



**TE RUNANGANUI O
NGATI POROU GROUP**

**ANNUAL CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

Te Runanganui o Ngati Porou Group

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For the year ended 30 June 2022

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Te Runanganui o Ngati Porou Group
Directory
As at 30 June 2022

Trustee: Te Runanganui o Ngati Porou Trustee Limited

Registered Office: Rainey Collins
Level 19,
113-119 The Terrace,
Wellington 6014.

Place of business: 75 Huxley Road, Kaiti,
Gisborne

Auditor: PricewaterhouseCoopers
Napier

Company Number: 3179347

Elected Representatives:

Rohe 1:	A Pahuru - Huriwai R Kohere (Deputy Chair)
Rohe 2:	D Moana P Tangaere
Rohe 3:	L Tangaere – Baldwin T Fox
Rohe 4:	T Warmenhoven M Warmenhoven
Rohe 5:	S Parata (Chair) T Kupenga
Rohe 6:	T Lewis N Raihania
Rohe 7:	K Blackman M Tangohau

Bankers: ANZ Group
Gisborne

Solicitors: Chapman Tripp
Auckland
TB Johnson
Gisborne

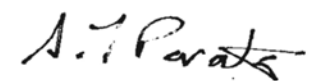
Te Runanganui o Ngati Porou Group
Statement of responsibility
For the year ended 30 June 2022

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

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

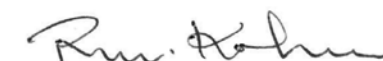
In our opinion, these consolidated financial statements present fairly the Group's financial position as at 30 June 2022 and the results of its operations for the year ended 30 June 2022.

Signed on behalf of the Board:



.....
S Parata

25 October 2022



.....
R Kohere

25 October 2022

Te Runanganui o Ngati Porou Group
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Notes	2022 NZ\$ '000	2021 NZ\$ '000
Income			
Service delivery income	A1	28,367	16,713
Commercial trading income	A2	4,658	5,000
Rental income	A3	928	1,016
Interest income		40	28
Dividend income	A4	1,890	2,279
Unrealised (losses)/gains on asset valuation	A5	(7,919)	27,911
Income share from associates and joint ventures	A6	2,372	2,439
Other income	A7	1,921	2,360
<i>Total income</i>		<u>32,257</u>	<u>57,746</u>
Expenses			
Personnel costs	B1	21,185	17,200
Other expenses	B2	20,554	15,131
Depreciation expense	F1	1,011	862
Finance cost		390	239
<i>Total expenses</i>		<u>43,140</u>	<u>33,432</u>
Net (loss)/surplus before tax		<u>(10,883)</u>	<u>24,314</u>
Other comprehensive income		-	-
Total comprehensive (loss)/income before tax		(10,883)	24,314
Less Tax expenses	H1	352	197
Total comprehensive (loss)/income after tax		<u>(11,235)</u>	<u>24,117</u>

The accompanying notes form part of these consolidated financial statements.

Te Runanganui o Ngati Porou Group
Consolidated statement of financial position
As at 30 June 2022

	Notes	2022 NZ\$ '000	2021 NZ\$ '000
Assets			
<i>Current assets</i>			
Cash and cash equivalents	C1	15,505	15,321
Trade and other receivables	C2	4,175	5,363
Prepayments		290	288
Inventories	C3	2,943	1,537
Work in progress		2,926	460
Current tax asset		485	357
<i>Total current assets</i>		<u>26,324</u>	<u>23,326</u>
<i>Non-current assets</i>			
Investments	D1	153,665	166,193
Loan advances	C4	213	906
AFL income shares	E1	16,886	16,886
Fishing quota shares	E2	24,311	24,311
Biological assets	E3	20,310	17,903
Property, plant and equipment	F1	38,121	36,300
Intangible asset	F2	255	255
<i>Total non-current assets</i>		<u>253,761</u>	<u>262,754</u>
Total assets		<u>280,085</u>	<u>286,080</u>
Liabilities			
<i>Current liabilities</i>			
Bank overdraft	C1	2,000	-
Trade and other payables	G1	2,504	3,537
Borrowings	G2	9,438	14,811
Employee entitlements	G3	1,490	1,043
Income received in advance		8,388	6,330
<i>Total current liabilities</i>		<u>23,820</u>	<u>25,721</u>
<i>Non-current liabilities</i>			
Borrowings	G2	7,828	752
Deferred maintenance	G4	100	393
Deferred tax liability	H2	2,873	2,515
<i>Total non-current liabilities</i>		<u>10,801</u>	<u>3,660</u>
Total liabilities		<u>34,621</u>	<u>29,381</u>
Net assets		<u>245,464</u>	<u>256,699</u>
Equity			
Reserves	K2	2,703	2,703
Retained earnings		242,761	253,996
Total equity		<u>245,464</u>	<u>256,699</u>

The accompanying notes form part of these consolidated financial statements.

Te Runanganui o Ngati Porou Group
Consolidated statement of changes in equity
For the year ended 30 June 2022

	Notes	2022 NZ\$ '000	2021 NZ\$ '000
Reserves			
Balance as at 30 June	K2	2,703	2,703
Retained earnings			
Opening balance as at 1 July		253,996	229,879
Total comprehensive (loss)/income for the year		(11,235)	24,117
Closing balance as at 30 June		242,761	253,996

The accompanying notes form part of these consolidated financial statements.

Te Runanganui o Ngati Porou Group
Consolidated statement of cash flows
For the year ended 30 June 2022

	Notes	2022 NZ\$ '000	2021 NZ\$ '000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Service delivery		32,542	23,875
Commercial trading operations (incl. forestry)		1,565	6,852
Interest received		40	28
Dividends received		1,890	2,279
Share of income from associates and joint venture		2,356	2,439
Other income		1,882	2,359
		<u>40,275</u>	<u>37,832</u>
<i>Cash was applied to:</i>			
Payments to suppliers for goods and services		(22,899)	(14,775)
Payments to employees, directors and trustees		(20,737)	(17,761)
Interest paid		(391)	(245)
Tax (paid)/received		-	(155)
		<u>(44,027)</u>	<u>(32,936)</u>
Net cashflow inflow from operating activities		(3,752)	4,896
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment		-	-
Sale of listed investments		148,987	42,461
		<u>148,987</u>	<u>42,461</u>
<i>Cash was applied to:</i>			
Purchase of investments		(144,753)	(39,039)
Purchase of property, plant and equipment		(4,686)	(1,023)
Purchase of biological assets including forestry		685	(546)
		<u>(148,754)</u>	<u>(40,608)</u>
Net cash inflow from investing activities		233	1,853
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Loan advances received		3,200	850
		<u>3,200</u>	<u>850</u>
<i>Cash was applied to:</i>			
Loan repayments		(1,497)	(1,098)
		<u>(1,497)</u>	<u>(1,098)</u>
Net cashflow from/(used in) investing activities		1,703	(248)
Net increase in cash and cash equivalents		(1,816)	6,501
Cash and cash equivalents at beginning of the year		15,321	8,820
Cash and cash equivalents at end of the year	C1	13,505	15,321

The accompanying notes form part of these consolidated financial statements.

Te Runanganui o Ngati Porou Group
Notes to the consolidated financial statements
For the year ended 30 June 2022

1. Statement of accounting policies

a) General information

These consolidated financial statements for Te Runanganui o Ngati Porou Group comprises of Te Runanganui o Ngati Porou Trustee Limited acting in its capacity as the trustee of Te Runanganui o Ngati Porou Trust (Te Runanganui o Ngati Porou or TRONPnui) and its subsidiaries and controlled entities for the year ended 30 June 2022.

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.

b) Principal activities

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 principal activities of the individual subsidiaries and related entities of the Group are listed in Note I (ii).

c) Basis of preparation

These 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.

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

d) Presentation currency and rounding

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

e) Summary of significant accounting policies

Accounting policies that are relevant to the understanding of these consolidated financial statements are presented throughout the notes. These policies have been consistently applied unless otherwise stated.

f) 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 these consolidated financial statements.

g) GST

Revenues, expenses, assets and liabilities (excluding trade receivables and payables) are recognised net of GST. The net GST recoverable from, or payable to the taxation authority is included in the statement of consolidated financial position as part of trade and other receivables or trade and other payables.

Cashflows are included in the statement of consolidated cash flows on a net basis.

h) Comparative amounts

Where necessary, comparative figures have been adjusted to conform to current disclosure requirements. This adjustment or reclassification of balances has not resulted in any adjustments to net assets or retained earnings. The material reclassifications undertaken in these financials relating to the consolidated statement of profit or loss and other comprehensive income are as follows:

- all gains relating to valuation of assets are now shown separately with a corresponding note breakdown and not part of commercial trading income as required under PBE IPSAS 27.

- cost of sales from commercial operations and forestry are now shown under note B2 to better align to presentation disclosures as required under PBE IPSAS 1.

Te Runanganui o Ngati Porou Group
Notes to the consolidated financial statements
For the year ended 30 June 2022

SECTION A - INCOME

	2022 NZ\$ '000	2021 NZ\$ '000
A1 - Service delivery income		
Government contracts – exchange	28,367	16,713
Total service delivery income	28,367	16,713

Service delivery income require the provision of services and the fulfilment of substantive conditions to the satisfaction of the funder. This income 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 multi-year funding arrangements and contracts that span across balance dates.

	2022 NZ\$ '000	2021 NZ\$ '000
A2 - Commercial trading income		
i) Fishing income	921	1,472
ii) Farming income	2,485	2,812
iii) Honey income	1,252	715
iv) Design income	-	1
Total commercial trading income	4,658	5,000

i) Fishing income is 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 (ICP), which is recognised under income share from associates and joint ventures (Note A6).

ii) Farming income is 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.

iii) Honey income is 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.

iv) Design income relates to design fees from the creation and establishment of websites and advertisements and is recognised on a stage of completion basis.

	2022 NZ\$ '000	2021 NZ\$ '000
A3 - Rental income		
Rental income from leased forest land	656	683
Rental income from tenants	272	333
Total rental income	928	1,016

The Group derives rental income from the leasing of forest land to Ernslaw One Limited and properties to commercial and residential tenants.

Te Runanganui o Ngati Porou Group
Notes to the consolidated financial statements
For the year ended 30 June 2022

SECTION A - REVENUE (CONTINUED)

	2022	2021
	NZ\$ '000	NZ\$ '000
A4 - Dividend income		
AFL Dividend income	983	803
Dividend income from investments	908	1,476
Total dividend income	1,890	2,279

Dividend income relates to dividends received from Aotearoa Fisheries Limited and the Group's portfolio of financial investments.

	Note	2022	2021
		NZ\$ '000	NZ\$ '000
A5 - Unrealised (loss)/gains on asset valuation			
Unrealised (loss)/gains on financial investments		(9,540)	26,575
Gain from valuation of biological assets	E3	1,621	1,336
Total unrealised gains on asset valuation		(7,919)	27,911

Gains on asset valuation reflects changes in the fair value of financial investments, forests and livestock due to changes in market values.

	2022	2021
	NZ\$ '000	NZ\$ '000
A6 - Income/(Loss) share from associates and joint ventures		
ICP ACE Holdings LP – quota income received by NPSL	771	1,048
ICP ACE Inshore LP – quota income received by NPSL	701	734
ICP Koura Operations LP – quota income received by NPSL	533	536
ICP Koura Operations LP – share of income received by NPFL	308	505
ICP Koura Facilities LP – share of income received by NPFL	42	119
Share of Income from Ahi Mokopuna LP	542	-
Hauiti Berries JV	(518)	(493)
Miro LP Ltd	(9)	(10)
Total income share from associates and joint ventures	2,372	2,439

A7 - Other income

Administration fees and charges	37	52
Other income	1,884	2,308
Total other income	1,921	2,360

Other income is 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.
- sales of honey inventory and gains from changes in the value of harvested honey.

Te Runanganui o Ngati Porou Group
Notes to the consolidated financial statements
For the year ended 30 June 2022

SECTION B - EXPENSES

	2022	2021
	NZ\$ '000	NZ\$ '000
B1 - Personnel costs		
Salaries and wages	19,508	15,302
Contractor costs	1,539	1,731
Other personnel related costs	138	167
Total personnel costs	21,185	17,200

B2 - Other expenses

Cost of sales from commercial operations and forestry	1,197	2,149
Rental expense	443	562
Farm costs	814	1,077
Vehicle expenses	1,135	1,014
Property, rates, electricity and gas	574	631
Business development and promotional costs	973	815
Governance costs	918	903
Marae grants	460	70
Fund management fees	706	600
Accounting and audit fees	758	621
IT costs	838	711
Consulting costs	562	562
Travel costs	141	235
Repairs and maintenance costs	2,421	690
Donations, koha and sponsorship	122	207
Insurance expenses	482	371
Medical and hospital costs	310	192
Office costs, photocopying, freight, courier and postage	215	263
Legal costs	259	229
Telecommunications costs	149	208
Meeting and catering costs	534	210
Contractors expense	496	161
Communications and publications	90	152
Employment related costs	89	98
Impairment of investments	-	5
Other costs (including miscellaneous costs, projects, program delivery)	5,868	2,395
Total other expenses	20,554	15,131

Te Runanganui o Ngati Porou Group
Notes to the consolidated financial statements
For the year ended 30 June 2022

SECTION C - CASH, TRADE AND OTHER RECEIVABLES & INVENTORIES

		2022	2021
C1 - Cash and cash equivalents	Note	NZ\$ '000	NZ\$ '000
Cash at bank		15,505	15,321
Bank overdraft - secured	G2 i	(2,000)	-
Total cash and cash equivalents		13,505	15,321

Cash and cash equivalents comprises of cash on hand, cash in banks and investments in money market instruments with maturities of less than 3 months, net of outstanding bank overdrafts.

Surplus funds in excess of what is required for forecasted short-term operational requirements are invested in various short term interest earning deposit accounts ranging from call accounts to 120-day term deposits.

		2022	2021
C2 - Trade and other receivables	Note	NZ\$ '000	NZ\$ '000
Trade receivables		2,513	3,534
Related party receivables	I iv	1,662	1,829
Total trade and other receivables		4,175	5,363

Ageing of receivables

60 - 90 days	2	38
90-120 days	140	266
	142	304

Receivables greater than 60 days are considered to be past due. Impairment assessments are performed based on an analysis of past collection history, write-offs and the probability of collecting the debts.

	2022	2021
C3 - Inventories	NZ\$ '000	NZ\$ '000
Agricultural produce - Honey	2,815	1,408
Seafoods inventory	129	129
Total inventories	2,943	1,537

Honey is valued at fair value less costs to sell at the point of harvest in accordance with PBE IPSAS 27 - Agriculture. Such measurement is the cost at that date of harvest, after which PBE IPSAS 12 - Inventories applies whereby the honey is tested annually to ensure the net realisable value does not exceed the cost of the honey. Where the net realisable value of the honey is significantly lower than the cost of the honey, the value of the honey is written down with the impairment being recognised in the statement of profit or loss and other comprehensive income.

Seafoods inventory comprises of raw, smoked and processed fish, which is carried at lower of cost and net realisable value.

		2022	2021
C4 - Loan advances	Note	NZ\$ '000	NZ\$ '000
Te Poho-o-Rawiri Marae Committee Loan	i	213	206
PDU Loan receivable	ii	-	700
		213	906

i) The Te Poho-o-Rawiri Marae Committee loan relates to \$190,000 advanced on the 20 December 2018 with a 3 year term at an interest rate of 3.15% per annum. While the loan remains in place the same terms are to be applied on a rolling annual basis.

ii) The PDU loan receivable in 2021 related to the Ministry of Business, Innovation and Employment's co-funding with respect to the establishment of the Ngati Porou Tairawhiti Miere Extraction Facility.

Te Runanganui o Ngati Porou Group
Notes to the consolidated financial statements
For the year ended 30 June 2022

SECTION D - INVESTMENTS

		2022	2021
D1 - INVESTMENTS	Notes	NZ\$ '000	NZ\$ '000
Investments at fair value through profit and loss	D1.1	147,115	163,576
Investment in Associates & Joint Ventures	D1.2	6,307	2,374
Other investments – NZ Equities		243	243
Total investments		153,666	166,193

D1.1 Investments at fair value through profit and loss

Growth assets

Trans-Tasman equities

- Castle Point Trans-Tasman Fund	11,977	-
- Milford Funds	6,350	14,574
- Devon Funds Management	7,086	14,481

Developed market equities

- Blackrock/ ANZ Investment	-	24,601
- Artisan Partners Global Funds	-	10,820
- Harding Loevner Fund	-	13,861

Emerging market equities

- Dimensional Emerging Mkts Sustnbly Tr	6,721	-
- Capital Group New World	5,630	-
- Blackrock Investment Management	-	8,566
- GQG Partners	-	10,328

Total growth assets	37,764	97,231
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Income assets

- Cash call account	613	-
- Nikko AM NZ Corporate Bond	10,215	-
- Daintree Core Income NZD Hdg	11,140	-
- Lazard Asset Management	-	5,682
- Fisher Funds	-	31,822
- Aviva	-	10,103
- Schroders	-	11,155

Total income assets	21,968	58,762
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Private Equity

- ICG Senior Loan Fund	4,663	1,827
- LGT Fund Managers	1,551	499
- Accolade	860	-

Total Private Equity	7,074	2,326
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Global equities

- Dimensional Global Equity Sustainability NZD Hedged	25,456	-
- iShares Screened International Equity Index	9,450	-
- Dimensional Global Value Trust	9,946	-
- Dimensional Global Small Company Trust	2,036	-
	46,888	-

Te Runanganui o Ngati Porou Group
Notes to the consolidated financial statements
For the year ended 30 June 2022

SECTION D - INVESTMENTS (CONTINUED)

	2022 NZ\$ '000	2021 NZ\$ '000
<i>DI.1 - Investments (continued)</i>		
<i>Real estate and infrastructure</i>		
- Kernel Global Infrastructure	8,764	-
- Dimensional Global Real Estate NZD Hedge	2,489	-
- Trust Management - Property fund	5,836	5,257
	<u>17,089</u>	<u>5,257</u>
 <i>Alternatives</i>		
- ETFS Physical Gold	6,053	-
- Man AHL Alpha B	10,279	-
	<u>16,332</u>	<u>-</u>
 <i>Total investments at fair value</i>	<u>147,115</u>	<u>163,576</u>

Investment portfolio is classified as fair value through profit or loss with related distributions, dividends and gains or losses being recognised in the statement of profit or loss and other comprehensive income. The fair value of these investments is classified as Level 2 for reporting purposes, as the values of 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 organisation's objectives, asset classes, target allocations, portfolio benchmarks and currency hedging. In May 2021, Myfiduciary was appointed as financial advisor for Ngati Porou Holdings Company Limited.

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.

	Notes	2022 NZ\$ '000	2021 NZ\$ '000
ICP Koura Facilities Limited Partnership	i	287	287
Miro LP	ii	99	107
Hauiti Berries LP (joint venture)	iii	1,861	1,980
Ahi Mokopuna LP	iv	4,061	-
Total investments in associates and joint ventures		<u>6,308</u>	<u>2,374</u>

- This relates to the Group's share of property and other costs which was incurred on establishment of the Limited Partnership. The Group has formed an alliance with 19 (2021: 19) other Iwi in the North Island to manage their respective Annual Catch Entitlements (ACE) collectively. These entities are deemed associates of the Group.
- Investment in Miro LP relates to the 2.32% shares of investment in Miro LP, less any impairment.
- This relates to the Group's investment in Hauiti Berries LP, net of its share of accumulated losses.
- During the year, Ngati Porou Seafoods Limited acquired 35.9% interest in Ahi Mokopuna LP which has a fully owned subsidiary Akaroa Salmon NZ Limited.

Te Runanganui o Ngati Porou Group
Notes to the consolidated financial statements
For the year ended 30 June 2022

SECTION E - FISHERIES, FARMING AND FORESTRY ASSETS

	2022 NZ\$ '000	2021 NZ\$ '000
E1 - AFL Income Shares		
Aotearoa Fisheries Limited income shares	16,886	16,886
	<u>16,886</u>	<u>16,886</u>

The Group holds 18,732 (2021: 18,732) shares or 7.49% of the revenue shares in Aotearoa Fisheries Limited (AFL). These income shares entitle the Group to receive dividends from AFL.

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 Limited has exercised its judgement in determining the value of the shares. Using a net tangible asset valuation methodology, the value of the shares 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, 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.

The Group received net dividends of \$810,625 during the year with \$171,951 worth of Maori Authority Tax Credits (2021: net dividend of \$803,409 with \$140,596 worth of Maori Authority Tax Credits).

	Fishing Quota Te Ohu Kaimoana allocation Deemed cost NZ\$ '000	Other Fishing Quota Deemed cost NZ\$ '000	Total Fishing Quota Deemed cost NZ\$ '000
E2 - Fishing quota shares			
Balance at 1 July 2021	10,181	14,130	24,311
Balance at 30 June 2022	<u>10,181</u>	<u>14,130</u>	<u>24,311</u>
 Balance at 1 July 2020	10,181	14,130	24,311
Balance at 30 June 2021	<u>10,181</u>	<u>14,130</u>	<u>24,311</u>

Fishing quota shares 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.

The board of Ngati Porou Seafoods Group Limited in conjunction with the board of Te Runanganui o Ngati Porou Trustee Limited undertook an annual review of the carrying value of fishing quota for impairment as at 30 June 2022. Independent valuations were undertaken using quoted market 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.

SECTION E - FISHERIES, FARMING AND FORESTRY ASSETS (CONTINUED)

E3 - BIOLOGICAL ASSETS	Bees	Livestock	Forestry	Total
	NZ\$ '000	NZ\$ '000	NZ\$ '000	NZ\$ '000
Balance as at 1 July 2021	141	4,193	13,569	17,903
Purchases	-	112	573	685
Net increase due to births/deaths/losses	-	1,850	-	1,850
Decrease due to sales	-	(2,110)	-	(2,110)
<i>Change in fair value less costs to sell</i>				
- Due to change in market prices (Holding Gains)	-	361	1,621	1,982
Balance as at 30 June 2022	141	4,406	15,763	20,310
Balance as at 1 July 2020	141	4,579	11,794	16,514
Purchases	-	77	469	546
Net increase due to births/deaths/losses	-	1,965	-	1,965
Decrease due to sales	-	(2,458)	-	(2,458)
<i>Change in fair value less costs to sell</i>				
- Due to change in market prices (Holding Gains)	-	30	1,306	1,336
Balance as at 30 June 2021	141	4,193	13,569	17,903

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

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.

Livestock

Livestock valuations at 30 June 2022 were provided by PGG Wrightson Ltd. These market values reflect livestock of similar age, breed and genetic merit throughout New Zealand. At 30 June 2022, livestock comprised 12,949 sheep (2021: 11,228) and 1,819 cattle (2021: 2,270).

Forestry

At reporting date, forestry land comprised of 25,064 hectares (2021: 25,064 hectares) of which 13,971 hectares (2021: 14,203) was leased to Ernslaw One Limited. Forest land planted with trees owned by the Group totalled 4,356 hectares (2021: 4,356 hectares). Forests are accounted for at fair values. The valuation has been prepared by Interpine Group Limited.

SECTION F - PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES

F1) Property, plant and equipment	Land	Buildings	Plant & Equipment and Office equipment	Motor vehicle	Taonga	Total
	NZ\$ '000	NZ\$ '000	NZ\$ '000	NZ\$ '000	NZ\$ '000	NZ\$ '000
2022						
<i>Cost or valuation</i>						
Opening balance - 1 July 2021	22,901	14,721	8,122	1,420	499	47,663
Additions	250	585	1,106	931	-	2,872
Disposals	-	-	(8)	(32)	-	(40)
Closing balance - 30 June 2022	23,151	15,306	9,220	2,319	499	50,495
<i>Accumulated depreciation</i>						
Opening balance - 1 July 2021	(46)	(4,194)	(5,870)	(790)	(463)	(11,363)
Depreciation and impairment	(33)	(135)	(623)	(214)	(6)	(1,011)
Closing balance - 30 June 2022	(79)	(4,329)	(6,493)	(1,004)	(469)	(12,374)
<i>Carrying amounts</i>						
Opening balance - 1 July 2021	22,855	10,527	2,252	630	36	36,300
Closing balance - 30 June 2022	23,072	10,977	2,727	1,315	30	38,121

	Land	Buildings	Plant & Equipment and Office equipment	Motor vehicle	Taonga	Total
	NZ\$ '000	NZ\$ '000	NZ\$ '000	NZ\$ '000	NZ\$ '000	NZ\$ '000
2021						
<i>Cost or valuation</i>						
Opening balance - 1 July 2020	22,857	14,556	7,677	1,076	499	46,665
Additions	44	165	445	369	-	1,023
Disposals	-	-	-	(25)	-	(25)
Closing balance - 30 June 2021	22,901	14,721	8,122	1,420	499	47,663
<i>Accumulated depreciation</i>						
Opening balance - 1 July 2020	-	(4,047)	(5,323)	(676)	(455)	(10,501)
Depreciation and impairment	(46)	(147)	(547)	(114)	(8)	(862)
Closing balance - 30 June 2021	(46)	(4,194)	(5,870)	(790)	(463)	(11,363)
<i>Carrying amounts</i>						
Opening balance - 1 July 2020	22,857	10,509	2,354	400	44	36,164
Closing balance - 30 June 2021	22,855	10,527	2,252	630	36	36,300

i. Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and impairment losses. Significant parts of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment.

Gains or losses on disposal of property, plant and equipment is recognised in the statement of profit or loss and other comprehensive income.

SECTION F - PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES (CONTINUED)

F1 - Property, plant and equipment (continued)

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives and is recognised in the statement of profit or loss and other comprehensive income. Freehold land is not depreciated.

The estimated depreciation rates of property, plant and equipment are as follows:

- Buildings - 2% to 4%
- Plant and equipment and office equipment - 10% to 50%
- Motor vehicles - 25% to 30%
- Taonga - 16% to 20%

Depreciation methods, useful lives and residual values are reviewed at each year end and adjusted if required.

iv. 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. In that case, 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.

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

v. Security held over items of property, plant and equipment

Refer to Note G2 i.

F2 - Intangibles

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

SECTION G - BORROWINGS, TRADE AND OTHER PAYABLES, EMPLOYEE ENTITLEMENTS

G1- Trade and other payables

Payables from exchange transactions

	2022	2021
	NZ\$ '000	NZ\$ '000
Trade payables	2,504	3,537
Total trade and other payables	2,504	3,537

G2- Borrowings

G2- Borrowings		2022			2021		
	Maturity Date	Interest rate %	Current NZ\$ '000	Non current NZ\$ '000	Interest rate %	Current NZ\$ '000	Non current NZ\$ '000
<i>TRONPnui Parent</i>							
Term facility	Nov-22	4.13%	468	3,646	1.62%	4,582	-
<i>NPSG</i>							
Term facility	Oct-22	4.13%	360	3,860	1.62%	4,580	-
Flexible credit facility	Sep-22	5.11%	3,000	-			
<i>PFL</i>							
Flexible credit	Nov-22	4.33%	2,200	-	1.36%	2,000	-
Term facility	Oct-22	4.53%	3,380		1.54%	3,620	
John Deere Financial	Mar-24	1.85%	30	22	1.85%	29	52
<i>Tohetaka Limited</i>							
PDU Loan	Dec-31	1.27%	-	300	1.27%	-	700
Total Borrowings			9,438	7,828		14,811	752

i. Assets Pledged as Security

- The Te Runanganui o Ngati Porou ANZ Banking Group loans are secured over Te Tini o Porou.
- The Ngati Porou Seafoods Group and Pakihiroa Farms Limited loans and facilities with ANZ Banking Group 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.
- The PDU Loan Facility will be secured by Tohetaka Limited in favour of the Ministry by a first ranking general security deed granted by Tohetaka Limited in favour of the Ministry in respect of all of its present and after acquired property (GSD),

ii. 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.

G3 - Employee entitlements

Employee entitlements relates primarily to annual leave entitlements which are current and measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

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 the provisions are capable of being measured reliably.

G4 - Deferred maintenance

The Group has a maintenance program which ensures that regular and ongoing maintenance is performed on properties and assets that the Group owns. As at balance date \$100 thousand (2021: \$393 thousand) of maintenance expenditure had been committed to.

SECTION H - 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.

	2022	2021
	NZ\$ '000	NZ\$ '000
H1 Tax expense		
Tax expense is comprised of:		
Current tax expense in respect of the current year	131	133
Current tax expense in respect of prior years	(11)	15
Adjustments recognised in the current year in relation to tax credits	(126)	(132)
Adjustments recognised in the current year in relation to prior year tax credits	-	(64)
Deferred tax prior period adjustment	(42)	-
Deferred tax expense relating to the origination and reversal of temporary differences	400	245
Total tax expense for the current year	352	197
The total charge for the year can be reconciled to the Net surplus as follows:		
Net Surplus before tax	(10,883)	24,314
Revenue tax calculated at 17.5%	(1,904)	4,255
Prior year's tax adjustment	(53)	15
Adjustments recognised in the current year - imputation and foreign tax credits	(126)	(132)
Effect of revenue exempt from taxation and non-deductible expenses	2,519	(3,835)
Adjustments recognised in the current year in relation to prior year tax credits	-	(64)
Effect of losses to carry forward	(86)	-
Effect of previously unrecognised deferred tax liabilities	-	(42)
Total tax expense for the current year	350	197

Current tax expense

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.

	2022			2021		
	Opening balance	Movement during the year	Closing balance	Opening balance	Movement during the year	Closing balance
	NZ\$ '000	NZ\$ '000	NZ\$ '000	NZ\$ '000	NZ\$ '000	NZ\$ '000
H2 Deferred tax liability						
Imputation credits converted to losses	(38)	(47)	(85)	-	(38)	(38)
Provision - Building work	(41)	41	-	-	(41)	(41)
Deferred maintenance	(69)	51	(18)	(69)	-	(69)
Biological assets	346	74	420	356	(10)	346
Forestry	2,375	383	2,758	2,064	311	2,375
Employee entitlements	(66)	(46)	(112)	(83)	17	(66)
Fencing	10	-	10	12	(2)	10
Income unrecognised	(1)	1	-	(1)	-	(1)
Provisions	(1)	-	(1)	(7)	6	(1)
Repairs & maintenance	-	(99)	(99)	-	-	-
	2,515	358	2,873	2,272	243	2,515

SECTION H - TAXATION (CONTINUED)

Deferred tax (continued)

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.

	2022	2021
	NZ\$ '000	NZ\$ '000
Maori Authority Tax Credits		
Balance at start of year	945	568
Credits attached to dividends received	308	377
Balance at end of year	1,253	945

SECTION I - RELATED PARTIES

i) Parent and controlling entity

The parent and ultimate controlling entity of the Group is Te Runanganui o Ngati Porou Trustee Limited.

ii) Other related parties and entities

a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity. These consolidated financial statements include the financial 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.

b) Associates and joint ventures (JV)

Associates are those entities over which the Group 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 with impairments being recorded against the carrying value of the investment.

The following table lists all entities which form part of the Group and related associates and joint ventures. All entities have their principal place of business and are incorporated in New Zealand.

Name of entity	Type	Principal activity	Share Ownership	Voting Rights	
				2022	2021
Ngati Porou Holding Company Limited	Subsidiary	Management of Group commercial activities	100%	100%	100%
Toitu Ngati Porou Trustee Limited	Subsidiary	Administers cultural development activities	N/A	100%	100%
Ngati Porou Hauora Charitable Trust Board	Subsidiary	Provision of health services to the community	N/A	100%	100%
Ngati Porou Fisheries Limited	Subsidiary	Fish processing, distribution, wholesalc & retail	100%	100%	100%
Ngati Porou Seafoods Limited	Subsidiary	Fisheries asset holding company & management	100%	100%	100%
Pakihiroa Farms Limited	Subsidiary	Commercial farming	100%	100%	100%
Pohewa Limited	Subsidiary	Digital & marketing	100%	100%	100%
Real Fresh Limited	Subsidiary	Retail fish & related products	100%	100%	100%
Tohe Taka Limited	Subsidiary	Honey extraction	100%	100%	100%
ICP Koura Facilities LP	Associate	Commercial fishing	33%	33%	33%
ICP ACE Holdings Limited	Associate	Commercial fishing	33%	33%	33%
ICP Inshore ACE Limited	Associate	Commercial fishing	33%	33%	33%
ICP Koura Operations Limited	Associate	Commercial fishing	33%	33%	33%
Ahi Mokopuna LP	Associate	Salmon Harvesting	36%	28%	0%
Hauti Berries LP Limited	Joint Venture	Horticulture	80%	50%	50%
Ngati Porou Miere LP	GP	Honey harvesting & sales	16.7%	16.7%	16.7%
The Work Shop Limited	Investee	Digital management system	2.34%	2.34%	2.34%
Hautupua GP Limited	Investee	Arboriculture and fruit production	2.32%	2.32%	2.32%

SECTION I - RELATED PARTIES (CONTINUED)

iii) Interest in Associates and Joint Ventures

Name of entity	Total Assets		Total Liabilities		Total Revenue		Surplus/(Deficit)	
	2022	2021	2022	2021	2022	2021	2022	2021
	NZS'000	NZS'000	NZS'000	NZS'000	NZS'000	NZS'000	NZS'000	NZS'000
ICP ACE Holdings LP	1,904	1,686	1,904	1,686	464	2,985	-	-
ICP Inshore ACE LP	456	585	456	585	67	1,274	-	-
ICP Koura Operations LP	2,144	2,281	2,143	2,281	1,947	2,169	-	-
ICP Koura Facilities LP	1,568	2,073	539	847	192	500	-	499
Ngati Porou Miere LP	229	708	179	512	55	155	(20)	(238)
Hauti Berries LP	1,943	2,125	80	35	960	425	(649)	(638)
Hautupua GP LTD - Miro LP	5,555	7,174	1,761	2,993	2,044	2,593	(386)	(1,324)
The Work Shop Limited	219	1,009	4,593	3,500	287	181	(1,920)	(2,133)
Ahi Mokopuna LP	9,155	-	5,062	-	1,603	-	361	-
	23,174	17,641	16,716	12,439	7,619	10,282	(2,975)	(3,834)

* The table above reflects 100% of the balances of the respective entities.

ICP

The balance date for all ICP's is 30 September. The results shown in the table above are to 30 June 2022.

The were no significant restrictions regarding the distribution of dividends from the ICP Associates. The ICP Associates had no contingent liabilities as at balance date (2021: Nil).

Ngati Porou Miere LP

The Group holds a 16.67% share in Ngati Porou Miere Limited Partnership. The LP also facilitates sales of honey at a commission rate of 5%. During the year, sales commissions paid or payable to Ngati Porou Miere LP amounted to nil. (2021: Nil).

The balance date of the LP is 30 June and there are no significant restrictions regarding the distributions of dividends from the Associate. The LP had no contingent liabilities as at balance date (2021: Nil).

Hauti Berries LP (Joint venture)

The Group has an 80% investment share in Hauti Berries LP (Joint venture) and is entitled to 80% of the profits or losses generated by the LP. However as per the LP agreement, the Group has 50% of the voting rights and therefore this entity is considered a joint venture entity of the Group.

The LP has a 30 June balance date and there are no restrictions regarding the distribution of dividends from the JV. The JV had no contingent liabilities as at balance date (2021: Nil).

Ahi Mokopuna LP

During the year, the Group invested \$3.52 million to acquire 35.9% interest in Ahi Mokopuna LP. The LP owns 100% shares in Akaroa Salmon NZ Limited. As per the LP agreement, the Group has 28% voting rights in Ahi Mokopuna LP.

Te Runanganui o Ngati Porou Group
Notes to the consolidated financial statements
For the year ended 30 June 2022

SECTION I - RELATED PARTIES (CONTINUED)

iv) Transactions with joint ventures and related parties

During the year, a number of related companies transacted with the Group. The terms and conditions of these transactions were no more favorable than those available, or which might reasonably be expected to be available, in similar transactions with non related companies on an arm's length basis.

Balances and transactions between the Trustee and its subsidiaries, which are related parties of the Trust have been eliminated on consolidation and are not disclosed in this note.

	2022	2021
	NZ\$ '000	NZ\$ '000
Related party receivables		
ICP ACE Holdings LP – quota revenue receivable	450	211
ICP ACE Inshore LP – quota revenue receivable	241	237
ICP Koura Operations LP – quota revenue receivable	-	614
ICP Koura Operations LP – share of income	308	506
ICP Koura Facilities LP – quota revenue receivable	119	187
Ngati Porou Miere LP	-	74
Ahi Mokopuna LP - share of income	542	-
Total related party receivables	1,662	1,829

v) Identity and remuneration of key management personnel

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

Key management personnel as at 30 June 2022 were as follows, together with remuneration received during the year.

	2022	2021
	NZ\$ '000	NZ\$ '000
<i>Te Runanganui o Ngati Porou Trustee Limited - Elected Representatives</i>		
Rohe 1: A Pahuru - Huriwai	30	30
R Kohere (Deputy Chair)	38	38
Rohe 2: D Moana	30	30
P Tangaere	30	30
Rohe 3: L Tangaere - Baldwin	30	30
T Fox	30	30
Rohe 4: T Warmenhoven	30	30
M Warmenhoven	30	30
Rohe 5: S Parata (Chair)	60	60
T Kupenga	30	30
Rohe 6: T Lewis	30	30
N Raihania	30	30
Rohe 7: K Blackman	30	30
M Tangohau	30	30
	458	458

Ngati Porou Hauora Charitable Trust - Trustees

S Parata (Chair) - (appointed 1 November 2021)	23	-
R Kohere - (appointed 1 November 2021)	17	-
Dr E McNicholas - - (appointed 1 November 2021)	25	-
T Wawatai - ceased 31 October 2021	13	40
J Watson - ceased 31 October 2021	9	30
M Pavarno - ceased 31 October 2021	8	25
R Tibble - ceased 31 October 2021	8	25
K Ngarimu (July 2019 - December 2019)	-	25
	104	145

Te Runanganui o Ngati Porou Group
Notes to the consolidated financial statements
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SECTION I - RELATED PARTIES (CONTINUED)

v) Identity and remuneration of key management personnel (continued)

Toitu Ngati Porou Charitable Trustee Limited - Directors

	2022	2021
	NZ\$ '000	NZ\$ '000
P Tangaere - (Chair) - (appointed 1 January 2021)	40	18
A Walker - (Deputy Chair) - (appointed 1 January 2021)	30	14
H Gibson - (appointed 1 January 2021)	25	13
N Parata - (appointed 1 January 2021)	25	13
N Whitewood - (appointed 1 January 2021)	25	13
A Pahuru-Huriwai (appointed 1 January 2021)	25	13
W Mita - (appointed 1 January 2021)	25	13
L Baldwin - (ceased 31 December 2020)	-	18
A Forrester - (ceased 31 December 2020)	-	12
A Houkamau - (ceased 31 December 2020)	-	10
W Gilvray - (ceased 31 December 2020)	-	10
R Kohere - (ceased 31 December 2020)	-	10
	195	157

Ngati Porou Holding Company Limited - Directors

Sir Robert McLeod -(Chair) - (appointed 1 Jan 2021/appointed as Chair 1 April 2021)	40	16
D Moana - Deputy Chair	30	25
D Puketapu	25	25
B Mackey	25	25
B Morice	25	25
H Walker - appointed 21 June 2021	25	-
M Mahuika - (ceased as Director & Chair 30 March 2021)	-	30
K Kohere-Soutar - (ceased 31 December 2020)	-	13
	170	159

Ngati Porou Seafoods Group – Directors

D Moana - (Chair) - (Appointed 1 November 2020)	20	13
B Morice (Appointed 1 November 2020)	14	10
B Mackey (Appointed 1 November 2020)	13	10
W Dewes (Ceased 31 October 2020)	-	7
C Insley (Ceased 31 October 2020)	-	5
D Puketapu (Ceased 31 October 2020)	-	5
B Soutar (Ceased 31 October 2020)	-	5
C Gibson (Ceased 31 October 2020)	-	5
I Ruru (Ceased 31 October 2020)	-	5
	50	65

v) Key management personnel (continued)

Pakihiroa Farms Limited – Directors

S Parata (Chair)	9	2
M Mahuika (Deputy Chair)	3	1
T Pewhairangi	1	1
L Rickard	3	1
	16	5

Total trustee and board remuneration

	994	989
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SECTION I - RELATED PARTIES (CONTINUED)

A summary of total remuneration paid to key management personnel during the year was as follows:

a) Remuneration of key management personnel	2022	2021
<i>Trustee and Board members</i>	NZ\$ '000	NZ\$ '000
Remuneration	994	989
Number of Board members	40 Head Count	40 Head Count
 <i>Leadership Team</i>		
Remuneration	2,140	1293
Full time equivalent (FTEs) members	12 FTE's	7 FTE's
	3,134	2,282

vi) Other transactions with key management personnel

- H Collier is key management personnel of Pakihiroa Farms Limited and also 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. During the year, fees from professional services received by Agfirst amounted to \$106 thousand (2021: \$104 thousand).
- K Potae is the Chair of the Te Runanganui o Ngati Porou Audit, Risk and Finance Committee and also a director of BDO Gisborne Limited. BDO Gisborne Limited receives payments from the Group for the provision of various accounting and human resource services. Fees for professional services during the year amounted to \$100 thousand (2021: \$184 thousand).

SECTION J - FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Group's risk management policies are established and designed to identify and analyse the risks faced by the Group, following which the trustees and the board of directors develop risk management strategies to lower and minimise risks to an acceptable level.

i) 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 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 Group does not have any significant credit risk exposure to any single counterparty.

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

ii) 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 which as at balance date was fully undrawn. (Total facility of \$4.30 million). (2021: fully undrawn)

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

	Less than 1 year	1–2 years	2–5 years	5+ years	Total
2022	NZ\$ '000	NZ\$ '000	NZ\$ '000	NZ\$ '000	NZ\$ '000
Trade and other payables	2,504	-	-	-	2,504
Borrowings	9,438	7,828	-	-	17,266
	11,942	7,828	-	-	19,770
2021					
Trade and other payables	3,537	-	-	-	3,537
Borrowings	14,811	752	-	-	15,563
	18,348	752	-	-	19,100

SECTION J - FINANCIAL RISK MANAGEMENT (CONTINUED)

iii) 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:

- a) interest rates (interest rate risk),
- b) foreign exchange rates (currency risk)
- c) or other market factors (other price risk).

a) Interest rate risk

The Group is exposed to interest rate risk in respect of its financial liabilities listed under Section J (ii). The Group manages this risk by utilising its net cash position to minimise the interest rates. A 1% increase/decrease in floating interest rates would have resulted in a \$74 thousand (2021: \$150 thousand) reduction/increase in net surplus.

b) 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:

		2022	2021
	Currency	NZ\$ '000	NZ\$ '000
<i>Growth assets</i>			
- Artisan Partners Global Funds	USD	-	10,820
- Harding Loevner Fund	USD	-	13,861
- Blackrock Investment Management	AUD	-	8,566
- GQG Partners	AUD	-	10,327
- Dimensional Emerging Markets Sustainability Tr	AUD	6,721	-
- Capital Group New World	AUD	5,630	-
Total growth assets		12,350	43,574
<i>Income assets</i>			
-LGT Fund Managers	USD	1,551	499
- Lazard Asset Management	AUD	-	5,682
Total income assets		1,551	6,181
<i>Private Investments</i>			
- ICG Senior Loan Fund	AUD	-	1,827
- Accolade	USD	860	-
		860	1,827
<i>Global equities</i>	AUD	21,433	-
<i>Alternatives</i>	AUD	16,332	-
Total foreign currency exposure		52,525	51,582

A 5% movement in currencies would have a \$2.6 million (2021: \$3.0 million) impact on net surplus and net assets.

c) Price risk

The Group is exposed to price risk in respect of its publicly 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 5% increase/decrease in returns on financial assets held at Fair Value Through Surplus or Deficit would yield an increase/decrease of \$7.6 million (2021: \$8.1 million) in net surplus and net assets.

SECTION K - OTHER DISCLOSURES

K1 - Reconciliation of net operating cash flows to profit (loss)

	2022	2021
	NZ\$ '000	NZ\$ '000
Net (loss) / profit as per accounts after taxation	(11,235)	24,117
<i>Plus non-cash items:</i>		
Livestock revaluation	361	30
Miere stock revaluation	-	169
Depreciation and amortisation	1,011	862
Loss on disposal of Property, plant and equipment	40	25
Share of associates loss	(21)	503
Revaluation of investments	7,919	(27,911)
	9,309	(26,322)

Add movements in working capital

(Decrease)/Increase in creditors	(1,033)	682
(Increase)/Decrease in sundry debtors & prepayments	1,186	3,383
(Increase)/Decrease in inventory and work in progress	(3,873)	(677)
Increase in taxation payable	(358)	243
(Decrease)/Increase in GST payable	(255)	(162)
Increase in income in advance	2,059	4,193
(Decrease)/Increase in employee entitlements	447	(561)
	(1,826)	7,101
Net operating cashflow	(3,752)	4,896

K2 - Reserves

Asset revaluation reserve	282	282
Capital reserve account – farms	2,421	2,421
Total reserves	2,703	2,703

- Asset revaluation reserve relates to general asset revaluations undertaken by Te Runanganui o Ngati Porou Trustee Limited.
- Capital reserve account - farms relates to the revaluation of farming assets and is detailed as follows:
 - upon the establishment of Pakihiroa Farms Limited and transfer of assets from Te Runanga o Ngati Porou, a revaluation of Puanga Station, Gisborne was undertaken which resulted in an increase in market value of the Puanga Station by \$1,205 thousand 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 Trustee Limited to Pakihiroa Farms Limited.

K3 - Remuneration of auditors

The auditor of the Group are PricewaterhouseCoopers (PwC) (Napier Office). Audit fees for the financial year ended 30 June 2022 amounted to \$149.5 thousand (2021: \$145 thousand)

SECTION K - OTHER DISCLOSURES

K4 - Operating lease commitments

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

	2022 NZ\$ '000	2021 NZ\$ '000
Not later than one year	792	638
Later than one year and not later than five years	749	943
Later than five years	-	2
	1,541	1,583

The Group has a number of lease commitments for commercial properties and vehicles with lease terms ranging from 3 years to 5 years for motor vehicles and 3 to 10 years for commercial and residential properties. Approximately 75 motor vehicles including a forklift were leased as at balance date. (2021: 65). There are no options to purchase at the end of the lease term and no provision for increase in rental charges.

K5 - 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.

K6 - Capital commitments

Ngati Porou Holding Company has a commitment to Hauiti Berries LP of \$200 thousand (2021: \$300 thousand).

K7 - Contingent assets and liabilities

The Group is entitled to coastline allocation of fisheries settlement assets under the Maori Fisheries Act 2004 (MFA) based on its rohe or share of the coastline within Fisheries Management Area 2 (from the top of the East Cape to Te Kowhai). The conservative value of these assets is \$6.5 million. The allocation requires agreement between all Iwi that have interests in this coastline prior to settlement by the Crown. There were no contingent liabilities as at balance date (2021: Nil).

K8 - Subsequent events

Ngati Porou Oranga

On 1 October 2022, the Housing & Social Services divisions of the Parent (Te Runanganui o Ngati Porou Trustee Limited) transferred into Ngati Porou Hauora Charitable Trust. Amendments to the Ngati Porou Hauora trust deed were also made to clarify definitions, improve administrative provisions, ensure consistency with the Trusts Act 2019, and change the name from Ngati Porou Hauora Charitable Trust to Ngati Porou Oranga. These changes allow for more streamlined and consolidated services to be provided to the community.

Apart from the above, there has not been any other matter or circumstance that has arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of the Group in future financial years.



Independent auditor's report

To the Board of Directors of Te Runanganui o Ngati Porou Trustee Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Te Runanganui o Ngati Porou Trustee Limited (the Company) including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards International Public Sector Accounting Standards (PBE IPSAS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 June 2022;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). 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.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), 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.

Other information

The Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with PBE IPSAS and for such internal control as the Board of Directors 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 Directors are responsible 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 Directors 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 (NZ) and ISAs 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 financial statements is located at the External Reporting Board's website at <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/>

This description forms part of our auditor's report.

Who we report to

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

The engagement partner on the audit resulting in this independent auditor's report is Maxwell John Dixon.

For and on behalf of:



Chartered Accountants
Napier
26 October 2022



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