as income in the reporting period in which they are earned.

Finance income and expenses

Finance income comprises interest income on funds invested dividend income and gains on the disposal of available for sale financial assets. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Finance expenses comprise impairment losses, losses arising from transactions denominated in currencies other than the Group's functional currency, and interest recognised on financial assets (except for trade payables).

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Group has transferred substantially all the risks and rewards of the asset; or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Determination of Fair Value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

For the 15 Month Period Ended 30 June 2023

Financial Assets

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive income and expenses. The Group's financial assets are classified as either financial assets at fair value through surplus or deficit, or loans and receivables. The Group's financial assets include: cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and investments.

All financial assets, except for those at fair value through surplus or deficit, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. The Group's investment equities fall into this category of financial assets.

Trade Receivables

Trade receivables classified as other non-derivative financial instruments are stated at amortised cost using the effective interest method, less any impairment losses for amounts that have a significant risk of non-collection. When a receivable is identified as being non-collectible it is expensed immediately in profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Group's cash and cash equivalents, short term-investments, receivables from non-exchange transactions, receivables from exchange transactions and non-equity investments fall into this category of financial instruments.

Trade Payables

Trade payables are classified as other non-derivative financial instruments and are stated at amortised cost.

Impairment of financial assets

The Group assesses at the end of reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss even has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For the 15 Month Period Ended 30 June 2023

For financial assets carried at amortised cost, if there is objective evidence than an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance amount. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Group first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Group determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit

Financial Liabilities

The Group's financial liabilities include trade and other creditors (excluding GST and PAYE), employee entitlements and deferred income (in respect to grants whose conditions are yet to be complied with).

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Short term investments

Short term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.

Inventories

Inventories held for consumption in the provision of services that are not sold on a commercial basis are measured at the lower of cost or net realisable value.

Property, plant and equipment

Property, plant and equipment is recognised at cost less aggregate depreciation. Historical cost includes expenditure directly attributable to the acquisition of assets and includes the cost of replacements that

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

are eligible for capitalisation when these are incurred. Bequeathed or gifted assets are recorded at their fair value.

All other repairs and maintenance are recognised as expenses in the Statement of Financial Performance in the financial period in which they are incurred. Items of property plant, and equipment with an individual value in excess of \$1,000 are capitalised on purchase. Other items with an individual value below \$1,000 are expensed.

Depreciation allocates the cost of the asset over an estimate of an asset's useful life. The following estimated depreciation rates:

| | |
|----------------------|--------------------------|
| Furniture & Fittings | 16% - 100% (1 - 7 years) |
| Equipment < \$500 | 100% |
| Office Equipment | 16% - 60% (2 - 7 years) |
| Leasehold | |
| Improvements | 10% (10 years) |
| Plant & Equipment | 16% - 60% (2 - 7 years) |
| Motor Vehicles | 30% (4 years) |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

Operating leases

Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownership of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

Leased Assets

Leases where the entity assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Leased assets and corresponding liability are recognised in the Statements of Financial Position and leased assets are depreciated over the period the entity is expected to benefit from their use or over the term of the lease.

For the 15 Month Period Ended 30 June 2023

Employee Benefits

Wages, salaries, annual leave and sick leave

Liability for wages and salaries, annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

Income Tax

Ngā Waihua o Paerangi Trust is exempt from tax due to its charitable status, however its subsidiary Ruapehu Recruitment Ltd is subject to tax, which has been recognised under the taxes payable method.

Te Kūmete o Paerangi Limited Partnership is a Limited Partnership effective from incorporation date. All profits and losses are deemed to belong to the Shareholders. Therefore, the Partnership is not subject to income tax on its profits and does not have an imputation credit account.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

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

Cash flows are included in the statement of cash flows on a net of GST basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

The Group is registered for Goods and Services Tax (GST).

Equity

Equity is the community's interest in the Group, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Accumulated comprehensive revenue and expense

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

Investment Property

Investment properties, principally comprising direct property investments, are held for long term capital appreciation and to earn rentals. Investment properties are initially measured at cost, plus related costs of acquisition with the exception of investment properties transferred from the Crown on settlement, which have been measured at the value of consideration transferred from the Limited Partnership. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Partnership and the cost of the item can be measured reliably.

For the 15 Month Period Ended 30 June 2023

Properties that are being constructed or developed for future use are classified as investment properties. All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisition costs, are capitalised.

Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the Profit and Loss in the period in which they arise. The investment properties from settlement have been valued at their deemed consideration transferred from the Crown.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gains or losses of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the Profit and Loss in the period in which the property is derecognised.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated 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.

Finance lease commitments

The Group has entered into a photocopier lease. The Group has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the photocopier, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contract as an operating lease.

Estimates and assumptions

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. The Group bases its assumption and estimates on parameters available when the consolidated 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.

Investment Property

The investment properties from settlement have been valued at their deemed consideration transferred from the Crown and that any change in the assumptions used could impact the value of the investments.

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

Changes in Accounting Policies

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

5. Group Information - Subsidiaries

The consolidated financial statements of the Group include the following subsidiaries:

| | | 2023 | 2022 |
|--|----------|------|------|
| Te Tōtarahoe o Paerangi Trust | Parent | | |
| Te Kūmete o Paerangi Limited Partnership | Interest | 100% | 100% |
| Ruapehu WorX Limited Partnership | Interest | 100% | 100% |
| Ngā Waihua o Paerangi Trust | Interest | 100% | 100% |
| Ruapehu Recruitment Limited | Interest | - | 100% |

The reporting date of Te Tōtarahoe o Paerangi Trust and all subsidiaries is 30 June.

In March 2022 it was decided to wind up operations of the subsidiary Ruapehu Recruitment. All assets from Ruapehu Recruitment have been transferred to the Ngā Waihua o Paerangi Trust.

6. Grants & Funding (Non-Exchange)

| | Group | |
|-----------------------------|----------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Genesis | 631,367 | 583,221 |
| Horizons | 85,000 | 4,766 |
| Transpower | 25,000 | - |
| Winstone Pulp International | 111,915 | 111,915 |
| Ruapehu Alpine Lifts | - | 30,000 |
| | 893,761 | 729,901 |

- Ruapehu Alpine Lifts was put into voluntary administration in October 2022. The last payment received from Ruapehu Alpine Lifts was 20 September 2023 was \$2,875. This was for the period of August 2022.

7. Other Revenue (Non- Exchange)

| | Group | |
|----------------|----------------|---------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Sundry Revenue | 150,990 | 67,557 |
| | 150,990 | 67,557 |

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

8. Grants & Funding (Exchange)

| | Group | |
|---|------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Atihau - Whanganui | - | 6,864 |
| Contract Funding | 76,874 | 35,633 |
| DOC - Jobs For Nature | 749,479 | 610,309 |
| Matemateora Track | - | 30,561 |
| Genesis Energy Ltd | 10,500 | - |
| Land Information NZ | 62,500 | 50,000 |
| Ministry of Business, Innovation & Employment | 542,024 | 951,322 |
| Ministry of Education | 20,000 | 150,000 |
| Ministry of Health | 30,000 | 36,000 |
| Ministry of Social Development | 225,340 | 101,340 |
| OSPRI New Zealand Limited | - | 40,000 |
| Ruapehu District Council | 234,579 | 17,979 |
| Te Oranganui Trust | 186,471 | 127,151 |
| Te Kaahui o Rauru | - | 306,731 |
| Te Putahitanga o Te Waipounamu | 20,000 | - |
| Te Puni Kokiri | 367,709 | 473,501 |
| Te Whatu Ora Health New Zealand | 561,116 | - |
| Waka Kotahi NZ Transport Agency | 28,710 | - |
| Whanau Ora Commissioning Agency | 1,687,000 | 877,500 |
| Whanganui DHB | 870,694 | 726,860 |
| | 5,672,995 | 4,541,750 |

- Ministry of Business, Innovation & Employment – Ngā Waihua o Paerangi Trust has four contracts with this funder. These contracts are in relation to the Provincial Growth Fund (Kahui Maunga) Marae Restoration project, Te Ara Mahi, Whiria Nga Hua and funding for the regional digital hub
- Ministry of Social Development - Ngā Waihua o Paerangi Trust has three contracts with this funder. These contracts are in relation to community disability welfare, community connector services and food grant – Covid 19 protection for self-isolation.
- Whanau Ora Commissioning Agency – this funding is in relation to the three following areas: whanau support, community development and workforce development.
- Whanganui DHB – this funding is in relation to providing health services to the local community.
- Te Oranganui Trust – Ngā Waihua o Paerangi Trust has two contracts with this funder. These contracts are in relation to Whanau Resilience and He Puna Ora for pregnancy and parenting services.
- Te Puni Kokiri – this funding is in relation to improving and repairing local housing.
- Te Whatu Ora Health New Zealand – Ngā Waihua o Paerangi Trust has five contracts with this funder in relation to the Health clinic. These contracts are in relation to Tamariki Ora Services, Kaupapa Maori Community based clinical and support services, Whanau Ora Maori Community Health Services, Nga Kaitataki Hauora and Covid 19 and other immunisations.

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

9. Other Revenue (Exchange)

| | Group | |
|-------------------------------|----------------|---------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Advertising Reimbursement | - | 265 |
| Consultancy Income | - | 2,088 |
| Merchandise Sales | - | 78 |
| Rental Income | 111,734 | 16,475 |
| Te Pae Tata Location Services | 10,729 | 16,426 |
| | 122,463 | 35,332 |

10. Employee Related Costs

| | Group | |
|------------------|------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| ACC Levies | 18,765 | 10,039 |
| Staff Expenses | 58,159 | 36,242 |
| Salaries & Wages | 3,075,816 | 2,517,152 |
| | 3,152,741 | 2,563,433 |

11. Subcontractors and sub-contracted services

| | Group | |
|------------------------------|------------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Accountancy Fees | 54,500 | 28,710 |
| Audit Fees | 15,983 | 30,350 |
| Catering | 76,409 | 56,511 |
| Cleaning & Minor Maintenance | 16,831 | 8,998 |
| Consulting / Contracting | 515,859 | 709,654 |
| Management & Administration | 75,000 | - |
| IT Support | 125,044 | 71,132 |
| Legal Expenses | 109,162 | 43,934 |
| Valuation Fees | 17,366 | 35,698 |
| | 1,006,153 | 984,986 |

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

12. Other Operating Expenses

| | Group | |
|-------------------------------|------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Accommodation | 2,377 | 363 |
| Advertising | 33,036 | 45,069 |
| Bank Fees | 2,277 | 2,348 |
| Building Lease | 67,801 | 49,938 |
| Equipment <\$1000 | 13,509 | 12,315 |
| Entertainment | - | 145 |
| Fuel & Oil | 66,992 | 36,276 |
| General Expenses | 139 | - |
| Heating & Power | 16,015 | 20,693 |
| Herbicides and Pesticides | 1,669 | - |
| Housing Repairs & Maintenance | 179,002 | 216,814 |
| Hui Costs | 226,285 | 181,989 |
| Insurance | 59,646 | 52,757 |
| Loss on Sale of Fixed Asset | - | 2,393 |
| Merchandise Stock Inventory | - | 46 |
| Office Cost | 12,966 | 8,159 |
| Other Expenses | 10,905 | 284 |
| Plant and Equipment Hire | 183 | 900 |
| People and Capability | 409 | 5,009 |
| Phone Cost | 44,365 | 48,314 |
| Postage | 3,078 | - |
| Printing & Stationery | 27,197 | 13,156 |
| Rates | 2,265 | - |
| Rent | - | 6,130 |
| Repairs & Maintenance | 95,030 | 29,791 |
| Software Licence | 84,864 | 52,058 |
| Subscriptions | 27,372 | 30,274 |
| Materials & Equipment | 413,077 | 584,722 |
| Training | 51,941 | 20,654 |
| Travel | 62,148 | 48,189 |
| Venue Hire | 15,869 | 4,833 |
| Website | 28,939 | 22,297 |
| Whanau Initiatives Expenses | 308,141 | - |
| | 1,857,497 | 1,495,914 |

- Whanau Initiative Expenses are costs that are part of the Whanau Ora Commission Agency funding. These costs are in relation to supporting local whanau and community-based activities.
- Materials & Equipment costs include expenditure that relates to the Te Puni Kokiri funding for housing repairs and maintenance.

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

13. Grants and Donations Made

| | Group | |
|-----------------------------|---------------|---------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Koha | 22,447 | 874 |
| Scholarships & Sponsorships | 1,739 | 9,552 |
| | 24,186 | 10,426 |

14. Cash & Cash Equivalents

Cash and cash equivalents include the following components:

| | Group | |
|--|------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Bank Accounts | 2,783,460 | 3,561,238 |
| Term Deposits with maturities of less than 90 days | 870,895 | 5,618,848 |
| | 3,654,355 | 9,180,085 |

15. Investments

| | Group | |
|---|-------------------|-------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Current | | |
| Term deposits - maturing within 12 months of balance date | 15,029,476 | 13,018,161 |
| Non Current Investments | | |
| Puai Tangaroa Limited Partnership | 1,500,088 | 108,277 |
| Puainuku Vines Limited Partnership | 556,640 | 387,616 |
| Aspiring Portfolio | 680,083 | 248,891 |
| Hapai Housing Limited Partnership | 661,572 | - |
| Castle Point Funds | 651,757 | - |
| Milford Investment Funds | 694,875 | - |
| Total Non-Current Assets | 4,745,015 | 744,784 |
| | 19,774,490 | 13,762,945 |

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

16. Changes in Fair Valuation

| | | Group | |
|---|----|--------------------|-------------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Investment in Direct Investments | | | |
| Puai Tangaroa Limited Partnership | 17 | 4,456 | (165) |
| Puainuku Vines Limited Partnership | 18 | 203,883 | 14,836 |
| Hapai Housing Limited Partnership | 20 | 52,682 | - |
| Total Investment in Direct Investments | | 261,021 | 14,671 |
| Investment in Managed Funds | | | |
| Aspiring Portfolio | 19 | 21,191 | (1,109) |
| Castle Point Funds | 21 | (13,243) | - |
| Milford Investment Funds | 22 | 19,875 | - |
| Total Investment in Managed Funds | | 27,823 | (1,109) |
| New Zealand Carbon Credits | 23 | (5,563,059) | 12,094,892 |
| Total Change in Fair Valuation | | (5,274,215) | 12,108,455 |

17. Puai Tangaroa Limited Partnership

| | | Group | |
|--------------------------|--|------------------|----------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Opening Balance | | 108,227 | - |
| Capital Contributions | | 1,391,850 | 108,442 |
| Partnership Gain/ (Loss) | | 4,448 | (165) |
| Unrealised Gains/ (Loss) | | 8 | - |
| Distribution | | (4,503) | - |
| Total Receivables | | 1,500,088 | 108,277 |

18. Puainuku Vines Limited Partnership

| | | Group | |
|--------------------------|--|----------------|----------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Opening Balance | | 385,302 | - |
| Capital Contributions | | - | 385,302 |
| Partnership Gain/ (Loss) | | 30,873 | 14,836 |
| Unrealised Gain/ (Loss) | | 173,010 | - |
| Distribution | | (34,859) | (12,522) |
| Total Receivables | | 556,640 | 387,616 |

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

19. Aspiring Portfolio

| | Group | |
|--------------------------|----------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Opening Balance | 248,891 | - |
| Capital Contributions | 410,000 | 250,000 |
| Portfolio Gain/ (Loss) | 21,192 | (1,109) |
| Total Receivables | 680,083 | 248,891 |

20. Hāpai Housing Limited Partnership

| | Group | |
|--------------------------|----------------|----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Opening Balance | - | - |
| Capital Contributions | 626,236 | - |
| Interest Received | 24,049 | - |
| Partnership Gain/ (Loss) | 28,633 | - |
| Distributions | (17,346) | - |
| Total Receivables | 661,572 | - |

21. Castle Point Funds

| | Group | |
|--------------------------|----------------|----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Opening Balance | - | - |
| Capital Contributions | 665,000 | - |
| Portfolio Gain/ (Loss) | (13,243) | - |
| Total Receivables | 651,757 | - |

22. Milford Investment Funds

| | Group | |
|--------------------------|----------------|----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Opening Balance | - | - |
| Capital Contributions | 675,000 | - |
| Portfolio Gain/ (Loss) | 19,875 | - |
| Total Receivables | 694,875 | - |

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

23. New Zealand Carbon Credits

| | Group | |
|-----------------------------|------------------|-------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Opening Balance | 12,094,892 | - |
| Revaluation during the year | (5,563,059) | 12,094,892 |
| Total Receivables | 6,531,833 | 12,094,892 |

On the 20 November 2020 the Crown transferred 159,353 Carbon Credits to Te Tōtarahoe o Paerangi Trust at a fair value of \$35.12 per unit, and were subsequently recognised at a nominal value of \$0.00 in Te Tōtarahoe o Paerangi Trust. During the 2022 Financial Year the Te Tōtarahoe o Paerangi Trust transferred 159,353 Carbon Credits at a nominal value of \$0.00 to Te Kūmete o Paerangi Limited Partnership.

The NZUs have been recorded at the market value of \$41.00 per unit as at 30th June 2023 (2022: \$75.90).

24. Receivables & Accrued Income

| | Group | |
|--|----------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Trade Receivables | | |
| Trade receivables from non-exchange transactions | 299,553 | 3,461 |
| Trade receivables from exchange transactions | 599,171 | 629,615 |
| Total Receivables | 898,725 | 633,076 |

Impairment allowance on trade receivables from exchange transactions

There has been no Impairment allowance made.

25. Investment Property

| | Group | |
|--|-------------------|-------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Balance at the beginning of the year | 11,050,651 | 8,427,817 |
| Fair valuation movement | (166,717) | 2,556,184 |
| Purchases made during the year | 1,100,000 | - |
| Capitalised costs in relation to Investment Properties | 10,441 | 66,651 |
| | 11,994,375 | 11,050,651 |

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

Investment properties is represented by the following:

| | Group | |
|-------------------------------|-------------------|-------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Part Karioi Forest - Forest | 10,200,000 | 10,420,000 |
| Ohakune Police Station - Land | 355,000 | 300,000 |
| Waiouru Police Station - Land | 220,000 | 264,000 |
| Ruapheu Collage | 1,100,000 | - |
| Deferred Settlement Portfolio | 114,547 | 61,822 |
| NZDF Project | 4,829 | 4,829 |
| | 11,994,375 | 11,050,651 |

The fair value on the Karioi Forest as at 30 June 2023 has been arrived at on the basis of an independent valuation carried out by TelferYoung from CBRE. The valuers have appropriate qualifications and recent experience in the valuation of forestry in the area. Valuations were carried out for financial reporting purposes. The fair value of the Karioi Forest was determined based on:

- Discounted cashflow method – This approach uses expected future cash flows to estimate the value of a company or investment.

The fair value on the Ruapehu Collage, Ohakune Police Station and the Waiouru Police Station as at 30 June 2023 has been arrived at on the basis of an independent valuation carried out by TelferYoung from CBRE. The valuers have appropriate qualifications and recent experience in the valuation of properties in the area. Valuations were carried out for financial reporting purposes. The fair value of the Ruapehu Collage, Ohakune Police Station and the Waiouru Police Station was determined based on:

- Income Capitalisation – This approach encompasses the conversion of net income (actual, market or notional) to value via the application of a capitalisation rate or yield (investment return).

26. Trade and Other Payables

| | Group | |
|---------------------------|------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Trade Payables | | |
| Trade and Other Creditors | 498,667 | 254,963 |
| Income in Advance | 1,587,235 | 1,798,134 |
| Total Payables | 2,085,902 | 2,053,097 |

Notes to the Financial Statements

27. Property, Plant & Equipment

| Group 2023 | Equipment < \$500 | Furniture & Fittings | Leased Assets | Leasehold Improvements | Motor Vehicle | Office Equipment | Plant & Equipment | Te Pae Tata | Computer Equipment | Total |
|---------------------------------|----------------------|----------------------------|------------------|---------------------------|------------------|---------------------|----------------------|----------------|-----------------------|---------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Carrying amount 1 April 2022 | - | 14,830 | 27,668 | 24,998 | 230,009 | 76,737 | 162,237 | 187,037 | 2,866 | 726,381 |
| Additions | - | 2,788 | - | - | 183,149 | 51,244 | 267,093 | - | - | 504,274 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| Depreciation | - | 3,461 | 15,371 | 1,988 | 81,791 | 57,913 | 67,719 | 11,756 | 1,671 | 241,671 |
| Carrying amount 30 June 2023 | - | 14,157 | 12,297 | 23,010 | 331,367 | 70,067 | 361,611 | 175,281 | 1,195 | 988,983 |

| Group 2022 | Equipment < \$500 | Furniture & Fittings | Leased Assets | Leasehold Improvements | Motor Vehicle | Office Equipment | Plant & Equipment | Te Pae Tata | Computer Equipment | Total |
|----------------------------------|----------------------|----------------------------|------------------|---------------------------|------------------|---------------------|----------------------|----------------|-----------------------|---------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Carrying amount 1 April 2021 | 7 | 18,358 | 41,232 | 26,956 | 287,502 | 47,703 | 102,195 | 201,059 | 1,807 | 726,819 |
| Additions | - | - | - | - | - | 62,833 | 120,536 | - | 2,675 | 186,043 |
| Disposals | 6 | 272 | - | - | - | 1,124 | 924 | 968 | - | 3,295 |
| Depreciation | 2 | 3,256 | 13,564 | 1,959 | 57,493 | 37,674 | 59,570 | 13,054 | 1,615 | 183,186 |
| Carrying amount 31 March 2022 | - | 14,830 | 27,668 | 24,998 | 230,009 | 76,737 | 162,237 | 187,037 | 2,866 | 726,381 |

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

28. Employee Entitlement

| | Group | |
|--------------|----------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Annual Leave | 142,812 | 150,489 |
| | 142,812 | 150,489 |

29. Taxation

The income tax expense for the year can be reconciled to the accounting profit as follows:

| | | Group | |
|--------------------------|-------------------------|----------------|---------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Accounting Profit/(Loss) | | 2,263,698 | 15,216,708 |
| Tax Losses Utilised | | - | - |
| Less: | Non-Taxable Income | (1,860,028) | (15,203,679) |
| Add: | Non -Deductible Items | 1,042,457 | 104,395 |
| Add: | Prior period adjustment | (17,453) | - |
| | Non-Deductible Items | | |
| Net Taxable Income | | 1,426,235 | 117,424 |
| Tax Expense | | 250,018 | 20,549 |

Tax Assets / (Liability)

| | | Group | |
|----------------------------------|--|------------------|--------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Opening Balance | | 4,595 | 113,536 |
| Prior Period Adjustment | | (754) | - |
| RWT Paid | | - | 25,148 |
| Tax Paid | | 102,857 | (6,453) |
| Provisional Tax Payments | | - | 14,600 |
| Penalties and Interest | | - | - |
| Taxation refund received | | (7,796) | (121,687) |
| Tax expenses for the year | | (250,018) | (20,549) |
| Closing Tax Receivable (Payable) | | (151,117) | 4,595 |

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

Deferred Tax

Based on advice received by Te Kumete LP, we have not recognised any deferred tax liability on the carrying value of the NZU assets (approx. \$1,05m), on the basis of tax advice provided to Te Kumete LP by its legal advisor.

Māori Authority Credit Account (MACA)

| | Group | |
|---|----------------|---------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Opening Balance | 37,210 | 94,534 |
| Tax Paid | - | - |
| Tax Refund | (7,796) | (82,472) |
| RWT received | 102,735 | 25,148 |
| Credits attached to distribution | - | - |
| Closing Māori Authority Credit Account (MACA) | 132,271 | 37,210 |

30. Finance Lease Liability

The Trust has entered into a finance lease agreement for a photocopier.

| | Group | |
|---|---------------|---------------|
| | 2023 | 2022 |
| | \$ | \$ |
| No later than one year | | |
| Photocopier Leases | 10,199 | 15,713 |
| Total Finance Lease - Current Portion | 10,199 | 15,713 |
| Later than one year and no later than five years | | |
| Photocopier Leases | - | 14,403 |
| Total Finance Lease - Non-Current Portion | - | 14,403 |

Notes to the Financial Statements

31. Related Party Transactions

The aggregate remuneration of trustees and senior management personnel and the number of senior management personnel, determined on a full time equivalent basis, receiving remuneration is as follows:

| | Group | |
|---|-----------|-----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Total Trustee Remuneration | 163,367 | 128,506 |
| Total Director Remuneration | 62,500 | 53,372 |
| Total key management personnel remuneration | 1,027,867 | 1,118,760 |
| Number of persons (full time equivalents) | 8.0 | 11.0 |

32. Categories of financial assets and liabilities

| | Group | |
|--|-------------------|-------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Financial assets | | |
| <i>Financial assets at fair value through surplus or deficit</i> | | |
| Investments | | |
| <i>Loans and receivables</i> | | |
| Cash and cash equivalents | 3,654,355 | 9,180,085 |
| Short term investments | 15,029,476 | 13,018,161 |
| Receivables from non-exchange transactions | 299,553 | 3,461 |
| Receivables from exchange transactions | 599,171 | 629,615 |
| Inventory | - | 1,939 |
| GST Refund | - | - |
| Tax Asset | - | 4,595 |
| | 19,582,556 | 22,837,856 |
| Financial liabilities | | |
| <i>At amortised cost</i> | | |
| Trade and other creditors | 498,667 | 254,963 |
| Employee entitlements | 142,812 | 150,489 |
| Income in Advance | 1,587,235 | 1,798,134 |
| Finance Lease | 10,199 | 30,116 |
| Tax Liability | 151,117 | - |
| GST Payable | 11,544 | 60,490 |
| | 2,401,574 | 2,294,193 |

Notes to the Financial Statements

For the 15 Month Period Ended 30 June 2023

33. Equity

| | Capital | Asset Revaluation Reserve | Accumulated Comprehensive Revenue and Expenses | Total |
|-------------------------------------|-------------------|---------------------------|--|-------------------|
| | \$ | \$ | \$ | \$ |
| Opening Balance 1 April 2021 | 25,424,949 | - | 4,539,263 | 29,964,212 |
| Surplus for the year | - | - | 3,087,704 | 3,087,704 |
| Other Comprehensive Income | - | 12,108,455 | - | 12,108,455 |
| Closing equity 31 March 2022 | 25,424,949 | 12,108,455 | 7,626,967 | 45,160,371 |

| | Capital | Asset Revaluation Reserve | Accumulated Comprehensive Revenue and Expenses | Total |
|------------------------------------|-------------------|---------------------------|--|-------------------|
| | \$ | \$ | \$ | \$ |
| Opening Balance 1 April 2022 | 25,424,949 | 12,108,455 | 7,626,967 | 45,160,371 |
| Surplus for the year | - | - | 1,846,963 | 1,846,963 |
| Other Comprehensive Income | - | (5,274,215) | - | (5,274,215) |
| Closing equity 30 June 2023 | 25,424,949 | 6,834,240 | 9,473,930 | 41,733,119 |

34. Capital commitments

Te Kūmete o Paerangi Limited Partnership committed a total of \$750,000 to Pūainuku Vines Limited Partnership with the amount outstanding at balance date \$364,698 (2022: \$364,698). A \$364,698 capital call was made to Pūainuku Vines Limited Partnership on 13 October 2023.

Te Kūmete o Paerangi Limited Partnership committed a total of \$2,000,000 for investment in a number of specialised managed funds, (2022: 1,750,000).

A \$3,184,175 capital call was made to Hāpai Housing Limited Partnership on 13 October 2023, (2022: nil).

Te Kūmete o Paerangi Limited Partnership committed a total of \$2,500,000 to Hāpai Development Limited Partnership with the amount outstanding at balance date \$2,500,000 (2022: nil).

Te Kūmete o Paerangi Limited Partnership committed a total of \$2,500,000 to Hāpai Commercial Limited Partnership with the amount outstanding at balance date \$2,500,000 (2022: nil).

Te Kūmete o Paerangi Limited Partnership committed a total of \$1,000,000 to Pūainuku Horticulture with the amount outstanding at balance date \$1,000,000 (2022: nil).

Te Kūmete o Paerangi Limited Partnership committed a total of \$3,000,000 to a Local housing development with the amount outstanding at balance date \$3,000,000 (2022: nil).

There are no other known capital commitments at year end (2022: nil).

35. Contingent assets and liabilities

There are no known contingent assets or liabilities as at balance date (2022: \$nil)

36. Events Subsequent to balance date

During the FY23 financial year Ngāti Rangi exercised its rights in relation to its Deferred Selection Property outlined within its Treaty settlement. Te Kūmete o Paerangi Limited Partnership have undertaken a valuation and assessment of all nominated properties in the Deed of Settlement and has forecast the purchase by the Partnership of a number of key sites to provide affordable housing solutions within the rohe. The timing and quantum of the acquisitions and developments are not yet known.

Post 30 June 2023 the Te Kūmete o Paerangi Limited Partnership Board approved the acquisition for Thames St for \$473,000. Te Kūmete has also purchased Foyle St which has settled. This will be used for the development of 4 affordable rentals. (2022: Post 31st March 2022 the Te Kūmete o Paerangi Limited Partnership Board approved the acquisition for Ruapehu College for \$1,050,000 and this was endorsed by Te Tōtarahoe o Paerangi on 26th May 2022. The transaction was settled on 28th July 2022).