

Tahorakuri A1 Sec 33B Trust

Financial Statements **For the Year Ended 31 March 2023**

Tahorakuri A1 Sec 33B Trust
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For the Year Ended 31 March 2023

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Tahorakuri A1 Sec 33B Trust

Directory

As at 31 March 2023

Nature of Business	Leasing Land and Holding Investments
Address	1141 Pukaki Street Rotorua 3010
Trustees	Brenda Barlow Ricky Mita Roger Pikia
Auditor	Silks Audit Whanganui
Accountants	Kusabs Lasike Ltd Chartered Accountants
Bankers	Westpac Bank Rotorua
Solicitors	Matthew Shaw Legal Ltd Rotorua
IRD Number	084-445-673

INDEPENDENT AUDITORS REPORT

To the Trustees of Tahorakuri A1Sec 33B Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tahorakuri A1Sec 33B Trust (the Trust) on pages 4 to 11, which comprise the balance sheet as at 31 March 2023, 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 Tahorakuri A1Sec 33B Trust for the year ended 31 March 2023 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, the Trust.

Emphasis of 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 beneficial owners and Inland Revenue Department. As a result, the financial statements may not be suitable for another purpose.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Trust for determining that the Special Purpose Framework adopted is acceptable in the Trust's circumstances, for the preparation and fair presentation of the financial statements in accordance with the Special Purpose Framework, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Trust's internal control.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 Trust's to cease to continue as a going concern.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with those charged with governance 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.

Restriction on Distribution or Use

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



Cameron Town
Silks Audit Chartered Accountants Ltd
Whanganui, New Zealand

Date: 17 January 2024

Tahorakuri A1 Sec 33B Trust
Statement of Profit or Loss
For the Year Ended 31 March 2023

	Note	2023 \$	2022 \$
Operating Revenue			
Dividends Received		26,307	48,944
Lease - 416,430 & 510 Te Toke Road		175,018	168,100
Educational, Marae & Sports Grants		8,000	12,000
Share of Profit in Equity Accounted Investees		78,109	803,334
Total Operating Revenue		287,434	1,032,378
Less Expenses			
Accountancy & Secretarial Fees		10,920	13,460
Audit Fee		1,716	1,906
Bank Fees & Charges		261	245
Consultancy Fees		3,359	-
Depreciation		248	3
Printing, Stationery & Postage		-	68
Trustees Fees		1,950	1,650
Trustees Expenses		537	1,898
Valuation Fees		-	1,750
Total Expenses		18,991	20,981
Profit before Income Tax		268,443	1,011,396
Income Tax Expense	2	23,436	18,608
Net Profit		245,007	992,788

These financial statements are to be read in conjunction with the accompanying Notes and the Audit Report. These statements have been audited.

Tahorakuri A1 Sec 33B Trust
Statement of Changes in Equity
For the Year Ended 31 March 2023

	Note	2023 \$	2022 \$
Revenues and Expenses			
Net Profit		245,007	992,788
Movement in Land & Buildings Revaluation Reserve		699,500	-
Total Recognised Revenues and Expenses		944,507	992,788
Beneficiaries Equity at the Beginning of the Year		7,310,634	6,317,845
Beneficiaries Equity at the End of the Year		8,255,140	7,310,634

These financial statements are to be read in conjunction with the accompanying Notes and the Audit Report. These statements have been audited.

Tahorakuri A1 Sec 33B Trust

Balance Sheet

As at 31 March 2023

	Note	2023 \$	2022 \$
Current Assets			
Westpac Bank		124,624	453,902
Accounts Receivable		8,246	17,260
Hiwinui Kiwifruit - Loan Advance	5	141	-
Total Current Assets		133,011	471,162
Non-Current Assets			
Property, Plant & Equipment	6	5,626,649	4,920,006
Term Investments	7	2,534,354	1,956,245
Total Non-Current Assets		8,161,003	6,876,251
Total Assets		8,294,014	7,347,413
Current Liabilities			
Accruals		1,900	2,084
Income Tax Payable	3	24,088	2,479
GST Payable		12,886	14,877
Hiwinui Kiwifruit - Loan Advance	5	-	17,339
Total Liabilities		38,874	36,780
Net Assets		8,255,140	7,310,634
Beneficiaries Equity			
Beneficiaries Equity	8	8,255,140	7,310,634
Total Beneficiaries Equity		8,177,031	7,310,634



Trustee

Date 17 January 2024



Trustee

Date 17 January 2024

These financial statements are to be read in conjunction with the accompanying Notes and the Audit Report. These statements have been audited.

Tahorakuri A1 Sec 33B Trust

Notes to and forming part of the Financial Statements

For the Year Ended 31 March 2023

1 Statement of Accounting Policies

Reporting Entity

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

Nature of Business: Leasing land and holding investments

Statement of Compliance and Basis of Preparation

The financial statements are of special purpose and have been prepared for taxation purposes and for the purposes of the owners.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Profit or Loss and Balance Sheet on a historical cost basis are followed by the trust, unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest \$.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Profit or Loss and Balance Sheet have been applied:

(a) Revenue Recognition

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

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

Dividend revenue is recognised when the shareholders' right to receive the payment is established.

(b) Property, Plant & Equipment

All property, plant and equipment except for land and buildings is stated at cost less depreciation. Land and Buildings have been revalued to the latest ratings valuations dated 01 July 2022 by Opteon.

The ratings valuations are issued every three years.

Depreciation has been claimed at the maximum rates allowed by the Inland Revenue Department.

Depreciation has not been claimed on the revalued portion of Property, Plant and Equipment.

The following estimated depreciation rates/useful lives have been used:

Land	No Depreciation
Property Improvements	13.5-36% DV

(c) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense recognised in the Statement of Profit or Loss 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.

(d) Investments

Investments are initially recorded at cost, and revalued annually to the Trust's share of the net assets of the investment using the equity method.

Tahorakuri A1 Sec 33B Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2023

(e) Goods and Services Taxation (GST)

Revenue and expenses have been recognised in the financial statements exclusive of GST except that irrecoverable GST input tax has been recognised in association with the expense to which it relates. All items in the Balance Sheet are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

(f) 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.

2 Tax Reconciliation

	2023	2022
	\$	\$
Profit before Income Tax	26,843	1,011,396
Permanent Differences		
Educational, Marae & Sports Grants	(8,000)	(12,000)
Share of Profit in Equity Accounted Investees	(78,109)	(803,334)
Imputation Credits	10,230	19,034
Total Permanent Differences	- 75,879	(796,300)
Timing Differences		
Timing Differences	(184)	-
Taxable Income	192,380	215,096
Tax Expense at 17.5%	33,667	37,642
Imputation Credits	(10,230)	(19,034)
Tax Expense	23,436	18,608

3 Income Tax

	2023	2022
	\$	\$
Opening Balance	2,479	(9,906)
Plus:		
Provision for Taxation	23,436	18,608
Refunds	-	23,209
	23,436	41,817
Less:		
Provisional Tax Paid	-	26,033
RWT Paid	1,827	3,399
	1,827	29,432
Income Tax Payable	24,088	2,479

These financial statements are to be read in conjunction with the accompanying Notes and the Audit Report. These statements have been audited.

Tahorakuri A1 Sec 33B Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2023

4 Maori Authority Credit Account (MACA)

	2023 \$	2022 \$
Opening Balance	302,857	277,600
Plus:		
ICA Credits Attached to Dividends Received	10,230	19,034
Taxes Paid	-	26,033
RWT deductions	1,827	3,399
	<u>12,057</u>	<u>48,465</u>
Less:		
Tax Refunds	-	23,209
Total Maori Authority Credits	<u><u>314,915</u></u>	<u><u>302,857</u></u>

5 Related Parties

Roger Pikia is Chair of the Tahorakuri A1 Sec 33B Trust and is also a Director of Hiwinui Kiwifruit (2010) Ltd. The Trust originally purchased 102 Ordinary B Shares in the Company for \$466,700. However, share capital has since been restructured and Hiwinui Kiwifruit (2010) Ltd has re-purchased 204 shares back from the Trust for \$72,469.44. (see Note 5) The Trust received gross dividends of \$36,537 from Hiwinui Kiwifruit (2010) Ltd during the year. (Last Year \$67,977). The Trust had a loan with Hiwinui Kiwifruit (2010) Ltd which has been repaid (and overpaid) during the year and has a balance of \$141 owing back to the Trust. The Trust resolved on 18 January 2023 to purchase additional shares in Hiwinui Kiwifruit (2010) Ltd (refer note 11). An interim payment of \$500,000 has been made at balance date. There were no other related party transactions during the year.

6 Property, Plant & Equipment

	Cost	Accumulated Depreciation	Closing Book Value
Property, Plant & Equipment 2023	\$	\$	\$
Freehold Land	5,619,500	-	5,619,500
Property Improvements	10,411	3,262	7,149
Total Property, Plant & Equipment	<u><u>5,629,911</u></u>	<u><u>3,262</u></u>	<u><u>5,626,649</u></u>
	Cost	Accumulated Depreciation	Closing Book Value
Property, Plant & Equipment 2022	\$	\$	\$
Freehold Land	4,920,000	-	4,920,000
Property Improvements	3,020	3,014	6
Total Property, Plant & Equipment	<u><u>4,923,020</u></u>	<u><u>3,014</u></u>	<u><u>4,920,006</u></u>

These financial statements are to be read in conjunction with the accompanying Notes and the Audit Report. These statements have been audited.

Tahorakuri A1 Sec 33B Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2023

7 Term Investments

	2023	2022
	\$	\$
Share Purchase Hiwinui Kiwifruit (2010) Ltd - Interim Payment	500,000	-
Hiwinui Kiwifruit Ltd - Shares	2,034,354	1,956,245
Total Term Investments	2,534,354	1,956,245

In July 2016 year Hiwinui Kiwifruit Ltd increased the number of shares on offer from 300-3000 in order to restructure share capital. The increase of 2,700 shares were apportioned to shareholders based on their current holdings within the company. This resulted in an increase in the number of shares held by Tahorakuri Trust from 102-1020 but their overall value remained unchanged. Hiwinui Kiwifruit Ltd has since reduced its shareholding in the Company by 204 shares to 816 shares. The Trust still retains 34% shareholding in the Company. The Company has reduced its capital and repaid \$72,470 of its investment. The financial statements on which the investment is calculated is based on unaudited financial statements for the year ended 31 May 2022.

This debt is unsecured, interest free and repayable on demand.

The Trust owns 816 shares (34% shareholding) in Hiwinui Kiwifruit Ltd. Hiwinui Kiwifruit Ltd has a May balance date. The Trust has committed to the purchase of a further 684 shares in Hiwinui Kiwifruit (2010) Ltd for \$1,200,000. The transaction was completed in May 2023, with an interim payment of \$500,000 paid at balance date. Shares have been revalued to 34% of the Total Equity of Hiwinui Kiwifruit Ltd at 31 May 2023, less \$1,200,000 for the total cost of additional shares in May 2023.

8 Beneficiaries Equity

	2023	2022
	\$	\$
Original Capital	2,015,000	2,015,000
Retained Earnings Pre 2004/2005 (1)	42,252	42,252
Retained Earnings Post 2004/2005 (2)	3,304,773	3,059,766
Unrealised Reserves (3)	2,893,115	2,193,615
	8,255,140	7,310,634

(1) Retained Earnings Pre 2004/2005

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 the members.

Opening Balance	42,252	42,252
Closing Balance	42,252	42,252

(2) Retained Earnings Post 2004/2005

Opening Balance	3,059,766	2,066,978
Profit for the Year	166,898	992,788
Closing Balance	3,226,664	3,059,766

Unrealised Reserves

Land & Buildings Revaluation Reserve		
Opening Balance	2,193,615	2,193,615
Increase in Revaluation	699,500	
Closing Balance	2,893,115	2,193,615

These financial statements are to be read in conjunction with the accompanying Notes and the Audit Report. These statements have been audited.

Tahorakuri A1 Sec 33B Trust

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2023

11 Securities and Guarantees

The bank holds a registered first mortgage over the rural farm situated at 416 Te Toke Road, Rd 1, Reporoa CT313704. There was no overdraft as at balance date nor was any facility arranged.

The mortgage was repaid during November 2020.

12 Lease Details

Leasee: Fiber Fresh Limited Partnership - 416, 430 & 510 Te Toke Road

New Lease: \$223,123 p.a. (plus GST)

Lease Commencing: 01 November 2022

Lease Expires: 31 October 2025

Rates payable by Leasees.

The lease was renewed for a further 3 year term on 1 November 2022. The value of the lease is based on market valuations completed by registered valuers.

The original lease was with Fiber Fresh Feeds Ltd. The Company went into receivership in 2019. The Administrators appointed renegotiated the lease with Fiber Fresh partnership on the same terms and conditions.

13 Capital Commitments

The Trust has committed to a capital investment of \$1,200,000 for the purchase of 684 shares in Hiwinui Kiwifruit (2010) Ltd. An interim payment of \$500,000 was paid prior to balance date, with a balance of \$700,000 to be paid in May 2023 (2022: Nil).

14 Contingent Liabilities

The trust has no contingent liabilities and no guarantees as at 31 March 2023 (2022: Contingent Liabilities Nil, Guarantees Nil).

15 Events Occurring After Balance Date

There have been no other significant events subsequent to balance date that would have materially effected the financial position of the Trust or the figures contained within these financial statements.