

KAWERAU A8D TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

KAWERAU A8D TRUST

INDEX TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

	Page
Statement of Financial Performance	1
Statement of Changes in Equity	2
Statement of Financial Position	3 - 4
Notes to the Financial Statements	5 - 8
Independent Auditor's Report	9 - 11

KUSABS LASIKE LTD
Chartered Accountants
Rotorua

KAWERAU A8D TRUST

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH, 2020

	Note	2020 \$	2019 \$
Income			
Administration Fund		-	61,326
Lease Received		200,000	125,015
Bonus Bonds		-	20
Interest Received		795	1,367
Fees paid by Maori Land Court		-	8,500
		200,795	196,228
Total Income before Expenses			
Less Expenses:			
Administration Expenses			
Administration & Accounting Fees		30,151	7,793
AGM Expenses		6,746	-
Audit Fee		3,102	3,300
Bank Fees & Charges		77	85
Depreciation		54	77
Interest - Inland Revenue Dept		117	-
General Expenses		58	36
Legal Fees		421	2,489
Penalties IRD - non deductible		68	-
Trustee Mileage		626	321
		41,420	14,101
Total Expenses			
		159,375	182,127
<u>Net Operating Surplus/(Deficit) for the Year</u>			
Provision for Taxation	11	(25,050)	(30,959)
Overprovision for Tax prior years		1,261	-
		(23,789)	(30,959)
<u>Surplus after income tax</u>			
		135,586	151,168



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

KAWERAU A8D TRUST

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 \$	2019 \$
EQUITY AT BEGINNING OF THE YEAR		<u>450,468</u>	<u>299,300</u>
SURPLUS AND REVALUATIONS			
Net Surplus for the period		135,586	151,168
Total recognised revenues and expenses for the period		<u>135,586</u>	<u>151,168</u>
EQUITY AT END OF THE YEAR		<u><u>586,054</u></u>	<u><u>450,468</u></u>



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

KAWERAU A8D TRUST

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash			
BNZ Account		4,511	54,203
BNZ - Call Account		400,297	278,151
Matthew Shaw Legal Trust Account	6	130,353	130,067
Receivables			
Goods & Services Tax		39,591	38,479
		574,752	500,900
Investments			
Bonus Bonds	7	3,330	3,330
<u>Total Current Assets</u>		578,082	504,230
NON-CURRENT ASSETS			
Property, Plant & Equipment			
Freehold Land	5	514,000	514,000
Motor Vehicles		127	181
		514,127	514,181
<u>Total Non-Current Assets</u>		514,127	514,181
<u>Total Assets</u>		1,092,209	1,018,411
CURRENT LIABILITIES			
Creditors and Borrowings			
Income in Advance		50,000	50,000
Accounts Payable	8	373,725	340,255
Accrued Liabilities	9	3,500	19,800
Provision for Taxation	11	3,930	32,888
		431,155	442,943
<u>Total Current Liabilities</u>		431,155	442,943
NON-CURRENT LIABILITIES			
Project Development Fee - Ahi O Maui Ltd Partnership	10	75,000	125,000
<u>Total Non-Current Liabilities</u>		75,000	125,000
<u>Total Liabilities</u>		506,155	567,943
<u>Net Assets</u>		586,054	450,468



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

KAWERAU A8D TRUST

BALANCE SHEET

AS AT 31 MARCH 2020 (continued)

	Note	2020 \$	2019 \$
TRUST FUNDS			
Beneficiaries Equity		<u>586,054</u>	<u>450,468</u>
<u>Trust Equity</u>	2	<u><u>586,054</u></u>	<u><u>450,468</u></u>

For and on behalf of the Trust, which authorised the financial statements for issue on:

13/9/2021
Date


Trustee



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

KAWERAU A8D TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Kawerau A8D Trust is a trust originally vested under Section 438 of the Maori Affairs Act 1953, and continues under Section 215 of the Te Ture Whenua Maori Act 1993 as an Ahu Whenua Trust.

Measurement Base

These financial statements are special purpose and have been prepared for the Shareholders/Owners and for taxation purposes.

The accounting policies adopted and detailed under the specific accounting policies 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 earnings and financial position on a historical cost basis, modified by the revaluation of land and improvements (as described in the specific accounting policies section below) are followed by the Trust. Accrual accounting is used to recognise expenses and revenues when they occur.

These financial statements have been prepared in New Zealand dollars, rounded to the nearest dollar.

SPECIFIC ACCOUNTING POLICIES

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

Land

Land is recorded at a valuation. The most recent valuation was performed by Telfer Young, registered Property valuers, on 8th July 2016. Valuations are completed when requested at irregular intervals

Other Property, Plant and Equipment is recorded at Cost less accumulated depreciation.

Depreciation: Motor Vehicles 30% DV

Accounts Receivable

Accounts receivable are recorded at their net realisable value after writing off all debts considered uncollectible.

Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis of accounting. Any GST due or recoverable at balance date is included within the amount of Current Assets or Current Liabilities.

Taxation

Income tax expense recognised in the Statement of Financial Performance (where appropriate) is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years.

Investments

Investments are stated at cost price

CHANGES IN ACCOUNTING POLICIES

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



KAWERAU A8D TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

NOTE 2. BENEFICIARIES EQUITY

		This Year	Last Year
Asset Revaluation Reserve	(Note 3)	414,000	414,000
Retained Earnings	(Note 4)	172,054	36,468
		\$ 586,054	\$ 450,468

NOTE 3. ASSET REVALUATION RESERVE

	This Year	Last Year
Opening Balance	414,000	414,000
Plus Current Years Movement	-	-
		\$ 414,000
Closing Balance	\$ 414,000	\$ 414,000

In 2016 Land was revalued to a registered Valuation of \$514,000.
The asset revaluation reserve represents the difference between the original recorded land value and the 2016 valuation.

NOTE 4. RETAINED EARNINGS/(ACCUMULATED LOSSES)

	This Year	Last Year
Opening Balance	36,468	(114,700)
Net Surplus	135,586	151,168
		\$ 172,054
	\$ 172,054	\$36,468

NOTE 5. PROPERTY, PLANT & EQUIPMENT

2020 Class	Cost/Valuation	Accum Deprn	Current Deprn	Book Value
Land	514,000	-	-	514,000
Vehicles	5,773	5,646	54	127
		519,773	5,646	514,127
2019 Class	Cost/Valuation	Accum Deprn	Current Deprn	Book Value
Land	514,000	-	-	514,000
Vehicles	5,773	5,592	77	181
		519,773	5,592	514,181



KAWERAU A8D TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTE 6. MATTHEW SHAW LEGAL TRUST ACCOUNT

During the 2016 year Te Ahi O Maui entered into a Project Development agreement with the Trust and the initial funding of \$200,000 plus GST was deposited to the Matthew Shaw Legal Trust account, solicitor for the Trust. This amount is to be repaid by way of reduced rent over 4 years from date of Synchronisation 1/11/18.

NOTE 7. BONUS BONDS

	This Year	Last Year
Opening Balance	3,330	3,310
Prize Reinvestments	-	20
Total	\$ 3,330	\$ 3,330

NOTE 8. ACCOUNTS PAYABLE

Aurere Law	203,518	203,518
Langley Twigg	-	2,863
Total Legal Fees	\$ 203,518	\$ 206,381
Additional Creditors		
NZME - Advertising	1,674	-
Kusabs Lasike Limited	168,533	133,874
Total Accounts Payable	\$373,725	\$ 340,255

NOTE 9. ACCRUED LIABILITIES

At year end the Trust has accrued the following GST exclusive expenses for which invoices have not yet been received:

Audit Fee – William Buck Audit (NZ)	3,500	19,800
Total Accrued Liabilities	\$ 3,500	\$ 19,800

NOTE 10. PROJECT DEVELOPMENT FEE – AHI O MAUI LTD PARTNERSHIP

As per an Agreement between Ahi O Maui Ltd Partnership and the Trust \$200,000 Project Fee was payable to the Trust on confirmation that the Trust had agreed to a scheme of arrangement with its creditors. This condition was met and the funds were deposited to the Trust's Solicitors Trust Account. (refer Note 6)



KAWERAU ASD TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTE 11. TAXATION

	This Year	Last Year
Net Surplus as per the Accounts	159,375	182,127
Permanent Differences	68	(20)
Timing Differences	(16,300)	(5,200)
Less Losses brought forward	-	-
	<hr/>	<hr/>
Taxable Income	\$143,143	\$ 176,907
	<hr/>	<hr/>
Taxation @ 17.5c	\$25,050	\$30,959
Less RWT current year	(209)	(413)
Tax Paid	(17,000)	-
Tax Refund	277	-
Prior Years Taxes owing/(Credit)	(4,188)	2,342
	<hr/>	<hr/>
Taxation Owing	\$3,930	\$32,888
	<hr/>	<hr/>

NOTE 12. RELATED PARTY TRANSACTIONS

In April 2011 The Maori Land Court appointed Andrew Kusabs as an independent Trustee and Chairman of the Trust. Andrew Kusabs retired as director from Kusabs Lasike Ltd in 2017 and Lau Lasike remains the director. Kusabs Lasike Ltd invoiced for work carried out during the year of \$30,135 GST inc (Last Year \$8,918). At year end owing was \$168,533. (Last Year \$133,874).

No other related party transactions were due to or from the Trust.

NOTE 14. GEOTHERMAL RIGHTS

The Trustees have obtained an independent valuation of the value of geothermal rights based on the current lease agreement with Te Ahi o Maui. The valuation by Telfer Young dated 8 July 2016, is \$2,920,000 based on capitalisation of lease income. The valuation notes that the lessee has the right to terminate the lease at any stage where the geothermal resource is uneconomic. Because there has been no economic outflow to create this intangible asset, there is no balance recorded in the financial statements.

NOTE 15. CONTINGENT LIABILITIES

- a) There is an ongoing dispute with Norske Skog Tasman Ltd as to the condition of the block in relation to contamination coming from neighbouring leased blocks. This has and is entailing the Trust to seek legal advice and management of the block. This is likely to be a considerable drain on the Trusts finances into the future. The cost to the Trust of this has not been quantified.
- b) The loan agreement the Trust has with Tohia O Te Rangi Marae includes an arrangement to come to an agreement as to any financial recompense for the use of the loans at the time they are repaid. A calculation has not been made for any possible interest or finance charges that may result from any further agreement.

NOTE 16. COMMITMENTS

There are no commitments at year end (Last Year \$Nil).

NOTE 17. GOING CONCERN

The Trust will continue to operate for the foreseeable future.



Kawerau A8D Trust

Independent auditor's report to the Trustee

Report on the Audit of the Financial Statements

Opinion

We have audited the special purpose financial statements of Kawerau A8D Trust (the Trust), which comprise the statement of financial position as at 31 March 2020, and the statement of financial performance 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 accompanying special purpose financial statements of the Trust are prepared, in all material respects, in accordance with the accounting policies outlined 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 the Company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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 to enable the Trust to report to its shareholders / owners and for taxation purposes.

ACCOUNTANTS & ADVISORS

The Collective
145 Seventeenth Avenue
Tauranga 3112, New Zealand
Telephone: +64 7 927 1234
williambuck.com

William Buck Audit (NZ) Limited

Trustee's Responsibilities

The trustee is responsible on behalf of the Trust for the preparation of financial statements prepared in accordance with the accounting policies disclosed in Note 1 to the financial statements, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The trustee is also responsible for the selection of accounting policies that are appropriate for the Trust.

In preparing the financial statements, the trustee is responsible 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 trustee either intends 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 economic 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 The Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 The Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events.

We communicate with the Trustee 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.

The engagement director on the audit resulting in this independent auditor's report is Richard Dey.

Restriction on Distribution and Use

This report is made solely to the Trustee. Our audit work has been undertaken so that we might state to the Trustee those matters which we are required to state to him 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 Trustee, for our audit work, for this report or for the opinions we have formed.



William Buck Audit (NZ) Limited

Tauranga
21 September 2021