

TUMUNUI LANDS TRUST
ROTORUA

Financial Statements

For the Year Ended 30 June, 2022

Contents:	Page
Audit Report	1
Notes to the Financial Statements	3
Statement of Financial Performance:	
- Deer Account	14
- Sheep Account	15
- Cattle Account	16
- Dairy Cattle Account	17
- Statement of Profit or Loss	18
- Income Adjustment Account	21
Statement of Movements in Equity	22
Balance Sheet	23

INDEPENDENT AUDITORS REPORT

To the Trustees of Tumunui Lands Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tumunui Lands Trust (the Trust) on pages 1 to 24, which comprise the balance sheet as at 30 June 2022, and the statements of financial performance 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 financial statements of Tumunui Lands 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, Tumunui Lands Trust.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the shareholders/owners, internal management and the 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/>

Other Matter

The financial statements of Tumunui Lands Trust for the year ended 30 June 2021 were audited by another auditor who expressed an unqualified opinion on those statements on the 21st June 2022.

Restriction on Responsibility

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

Silks Audit

**Cameron Town
Silks Audit Chartered Accountants Ltd
Whanganui, New Zealand**

Date: 30 March 2023

TUMUNUI LANDS TRUST

Notes to the Financial Statements For the year ended 30 June 2022

1 Statement of Accounting Policies

These financial statements are for TUMUNUI LANDS TRUST.

These financial statements are special purpose and have been prepared in accordance with the accounting policies determined by governance, for the purposes of the Trust's lender, internal management and Inland Revenue Department. These accounting policies are also compliant with the requirements of the Income Tax Act 2007, the Tax Administration (Financial Statements) Order 2014, and Te Ture Whenua Maori Act 1993.

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 2022

(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 September 2020. 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 2022

2 Trustees Fees & Expenses

Trustee Fees:	Attendance		2022	2021
	2022	2021	\$	\$
AM Kusabs	19	26	11,343.00	15,522.00
C Kusabs	16	19	9,552.00	11,343.00
R MacFarlane	17	14	10,149.00	8,358.00
W Lee	32	33	23,880.64	24,626.91
W Keepa	23	28	13,731.00	16,716.00
			<u>68,655.64</u>	<u>76,565.91</u>
Trustee Expenses			<u>7,547.82</u>	<u>9,647.26</u>
Total Trustee Fees & Expenses			<u><u>76,203.46</u></u>	<u><u>86,213.17</u></u>

3 Operating Lease Commitments

	2022	2021
	\$	\$
Operating lease rental commitments under non-cancellable operating leases are:		
Current (per annum)	138,228.84	138,228.80

4 Taxation Expense

	2022	2021
	\$	\$
Net (Deficit)/Surplus	3,334,105	2,911,906
Adjustments - Livestock Adjustments	(99,971)	(94,731)
- PIE income taxed at source	(87)	(87)
- Accruals written back	-	(13,648)
- Capital Fencing Expenses	(12,663)	-
- Holiday Provision	12,554	(10,427)
- Imputation Credits	75	
Taxable income	<u>3,234,013</u>	<u>2,793,013</u>
Tax @ 17.5 cents	565,952	488,777
Less Imputation Credits	<u>(75)</u>	<u>-</u>
Provision for Taxation	565,877	488,777
Taxation Paid	(356,000)	(220,011)
RWT Paid	(7,527)	(4,589)
Taxation Payable/(Tax Refund)	<u><u>202,350</u></u>	<u><u>264,177</u></u>

TUMUNUI LANDS TRUST

Notes to the Financial Statements
For the year ended 30 June 2022

Maori Authority Credit Accounts (MACA)	2022	2021
	\$	\$
Opening Balance	1,732,354	1,342,790
RWT Paid	5,929	2,622
Taxation Paid	664,493	280,348
Imputation Credits	75	-
Balance as at 31 March	<u>2,402,851</u>	<u>1,625,760</u>
RWT Paid	1,598	1,976
Tax Refunds	(44,316)	(5,382)
Taxation Paid/(Tax Refunds)	-	110,000
Balance as at 30 June	<u>2,360,133</u>	<u>1,732,354</u>

5 Distributions to Shareholders

(a) A dividend of \$81,873 being \$1.70 per share, was paid in December 2021 and a further dividend of the same amount was paid in March 2022. Last year a Provision for Dividend was made for \$81,874 being \$1.70 per share. This was the dividend was paid in December 2021.

(b) Kaumatua Grant of \$200 was approved and paid in December 2021 for those aged 60 years and over. Total \$121,000. (Last year paid \$112,800)

6 Farm First Rapid Repay Facility

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

- Cheque Account - \$Nil OD (2021: \$Nil). There is no overdraft facility.

This facility is secured as detailed in Note 13.

7 Receivable and Prepayments

	2022	2021
Trade Debtors	1,481,787	2,063,486
Prepayments	108,935	169,781
	<u>\$1,590,722</u>	<u>\$2,233,267</u>

8 Livestock on Hand

	Number		Current Mkt Value	
	2022	2021	2022	2021
			\$	\$
Deer	4,585	4,608	1,718,432	1,592,818
Sheep	2,768	1,604	452,853	264,895
Beef Cattle	302	347	326,973	411,804
Dairy Cattle	870	884	1,480,400	1,434,925
	<u>8,525</u>	<u>7,443</u>	<u>3,978,658</u>	<u>3,704,442</u>

TUMUNUI LANDS TRUST

**Notes to the Financial Statements
For the year ended 30 June 2022**

A physical count of deer, sheep and cattle on Tumunui Pakaraka (Deer) Farm was carried out by T Power, an independent valuer from AFFCO NZ Ltd and the Farm Manager on the 24th June 2022.

A physical count of deer, sheep and cattle on Tumunui Atiamuri Farm was carried out by T Power, an independent valuer from AFFCO NZ Ltd and the Farm Manager on the 23rd June 2022.

A physical count of dairy cattle on Reporoa Dairy Fa2

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	Shares	\$	\$
Fonterra Co-operative Group Ltd	1,128,582	3,272,888	4,243,468
Ballance Agri-Nutrients Co-operative Ltd	61,200	495,720	495,720
Farmlands Ltd	14,911	14,911	14,911
LIC	4,800	6,960	-
Wool Equities Ltd	7,442	164	164
Ravensdown	100	100	100
Total		3,790,743	4,754,363

As at 28th February 2023 the Fonterra share price has decreased to \$2.58 per share giving a post balance date valuation of \$2,911,741.56.

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 for the year are as follows:

	2022	2021
Entitlement	28.21%	28.21%
Income	\$1,558,561	\$1,904,161
Expenditure	\$9,576	\$12,041

11 Property, Plant & Equipment

	Cost or Valuation	Deprn	Accum Deprn	Bookvalue 2022
Land	7,042,926	-	-	7,042,926
Property Improvements	8,821,533	191,919	3,206,581	5,614,952
Buildings	5,067,012	63,327	2,097,480	2,969,532
Asset Revaluation Reserve - Land & Bldgs	30,716,678	-	-	30,716,678
Vehicles	507,878	37,400	370,697	137,181
Forestry	8,119,428	1,479	37,345	8,082,083
Plant & Equipment	2,562,957	110,142	1,832,844	730,113
Office Equipment	15,977	61	4,798	11,179
Furniture & Fittings	50,804	105	49,551	1,253
Total	62,905,193	404,433	7,599,296	55,305,897

TUMUNUI LANDS TRUST

**Notes to the Financial Statements
For the year ended 30 June 2022**

	Cost or Valuation	Deprn	Accum Deprn	Bookvalue 2021
Land	7,042,926	-	-	7,042,926
Land Improvements	8,789,029	201,320	3,014,662	5,774,367
Buildings	5,027,341	78,039	2,037,681	2,989,660
Asset Revaluation Reserve - Land & Bldgs	30,716,678	-	-	30,716,678
Vehicles	486,212	38,679	335,753	150,459
Forestry (Note 11)	8,945,855	1,564	35,866	8,909,989
Plant & Equipment	2,430,157	104,111	1,750,722	679,435
Office Equipment	15,976	119	4,737	11,239
Furniture & Fittings	50,804	130	49,446	1,358
Total	<u>63,504,978</u>	<u>423,962</u>	<u>7,228,867</u>	<u>56,276,111</u>

12 Capital Commitments

The Trust had no capital commitments at balance date (2021:\$31,430).

13 Non Current Liabilities

	2022 \$	2021 \$
BNZ Term Loans	5,634,716	8,288,119
Less Current Portion	(638,464)	(619,504)
	<u>\$4,996,252</u>	<u>\$7,668,615</u>

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 2022**

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 #3019	736,878.00	Irregular \$6,131.00	5.28%	22/03/2029
BNZ Loan #3020	1,167,440.00	Irregular \$10,392.50	5.28%	23/04/2030
BNZ Loan #3021	922,146.96	Irregular \$24,380.00	5.28%	20/06/2025
BNZ Loan #3023	1,414,947.12	Irregular \$5,842.62	5.28%	18/09/2025
BNZ Loan #3024	1,393,304.00	Irregular \$6,459.25	5.28%	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.

	2022	2021
	\$	
Accumulated Funds	57,710,866	57,001,181
Total Tangible Assets	65,261,964	67,432,105
Percentage	88.43%	84.53%

14 Shareholders' Equity

	2022	2021
Ordinary shares – 48,161	71,330	71,330

TUMUNUI LANDS TRUST

Notes to the Financial Statements
For the year ended 30 June 2022

15 Capital Reserves

	2022	2021
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

	2022	2021
Opening Balance	30,716,678	35,500,373
Current Year movement	-	(4,783,695)
Closing balance	<u>30,716,678</u>	<u>30,716,678</u>

Land Improvements and Buildings are shown at Ratings Valuation dated 1st September 2021.

17 Asset Revaluation Reserve:

- Shares

	\$	\$
Opening Balance	(431,206)	(453,778)
Revaluation of Fonterra Co-Op Shares	(970,580)	22,572
Revaluation of LIC Shares	(130)	-
Closing Balance	<u>(1,401,916)</u>	<u>(431,206)</u>

TUMUNUI LANDS TRUST

Notes to the Financial Statements
For the year ended 30 June 2022

18 Asset Revaluation Reserve – Forestry

	Net BV 2022	Net BV 2021
Opening Balance	8,846,029	8,786,111
Current Year Movement	(826,427)	59,918
Closing Balance	8,019,602	8,846,029
Represented by:		
Trust Owned Forest	(72,550)	57,586
Peka Joint Venture	(753,877)	2,332
Total Current Revaluation	(826,427)	59,918

The Trust owned forest was valued at 30/6/2022 at current market value by Prime Forest Management Ltd. Peka Trust owned forest was valued at 30/6/21 at current market valuation by NZ Forest & Woodlot Ltd.

19 Retained Earnings

		2022 \$	2021 \$
Retained Earnings Tax Free	(Note 19a)	2,299,525	2,502,399
Retained Earnings Taxable	(Note 19b)	15,376,320	12,666,624
		17,675,845	15,169,023

19a Retained Earnings (Tax Free)

Opening Balance		2,502,399	2,697,072
Less:			
Dividend	(Note 5)	(81,874)	(81,873)
Kaumatua Grant	(Note 5)	(121,000)	(112,800)
Closing Balance		2,299,525	2,502,399

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.

19b Retained Earnings (Taxable)

Opening Balance		12,666,624	10,296,134
Net (Deficit)/Surplus for the Year after Taxation		2,709,696	2,370,490
Closing Balance		15,376,320	12,666,624

20 Related Party Transactions

AM Kusabs is a Trustee of the Trust. He charged the Trust for consultancy time of \$106 which is included in consultancy fees. (Last year \$777)

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. (2021: \$Nil).

TUMUNUI LANDS TRUST

Notes to the Financial Statements For the year ended 30 June 2022

21 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 \$201,960 (\$76.50 per NZU). Last year \$115,104 (\$43.60 per NZU). No trading was undertaken during the year.

22 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 \$5,786,689 (\$76.50 per NZU). Last year 75,643 NZU credits held \$3,298,035 (\$43.60 per NZU). No trading was undertaken during the year.

23 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>

24 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.

TUMUNUI LANDS TRUST

Notes to the Financial Statements For the year ended 30 June 2022

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 been heard and the Court of Appeal dismissed the Landlord's application.

As a result, the back rent is still technically owed by the Trust as a contingent liability, and has now increased by another \$300,000 (approx.) until the Landlord's application has been granted or rejected.

There is also a potential outstanding costs claim by Tumunui against Whaoa with respect to the High Court hearing, which gave rise to the appeals. That claim could be in the order of \$100,000 against Whaoa – however, it will likely cost Tumunui at least \$25,000 in legal fees to get a Court order.

There is a possibility of a liability with respect to Maori Land Court claims by Whaoa – the risk of them is considered low as many of the matters were subject of a prior arbitration, which Whaoa lost. Potential liability, if Whaoa succeeded however is difficult to assess with any degree of accuracy but allow \$50,000 inclusive of costs.

25 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, 2022

	2022			2021		
	Qty	\$	Avg \$	Qty		Avg \$
SALES						
R1 Hinds	317	75,647.75	239	123	35,641.73	290
R2 Hinds	771	274,781.97	356	451	92,147.72	204
MA Hinds	735	280,726.76	382	230	63,474.57	276
R1 Stags	15	4,677.76	312	524	159,173.80	304
R2 Stags	1400	496,307.26	355	318	95,687.31	301
R3 Stags	-	-		18	4,426.33	246
MA Stags	147	71,343.11	485	106	51,411.31	485
Total Sales	3385	1,203,484.61		1770	501,962.77	
PURCHASES						
R1 Hinds	859	320,017.96	373	131	20,176.60	154
MA Hinds	263	118,350.00	450	158	78,715.00	498
R1 Stags	821	214,291.21	261	875	138,256.89	158
R2 Stags	23	130,250.00	5663	-	-	
Breeding Stags	-	-		15	109,285.00	7286
Total Purchases	1966	782,909.17		1179	346,433.49	
Gross Profit/(Loss) to Farm Working Account	1419	420,575.44		591	155,529.28	
OPENING STOCK						
<i>Market Value</i>						
R1 Hinds	836	104,500.00	125	766	160,820.00	210
R2 Hinds	278	88,122.00	317	418	152,295.00	364
MA Hinds	1596	690,180.00	432	1422	616,170.00	433
R1 Stags	1386	237,006.00	171	844	221,262.00	262
R2 Stags	97	104,250.00	1075	141	93,420.00	663
R3 Stags	-	-		93	111,600.00	1200
Breeding Stags	415	368,760.00	889	324	423,060.00	1306
Total Opening Stock	4608	1,592,818.00		4008	1,778,627.00	
CLOSING STOCK						
<i>Market Value</i>						
R1 Hinds	961	211,420.00	220	836	104,500.00	125
R2 Hinds	272	119,400.00	439	278	88,122.00	317
MA Hinds	1503	666,920.00	444	1596	690,180.00	432
R1 Stags	1475	406,120.00	275	1386	237,006.00	171
R2 Stags	20	11,000.00	550	97	104,250.00	1075
R3 Stags	4	50,000.00	12500	-	-	
Breeding Stags	350	253,572.00	724	415	368,760.00	889
Total Closing Stock	4585	1,718,432.00		4608	1,592,818.00	
Increase in Stock Value to Income Adjustment Account		(125,614.00)			185,809.00	
RECONCILIATION OF NUMBERS						
		2022			2021	
Opening Stock Numbers		4,608			4,008	
Purchases		1,966			1,179	
Natural Increase		1,577			1,384	
		<u>8,151</u>			<u>6,571</u>	
<u>Less:</u>						
Sales		3,385			1,770	
Deaths & Missing		181			193	
		<u>3,566</u>			<u>1,963</u>	
Closing Stock Numbers		<u>4,585</u>			<u>4,608</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, 2022

	Qty.	2022 \$	Avg \$	Qty.	2021 \$	Avg \$
SALES						
MA Ewes	273	37,214.80	136	209	24,424.59	117
Rams	-	-		1	145.95	146
Lambs	3,452	533,896.77	155	2551	307,014.21	120
Total Sales	3725	571,111.57		2761	331,584.75	
PURCHASES						
Lambs	3897	459,673.15	118	2,162	215,507.95	100
MA Ewes	200	48,000.00	240	544	88,965.00	164
Breeding Rams	8.00	5,200.00	650	6	3,600.00	600
Total Purchases	4105	512,873.15		2712	308,072.95	
Gross Profit/(Loss) to Farm Working Account	(380)	58,238.42		49	23,511.80	
OPENING STOCK						
<i>Market Value</i>						
Ewe Hoggets	840	124,320.00	148	565	59,325.00	105
MA Ewes	748	137,595.00	184	467	72,790.00	156
Breeding Rams	16	2,980.00	186	13	2,000.00	154
Total Opening Stock	1604	264,895.00		1045	134,115.00	
CLOSING STOCK						
<i>Market Value</i>						
Ewe Hoggets	1942	270,643.00	139	840	124,320.00	148
2Th Ewes	201	46,230.00	230	-	-	
MA Ewes	611	130,130.00	213	748	137,595.00	184
Breeding Rams	14	5,850.00	418	16	2,980.00	186
Total Closing Stock	2768	452,853.00		1604	264,895.00	
Decrease in Stock Value to Income Adjustment Account		(187,958.00)			(130,780.00)	

RECONCILIATION OF NUMBERS

	2022	2021
Opening Stock Numbers	1,604	1,045
Purchases	4,105	2,712
Natural Increase	978	695
	<u>6,687</u>	<u>4,452</u>
Less:		
Sales	3,725	2,761
Deaths & Missing	194	87
	<u>3,919</u>	<u>2,848</u>
Closing Stock Numbers	<u>2,768</u>	<u>1,604</u>

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, 2022

	2022		2021			
	Qty.	\$	Ave \$	Qty.	\$	Ave \$
SALES						
R2 Heifers	69	94,347.61	1,367	163	197,353.23	1,211
R2 Steers	170	284,092.37	1,671	131	140,495.31	1,072
R3 Steers	53	96,069.90	1,813	40	66,319.89	1,658
Total Sales	292	474,509.88		334	404,168.43	
PURCHASES						
R1 Heifers	213	190,425.64	894	168	130,060.16	774
R2 Heifers	-	-		3	2,956.80	986
R1 Steers	41	43,637.32	1,064	85	75,596.93	889
R2 Steers	30	38,700	1,290	73	83,397.01	1,142
Total Purchases	284	272,762.96		329	292,010.90	
Gross Profit/(Loss) to Farm Working Account	8	201,746.92		5	112,157.53	
OPENING STOCK						
<i>Market Value</i>						
R1 Heifers	35	29,645.00	847	30	21,000.00	700
R2 Heifers	84	87,100.00	1,037	83	76,050.00	916
MA Cows	-	-		6	7,200.00	1,200
R1 Steers/Bulls	24	23,664.00	986	122	85,381.00	700
R2 Steers/Bulls	151	192,690.00	1,276	23	23,050.00	1,002
R3 Steers/Bulls	53	78,705.00	1,485	94	126,900.00	1,350
Total Opening Stock	347	411,804.00		358	339,581.00	
CLOSING STOCK						
<i>Market Value</i>						
R1 Heifers	58	44,370.00	765	35	29,645.00	847
R2 Heifers	156	168,165.00	1,078	84	87,100.00	1,037
R1 Steers/Bulls	14	10,500.00	750	24	23,664.00	986
R2 Steers/Bulls	74	103,938.00	1,405	151	192,690.00	1,276
R3 Steers/Bulls	-	-		53	78,705.00	1,485
Total Closing Stock	302	326,973.00		347	411,804.00	
Decrease in Stock Value to Income Adjustment Account		84,831.00			(72,223.00)	
RECONCILIATION OF NUMBERS						
	2022		2021			
Opening Stock Numbers	347		358			
Purchases	284		329			
Natural Increase	-		-			
	<u>631</u>		<u>687</u>			
Less:						
Sales	292		334			
Deaths & Missing	37		6			
	<u>329</u>		<u>340</u>			
Closing Stock Numbers	<u>302</u>		<u>347</u>			

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, 2022

	Qty.	2022 \$	Ave \$	Qty.	2021 \$	Ave \$
SALES						
R1 Heifers	-	-		5	1,272.97	255
R2 Heifers	-	-		15	10321	688
MA Cows	87	66,422.95	763	151	106,779.12	707
R1 Steers	-	-		5	1,459.43	292
R2 Steers	21	31,099.99	1,481	22	27,788.69	1263
Calves	390	14,491.43	37	367	9,487.00	26
Total Sales	498	112,014.37		565	157,107.97	
PURCHASES						
MA Cows	-	-		80	134,000.00	1675
R3+ Steers	20	40,950.00	2048	21	34,860	1660
Total Purchases	20	40,950.00		101	168,860.00	
Gross Profit/(Loss) to Farm Working Account	478	\$71,064.37		464	(11,752.03)	
OPENING STOCK						
<i>Market Value</i>						
R1 Heifers	120	108,000.00	900	147	117,600.00	800
R2 Heifers	128	198,400.00	1550	132	180,450.00	1367
MA Cows	635	1,127,125.00	1775	605	1,013,375.00	1675
R1 Steers	-	-		11	6,250.00	568
R2 Steers	-	-		2	1,950.00	
R3 Steers	1	1400	1400	-	-	
Total Opening Stock	884	1,434,925.00		897	1,319,625.00	
CLOSING STOCK						
<i>Market Values</i>						
R1 Heifers	140	126,000.00	900	120	108,000.00	900
R2 Heifers	125	212,500.00	1700	128	198,400.00	1550
MA Cows	598	1,136,200.00	1900	635	1,127,125.00	1775
R1 Steers	6	3,600.00	600	-	-	
R3 Steers	1	2,100.00	2100	1	1,400.00	1400
Total Closing Stock	870	1,480,400.00		884	1,434,925.00	
Decrease in Stock Value to Income Adjustment Account		(45,475.00)			(115,300.00)	
RECONCILIATION OF NUMBERS						
		2022			2021	
Opening Stock Numbers		884			897	
Purchases		20			101	
Natural Increase		536			497	
		<u>1,440</u>			<u>1,495</u>	
<u>Less:</u>						
Sales		498			565	
Deaths & Missing		72			46	
		<u>570</u>			<u>611</u>	
Closing Stock Numbers		<u>870</u>			<u>884</u>	

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, 2022

	Notes	2022 \$	2021 \$
Income from Livestock Accounts			
Gross Profit/(Loss) from Deer Account		420,575.44	155,529.28
Gross Profit/(Loss) from Sheep Account		58,238.42	23,511.80
Gross Profit/(Loss) from Cattle Account		201,746.92	112,157.53
Gross Profit/(Loss) from Dairy Cattle Account		71,064.37	(11,752.03)
Total Income from Livestock Accounts		751,625.15	279,446.58
Other Income			
Sale of Milksolids		5,260,171.20	4,646,571.19
Milksolids Production Dividend		203,065.20	98,952.30
Dividends Received (Net)		23,018.00	13,993.10
Interest Received - (Gross)		1,141.01	63.38
Velvet		292,596.53	236,209.12
Wool		17,888.65	7,522.10
Timber/Tree Sales		2,399,923.96	3,145,721.20
Rebates		61,518.84	59,186.45
Rent Received		83,500.04	80,381.29
Sundry Farm Income		1,484.31	6,880.91
Covid Wage Subsidies		600.00	-
Total Other Income		8,344,907.74	8,295,481.04
Total Income before Expenses		9,096,532.89	8,574,927.62

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, 2022 (continued)

	Notes	2022 \$	2021 \$
Less Expenses:			
Farm Operating Expenses			
Animal Identification		9,156.25	9,537.53
Animal Health		206,273.48	183,224.18
Breeding & Calf Rearing Costs		5,798.99	960.00
Contracting Expenses		2,136.00	6,208.00
Cultivation & Cropping		54,836.69	47,707.81
Dairyshed Expenses		13,674.95	6,402.62
Dog Expenses		12,379.74	8,034.46
Effluent Disposal		4,484.27	1,123.00
Electricity & Gas		45,718.71	41,370.93
Equipment Hire		-	83.25
Farm Stores		2,354.57	158.61
Fencing		94,146.74	118,858.71
Fertiliser		1,349,168.04	797,536.78
Freight & Cartage		46,150.95	29,947.90
Forestry Expenses		536,724.79	1,071,042.46
Hay & Silage Purchases		50,153.00	92,348.00
Hay & Silage Making		136,360.68	121,553.93
Health & Safety		169.73	2,568.17
Herd Testing & Improvement		23,500.61	34,781.05
Land Clearing		-	36,325.00
Mapping Expenses		1,980.00	-
Protective Clothing		1,714.60	556.69
Seed		92,147.85	91,470.56
Shearing Wages		23,929.30	9,909.40
Shearing Contractors		-	2,779.66
Shearing Expenses		2,612.33	1,925.65
Staff expenses		2,455.42	2,822.00
Stock Food		514,913.08	289,579.42
Wages		295,209.84	229,765.81
Wages - Kiwisaver Employer Contributions		7,150.41	5,662.17
Waste Disposal		15,416.55	16,818.78
Weed & Pest Control		316,782.89	294,674.97
Total Farm Operating Expenses		3,867,500.46	3,555,737.50
Repairs & Maintenance			
R&M - Buildings		24,793.65	27,015.46
Employee Accommodation		115,124.51	134,233.75
R&M - Airstrip		-	25,863.00
R&M - Plant & Equipment		163,285.85	228,524.73
Tracks, Yards & Races		169,608.96	59,472.41
Water Supply		86,008.81	70,083.46
Total Repairs and Maintenance		558,821.78	545,192.81

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, 2022 (continued)

	Notes	2022 \$	2021 \$
Vehicle Expenses			
Fuel & Oil		36,499.01	19,488.66
Trailer Expenses		266.26	-
Motorcycle Expenses		7,413.53	7,689.82
Tractor Expenses		12,236.29	21,106.33
Utility Expenses		8,401.85	4,994.56
Total Vehicle Expenses		64,816.94	53,279.37
Administration Expenses			
Accountancy & Secretarial Fees		121,514.29	127,070.35
Advertising		1,174.00	884.00
AGM & General Meeting Expenses		-	11,278.11
Audit Fee		11,828.00	11,828.00
Bank Fees & Charges		234.00	90.00
Trustees' Fees & Expenses	2	76,203.46	86,213.17
Computer Expenses		-	698.65
Consultancy		106.00	777.34
Farm Advisory		69,211.88	65,896.19
General Expenses		972.18	178.26
Postage & Stationery		2,806.21	3,228.79
Share Register Maintenance		23,388.93	24,873.00
Seminars & Conferences		-	1,127.82
Subscriptions & Licenses		10,600.67	11,584.02
Telephone & Tolls		3,716.72	2,524.56
Valuations Fees		1,750.00	6,927.05
Total Administration Expenses		323,506.34	355,179.31
Standing Charges			
ACC Levies		5,611.57	3,672.91
Bio Security Levies		13,879.91	14,717.57
Development & Research Levies		20,540.80	22,039.28
Insurance		166,904.81	113,684.29
Interest -Trading/OD		42.07	268.25
Interest - IRD		490.01	3,811.43
Interest - Loans		256,483.85	316,337.90
Legal & Professional Fees		42,666.84	34,134.87
Rates		170,891.64	198,460.48
Rent	3	138,228.84	138,228.80
Total Standing Charges		815,740.34	845,355.78
Total Expenses		5,630,385.86	5,354,744.77
Cash Surplus/(Deficit) from Farming		3,466,147.03	3,220,182.85

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, 2022

	Notes	2022 \$	2021 \$
Cash Surplus/(Deficit) from Farming		3,466,147.03	3,220,182.85
<u>Non Cash Adjustments for the year</u>			
Increase/(Decrease) in Stock values:			
Deer		125,614.00	(185,809.00)
Sheep		187,958.00	130,780.00
Beef Cattle		(84,831.00)	72,223.00
Dairy Cattle		45,475.00	115,300.00
		274,216.00	132,494.00
Depreciation:			
Depreciation Recovered		-	388.57
Loss on Sale of Fixed Assets		(1,825.39)	(17,196.94)
Depreciation	11	(404,433.00)	(423,962.31)
		(406,258.39)	(440,770.68)
Total Non-Cash adjustments for the year		(132,042.39)	(308,276.68)
Net Surplus before Taxation		3,334,104.64	2,911,906.17
Taxation	4	(565,877.33)	(488,777.38)
Net Surplus after Tax		2,768,227.31	2,423,128.79
Non Deductible Expenses			
Grants - Marae		(35,500.00)	(40,000.00)
Grants - Tangi		(1,800.00)	(2,638.00)
Grants - Education		(2,000.00)	(10,000.00)
Grants - Other		(13,000.00)	-
Non -deductible Expenses		(6,230.92)	-
		(58,530.92)	(52,638.00)
Net Surplus for the year		2,709,696.39	2,370,490.79

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, 2022

	Notes	2022 \$	2021
EQUITY AT THE BEGINNING OF THE YEAR		57,001,181.46	59,526,570.73
Net Surplus for the year		2,709,696.39	2,370,490.79
Kaumatua Grant	5	(121,000.00)	(112,800.00)
Dividend Declared	5	(81,874.41)	(81,873.70)
Increase/(decrease) in Asset Revaluation Reserve - Shares		(970,710.57)	22,571.64
Increase in Asset Revaluation Reserve - Forestry		(826,427.00)	59,917.00
Increase in Asset Revaluation Reserve - Land & Buildings		-	(4,783,695.00)
Total Recognised Revenue & Expenses for the year		709,684.41	(2,525,389.27)
EQUITY AT THE END OF THE YEAR		57,710,865.87	57,001,181.46

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, 2022

	Notes	2022 \$	2021 \$
CURRENT ASSETS			
Cash			
BNZ - 00 Account		334,818.85	397,159.13
BNZ - 04 Account		378.53	779.80
BNZ Auto Call Account		250,746.71	52,140.94
		<u>585,944.09</u>	<u>450,079.87</u>
Receivables			
Accounts Receivable	7	1,481,786.79	2,063,485.65
Loan on Call		-	8,441.76
Countdown Gift Cards		10,000.00	5,400.00
		<u>1,491,786.79</u>	<u>2,077,327.41</u>
Prepayments			
Prepayments	7	108,935.22	169,781.38
Livestock			
	8		
Deer on Hand		1,718,432.00	1,592,818.00
Sheep on Hand		452,853.00	264,895.00
Beef Cattle on Hand		326,973.00	411,804.00
Dairy Cattle on Hand		1,480,400.00	1,434,925.00
		<u>3,978,658.00</u>	<u>3,704,442.00</u>
Total Current Assets		<u>6,165,324.10</u>	<u>6,401,630.66</u>
NON CURRENT ASSETS			
Property, Plant & Equipment			
	11		
Land		7,042,926.40	7,042,926.40
Asset Revaluations		30,716,677.85	30,716,677.85
Land Improvements		5,614,951.54	5,774,367.27
Buildings		2,969,531.68	2,989,659.52
Plant & Equipment		730,113.23	679,434.85
Motor Vehicles		137,181.38	150,458.66
Furniture & Fittings		1,253.47	1,358.47
Office Equipment		11,178.50	11,239.50
Forestry		8,082,083.00	8,909,989.00
		<u>55,305,897.05</u>	<u>56,276,111.52</u>

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

TUMUNUI LANDS TRUST
ROTORUA

BALANCE SHEET

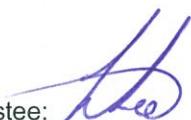
AS AT 30 JUNE, 2022 (continued)

	Notes	2022 \$	2021 \$
Investments			
New Zealand Shares	9	3,790,742.52	4,754,363.04
Total Non-Current Assets		59,096,639.57	61,030,474.56
Total Assets		65,261,963.67	67,432,105.22
CURRENT LIABILITIES			
Creditors and Borrowings			
Current Portion of Term Liabilities	13	638,464.44	619,504.44
Accounts Payable		553,725.52	660,910.72
GST Payable		132,051.12	199,588.38
Provision for Taxation	4	202,350.21	264,177.55
Provision for Holiday Pay		38,851.76	26,298.10
		<u>1,565,443.05</u>	<u>1,770,479.19</u>
Total Current Liabilities		1,565,443.05	1,770,479.19
NON-CURRENT LIABILITIES			
Unclaimed Dividends		989,403.11	909,956.27
Provision for Dividend	5	-	81,873.70
Bank Term Loan	13	5,634,716.08	8,288,119.04
Less Transferred to Current Liabilities	13	(638,464.44)	(619,504.44)
		<u>5,985,654.75</u>	<u>8,660,444.57</u>
Total Non-Current Liabilities		5,985,654.75	8,660,444.57
Total Liabilities		7,551,097.80	10,430,923.76
Net Assets		57,710,865.87	57,001,181.46
BENEFICIARIES FUNDS			
Trust Capital	14	71,330.00	71,330.00
Capital Reserves	15	2,629,327.20	2,629,327.20
Retained Earnings	19	17,675,845.09	15,169,023.11
Asset Revaluation Reserve - Land & Buildings	16	30,716,677.85	30,716,677.85
Asset Revaluation Reserve - Shares	17	(1,401,916.27)	(431,205.70)
Asset Revaluation Reserve - Forestry	18	8,019,602.00	8,846,029.00
		<u>57,710,865.87</u>	<u>57,001,181.46</u>
Total Accumulated Trust Funds		57,710,865.87	57,001,181.46

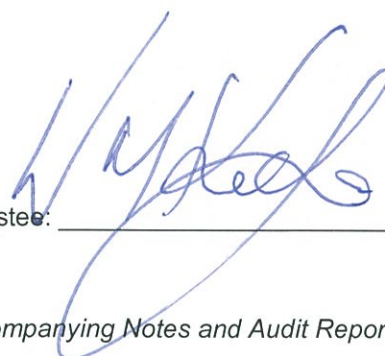
Authorised for issue on :

30th March 2023

Trustee:



Trustee:



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