

Annual Report

Peka Trust

For the year ended 30 June 2022

Prepared by Kusabs Lasike Ltd



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INDEPENDENT AUDITORS REPORT

To the Trustees of Peka Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Peka Trust (the Trust) on pages 5 to 16, which comprise the balance sheet as at 30 June 2022, and the statement of profit or loss, and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements of Peka Trust for the year ended 30 June 2022 are prepared, in all material respects, in accordance with Special Purpose accounting policies as determined by governance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, Peka Trust.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the owners and Inland Revenue Department. As a result, the financial statements may not be suitable for another purpose.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Trust for determining that the Special Purpose Framework adopted is acceptable in the Trust's circumstances, for the preparation and fair presentation of the financial statements in accordance with the Special Purpose Framework, and

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

In preparing the financial statements, the Trustees are responsible 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.

Auditors 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 economic decisions of users taken on the basis of these financial statements.

A detailed description of the auditors' responsibilities including those related to assessment of risk of material misstatement, evaluation of appropriateness of going concern assumptions and determining key audit matters are available on the external reporting board website:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

Restriction on Distribution or Use

This report is made solely to Trustees as required under the Trust Deed. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Cameron Town
Silks Audit Chartered Accountants Ltd
Whanganui, New Zealand

Date: 25 May 2023

Approval of Financial Report

Peka Trust

For the year ended 30 June 2022

The Trustees are pleased to present the approved financial report including the historical financial statements of Peka Trust for year ended 30 June 2022.

APPROVED

For and on behalf of the Trustees.



Trustee

Date 25/5/23



Trustee

Date 25/5/23



Statement of Peka/Tumunui Forestry Joint Venture

Peka Trust

For the year ended 30 June 2022

	2022	2021
Income		
Income		
Forest JV Logging Income	8,571,821	9,618,192
Bad Debts Recovery	-	87,765
Total Income	8,571,821	9,705,957
Expenses		
Operating Expenses		
Forestry Expenses	-	7,645
Forest JV Cartage and Weigh Bridge	1,018,075	1,059,050
Forest JV Levies	21,615	20,728
Forest JV Logging Contractor	1,823,851	1,846,723
Forest JV Mapping	1,400	4,833
Forest JV Tracks	58,924	83,319
Peka Forest Planting Expenses	65,287	-
Peka Forest Seedlings	50,664	28,619
Peka Forest Site Clearing	55,723	27,670
Peka Forest Weed & Pest	65,178	40,050
Total Operating Expenses	3,160,718	3,118,637
Administration Expenses		
Peka Forest Management Fees	13,950	-
Forest JV Audit Fees	-	7,700
Forest JV Bank Fees	21	41
Forest JV Harvest Advisory	123,696	133,471
Total Administration Expenses	137,666	141,212
Fixed and Financial Expenses		
Insurance	27,362	24,812
Rates	10,092	8,920
Total Fixed and Financial Expenses	37,455	33,732
Total Expenses	3,335,838	3,293,580
Trading Profit/(Loss) for the year	5,235,982	6,412,377
	2022	2021
Share of Profit - Forestry Joint Venture		
Peka Trust	3,677,421	4,567,977
Tumunui Trust	1,558,561	1,844,400
Total Share of Profit - Forestry Joint Venture	5,235,982	6,412,377

These Financial Statements is to be read in conjunction with the attached Audit Report, Accounting Policies and Notes to the Financial Statements.



Statement of Profit or Loss

Peka Trust

For the year ended 30 June 2022

	NOTES	2022	2021
Income			
Forestry Trading		3,677,421	4,567,977
Lease - First Gas Ltd		21,200	19,100
Lease - Ballance Agri-Nutrients		79,500	79,500
Lease - Kapenga H		200	200
Lease - 50 SH / 5 Industrial Estate		265,016	65
Rental Overhead Expenses Recovered		26,760	-
Gross Profit		4,070,098	4,666,842
Other Income			
Dividends Received		3,022	1,465
Interest Received		77,130	36,543
Total Other Income		80,152	38,008
Total Income		4,150,249	4,704,850
Expenses			
Repairs & Maintenance			
Mowing		1,491	900
Repairs & Maintenance - Grounds & Buildings		55,150	-
Plant & Equipment		7,607	253
Trailer Expenses		130	-
Total Repairs & Maintenance		64,378	1,153
Administration Expenses			
Accountancy & Secretarial Fees		124,393	116,190
AGM Expenses		325	7,278
Audit Fees		5,000	5,664
Bank Fees & Charges		188	128
Consultancy Fees		33,916	5,477
General Expenses		276	550
Legal Fees		12,568	7,786
Light Power & Heating		11,490	-
Printing & Stationery		1,529	2,951
Resource Consents		7,707	-
Seminars & Conferences		-	1,452
Share Register Maintenance		16,314	16,959
Subscriptions & Licences		561	1,500
Trustees Expenses		2,637	3,116
Trustees Fees		146,800	158,600
Valuations Fees		1,600	800
Total Administration Expenses		365,305	328,451

These Financial Statements is to be read in conjunction with the attached Audit Report, Accounting Policies and Notes to the Financial Statements.



Statement of Profit or Loss

	NOTES	2022	2021
Fixed and Financial Expenses			
Insurance		25,606	5,323
Interest - IRD Use of Money		4,598	298
Rates		17,466	4,154
Rent		3,750	5,000
Total Fixed and Financial Expenses		51,420	14,776
Total Expenses		481,103	344,379
Non-Cash Adjustments for the Year			
Depreciation		61,023	15,819
Total Non-Cash Adjustments for the Year		61,023	15,819
Profit (Loss) Before Taxation		3,608,123	4,344,652
Taxation and Adjustments			
Non-Deductible Expenses			
IRD Penalties		52	636
Legal Expenses – non-deductible		14,090	-
Koha		15,815	10,000
Non-Deductible Entertainment Expense		-	1,159
TTA Firewood		15,800	-
Total Non-Deductible Expenses		45,756	11,795
Income Tax Expense		630,916	759,844
Total Taxation and Adjustments		676,672	771,639
Net Trustees Income for the Year		2,931,452	3,573,013

These Financial Statements is to be read in conjunction with the attached Audit Report, Accounting Policies and Notes to the Financial Statements.



Statement of Changes in Equity

Peka Trust

For the year ended 30 June 2022

	NOTES	2022	2021
Trust Capital			
Opening Balance		20,125,547	15,512,585
Surplus/(Deficit) for the period		2,931,452	3,573,013
Other Movements for the year			
Asset Revaluation Reserve	5	(1,957,509)	1,540,919
Realised Capital Reserves	5	29,905	(970)
Total Other Movements for the year		(1,927,604)	1,539,949
Contributions & Distributions			
Dividends Paid		(200,000)	(500,000)
Total Contributions & Distributions		(200,000)	(500,000)
Total Trust Capital		20,929,395	20,125,547

These Financial Statements is to be read in conjunction with the attached Audit Report, Accounting Policies and Notes to the Financial Statements.



Balance Sheet

Peka Trust

As at 30 June 2022

	NOTES	30 JUN 2022	30 JUN 2021
Assets			
Current Assets			
Cash and Bank			
Peka Trust		273,751	37,558
Peka Trust Call Account		1,077,705	2,422,859
Peka Trust Forestry		424,931	766,510
Peka Trust Rental		2,666	-
BNZ Term Deposit 3012		4,200,000	-
Total Cash and Bank		5,979,052	3,226,927
Accounts Receivable			
Accounts Receivable		809,055	1,486,975
Prepayments			
Prepayment - Rent paid in advance		825	863
Prepayments-Insurance		37,299	14,643
Total Prepayments		38,124	15,506
Total Accounts Receivable		847,179	1,502,481
Peka Trust Industrial Development		316,571	232,273
BP Gift Cards		4,700	-
Pak N Save Vouchers		4,750	-
Total Current Assets		7,152,253	4,961,681
Non-Current Assets			
Investment in Shares		24,273	59,911
Property, Plant and Equipment	6	14,951,785	16,921,540
Total Non-Current Assets		14,976,058	16,981,450
Total Assets		22,128,311	21,943,132
Liabilities			
Current Liabilities			
Lease Received in Advance - First Gas Ltd		10,600	10,600
Lease Received in Advance - Kapenga H Trust		183	183
Lease Received in Advance - R Te Wiki		-	406
Unclaimed Dividends		329,250	273,851
Accounts Payable		661,223	942,696
GST Payable		76,471	183,933
Income Tax Payable	3	121,189	405,915
Total Current Liabilities		1,198,916	1,817,584
Total Liabilities		1,198,916	1,817,584
Net Assets		20,929,395	20,125,547

These Financial Statements is to be read in conjunction with the attached Audit Report, Accounting Policies and Notes to the Financial Statements.



Balance Sheet

	NOTES	30 JUN 2022	30 JUN 2021
Equity			
Trust Equity		20,929,395	20,125,547
Total Equity		20,929,395	20,125,547

These Financial Statements is to be read in conjunction with the attached Audit Report, Accounting Policies and Notes to the Financial Statements.



Notes to the Financial Statements

Peka Trust

For the year ended 30 June 2022

1. Reporting Entity

Peka Trust is an Ahu Whenua Trust as defined under section 215 of Te Ture Whenua Maori Act 1993. Peka Trust is engaged in the business of Commercial Rentals and Forestry.

These are special purpose financial statements.

2. Statement of Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose accounting policies determined by governance, which are compliant with the requirements of the Income Tax Act 2007 and the Tax Administration (Financial Statements) Order 2014.

The financial statements have been prepared for taxation purposes and for the Shareholders/Owners. The special purpose financial statements have been prepared on an accrual basis.

Historical Cost

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

Changes in Accounting Policies

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

Revenue Recognition

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

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

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

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

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

Property, Plant and Equipment

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

Land, Improvements and Buildings have been revalued to the latest Ratings Valuation dated 1 September 2020.

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

Forestry has been revalued to the latest Market Value as assessed by Tony Williams of NZ Forest & Woodlot Services Ltd (See note 8)

Investments

Investments are stated at market value determined as at balance date by reference to prevailing market rates.

Depreciation

Account	Method	Rate
Buildings	Diminishing Value/Straightline	0% - 2% 0% - 2.5%
Land Development Costs	Diminishing Value (100%)	0% - 13%
Office Equipment	Diminishing Value (100%)	50%
Land	Diminishing Value (100%)	0%
Plant & Equipment	Diminishing Value (100%)	8% - 40%
Furniture & Fittings	Diminishing Value (100%)	2% - 25%

Income Tax

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

Goods and Services Tax

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

Operating Leases

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

Land Development Costs

The Trust has incurred costs for future industrial development on their land. The costs involved have been held as a current asset until the project commences, at which time the costs will be transferred to fixed assets.

	2022	2021
3. Income Tax Expense		
Net Profit (Loss) Before Tax	3,608,123	4,344,652
Additions to Taxable Profit		

	2022	2021
Imputation Credits Received	613	570
Total Additions to Taxable Profit	613	570
Taxable Profit (Loss)	3,608,737	4,345,222
Tax Payable at 17.5%	631,529	760,414
Less Imputation Credits Received		
Imputation Credits Prior Years	-	570
Imputation Credits Received	613	-
Total Less Imputation Credits Received	613	570
Taxation Payable	630,916	759,844
Opening Balance	405,915	109,157
Income tax refunded	3,817	4,736
Resident withholding tax paid	(978)	(9,126)
Income tax paid	(918,481)	(458,696)
Taxation Payable/(Tax Refund)	121,189	405,915

	2022	2021
4. Maori Authority Credit Account (MACA)		
Opening Balance - 1st July	1,012,245	653,717
Imputation Tax Credits	356	273
RWT on Investments	187	6,708
Income Tax Paid	918,481	459,630
Tax Refunds	(3,817)	(4,736)
MACA's attached to Dividends paid	(42,424)	(106,061)
Balance - 31st March	1,885,029	1,009,531
Imputation Tax Credits	257	297
RWT on Investments	790	2,661
Income Tax Paid	-	-
Tax Refunds	-	-
Closing Balance 30th June	1,886,076	1,012,245

	2022	2021
5. Equity		
Original Capital	2,390	2,390
Retained Earnings		
Opening Balance	7,137,017	4,064,004
Current Year Earnings	2,931,452	3,573,013
Dividend Paid	(200,000)	(500,000)
Total Retained Earnings	9,868,468	7,137,017
Realised Capital Reserves		
Capital Reserve	72,042	72,042
Tilt Share Profit	29,905	-
Total Realised Capital Reserves	101,947	72,042

	2022	2021
Asset Revaluation Reserves		
Opening Balance	12,914,098	11,373,180
Movements in Revaluation Reserve	(1,957,509)	1,540,919
Total Asset Revaluation Reserves	10,956,589	12,914,098
Total Equity	20,929,395	20,125,547

	2022	2021
Realised Capital Reserve		
Department of Maori Affairs	25,172	25,172
Forestry Corporation NZ Ltd	35,500	35,500
Rotorua Electricity Ltd - Shares	600	600
Trustpower - Share Conversion	69	69
R. Phillips Loan written off	(999)	(999)
BOP Fertiliser Co Ltd	11,700	11,700
Tilt - Share Buyback	29,905	-
Total Realised Capital Reserve	101,947	72,042

	2022	2021
Asset Revaluation Reserve		
Land & Buildings	4,702,969	4,702,969
Forestry	6,230,036	8,148,533
Trustpower Shares	32,707	32,707
Tilt Shares	-	29,889
Total Asset Revaluation Reserve	10,965,712	12,914,098

6. Property, Plant and Equipment

	2022	2021
Land		
Land at cost	6,284,412	6,284,412
Total Land	6,284,412	6,284,412
Buildings		
Buildings at cost	1,689,000	1,689,000
Accumulated depreciation - buildings	(79,173)	(46,278)
Total Buildings	1,609,827	1,642,722
Plant and Equipment		
Plant and machinery owned	54,273	44,507
Accumulated depreciation - plant and machinery owned	(13,935)	(8,005)
Total Plant and Equipment	40,338	36,502
Furniture and Fittings		
Furniture and fittings owned	36,398	36,398
Accumulated depreciation - furniture and fittings owned	(3,690)	(9)
Total Furniture and Fittings	32,708	36,389

	2022	2021
Office Equipment		
Office Equipment	4,102	4,102
Accumulated depreciation - fixed assets owned	(3,185)	(2,267)
Total Office Equipment	918	1,835
Land Development Costs		
Land Development Costs	7,021,689	8,940,186
Accumulated depreciation - Land Development Costs	(38,106)	(20,506)
Total Land Development Costs	6,983,583	8,919,680
Total Property, Plant and Equipment	14,951,785	16,921,540

7. Asset Revaluation Reserve - Land & Buildings

The net Book Value of Land & Buildings have been revalued to the current ratings valuation dated 1 September 2020, as valued by Opteon Technologies Ltd.

The difference has been credited to the Asset Revaluation Reserve - Land & Buildings. Valuation of Land and Buildings as at 1 September as at 1 September 2020 as \$4,756,000.

8. Forestry Revaluation

The Net Book Value of Forestry has been valued by Tony Williams of NZ Forest Woodlot Services Ltd dated 30 June 2022. The revaluation at balance date is \$6,230,036.

9. Non-Cancellable Operating Leases

On 20/12/2018 the Trust entered into a lease with the Roman Catholic Bishop of the Diocese of Hamilton for 5.9440ha of land known as Waitaruna 4B2F Block. During the current year the land was purchased by the Mere Kanea Trust and the existing lease was transferred to that Trust.

The lease is for 5 years commencing on 1/9/2018 and expiring on 31/08/2023 with two rights of renewal for a further 5 years. The annual rental is \$5,000 plus GST. Next rent review is 1/9/2023.

10. Related Party Transactions

Helen Beckett is a trustee of Peka Trust, and her family the trustees of Mere Kanea Whanau Trust are beneficiaries of Peka Trust. Mere Kanea Trust own and occupy houses on Peka Trust Lands for which they pay a peppercorn rental of \$1 p.a. under a ground lease. The lease commenced in November 2012 and expire on 31 October 2027.

Helen Beckett and Lynette Iharaira are trustees of both the Peka Trust and the Mere Kanea Trust. The Mere Kanea Trust owns the land known as Waitaruna 4B2F Block. Peka Trust leases this land. The Mere Kanea Trust received \$3,712.33 during the year for rent plus reimbursement of rates. Rental in advance is \$824. (2021: \$Nil).

Mason Beckett, son of Helen Beckett provided services during the year for site clearing (firewood) to the amount of \$20,417.39 (2021: \$Nil).

Whanau PGM is owned by Helen Beckett and her family. During the year Whanau PGM provided site clearing services (firewood) to the amount of \$7,355.65 (2021: \$Nil) and property and building maintenance services of \$25,425.00 (2021: \$Nil). Payment owing to Whanua PGM of \$1,417 is included in Accounts Payable.

Dennis Beckett, husband of Helen Beckett provided construction services to the Trust during the year to the amount of \$300 (2021: \$1,869.57)

Lynette Iharaira is a Trustee of Peka Trust and a Trustee of Mere Kanea Whanau Trust.

Peka Trust and Tumunui Lands Trust have a joint Venture arrangement for forestry on 367.5ha approx., of Peka Trust Land. Wally Lee and Andrew Kusabs are trustees of both Peka Trust and Tumunui Lands Trust.

11. Contingent Commitments & Liabilities

The Trust is planning to develop a portion of land for industrial/commercial use. The cost to date is \$316,571.43. Total cost of the development cannot be qualified at balance date.

There were no other commitments for expenditure at year end. (2021 \$332,272.81).

12. Events Occurring Subsequent to Balance Date

The Peka Trust held an Special General meeting of owners on the 1st March 2023. The owners present approved the Peka Trust to form a Limited Partnership (Peka Developments Limited Partnership) subject to Maori Land Court approval which is currently being reviewed. The Limited Partnership will manage the Industrial Development and Lessees. There have been no other events subsequent to balance date that would have materially affected the financial position of the Trust or the figures contained within these financial statements. (2021 \$2,300,000).