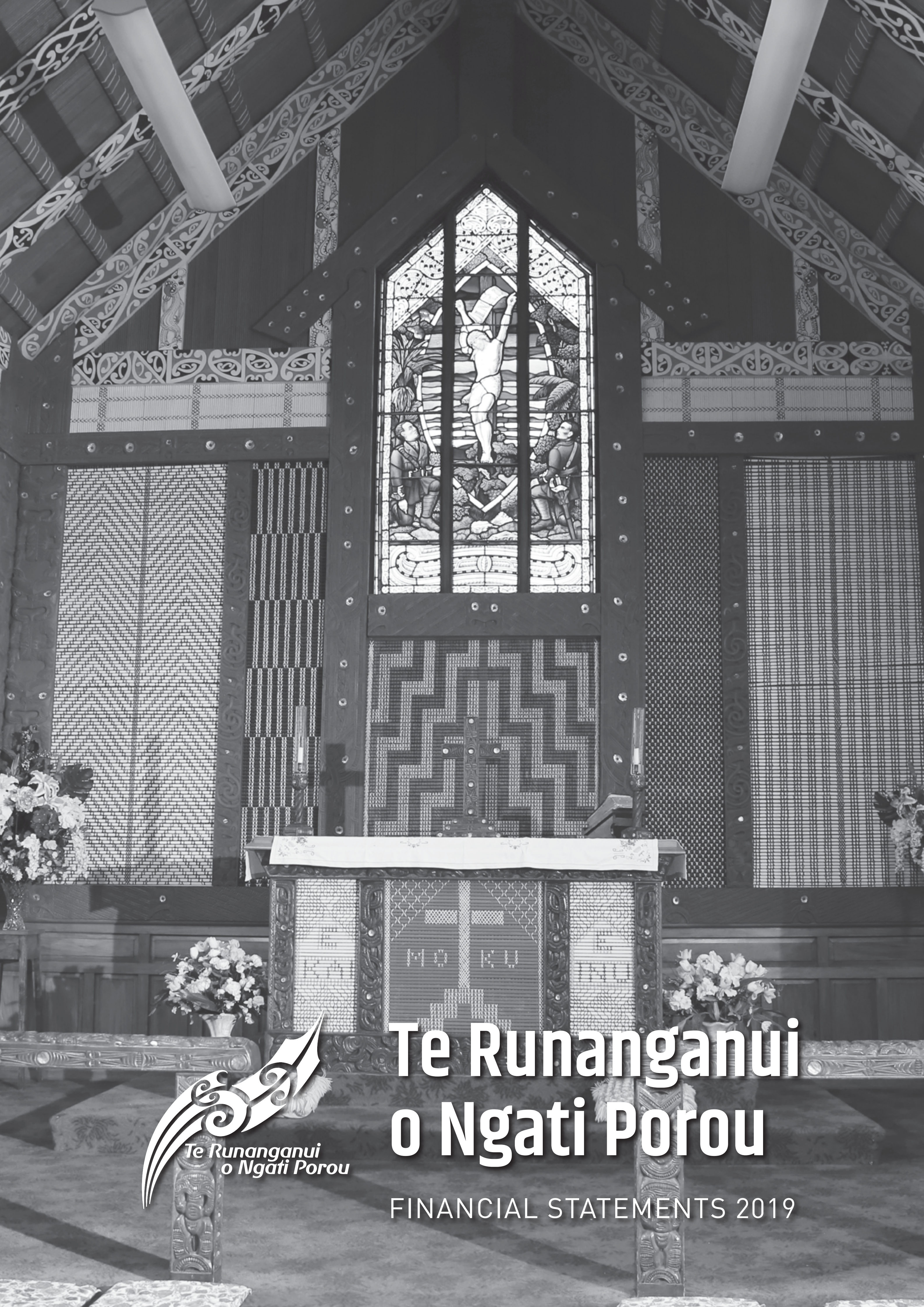


Te Runanganui o Ngati Porou

FINANCIAL STATEMENTS 2019

FINANCIAL STATEMENTS INDEX

Deloitte.

Independent Auditor's Report

To the Trustees of Te Runanganui o Ngati Porou and Group

Opinion

We have audited the financial statements of Te Runanganui o Ngati Porou and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 7 to 45, present fairly, in all material respects, the consolidated financial position of the group as at 30 June 2019, and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and 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 Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group 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*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we have no relationship with or interests in the Group or any of its subsidiaries, except that partners and employees of our firm deal with the Group and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Group and its subsidiaries.

Board of Trustee's responsibilities for the consolidated financial statements

The Board of Trustees are responsible on behalf of the group for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards and for such internal control as the Board of Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Trustees are responsible on behalf of the group for assessing the group'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 Board of Trustees either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Board of Trustees. Our audit has been undertaken so that we might state to the Members 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 Board of Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Wellington, New Zealand
21 October 2019

This audit report relates to the consolidated financial statements of Te Runanganui o Ngati Porou and its subsidiaries (the 'Group') for the year ended 30 June 2019 included on the group's website. The Board of Trustees are responsible for the maintenance and integrity of the group's website. We have not been engaged to report on the integrity of the group's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 21 October 2019 to confirm the information included in the audited consolidated financial statements presented on this website.

STATEMENT OF RESPONSIBILITY

We are responsible for the preparation of Te Runanganui o Ngati Porou Group financial statements and for the judgements made in them.

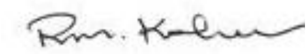
We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of Te Runanganui o Ngati Porou Group for the year ended 30 June 2019.

Signed on behalf of the Board:

Board member

21 October 2019



Board member

21 October 2019

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 NZ$'000	2018 NZ$'000
Revenue			
Service delivery	**A1**	14,234	14,952
Commercial trading revenue	**A2**	6,900	5,904
Forestry income	**A3**	1,789	5,229
Rental income	**A4**	899	875
Interest income		106	89
Dividend income		2,792	2,041
Unrealised gains on asset valuation		6,732	14,330
Share income from associate entities	**H1**	2,846	2,431
Other income	**A5**	1,515	2,157
Total revenue		37,813	48,008
Expenditure			
Employee benefit expense		14,788	13,819
Cost of sales from commercial operations & forestry	**J2**	3,702	7,017
Depreciation expense	**E**	921	799
Finance cost		437	430
Rental expense		482	457
Other expenses	**J3**	11,025	13,333
Total expenses		31,355	35,855
Net surplus for the period		6,458	12,153
Other comprehensive income		–	–
Total comprehensive revenue and expenditure before taxation		–	–
Taxation expense	**G**	1,128	34
Total comprehensive revenue and expense after taxation		5,330	12,119

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 NZ$'000	2018 NZ$'000
Assets			
Current assets			
Bank accounts	**C1**	7,495	12,190
Trade and other receivables	**C3**	5,360	4,158
Inventories		1,322	884
Work in progress		190	560
Taxation		160	643
Total current assets		14,527	18,435
Non-current assets			
Investments	**C2**	151,342	144,343
Carbon credits	**B4**	–	37
Biological assets	**B3**	10,636	8,335
Quota shares	**B2**	24,311	19,011
AFL income shares	**B1**	16,886	16,886
Intangible asset	**J6**	173	–
Property, plant and equipment	**E**	35,653	35,863
Total non-current assets		239,001	224,475
Total assets		**253,528**	242,910
Liabilities			
Current liabilities			
Bank accounts	**C1**	1,640	2,648
Trade and other payables	**F2**	4,352	3,376
Borrowings	**F1**	6,029	1,771
Employee benefits	**F3**	1,405	1,353
Total current liabilities		13,426	9,148
Non-current liabilities			
Borrowings	**F1**	9,631	9,477
Deferred taxation	**G**	1,310	454
Deferred Maintenance		400	400
Total non-current liabilities		11,340	10,331
Total liabilities		**24,767**	19,479
Net assets		**228,761**	223,431
Equity			
Reserves	**J5**	2,703	2,703
Retained earnings		226,058	220,728
Total equity		**228,761**	223,431

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Actual 2019 NZ$'000	Actual 2018 NZ$'000
Retained earnings			
Balance at 1 July 2018		220,728	208,609
Total comprehensive revenue and expenses for the year		5,330	12,119
Balance at 30 June 2019		**226,058**	220,728
Reserves			
Balance at 1 July 2018		2,703	2,703
Balance at 30 June 2019		**2,703**	2,703
Total equity		**228,761**	223,431

STATEMENT OF CASH FLOWS FOR THE YEAR 30 JUNE 2019

	Notes	2019 NZ$'000	2018 NZ$'000
Cash flows from operating activities			
Cash was provided from:			
Service delivery		14,783	15,750
Commercial trading operations (incl. forestry)		7,459	12,208
Interest received		107	94
Dividends received		2,792	2,041
Share of income from associates and joint venture		2,388	3,138
Other income		2,413	3,031
		29,942	36,262
Cash was applied to:			
Payments to suppliers and operating expenses		13,787	19,239
Payments to employees, directors and trustees		15,476	14,482
GST paid		594	202
Interest paid		437	430
Tax payable		(211)	(17)
		30,083	34,336
Net cash flow from operating activities		(141)	1,926
Cash flows from investing activities			
Cash was provided from:			
Sale of property, plant and equipment		359	95
Carbon credits		37	3,310
Repayment of other investment		5	–
Sale of listed investments		23,143	17,504
		23,544	20,909
Cash was applied to:			
Purchase of investments		22,492	14,169
Purchase of share in associates		1,841	326
Purchase of property, plant and equipment		1,070	2,032
Purchase of biological assets including forestry		435	761
Project expenditure		190	166
Purchase of CRA3 crayfish quota		5,300	–
Purchase of intangible asset		173	–
		31,501	17,454
Net cash flow from investing activities		(7,957)	3,455
Cash flows from financing activities			
Cash was provided from:			
Loan advances		5,804	800
		5,804	800
Cash was applied to:			
Loan repayments		1,393	5,148
		1,393	5,148
Net cash flow from financing activities		4,411	(4,348)
Net increase/(decrease) in cash and cash equivalents		(3,687)	1,033
Cash and cash equivalents at beginning of the year		9,542	8,509
Cash and cash equivalents at end of the year	**C1**	**5,855**	**9,542**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. ABOUT THIS REPORT

These are the financial statements for Te Runanganui o Ngati Porou Trustee Limited acting in its capacity as the trustee of the Te Runanganui o Ngati Porou Trust (Te Runanganui o Ngati Porou or TRONPnui) for the year ended 30 June 2019.

TRONPnui is a post-settlement governance entity under the Ngati Porou Claims Settlement Act 2012 and a Maori Authority in accordance with the Income Tax Act 2007.

The principal activities of the Group are the support and development of Ngati Porou through the delivery of various services to Ngati Porou and the prudent management of Ngati Porou cultural and commercial assets for the benefit of Ngati Porou.

The financial statements are the consolidated financial statements for TRONPnui and its subsidiaries and controlled entities (together referred to as the 'Group'). The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with Public Benefit Entity Accounting Standards ("PBE Standards") as appropriate for Tier 1 not-for-profit public benefit entities.

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated group, being TRONPnui (the parent entity) and its subsidiaries.

The consolidated financial statements have been prepared using historical cost, except for the revaluation of certain non-current assets and financial instruments, and on a going concern basis.

The financial statements have been prepared in New Zealand dollars, and have been rounded to the nearest one thousand dollars ($000).

2. KEY JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies the Group has made a number of judgements and estimates. All material judgements and estimates are disclosed throughout the notes to the financial statements.

3. ACCOUNTING POLICIES

Accounting policies that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

SECTION A – REVENUE

A1 SERVICE DELIVERY REVENUE

	2019 NZ$'000	2018 NZ$'000
Government contracts – exchange	14,234	14,952
Government contracts – non exchange	-	-
Total service delivery revenue	**14,234**	14,952

Service delivery income is categorised by Government and other (non-Government) contracts. Service delivery income is also further categorised by exchange or non-exchange contract income. Exchange contracts require the provision of services and the fulfilment of substantive conditions to the satisfaction of the funder. Non exchange contracts require the provision of services with no substantive conditions.

Service delivery revenue is recognised by reference to the relevant specified service period and fulfilment of a contract's substantive conditions or stage of completion of the contract. Judgement is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year funding arrangements.

A2 COMMERCIAL REVENUE

	2019 NZ$'000	2018 NZ$'000
Fishing revenue	1,542	1,744
Farming revenue	4,934	3,735
Honey revenue	424	425
Total commercial revenue	**6,900**	5,904

Fishing revenue includes revenue derived from:

- the sale of fish, shellfish and related produce (revenue is recognised upon receipt by the customer when the risks and rewards of ownership have been transferred);
- contract processing income (recognised at the time the processing is completed); and
- Annual Catch Entitlement (ACE) income that the Group manages itself, in contrast to ACE that is managed by the Iwi Collective Partnership's (ICP) which is recognised under revenue from associates.

Farming revenue includes revenue derived from:

- the sale of livestock and sales of other agriculture produce (revenue is recognised upon receipt by the customer when the risks and rewards of ownership have been transferred);
- net increases due to births, growth and losses of livestock; and
- changes in the fair value of livestock due to changes in market values.

Honey revenue includes income derived from:

- Sale of honey (revenue is recognised upon receipt by the customer when the risks and rewards of ownership have been transferred); and
- Changes in the fair value of honey due to changes in market values.

Farming Revenue

		2019 NZ$'000	2018 NZ$'000
Livestock sales		2,741	1,979
Net increases due to births/growth/losses		2,172	1,965
Changes in the fair value due to market value of livestock sold	**B3**	160	180
Change in the fair value due to change in numbers		(575)	(568)
Other revenue		436	179
Total farming revenue		**4,934**	3,735

A3 FORESTRY REVENUE

	2019 NZ$'000	2018 NZ$'000
Revenue derived from harvesting	-	5,023
Revenue derived from changes in forest valuations	1,771	82
Carbon sales	18	124
Total forestry revenue	**1,789**	5,229

Forestry revenue includes revenue derived from:

- the sale of logs (revenue is recognised on a FOB basis);
- changes in the value of forest holdings which is valued at independent market fair values;
- sale of carbon credits net of revaluation; and
- changes in the value of carbon credits which are valued at independent market fair values.

A4 Rental Income
The Group also derives revenue from the leasing of forest land to Ernslaw One Limited and this is disclosed as rental income.

A5 OTHER REVENUE

	2019 NZ$'000	2018 NZ$'000
Administration fees and charges	52	94
Other revenue	1,463	2,063
Total other revenue	**1,515**	2,157

Other revenue includes revenue derived from:

- the provision of administration, accountancy and financial services to associates and third parties (revenue is recognised as the services are provided); and
- other incidental income, derived in the course of business, including grants, service fees and cost recoveries.

SECTION B – FISHERIES, FARMING AND FORESTRY ASSETS

B1 AFL REVENUE SHARES

The Group holds 18,732 (2018: 18,732) shares or 7.49% of the revenue shares in Aotearoa Fisheries Limited (AFL). These revenue shares entitle the Group to receive a dividend from AFL.

	2019 NZ$'000	2018 NZ$'000
Aotearoa Fisheries Limited revenue shares	16,886	16,886
	16,886	16,886

AFL revenue shares are classed as "available-for-sale financial asset". As these shares contain a number of restrictions and do not have a readily available market value, the Board of Ngati Porou Seafoods Group has exercised its judgement in determining the value of the AFL revenue shares. Using a net tangible asset valuation methodology, the AFL revenue share values on allocation from Te Ohu Kaimoana were initially written down by $5.6m (or 25%) to reflect the restrictions attached to these shares (such as no voting rights and restrictions on the sale of shares). Due to the absence of a readily available market, as noted above, the shares have not been re-valued since the original impairment was recorded. The shares are subject to an annual impairment review that considers the value of the Group's 7.49% share of net assets of AFL based on their most recent financial statements. No indicators of impairment were identified based on this review. During 2019, the Group received from AFL a net dividend of $777,757 with $136,108 of Maori Authority Tax Credits (2018: net dividend of $723,715 with $153,515 of Maori Authority Tax Credits).

B2 FISHING QUOTA

Fishing Quota is an intangible asset with an indefinite useful life. The Te Ohu Kaimoana allocation was recognised at (deemed cost) being fair value on initial recognition with subsequent quota acquisitions recorded at cost. Fishing quota is subsequently carried at cost and tested annually for impairment.

	Fishing Quota Te Ohu Kaimoana allocation Deemed Cost NZ$'000	Other Fishing Quota Deemed Cost NZ$'000	Total Fishing Quota Deemed Cost NZ$'000
Balance at 1 July 2017	10,181	8,830	19,011
Additions (acquired externally)	-	-	-
Balance at 30 June 2018	10,181	8,830	19,011
Balance at 1 July 2018	10,181	8,830	19,011
Additions (acquired externally)	-	5,300	5,300
Balance at 30 June 2019	10,181	14,130	**24,311**

The Board of Ngati Porou Seafoods Group in conjunction with the board of Te Runanganui o Ngati Porou Trustee Limited undertook an annual review of the carrying value of fish quota for impairment at 30 June

2019. Independent valuations were undertaken to review the carrying values for impairment as at 30 June 2019. Using market quoted prices, no indicators of impairment were identified based on this review.

Restrictions

Te Ohu Kaimoana quota is a settlement asset and any transactions to do with this asset are subject to the Maori Fisheries Act 2004.

B3 FARMING AND FORESTRY BIOLOGICAL ASSETS

Biological assets include livestock (sheep and cattle), forestry and bees. Biological assets are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition. Biological assets are subsequently measured at fair value less costs to sell, with any change therein recognised in surplus or deficit. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs. Biological assets transferred to inventory are done so at fair value less estimated costs to sell.

	Bees	Livestock	Forestry	Total
Balance as at 1 July 2018	47	4,528	3,760	8,335
Purchases	86	504	348	938
Net increase due to births/deaths/losses		2,172		2,172
Sales		(2,741)	-	(2,741)
Change in fair value less costs to sell				
Due to change in market prices (Holding Gains)		160	1,772	1,932
Balance as at 30 June 2019	**133**	**4,623**	**5,880**	**10,636**

Livestock

Livestock valuations at 30 June 2019 were provided by PGG Wrightson Ltd. These market values reflect livestock of similar age, breed and genetic merit throughout New Zealand. At 30 June 2019, livestock comprised 13,213 sheep (2018: 13,474) and 2,197 beef cattle (2018: 2,245).

Forestry

At reporting date, forestry land comprised of 25,064 hectares (2018: 25,064 hectares) of which 19,292 hectares (2018: 19,292) was leased to Ernslaw One Limited. At reporting date, forest land planted with trees owned by the Group totalled 3,609.2 hectares (2018: 3,540 hectares) of which 1,285.2 hectares (2018: 1,236.5 hectares) is forest older than 5 years. Forest older than 5 years is required to be valued at fair value. The fair value of forestry has been determined by use of the expectation method. The expectation method employs a conventional discounting approach to determine the present value of future cash flows. Previous expenditure on the forest is treated as sunken costs and are excluded from the value determination. The valuation has been prepared by Interpine Group Limited.

The forest land forms part of property, plant and equipment and has a value of $12,560 thousand (2018: $12,560 thousand). The forest is not subject to any restriction of title, use or capacity to sell.

Bees

As the bee hives are continually regenerating the fair value assigned to a hive is on a $ per kg basis, plus queen and brood. The value attributed to these quantities has been sourced from the Ministry of Primary Industries.

B4 CARBON CREDITS

Carbon Credits are intangible assets with indefinite useful lives. They are carried at fair value, with the annual change in fair value recognised as a surplus/(deficit) in the statement of comprehensive revenue and expense. Fair value is based on published market prices.

	2019 **NZ$'000**	**2018** **NZ$'000**
Balance as at 1 July 2018	37	3,346
Sales	(37)	(3,309)
Balance as at 30 June 2019	**-**	**37**

SECTION C – CASH, INVESTMENTS AND RECEIVABLES

C1 CASH AND CASH EQUIVALENTS

	2019 NZ$'000	2018 NZ$'000
Cash at bank	7,495	12,190
Short term deposits	-	-
	7,495	12,190
Bank overdraft – secured	(1,640)	(2,648)
Total cash and cash equivalents	**5,855**	**9,542**

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

The Group's primary bankers are The ANZ Banking Group (ANZ). Surplus funds forecast not to be required for short-term operational requirements are invested in various short term interest earning deposit accounts ranging from call accounts to 120-day term deposits.

C2 INVESTMENT PORTFOLIO

The Group's investment portfolio comprises:

	2019 NZ$'000	2018 NZ$'000
Investments at fair value through profit and loss	148,716	143,750
Investment in Associates & Joint Ventures	2,013	399
Other investments – Te Poho Rawiri marae	192	-
Other investments – The Workshop	300	-
Other investments – GIS Systems	-	73
Other investments – NZ Equities	121	121
	151,342	**144,343**

Investments at fair value through the profit and loss are on the following page.

Investments in associates and joint ventures are detailed in note D2.

Other investments – NZ Equities relate to direct investments of Pakihiroa Farms into un-listed agriculture equities.

The Group's investments at fair value through profit and loss portfolio comprises:

	2019 NZ$'000	2018 NZ$'000
Growth assets		
- Trans-Tasman equities		
- Milford Funds	15,064	16,525
- Devon Funds Management	18,626	15,984
- Developed market equities		
- Blackrock/ ANZ Investment	17,517	16,389
- Artisan Partners Global Funds	11,337	10,832
- Harding Loevner Fund	9,118	8,836
- Emerging market equities		
- Blackrock Investment Management	7,022	7,242
- GQG Partners	7,537	6,874
Total growth assets	86,221	82,682
Income assets		
- Van Eck Global	4,501	5,543
- Lazard Asset Management	3,805	4,336
- AMP Capital	31,572	30,055
- Aviva	11,371	-
- Schroders	11,246	-
- Standard Life Global	-	13,939
- Blackrock Multi Opportunity	-	7,195
Total income assets	62,495	61,068
Total investments at fair value	**148,716**	**143,750**

The investment portfolio is classified as fair value through profit or loss and is measured at fair value with related distributions, dividends and gains or losses being recognised in surplus or deficit.
The value of the investments is obtained directly from Fund Manager Statements at balance date. These reflect the market value of the underlying investments at balance date. The fair value of these investments is classified as Level 2 for reporting purposes, as the values of the investments are not directly observable in active markets however are based on unit rates derived from inputs that are observable either directly or indirectly (i.e. based on the market prices of the underlying investments in the fund).

The investments portfolio is managed in accordance with the Ngati Porou Holding Company Statement of Investment Policies and Objectives (SIPO). The SIPO details the organisations objectives, asset classes, target allocations, portfolio benchmarks and currency hedging.

Growth Assets include Trans-Tasman, Developed Market and Emerging Market listed equities. It is recognised that a portfolio biased to Growth Assets could be severely impacted during periods of unanticipated inflation or prolonged deflation. The objective of the allocations to Income Assets is to protect the portfolio of Financial Assets during such environments. These allocations should also offer portfolio diversification benefits that would moderate portfolio volatility.

The Group's investments are predicated on a currency strategy to reduce portfolio volatility from exposure to foreign exchange rate risk by managing the foreign exchange exposure via hedging strategies.

The currency strategy states that:

- Australian dollar (AUD) shall be used as a proxy for the New Zealand dollar (NZD) where NZD investment vehicles are not available;
- Trans-Tasman equities are either investments that are NZD domiciled or hedged to the NZD;
- Developed market equities have a benchmark hedged position of 50% to the NZD;
- Emerging market equities is un-hedged and is fully exposed to emerging markets currencies at all times because currency exposure is part of the long term thesis in this asset class and it is costly and difficult to hedge emerging markets currencies;
- Inflation sensitive assets have a benchmark hedged position of 50% to the NZD;
- Deflation sensitive assets are NZD domiciled; and
- Diversifiers have a benchmark hedged position of 50% to the NZD.

Section I – Financial Risk Management provides further detail with regard to market price risk and foreign currency exposure risk, along with sensitivities.

C3 RECEIVABLES

	2019 **NZ$'000**	**2018** **NZ$'000**
Trade receivables	2,989	2,422
Related party receivables	2,175	1,639
	5,164	4,061
Prepayments	196	97
	5,360	**4,158**
Total receivables comprises		
Receivables from exchange transactions	5,164	4,061
	5,164	**4,061**
60-90 days	63	43
90-120 days	118	162
Total past due date	**181**	**205**

All receivables greater than 60 days in age are considered to be past due.

Due to the large number of receivables, the impairment assessment is generally performed on a collective basis, based on an analysis of past collection history and write-offs.

SECTION D – THE TRONPnui GROUP

D1 SUBSIDIARIES

The consolidated financial statements include the information and results of each subsidiary from the date on which Te Runanganui o Ngati Porou obtains control and until such time as Te Runanganui o Ngati Porou ceases to control the subsidiary.

The following sets out a list of all of the subsidiary entities that form part of the Group financial statements. The reporting date of all but the ICP entities Subsidiary, Associate and Joint Venture entities is 30 June. The ICP entities have a reporting date of 30 September.

	Place of incorp. and operation	Ownership %	Voting Right	Principal Activity
Ngati Porou Holding Company Limited	NZ	100%	100%	Management of Group commercial activities
Toitu Ngati Porou Trust	NZ	100%	100%	Administers cultural development activities
Ngati Porou Hauora Charitable Trust	NZ	100%	100%	Provision of health services to the community
Ngati Porou Seafoods Limited	NZ	100%	100%	Fisheries asset holding company and management
Ngati Porou Fisheries Limited	NZ	100%	100%	Fish processing, distribution, wholesale and retail
Pakihiroa Farms Limited	NZ	100%	100%	Commercial farming operation

D2 ASSOCIATES AND JOINT VENTURES

Associates are those entities which Te Runanganui o Ngati Porou has significant influence but no control. The consolidated financial statements include Te Runanganui o Ngati Porou's share of the total recognised gains and losses on an equity accounted basis from the date significant influence commences until the date significant influence ceases. Investments in associates are recorded using the equity method, this method can result in an impairment beginning recorded against the carrying value of the investment.

Hauiti Berries LP is a joint venture, Te Runanganui o Ngati Porou holds 80% of the shares, but has only 50% control of the investment.

	2019 NZ$'000	2018 NZ$'000
ICP Koura Facilities Limited Partnership	287	287
Amanti Tourism Limited	292	58
Ngati Porou Miere LP	-	-
Miro LP	77	54
Hauiti Berries LP (joint venture)	1,357	-
Investment in Associates	**2,013**	399

The $287 thousand investment in the ICP Koura Facilities Limited Partnership relates to the Group's share of property costs on establishment of the Limited Partnership ($270 thousand) and the Group's share of other costs incurred on establishment of the Limited Partnership of ($17 thousand).

The Group has formed an alliance with 15 (2018: 15) other Iwi in the central North Island to manage their respective Annual Catch Entitlements (ACE) collectively. These entities are deemed associates of the Group.

Amanti Tourism Ltd relates to the 40% share of the investment plus/(less) the value of profit/(loss) for the year, less any impairment. This year the investment was impaired down to the $292k the value of a loan agreed on 23 July 2019.

Ngati Porou Miere LP relates to the 16.67% share of the investment in Ngati Porou Miere LP.

Miro LP relates to the 2.32% share of the investment in Miro LP, less any impairment.

Hauiti Berries LP relates to the 80% investment in Hauiti Berries LP (joint venture). Although Te Runganganui o Ngati Porou holds 80% of the shares in the joint venture, and therefore is entitled to 80% of the income/(loss) as per the limited partnership agreement, it only has 50% of the voting rights.

	Voting rights	
	2019	**2018**
ICP ACE Holdings Limited Partnership	33%	33%
ICP Inshore ACE Limited Partnership	33%	33%
ICP Koura Operations Limited Partnership	33%	33%
ICP Koura Facilities Limited Partnership	33%	33%
Amanti Tourism Limited	40%	40%
Ngati Porou Miere LP	16.67%	16.67%
Miro LP	2.32%	3.70%
Hauiti Berries LP (joint venture)	80%	-

	Total assets		Total liabilities	
	2019	**2018**	**2019**	**2018**
	NZ$'000	**NZ$'000**	**NZ$'000**	**NZ$'000**
ICP ACE Holdings Limited Partnership	1,711	502	1,711	502
ICP Inshore ACE Limited Partnership	801	923	801	923
ICP Koura Operations Limited Partnership	2,165	1,765	2,163	1,765
ICP Koura Facilities Limited Partnership	1,785	1,830	561	604
Amanti Tourism Limited	458	173	631	28
Ngati Porou Miere LP	353	314	353	154
Hauiti Berries LP (joint venture)	1,145	-	305	-
Miro LP	5,647	3,892	2,815	2,676
	14,065	9,399	**9,340**	6,652

	Revenue		Surplus/ (Deficit)	
	2019	**2018**	**2019**	**2018**
	NZ$'000	**NZ$'000**	**NZ$'000**	**NZ$'000**
ICP ACE Holdings Limited Partnership	3,524	3,677	-	1
ICP Inshore ACE Limited Partnership	1,664	1,652	-	-
ICP Koura Operations Limited Partnership	1,751	1,563	442	424
ICP Koura Facilities Limited Partnership	211	264	211	263
Amanti Tourism Limited	50	314	(58)	(660)
Ngati Porou Miere LP	364	288	-	(255)
Hauiti Berries LP (joint venture)	-	-	(115)	-
Miro LP	1,935	47	(2,014)	(2,234)
	9,499	7,805	**(1,534)**	(2,461)

ICP
All Associates have 30 September as their balance date, the result shown is to 30 June 2019.

There are no significant restrictions regarding the distribution of dividends from ICP associates.

The General Partner of the above named ICP Limited Partnerships is the ICP General Partner Limited. The Group holds 33% of the shares in the ICP General Partner, from which it derives the voting rights outlined on page 22.

There were no contingent liabilities in relation to the ICP associates as at reporting date (2018: nil).

Amanti Tourism Limited
The Associate has the same reporting date as the Group, being 30 June.

There are no significant restrictions regarding the distribution of dividends from the associate.

Holdco Limited has a 40% investment.

There were no contingent liabilities in relation to Amanti Tourism Ltd as at reporting date (2018: nil).

Ngati Porou Miere LP
The Associate has the same reporting date as the Group, being 30 June.

There are no significant restrictions regarding the distribution of dividends from the associate.

Holdco Limited has a 16.67% investment.

There were no contingent liabilities in relation to Ngati Porou Miere LP as at reporting date (2018: nil).

Miro LP
The Associate has the same reporting date as the Group, being 30 June.

There are no significant restrictions regarding the distribution of dividends from the associate.

Holdco Limited has a 2.32% investment.

There were no contingent liabilities in relation to Miro LP as at reporting date (2018: nil).

Hauiti Berries LP (joint venture)
The joint venture has the same reporting date as the Group, being 30 June.

There are no significant restrictions regarding the distribution of dividends from the associate.

Holdco Limited has an 80% investment, but as per the limited partnership agreement has a 50% share of the voting rights. As Te Runanganui o Ngati Porou does not have control of the entity we have not consolidated this into our financial results.

There were no contingent liabilities in relation to Hauiti Berries LP as at reporting date (2018: nil).

SECTION E – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost, except if it is acquired through non exchange transactions (e.g. a bequest or grant) in which case they are instead measured at fair value as their deemed cost at initial recognition.

All Items of property, plant and equipment are subsequently measured at cost (or fair value for items acquired through non-exchange transactions) less accumulated depreciation and impairment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows (for cash-generating assets) or future remaining service potential (for non-cash-generating assets) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in surplus or deficit. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

	Land	Buildings	Plant & equipment, and office equipment	Motor vehicles	Taonga	Total
	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000
Cost or valuation						
Balance at 1 July 2018	23,137	13,770	6,440	798	499	44,644
Reclassifications	–	–	–	–	–	–
Additions	–	216	663	191	–	1,070
Disposals	(280)	(68)	(2)	(9)	–	(359)
Balance at 30 June 2019	22,857	13,918	7,101	980	499	45,355
Accumulated depreciation						
Balance at 1 July 2018	–	(3,670)	(4,127)	(551)	(433)	(8,781)
Depreciation expense	–	(194)	(653)	(62)	(12)	(921)
Impairment losses	–	–	–	–	–	–
Balance at 30 June 2019	–	(3,864)	(4,780)	(613)	(445)	(9,702)
Carrying amounts						
At 30 June and 1 July 2018	23,137	10,100	2,313	247	66	35,863
At 30 June 2019	22,857	10,054	2,321	367	54	35,653

	Land	Buildings	Plant & equipment, and office equipment	Motor vehicles	Taonga	Total
	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000
Cost or valuation						
Balance at 1 July 2017	22,921	12,774	5,817	696	499	42,707
Reclassifications	–	–	–	–	–	–
Additions	230	1,051	623	128	–	2,032
Disposals	(14)	(55)	–	(26)	–	(95)
Balance at 30 June 2018	23,137	13,770	6,440	798	499	44,644
Accumulated depreciation						
Balance at 1 July 2017	–	(1,721)	(3,554)	(521)	(418)	(6,214)
Depreciation expense	–	(181)	(573)	(30)	(15)	(799)
Impairment losses	–	(1,768)	–	–	–	(1,768)
Balance at 30 June 2018	–	(3,670)	(4,127)	(551)	(433)	(8,781)
Carrying amounts						
At 30 June and 1 July 2017	22,921	11,053	2,263	175	81	36,493
At 30 June 2018	23,137	10,100	2,313	247	66	35,863

Depreciation is based on the cost of an asset less its residual value, and for significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. Assets under construction are not subject to depreciation.

The depreciation rates applied are:

- Buildings	2%	to	4%
- Plant and equipment	10%	to	50%
- Furniture and fittings	10%	to	40%
- Office equipment	10%	to	67%
- Motor vehicles	25%	to	30%
- Taonga	16%	to	20%

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

Depreciation expenditure for the period is as follows:

	2019 NZ$'000	2018 NZ$'000
Buildings	194	181
Plant and equipment	261	221
Furniture and fittings	20	23
Office equipment	372	329
Motor vehicles	62	30
Taonga	12	15
Total depreciation	**921**	**799**

Impairment losses

Impairment losses have arisen from the write down of Te Tini o Porou, 75 Huxley Road, Gisborne to independent valuation conducted by Added Valuation Limited 2019: $0 (2018: $1,752 thousand) and write down of the property at 4699 Waiapu Road, Te Puia Springs given that the property is uninhabitable 2019: $0 (2018: $16 thousand).

Leased property, plant and equipment

The Group has entered into a number of finance leases for items of property, plant and equipment. The carrying amounts of leased items within the various classes of property, plant and equipment include:

- $129 thousand of office equipment (2018: $178 thousand)
- $26 thousand of furniture & fittings (2018: $31 thousand)

Heritage assets

Te Runanganui o Ngati Porou may from time to time by Special Resolution of Elected Representatives determine that any Property become a Heritage Asset. Where a Special Resolution of Elected Representatives is passed for any Property to become a Heritage Asset, Te Runanganui o Ngati Porou must not:

a) sell, exchange, transfer, or otherwise permanently dispose of the Heritage Asset;
b) grant any mortgage, charge or other encumbrance over the Heritage Asset or any part of it which confers a power of sale; or
c) use the Heritage Asset as the subject of any guarantee or collateral security arrangement.

The Heritage Assets are as follows:

- Mt Hikurangi
  Legal description: Hikurangi Block, ML Plan 8929, CFR GS6D/412
  Land area: 3,760 hectares
- All fisheries Settlement Quota and AFL Income Shares

Security held over items of property, plant and equipment

At reporting date, please refer to Note F1 – Bank Borrowings, detailing assets that are pledged as security across the various facilities.

SECTION F – BORROWINGS, PAYABLES AND OTHER LIABILITIES

F1 BORROWINGS

		2019			2018		
	Year of maturity	Interest rate	Non-current	Current	Interest rate	Non-current	Current
			NZ$'000	NZ$'000		NZ$'000	NZ$'000
ANZ Bank							
- TRONPnui							
- Term Facility	2021	2.96%	5,051	468	3.06%	5,517	468
- NPSG & NPHCL							
- Flexible Credit Facility	2021	2.87%	4,580	720		-	-
- PFL							
- Flexible Credit Facility	01/2020	2.71%	-	400	3.20%	-	1,000
- Flexible Credit Facility	01/2020	2.68%	-	200	-	-	-
- Flexible Credit Facility	01/2020	2.70%	-	50	3.20%	1,460	120
- Flexible Credit Facility	01/2020	2.66%	-	200	3.20%	2,500	-
- Flexible Credit Facility	01/2020	3.11%	-	1,460	-	-	-
- Flexible Credit Facility	01/2020	3.11%	-	2,500			
-NPH							
- Term Facility	2019		-	-	5.55%	-	150
Telecom Rentals	2019		-	-	11.85%	-	7
Hunter Premium	2019	3.93%	-	31	3.57%	-	26
Total borrowings			**9,631**	**6,029**		**9,477**	**1,771**

Assets Pledged as Security

The Te Runanganui o Ngati Porou ANZ Banking Group loans are secured over Te Tini o Porou (the former Gisborne Hotel). The Te Runanganui o Ngati Porou Telecom Rental loan is secured over specified equipment and the ngatiporou.com web development. The Ngati Porou Holding Company Limited, Ngati Porou Seafoods Limited, Pakihiroa Farms Limited and Ngati Porou Hauora Charitable Trust ANZ Banking Group facilities are secured by a registered first ranking General Security Agreement over all the present and after acquired property of Ngati Porou Holding Company Limited. Cross guarantees and indemnities are in place between Ngati Porou Holding Company Limited, Ngati Porou Seafoods Limited, Ngati Porou Fisheries Limited and Pakihiroa Farms Limited.

Defaults and breaches at reporting date and during the reporting period

There have been no defaults or breaches of the banking covenants during the financial year. The fair value of the borrowings approximates to the carrying value at 30 June 2019 being $16,310 thousand (2018: $11,249 thousand).

F2 TRADE AND OTHER PAYABLES

	2019 NZ$'000	2018 NZ$'000
Payables from exchange transactions		
Trade payables	2,208	1,455
Sundry accruals	-	-
Revenue in advance	2,103	1,811
	4,311	3,266
Payables from non-exchange transactions		
Sundry accruals	41	110
	41	110
Total trade and other payables	**4,352**	**3,376**

F3 EMPLOYEE ENTITLEMENTS

	2019 NZ$'000	2018 NZ$'000
Total employee entitlements	**1,405**	1,353

The provision relates to employee entitlements, primarily annual leave entitlements. All employee entitlements are current.

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

F4 COMMITMENTS FOR EXPENDITURE

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	2019 NZ$'000	2018 NZ$'000
Not later than one year	499	543
Later than one year and not later than five years	319	751
Later than five years	-	-
Total non-cancellable operating leases	**818**	1,294

The Group has lease commitments for the properties at 47, 51, 53, and 55 The Esplanade, Gisborne, until June 2021.

The Group leases approximately 71 motor vehicles including a forklift, with terms of up to 5 years. There are no options to purchase at the end of the term, with no provision for increase in rental charges.

F5 CONTINGENCIES

There are no contingent assets or liabilities at balance date (2018: $nil).

SECTION G – TAXATION

Te Runanganui o Ngati Porou and its commercial subsidiary entities are look through companies, but are treated as a Maori Authority for taxation purposes, and are therefore taxed at 17.5%. Revenue tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit as reported in the statement of comprehensive revenue and expenses because it excludes items of revenue or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

	2019 NZ$'000	2018 NZ$'000
Taxation expense comprises:		
Current tax expense in respect of the current year	569	477
Current tax in respect of prior years	-	-
Adjustments recognised in the current year in relation to imputation and foreign tax credits	(297)	(260)
Deferred tax prior period adjustment	469	-
Deferred tax expense relating to the origination and reversal of temporary differences	387	(183)
Total tax expense	**1,128**	34

	2019 NZ$'000	2018 NZ$'000
The total charge for the year can be reconciled to the surplus as follows:		
Surplus from operations	6,457	12,153
Revenue tax calculated at 17.5%	1,130	2,127
Prior year tax adjustment	-	-
Adjustments recognised in the current year in relation to imputation and foreign tax credits	(297)	(260)
Effect of revenue exempt from taxation and non-deductible expenses	(174)	(1,833)
Effect of previously unrecognised deferred tax liabilities	469	-
Revenue tax expense recognised in surplus	**1,128**	34

Deferred taxation

The movement in deferred tax assets during the year is as follows:

	Opening balance	Charged to surplus / (deficit)	Closing balance
	NZ$'000	NZ$'000	NZ$'000
Deferred tax balances 2019:			
Tax losses	-	-	-
Deferred maintenance	(70)	-	(70)
Biological assets	409	27	436
Forestry	173	840	1,013
Employee entitlements	(75)	(17)	(92)
Fencing	17	(2)	15
Special project costs	-	8	8
	454	856	**1,310**
Deferred tax balances 2018:			
Tax losses	-	-	-
Deferred maintenance	-	(70)	(70)
Biological assets	247	162	409
Forestry	461	(288)	173
Employee entitlements	(72)	(3)	(75)
Fencing	-	17	17
Special projects	-	-	-
	636	(182)	**454**

Deferred tax is income tax which is expected to be payable or receivable in the future as a result of temporary differences unwinding. These arise from differences in the recognition of assets and liabilities for financial reporting and for the filing of income tax returns. Deferred tax is recognised on all temporary differences other than those arising from goodwill; and from the initial recognition of assets and liabilities in a transaction (other than in a business combination) that affects neither the accounting nor taxable profit or loss.

Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to use the asset. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to revenue taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or revenue in profit or loss, except when they relate to items recognised in other comprehensive revenue or directly in equity, in which case the tax is also recognised in other comprehensive revenue or directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the seller's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Maori Authority Tax Credit Account

The movement in the Maori Authority Tax Credit account during the year is as follows:

	2019	**2018**
	NZ$'000	**NZ$'000**
Balance at beginning of the year	524	368
Credits attached to dividends received	292	330
Taxation (refunded)/ paid	(348)	(174)
Balance at the end of the year	**468**	**524**

SECTION H – RELATED PARTY

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than the Group would have adopted in dealing with the party at arm's length in the same circumstances.

H1 TRANSACTIONS WITH RELATED PARTIES – ASSOCIATES AND JOINT VENTURES

	2019 NZ$'000	2018 NZ$'000
Revenue received from related parties – Associates & Joint Ventures		
ICP ACE Holdings LP – quota revenue received by NPSL	1,188	948
ICP ACE Inshore LP – quota revenue received by NPSL	831	914
ICP Koura Operations LP – quota revenue received by NPSL	733	542
ICP Koura Operations LP – share of income	210	202
ICP Koura Facilities LP – share of income	47	58
ICP ACE Holdings LP – share of income	-	-
ICP ACE Inshore LP – share of income	-	-
Amanti Tourism Ltd	(23)	(155)
Ngati Porou Miere LP	-	-
Hauiti Berries JV	(93)	-
Miro LP Ltd	(47)	(68)
	2,846	**2,441**
Receivables owing from related parties & Joint Ventures		
ICP ACE Holdings LP – unpaid quota revenue	408	37
ICP ACE Holdings LP – share of income	-	-
ICP ACE Inshore LP – unpaid quota revenue	394	513
ICP ACE Inshore LP – share of income	-	-
ICP Koura Operations LP – unpaid quota revenue	944	654
ICP Koura Operations LP – share of income	210	202
ICP Koura Facilities LP – share of income	124	133
Ngati Porou Miere – advance	95	100
	2,175	**1,639**

	2019 NZ$'000	2018 NZ$'000
Investments in – Associates & Joint Ventures		
Hauiti Berries JV	1,449	-
Miro LP Ltd	100	50
	1,549	**50**

H2 TRANSACTIONS WITH RELATED PARTIES – PROFESSIONAL SERVICES FROM TRUSTEES, DIRECTORS AND/OR CLOSE FAMILY MEMBERS

	2019 NZ$'000	2018 NZ$'000
H Collier: Agfirst Wairoa Limited	137	110
K Potae: BDO Gisborne Limited	203	406
	340	516

H Collier is key management personnel of Pakihiroa Farms Limited. H Collier is a director of Agfirst Wairoa Limited, Agfirst Wairoa Limited receives payments directly from Pakihiroa Farms Limited for the provision of farm supervisory and administration support.

K Potae is the Chair of the Te Runanganui o Ngati Porou Audit Risk and Finance Committee and was previously a Trustee of Ngati Porou Hauora Charitable Trust. K Potae is also a director of BDO Gisborne Limited, BDO Gisborne Limited receives payments directly from Te Runanganui o Ngati Porou, Ngati Porou Fisheries Limited, Pakihiroa Farms Limited and Ngati Porou Hauora Charitable Trust for the provision of various accounting and HR services.

H3 TRANSACTIONS WITH RELATED PARTIES – KEY MANAGEMENT PERSONNEL

	2019 NZ$'000	2018 NZ$'000
Board members		
Remuneration	752	778
Number of Board members	39 head count	39 head count
Leadership Team		
Remuneration	819	801
Full-time equivalent (FTEs) members	4 FTEs	5 FTEs
Total key management personnel remuneration	**1,571**	**1,579**

Key management personnel comprise directors and leadership team personnel who have responsibility for planning, directing and controlling the activities of the Group.

Board member remuneration is made up of $520 thousand of trustee fees and $232 thousand of director fees and is detailed as follows:

			2019 $	2018 $
Te Runanganui o Ngati Porou – Elected Representatives				
Rohe One:	-	A Pahuru – Huriwai	25	25
	-	R Kohere (Deputy Chair)	30	30
Rohe Two:	-	M Mahuika	25	25
	-	P Tangaere	25	25
Rohe Three:	-	L Tangaere – Baldwin	25	25
	-	H Tawhiwhirangi	-	10
	-	D Fox (elected August 2018)	23	-
Rohe Four:	-	M Taare	25	25
	-	T Warmenhoven	25	25
Rohe Five:	-	S Parata (Chair)	40	40
	-	T Kupenga	25	25
Rohe Six:	-	K Pewhairangi	25	25
	-	N Raihania	25	25
Rohe Seven:	-	K Blackman	25	25
	-	M Tangohau	25	25
			368	355
Toitu Ngati Porou Charitable Trust – Trustees				
A Houkamau			20	20

L Baldwin (Chair)	35	35
A Forrester (Deputy chair)	24	24
W Gilvray	20	20
R Kohere	20	20
	119	119
Ngati Porou Hauora Charitable Trust – Trustees		
L McCarthy Robinson (resigned June 2019)	10	10
T Wawatai (Chair)	-	-
J Watson (Deputy Chair)	15	15
K Potae (resigned February 2019)	8	10
J Carr (resigned March 2019)	-	-
	33	35
Total fees to Trustees	**520**	509

Ngati Porou Holding Company – Directors		
M Mahuika (Chair)	40	40
T Tibble (Deputy Chair)	35	35
D Puketapu *	25	43
W Dewes (resigned December 2018)	8	25
K Kohere-Soutar	25	30
	133	**173**
Ngati Porou Seafoods Group – Directors		
W Dewes (Chair)	20	20
C Insley	15	15
G Milner (resigned Aug 2018)	-	1
D Puketapu	15	15
B Soutar	15	15
C Gibson (appointed Sept 2018)	14	12
I Ruru (appointed Sept 2018)	14	12
	93	**90**
Pakihiroa Farms Limited – Directors		
S Parata (Chair)	2	2
T Pewhairangi	2	2
M Mahuika	1	1
L Rickard	1	1
	6	**6**
Total director fees	**232**	**269**
Total Board remuneration	**752**	**778**

* 2018 Includes back pay for additional directorship roles performed

H4 Transactions with related parties

W Dewes is the Chair of Ngati Porou Forests Limited and was a board member until December 2018 of member of Ngati Porou Holding Company. There is a forest management agreement between the two entities for the management of the forest assets of Ngati Porou Holding Company Ltd, the value of this management fee is $181 thousand (2018 $171 thousand).

SECTION I – FINANCIAL RISK MANAGEMENT

Financial risk management

Exposure to currency, commodity, interest rate, liquidity and credit risk arises in the normal course of the Group's operations. This note presents information about the Group's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from its financial assets, including cash and cash equivalents, equity investments, investments in unit funds and trade and other receivables.

The carrying amount of the Group's financial assets is the Group's maximum exposure to credit risk.

The Group has adopted a policy of checking the creditworthiness of counterparties it deals with as a means of mitigating the risk of financial loss from defaults.

Trade accounts receivables consist of a range of customers and parties, spread across a number of diverse industries (Crown through to individuals) with the vast majority of customers and parties being New Zealand based.

With the exception of the Crown/Government for various service delivery contracts, the consolidated group does not have any significant credit risk exposure to any single counterparty.

The credit worthiness of Investment Fund Managers is assessed following advice from Cambridge Associates, the Group's investment manager.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group ensures the maturity profile of its short-term liquid financial assets (such as cash and cash equivalents, and trade and other receivables) is sufficient to meet the contractual cash flow obligations of its financial liabilities.

The Group also ensures that it has available lines of credit with sufficient amounts undrawn:

- The Group has a $4.3 million secured overdraft facility, of which $2.66 million remains undrawn (2018: $1.652 million).

The table below details the undiscounted contractual cash flows (principal and interest) of the Group's financial liabilities:

2019	**Interest rate**	**Less than 1 year**	**1–2 years**	**2–5 years**	**5+ years**	**Total**
		NZ$'000	**NZ$'000**	**NZ$'000**	**NZ$'000**	**NZ$'000**
Financial Liabilities						
Bank overdrafts		1,640	-	-	-	1,640
Trade and other payables	0.00%	4,352	-	-	-	4,352
Borrowings	3.03%	6,029	9,631	-	-	15,660
		12,021	9,631	**-**	**-**	**21,652**

2018	**Interest rate**	**Less than 1 year**	**1–2 years**	**2–5 years**	**5+ years**	**Total**
		NZ$'000	**NZ$'000**	**NZ$'000**	**NZ$'000**	**NZ$'000**
Financial Liabilities						
Bank overdrafts		2,648	-	-	-	2,648
Trade and other payables	0.00%	3,376	-	-	-	3,376
Borrowings	3.03%	1,771	9,478	-	-	11,249
		7,795	9,478	**-**	**-**	**17,273**

Market risk

Market risk arises from the Group's use of financial instruments that are interest bearing, denominated in foreign currencies, and/or traded in public markets. Specifically, market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

The Group is exposed to interest rate risk in respect of its financial assets and financial liabilities. The Group manages this risk by utilising its net cash position to minimise the interest rates. A one hundred point increase/decrease in floating interest rates would have resulted in a $157 thousand (2018: $113 thousand) reduction/increase in Net Surplus.

Foreign exchange risk

The group is exposed to foreign currency risk through its overseas domiciled unit funds. The total foreign currency exposure at balance date is:

	Fund currency	2019 NZ$'000	2018 NZ$'000
Growth assets			
- Developed market equities			
- Artisan Partners Global Funds	USD	11,337	10,832
- Harding Loevner Fund	USD	9,118	8,836
- Emerging market equities			
- Blackrock Investment Management	AUD	7,022	7,242
- GQG Partners	AUD	7,537	6,874
Total growth assets		35,014	33,784
Income assets			
- Van Eck Global	USD	4,501	5,543
- Lazard Asset Management	AUD	3,804	4,336
- Blackrock Multi Opportunity	AUD	-	16,389
Total income assets		8,305	26,268
Total foreign currency exposure with regard to investments at fair value		**43,319**	60,052

A 5% movement in currencies would have a $2.7 million impact on the Surplus or deficit and a $2.9 million impact on Net Assets

Price Risk

The Group is exposed to price risk in respect of its publically listed equity instruments and investments in unitised funds classified as Fair Value Through Surplus or Deficit.

In respect of its publically listed equity instruments and unitised funds, the Group manages this risk indirectly by requiring that the portfolio is spread across different sectors with various amounts of systematic risk to movements in the economy as a whole.

A five hundred point increase/decrease in returns on financial assets held at Fair Value Through Surplus or Deficit would yield an increase/decrease of $7.4 million in net profit and would have an $7.4 million impact on Net Assets.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of debt, which includes borrowings disclosed in Note F1, cash and cash equivalents disclosed in C1.

SECTION J - OTHER NOTE DISCLOSURES

J1 RECONCILIATION TO THE CASHFLOW STATEMENT

	2019 NZ$'000	2018 NZ$'000
Net Profit as per accounts after taxation	5,330	12,119
Plus non-cash items:		
Livestock revaluation	(95)	(969)
Forestry revaluation	(1,771)	542
Miere stock revaluation	(444)	(425)
Transfer of GIS sytems investment	73	–
Depreciation and amortisation	921	799
Impairment	66	1,768
Writing off project costs	560	–
Share of associates loss	161	700
Provision for deferred maintenance	–	400
Revaluation of investments	(6,108)	(13,564)
	(6,638)	(10,749)
Add movements in working capital		
(Decrease)/Increase in creditors	1,279	(222)
(Increase)/Decrease in sundry debtors& prepayments	(1,207)	403
(Increase)/Decrease in inventory	6	(106)
Increase in taxation payable	1,339	51
(Decrease)/Increase in GST payable	(594)	(202)
Increase in income in advance	292	518
Increase in employee entitlements	52	114
	1,167	556
Net cash inflow	**(141)**	**1,926**

J2 COST OF SALES FROM COMMERCIAL OPERATIONS

	2019 NZ$'000	2018 NZ$'000
External fishing expenses		
- Gross fishing ACE expense	346	340
- Gross fishing sales expense	1,170	1,166
Total external fishing expense	1,516	1,506
Gross farming livestock expense	2,166	1,411
Forest harvesting costs	-	4,064
Miere costs	20	36
Total cost of sales from commercial operations	**3,702**	**7,017**

J3 Other expenses

	2019 NZ$'000	2018 NZ$'000
Farm costs	1,069	1,059
Vehicle expenses	874	743
Other costs (incl misc costs, projects, prog delivery)	904	865
Property, rates, electricity and gas	801	836
Business development and promotional costs	796	484
Governance	770	806
Marae grants	651	390
Fund management fees	621	844
Accounting and audit fees	570	534
IT costs	497	451
Consulting	438	336
Travel costs	434	443
Repairs and maintenance costs	391	694
Donations, koha and sponsorship	329	228
Insurances	278	176
Medical and hospital costs	258	337
Office costs, photocoping, freight, courier and postage	256	224
Legal costs	249	221
Telecommunication costs	239	346
Meeting and catering costs	173	187
Contractors	171	568
Communications and publications	134	138
Employment related costs	56	79
Impairment of investments	66	495
Bad and doubtful debts	-	80
Impairment of property	-	1,769
	11,025	**13,333**

J4 REMUNERATION OF AUDITORS

	2019 NZ$'000	2018 NZ$'000
Audit of the financial statements	166	147
Other services	-	-
	166	147

The auditor of Te Runanganui o Ngati Porou and all of its subsidiary entities is Deloitte Limited (Wellington Office).

J5 RESERVES

	2019 NZ$'000	2018 NZ$'000
Asset revaluation reserve – general	282	282
Capital reserve account – farms	2,421	2,421
Total reserves	**2,703**	2,703

Asset revaluation reserve – general

This reserve relates to $282 thousand of general asset revaluations undertaken by Te Runanganui o Ngati Porou.

Capital reserve account – farms

This reserve relates to the revaluation of farming assets and is detailed as follows:

- the revaluation of Puanga Station, Gisborne, to market value (an increase of $1,205 thousand) upon the establishment of Pakihiroa Farms Ltd and assets were transferred from Te Runanganui o Ngati Porou to Pakihiroa Farms Ltd on 30 June 2006

- the revaluation of buildings and structures (of $1,216 thousand) on Pakihiroa Station (not the land) when the farming operations were transferred from Te Runanganui o Ngati Porou to Pakihiroa Farms Ltd

J6 INTANGIBLE ASSET

The intangible asset relates to the creation of the "Ahia" brand for the sale and distribution of smoked kaimoana by Ngati Porou Seafood Group.

J6 SUBSEQUENT EVENTS

There have been no subsequent events in the current year (2018: $nil).

J7 CAPITAL COMMITMENTS

Ngati Porou Holding Company has a commitment to Hauiti Berries LP of $551 thousand (2018: $nil), and a commitment of $100 thousand to Ngati Porou Miere LP (2018: $nil).

J8 NGA ROHE MOANA o NGA HAPU o NGATI POROU

Te Runanganui o Ngati Porou holds on trust the implementation monies relating to Nga Rohe Moana o Nga Hapu o Ngati Porou. This amount is not shown in these financial statements as Te Runanganui o Ngati Porou holds no beneficial interest.

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