

## REPORTS & FINANCIAL STATEMENTS

For the meeting of Owners held

8 May 2021



**Directory**

**Trustees**

**Wally Lee**

**Craig Kusabs**

**Andrew Kusabs**

**Robert McFarlane**

**Wiremu Keepa**

**Kusabs Lasike Ltd - Lau Lasike**

**Chartered Accountants and Shareholder enquiries**

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**Farm consultant—Peter Livingston**

**Agfirst Farm Consultants**

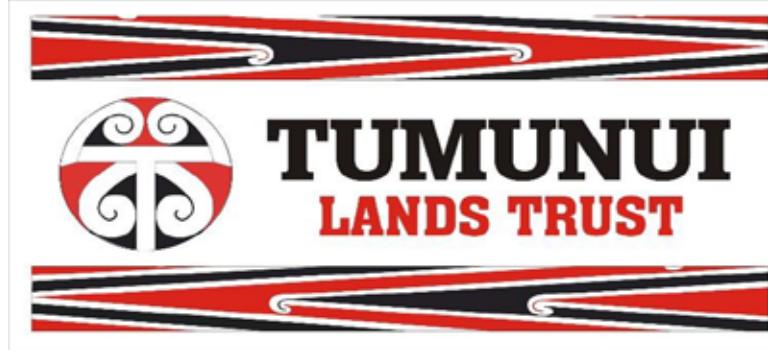
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 **Kusabs Lasike Limited**  
Chartered Accountants

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# MEET THE TRUSTEES

## Wally Lee

Tūhourangi/Ngāti Wahiao/Ngāti Whakaue  
A former professional firefighter with the New Zealand Fire Service, Wally now works in Maori Land Development with MPI.

Wally is the current Chair of Land Trusts including Te Puke 2B1C, Waipupumahana A1B2 and Aokarere Ahu Whenua Trust. Wally is also a trustee for Kapenga M, Peka Lands Trust, executive member of Te Arawa Primary Sector (TAPS) and committee member for Rotorua Project Steering Committee with the Rotorua Lakes Council.



## Andrew Kusabs

Andrew Kusabs was born, bred and educated in Rotorua. He studied at Victoria University in Wellington for four years completing his professional accountancy qualifications.

Currently Andrew is a member of CAANZ and a Chartered Accountant.

As a Chartered Accountant Andrew was involved in offering advice to many Maori Authorities and the general business community and this has been beneficial in his role as a trustee.

Now retired, Andrew has a keen interest in Farming.



## Robert Mcfarlane

Work History: 28 years with a nationwide corporation mainly in managerial positions including: Branch Manager, General Manager, Equipment and engineering Division.

Industry Positions: Chairman, NZ Tractor & Machinery Assoc. Fellow NZ Institute of Management

Director: Donaldson Engineering Ltd

Managing Director of Japanese owned Cable Price NZ Ltd 5 years. Chairman NZ Maori Arts and Crafts Institute - 8 years from 1999. Introduced trading name of Te Puia.

Owned own export orchard for 12 years.



## Craig Kusabs

Craig Kusabs has a Bachelor of Science and Veterinary Science as well as a Post Graduate Diploma in Business Studies with Distinction. His association with Tumunui goes back to the late 1980s where as a veterinary student he worked on the sheep and beef farm plus the newly developed deer farm. He was appointed as a trustee in 2010. One of the key highlights of his time on the trust was purchasing the neighbouring 126ha of adjoining land and incorporating it back into Tumunui.



## Wiremu Keepa

Wiremu was born and raised in Rotorua. Wiremu spent 20 years in the Royal NZ Navy, returning to Rotorua following his honorable discharge, Wiremu gained a number of academic qualifications including a Bachelor Tourism Management degree, Post Graduate Diploma Business Studies degree culminating with a Master Business Studies degree. Wiremu now serves in a trustee capacity on several trusts including Tumunui Lands Trust, Paengaroa North 1A2 and Te Puke 2B1C. He also teaches Te Reo Māori.



## OUR VISION

*Kaitiaki o te whenua mai Tumunui Maunga ki Rotokakahi*

Guardian of the whenua from Tumunui Mountain to Green Lake

## OUR MISSION

To be within top 10% of performing Te Arawa Trusts leading the way through innovation, farming, forestry and environmental tourism for the benefit of beneficiaries



### Our values

**Respect for each other**—our fellow Trustees, whatever their roles in helping to achieve our goals; for the advisors, staff and business partners, and other trustees with whom we deal, for our beneficial owners as a whole.

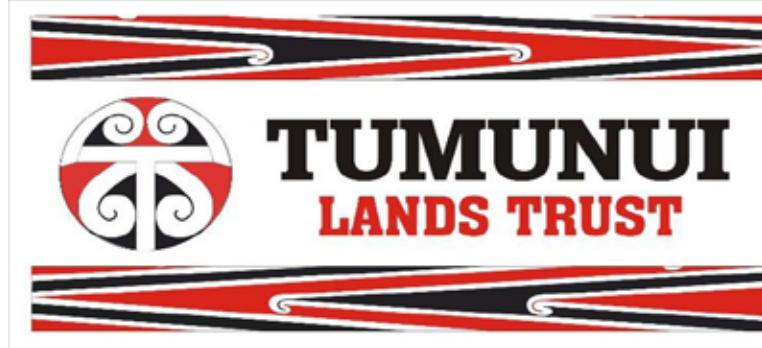
**Integrity** in the ways we deal with each other, with those we deal with, and with those who display interest in or support for our trust.

**Professionalism** in the ways that we discharge of our responsibilities and support the work of our staff and business partners at every level.

**Teamwork**—The effectiveness of every member of Tumunui Lands Trust and the success of our Trust and its work, depends on a range of fellow team members for resources, funding, advice, administration, support and planning.

**Responsive** to the needs and expectations of the beneficial owners we serve.

**Pride** in who we are, what we do and achieve.



**GENERAL MEETING OF BENEFICIAL OWNERS**  
**Saturday 8 May 2021**

Notice is hereby given that a general meeting of beneficial owners of Tumunui Lands Trust will take place at Te Puia, Hemo Road, Rotorua commencing at 10am (registrations open from 9.30am) RSVP is essential for catering purposes. Please phone or email by 12.00pm, Wednesday 5th May 2021. P: 07 347 7533 or E: [admin@kll.co.nz](mailto:admin@kll.co.nz)

**Business.**

1. To receive the Trustees, Farm Supervisor, Forestry Reports and the Financial Statements for the year ended 30 June 2020.
2. To re-appoint the auditors. Messrs Dixon & Co are available for reappointment
3. Variation to Trust Order
  - Add provision for Trainee Trustee
4. General business

**Note:** Notices of meeting will be sent to shareholders whose addresses are known. To register or update your details contact the secretary's office of Kusabs Lasike Limited, 1141 Pukaki Street, Rotorua or online at [www.kll.co.nz](http://www.kll.co.nz)

Wally Lee  
Chairman

	<b>Minutes of the General Meeting of Beneficial Owners of Tumunui Lands Trust held at Holiday Inn Hotel, 10 Tryon Street, Rotorua on Saturday 23<sup>rd</sup> March 2019, commencing at 10.00am (Registrations from 9.30am)</b>
<b>PRESENT:</b>	Wally Lee (Chair), Craig Kusabs, Andrew Kusabs, Robert Macfarlane and owners and descendants of owners as per the list attached to the minutes.
<b>IN ATTENDANCE:</b>	Lau Lasike (Secretary/Accountant), Peter Livingston (Farm Advisor), Shane Perrett (Forest Advisor) and Makuini Warbrick (Minute Secretary).
<b>KARAKIA/MIHI:</b>	Was offered by Mr. Wiremu Keepa.
<b>WELCOME:</b>	Mr Wally Lee thanked everyone for their attendance and welcomed them to the General Meeting for Tumunui Lands Trust.  Mr Lee advised that the apologies register was available during registration and is still available should someone need to add an apology.
<b>ITEMS FOR GENERAL BUSINESS:</b>	1. Cultural History and tangata whenua 2. Papakainga Development
<b>CHAIRPERSON'S REPORT:</b>	The Chairman's report was tabled and spoke to by Mr Lee.  Mr Lee read out the Chair's report in full for the owners present.  <b>Matters Arising:</b> Atareta Heretaunga asked about Tamaki Tours, the lease and the sale from the Tamaki brothers to Tauhara North. Mr Lee explained that Tauhara North has purchased the Tamaki Tours business and with that the lease of land between the Tamaki brothers and Tumunui Trust has also been transferred to the new business owner. The original lease was 52 years, and there is currently about 38 years remaining on the lease. The lease amount is reviewed every two years to ensure the rental remains at current market value. The price to take over the operation was about \$15million, and Tumunui Trust did not see this as a feasible price for operations.
<b>DISTRIBUTION POLICY:</b>	Mr Lee read out the distribution policy provided in the AGM packs to owners for discussion and approval by the owners.  Mr Lee explained that the Trust set the pool of distribution funds at \$120,000 (which is based on \$2.50 per share in Tumunui) would be distributed as Kaumatua Grants for those 60 years and older, discretionary grants including higher education scholarships for final year of study (up to \$10,000) and Marae Grants.  There was general discussion about which Marae should be included in Tumunui Land Trust's Marae Grants. The AGM pack suggested that Apumoana and Hurunga-Te-Rangi Marae receive \$5,000 each. Discussion was held whether Hurunga-Te-Rangi Marae or Te Pakira Marae or both should receive a Marae Grant.  Ms Kiri Potaka-Dewes asked what the rationale is behind selecting the three Marae as recipients of the Marae Grant. Mr Lee said that Apumoana represents Tumatawera Kahu-Upoko, Tumunui Lands Trust has also supported Hurunga-Te-Rangi Marae in the past. Mr Andrew Kusabs added that when Tumunui Lands Trust was formed, the kaumātua of that day were the one that originally set those lines of whakapapa and marae. Mr Staite said that this is part of the reason why the cultural history of the Trust needs to be understood clearly.  <b>MOVED</b>

	<p><i>Elizabeth Te Aonui / Iwa Hereaka</i></p> <p><b>RESOLVED</b></p> <p><i>"That the Marae Grant as per the distribution policy be increased to \$15,000 to be distributed equally to Apumoana Marae, Hurunga-Te-Rangi and Te Pakira Marae (\$5,000.00 each)."</i></p> <p><b>FOR</b></p> <p>Majority of the attendees</p> <p><b>AGAINST</b></p> <p>One.</p> <p><b>CARRIED</b></p>
<b>FARM REPORT:</b>	<p>Mr Peter Livingston introduced himself to the owners and explained his role for the Trust. The Farm report was circulated to all attendees in the agenda Pack. Mr Livingston's report covered:</p> <ul style="list-style-type: none"> <li><b>1. <u>Background</u></b></li> </ul> <p>The Trust's focus has been to look at the long term land use and using the land in a sustainable but economical way.</p> <ul style="list-style-type: none"> <li><b>2. <u>The Farms</u></b></li> </ul> <p>Mr Livingston explained the different dairy farm units, which are all on a sharemilkers or Contract milker basis.</p> <ul style="list-style-type: none"> <li>a. North</li> <li>b. South</li> <li>c. Kaiteriria</li> <li>d. Reporoa</li> </ul> <p>Mr Livingston advised that the trust has purchased its own herd for Reporoa Farm in June/July 2018.</p> <p>The Trust produces about 1 million Kg of Milk Solids (MS), through smarter farming and not being overly intensive. The Trust is considering plantations and the trustees have a plan to plant 600 ha in rotation for the Trust to receive a regular forestry income to complement the farms other avenues of income.</p> <ul style="list-style-type: none"> <li><b>3. <u>Drystock</u></b></li> <li>a. Pakaraka</li> <li>b. Atiamuri</li> </ul> <p>Another opportunity that Tumunui Lands Trust is researching is the venison industry as there is very little waste in the venison industry. There is also a lower environmental impact with deer as opposed to dairy. There was a slump in the deer industry years ago which a lot of farmers exited the venison market. Tumunui Lands Trust held on to its deer portfolio and is now reaping the benefits of being a well-established deer unit currently earning \$11.50/kg. The Trust had originally budgeted on a schedule of \$8/kg to give some perspective.</p> <ul style="list-style-type: none"> <li><b>4. <u>Market Overview</u></b></li> </ul> <p>Mr Livingston provided an overview of the Dairy Payout over several years and also the schedules for Drystock</p> <ul style="list-style-type: none"> <li><b>5. <u>Industry Matters</u></b></li> </ul> <p>Mr Livingston said that Health and Safety is a non-negotiable for the Trust and each farm is audited and has to undertake appropriate systems H&amp;S is non negotiated and is audited and have to go through training and have systems in place.</p>

	<p>There is currently 22 houses spread across the different farms that are used as employee accommodation and needs to be maintained on an ongoing basis.</p> <p>Animal welfare is also at the forefront of decision making and is kept to a high standard.</p> <p>As with environmental pressures the Trust needs to be smart about its water quality and land care.</p> <p><b>6. <u>Summary</u></b></p> <p><b>Matters Arising from the Farm Report:</b></p> <p>Mr Adrian Matthews asked how many employees of Tumunui Lands Trust are Tangata Whenua. Mr Livingston answered that the Dairy farms are either Sharemilkers or Contract Milkers so they have the responsibility and power to employ people. The Drystock units that Tumunui Trust manages have a manager on each farm and from time to time will have an on call casual when required. Tumunui Trust hasn't looked into providing training or hold other programmes on the farm.</p> <p>Mr Staite asked if theft of stock is still a problem on the farms. He recalled that one year a stag worth \$10,000 was taken. Mr Livingston replied that theft is always on the farmers and trustees minds, in the last 5-7 years there has been very little poaching, but everyone is still aware that poaching exists.</p>
<b>FORESTRY REPORT:</b>	<p>Mr Shane Perrett introduced himself and spoke to forestry report which was circulated in the AGM booklets. Mr Perrett's covered:</p> <p><b>1. <u>Tumunui Forest Estate</u></b>      Mr Perrett provided a summary of the 500 hectares of Tumunui Trust's forest.</p> <p><b>2. <u>Forest Strategy</u></b>      Mr Perrett explained that the Trust's strategic plan is to build up the forest estate to 600 hectares with long term options for returns.</p> <p><b>3. <u>Forest Condition</u></b>      The forest is in good general health and condition</p> <p><b>4. <u>Forest Growing Operations</u></b>      Mr Perrett explained that during the last period, planting, spraying, pruning and waste thinning was all carried out. All of these things add to the value of the forest.</p> <p><b>5. <u>Emissions Trading Scheme (ETS)</u></b>      There were no carbon credits traded during the period.</p> <p><b>6. <u>Forest Harvesting</u></b>      There was no harvest activities undertaken in the 2017/2018 financial year. Mr Perrett added that the trees harvested visible from SH 5 will be included in the 2018/2019 report.</p> <p><b>7. <u>Peka Forest</u></b>      Tumunui Trust and Peka Trust are a part of a joint venture for Peka's forest. Over the lifespan of the trees the ownership of the forest has changed to reflect this. Currently, Tumunui's share of ownership is 28.21%.</p> <p><b>8. <u>NZ Forest Industry</u></b>      The log markets area strong at the moment.</p> <p><b>Matters Arising:</b>      An owner from the floor asked if there were any stumps left over from current harvest, and whether it would be possible for the owners or at least the kaumata to access the wood for personal firewood. Mr Perrett answered that there is residual wood left from the harvest. The Trust will utilise and sell as much as possible to make the most return from the harvest.</p>

## TUMUNUI LANDS TRUST

	<p>but there will be residual left over. In terms of health and safety, access and cutting etc would need serious consideration and ultimately the trustees would have to approve it.</p> <p>Ms Colleen Pinder asked for clarification about how the Trust plans to increase its forest from 500 hectares to 600 hectares. Mr Perrett said that it ties in with what Mr Livingston said in his report about sustainable use of the land. The Trust is looking at the best use of the land. Some of the current forest may end up being farm land and some current farm land will be converted to forestry (land that is too steep to farm).</p> <p>Mr William Roach asked if all the harvest is exported. Mr Perrett answered that his job is to get the best price and return for the Trust and landowners, whether it is exporter or sold domestically. At the moment, the domestic market is holding really well so that is where the majority of the loads have been going.</p> <p>Mr Tredegar Hall asked what caused the industry slump in the forestry industry in 2013/2014. Mr Perrett answered that part of the reason was due to export markets putting pressure on the prices.</p>
<b>FINANCIAL:</b>	<p>Mr Lau Lasike provided owners with a summary of accounts for the years ended 30 June 2016, 2017 and 2018 in their AGM booklets. The full financial reports for the year ended 30 June 2018 were also provided in the AGM booklets.</p> <p>Mr Lasike explained that the financial accounts are audited, and the audit report provided confirmation that the accounts were properly accounted for and accurately reflected.</p> <p>Mr Lasike summarised the Trust's income received, and expenses paid over the financial year. Mr Lasike highlighted significant costs the Trust undertook during the year. After a severe storm throughout the district, a large tomo developed on Tumunui Lands which was circulated in the media. There was a significant cost in stabilising and fixing the tomo. Reporoa farm also had a lot of plant and equipment costs as part of the process of the Trust owning its own herd and engaging a contract milker. Trustee fees were higher than usual due to the due diligence undertaken regarding Tamaki Tours.</p> <p>Mr Lasike added that the distribution pool of \$120,000 is based on \$2.50 per share. This is sustainable for the Trust to continue to distribute over time.</p> <p>Ms Veronica Butterworth asked if Mr Lasike could go through the graphs provided in the AGM booklets.</p> <p>Ms Aileen Hepi thought that Mr Lasike's report was not well presented and hard to follow.</p> <p>Mr Staite raised issue to the notes to the financial statements on page 38 of the AGM booklet. Mr Lasike read out the paragraph that had issue to regarding a court of appeal decision is pending and that Tumunui sought to engage Whaoa in settlement discussion but this far, however Whaoa has been unwilling to engage. Mr Staite disagreed with this statement as he and Mr Lee had tried to discuss issues on an informal basis before Tumunui appealed that decision. Mr Staite said that statement is not correct and should be removed and sought an apology from the Trust regarding this. Mr Lee replied in agreement that both he and Mr Staite had met informally to try and work a way forward and agreed that it was not appropriate for that comment to be included in the notes.</p>

## TUMUNUI LANDS TRUST

	<p>Ms Dovey thought that the Trust should be having more than one meeting per year, to engage with its owners. It is difficult for the owners to understand what has been happening with the Trust once every few years.</p> <p>Mr Matthews queried the weed and pest and wanted to know if the Trust would consider employing landowners to control pests e.g. setting traps as the Trust spends a lot on weed and pest. Mr Livingston said that the weed and pest figure is mainly made up of weed control. The figure also includes the purchasing of the product that is being applied to treat the weeds. Mr Lee added that where possible, landowners could be engaged to do trapping etc for pest control.</p> <p>Ms Pinder thought that the presentation was good but would like the explanation to be added to the AGM booklet next time.</p> <p>Ms Wenerata Kopae wanted to note that there were children running around the back of the room making it difficult for those sitting at the back to hear the speakers, and that the parents should be taking more responsibility of them so that everyone can hear what is being said.</p>
<b>MINUTES OF THE PREVIOUS GENERAL MEETING:</b>	<p>The minutes of the previous meeting of beneficial owners was circulated to attendees in their agenda packs. Mr Lee asked if the owners would like the minutes to be read out aloud or to go through page by page as read.</p> <p><b>MOVED</b>  <i>Keita Rikiti/ Wiremu Keepa</i></p> <p><b>RESOLVED</b>  <i>"That the minutes of the general meeting of the beneficial owners held on Saturday 30 April 2016 as circulated be, and are hereby confirmed as a true and correct record of proceedings at that meeting."</i></p> <p><b>CARRIED (By Voice)</b></p> <p><b>Matters Arising:</b>  A query from the floor asked whether the Trust had made any progress on the cultural document of the Trust. Mr Lee said that that has been brought up as a general business item for this meeting and can be discussed then.</p> <p>Another query from the floor regarded making the AGM booklets available for owners a week before the AGM as it is too much information for the owners to digest when distributed at the meeting. The owner wanted the Trust to ensure that the AGM booklets would be made available to the owners at least a week in advance.</p>
<b>MOTION TO RECEIVE ALL REPORTS:</b>	<p><b>MOVED</b>  <i>Keita Rikiti / Reema Hall</i></p> <p><b>RESOLVED</b>  <i>"That the Chairperson's, farm advisor and forestry reports, and the financial statements for the year ended 30 June 2018 be received and adopted."</i></p> <p><b>CARRIED (by voice)</b></p>
<b>APPOINTMENT OF AUDITORS:</b>	<p>The secretary advised that Dixon &amp; Co are available and recommended their reappointment.</p> <p><b>MOVED</b></p>

	<p><i>Tu Dansey / Sheiree Agate</i></p> <p><b>RESOLVED</b></p> <p><i>"That Dixon and Co are reappointed as Tumunui's auditors."</i></p> <p><b>CARRIED (by voice)</b></p>
<b>ELECTION OF TRUSTEE:</b>	<p>The Curriculum Vitae of nominated candidates for trusteeship were distributed in the AGM booklets. Voting forms were also distributed during the registration process to all eligible voters/owners. The nominees were:</p> <ul style="list-style-type: none"> <li>• Tredegar Hall</li> <li>• Wiremu Keepa</li> <li>• Donald Lines</li> <li>• Adrian Matthews</li> <li>• William Roach</li> <li>• Clifton Kelly</li> </ul> <p>Mrs Hall asked why Mr Donald Lines' nomination form was a separate attachment to the booklet. Mr Lasike answered that the printers had missed a page during print hence why it was attached as a separate page.</p> <p>An owner from the floor queried the validity of the nomination form signed by Taati Williams as the nomination form indicates that he is nominating himself. Mr Wiremu Keepa replied saying that it was an honest mistake and that Taati Williams was in fact nominating Wiremu Keepa for trusteeship but had written his details in the nominees place on the form and that the form should be amended to reflect the correct nomination and that will be accepted as the nomination.</p> <p>Mr Staite said that because the form was incorrectly filled in, the nomination should be disqualified or withdrawn. Ms Kopae disagreed that it should be withdrawn because of an honest mistake by Taati Williams and if people don't agree with that, then they simply don't vote for him.</p> <p>Mr Lee asked the beneficial owners if they would like to accept Mr Keepa's nomination. The majority of the room answered yes.</p> <p>An owner wanted clarification regarding the type of trustee that Tumunui Trust is seeking. I.e. a responsible trustee or an advisory trustee as the nomination forms say both. Mr Lee answered a responsible trustee.</p> <p>Mr Lee asked for the nominees to come up and speak to their nomination.</p> <ul style="list-style-type: none"> <li>• Adrian Matthews</li> </ul> <p>Mr Matthews said that he is currently enrolled in a Maori Governance course and would like to continue with governance as a trustee for Tumunui Trust.</p> <ul style="list-style-type: none"> <li>• William Roach</li> </ul> <p>Mr Roach said he is also enrolled in a Maori Governance Course. He is not business orientated, but he is whanau orientated. If elected he would like to do the best for his whanau and ensure that information is as transparent as it can be.</p> <ul style="list-style-type: none"> <li>• Wiremu Keepa</li> </ul> <p>Mr Keepa said that if he is elected as trustee, there will be three things that he would like to explore. They are to incorporate rotation of trustees, hold meetings on a more regular basis and voting should be open from the time the doors are open.</p>

	<ul style="list-style-type: none"> <li>• Tredegar Hall Mr Hall spoke to his experience in governance and it would be a way of giving back to the owners if elected.</li> <li>• Donald Lines Mr Lines said that he has been in the finance industry for many years and spoke to his governance experience. His focus will be on communication and engagement with owners if elected.</li> </ul> <p>Mr Clifton Kelly was not present to speak to his nomination.</p> <p>A question from the floor was whether all of the owners were owners or beneficiaries. They were all owners or beneficiaries.</p> <p>Mr Livingston and Miss Makuini Warbrick were the voting scrutineers. The results of the election were as follows:</p> <ul style="list-style-type: none"> <li>• Tredegar Hall – 24 Votes</li> <li>• Wiremu Keepa – 34 Votes</li> <li>• Clifton Kelly – 1 Vote</li> <li>• Donald Lines – 24 Votes</li> <li>• Adrian Matthews – 11 Votes</li> <li>• William Roach – 17 Votes</li> <li>• INVALID VOTES - 1</li> </ul> <p>Therefore Wiremu Keepa was announced as the successful nominee to be responsible trustee of Tumunui Lands Trust.</p>
<b>GENERAL BUSINESS:</b>	<p><b>1. <u>Cultural History</u></b> Mr Staite wanted to know if there had been any progress on researching the history and culture of Tumunui Lands. Kevin O'Connor had produced a book but it lacked the cultural element. Mr Lee said that they haven't commissioned anyone to write the report, but it should be up to us (the owners) of the Tumunui Trust to write the history, not someone else.</p> <p><b>2. <u>Papakainga on Pakaraka</u></b> An owner from the floor asked if the Secretary has received correspondence from a whanau regarding Papakainga on Pakaraka farm. Mr Lee said that he was not aware of any correspondence come across the board table. Mr Lasike added that he has not seen any correspondence and would liaise with the family after the meeting to give address details.</p>
<b>MEETING CLOSED:</b>	There was no further business. The meeting concluded with a karakia by Manu Pene followed by luncheon at 12.45pm.

## Tumunui Lands Trust Chairman's Report

08 May 2021

*He maungarongo ki te whenua, He whakaaro pai ki ngā tāngata katoa.*

*E nga uri o Tumatawera, Kahu Upoko me Tuhourangi e noho nei rā, tenei te mihi ki a koutou mō tō mana rangatira ki tou whenua, ki tou maunga tapu o Tumunui, ki tou moana o Rotokakahi, arā o tātou taonga katoa mai i a Rangi ki a Papatuānuku.*

*He tūāpapa whakaaro hoki tēnei mō ngā tau kei te heke mai hei arataki, hei tohutohu i a tātou ngā hunga tiaki i tō tātou ake whenua, taiao katoa.*

### Update

It has been two years since our last AGM with Covid lockdowns in between. There have been some losses associated with Covid 19 that will be reflected in the accounts to be presented shortly. The losses are paper losses only and we expect to see much of what we lost “on paper,” to be returned to a large degree over the next financial year. The drought we suffered over the previous three seasons has also had an impact.

However, the Trustees were able to maintain distributions to kaumātua and dividends per share as the operation is well run. Meat distributions were also given out as best we could during the lockdown as everyone was unsure of how people were coping under difficult circumstances. Venison prices have struggled, dairy has strengthened significantly and log prices are also strong. Tumunui’s 28.21% investment in the Peka forest has yielded significant returns enabling reduction of debt. We have approximately 18 months of the Peka harvest to continue and with strong log prices both domestically and internationally. This will allow a continued period of debt reduction and positive development for Tumunui.

In my last report, it was highlighted that the Regional Councils both BOP and Waikato are looking at their rule changes which will effect how we farm our whenua into the future. Added to this is the very complicated Emissions Trading Scheme (ETS), all designed to reduce our carbon footprint and greenhouse gas emissions. If farms do not become carbon neutral, or offset emissions with forestry, then the potential to pay extra taxes as a result will be very costly.

Tumunui Trustees have continued to move forward with an expansion of our forestry footprint and a gradual reduction in our dairy footprint and the number of cows we have on the land. Forestry is a mixture of pine plantation and natives. The plan is for Tumunui to become a carbon neutral farm, thereby eliminating future liabilities and allowing us to continue farming in a sustainable manner.

## Fords Farm

Tumunui Trust are in the process of renewing our lease of Fords Farm heading down to Kaiteriria and Rotokakahi. The Fords have said they do not want to sell this land back to Tumunui and so our only option at this point in time is to continue leasing. To reiterate, it is marginal land in terms of farming and is really only good for low level dry stock.

## Employment/Cadet Programme

The Trustees have followed through with the plan of doing our best to employ our beneficiaries. We have established a trapping/pest management crew, which is building in capacity, upgraded the chiller and refrigeration units by the old woolshed and we now use the old woolshed to store our pest control operations. We now have the ability to provide kai off the whenua for tangihanga and the ability to process and store the food for when its needed. We have also employed a forestry crew who whakapapa to Tumunui and are currently logging 70 acres at the back of Tumunui maunga.

We are in the process of developing a cadetship programme with employment to commence within the next 2 months, second semester. Whilst we have discretionary grants we currently do not provide education grants. A motion can be put forward from the floor to establish education grants. We also support three Marae with a set amount. Tumunui also support Rotokakahi Board of Control with food voucher when needed. I would also ask that we set a yearly amount for Rotokakahi to help with their needs. We also need to consider our succession plan and who we should tap on the shoulder for trainee trustee roles.

## Summary

Considering the state of the world and effect of Covid 19, Tumunui is weathering the storm very well. The fact we have a diverse portfolio of investments, means all our eggs are not in one basket. Diversification is the key and we are looking to diversify further into dairy sheep. We have significant due diligence to get through but we are looking forward to understanding this new industry. Tumunui continues to be well governed and well managed and it is an honour to work on behalf of Tumatawera and Kahu Upoko hapu.

Naku

Wally Lee  
Chair  
Tumunui Lands Trust



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**Independent  
Agriculture  
& Horticulture  
Consultant  
Network**



# **Tumunui Lands Trust Farm Report for the Annual General Meeting 2021**

**Pete Livingston**

May 2021

# 1.0 BACKGROUND

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Tumunui Lands Trust remains well positioned to deliver strong physical and financial outcomes from the farming operation (milk, meat and timber). This is very timely given favourable markets for most primary products at present, even in the face of market disruption globally as Covid-19 impacts.

The Tumunui farming operation is currently in a period of consolidation, following a period of re-investment over the five years up to 2019. The focus of the re-investment process was initially in modernising the dairy operation and improving efficiency of land use on those farms. More recently the main focus has shifted to the drystock farming operation.

At the same time there have been a number of actions taken relating to setting the Trust up to meet future “*environmental and land use*” benchmarks and associated compliance measures. The Trust is very aware that changes to how land is utilised, and in particular farmed, over the next 15 – 30 years need to be factored into the long term “*Business Plans*” and “*Farm Environment Plans*”.

Tumunui Lands Trust is one of the larger entities in the wider Rotorua District, farming in a sensitive area around key lakes and waterways, and has developed a mix of revenue streams to spread the risk / earning power.

In addition to large areas fenced to protect watercourses and natural bush, there are:

- i. Four large dairy farms, ranging in size from 750 to 1,050 cows, with a total of around 3,650 cows milked on 1,600 hectares plus support blocks for running replacement young stock.
- ii. A deer and sheep / cattle unit on 930 hectares, mainly producing venison, velvet and beef. This includes the lease of the neighbouring Woodstock Farm which runs from State Highway 5 down to Rotokakahi.
- iii. A 600-hectare forestry estate which provides timber revenue on a regular basis, and utilises land less suited for livestock farming.

Central Government has indicated that farming will need to be implementing behavioural change by 2025 / 26 around reducing Greenhouse Gas emission rates. Initially this is likely to mainly come from less intensive livestock systems. The afforestation programme on an additional 85 hectares of “*hill country*” since 2015 goes some way towards meeting this requirement for Tumunui Lands Trust.

This is a time of significant change for farmers and because the Tumunui Lands lie in “*sensitive*” ground water catchments, the land use adjustments already underway will also help meet the commitment to see surface and groundwater quality improve.

Forming Strategic Partnerships with others in the industry is likely to become more important to entities like Tumunui in the future. The world needs food but the signal is clear that this cannot be achieved at the expense of the environment.

## **2.0 THE FARMS**

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### **2.1 Dairy: Farmed Area of 1,950 hectares (1,600 ha milking platform)**

#### **2.1.1 North**

- Located on Tumunui Road. Stretching out to the Peka Trust boundary to the North and running alongside Kapenga M Trust lands.
- Farmed area of around 680 hectares. Reduced over the last five years as land areas in the Rotorua Lake Catchment are being planted in forest. There is a further area identified for forestry over the next couple of years.
- Runs 950 – 1,050 cows plus replacement young stock (this was reduced from 1,150 cows previously)
- 50 / 50 Sharemilkers – Russell and Naoko Johnson since June 2018.

#### **2.1.2 South**

- Located on Wilson Road and runs from State Highway 5 under Tumunui Mountain out to the Kapenga M Trust boundary.
- Farmed area of 500 hectares.
- Runs 950-1000 cows plus replacement young stock (For South and Kaiteriria Dairy farms).
- 50 / 50 Sharemilkers – Matt and Louise Pepper since 2014.

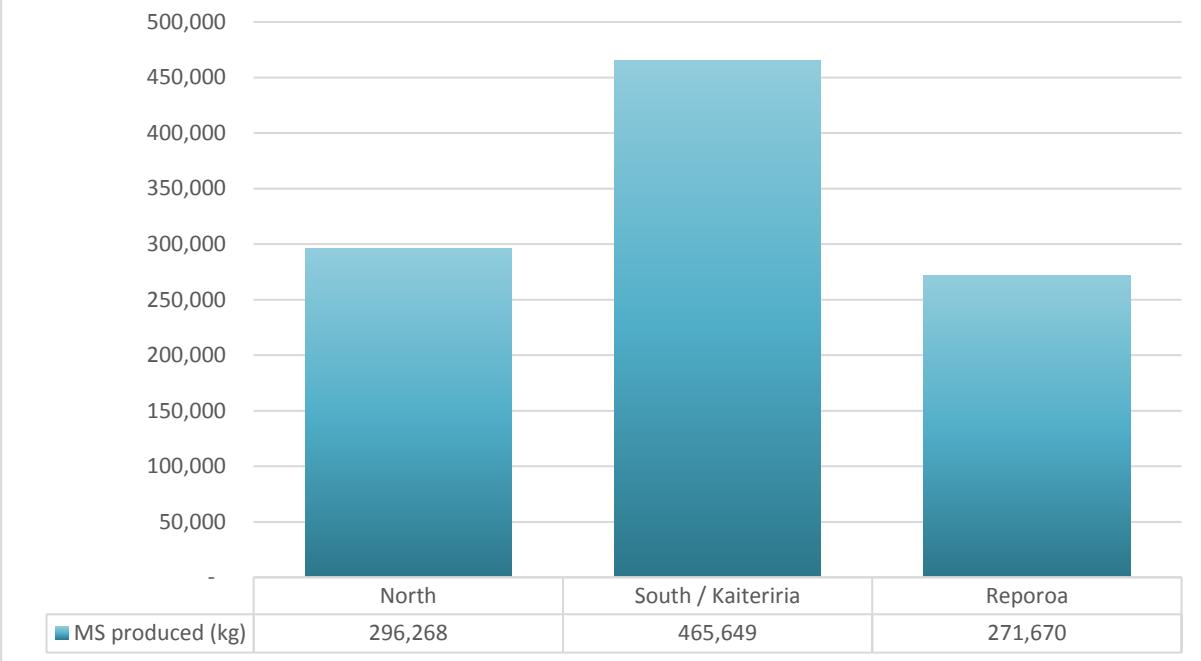
#### **2.1.3 Kaiteriria**

- Located on State Highway 5 (Earthquake Flat Shed).
- Farmed area of 400 hectares including the area purchased on the Eastern side of State Highway 5.
- Runs 800-850 cows.
- 50 / 50 Sharemilkers – Matt and Louise Pepper since 2014

#### **2.1.4 Reporoa**

- Located on State Highway 5 near the Fonterra Ltd factory. Includes both owned and leased land (Whaoa No. 2 Trust).
- Farmed area of 400 hectares (80 hectares of this is owned by Tumunui).
- Runs 780 cows and replacement young stock (number of cows run reduced by over 100 cows in 2018 / 19).
- This farm has the Trust's own dairy herd in place and is run by a Contract Milker, Brendon Symes, since June 2018. The strategy since 2017 in this case has been one of reducing "purchased in" feed such as PKE and becoming self-sustainable with a lower cow number and therefore reducing the environmental footprint, as well as a lower cost structure.

### Milksolids Production - combined farms average over the period 2018 - 2021



#### Key Features of Current Operations

- Increased level of industry compliance measures to take into account.
- Runs a lower number of cows per hectare than district average (2.4 / ha).
- Most cows milked “once-a-day” rather than twice. Fits better with the farm layouts and contour. Reporoa farm still runs a traditional twice-a-day milking system.
- Have invested in new technology, infrastructure and improved operational efficiency heavily since 2012. Expect this to continue over the next decade.
- Developed Farm Environmental Plans – reducing environmental footprint.
- Planting new forest areas on North Dairy, especially in Lake Rotorua and Rotokakahi groundwater catchment areas. Looking at areas of further afforestation with native species under the maunga.
- Pushing for fewer cows but improved productivity per cow.
- Upgrading pastures and soil nutrient status. Looking at strategies that will add resilience to handle climate change. (especially around future droughts)
- Reduced amounts of “*brought in feed*”. More strategic approach to be “*self-contained*”.
- Focused on Quality not just Quantity. i.e. overall animal productivity not just milk production alone.
- Showing good levels of profitability, which are sustainable.
- Combined milksolids produced fast approaching 1.1 million kg per annum.

## **2.2 Drystock: Farmed Area – 930 hectares**

### **2.2.1 Previously**

Pakaraka Deer (360 hectares owned, and 180 hectares leased) was run as one unit of 530 hectares and Atiamuri of 400 hectares as the second farm unit. The retirement of Pakaraka Farm Managers Bob and Robyn Foster in 2021 has resulted in a review of the overall operation.

The operations have generally focused on venison production, supplying under contract to Duncan Venison Ltd as part of a Central North Island Maori Deer Farmers Collective. This provides Tumunui with significant premiums per kilogram of venison supplied. The Pakaraka herd also includes 450 stags specialising in velvet production.

### **2.2.2 Re-structure Programme**

An evaluation of the operation has resulted in the decision to run all three land blocks as “one farm” under one management system. The now “larger” drystock farm is now managed by Graham and Jeanette Birch, with a Head Shepherd, Jim Ashworth, and yet to appoint is an experienced Fencer / General Hand. This will provide a more efficient overall operation that is more diverse in nature and able to adapt to future changes needed to meet market variability, environmental and compliance measures, and manage its costs of production in a smarter manner.

#### **Stock Plan**

##### **i. Sheep**

- 900 – 950 breeding ewes with all lambs born finished
- Trade and finish up to 3,000 lambs per annum

**Winter 1,250 – 1,500 sheep**

##### **ii. Cattle**

- Steers and heifers purchased at 8 – 15 months of age and finished to export and / or local trade markets

**Winter 350 – 400 cattle**

##### **Deer**

- 1,800 – 1,850 breeding hinds
- 2,250 – 2,500 R1yr hinds and stags. Finish most to export market under contract.
- 300 – 350 older stags for breeding and velvet production purposes.

**Winter 4,000-4,250 deer**

Venison markets have taken a significant “dive” in 2020 and 2021 under the Covid–19 challenges seen globally. This has occurred because much of the product goes to the “high end value” restaurant trade in Europe and the USA.

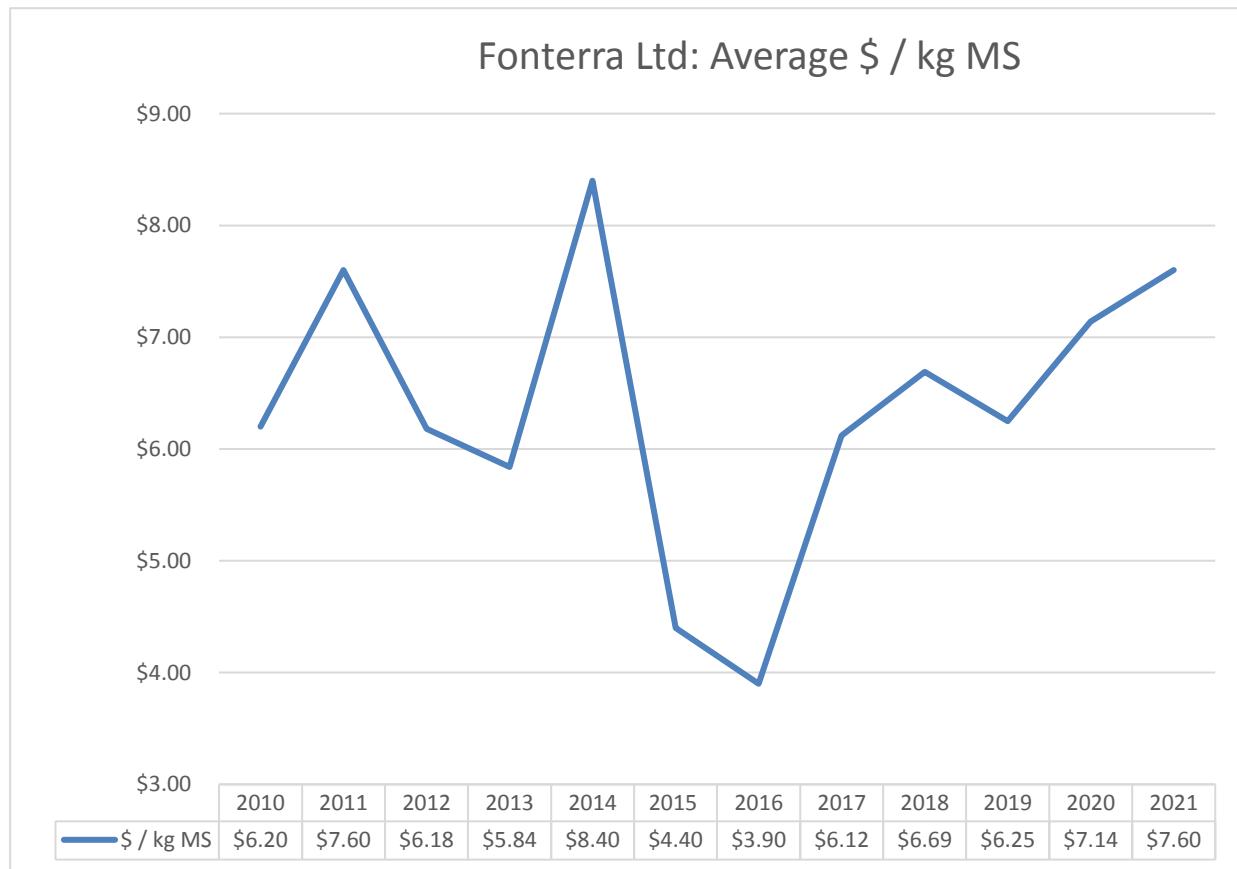
Venison is regarded as a premium meat, well regarded from a health perspective and returns will recover as the world “opens up again”.

In line with the long–term plan to reduce the land area running dairy cows, it is planned to increase the Drystock Unit by up to 80 hectares to just over 1,000 hectares in total. Strategies in the period ahead include:

- Trade/Finish more stags (buy in and finish to sale within each season).
- Diversify the forage / feed supply to provide higher quality feed over an extended period annually and add stronger drought resilience capability.
- Continue to improve existing pastures
- Pay down debt over the next three to five years.
- Significantly improve velvet yield per animals through improved feeding and breeding.

## 3.0 MARKET OVERVIEW

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The dairy (milk product) market, and therefore milksolids payout received by suppliers, went on a “*roller coaster*” ride over the period 2010 to 2017. This made it difficult for farmers to remain profitable and many accumulated additional unwanted debt to survive.

Stability has returned since 2018 with an average 3-5 year payout at around \$6.70 / kg MS. This is well above the “breakeven point”. As a guide, Tumunui Trust can still create good levels of profit and pay down debt/re-invest, at payouts above \$6/Kg of milksolids.

For Tumunui Trust, which tends to run lower cost input and less intensive farm systems, the last three years has enabled a period of consolidation, an upgrade of plant and equipment / fences / effluent systems and ability to pay down a significant portion of the bank loans.

It looks like the 2020 / 21 (current season) will bring a Fonterra Ltd payout above \$7.60 / kg MS and Tumunui milk production is likely to achieve a record breaking 1,083,000 kg MS. A good year to get things right across the board.

### Meat Returns

The markets all sat at high points in 2018 / 19. As we can now clearly see, the disruption that Covid-19 has brought globally, the impact on returns to New Zealand farmers is real. We can't influence this in the short term but can aim to lift average carcass weights.



**NB** Peak season return levels two to three years ago saw Lamb at \$9 / kg, Beef \$6.50 / kg and Venison \$11.50 / kg of carcass weight sold.

Deer Industry NZ are expecting venison prices to rise in the next few months as restaurants re-open for summer business in the Northern Hemisphere. Our long-term budgets have been prepared on a price of \$7.50 – 8.00 / kg of carcass.

There is also a growing “*Home Delivery*” market in some of the larger North American cities.

Two other contributing factors to current meat returns are the \$NZ value which is high, and the challenges meat industry processors are having with shipping product to market efficiently.

## **4.0 WHAT IS IN FRONT OF US?**

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- 4.1** Environmental Management and Mitigation
- 4.2** Increasing Animal Welfare Minimum Standards
- 4.3** The need to reduce water use, especially on Dairy Farms.
- 4.4** Climate change and adapting farm systems to negotiate variability in weather patterns.
- 4.5** Sourcing and retaining skilled labour.
- 4.6** The animal versus plant diet debate.
- 4.7** The need to meet the market as industry wages increase.
- 4.8** Further lift in minimum standards under Health & Safety in the workplace.
- 4.9** Animal Tracing and recording requirements
- 4.10** Rising Costs of Productivity

At first glance this may seem like a daunting list to work through but farmers tend to be resilient people who are well used to changing tack when needed.

Future policy adjustment will most likely be a mix of “*incentive*” to change and a “*new rules and regulations*” approach.

In the end consumers will determine what is required to produce to meet the market and how the product is produced is becoming increasingly important.

## **5.0 SUMMARY**

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Tumunui Lands Trust has made a number of changes over the last decade and invested back in the business and land with a longer-term view in mind.

Current “*Strategic Planning*” is certainly needing to think in a much broader manner than the one that suited the last decade or two. Farming is re-thinking the “best-fit” pathway ahead.

Tumunui Trust has very experienced operators in place who are dedicated to their task.

Thanks to the Trustees, Lau and Makuini and team for their on-going support and ensuring that working with Tumunui Lands Trust is in a positive, forward-thinking environment.



**TUMUNUI LANDS TRUST AGM  
REPORT  
JUNE 2020**

**TUMUNUI FOREST**

Shane Perrett – Prime Forest Management Ltd  
Forestry Advisor / Manager to the Tumunui Lands Trust

# **TUMUNUI FOREST ESTATE**

<b>SPECIES</b>	<b>AREA (HA)</b>
P.RADIATA	511.2
D.FIR	8.6
LUSITANICA	21.0
BLACKWOOD	5.8
<b>TOTAL</b>	<b>546.6</b>

## **FOREST STRATEGY**

Strategically, we are aiming to grow a high quality forest estate in the order of 600ha.

This will provide the trust with long term options in terms of :

- Access to markets
- Generating sustainable returns from forestry

## **FOREST CONDITION**

Tumunui Forest is in good general health and condition.

## **FOREST GROWING OPERATIONS**

Forest growing operations (silviculture) during the period included:

- Planting
- Release spraying (killing weeds around trees)
- Pruning (to create higher valued logs)
- Waste thinning (to remove cull trees)

## **EMISSIONS TRADING SCHEME (ETS)**

Tumunui is a participant in the ETS

No carbon credits have been traded during the period

## **FOREST HARVESTING**

During the 2019/2020 financial year there was no harvesting undertaken.

## **PEKA FOREST**

The Tumunui Lands Trust is a partner in the neighbouring Peka Forest.

Tumunui's investment over time has helped create a forest that is providing a significant return to the trust over the period of harvest.

The table below summarises the relative interests in PekāForest.

<b>Joint Venture Partners</b>	<b>Percentage Ownership</b>
Peka Trust	71.79%
Tumunui Lands Trust	28.21%
<b>Total</b>	<b>100%</b>

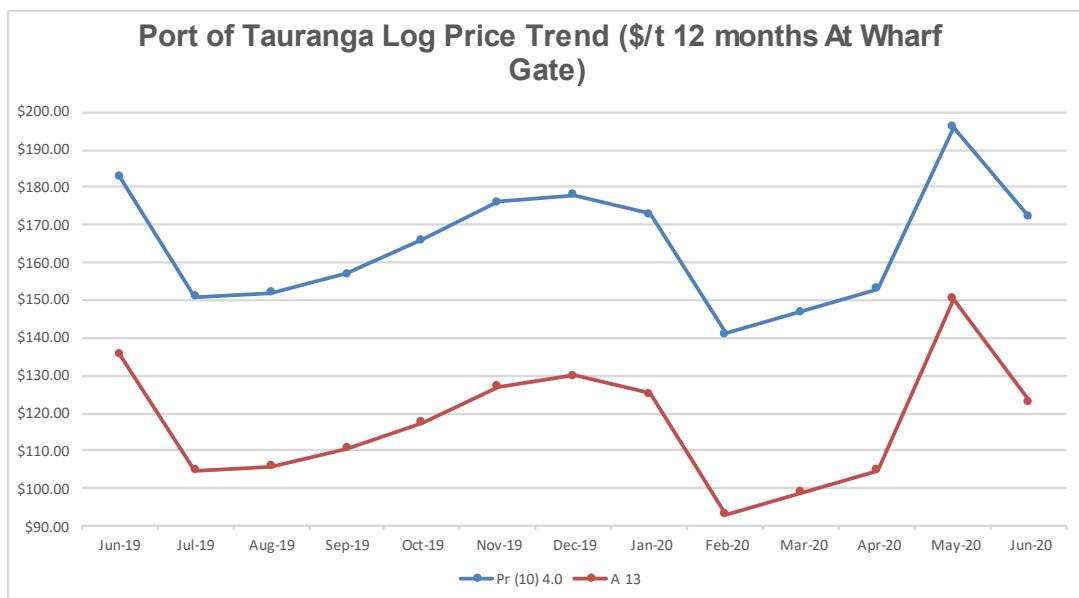
# NZ FOREST INDUSTRY

## COVID 19:

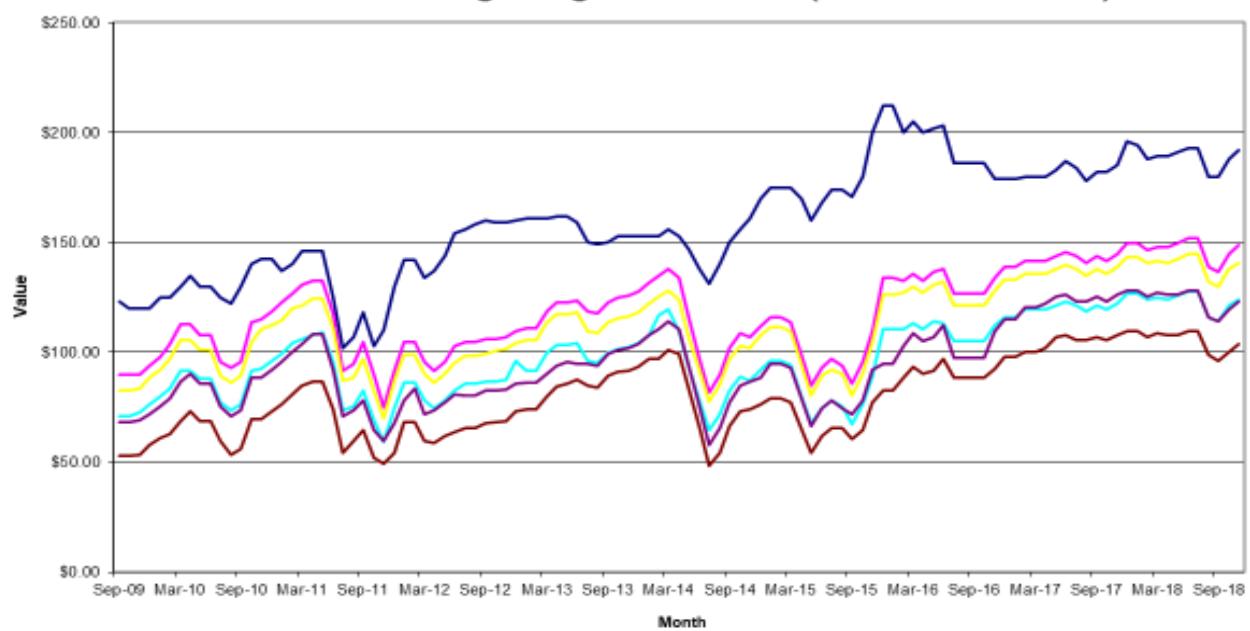
April lockdown ceased all forestry operations which recommenced in May. Crews were working under specific protocols to meet Covid 19 operating requirements.

## LOG MARKETS:

- ↳ Export Log Markets had two corrections during the period.
- ↳ Domestic Pruned Log Markets remained buoyant.
- ↳ Geographically, Tumunui is located in a good position for markets.



### Port of Tauranga Log Price Trend (\$/t at Wharf Gate)



# SUMMARY OF FINANCIAL REPORT



## FINANCIAL REPORT

### FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2020

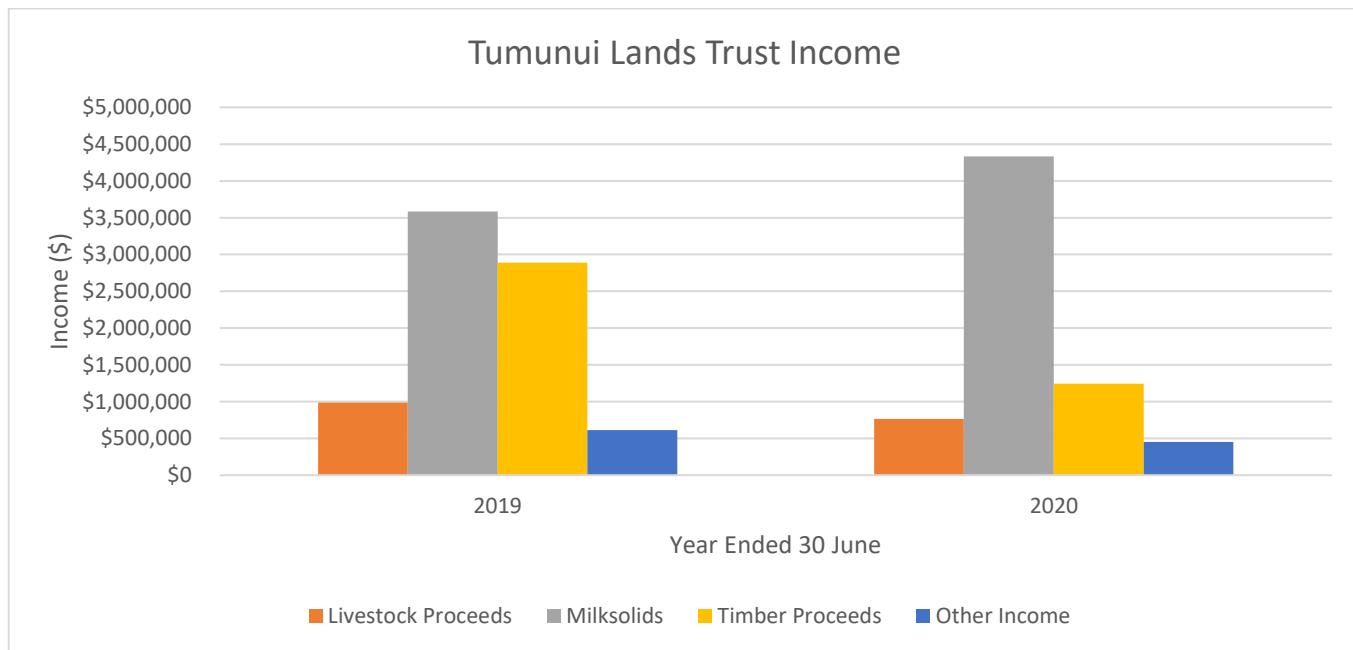
The financial report for the 2021 General Meeting has been summarised below. Full audited financial reports are provided separately.

#### INCOME

The Trust's income is generated from:

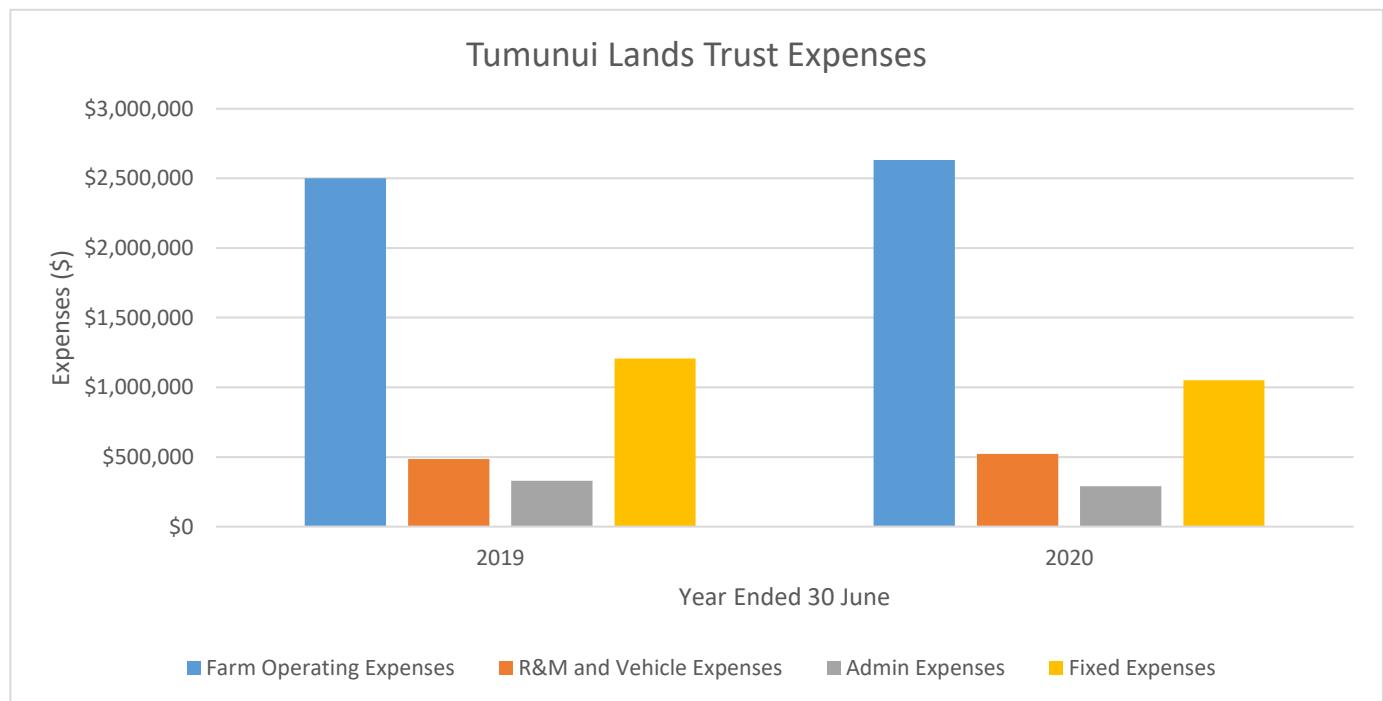
- 4 Dairy units
- 2 Drystock units
- Forestry

- *Income from Milksolids* was \$4,333,781. Milksolid income has increased by \$747,495 from \$3,586,286 in 2019 due to increase in milksolids payout price and volume.
- *Livestock Proceeds* – Livestock proceeds for 2020 were \$767,143 (2019: \$987,658) – Reduced by \$220,515. This was due to fewer number of stock sold and drop in price.
- *Forestry* – Tree proceeds from Tumunui Forest and Peka Trust JV \$1,244,777 (2019: \$2,888,258) – Reduced by \$1,643,481. There was no income from Tumunui Forest this year. In 2019, it was \$2,074,708.
- *Other income (Velvet, Wool, Rebates, Rent, Dividend and Interest received)* - \$451,749 (2019: \$612,463) – Reduced by \$160,714. In 2019 \$100,000 was received from Tamaki Tours as an exit payment. Also, Income from Velvet reduced by \$20,069.67
- *Total Income before Expenses* - \$6,797,450.10 - (2019: \$8,074,664.88) – Reduced by \$1,277,214.78



## EXPENSES

- *Farm Operating Expenses* – increased by \$133,033 (5.3%) from 2019 \$2,499,743 to 2020 \$2,632,776.
  - Cultivation & cropping \$33,755
  - Fertiliser \$114,345
  - Forestry \$44,339
  - Land clearing \$17,946
  - Stock Food \$80,962
  - Animal Health, Animal ID, Breeding Costs, Herd Testing decrease (\$27,808)
  - Fencing decrease (\$67,285)
  - Hay & Silage Purchases/Making decrease (\$40,967)
- *Repairs & Maintenance & Vehicle Expenses* – increased by \$36,875 (7.6%) from 2019 \$484,725 to 2020 \$521,600
  - Employee Accommodation \$14,796
  - Plant & Equipment \$41,450
  - Vehicle Expenses \$10,410
  - Tracks, Yards & Races decrease (\$45,671)
  - Water Supply decrease (\$7,667)
- *Administration Expenses* – reduced by \$39,572 (12%) from 2019 \$328,741 to 2020 \$289,169
  - AGM Expenses decrease (\$14,073)
  - Consultancy decrease (\$11,064)
  - Share Register maintenance decrease (\$18,636)
- *Fixed Charges* – reduced by \$157,052 (13%) from 2019 \$1,207,858 to 2020 \$1,050,806
  - Bio Security levies \$15,871
  - Insurance \$9,121
  - Interest Paid decrease (\$172,943)
- *Total Expenses* – \$4,494,352.63 (2019: \$4521,068.11) – Reduced by \$26,715.48



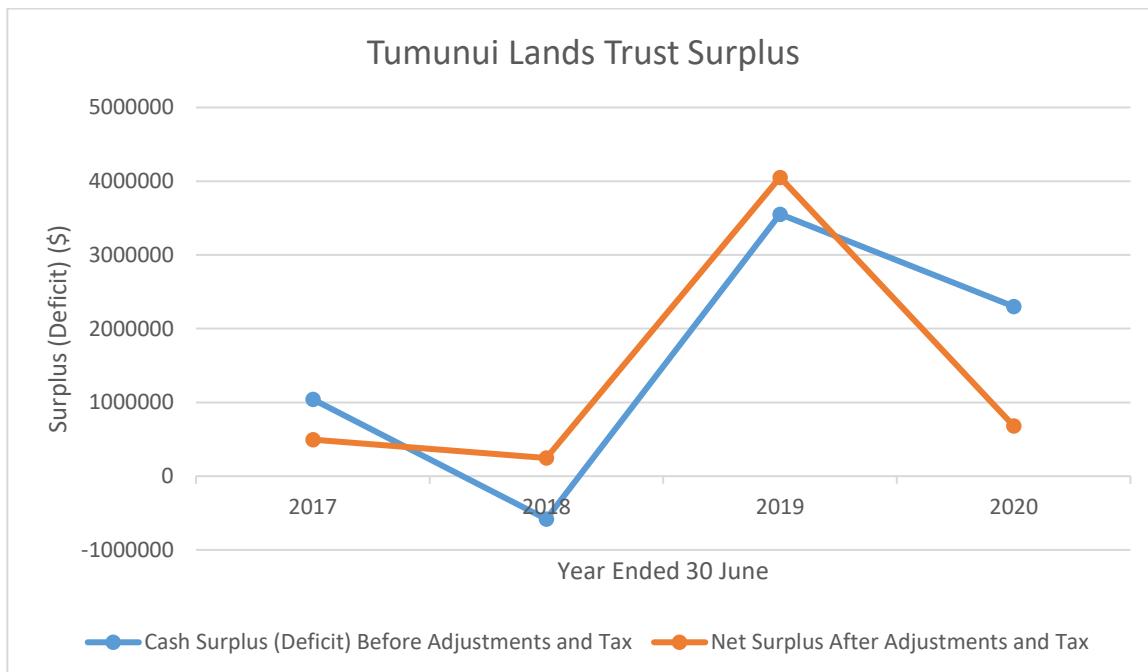


## NET SURPLUS

- The Net Operating Surplus (BEFORE Non Cash Adjustments, Taxation, and Non Deductible Expenses) - \$2,303,097.47 (2019: \$3,553,596.77) – Reduced by \$1,250,499.30
- Non Cash Adjustments – (\$1,321,505.33) (2019: \$917,048.67) – Reduced by \$2,238,554.00.

In the 2019 year there was a change in accounting policy to record livestock at market values. In prior years livestock had been recorded at Taxation Values in the Profit & Loss Account and Market Values in the Balance Sheet. The change in policy increased the net surplus in 2019 by \$1,573,494..

- Surplus (AFTER Non Cash Adjustments, Taxation, and Non Deductible Expenses) – \$680,560.17 (2019: \$4,052,941.54) – Reduced \$3,372,381.37



## BALANCE SHEET

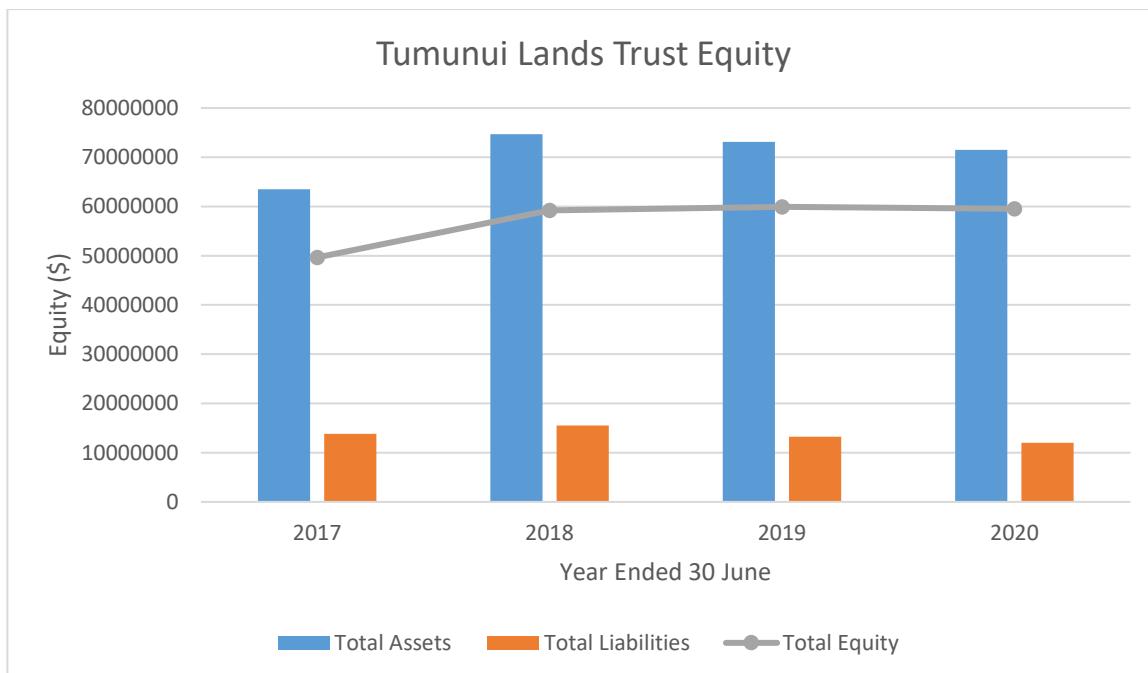
	2020	2019 \$
Current Assets	5,514,838	6,068,803
Non-Current Assets	65,985,693	67,072,646
<b>Total Assets</b>	<b>71,500,531</b>	<b>73,141,449</b>
Current Liabilities	1,542,483	1,586,065
Non-Current Liabilities	10,431,477	11,624,781
<b>Total Liabilities</b>	<b>11,973,960</b>	<b>13,210,846</b>
<b>NET ASSETS/EQUITY</b>	<b>\$59,526,571</b>	<b>\$59,930,603</b>

- *Current Assets* comprise Cash at bank, Accounts Receivable, GST Refunds, Tax Refunds, Prepayments and Livestock on Hand.
  - Current Assets decrease by \$553,965 mainly due to low Deer values.
- *Non-Current Assets* comprise Fixed Assets and Investments.
  - Property, Plant & Equipment decrease was a result of depreciation charge and forestry valuation down as Tumunui/Peka Trusts JV trees felled in current year.
  - New Zealand Shares were down due to the decrease in Fonterra share value from 2019 \$4,356,326 to 2020 \$4,220,896
- *Current Liabilities* consist of Accounts Payable, Bank Overdraft, Employee Leave Accruals, GST and Taxation Payable and Bank Loans due for payment within the next 12 months.

Changes from 2019 to 2020 are:

- Bank loan repayments due within 12 months 2020 \$784,753 (2019: \$731,258) – Increased by \$53,495
- Accounts payable & accruals 2020 \$351,894 (2019: \$232,959) – Increased by \$118,935
- GST payable 2020 \$204,145 (2019: \$170,307) – Increased by \$33,838
- Provision for Taxation 2020 \$164,966 (2019: \$417,159) – Reduced by \$252,193

- *Non-current Liabilities* comprise Unclaimed Dividends and Bank Term loans.
  - Bank Term Loans decreased by \$1,219,875 from 2019 \$10,689,580 to 2020 \$9,469,705
  - Unclaimed dividends rose by \$26,572 to \$879,899 from 2019 \$853,327
- *Distribution to Beneficiaries* - \$197,273.70 (2019: \$156,873.70) – Increased by \$40,400 due to more beneficial owners who qualified for the Kaumātua Grant.
- *Equity* - \$59,526,571 (2019: \$59,930,603) – Reduced by \$404,032.00



# FINANCIAL REPORT

## *TUMUNUI LANDS TRUST ROTORUA*

### Financial Statements

#### For the Year Ended 30 June, 2020

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- Statement of Profit or Loss	21
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## INDEPENDENT AUDITOR'S REPORT

# To the Beneficiaries of Tumunui Lands Trust

### Opinion

We have audited the financial statements of Tumunui Lands Trust on pages 2 to 27, which comprise the balance sheet as at 30 June 2020, and the statements of livestock trading, profit or loss and movements in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of Tumunui Lands Trust for the year ended 30 June 2020 are prepared, in all material respects in accordance with the accounting policies stated in Note 1 to the financial statements.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Tumunui Lands Trust 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Tumunui Lands Trust.

### Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the Beneficiaries, Inland Revenue and internal management. As a result, the financial statements may not be suitable for another purpose.

### Restriction on Responsibility

This report is made solely to the Beneficiaries, as a body, in accordance with clause 7(c)(i) of the Trust Order of Tumunui Lands Trust dated 8th July 2005. Our audit work has been undertaken so that we might state to the Beneficiaries 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 Beneficiaries as a body, for our audit work, for this report, or for the opinions we have formed.

### Trustees' Responsibility for the Financial Statements

The Trustees are responsible on behalf of the Trust for determining that the special purpose accounting policies adopted are acceptable in Tumunui Lands Trust's circumstances, the preparation of financial statements, and for

such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust'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 the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Kirsten Dixon  
Public Practitioner and Qualified Auditor  
Taupo

27<sup>th</sup> April 2021

## TUMUNUI LANDS TRUST

### **Notes to the Financial Statements For the year ended 30 June 2020**

#### **1 Statement of Accounting Policies**

These financial statements are for TUMUNUI LANDS TRUST.

These financial statements are special purpose and have been prepared for taxation purposes on the principles contained in the Income Tax Act 2007, the Trust's lender (BNZ) and for the purposes of the Trustees.

The accounting policies adopted are not in conformity with generally accepted accounting practice. Accordingly, the financial statements should only be relied on for the expressly stated purpose.

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis, modified by the revaluation of certain assets as indicated in the policies below, are followed by the entity. The financial statements have been prepared on an accruals basis, and the going concern assumption is applied.

#### **Entity Reporting**

The entity is a Trust formed pursuant to Section 215 of Te Ture Whenua Maori Act.

#### **Specific Accounting Policies**

The following accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

##### **(a) Accounts Receivable**

Accounts Receivable are stated at their anticipated realisable value. Bad Debts are written off during the year as they are identified, with appropriate adjustment being made as at balance date for any doubtful debts that may exist.

##### **(b) Livestock**

Livestock have been recorded for accounting purposes at estimated market values. The increase or decrease in value during the current year of livestock on hand at the close of the financial year has been credited as an adjustment to the Statement of Profit or Loss.

A contingent taxation liability exists as at balance date to the extent that the recorded total market value exceeds the value determined in accordance with the provisions of the Income Tax Act and which has been used for the purposes of filing the current year's taxation return.

##### **(c) Income Tax**

Taxation Expense charged against the net profit for the year (where appropriate) is the estimated tax for the year after taking into account all deductions that are available. No provision has been made for deferred Tax

##### **(d) Investments**

Investments are recorded at lower of cost or net realisable value, except for shares held in cooperatively owned companies, which have been revalued based on redemption values advised by these companies or per the NZSX.

## TUMUNUI LANDS TRUST

### Notes to the Financial Statements For the year ended 30 June 2020

#### (e) Property, Plant & Equipment

Property, Plant & Equipment are stated at cost (unless otherwise noted below) less aggregate depreciation. Land, Improvements and Buildings have been revalued to the latest Ratings Valuation dated 1 July 2017. The ratings valuations are issued every three years. Movements in revaluations are shown in a Revaluation Reserve in the Statement of Changes in Equity.

Forestry is stated at current market value, after deduction of point of sale costs, as assessed by an independent registered forest valuer recognizing the particular requirements of NZIAS 41 (see Note 18).

#### (f) Depreciation

Depreciation has been calculated using the maximum rate permitted by the Income Tax Act 2007. These rates are listed below. The revalued portion of Buildings has not been depreciated.

Land Improvements	0 – 19.2%DV
Buildings	0 – 10.0%CP
Buildings	0 – 40.0%DV
Forestry	0 – 6.0%DV
Motor Vehicles	10.0 – 36.0%DV
Plant & Equipment	0 – 62.5%DV
Office Equipment	0 – 60.0%DV
Furniture and Fittings	0 – 39.6%DV

#### (g) Goods and Services Tax (GST)

These accounts have been prepared exclusive of Goods and Services Tax except for Accounts Receivable and Accounts Payable.

#### (h) Revenue Recognition

Revenue from sales includes amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

#### (i) Estimates & Assumptions

Preparation of special purpose financial statements requires Trustees and Management to make judgement estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses.

Actual results may differ from these estimates. Revisions to estimates if required are recognised in the period in which the estimates are revised.

#### (j) Interest bearing borrowings

Interest bearing borrowings are recognised at original amounts borrowed less principal reductions made. Interest costs are recognised in the Statement of Profit & Loss.

#### (k) Changes in Accounting Policies

There have been no changes in accounting policies which have been applied on bases consistent with those used in the prior years.

**TUMUNUI LANDS TRUST**

**Notes to the Financial Statements  
For the year ended 30 June 2020**

**2 Trustees Fees & Expenses**

Trustee Fees:	Attendance		2020	2019
	2020	2019	\$	\$
AM Kusabs	13	20	7,761.00	11,940.00
C Kusabs	14	16	8,358.00	10,596.89
R MacFarlane	13	19	7,761.00	11,343.00
W Lee	30	26	22,238.83	18,358.13
W Keepa	14	3	8,358.00	1,791.00
			<u>54,476.83</u>	<u>54,029.02</u>
Trustee Expenses			9,819.30	11,023.85
<b>Total Trustee Fees &amp; Expenses</b>			<b><u>64,296.13</u></b>	<b><u>65,052.87</u></b>

**3 Operating Lease Commitments**

2020	2019
\$	\$

Operating lease rental commitments under non-cancellable operating leases are:

Current (per annum)	138,228.84	138,228.84
---------------------	------------	------------

**4 Taxation Expense**

2020	2019
\$	\$

Net (Deficit)/Surplus	981,592	4,470,645
Adjustments		
- Livestock Adjustments	602,579	(1,573,494)
- Accruals written back	13,648	-
- Capital Fencing Expenses	(10,453)	-
- Holiday Provision	2,342	(1,834)
- Holiday Pay Taken	(2,095)	(304)
Taxable income/(Loss)	<u>1,587,613</u>	<u>2,895,013</u>
Losses brought forward	-	(510,991)
Taxable income	<u>1,587,613</u>	<u>2,384,022</u>

Tax @ 17.5 cents	277,832	417,204
Taxation Paid	(112,841)	-
RWT Paid	(25)	(45)
Taxation Payable/(Tax Refund)	<u>164,966</u>	<u>417,159</u>

## TUMUNUI LANDS TRUST

### Notes to the Financial Statements For the year ended 30 June 2020

Maori Authority Credit Accounts (MACA)	2020	2019
	\$	\$
Opening Balance	812,764	843,294
RWT Paid	19	18
Taxation Paid	530,000	-
Balance as at 31 March	1,342,783	843,312
RWT Paid	7	27
Taxation Paid/(Tax Refunds)	-	(30,575)
Balance as at 30 June	<u>1,342,790</u>	<u>812,764</u>

### 5 Distributions to Shareholders

- (a) A dividend of \$81,873.70, being \$1.70 per share, will be declared and payable in December 2020. A Provision for this dividend has been made in these accounts. Last year a Provision for Dividend was made for \$81,873.70 being \$1.70 per share. This dividend was paid in December 2019.
- (b) Kaumatua Grant of \$200 was approved and paid in December 2019 for those aged 60 years and over. Total \$104,000. (Last year paid \$75,000)

### 6 Farm First Rapid Repay Facility

The BNZ Farm First Rapid Repay facility is made up as follows:

- Cheque Account - \$Nil OD (2019: \$Nil). Overdraft limit is \$1,000,000. Interest rate in 2020 was 7.20% pa.

This facility is secured as detailed in Note 13.

### 7 Receivable and Prepayments

	2020	2019
Trade Debtors	1,454,740	1,244,148
Prepayments	104,897	88,186
	<u>\$1,559,637</u>	<u>\$1,328,334</u>

### 8 Livestock on Hand

	Number		Current Mkt Value	
	2020	2019	2020	2019
			\$	\$
Deer	4,008	4,275	1,778,627	2,674,900
Sheep	1,045	595	134,115	102,580
Beef Cattle	358	364	339,581	359,133
Dairy Cattle	897	853	1,319,625	1,305,725
	<u>6,308</u>	<u>6,087</u>	<u>3,571,948</u>	<u>4,442,338</u>

**TUMUNUI LANDS TRUST**

**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

A physical count of deer on Tumunui Deer Farm was carried out by Bob Dunn Livestock Ltd and the Farm Manager on the 30<sup>th</sup> June 2020. A physical count of the sheep and cattle was carried out by Chris Jackson, an independent valuer from Carrfields Livestock Ltd and the Farm Manager on 2<sup>nd</sup> July 2020.

Mr. T Power, an independent valuer from AFFCO NZ Ltd, and the Atiamuri farm manager carried out a physical count of deer, sheep, and cattle on Atiamuri farm on the 7<sup>th</sup> July 2020.

Pat Sheely, an independent valuer from Carrfields Livestock Ltd carried out a physical count of dairy cattle on the property at Reporoa on 10<sup>th</sup> July 2020. All livestock was valued at current market value. Livestock form part of the perfected security interest described in Note 13.

**9 Investment in Company Shares**

NZ Shares	No. Of Shares	2020	2019
Fonterra Co-operative Group Ltd	1,128,582	4,220,896	4,356,326
Ballance Agri-Nutrients Co-operative Ltd	61,200	495,720	495,720
Farmlands Ltd	14,911	14,911	14,911
Wool Equities Ltd	7,442	164	164
Ravensdown	100	100	100
<b>Total</b>		<b>4,731,791</b>	<b>4,867,221</b>

**10 Peka Trust Joint Venture**

Peka Trust owns approximately 367.5 ha of Pinus Radiata plantation forest. Tumunui Trust has the expertise and resources necessary to tend and manage the proper development of the plantation forest. The parties agreed Tumunui Trust will be compensated for its contribution to the joint venture by being entitled to the share of the proceeds of the harvesting of the plantation forest. Tumunui Trust entitlement and the results of the operation of the JV at balance date are as follows:

	2020	2019
Entitlement	28.21%	28.21%
Income	\$1,197,104	\$813,550
Expenditure	\$8,448	\$7,281

**11 Property, Plant & Equipment**

	Cost or Valuation	Deprn	Accum Deprn	Bookvalue 2020
Land	7,042,926	-	-	7,042,926
Property Improvements	8,719,198	208,004	2,813,342	5,905,856
Buildings	4,994,182	81,425	1,959,642	3,034,540
Asset Revaluation Reserve - Land & Bldgs	35,500,373	-	-	35,500,373
Vehicles	498,885	44,907	315,078	183,807
Forestry (Note 11)	8,885,938	1,574	34,302	8,851,636
Plant & Equipment	2,421,436	115,055	1,699,559	721,877
Office Equipment	41,939	247	30,540	11,399
Furniture & Fittings	50,804	161	49,316	1,488
<b>Total</b>	<b>68,155,681</b>	<b>451,373</b>	<b>6,901,779</b>	<b>61,253,902</b>

**TUMUNUI LANDS TRUST**

**Notes to the Financial Statements**  
For the year ended 30 June 2020

	Cost or Valuation	Deprn	Accum Deprn	Bookvalue 2019
Land	7,042,926	-	-	7,042,926
Land Improvements	8,614,027	217,790	2,605,338	6,008,689
Buildings	4,947,404	85,182	1,878,217	3,069,187
Asset Revaluation Reserve - Land & Bldgs	35,500,373	-	-	35,500,373
Vehicles	452,765	40,145	287,064	165,701
Forestry (Note 11)	9,634,968	805	32,728	9,602,240
Plant & Equipment	2,389,798	125,474	1,586,783	803,015
Office Equipment	41,939	486	30,294	11,645
Furniture & Fittings	50,804	200	49,155	1,649
<b>Total</b>	<b>68,675,004</b>	<b>470,082</b>	<b>6,469,579</b>	<b>62,205,425</b>

**12 Capital Commitments**

The Trust had capital commitments at balance date of \$33,800 for milk cooling plant of which \$16,900 was paid at balance date. (2019:\$4,620).

**13 Non Current Liabilities**

	2020	2019
	\$	\$
BNZ Term Loans	10,254,458	11,420,838
Less Current Portion	(784,753)	(731,258)
	<b>\$ 9,469,705</b>	<b>\$10,689,580</b>

**BNZ Loans Special Condition**

- The Trust annual financial statements to be provided to the bank within 270 days of balance date
- The Trust ensure that "Accumulated Funds of Trust" be maintained at a minimum of 70% of "Total Tangible Assets"
- The Trust confirmed that they have not created or executed any further security interest over any part of the properties described in the "Security" section of the Bank *Letter of Advice* and there have not been any other dealings lodged on any title (without limitation, for instance a caveat), without the bank written approval, since any security interest in the Bank favour was executed by the Trust or any Guarantor/third party and the Trust agree not to deal with the title of any property subject to any security interest in the Bank favour without the Bank prior written consent to any such dealing. The Bank can demand immediate payment of the total amount or reduce the Trust limit if there is any dealing lodged on the title of any property subject to any security interest in the Bank favour provided by the Trust and/or any Guarantor/third party, without the Bank prior written consent to any such dealing.

**TUMUNUI LANDS TRUST**

**Notes to the Financial Statements**  
For the year ended 30 June 2020

Details of BNZ Term Loan are as follows:

	<u>Loan Balance</u>	<u>Monthly Repayments (Principal)</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
BNZ Loan #3018	1,100,000.00	Irregular \$1,100,000.00	3.81%	20/06/2029
BNZ Loan #3019	2,534,974.00	Irregular \$6,131.00	3.81%	22/03/2029
BNZ Loan #3020	1,333,720.00	Irregular \$10,392.50	3.81%	23/04/2030
BNZ Loan #3021	1,766,296.96	Irregular \$21,350.00	3.81%	20/06/2025
BNZ Loan #3022	514,386.00	Irregular \$15,220.75	3.81%	18/09/2030
BNZ Loan #3023	1,508,429.04	Irregular \$5,842.62	3.81%	18/09/2025
BNZ Loan #3024	1,496,652.00	Irregular \$6,459.25	3.81%	18/05/2028

Security is as follows:

- Registered first mortgage over leasehold property situated at 3416 State Highway 5 , Reporoa and described in Certificate of Title SA52C/297
- Registered first mortgage over property situated at 744 Parsons Road, Atiamuri and described in Certificates of Title SA51A/514 and SA51A/515.
- Registered First Mortgage over property situated at 3452 State Highway 5, Reporoa and described in Certificates of Title SA 31A/908 and SA51A/555.
- Registered First Mortgage over property situated at Highland Loop Road, Waimangu Rotorua and described in Certificates of Title 667677.
- Registered First Mortgage over property situated at Highlands Loop Road, RD3 Rotorua and described in Certificates of Title 667678.
- Perfected security Interest in all present and herein after acquired investment securities issued by Fonterra Co-operative Group Ltd supply numbers 78637, 78921, 78904 and 78905.
- Perfected security interest in all present and herein after acquired property of the Trust.

	2020	2019
	\$	\$
Accumulated Funds	59,567,816	59,930,603
Total Tangible Assets	71,549,362	73,141,449
Percentage	83.25%	81.94%

**14 Shareholders' Equity**

	2020	2019
Ordinary shares – 48,161	71,330	71,330

**TUMUNUI LANDS TRUST**

**Notes to the Financial Statements  
For the year ended 30 June 2020**

**15 Capital Reserves**

	2020	2019
Capital Gain on Plant	10,868	10,868
Various	13,007	13,007
MOW Road Compensation	5,900	5,900
Rotorua District Council	50,000	50,000
Whaoa Transmission Line Compensation	13,347	13,347
Gas Pipeline Compensation	20,864	20,864
BOP Regional Authority	27,500	27,500
Trust Power - Sale of Shares	14,866	14,866
Forestry	17,756	17,756
Bonus Issue - NZ Dairy Meats Ltd	224	224
Bonus Issue - NZ Dairy Group of Companies	535,998	535,998
Bonus Issue - NZ Wool Services Int. Ltd	2,670	2,670
Bonus Issue - NZ Dairy Group of Companies 1998/99	97,976	97,976
SIDCo Merger Distribution - Shares in NZ Dairy Food Ltd	333,431	333,431
Capital Revenue - 5/6 of Quarry Royalty	5,928	5,928
Bonus Issue - NZ Dairy Group of Companies 1999/2000	107,417	107,417
Sharemilkers' share of the Merger Capital Distribution	(53,891)	(53,891)
Capital Revenue - 5/6 of Quarry Royalty & 50% of Exotic Timber	66,554	66,554
Capital Revenue - 50% of Exotic Timber	47,818	47,818
Realised Capital Revenue - Fonterra Shares	682,430	682,430
Capital Revenue - 50% of Exotic Timber	88,983	88,983
Tax-free Capital Distribution Received	20,519	20,519
Dividend Declared	(192,646)	(192,646)
Capital Reserve - 50% Exotic Timber	7,906	7,906
Capital Reserve - Realised Share Revaluations (Fonterra 2008 year)	581,512	581,512
Capital Reserve - Realised Share Revaluations (Fonterra 2009 year)	123,859	123,859
Loss on Sale of NZ Wool Services International Ltd Shares	(1,469)	(1,469)
	<u>2,629,327</u>	<u>2,629,327</u>

**16 Asset Revaluation Reserve:**

- Land, Improvements and Buildings

	2020	2019
Opening Balance	35,500,373	35,500,373
Current Year movement	-	-
Closing balance	<u>35,500,373</u>	<u>35,500,373</u>

Land Improvements and Buildings are shown at Government Valuation dated 1st July 2017.

**17 Asset Revaluation Reserve:**

- Shares

	2020	2019
	\$	\$
Opening Balance	(318,348)	1,464,811
Revaluation of Fonterra Co-Op Shares	(135,430)	(1,783,159)
Closing Balance	<u>(453,778)</u>	<u>(318,348)</u>

**TUMUNUI LANDS TRUST**

**Notes to the Financial Statements  
For the year ended 30 June 2020**

**18 Asset Revaluation Reserve – Forestry**

	<b>Net BV</b>	<b>Net BV</b>
	2020	2019
Opening Balance	9,553,000	9,574,128
Current Year Movement	(766,889)	(21,128)
Closing Balance	<u>8,786,111</u>	<u>9,553,000</u>
<b>Represented by:</b>		
Trust Owned Forest	(344,938)	100,134
Peka Joint Venture	(421,951)	(121,262)
Total Current Revaluation	<u>(766,889)</u>	<u>(21,128)</u>

The Trust owned forest was valued at 30/6/2020 at current market value by Prime Forest Management Ltd.  
Peka Trust owned forest was valued at 30/6/20 at current market valuation by NZ Forest & Woodlot Ltd.

**19 Asset Revaluation Reserve – Livestock**

Livestock is now recorded in both the Trading Accounts and Balance Sheet at Market Value, therefore the revaluation reserve has been reversed in the current year.

	<b>2020</b>	<b>2019</b>
	\$	\$
Opening Balance	-	1,351,255
Current Year movement	-	<u>(1,351,255)</u>
Closing balance	<u>\$Nil</u>	<u>\$Nil</u>

**20 Retained Earnings**

	<b>2020</b>	<b>2019</b>
	\$	\$
Retained Earnings Tax Free	(Note 20a)	2,697,072
Retained Earnings Taxable	(Note 20b)	10,296,134
		<u>12,993,206</u>
		<u>12,494,919</u>

**20a Retained Earnings (Tax Free)**

Opening Balance	2,879,345	3,036,219
Less:		
Dividend	(Note 5)	(81,873)
Kaumatua Grant	(Note 5)	(100,400)
Closing Balance	<u>2,697,072</u>	<u>2,879,345</u>

The Trust elected to join the Maori Authority Regime for tax purposes from 1 Apr 2004. Distribution to members from income retained prior to the 2004 - 2005 income year will be treated as non-taxable distributions in the hands of the beneficiaries.

**20b Retained Earnings (Taxable)**

Opening Balance	9,615,574	5,562,632
Net (Deficit)/Surplus for the Year after Taxation	680,560	4,052,942
Closing Balance	<u>10,296,134</u>	<u>9,615,574</u>

## TUMUNUI LANDS TRUST

### Notes to the Financial Statements For the year ended 30 June 2020

#### 21 Related Party Transactions

AM Kusabs is a Trustee of the Trust. He charged the Trust for consultancy time of \$1,272 which is included in consultancy fees. (Last year \$1449)

The Trust did not owe any advance to beneficiaries during the current financial year. During the year the Trust did not advance any funds to beneficiaries. (2019: \$Nil).

#### 22 Pre 1990 Forests

There is pre-1990 Forest land on the property and a liability will arise under the Climate Change Response Act 2002 if the pre-1990 forest area or part of it is cleared and not replanted or has not regenerated with at least 500 stems per hectare within 4 years of clearing. The area must also have 30% minimum crown cover 10 or 20 years after planting or regeneration depending on whether the forest is exotic or native respectively. This potential liability is not recognised in the financial statements.

There are 2,640 NZU credits held at balance with a value of \$84,480 (\$32.00 per NZU). Last year \$60,984 (\$23.10 per NZU). No trading was undertaken during the year.

#### 23 Post 1989 Forest Land Registered in ETS

There is post 1989 Forest land on the property that has been voluntarily registered under the Climate Change Response Act 2002 (The Act). A carbon liability may arise at the time of felling or harvest of the post 1989 forest. The extent of the carbon liability and to whom the liability arises will depend on the amount of carbon credits allocated in relation to the land and who the registrant is under the Act. Liabilities may exceed carbon credits held.

There are 75,643 NZU credits held at balance date with a value of \$2,420,576 (\$32.00 per NZU). Last year 75,643 NZU credits held \$1,747,353 (\$23.10 per NZU). No trading was undertaken during the year.

#### 24 Background

##### Formation

Tumunui Lands Trust is a trust formed pursuant to Section 215 of the Te Ture Whenua Maori Act 1993 on December 1986.

##### Principal Activities

The principal activities of the Trust are dairy, sheep, cattle, deer farming, and forestry.

Land Use	Hectares
Tourist Complex	8
Undeveloped Area (includes Tumunui Mountain/ Turei's rough)	899
Four Dairy Farms (includes 370ha of lease land)	2,198
Two Deer Farms	816
Forestry Area	340
Total Area	<u>4,261</u>

## TUMUNUI LANDS TRUST

### Notes to the Financial Statements For the year ended 30 June 2020

#### 25 Contingent Liabilities

- **Trustees of the Whaoa No.1 Lands Trust**

- (a) Whaoa No.1 Lands Trust – Court of Appeal
- (b) Whaoa No.1 Lands Trust – Supreme Court
- (c) Whaoa No. 1 Lands Trust - Maori Land Court claims

These three matters represent an ongoing dispute between Tumunui Lands Trust (the Trust) as Tenant and Whaoa No. 1 Lands Trust as Landlord in relation to farmland at Reporoa, the effect of which (if ruled against the Trust) would result in a debt of \$2.5m in back rent to the Landlord, together with an increase to the annual rental from \$75,000.00 to \$350,000.00.

At the present time, the matter has been taken to the High Court (where the court upheld the Landlord's claim), Court of Appeal (where the Trust's appeal was granted) and Supreme Court (where the court dismissed the Landlord's further appeal but suggested the Court of Appeal re-hear the Landlord's original appeal case). The Landlord's subsequent recall application to the court of Appeal has not yet been heard. The hearing is scheduled to be heard on the 5<sup>th</sup> May 2021.

As a result, the back rent is still technically owed by the Trust as a contingent liability, and will continue to increase from the \$75,000 to \$350,000 pa until the Landlord's application has been granted or rejected.

#### 26 Events occurring subsequent to balance date

There are no material events subsequent to balance date that materially affected the financial position of the Trust or the figures contained within these financial statements.

**TUMUNUI LANDS TRUST**  
ROTORUA

**STATEMENT OF DEER TRADING**

FOR THE YEAR ENDED 30 JUNE, 2020

	2020			2019		
	Qty	\$	Avg \$	Qty	\$	Avg \$
<b>SALES</b>						
R1 Hinds	240	60,945.54	254	383	125,390.41	327
R2 Hinds	504	176,233.59	350	168	83,884.56	499
MA Hinds	203	83,588.98	412	420	207,710.08	495
R1 Stags	428	192,517.03	450	756	396,916.51	525
R2 Stags	470	222,968.23	474	146	89,555.06	613
R3 Stags	18	12,075.46	671	28	19,688.50	703
MA Stags	49	41,177.85	840	69	63,084.22	914
<b>Total Sales</b>	<b>1912</b>	<b>789,506.68</b>		<b>1970</b>	<b>986,229.34</b>	
<b>PURCHASES</b>						
R1 Hinds	224	51,939.68	232	442	140,680.46	318
MA Hinds	-	-	84	84	64,680.00	770
R1 Stags	203	48,597.42	239	311	106,828.05	343
Breeding Stags	10	85,000.00	8500	5	44,200.00	8840
<b>Total Purchases</b>	<b>437</b>	<b>185,537.10</b>		<b>842</b>	<b>356,388.51</b>	
<b>Gross Profit/(Loss) to Farm Working Account</b>	<b>1475</b>	<b>603,969.58</b>		<b>1128</b>	<b>629,840.83</b>	

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

**TUMUNUI LANDS TRUST**  
ROTORUA

**STATEMENT OF DEER TRADING**

FOR THE YEAR ENDED 30 JUNE, 2020 (continued)

OPENING STOCK	Qty	2020		2019	
		\$	Avgc \$	Qty	\$
<b><i>Market Value/Tax Value</i></b>					
R1 Hinds	938	322,650.00	344	142	53,960.00
R2 Hinds	478	277,590.00	581	137	70,007.00
MA Hinds	1399	993,600.00	710	658	376,376.00
R1 Stags	870	348,000.00	400	232	91,872.00
R2 Stags	205	145,020.00	707	100	62,700.00
R3 Stags	87	121,800.00	1400	346	216,942.00
Breeding Stags	298	466,240.00	1565	50	102,750.00
<b><i>NSC Scheme</i></b>					
R1 Hinds	-	-	704	110,429.44	157
R2 Hinds	-	-	326	69,923.74	214
MA Hinds	-	-	681	146,067.69	214
R1 Stags	-	-	676	125,032.96	185
R2 Stags	-	-	91	18,380.55	202
<b><i>High Priced Scheme</i></b>					
R2 Stags	-	-	3	26,800.00	8933
Stag #0860	-	-	1	3,328.51	3329
Stag 08-02	-	-	1	4,216.11	4216
<b>Total Opening Stock</b>	<b>4275</b>	<b>2,674,900.00</b>		<b>4148</b>	<b>1,478,786.00</b>

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

**TUMUNUI LANDS TRUST**  
ROTORUA

**STATEMENT OF DEER TRADING**  
FOR THE YEAR ENDED 30 JUNE, 2020 (continued)

CLOSING STOCK	Qty	2020		2019	
		\$	Avge \$	Qty	\$
<b>Market Value</b>					
R1 Hinds	766	160,820.00	210	938	322,650.00
R2 Hinds	418	152,295.00	364	478	277,590.00
MA Hinds	1422	616,170.00	433	1399	993,600.00
R1 Stags	844	221,262.00	262	870	348,000.00
R2 Stags	141	93,420.00	663	205	145,020.00
R3 Stags	93	111,600.00	1200	87	121,800.00
Breeding Stags	324	423,060.00	1306	298	466,240.00
Total Closing Stock	<u>4008</u>	<u>1,778,627.00</u>		<u>4275</u>	<u>2,674,900.00</u>
Increase in Stock Value to Income Adjustment Account		<u>896,273.00</u>			<u>(1,196,114.00)</u>
<b>RECONCILIATION OF NUMBERS</b>					
		2020		2019	
Opening Stock Numbers		4,275		4,148	
Purchases		437		842	
Natural Increase		1,373		1,369	
		<u>6,085</u>		<u>6,359</u>	
<u>Less:</u>					
Sales		1,912		1,970	
Deaths & Missing		165		114	
Closing Stock Numbers		<u>2,077</u>		<u>2,084</u>	
		<u>4,008</u>		<u>4,275</u>	

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

**TUMUNUI LANDS TRUST**  
ROTORUA

**STATEMENT OF SHEEP TRADING**

FOR THE YEAR ENDED 30 JUNE, 2020

	2020			2019		
	Qty.	\$	Avg \$	Qty.	\$	Avg \$
<b>SALES</b>						
MA Ewes	151	17,040.32		113	441	51,720.82
Rams	5	323.04		-	-	-
Lambs	1,260	148,094.08		118	2375	299,143.75
<b>Total Sales</b>	<b>1416</b>	<b>165,457.44</b>		<b>2816</b>	<b>350,864.57</b>	<b>126</b>
<b>PURCHASES</b>						
Lambs	1037	121,473.09		117	1,127	106,588.75
MA Ewes	122	21,619.40		-	-	-
Ewe Hoggets	-	-		162	27,864.00	172
Breeding Rams	-	-		2	500.00	250
<b>Total Purchases</b>	<b>1159</b>	<b>143,092.49</b>		<b>1291</b>	<b>134,952.75</b>	
<b>Gross Profit/(Loss) to Farm Working Account</b>	<b>257</b>	<b>22,364.95</b>		<b>1525</b>	<b>215,911.82</b>	
<b>OPENING STOCK</b>						
<i>Market Value/ Tax Value</i>						
Ewe Hoggets	210	39,910.00		190	5	615.00
MA Ewes	367	58,720.00		160	278	44,480.00
Breeding Rams	18	3,950.00		219	20	5,780.00
<i>NSC Scheme</i>						
Ewe Hoggets	-	-		105	5,561.85	53
2Th Ewes	-	-		111	13,381.05	121
MA Ewes	-	-		517	62,324.35	121
<b>Total Opening Stock</b>	<b>595</b>	<b>102,580.00</b>		<b>1036</b>	<b>132,142.25</b>	
<b>CLOSING STOCK</b>						
<i>Market Value</i>						
Ewe Hoggets	565	59,325.00		105	210	39,910.00
MA Ewes	467	72,790.00		156	367	58,720.00
Breeding Rams	13	2,000.00		154	18	3,950.00
<b>Total Closing Stock</b>	<b>1045</b>	<b>134,115.00</b>		<b>595</b>	<b>102,580.00</b>	
<b>Decrease in Stock Value to Income Adjustment Account</b>		<b>(31,535.00)</b>				<b>29,562.25</b>

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

**TUMUNUI LANDS TRUST**  
**ROTORUA**

**STATEMENT OF SHEEP TRADING**  
FOR THE YEAR ENDED 30 JUNE, 2020 (*continued*)

**RECONCILIATION OF NUMBERS**

	<b>2020</b>	<b>2019</b>
Opening Stock Numbers	595	1,036
Purchases	1,159	1,291
Natural Increase	858	1,215
	<hr/> 2,612	<hr/> 3,542
Less:		
Sales	1,416	2,816
Deaths & Missing	151	131
	<hr/> 1,567	<hr/> 2,947
Closing Stock Numbers	<hr/> 1,045	<hr/> 595

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

**TUMUNUI LANDS TRUST**  
ROTORUA

**STATEMENT OF BEEF TRADING**

FOR THE YEAR ENDED 30 JUNE, 2020

	2020			2019		
	Qty.	\$	Ave \$	Qty.	\$	Ave \$
<b>SALES</b>						
R2 Heifers	94	119,773.44		1274	194	236,429.12
R1 Steers	50	29,500.00		590	14	9,476.92
R2 Steers	157	186,318.99		1187	203	215,410.31
<b>Total Sales</b>	<b>301</b>	<b>335,592.43</b>		<b>411</b>	<b>461,316.35</b>	
<b>PURCHASES</b>						
R1 Heifers	75	57,381.88		765	132	85,104.89
R1 Steers	225	140,450.01		624	232	133,795.07
R2 Steers	-	-		4	3,505.12	876
<b>Total Purchases</b>	<b>300</b>	<b>197,831.89</b>		<b>368</b>	<b>222,405.08</b>	
<b>Gross Profit/(Loss) to Farm Working Account</b>	<b>1</b>	<b>137,760.54</b>		<b>43</b>	<b>238,911.27</b>	
<b>OPENING STOCK</b>						
<i>Market Value/Tax Value</i>						
<i>NSC Scheme</i>						
R1 Heifers	49	37,338.00		762	86	60,864.78
R2 Heifers	95	99,225.00		1044	160	142,921.60
MA Cows	-	-		1	893.26	893
R1 Steers/Bulls	148	128,970.00		871	41	22,613.55
R2 Steers/Bulls	72	93,600.00		1300	106	98,218.54
<b>Total Opening Stock</b>	<b>364</b>	<b>359,133.00</b>		<b>394</b>	<b>325,511.73</b>	
<b>CLOSING STOCK</b>						
<i>Market Value</i>						
R1 Heifers	30	21,000.00		700	49	37,338.00
R2 Heifers	83	76,050.00		916	95	99,225.00
MA Cows	6	7,200		1200	-	-
R1 Steers/Bulls	122	85,381.00		700	148	128,970.00
R2 Steers/Bulls	23	23,050.00		1002	72	93,600.00
R3 Steers/Bulls	94	126,900.00		1350	-	-
<b>Total Closing Stock</b>	<b>358</b>	<b>339,581.00</b>		<b>364</b>	<b>359,133.00</b>	
<b>Decrease in Stock Value to Income Adjustment Account</b>		<b>19,552.00</b>				<b>(33,621.27)</b>
<b>RECONCILIATION OF NUMBERS</b>						
	2020			2019		
Opening Stock Numbers	364			394		
Purchases	300			368		
Natural Increase	-			20		
	<b>664</b>			<b>782</b>		
<b>Less:</b>						
Sales	301			411		
Deaths & Missing	5			7		
	<b>306</b>			<b>418</b>		
Closing Stock Numbers	<b>358</b>			<b>364</b>		

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

**TUMUNUI LANDS TRUST**  
**ROTORUA**

**STATEMENT OF DAIRY TRADING**

FOR THE YEAR ENDED 30 JUNE, 2020

	2020			2019		
	Qty.	\$	Ave \$	Qty.	\$	Ave \$
<b>SALES</b>						
R1 Heifers	15	9,773.25	652	17	9,181.96	540
MA Cows	141	106,674.08	757	227	134,375.24	592
R1 Steers	16	10,424.80	652	34	5,480.00	161
R2 Steers	22	32,365.96	1,471	-	-	-
Calves	456	17,178.31	38	411	12,022.48	29
<b>Total Sales</b>	<b>650</b>	<b>176,416.40</b>		<b>689</b>	<b>161,059.68</b>	
<b>PURCHASES</b>						
R1 Heifers	11	8,745.00	795	-	-	-
R2 Heifers	24	22,900.00	954	162	159,800.00	986
MA Cows	69	99,043.48	1435	66	98,265.08	1489
R3+ Steers/Bulls	22	42,680.00	1940	-	-	-
<b>Total Purchases</b>	<b>126</b>	<b>173,368.48</b>		<b>228</b>	<b>258,065.08</b>	
<b>Gross Profit/(Loss) to Farm Working Account</b>	<b>524</b>	<b>\$3,047.92</b>		<b>461</b>	<b>(97,005.40)</b>	
<b>OPENING STOCK</b>						
<i>Market Value/Tax Value</i>						
R1 Heifers	142	118,150.00	832	7	9,767.50	1395
R2 Heifers	145	213,875.00	1475	206	318,004.46	1544
MA Cows	550	962,500.00	1750	524	808,904.55	1544
R1 Steers	16	11,200.00	700	-	-	-
<b>Total Opening Stock</b>	<b>853</b>	<b>1,305,725.00</b>		<b>737</b>	<b>1,136,676.51</b>	
<b>CLOSING STOCK</b>						
<i>Market Values</i>						
R1 Heifers	147	117,600.00	800	142	118,150.00	832
R2 Heifers	132	180,450.00	1367	145	213,875.00	1475
MA Cows	605	1,013,375.00	1675	550	962,500.00	1750
R1 Steers/Bulls	11	6,250.00	568	16	11,200.00	700
R2 Steers/Bulls	2	1,950.00	975	-	-	-
<b>Total Closing Stock</b>	<b>897</b>	<b>1,319,625.00</b>		<b>853</b>	<b>1,305,725.00</b>	
<b>Decrease in Stock Value to Income Adjustment Account</b>		<b>(13,900.00)</b>			<b>(169,048.49)</b>	
<b>RECONCILIATION OF NUMBERS</b>						
	2020			2019		
Opening Stock Numbers		853			737	
Purchases		126			228	
Natural Increase		614			620	
		1,593			1,585	
Less:						
Sales		650			689	
Deaths & Missing		46			43	
		696			732	
Closing Stock Numbers		897			853	

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

**TUMUNUI LANDS TRUST**  
ROTORUA

**STATEMENT OF PROFIT OR LOSS**  
FOR THE YEAR ENDED 30 JUNE, 2020

	Notes	2020 \$	2019 \$
<b>Income from Livestock Accounts</b>			
Gross Profit/(Loss) from Deer Account		603,969.58	629,840.83
Gross Profit/(Loss) from Sheep Account		22,364.95	215,911.82
Gross Profit/(Loss) from Cattle Account		137,760.54	238,911.27
Gross Profit/(Loss) from Dairy Cattle Account		3,047.92	(97,005.40)
Total Income from Livestock Accounts		<hr/> 767,142.99	<hr/> 987,658.52
<b>Other Income</b>			
Sale of Milksolids		4,333,780.88	3,586,286.27
Interest Received - (Gross)		6,312.41	255.75
Velvet		280,431.73	300,501.40
Wool		8,132.29	13,858.50
Timber/Tree Sales		1,244,777.01	2,888,257.61
Rebates		50,776.75	50,579.67
Rent Received		83,365.04	178,078.37
Sundry Farm Income		22,731.00	69,188.79
Total Other Income		<hr/> 6,030,307.11	<hr/> 7,087,006.36
<b>Total Income before Expenses</b>		<b>6,797,450.10</b>	<b>8,074,664.88</b>

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

**TUMUNUI LANDS TRUST**  
ROTORUA

**STATEMENT OF PROFIT OR LOSS**  
FOR THE YEAR ENDED 30 JUNE, 2020 (*continued*)

	Notes	2020 \$	2019 \$
<b>Less Expenses:</b>			
<b>Farm Operating Expenses</b>			
Animal Identification		12,699.73	9,619.71
Animal Health		172,959.57	193,094.52
Breeding & Calf Rearing Costs		2,540.00	26,499.84
Contracting Expenses		11,611.00	16,652.99
Cultivation & Cropping		64,418.46	30,663.75
Dairyshed Expenses		5,936.21	4,038.02
Dog Expenses		5,006.76	5,321.42
Effluent Disposal		12,223.30	5,674.06
Electricity & Gas		35,927.47	36,232.66
Farm Stores		404.40	1,266.14
Fencing		119,878.92	187,163.60
Fertiliser		837,369.05	723,024.13
Freight & Cartage		24,572.83	36,106.39
Forestry Expenses		205,409.15	161,070.53
Grazing		3,663.22	-
Hay & Silage Purchases		50,910.02	87,617.11
Hay & Silage Making		129,907.00	134,167.25
Health & Safety		180.00	760.73
Herd Testing & Improvement		31,225.85	18,019.56
Land Clearing		23,131.00	5,185.00
Lease of Livestock		2,875.00	13,587.42
Protective Clothing		692.12	688.31
Seed		87,143.13	87,621.02
Shearing Wages		6,204.12	6,498.30
Shearing Contractors		3,280.70	4,689.39
Shearing Expenses		743.19	301.21
Stock Food		327,161.40	246,199.46
Trees & Shelter		-	3,200.00
Wages		215,184.95	211,118.59
Wages - Kiwisaver Employer Contributions		4,798.79	5,014.76
Waste Disposal		18,925.90	6,649.48
Weed & Pest Control		215,793.01	231,997.71
Total Farm Operating Expenses		<hr/> 2,632,776.25	<hr/> 2,499,743.06
<b>Repairs &amp; Maintenance</b>			
R&M - Buildings		37,847.15	29,624.12
Employee Accommodation		148,826.27	134,030.23
R&M - Plant & Equipment		181,877.09	140,427.26
Tracks, Yards & Races		51,765.63	97,436.03
Water Supply		45,656.62	37,989.85
Total Repairs and Maintenance		<hr/> 465,972.76	<hr/> 439,507.49

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

## TUMUNUI LANDS TRUST

ROTORUA

### **STATEMENT OF PROFIT OR LOSS** FOR THE YEAR ENDED 30 JUNE, 2020 (continued)

	Notes	2020 \$	2019 \$
<b>Vehicle Expenses</b>			
Fuel & Oil		23,031.09	27,080.14
Trailer Expenses		156.94	501.85
Motorcycle Expenses		8,966.88	4,527.94
Tractor Expenses		18,146.34	10,852.74
Utility Expenses		5,327.28	2,255.65
Total Vehicle Expenses		<u>55,628.53</u>	<u>45,218.32</u>
<b>Administration Expenses</b>			
Accountancy & Secretarial Fees		107,185.87	108,127.11
Advertising		-	520.00
AGM & General Meeting Expenses		-	14,072.94
Audit Fee		11,868.00	12,802.00
Bank Fees & Charges		166.75	127.93
Trustees' Fees & Expenses	2	64,296.13	65,052.87
Computer Expenses		898.11	868.59
Consultancy		2,004.78	13,068.46
Farm Advisory		67,917.57	59,848.23
General Expenses		621.13	529.73
Postage & Stationery		1,835.96	2,914.12
Share Register Maintenance		16,891.65	35,527.44
Subscriptions & Licenses		7,384.78	5,109.78
Telephone & Tolls		3,500.75	3,012.84
Travelling Expenses		2,223.42	1,753.86
Valuations Fees		2,374.20	5,405.50
Total Administration Expenses		<u>289,169.10</u>	<u>328,741.40</u>
<b>Standing Charges</b>			
ACC Levies		4,727.46	3,614.49
Bio Security Levies		15,871.92	-
Development & Research Levies		21,867.67	20,505.69
Insurance		97,584.84	88,463.33
Interest -Trading/OD		5,000.08	23,580.02
Interest - Loans		499,367.32	653,730.13
Legal & Professional Fees		72,280.99	92,200.85
Rates		195,876.87	187,534.49
Rent	3	138,228.84	138,228.84
Total Standing Charges		<u>1,050,805.99</u>	<u>1,207,857.84</u>
<b>Total Expenses</b>		<b>4,494,352.63</b>	<b>4,521,068.11</b>
<b>Cash Surplus/(Deficit) from Farming</b>		<b><u>2,303,097.47</u></b>	<b><u>3,553,596.77</u></b>

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

**TUMUNUI LANDS TRUST**  
ROTORUA

**STATEMENT OF INCOME ADJUSTMENT**

FOR THE YEAR ENDED 30 JUNE, 2020

	Notes	2020 \$	2019 \$
<b>Cash Surplus/(Deficit) from Farming</b>		2,303,097.47	3,553,596.77
<b><u>Non Cash Adjustments for the year</u></b>			
<b>Increase/(Decrease) in Stock values:</b>			
Deer		(896,273.00)	1,196,114.00
Sheep		31,535.00	(29,562.25)
Beef Cattle		(19,552.00)	33,621.27
Dairy Cattle		13,900.00	169,048.49
		<u>(870,390.00)</u>	<u>1,369,221.51</u>
<b>Depreciation:</b>			
Depreciation Recovered		3,240.83	19,600.90
Loss on Sale of Fixed Assets		(2,983.16)	(1,691.74)
Depreciation	11	<u>(451,373.00)</u>	<u>(470,082.00)</u>
		<u>(451,115.33)</u>	<u>(452,172.84)</u>
Total Non-Cash adjustments for the year		(1,321,505.33)	917,048.67
<b>Net Surplus before Taxation</b>		<u>981,592.14</u>	<u>4,470,645.44</u>
Taxation	4	(277,832.19 )	(417,203.90)
<b>Net Surplus after Tax</b>		<u>703,759.95</u>	<u>4,053,441.54</u>
<b>Non Deductible Expenses</b>			
Grant - Maraes		(15,000.00)	-
Non -deductible Expenses		(8,199.78)	(500.00)
		<u>(23,199.78)</u>	<u>(500.00)</u>
<b>Net Surplus for the year</b>		<u>680,560.17</u>	<u>4,052,941.54</u>
		<u><u><u></u></u></u>	<u><u><u></u></u></u>

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

**TUMUNUI LANDS TRUST**  
ROTORUA

**STATEMENT OF MOVEMENTS IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE, 2020

	Notes	2020 \$	2019
<b>EQUITY AT THE BEGINNING OF THE YEAR</b>		59,930,602.60	59,190,076.45
Net Surplus for the year		680,560.17	4,052,941.54
Kaumatua Grant	5	(100,400.00)	(75,000.00)
Dividend Declared	5	(81,873.70)	(81,873.70)
Increase/(decrease) in Asset Revaluation Reserve - Shares		(135,429.84)	(1,783,159.20)
Increase/(Decrease) in Livestock Revaluation Reserve		-	(1,351,254.99)
Increase in Asset Revaluation Reserve - Forestry		(766,888.50)	(21,127.50)
Increase in Asset Revaluation Reserve - Land & Buildings		-	-
<b>Total Recognised Revenue &amp; Expenses for the year</b>		<b>(404,031.87)</b>	<b>740,526.15</b>
<b>EQUITY AT THE END OF THE YEAR</b>		<b>59,526,570.73</b>	<b>59,930,602.60</b>

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

**TUMUNUI LANDS TRUST**  
**ROTORUA**

**BALANCE SHEET**

AS AT 30 JUNE, 2020

	Notes	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
<b>Cash</b>			
BNZ - 00 Account		324,525.30	141,164.33
BNZ - 04 Account		196.30	1,018.18
BNZ Auto Call Account		50,088.63	100,948.63
		<u>374,810.23</u>	<u>243,131.14</u>
<b>Receivables</b>			
Accounts Receivable	7	1,454,740.48	1,244,148.47
Loan on Call		8,441.76	55,000.00
		<u>1,463,182.24</u>	<u>1,299,148.47</u>
<b>Prepayments</b>			
Prepayments	7	104,897.50	84,185.57
<b>Livestock</b>	8		
Deer on Hand		1,778,627.00	2,674,900.00
Sheep on Hand		134,115.00	102,580.00
Beef Cattle on Hand		339,581.00	359,133.00
Dairy Cattle on Hand		1,319,625.00	1,305,725.00
		<u>3,571,948.00</u>	<u>4,442,338.00</u>
<b>Total Current Assets</b>		<u><u>5,514,837.97</u></u>	<u><u>6,068,803.18</u></u>
<b>NON CURRENT ASSETS</b>			
<b>Property, Plant &amp; Equipment</b>	11		
Land		7,042,926.40	7,042,926.40
Asset Revaluations		35,500,372.85	35,500,372.85
Land Improvements		5,905,856.43	6,008,688.88
Buildings		3,034,540.19	3,069,187.00
Plant & Equipment		721,875.48	803,014.36
Motor Vehicles		183,807.27	165,700.83
Furniture & Fittings		1,488.47	1,649.47
Office Equipment		11,398.51	11,645.51
Forestry		8,851,636.00	9,602,239.50
		<u>61,253,901.60</u>	<u>62,205,424.80</u>

*This financial statement must be read in conjunction with the accompanying Notes and Audit Report.*

**TUMUNUI LANDS TRUST**  
ROTORUA

**BALANCE SHEET**

AS AT 30 JUNE, 2020 (continued)

	Notes	2020 \$	2019 \$
<b>Investments</b>			
New Zealand Shares	9	4,731,791.40	4,867,221.24
<b>Total Non-Current Assets</b>		<b>65,985,693.00</b>	<b>67,072,646.04</b>
<b>Total Assets</b>		<b>71,500,530.97</b>	<b>73,141,449.22</b>
 <b>CURRENT LIABILITIES</b>			
<b>Creditors and Borrowings</b>			
Current Portion of Term Liabilities	13	784,753.44	731,258.16
Accounts Payable		340,026.29	232,959.02
Accruals		11,868.00	0.00
GST Payable		204,145.18	170,306.81
Provision for Taxation	4	164,965.91	417,159.17
Provision for Holiday Pay		36,724.09	34,382.32
		<b>1,542,482.91</b>	<b>1,586,065.48</b>
<b>Total Current Liabilities</b>		<b>1,542,482.91</b>	<b>1,586,065.48</b>
 <b>NON-CURRENT LIABILITIES</b>			
Unclaimed Dividends		879,899.07	853,327.25
Provision for Dividend	5	81,873.70	81,873.70
Bank Term Loan	13	10,254,458.00	11,420,838.35
Less Transferred to Current Liabilities	13	(784,753.44)	(731,258.16)
		<b>10,431,477.33</b>	<b>11,624,781.14</b>
<b>Total Non-Current Liabilities</b>		<b>11,973,960.24</b>	<b>13,210,846.62</b>
 <b>Net Assets</b>		<b>59,526,570.73</b>	<b>59,930,602.60</b>
 <b>BENEFICIARIES FUNDS</b>			
Trust Capital	14	71,330.00	71,330.00
Capital Reserves	15	2,629,327.20	2,629,327.20
Retained Earnings	20	12,993,206.02	12,494,919.55
Asset Revaluation Reserve - Land & Buildings	16	35,500,372.85	35,500,372.85
Asset Revaluation Reserve - Shares	17	(453,777.34 )	(318,347.50 )
Asset Revaluation Reserve - Forestry	18	8,786,112.00	9,553,000.50
Livestock Revaluation Reserve	19	-	-
<b>Total Accumulated Trust Funds</b>		<b>59,526,570.73</b>	<b>59,930,602.60</b>

Authorised for issue on : 27th Apr. 2021

Trustee: [Signature]

Trustee: [Signature]

## TUMUNUI LANDS TRUST

### DISTRIBUTION POLICY

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**Purpose:** To provide guidelines for the allocation and distribution of Tumunui Lands Trust funds to beneficiaries.

**Guideline:** The Trustees have the delegated authority to distribute trust funds within the budgeted total allocation as determined each financial year.

**Total annual allocation for Trust distribution** \$120,000 per annum

**1. Kaumatua Grants**

\$200 per beneficial owner who is 60 years of age and over

**2. Discretionary grants** \$10,000 per annum

The grants include scholarships for students in their final year of tertiary study.  
Distributions must satisfy the requirements of s128 of the Te Ture Whenua Act 1993

**3. Marae Grants** \$30,000 per annum

- ✓ Apumoana Marae \$10,000 per annum
- ✓ Hurunga Marae \$10,000 per annum
- ✓ Te Pakira Marae \$10,000 per annum

**4. Dividend**

Where a dividend or grant payable to a beneficiary may be subject to income tax, then that distribution will be paid from tax free reserves subject to there being sufficient tax free reserves available.

All payments will be paid to a New Zealand bank account as specified by the applicant

All payments must be within the powers of the trustees in the Trust Order

Signed:.....Chair



## **TRAINEE TRUSTEE POLICY**

### **OBJECTIVE**

To introduce selected owners to the role of Trustee on Tumunui Lands Trust to:

- Encourage greater participation and knowledge of the Trust governance and management.
- Create a pool of candidates for future Trustee positions.

### **ELIGIBILITY**

Candidates must:

- Be owners or descendant of a Tumunui Lands Trust owner.
- Exhibit appropriate skills or experience to be a future Trustee.
- Have the time and commitment to participate in Trustee meetings.
- Be willing to attend and complete training sessions as agreed with the Trustees.
- Have a clean personal and criminal record.

Note:

- It is not expected that a trainee trustee will step into a trustee vacancy before completion of their 3 year term.
- It is not mandatory that a trustee of Tumunui Lands Trust should have first been a trainee trustee.

### **SELECTION**

The Trustees may call for candidate's nominations or appoint trainee trustees from time to time for a number of Trainee positions, as the Trustees shall determine. The acceptance of any candidate is at the sole discretion of the Trustees, whose decision shall be final. The Trustees may determine a selection process as they see fit, request references and make whatever enquiries about the candidate, as they consider necessary.

### **TERM OF APPOINTMENT**

The term of appointment of each Trainee Trustee shall be for a term of 3 years. The Trustees do not undertake that any such appointment will be extended but may at their discretion renew or extend such term as they see fit. The Trustees reserve the right to terminate the appointment at any time.

## **DUTIES**

The Trainee Trustee will:

- Be permitted and expected to attend all Trustee meetings, inspections or Trust activities.
- Be encouraged to contribute to all Trustee processes
- Maintain Trust confidentiality at all times and sign a confidentiality declaration
- Comply with all instructions of the Trustees
- Undertake specific tasks agreed with the Trustees but will not incur any expenditure or commit the Trust to any contract or legal obligation without prior approval of the Trustees.
- Not be granted voting rights or take on any Trustee liabilities.
- Comply with all statutory obligations of the Trustees including Health & Safety.
- Provide reports from time to time as requested.

## **REMUNERATION AND EXPENSES**

The Trainee Trustee is not an employee of the Trust but:

- Will receive a meeting attendance as approved by the Maori Land Court.
- Will also receive reimbursement for travel expenses at IRD rates and out of pocket expenses pre-approved by the Trustees.

## **ACKNOWLEDGEMENT**

Trainee Trustees will, at the expiry of their term receive a written acknowledgement of the role they have performed but the Trustees are under no obligation to provide any further references or information to or on behalf of the Candidate or to any other person.