

**Ngati Rangiteaorere Koromatua Council**

**Financial Statements**

**For the Year Ended 31 March 2020**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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**COUNCIL DIRECTORY  
AS AT 31 MARCH 2020**

<b>Settlement:</b>	14 June 2013
<b>IRD Number:</b>	114-518-727
<b>Principal Activity of Council:</b>	Tribal authority
<b>Location of Council:</b>	Mataikotare Marae Mataikotare Road Te Ngae Rotorua
<b>Trustees:</b>	Kereama Pene Dr Kenneth Kennedy Herbert Hapeta Jr Donna Hall Rangimahuta Easthope Waereti Tait-Rolleston Dale Eru
<b>Bankers:</b>	Westpac NZ Limited Rotorua Branch
<b>Accountants:</b>	Goldsmiths Chartered Accountants Level 1 189 The Strand Whakatane, 3120
<b>Auditors:</b>	William Buck Audit (NZ) Ltd The Collective DX Box HP40007 Tauranga 3112

# Ngati Rangiteaorere Koromatua 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 of Ngati Rangiteaorere Koromatua Council (the Council), which comprise the statement of financial position as at 31 March 2020 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

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

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  
2 February 2021

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**


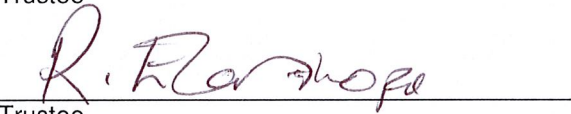
	<i>Note</i>	<i>This Year</i>	<i>Last Year</i>
<b><i>Trust Equity And Reserves</i></b>			
Trust Equity		3,877,283	3,852,639
Asset Revaluation Reserve	<b>9</b>	4,857,010	4,857,010
Whakapoungakau Shareholders' Funds	<b>9</b>	(42,061)	(42,061)
		<u>8,692,232</u>	<u>8,667,588</u>
<b><i>Current Liabilities</i></b>			
Accounts Payable		82,587	66,739
GST Payable		3,424	3,625
David Rawiri George Loan		226,750	-
Income in Advance - Te Matawai Grant		17,063	-
Lease Received in Advance - VT Trading Ltd		8,587	-
Remaining interests in Whakapoungakau 4F2		16,252	16,252
Remaining interests in Whakapoungakau 4J		25,809	25,809
Rent Received In Advance - Timberlands		11,946	11,946
Rental Bond - 108 Lake Rotokawau		-	2,600
Residential Rental Bond		400	400
Loans Secured (Current Portion)	<b>8</b>	29,595	27,793
		<u>422,412</u>	<u>155,163</u>
<b><i>Non Current Liabilities</i></b>			
Loans	<b>8</b>	1,120,812	1,150,411
<b><i>Total Equity &amp; Liabilities</i></b>		<u>\$10,235,456</u>	<u>\$9,973,162</u>
<b><i>Current Assets</i></b>			
Cash at Bank	<b>2</b>	48,731	40,931
Roto-Ora Limited		12,458	12,458
Tikitere Trust		12,131	12,131
Rates paid in advance		8,422	-
Deposit 17b Hawthornden Drive		222,933	-
Accounts Receivable		17,038	7,249
National General Services Limited		10,519	10,519
Whakapoungakau Lands Ltd		50	50
Taxation Refund Due	<b>3</b>	2	11
		<u>332,284</u>	<u>83,351</u>
<b><i>Non Current Assets</i></b>			
<b><i>Property, Plant and Equipment</i></b>			
As per Schedule	<b>5</b>	9,832,126	9,832,711
<b><i>Investments</i></b>			
Other Investments	<b>7</b>	71,045	57,100
<b><i>Total Assets</i></b>		<u>\$10,235,456</u>	<u>\$9,973,162</u>



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

**Goldsmiths**  
Chartered Accountants

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

	Note	This Year	Last Year
 _____ Trustee		<u>27/01/2021</u> Date	
 _____ Trustee		<u>27/01/2021</u> Date	



**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 MARCH 2020**

	<i>Note</i>	<i>This Year</i>	<i>Last Year</i>
<b><i>Income</i></b>			
Te Ngae Farm Lease		143,352	143,352
Grazing on Nursery Block		4,695	-
108 Lake Rotokawau Road Rental		25,120	19,314
Residential Rental Income		5,200	5,200
Te Matawai Grant		20,188	-
Te Arawa Waka Fisheries		5,000	28,000
Whakapoungakau & Hawthornden Drive Lease		42,000	42,000
Te Ngae Farm Land		-	12,000
Interest Income		5	34
Hay & Silage Sales		15,379	37,024
National General Services Income		-	10,750
		260,938	297,675



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 2020**

	<i>Note</i>	<i>This Year</i>	<i>Last Year</i>
<b>Expenses</b>			
ACC Levy		1,380	-
Accountancy Fees		19,900	22,854
Advertising		580	-
AGM Expenses		5,254	15,975
Auditors Remuneration		5,752	5,902
Bank Charges		-	1,240
Catering		-	3,323
Consultancy Fees		10,004	59,789
Contractors		-	10,625
Electricity		3,422	3,243
Entertainment - Deductible		450	2,425
Entertainment - Non Deductible		450	2,451
Farm Advisor		-	9,600
Fees & Permits		-	4,403
Insurance		6,144	5,948
Interest		74,913	64,012
Koha		1,193	13,828
Legal Fees - Deductible		580	7,205
Non-Deductible Expenditure		6,107	570
Printing & Stationery		1,341	4,933
Rates		17,849	22,920
Repairs & Maintenance - General		4,622	11,052
Repairs & Maintenance - Rental house		1,904	5,380
Staff Wages		15,208	53,417
Te Matawai Expenses		20,188	-
Travel & Accommodation - Airfares		-	533
Travel & Accommodation - Hotels		-	870
Travel & Accommodation - Meal Allowance		-	554
Travel & Accommodation - Mileage Reimbursement		19,573	9,560
Trustees Fees		-	5,193
Trustees Project Fees		16,119	15,851
<b>Total Cash Expenses</b>		<b>232,930</b>	<b>363,658</b>
<b>Net Cash Surplus (Deficit)</b>		<b>28,008</b>	<b>(65,984)</b>
<b>Non Cash Expenses</b>			
Depreciation		3,364	3,365
<b>Net Profit (Loss) Transferred To Equity</b>		<b>\$24,644</b>	<b>\$(69,349)</b>



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 2020**

	<i>Note</i>	<i>This Year</i>	<i>Last Year</i>
Net Surplus (Deficit)		24,644	(69,349)
<b><i>Total Recognised Revenues and Expenses</i></b>		<b>24,644</b>	<b>(69,349)</b>
Equity at Start of Period		8,667,588	8,736,937
		8,692,232	8,667,588
<b><i>Total Equity At End Of Period</i></b>		<b>\$8,692,232</b>	<b>\$8,667,588</b>



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 2020

### 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.

#### **Investments**

Investments are stated at cost with the exception of investments in listed companies which are stated at valuations. Revaluation gains or losses are recognised in the Statement of Financial Performance.

#### **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.

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

### **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.

### **2 Cash at Bank**

	<i>This Year</i>	<i>Last Year</i>
ANZ Bank NZ Ltd - Goldsmiths Trust Account	30,418	25,672
Westpac NZ Ltd - 01 Account	18,313	15,259
	<u>\$48,731</u>	<u>\$40,931</u>

### **3 Taxation**

	<b>2020</b>	<b>2019</b>
Net Surplus (Deficit) per Accounts	24,644	(69,349)
<b>Addback</b>		
Entertainment - Non Deductible	450	2,451
Late Payment Penalties	1,107	570
Loan Establishment Fees	5,000	-
Te Arawa Waka Fisheries	(5,000)	(28,000)
Koha	1,193	13,828
Audit Fee Accrual	5,750	-
Te Matawai Grant	(20,188)	-
Te Matawai Expenses	20,188	-
Taxable Surplus (Deficit)	33,143	(80,500)
<b>Less</b>		
Tax Losses Brought Forward	(435,665)	(355,165)
Loss Carried Forward	<u>\$(402,522)</u>	<u>\$(435,664)</u>
Taxation	-	-
Opening Balance	(11)	(15,737)
Refund Received	11	15,737
	-	-
<b>Less</b>		
RWT Paid	2	11
Tax Payable (Refundable) as per Statement of Financial Position	<u>\$(2)</u>	<u>\$(11)</u>

### **4 Maori Authority Credit Account**

	<i>This Year</i>	<i>Last Year</i>
Opening Balance	30,662	46,388
<b>Add</b>		
RWT Paid	2	11
<b>Less</b>		
Refund Received	11	15,737
	<u>\$30,652</u>	<u>\$30,662</u>

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



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

### 5 *Property, Plant And Equipment Summary*

	<i>Cost</i>	<i>Accum Deprn</i>	<i>Book Value</i>
<b>2020</b>			
Land	4,682,412	-	4,682,412
Land Revaluation	3,496,500	-	3,496,500
Property Improvements - at Cost	290,663	13,555	277,108
Improvements Revaluation	1,360,510	-	1,360,510
Buildings - At Cost	15,000	-	15,000
Plant & Equipment	2,844	2,541	303
Furniture & Fittings - at Cost	549	255	294
	<u>\$9,848,477</u>	<u>\$16,351</u>	<u>\$9,832,126</u>
<b>2019</b>			
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>

### 6 *Land And Building Valuations*

The following are valuations of properties located at:

	<i>Date</i>	<i>Valuer</i>	<i>Amount</i>
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

### 7 *Other Investments*

	<i>2020</i>	<i>2019</i>
Mataikotare Marae Trust	<u>71,045</u>	<u>57,100</u>

### 8 *Loans*

	<i>Maturity Date</i>	<i>Remaining Term (Months)</i>	<i>Interest Rate</i>	<i>2020</i>	<i>2019</i>
Westpac NZ Ltd - 91 Loan	2 May 2023	37	6.30%	70,812	100,411
Westpac NZ Ltd - 92 Loan	2 May 2023	37	6.30%	1,050,000	1,050,000
Current Portion				29,595	27,793
				<u>\$1,150,407</u>	<u>\$1,178,203</u>

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

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

<b>9 Reserves</b>	<b>2020</b>	<b>2019</b>
<b>Asset Revaluation Reserve</b>		
Opening Balance	<u>4,857,010</u>	<u>4,857,010</u>
<b>Whakapoungakau Shareholders' Funds</b>		
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)).

**10 Contingent Liabilities**

There are no contingent liabilities at year end (31 March 2019: \$Nil).

**11 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 was due to pay a deposit of \$990,000.00 (\$180,000 plus 45% of Purchase Price) by 31 March 2020. Due to Covid-19 this deposit was not paid at 31 March and the Trust entered in to negotiations with the Vendors and Bank regarding payment of the deposit. Agreement was reached with the vendor in July 2020 to make \$200,000.00 part payment of the deposit with the balance to be held as a loan with interest to be paid at 7% until 31 March 2021. The final Settlement Date may be extended to 30 September 2021 with the agreement of the Vendors.

The Trustees have committed to purchase a business dealing in grazing and production of hay products for \$1,100,000 in July 2020. This has been funded through a loan for \$830,000 from the Westpac Bank along with vendor finance.



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

**12 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 (2019: \$NIL) to go towards the Marae Development Project. The Council paid insurance, repairs and lawn mowing costs and recieved koha on behalf of the Mataikotare Marae Trust. These transactions amounted to \$13,815 (2019: \$8,530) 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 (2019 : \$10,519).

**13 Trustees Remuneration**

Ngati Rangiteaorere Koromatua Council paid Trustee Remuneration in the year ended 31 March 2020 as follows. The Trustees were also owed Project Fees of \$2,700 relating to the 2020 year and these have been included in Accounts Payable as at year end.

	<b>2020</b>	<b>2019</b>
T Eru	0	3,394
K Pene	5,373	12,797
Dr. K Kennedy	5,373	1,902
R Easthope	5,373	1,902
H Hapeta	0	1,454
W Tait-Rolleston	0	1,156
	<u>16.119</u>	<u>22.605</u>

