

Ngati Rangiteaorere Koromatua Council

Financial Statements

For the Year Ended 31 March 2019

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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**COUNCIL DIRECTORY
AS AT 31 MARCH 2019**

Settlement:	14 June 2013
IRD Number:	114-518-727
Principal Activity of Council:	Tribal authority
Location of Council:	Mataikotare Marae Mataikotare Road Te Ngae Rotorua
Bankers:	Westpac NZ Limited Rotorua Branch
Accountants:	Goldsmiths Chartered Accountants Level 1 189 The Strand Whakatane, 3120
Auditors:	William Buck Audit (NZ) Ltd Level 2, 60 Durham Street Tauranga 3140

Ngati Rangiteaorere Koromatuā Council

Independent auditor's report to the Trustees

Report on the Audit of the Financial Statements

Opinion

We have audited the special purpose financial statements of Ngati Rangiteaorere Koromatuā Council (the Council), which comprise the statement of financial position as at 31 March 2019 and the statement of comprehensive income 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 Council 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 Council 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 Council.

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 Council to report to beneficiaries, financiers and for taxation purposes.

ACCOUNTANTS & ADVISORS

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William Buck Audit (NZ) Limited

Trustees' Responsibilities

The trustees are responsible on behalf of the Council 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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The trustees are also responsible for the selection of accounting policies that are appropriate for the Council.

In preparing the financial statements, the trustees are responsible for assessing the Council'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 Council 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.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/>

This description forms part of our independent auditor's report.

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 Trustees, as a body. Our audit work has been undertaken so that we might state to the Trustees those matters which 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.



William Buck Audit (NZ) Limited

Tauranga

26 November 2019

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	Note	This Year	Last Year
Trust Equity And Reserves			
Trust Equity		3,852,639	3,921,987
Asset Revaluation Reserve	8	4,857,010	4,857,010
Whakapoungakau Shareholders' Funds	8	<u>(42,061)</u>	<u>(42,061)</u>
		8,667,588	8,736,937
Current Liabilities			
Accounts Payable		66,739	72,293
GST Payable		3,625	-
Remaining interests in Whakapoungakau 4F2		16,252	16,252
Remaining interests in Whakapoungakau 4J		25,809	25,809
Rent Received In Advance		11,946	13,938
Rental Bond - 108 Lake Rotokawau		2,600	-
Residential Rental Bond		400	400
Loans Secured (Current Portion)	7	<u>27,793</u>	<u>-</u>
		155,163	128,692
Non Current Liabilities			
Loans	7	<u>1,150,411</u>	<u>-</u>
Total Equity & Liabilities		<u>\$9,973,162</u>	<u>\$8,865,629</u>
Current Assets			
Cash at Bank	2	40,931	33,832
Deposit Lot 1, 108 Rotokawau Road		-	50,000
Roto-Ora Limited		12,458	12,458
Mataikotare Marae Trust		57,100	37,304
Tikitere Trust		12,131	-
Accounts Receivable		7,249	33,166
National General Services Limited		10,519	10,519
Whakapoungakau Lands Ltd		50	50
Taxation Refund Due	3	11	15,737
GST Refund Due		<u>-</u>	<u>9,582</u>
		140,450	202,649
Non Current Assets			
Property, Plant and Equipment			
As per Schedule	5	9,832,711	8,662,980
Total Assets		<u>\$9,973,162</u>	<u>\$8,865,629</u>

Trustee H J Harper
Trustee R. Bendalope

26th November 2019
Date

26th Nov 2019
Date



The accompanying notes and audit report form part of these financial statements.

Goldsmiths
Chartered Accountants

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2019**

	<i>Note</i>	<i>This Year</i>	<i>Last Year</i>
<i>Income</i>			
Te Ngae Farm Lease		143,352	143,352
Te Ngae Farm Lease - Taumanu Lands		-	3,333
108 Lake Rotokawau Road Rental		19,314	-
Legal Settlement Income		-	36,996
Residential Rental Income		5,200	5,200
Revaluation of Investments to Market Valuation		-	55,071
Te Arawa Waka Fisheries		28,000	-
Whakapoungakau & Hawthornden Drive Lease		42,000	7,000
Te Ngae Farm Land		12,000	-
Dividend Income		-	19,000
Interest Income		34	8,896
Excluded PIE Income		-	335
Hay & Silage Sales		37,024	42,030
Overseas Income - Div & Global FDR/CV		-	5,093
National General Services Income		10,750	-
PIE Income - Tax Paid		-	1,542
		297,675	327,848



The accompanying notes and audit report form part of these financial statements.

Goldsmiths
Chartered Accountants

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2019**

	<i>Note</i>	<i>This Year</i>	<i>Last Year</i>
Expenses			
Accountancy Fees		22,854	26,886
Advertising		-	286
AGM Expenses		15,975	20,841
Auditors Remuneration		5,902	5,870
Bank Charges		1,240	75
Catering		3,323	4,097
Consultancy Fees		59,789	48,886
Contractors		10,625	5,015
Custodial Services		-	3,751
Electricity		3,243	3,054
Entertainment - Deductible		2,425	1,719
Entertainment - Non Deductible		2,451	1,977
Farm Advisor		9,600	37,318
Fees & Permits		4,403	317
Insurance		5,948	1,836
Interest		64,012	311
Koha		13,828	2,500
Legal Fees - Deductible		7,205	70,420
Non-Deductible Expenditure		570	112
Portfolio Management fees		-	3,262
Printing & Stationery		4,933	4,246
Project Conference Fees		-	870
Rates		22,920	18,675
Repairs & Maintenance - General		11,052	2,489
Repairs & Maintenance - Rental house		5,380	-
Staff Wages		53,417	52,374
Travel & Accommodation - Airfares		533	-
Travel & Accommodation - Hotels		870	-
Travel & Accommodation - Meal Allowance		554	-
Travel & Accommodation - Mileage Reimbursement		9,560	4,698
Trustees Expenses		-	2,495
Trustees Fees		5,193	13,766
Trustees Project Fees		15,851	33,236
Valuation Costs		-	1,685
Total Cash Expenses		363,658	373,064
Net Cash Surplus (Deficit)		(65,984)	(45,217)
Non Cash Expenses			
Depreciation		3,365	3,408
Net Profit (Loss) Transferred To Equity		\$(69,349)	\$(48,625)



The accompanying notes and audit report form part of these financial statements.

Goldsmiths
Chartered Accountants

**STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	<i>Note</i>	<i>This Year</i>	<i>Last Year</i>
Net Surplus (Deficit)		(69,349)	(48,625)
Total Recognised Revenues and Expenses		(69,349)	(48,625)
Equity at Start of Period		8,736,937	7,514,801
		8,667,588	7,466,177
Movements in Reserves			
Asset Revaluation Reserve		-	1,270,760
Total Movements in Reserves		-	1,270,760
Total Equity And Reserves At End Of Period		\$8,667,588	\$8,736,937



The accompanying notes and audit report form part of these financial statements.

Goldsmiths
Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 **Statement Of Accounting Policies**

These are the financial statements of Ngati Rangiteaorere Koromatua Council. Ngati Rangiteaorere Koromatua Council is a Council established by a Trust Deed dated 14 June 2013.

These financial statements are a special purpose report prepared for internal management, the Council financiers and Income Tax purposes. The Council has had these Financial Statements audited under Section 10.2 of the Trust Deed.

Measurement System

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Going Concern

These financial statements have been prepared on the basis that the Council is a going concern.

Property, Plant, Equipment and Depreciation

Land, Buildings and Property Improvements are initially recognised at cost and then revalued on a cyclical basis every three years as determined by the most recent valuation provided by the local council for rating purposes. Revaluation gains are recognised in the Statement of Movements in Equity in the year of the valuation. Revalued assets are not depreciated. The property at 206F State Highway 30 is valued at cost rather than valuation and this will be reviewed when the next rating valuations are issued by the local council.

Plant & Equipment and Office Furniture & Equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred. Depreciation is provided at the maximum rates allowed by the Inland Revenue Department.

Taxation

The settlement of Treaty of Waitangi claims are not 'business activities' and therefore are not subject to taxation. However, the Council is subject to tax on other income, such as interest received and other taxable activities.

Maori Authority

Ngati Rangiteaorere Koromatua Council has been granted Maori Authority status for taxation purposes.

Accounts Receivable

Accounts Receivable are stated at their estimated realisable value after allowing for all bad debts.

Goods and Services Tax

Financial information in these accounts is recorded exclusive of GST with the exception of receivables and payables, which include GST. GST payable or receivable at balance date is included in the appropriate category in the Statement of Financial Position.

Changes in Accounting Policies

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2 Cash at Bank

	<i>This Year</i>	<i>Last Year</i>
ANZ Bank NZ Ltd - Goldsmiths Trust Account	25,672	31,137
Westpac NZ Ltd - 01 Account	15,259	2,695
	<u>\$40,931</u>	<u>\$33,832</u>

3 Taxation

	<i>2019</i>	<i>2018</i>
Net Surplus (Deficit) per Accounts	(69,349)	(48,625)
Addback		
Entertainment - Non Deductible	2,451	1,977
Late Payment Penalties	570	62
Fines	-	50
Revaluation of Investments to Market Valuation	-	(55,071)
Te Arawa Waka Fisheries	(28,000)	-
Dividend Imputation Credits Received	-	6,385
Koha	13,828	2,500
Prior Year Interest Accrued	-	2,707
Audit Fee Accrual	-	800
Current Year Interest Accrued	-	-
Excluded PIE Income	-	(335)
Fair Dividend Rate Adjustment	-	1,843
Taxable Surplus (Deficit)	<u>(80,500)</u>	<u>(87,706)</u>
Less		
Adjustment to Tax Losses Brought Forward	-	298
Tax Losses Brought Forward	(355,165)	(231,273)
Dividend Imputation Loss	-	(36,483)
Loss Carried Forward	<u>\$(435,664)</u>	<u>\$(355,165)</u>
Taxation	-	-
Opening Balance	(15,737)	(9,767)
Refund Received	15,737	-
	-	(9,767)
Less		
RWT Paid	11	5,970
Tax Payable (Refundable) as per Statement of Financial Position	<u>\$(11)</u>	<u>\$(15,737)</u>



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

4 Maori Authority Credit Account	This Year	Last Year
Opening Balance	46,388	34,033
Add		
RWT Paid	11	5,970
Dividend Imputation Credits Received	-	6,385
Less		
Refund Received	15,737	-
	<u>\$30,662</u>	<u>\$46,388</u>

The closing MACA balance is available to be attached to dividends issued.

5 Property, Plant And Equipment Summary			
2019	Cost	Accum Deprn	Book Value
Land	4,682,412	-	4,682,412
Land Revaluation	3,496,500	-	3,496,500
Property Improvements - at Cost	287,884	10,450	277,434
Improvements Revaluation	1,360,510	-	1,360,510
Buildings - At Cost	15,000	-	15,000
Plant & Equipment	2,844	2,319	525
Furniture & Fittings - at Cost	549	218	331
	<u>\$9,845,698</u>	<u>\$12,987</u>	<u>\$9,832,711</u>
2018			
Land	3,519,156	-	3,519,156
Land Revaluation	3,496,500	-	3,496,500
Property Improvements - at Cost	278,043	7,553	270,490
Improvements Revaluation	1,360,510	-	1,360,510
Buildings - At Cost	15,000	-	15,000
Plant & Equipment	2,844	1,894	950
Furniture & Fittings - at Cost	549	175	374
	<u>\$8,672,602</u>	<u>\$9,622</u>	<u>\$8,662,980</u>

6 Land And Building Valuations

The following are valuations of properties located at:

	Date	Valuer	Amount
Cookson Road, Tikitere - Whakapoungakau Blocks	01/07/2017	Opteon Technologies Ltd	\$1,467,000
Te Ngae Farm Blocks - Block XIV Rotoiti	01/07/2017	Opteon Technologies Ltd	\$5,706,500
206F State Highway 30	02/05/2017	Cost	\$628,412
Lot 2, 108 Lake Rotokawau Rd	21/12/2017	Cost	\$859,744
Lot 1, 108 Lake Rotokawau Rd	15/05/2018	Cost	\$1,163,256



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

	Maturity Date	Remaining Term (Months)	Interest Rate	2019	2018
7 Loans					
Westpac NZ Ltd - 91 Loan	2 May 2023	49	6.30%	100,411	-
Westpac NZ Ltd - 92 Loan	2 May 2023	49	6.30%	1,050,000	-
Current Portion				27,793	-
				<u>\$1,178,203</u>	<u>-</u>

The Loans with the Westpac Bank are secured over Lot 1 & Lot 2 Rotokawau Road by way of first registered mortgage.

8 Reserves	2019	2018
Asset Revaluation Reserve		
Opening Balance	4,857,010	3,586,250
Movement	-	1,270,760
	<u>\$4,857,010</u>	<u>\$4,857,010</u>
Whakapoungakau Shareholders' Funds		
Opening Balance	<u>(42,061)</u>	<u>(42,061)</u>

In 2015, the Trust purchased land at Cookson Road, Tikitere, achieved through the purchase of 81.29167 shares in Part Whakapoungakau 4J Block and 133.25 shares in Part Whakapoungakau 4F2 Block as well as Freehold Land. The remaining Maori interests in Whakapoungakau 4J of 11.70833 shares have a value of \$25,808.68, and in Whakapoungakau 4F2 of 7.5 shares have a value of \$16,252.22. The court appointed Goldsmiths, Chartered Accountants as agent for the remaining Maori owners. The funds are to be held for distribution to the remaining Maori owners, who indicated their desire to sell their interests in the land to the Trust. There was a 6-month grace period from purchase date in which the Maori owners could transfer their land interests to the Trust; in such cases the conveyance of that land will be completed by Goldsmiths as the Court appointed agent (Te Ture Whenua Maori Act 1993, Section 157(1)).

9 Contingent Liabilities

There are no contingent liabilities at year end (31 March 2018: \$Nil).

10 Capital Commitments

The Trust has an unconditional contract to purchase 17B Hawthornden Drive, Tikitere, Rotorua for \$1,800,000.00 (Plus GST). The Settlement Date is 31 March 2021, but the Trust is to pay a Deposit of \$990,000.00 (\$180,000 plus 45% of Purchase Price) by 31 March 2020. The remaining balance is to be paid by 31 March 2021. (31 March 2018: Lot 1, 108 Rotokawau Road - \$1,100,000.00).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

11 *Related Parties*

Donna Hall is a Trustee for this Council and is also a principal for Woodward Law, which occasionally acts as a type of bank for the Council, by advancing funds to pay some expenses, and acting as their legal advisors. These transactions have been conducted under normal commercial terms.

The Council occupies facilities belonging to Mataikotare Marae Trust (Waiohewa Marae). Three Trustees, Rangimahuta Easthope, Kereama Pene and Herbert Hapeta Jnr, are also Trustees of Mataikotare Marae Trust. During this financial year the Council paid \$Nil (2018: \$NIL) to go towards the Marae Development Project. This transaction was undertaken under normal commercial terms. The Council also paid insurance, repairs and lawn mowing costs and received koha on behalf of the Mataikotare Marae Trust. These transactions amounted to \$8,530 (2018: \$18,203) and this balance has been treated as a loan in the current year. Other than these there were no other material related party transactions.

Kereama Pene is a Trustee for this Council as well as the Director of National General Services Limited. He has received no payments during the year. During prior years the Council paid expenses on behalf of National General Services Limited totalling \$10,519. That amount was outstanding at Balance Date (2018: \$10,519).

12 *Trustees Remuneration*

Ngati Rangiteaorere Koromatua Council paid Trustee Remuneration in the year ended 31 March 2019 as follows. The Trustees were also owed Project Fees of \$443 relating to the 2019 year and these have been included in Accounts Payable as at year end.

	2019	2018
T Eru	3,394	10,855
K Pene	12,797	15,986
Dr. K Kennedy	1,902	7,543
R Easthope	1,902	4,500
H Hapeta	1,454	2,640
W Tait-Rolleston	1,156	1,950
	<u>22,605</u>	<u>43,473</u>

