

***PAENGAROA NORTH B10A TRUST***

***FINANCIAL STATEMENTS***  
*FOR THE YEAR ENDED 30 JUNE 2022*

# PAENGAROA NORTH B10A TRUST

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FOR THE YEAR ENDED 30 JUNE 2022

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## INDEPENDENT AUDITORS REPORT

To the Trustees of Paengaroa North B10A Trust

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Paengaroa North B10A Trust (the Trust) on pages 1 to 16, which comprise the balance sheet as at 30 June 2022, and the statements of profit or loss and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the matter disclosed in the Basis for Qualified Opinion paragraph, the financial statements of Paengaroa North B10A 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 Qualified Opinion

The livestock count and valuation report prepared by the independent livestock agent stated that the mixed age cows were tallied and appraised, but the rising one year heifers were not. We are therefore unable to verify the existence or valuation of the rising one year heifers carried on the balance sheet as at 30 June 2022 at a market value of \$86,625. Further, the independent livestock agent's tally and valuation of calved mixed age cows (100 at a total value of \$190,000) are carried on the Trust's balance sheet as rising two year heifers.

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, Paengaroa North B10A Trust.

### **Emphasis of Matter – Pahekoheko Limited Partnership**

The Trust's investment in Pahekoheko Limited Partnership is carried on the balance sheet at 50% of the Limited Partnership's retained losses as per the unaudited financial statements of the Limited Partnership for the year ended 31 March 2022, plus capital contributions made by the Trust to the Limited Partnership up to 30 June 2022, with the movement in the investment valuation recorded through the statement of profit or loss. As the limited partnership financial information is not audited the financial effect on the statement of financial position and statement of comprehensive income is not known. We have not modified our opinion in respect to this matter.

### **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 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 Paengaroa North B10A Trust for the year ended 30 June 2021 were audited by another auditor who expressed an unqualified opinion on those statements on the 16<sup>th</sup> February 2022.

### **Restriction on Responsibility**

This report is made solely to the Trustees, as a body, in accordance with the trust deed of Paengaroa North B10A 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.



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

**Date: 18<sup>th</sup> November 2022**

# PAENGAROA NORTH B10A TRUST

## STATEMENT OF DAIRY CATTLE TRADING

FOR THE YEAR ENDED 30 JUNE, 2022

	Qty.	2022 \$	Avge \$	Qty.	2021 \$	Avge \$
<b>SALES</b>						
R1 Heifers	7	2,278.50	326	20	9,662.60	483
R2 Heifers	5	3,644.59	729	9	10,044.00	1,116
MA Cows	79	55,402.30	701	70	41,254.68	589
Breeding Bulls	10	21,271.43	2,127	-	-	-
Calves	247	6,202.39	25	256	12,602.49	49
<b>Total Sales</b>	<b>348</b>	<b>88,799.21</b>		<b>355</b>	<b>73,563.77</b>	
<b>PURCHASES</b>						
Breeding Bulls	10	23,000.00	2,300	-	-	-
<b>Cash Surplus for the Year</b>	<b>338</b>	<b>65,799.21</b>		<b>355</b>	<b>73,563.77</b>	
<b>OPENING STOCK</b>						
<i>Market Value</i>						
R1 Heifers	100	85,000.00	850	124	86,800.00	700
R2 Heifers	90	144,000.00	1,600	-	-	-
MA Cows	308	539,000.00	1,750	390	546,000.00	1,400
R1 Steers/Bulls	2	1,200.00	600	2	1,100.00	550
R2 Steers/Bulls	1	1,200.00	1,200	2	2,200.00	1,100
<b>Total Opening Stock</b>	<b>501</b>	<b>770,400.00</b>		<b>518</b>	<b>636,100.00</b>	
<b>CLOSING STOCK</b>						
<i>Market Value</i>						
R1 Heifers	99	86,625.00	875	100	85,000.00	850
R2 Heifers	95	180,500.00	1,900	90	144,000.00	1,600
MA Cows	312	592,800.00	1,900	308	539,000.00	1,750
R1 Steers/Bulls	-	-	-	2	1,200.00	600
R2 Steers/Bulls	-	-	-	1	1,200.00	1,200
<b>Total Closing Stock</b>	<b>506</b>	<b>859,925.00</b>		<b>501</b>	<b>770,400.00</b>	
<b>Increase in Stock Value</b>		<b>89,525.00</b>			<b>134,300.00</b>	
<b>Gross Profit for the Year</b>		<b>155,324.21</b>			<b>207,863.77</b>	

*This financial statement must be read in conjunction with the accompanying Accounting Policies, Notes to the Financial Statements and the Audit Report.*

# PAENGAROA NORTH B10A TRUST

## STATEMENT OF DAIRY CATTLE TRADING

FOR THE YEAR ENDED 30 JUNE, 2022 (Continued)

### RECONCILIATION OF NUMBERS

	2022	2021
Opening Stock Numbers	501	518
Purchases	10	-
Natural Increase	353	358
	<u>864</u>	<u>876</u>
Less:		
Sales	348	355
Deaths and Missing	10	20
	<u>358</u>	<u>375</u>
Closing Stock Numbers	<u>506</u>	<u>501</u>

*This financial statement must be read in conjunction with the accompanying Accounting Policies, Notes to the Financial Statements and the Audit Report.*

# PAENGAROA NORTH B10A TRUST

## STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE, 2022

	Note	2022 \$	2021 \$
<b>Cash Profit (Loss) from Livestock Trading</b>			
Dairy Cattle		65,799.21	73,563.77
<b>Other Income</b>			
Sale of Milksolids		1,235,898.62	998,260.83
Milksolids Production Dividend		31,319.00	15,659.50
		1,267,217.62	1,013,920.33
<b>Non Trading Income</b>			
Dividends Received (Net)		4,241.97	2,402.49
Interest Received (Gross)		-	5.11
Rebate - Ravensdown		1,908.43	5,084.52
Farm Source Rewards		1,188.98	4,957.50
		7,339.38	12,449.62
<b>Total Income before Expenses</b>		1,340,356.21	1,099,933.72
<b>Operating Expenses</b>			
Animal Identification		1,408.68	1,712.34
Animal Health		74,316.22	57,369.60
Biosecurity Levies		3,726.78	3,856.81
Calf Rearing		8,470.25	7,232.83
Cultivation & Cropping		40,228.19	45,734.47
Contract Milking Remuneration		15,528.20	-
Dead Cow Collection		540.00	270.00
Effluent Disposal		7,260.09	417.39
Equipment Hire		1,401.74	6,000.00
Fertiliser		117,277.21	98,624.28
Freight & Cartage		2,859.06	4,470.61
Grazing		68,014.21	77,823.55
Hay & Silage Purchases		-	43,160.95
Hay & Silage Making		96,959.20	44,820.74
Herd Testing & Breeding		20,980.87	21,425.95
Lease Livestock		2,875.00	14,325.00
Seed		32,327.65	32,059.97
Stock Food		104,303.18	66,559.90
Waste Disposal		1,368.30	1,141.61
Weed & Pest Control		25,469.21	18,335.85
<b>Total Farm Operating Expenses</b>		625,314.04	545,341.85
<b>Repairs and Maintenance</b>			
Fences & Gates		19,578.85	2,338.72
Manager's House		842.88	5,027.66
Worker's House		-	4,223.51
Plant & Equipment		15,569.58	30,619.32

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



# PAENGAROA NORTH B10A TRUST

## **STATEMENT OF PROFIT OR LOSS** FOR THE YEAR ENDED 30 JUNE, 2022 (Continued)

	Note	2022	2021
		\$	\$
Tracks, Yards & Races		39,611.55	25,782.80
Water Supply/Testing		4,025.73	1,759.35
Total Repairs and Maintenance		79,628.59	69,751.36
<b>Vehicle Expenses</b>			
Fuel & Oil		7,244.66	4,373.61
Motorcycle Expenses		193.91	-
Tractor Expenses		13,538.24	21,905.35
Total Vehicle Expenses		20,976.81	26,278.96
<b>Administration Expenses</b>			
Accountancy & Secretarial Fees		37,758.55	39,826.31
Advertising		520.00	494.00
Audit Fee		3,670.00	4,432.03
Bank Fees & Charges		914.00	80.55
Farm Advisory		23,837.46	19,482.91
General Expenses		183.90	-
Postage & Stationery		537.67	493.00
Share Register Maintenance		6,522.98	11,809.20
Subscriptions & Fees		1,805.00	1,580.87
Trustee Fees		14,500.00	17,000.00
Trustee & Meeting Expenses		2,653.89	3,364.32
Valuations Fees		400.00	400.00
Total Administration Expenses		93,303.45	98,963.19
<b>Standing Charges</b>			
Development & Research		5,590.16	5,785.26
Insurance		16,360.91	11,352.63
Interest - Overdraft & Trading		737.66	1,568.45
Interest - BNZ Loan 11		6,689.53	7,210.04
Rates		24,014.04	26,903.60
Rent		47,061.22	41,722.84
Total Standing Charges		100,453.52	94,542.82
Total Expenses		919,676.41	834,878.18
<b>Net Cash Operating Profit/(Loss) for the Year</b>		420,679.80	265,055.54

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

## PAENGAROA NORTH B10A TRUST

### STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE, 2022 (Continued)

	Note	2022 \$	2021 \$
<b>Non-Cash Adjustments for the Year:</b>			
Increase (Decrease) in Livestock Values:			
Dairy Cattle		89,525.00	134,300.00
Depreciation Recovered		5,969.00	-
Depreciation		<u>(37,073.20)</u>	<u>(32,482.00)</u>
<b>Total Non-Cash Adjustments for the Year</b>		<u>58,420.80</u>	<u>101,818.00</u>
<b><u>Taxable Profit/(Loss) for the Year</u></b>		479,100.60	366,873.54
Provision for Taxation (Tax Refund Due)	6	<u>53,571.94</u>	<u>20,435.55</u>
<b>Profit/(Loss) after Income Tax</b>		<u>425,528.63</u>	<u>346,437.99</u>
<b>Non Assessable Income</b>			
Revaluation Fonterra Shares Below Cost		<u>-</u>	<u>3,131.90</u>
<b>Total Non Assessable Income</b>		<u>-</u>	<u>3,131.90</u>
<b>Non Deductible Expenses</b>			
Koha		-	1,000.00
Revaluation Fonterra Shares Below Cost		134,671.70	-
Share of Profit in Equity Accounted Investments		<u>194,382.50</u>	<u>107,216.00</u>
<b>Total Non Deductible Expenses</b>		<u>329,054.20</u>	<u>108,216.00</u>
<b>Net Profit/(Loss) for the year</b>		<u><u>96,474.43</u></u>	<u><u>241,353.89</u></u>

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

# PAENGAROA NORTH B10A TRUST

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE, 2022

	2022	2021
	\$	\$
<b>EQUITY AT BEGINNING OF THE YEAR</b>	<u>7,478,825.52</u>	<u>7,257,914.50</u>
<b>SURPLUS/DEFICIT AND REVALUATIONS</b>		
Surplus/(Deficit) for the period	96,474.13	241,353.89
Increase/Decrease in Share Revaluation	<u>5,192.56</u>	<u>7,457.13</u>
<b>Total recognised revenues and expenses for the period</b>	<u>101,666.99</u>	<u>248,811.02</u>
<b>CONTRIBUTIONS AND DISTRIBUTIONS</b>		
Kaumatua Grant	<u>(31,050.00)</u>	<u>(27,900.00)</u>
<b>EQUITY AT END OF THE YEAR</b>	<u><u>7,549,442.51</u></u>	<u><u>7,478,825.52</u></u>

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

# PAENGAROA NORTH B10A TRUST

## **BALANCE SHEET**

AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
<b>Cash</b>			
Call Account		11.83	11.83
<b>Receivables</b>			
Accounts Receivable		308,814.98	276,139.80
Tax Refund Due	6	-	8,850.36
		308,814.98	284,990.16
<b>Prepayments</b>			
Insurance		17,205.47	14,914.66
<b>Livestock</b>			
Dairy Cattle on Hand		859,925.00	770,400.00
		1,185,957.28	1,070,316.65
<b>NON-CURRENT ASSETS</b>			
<b>Property, Plant &amp; Equipment</b>			
	2		
Freehold Land		4,889,828.00	4,889,828.00
Property Developments		14,725.00	15,104.00
Property Improvements		519,337.85	527,320.55
Buildings		317,874.88	320,136.88
Plant & Equipment		64,703.74	68,596.94
Motor Vehicles		141,639.00	40,690.00
Furniture & Fittings		326.50	420.50
		5,948,434.97	5,862,096.87

*This Statement is to be read in conjunction with the attached Accounting Policies, Notes to the Financial Statements and the Audit Report which form part of these financial statements.*

# PAENGAROA NORTH B10A TRUST

## **BALANCE SHEET**

AS AT 30 JUNE 2022 (continued)

	Note	2022 \$	2021 \$
<b>Investments</b>			
Ballance Agri-Nutrients Co-op Ltd - 2831 Shares @ \$8.10		22,931.10	22,931.10
Farmlands Trading Society Ltd - 1639 Shares @ \$1.00		1,639.00	1,639.00
Ravensdown Fertiliser Co-op Ltd - 31730 Shares @ \$1.00		31,730.00	31,691.00
Livestock Improvement - 17631 Fully Paid Shares @ \$1.45		25,564.95	19,869.64
Fonterra Co-Op Group - 156595 Shares @ \$2.90		454,125.50	588,797.20
Pahekoheko Limited Partnership		174,662.50	189,045.00
		710,653.05	853,972.94
<b><u>Total Non-Current Assets</u></b>		<b>6,659,088.02</b>	<b>6,716,069.81</b>
<b><u>Total Assets</u></b>		<b>7,845,045.30</b>	<b>7,786,386.46</b>
<b>CURRENT LIABILITIES</b>			
<b>Creditors and Borrowings</b>			
BNZ Rapid Repay Farming A/c (Secured)	3	6,188.41	47,008.68
Accrued Liabilities		92.89	60.57
Accounts Payable		70,736.54	50,716.57
Current Portion of Term Liabilities	5	30,000.00	30,000.00
Goods & Services Tax		35,559.26	34,775.12
Provision for Taxation	6	38,025.69	-
		180,602.79	162,560.94
<b><u>Total Current Liabilities</u></b>		<b>180,602.79</b>	<b>162,560.94</b>

*This Statement is to be read in conjunction with the attached Accounting Policies, Notes to the Financial Statements and the Audit Report which form part of these financial statements.*

# PAENGAROA NORTH B10A TRUST

## BALANCE SHEET

AS AT 30 JUNE 2022 (continued)

	Note	2022 \$	2021 \$
<b>NON-CURRENT LIABILITIES</b>			
<b>Term Liabilities</b>			
BNZ Loan - 11		145,000.00	175,000.00
Less Transferred to Current Liabilities		(30,000.00)	(30,000.00)
	5	<u>115,000.00</u>	<u>145,000.00</u>
<b><u>Total Non-Current Liabilities</u></b>		<u>115,000.00</u>	<u>145,000.00</u>
<b><u>Total Liabilities</u></b>		<u>295,602.79</u>	<u>307,560.94</u>
<b><u>Net Assets</u></b>		<u>7,549,442.51</u>	<u>7,478,825.52</u>
<b>TRUST FUNDS</b>			
Beneficiaries Equity	7	<u>7,549,442.51</u>	<u>7,478,825.52</u>
<b><u>Trust Equity</u></b>		<u>7,549,442.51</u>	<u>7,478,825.52</u>

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

18th November 2022

Date



Trustee



Trustee

*This Statement is to be read in conjunction with the attached Accounting Policies, Notes to the Financial Statements and the Audit Report which form part of these financial statements.*

# PAENGAROA NORTH B10A TRUST

## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2022

### 1. Statement of Accounting Policies

These are the special purpose financial statements for PAENGAROA NORTH B10A TRUST.

#### Entity Reporting

The Trust is an Ahu Whenua Trust as defined under section 215 of Te Ture Whenua Maori Act 1993.

The principal activity of the Trust is that of Dairy Farming

#### Measurement Base

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

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 an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified. The special purpose financial statements have been prepared on an accrual basis.

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

#### Changes in Accounting Policies

There have been no changes in Accounting Policies. All policies have been applied on bases consistent with those used in previous years.

#### Specific Accounting Policies

In preparation of these financial statements, the specific accounting policies are as follows:

##### (a) Revenue

Revenue is measured at the fair 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 goods and livestock are recognised when the entity has transferred the significant risk and rewards associated with ownership of the goods to the customer.

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.

##### (b) 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.

# PAENGAROA NORTH B10A TRUST

## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2022 (Continued)

### (c) Livestock

Livestock has 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 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 purpose of filing the current year's taxation return.

### (d) Income Tax

Provision has been made for taxation (where appropriate) after taking into consideration all deductions that are available. No provision has been made for deferred taxation.

### (e) Investments

Investments are generally recorded at cost, except for shares held in cooperatively owned companies and shares traded on the NZAX market, which have been revalued based on redemption values advised by those companies.

### (f) 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 Rating Valuations dated 1 July, 2019.

Land Improvements & Buildings have been revalued to the latest ratings valuations dated 01 July 2019. The rating valuations are issued every three years.

### (g) Depreciation

Depreciation has been claimed at the maximum rates allowed by the Inland Revenue Department. The revalued portion of buildings has not been depreciated. The particular rates and method of depreciation applied are as follows:

Property Improvements North K	0 - 6% DV
Property Improvements	0 - 12% DV
Buildings	0 - 12% DV 0-10% CP
Plant & Equipment	8 - 67% DV
Motor Vehicles	13 - 18% DV
Furniture & Fittings	20-48% DV
Office Equipment	39.6% DV

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

These financial statements have been prepared on a GST exclusive basis where all items in the Revenue Accounts, together with Fixed Assets have been recorded exclusive of GST. Accounts Receivable and Accounts Payable are recorded in the Statement of Financial Position inclusive of GST.

### (i) 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 (deficit)/surplus in equal instalments over the lease term.



## PAENGAROA NORTH B10A TRUST

### NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2022 (Continued)

#### 2. Property, Plant & Equipment

	Cost/ Valn	Current Year Depn	Accum Depn	Net Book Val 2022
Freehold Land	4,889,828	-	-	4,889,828
Property Developments	24,590	379	9,865	14,725
Property Improvements	768,259	14,925	248,921	519,338
Buildings	473,552	2,262	155,677	317,875
Plant & Equipment	323,045	9,893	258,341	64,704
Motor Vehicles	203,118	9,520	61,479	141,639
Furniture & Fittings	5,197	94	4,870	327
Office Equipment	443	-	443	-
	<u>6,688,031</u>	<u>37,073</u>	<u>739,596</u>	<u>5,948,435</u>

	Cost/ Valn	Current Year Depn	Accum Depn	Net Book Val 2021
Freehold Land	4,889,828	-	-	4,889,828
Property Developments	24,590	403	9,486	15,104
Property Improvements	761,317	15,864	233,996	527,321
Buildings	473,552	2,345	153,415	320,137
Plant & Equipment	317,045	9,301	248,448	68,597
Motor Vehicles	147,118	4,447	106,428	40,690
Furniture & Fittings	5,197	122	4,776	421
Office Equipment	443	-	443	-
	<u>6,619,089</u>	<u>32,482</u>	<u>756,992</u>	<u>5,862,097</u>

The Trust's land is classified as Maori Freehold land as per the Te Ture Whenua Maori Act 1993 and as such there is restriction on the sale or disposal of this corpus.

#### 3. Bank Overdraft

The Rapid Repay Farming Loan is secured as detailed in Note 4. Overdraft limit is \$75,000.00.

The entity's recorded bank overdraft is not secured.

#### 4. Security

BNZ have secured by way of registered 1st Mortgage 453640 over property situated at 1114 State H/way 2, RD, Te Puke, C.T.SA276340, by security interest in all present and after acquired investment securities issued by Fonterra Co-op Group Ltd (Fonterra), Supply number 21515. Bank overdraft is secured as above.

#### 5. Non-Current Liabilities

<i>BNZ Loan - 11</i>		2022	2021
Non Current Liability	30 Jun 2022	145,000.00	175,000.00
Less Current Portion of Term Liabilities		30,000.00	30,000.00
Non Current Liability	30 Jun 2023	<u>115,000.00</u>	<u>145,000.00</u>

BNZ Loan-11 matures 28/04/2026, monthly principal repayments are made of \$2500, and current interest rate 5.76% p.a. The facility had further credit available (not drawn) of \$222,500 at 30 June 2022.

Security is detailed in Note 4.

## PAENGAROA NORTH B10A TRUST

### NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2022 (Continued)

6. Taxation	2022	2021
Surplus (Deficit) for the year	479,100.60	366,873.54
Imputation Tax Credit	1,649.65	934.30
Less Livestock Adjustment to Tax Values	(78,032.00)	(161,136.00)
Taxable Income	<u>402,718.25</u>	<u>206,671.84</u>
Less Tax Loss Pahekoheko Ltd P/Ship	(87,166.28)	(84,558.43)
Taxable Income	<u>315,551.97</u>	<u>122,113.41</u>
Taxation @ 17.5%	55,221.59	21,369.85
Less Imputation Tax Credit	(1,649.65)	(934.30)
	<u>53,571.94</u>	<u>20,435.55</u>
Resident Withholding Tax Paid	(294.58)	(169.14)
Provisional Tax Paid	(15,252.00)	(29,117.00)
Tax to Pay/(Refund Due)	<u>38,025.36</u>	<u>(8,850.59)</u>

#### Maori Authority Credit Account (MACA)

	2022	2021
	\$	\$
Opening Balance @ 01/07/2021	197,973.47	172,680.37
Income Tax paid	29,851.00	29,117.00
RWT Paid on Interest/Dividends	294.58	169.14
Imputation Tax Credits attached to Dividends	1,649.65	934.30
Tax Refunds	(23,449.66)	(27,131.06)
Closing Balance @ 31/03/2022	<u>206,319.04</u>	<u>175,769.75</u>
Income Tax paid	-	22,203.72
Closing Balance @ 30/06/2022	<u>206,319.04</u>	<u>197,973.47</u>

# PAENGAROA NORTH B10A TRUST

## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2022 (Continued)

### 7. Beneficiaries Equity

	2022	2021
Original Capital	502,799.00	502,799.00
<i>Retained Earnings (Pre 2004) (1)</i>	457,707.47	488,757.47
<i>Retained Earnings (Post 2004) (2)</i>	1,522,080.83	1,425,606.40
<i>Unrealised Reserves (3)</i>		
Land & Improvements Revaluation	4,668,562.00	4,668,562.00
Livestock Improvement - Share Revaluation	19,821.33	14,628.77
Livestock Improvement - Bonus Issue	3,950.00	3,950.00
Ballance Agri-Nutrients - Share Revaluation	11,512.90	11,512.90
NZ Dairy Group - Revaluation	286,065.00	286,065.00
NZ Dairy Group - Shares Realised	(286,065.00)	(286,065.00)
	4,703,846.23	4,698,653.67
<i>Realised Capital Reserves (4)</i>		
SIDC Merger Distribution	18,571.51	18,571.51
Mends Lane	6,276.00	6,276.00
Non Taxable Dividend	125.00	125.00
NZDG Shares/Fonterra Merger	286,065.00	286,065.00
Fonterra Tax Free Distribution	2,524.28	2,524.28
Birley Land Exchange	(1,832.91)	(1,832.91)
Fonterra Realisation of Shares	51,280.10	51,280.10
	363,008.98	363,008.98
	7,549,442.51	7,478,825.52

#### (1) *Retained Earnings (Pre 2004)*

The Trust elected to join the Maori Authority Regime for tax purposes from 1 April 2004.

Distributions to members from income retained prior to the 2004-2005 income year will be treated as non-taxable distributions in the hands of members.

Opening Balance	488,757.47	516,657.47
Less:		
Kaumatua Grant	(31,050.00)	(27,900.00)
Closing Balance	457,707.47	488,757.47

#### (2) *Retained Earnings (Post 2004)*

Opening Balance	1,425,606.40	1,184,252.51
Net Surplus/(Deficit) for Year	96,474.43	241,353.89
Closing Balance	1,522,080.83	1,425,606.40

#### (3) *Unrealised Reserves*

Opening Balance	4,698,653.67	4,691,196.54
Livestock Improvement - Share Revaluation	5,192.56	7,457.13
Closing Balance	4,703,846.23	4,698,653.67

#### (4) *Realised Capital Reserves*

Opening Balance	363,008.98	363,008.98
Closing Balance	363,008.98	363,008.98

## PAENGAROA NORTH B10A TRUST

### NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2022 (Continued)

#### 8. Asset Revaluation Reserve - Land and Buildings

The Net Book Value of Land and Buildings have been revalued to the current ratings revaluation dated 1 July,2019, as valued by Landmass Technology Ltd".

The difference has been credited to the Asset Revaluation Reserve - Land and Buildings Accounts.

		2019
		Net Book Val
Land		221,266
Property Improvements	761,317	
Less Depreciation	(201,059)	560,258
Buildings @ Cost	473,552	
Less Depreciation	(148,638)	324,914
Asset Revaluation Reserve		4,668,562
		5,775,000
This is Represented By:		
<u>Ratings Valuation at 1 July, 2019</u>		
Freehold Land		4,940,000
Property Improvements		835,000
		5,775,000

#### 9. Operating Revenue

	2022	2021
	\$	\$
Stock Revenue	88,799.21	73,563.77
Milksolid Revenue	1,235,898.62	998,260.83
Milksolids Production Dividend	31,319.00	15,659.50
Dividends received/receivable	4,241.97	2,402.49
Interest received/receivable	-	5.11
Rebates	3,097.41	10,042.02
Other Income	5,969.00	-
	1,369,325.21	1,099,933.72

#### 10. Non-Cancellable Operating Leases

	Monthly Instalment	to 30 June 2023	>1 Year	Termination Date
Paengaroa Nth K 5.73ha Block	596.87	7,162	24,473	30/11/2026
Paengaroa Nth K 7ha Block	648.09	7,777	26,572	1/12/2026
Paengaroa Nth B6B2	83.33	1,000	-	31/05/2023
Paengaroa Nth B7	466.67	5,600	933	31/08/2023
Paengaroa Nth B5B	1683.33	20,200	18,517	1/06/2024
Ahumoana 6.17ha Block	591.30	7,095	30,156	30/09/2027

#### 11. Joint Venture - Pahekoheko Ltd Partnership

On 24th March 2019 the Trustees of Paengaroa North B10A Trust entered into a Ltd Partnership Agreement with Paengaroa North K Trust and Pahekoheko General Partner Ltd.

The business of the Limited Partnership is:

- (i) The development and management of a kiwifruit orchard of approximately 5 hectares on land leased for that purpose from Paengaroa North K Trust under the initial management of Apata Grow as Orchard Manager with the initial crop being Hayward Variety.
- (ii) Such other ancillary business activities as are agreed by resolution of the Limited Partnership, including the potential development of a similar orchard on Paengaroa North B10A Trust land on a reciprocal basis.

The Trust has committed capital of 50% required to fund the development and management of the orchard.

The Trust's share of the joint venture is based on the unaudited financial statements of the limited partnership for the year ended 31 March 2022.

# PAENGAROA NORTH B10A TRUST

## NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2022 (Continued)

### 13. Related Party Transactions

Mr B Vercoe is a Trustee of Paengaroa B5B Trust. Paengaroa North B10A pays rent to Paengaroa B5B of \$20,199 (Last Year \$20,199pa). All transactions were made on an arms length basis. No amounts were written off or forgiven during the year.

### 14. Contingent Liabilities & Guarantees

There were no contingent liabilities or guarantees as at balance date.

2021  
(Nil)

### 15. Capital & Lease Expenditure Commitments

Paengaroa North B10A Trust has entered into a joint venture with Paengaroa North K Trust to develop a 7ha orchard with Hayward Kiwifruit. Total cost estimated to be \$990,000 of which Paengaroa North B10A has a 50% commitment. To date the Paengaroa North B10A Trust has contributed \$505,000 (Last year \$325,000). (see Note 11)

There were no other commitments for expenditure at year end.

2021  
(Nil)

### 15. Events Subsequent to Balance Date

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  
(Nil)