

Te Karaka 2E & Adjoining Blocks Incorporated

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022



INDEPENDENT AUDITORS REPORT

To the Shareholders of Te Karaka 2E & Adjoining Blocks Incorporated

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Te Karaka 2E & Adjoining Blocks Incorporated (the Incorporation) on pages 1 to 8, which comprise the balance sheet as at 31 March 2022, and the statement of profit or loss, and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements of Te Karaka 2E & Adjoining Blocks Incorporated 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 Incorporation 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, Te Karaka 2E & Adjoining Blocks Incorporated.

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 Maori Land Court and Inland Revenue Department purposes. As a result, the financial statements may not be suitable for another purpose.

Committee of Management's Responsibilities for the Financial Statements

The Committee of Management are responsible on behalf of the Incorporation for determining that the Special Purpose Framework adopted is acceptable in the Incorporation'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 Committee of Management 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 Committee of Management are responsible on behalf of the Incorporation for assessing the Incorporation'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 Committee of Management either intend to liquidate the Incorporation 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 Te Karaka 2E & Adjoining Blocks Incorporated for the year ended 30 June 2021 were audited by another auditor who expressed an unqualified opinion on those statements on the 17th February 2022.

Restriction on Responsibility

This report is made solely to the shareholders, as a body, in accordance with section 277 of Te Ture Whenua Maori Act 1993. Our audit work has been undertaken so that we might state to the shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal or regulatory requirements

We also report in accordance with section 277 of Te Ture Whenua Maori Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2022:

- Proper accounting records have been kept by Te Karaka 2E & Adjoining Blocks Incorporated as far as appears from our examination of those records, and
- The share register and index of shareholders required by section 263 of Te Ture Whenua Maori Act 1993 to be kept by the Incorporation have been duly and correctly kept.

Silks Audit

Cameron Town
Silks Audit Chartered Accountants Ltd
Whanganui, New Zealand

Date: 13th February 2023

Certificate as to Value

In accordance with Section 278 of
Te Ture Whenua Maori Act 1993

TE KARAKA 2E & ADJOINING BLOCKS INCORPORATED

I, Cameron Town, Qualified Auditor of Whanganui, being duly appointed Share Valuer of the above Incorporation, hereby certify that the fair and reasonable equity value of each ONE (1) Share in the Incorporation as at the 30 June 2022 is assessed by me in the manner provided by Section 278 of Te Ture Whenua Maori Act 1993, at \$162.02 (One Hundred and Sixty Two Dollars and Two Cents).

Determining the fair and reasonable equity value performed under Section 278 of Te Ture Whenua Maori Act 1993 requires assessing the value of shares in relation to the equity value of the Incorporation at the date of the last published financial statements, with such adjustments (if any) to arrive at a fair and reasonable equity value. The Certificate as to Value is not an independent valuation performed under Advisory Engagement Standard 2 *Independent Business Valuation Engagement* as issued by the New Zealand Institute of Chartered Accountants or International Valuation Standards which may result in a different value being determined.

This Certificate as to Value is current at 30 June 2022 only and the fair and reasonable equity value may change significantly and unexpectedly over a relatively short period of time.

Dated this 13th day of February 2023.

Yours faithfully
SILKS AUDIT Chartered Accountants Ltd

Cameron Town

Cameron Town CA(CPP)
Chartered Accountant
Certificate of Public Practice

Te Karaka 2E & Adjoining Blocks Incorporated

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FOR THE YEAR ENDED 30 JUNE 2022

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KUSABS LASIKE LTD
Chartered Accountants
Rotorua



Te Karaka 2E & Adjoining Blocks Incorporated

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE, 2022

	Note	2022 \$	2021 \$
Income			
Interest Received		<u>1,319.69</u>	<u>1,496.14</u>
Total Income before Expenses		1,319.69	1,496.14
Less Expenses:			
Administration Expenses			
Accountancy Fees		4,785.01	2,000.00
Audit Fee		1,380.00	1,790.56
Bank Fees & Charges		167.00	167.00
Postage & Stationery		19.55	-
Share Register Maintenance		<u>846.90</u>	<u>-</u>
Total Expenses		<u>7,198.46</u>	<u>3,957.56</u>
Profit/(Loss) before Income Tax		(5,878.77)	(2,461.42)
Provision for Taxation (Tax Refund Due)	3	<u>-</u>	<u>-</u>
Net Profit/(Loss) for the year		<u><u>(5,878.77)</u></u>	<u><u>(2,461.42)</u></u>

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



Te Karaka 2E & Adjoining Blocks Incorporated

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
EQUITY/(DEFICIT) AT BEGINNING OF THE YEAR	\$ <u>959,716.94</u>	\$ <u>703,178.36</u>
SURPLUS/DEFICIT AND REVALUATIONS		
Net Surplus/(Deficit) for the period	(5,878.77)	(2,461.42)
Asset Revaluation Reserve	-	259,000.00
Total recognised revenues and expenses for the period	<u>(5,878.77)</u>	<u>256,538.58</u>
EQUITY/(DEFICIT) AT END OF THE YEAR	<u><u>953,838.17</u></u>	<u><u>959,716.94</u></u>

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.



Te Karaka 2E & Adjoining Blocks Incorporated

BALANCE SHEET

AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash			
ANZ Bank		13,375.23	34,034.26
Receivables			
Accrued Interest		745.53	743.15
Tax Refund Due	3	230.54	411.58
		976.07	1,154.73
Investments			
ANZ Bank - Term Deposit #1000		34,375.30	34,122.17
ANZ Bank - Term Deposit #1001		35,268.02	35,123.09
ANZ Bank - Term Deposit #1002		37,487.82	36,999.43
ANZ Bank - Term Deposit #1003		25,611.08	25,410.76
		132,742.22	131,655.45
<u>Total Current Assets</u>		147,093.52	166,844.44
NON-CURRENT ASSETS			
Property, Plant & Equipment	2		
Property, Plant & Equipment		823,000.00	823,000.00
Receivables			
H Paul - Loan		91.40	91.40
V Whata - Loan		1,000.00	1,000.00
F Whata - Loan		2,000.00	2,000.00
		3,091.40	3,091.40
<u>Total Non-Current Assets</u>		826,091.40	826,091.40
<u>Total Assets</u>		973,184.92	992,935.84
CURRENT LIABILITIES			
Creditors and Borrowings			
Accruals		-	2,000.00
Accounts Payable		1,380.00	13,252.15
Unclaimed Dividends		17,966.75	17,966.75
		19,346.75	33,218.90
<u>Total Current Liabilities</u>		19,346.75	33,218.90

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.



Te Karaka 2E & Adjoining Blocks Incorporated

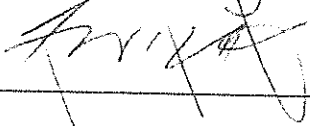
BALANCE SHEET

AS AT 30 JUNE 2022 (continued)


	Note	2022 \$	2021 \$
<u>Total Liabilities</u>		19,346.75	33,218.90
<u>Net Assets</u>		953,838.17	959,716.94
INCORPORATION FUNDS			
Beneficiaries Equity	4	953,838.17	959,716.94
<u>Incorporation Equity</u>		953,838.17	959,716.94

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

13th February 2023
Date



Committee Member



Committee Member

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.



Te Karaka 2E & Adjoining Blocks Incorporated

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 Te Karaka 2E & Adjoining Blocks Incorporated.

Entity Reporting

The Incorporation is formed pursuant to Section 247 of Te Ture Whenua Maori Land Act 1993.

The principal activity of the Incorporation is Land Owners with a forestry right arrangement.

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

Interest income is recognised as income in the period it is earned.

(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.

(c) 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.

(d) Investments

Investments are stated at the lower of cost or net realisable value.



Te Karaka 2E & Adjoining Blocks Incorporated

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022 (Continued)

(e) Goods and Services Tax (GST)

These financial statements have been prepared on a GST inclusive basis because the entity is not registered for GST purposes.

(f) Cash and Cash Equivalents

Cash and cash equivalents include bank balances, deposits held with banks and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value.

(g) Property, Plant & Equipment

Land and Improvements are revalued to the latest Rating Valuation dated 01 September 2020. The rating valuation is issued every 3 years. Depreciation has been claimed at the maximum rates allowed by the Inland Revenue Department.

2. Property, Plant & Equipment

	Cost/ Valn	Current Year Depn	Accum Depn	Net Book Val 2022
Property, Plant & Equipment	823,000	-	-	823,000
	823,000	-	-	823,000

	Cost/ Valn	Current Year Depn	Accum Depn	Net Book Val 2021
Property, Plant & Equipment	823,000	-	-	823,000
	823,000	-	-	823,000

3. Taxation

	2022	2021
Surplus (Deficit) for the year	(5,878.77)	(2,461.42)
Plus Add back Timing Difference	(2,000.00)	(3,481.57)
	(7,878.77)	(5,942.99)
Less Tax Losses Brought Forward	(21,841.12)	(15,898.13)
Tax Loss	(29,719.89)	(21,841.12)
Taxation charge @ 17.5%		
Tax Losses available to be Carried Forward	Nil	Nil
	(29,719.89)	(21,841.12)
Taxation Paid/Refunded		
Resident Withholding Tax Paid	230.54	411.58
Tax Paid/(Tax Refund Due)	(230.54)	(411.58)

These losses to be carried forward are subject to Inland Revenue approval. The taxation benefits of losses will be available provided:

The Incorporation complies with conditions for offset imposed by the Income Tax Act 2007 and amendments thereto. No Change in taxation legislation adversely affects the Incorporation in realising the taxation benefits of those losses, and the Incorporation generates assessable income in the future, against which the losses can be offset.



Te Karaka 2E & Adjoining Blocks Incorporated

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022 (Continued)

Maori Authority Credit Account (MACA)

	2022	2021
Opening Balance @ 01/07/2021	\$	\$
Income Tax Paid	38,380.10	39,515.96
RWT Paid on Interest	(411.58)	(1,547.44)
Closing Balance @ 31/03/2022	195.80	406.16
RWT Paid on Interest	38,164.32	38,374.68
Closing Balance @ 30/06/2022	34.74	5.42
	38,199.06	38,380.10

4. Beneficiaries Equity

	2022	2021
Original Capital	20,519.48	20,519.48
Retained Earnings (Post 2004) (1)	129,784.69	135,663.46
Unrealised Reserves (2)		
Current Year Revaluation	803,534.00	803,534.00
	953,838.17	959,716.94

(1) Retained Earnings (Post 2004)

Opening Balance	135,663.46	138,124.88
Net Surplus/(Deficit) for Year	(5,878.77)	(2,461.42)
Closing Balance	129,784.69	135,663.46

(2) Unrealised Reserves

Opening Balance	803,534.00	544,534.00
Current Year Revaluation	-	259,000.00
Closing Balance	803,534.00	803,534.00

5. Asset Revaluation Reserve

		2020
Land @ Cost		Net Book Val
Asset Revaluation Reserve		19,466
		803,534
		823,000

This is Represented By:

Ratings Valuation at 1 September, 2020

Land - 06961-322.08

Improvements

780,500

42,500

823,000

6. Forestry Right

In July 2014 the Incorporation entered into a Memorandum of Transfer and Grant of Forestry Right with MKTT Whata LP. The Grantee will pay rates, insurance, management fees and other outgoings over the crop rotation.

The Grantee will pay the Grantor the greater of:

A) Net Stumpage value or

B) 35% of Gross Stumpage Value

within 10 days of receiving full wood sale value of the forest produce after clear felling.



Te Karaka 2E & Adjoining Blocks Incorporated

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2022 (Continued)

7. Related Party Transactions

Balances receivable from shareholders H Paul, F Whata and V Whata are unsecured and interest free and will be repaid from Trustee Fees and dividends declared.

Fred Whata Jnr is a committee member and also a shareholder in Te Karaka Forests Ltd. Te Karaka Forests Ltd is a partner of MKTT Whata LP.

There were no related party transactions during the year.

8. Contingent Liabilities & Guarantees

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

2021
(Nil)

9. Capital & Lease Expenditure Commitments

There were no commitments for expenditure at year end.

2021
(Nil)

10. Events Occurring Subsequent to Balance Date

There have been no 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)