



NGATI WHARE
HOLDINGS

LIMITED





**Ko Tuwatawata te Maunga
Ko Whirinaki te Awa
Ko Wharepakau te Tangata
Ko Ngati Whare te Iwi**

AGENDA OF AGM 2018

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Board of Directors will be held at the office of GHA, Rotorua on Friday 14 December 2018 at 12.00pm.

- 1. Karakia/Mihi**
- 2. Apologies**
- 3. Chairman's Report**
- 4. Audited Annual Financial Reports for the year ended 30 June 2018**
- 5. Appointment of Auditor**
- 6. General Business**

NGĀTI WHARE HOLDINGS LIMITED CHAIRMAN'S REPORT 2018



Ngāti Whare Holdings Limited is pleased to present the Company's Annual Report for the twelve-month period ending 30th June 2018. We have made further progress this year in our ambition to increase the wealth of Ngāti Whare and remain excited about the future.

Purpose of this Report

The purpose of this report is to provide Ngāti Whare whānau, hapū and iwi members with an overview of the performance of the Company over the year.

Financial Performance

In addition to strategic achievements within the financial year, the Company also enjoyed a strong financial performance with a total revenue of \$2,548,155. Total comprehensive income for the year was \$4,304,477 (an increase from 2017 by \$1,791,091).

Dividend

The profitability of the Company resulted in a corresponding dividend payable to the Rūnanga of \$606,061.

Balance Sheet

Total assets increased from \$27,046,155 in 2017 to \$31,580,461 in 2018. Net Assets increased from \$22,282,215 in 2017 to \$26,086,693 in 2018.

Minginui Nursery

A highlight for 2018 was the announcement made by Hon Shane Jones and Minister Meka Whaitiri regarding the \$5.8 million Provisional Growth Fund (PGF) funding (over three years) to scale up its seedling production of the nursery business. This expansion is playing a key part in rejuvenating the region and Minginui village, contributing to employment and skills development and better social outcomes.

As many of you will be aware progress at the nursery has been exceptional with an increase of current employee numbers to eighteen full time equivalents, both as permanent or casual team members. This increase reinforces our commitment to bring employment to the community and contribute to economic prosperity in the village.



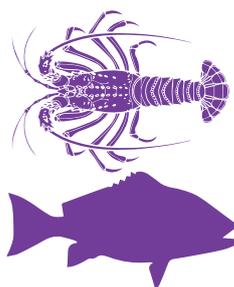
Kakano

↑ 18%
\$18.7m



Investment income

↑ 57%
\$1.1m



Fisheries income

↑ 41%
\$2.4m



CNI valuation

\$28.3m

Whare Honey Limited Partnership

An additional highlight for the company in 2018 was the acquisition of Rapanui Bees Limited. Following due diligence as at 30 September 2018 Ngāti Whare Holdings purchased Rapanui Bees Ltd and set up a Limited Partnership called Whare Honey. The purchase of this business included business goodwill, most assets of Rapanui Bees, the current bee keepers, bees and 1,400 hives. As part of the purchase negotiations the vendors have agreed to stay on as managers of the honey business for the next two seasons.

All four employees of Whare Honey are busy installing hives all over the country and all reports to date look to see a positive season. We look forward to reporting more on this in the next financial year.

Kakano Investment Limited Partnership

Kakano continues to be a high performing investment with another significant increase in value as at 30 June 2018.

CNI Iwi Holdings

Rick Braddock and Bronco Carson continue to represent Ngāti Whare on the CNI Iwi Holdings Limited board of directors. Rick Braddock continues as one of the two CNI directors appointed to the wholly owned CNI subsidiary CNI Land Management Ltd. Resolution of the Mana Whenua process remain critically important in significantly enhancing the position of Ngāti Whare.

Investment Opportunities

The board continues to actively work to identify and analyse potential investments. We have significant market opportunities ahead of us. Ngāti Whare Holdings continue to work on reviewing eco-tourism opportunities, particularly in relation to the Whirinaki Te Pua a Tane conservation park as well as pest control business opportunities.

Management

Due to the rapid increase in business, we are very pleased with the appointment of Earl Rewi as Operations Manager for Ngāti Whare Holdings Ltd. This key position will work closely with the General Manager to oversee daily operations and assist with the implementation of the annual plan and strategic plans. We are fortunate to have the continuous support and expertise of our General Manager, Mere George and thank her and her team at GHA for their exemplary service. I would also like to thank my fellow directors for their diligence and insight.

Nāku noa,



Rick Braddock
Chairman
Ngāti Whare Holdings Limited

ANNUAL FINANCIAL STATEMENTS

NGĀTI WHARE HOLDINGS LIMITED
AND SUBSIDIARY

For the year ended 30 June 2018



CONTENTS

8	Auditor's Report
10	Entity Information
11	Statement of Profit or Loss and Other Comprehensive Income
12	Statement of Financial Position
13	Statement of Changes in Equity
14	Statement of Cash Flows
15	Notes to the Financial Statements

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NGATI WHARE HOLDINGS LIMITED & SUBSIDIARY

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ngati Whare Holdings Limited (“the Company”) and its subsidiary (together, “the Group”), which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (“NZ IFRS RDR”) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (“ISAs (NZ)”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or its subsidiary.

Directors’ Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, and for such internal control as the 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 directors 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 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) 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 decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

This report is made solely to the Company's shareholders, 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 Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Rotorua Limited
Rotorua
New Zealand
3 December 2018

Entity Information

Ngati Whare Holdings Limited and Subsidiary

As at 30 June 2018

Nature of business

Commercial Iwi Entity

Postal address

PO Box 1712, Rotorua

Registered office

Te Runanga o Ngati Whare

Civic Square

Murupara

Directors

David Carson

Ian Hulton

Richard Braddock

Shareholders

David Carson (director)

Pene Olsen (trustee of Te Runanga o Ngati Whare Trust)

Accountants

GHA Ltd

Chartered Accountants

PO Box 1712, Rotorua

Auditors

BDO Rotorua Limited

Chartered Accountants

1130 Pukaki Street, Rotorua

Solicitors

Kahui Legal

32 Waring Taylor Street

Wellington

Statement of Profit or Loss and Other Comprehensive Income

Ngāti Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue			
Contract revenue		100,898	131,956
Other revenue	6	1,058,646	483,340
Investment income	7	131,105	220,131
Nursery income		102,465	25,301
Share of equity accounted investee profit	20	420,391	418,471
CNI Distribution		946,512	920,461
Total Revenue		2,760,016	2,199,661
<i>Less Cost of sales - Nursery</i>	10	(211,861)	(187,419)
Gross profit		2,548,155	2,012,242
Expenses			
Contract expenses	8	162,956	197,111
Administration expenses	9	421,430	445,889
Interest		156,851	155,852
Nursery expenses	11	310,722	401,772
Other expenses		12,318	12,424
Depreciation of property, plant and equipment	17	80,880	78,064
Total Expenses		1,145,157	1,291,113
Profit before tax		1,402,998	721,130
Income tax expense	12	87,422	4,629
Profit for the year		1,315,576	716,501
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of equity accounted investee other comprehensive income	20	3,622,910	2,178,043
Income tax related to the above	13	(634,009)	(381,158)
Total Other comprehensive income, net of income tax		2,988,901	1,796,885
Total comprehensive income for the year		4,304,477	2,513,386



This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

Statement of Financial Position

Ngāti Whare Holdings Limited and Subsidiary

As at 30 June 2018

	Note	2018	2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	15	2,317,446	1,538,273
Trade and other receivables	16	268,302	149,961
Stock on hand		106,971	41,756
Goods and services tax		17,885	16,025
Income tax refund due	12	171,708	157,898
Total Current assets		2,882,313	1,903,912
Non-current assets			
Property, plant and equipment	17	923,740	997,489
Available-for-sale financial assets	18	296,423	296,423
Financial assets at fair value through profit or loss	19	6,455,862	5,666,515
Investments in associates	20	18,660,765	15,872,457
Intangible assets	21	2,286,149	2,286,149
Other non-current assets	23	75,210	23,210
Total Non-current assets		28,698,148	25,142,243
Total Assets		31,580,461	27,046,155
Liabilities			
Current liabilities			
Trade and other payables	24	147,343	57,308
Related party advances	27	124,957	124,957
Employee entitlements payable		8,512	2,727
Total Current liabilities		280,812	184,992
Non-current liabilities			
Borrowings	25	3,332,000	3,332,000
Deferred tax liability	13	1,880,956	1,246,947
Total Non-current liabilities		5,212,956	4,578,947
Total Liabilities		5,493,768	4,763,939
Net assets		26,086,693	22,282,216
Equity			
Capital		11,500,000	11,500,000
Reserves	26	9,287,484	6,298,583
Retained earnings		5,299,209	4,483,633
Total Equity		26,086,693	22,282,216

For and on behalf of the Committee of Board:

Chairman:

Director:

Date: 14 November 2018

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.



Statement of Changes in Equity

Ngāti Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

	Note	Contributed share capital	Reserves	Retained earnings	Total equity
		\$	\$	\$	\$
Opening balance 1 July 2017		11,500,000	6,298,583	4,483,633	22,282,216
Net Profit for the year		-	-	1,315,576	1,315,576
Other comprehensive income		-	2,988,901	-	2,988,901
Payment of dividends	27	-	-	(500,000)	(500,000)
Closing equity 30 June 2018		11,500,000	9,287,484	5,299,209	26,086,693
Opening balance 1 July 2016		11,500,000	4,501,698	4,308,070	20,309,768
Net Profit for the year		-	-	716,501	716,501
Other comprehensive income		-	1,796,885	-	1,796,885
Payment of dividends	27	-	-	(540,938)	(540,938)
Closing equity 30 June 2017		11,500,000	6,298,583	4,483,633	22,282,216



This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

Statement of Cash Flows

Ngāti Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

	Note	2018	2017
		\$	\$
Cash flows from operating activities			
Receipts from customers and annual catch entitlements		1,250,967	222,832
Payments to suppliers and employees		(1,087,065)	(862,077)
Cash generated from operations		163,902	(639,245)
Investment income		129,143	1,138,023
Income taxes		(101,232)	(124,624)
Net GST		(5,773)	23,016
Total Cash flows from operating activities		186,040	397,170
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(7,131)	(997,273)
Payments to acquire investments		(65,215)	(3,888)
Receipts from investments in associates		1,322,331	904,518
Total Cash flows from investing activities		1,249,985	(96,643)
Cash flows from financing activities			
Finance charges paid		(156,851)	(151,045)
Dividends paid		(500,000)	(540,938)
Total Cash flows from financing activities		(656,851)	(691,983)
Net Increase/ (Decrease) in Cash and Cash Equivalents		779,174	(391,456)
Cash Balances			
Cash and cash equivalents at beginning of the year	15	1,538,273	1,929,729
Cash and cash equivalents at end of the year	15	2,317,446	1,538,273
Net change in cash for the year		779,174	(391,456)



This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

1. General information

The financial report includes the financial statements and notes of Ngati Whare Holdings Limited and its subsidiary. Ngati Whare Holdings Limited (the Parent) is a profit-orientated entity incorporated in New Zealand and registered under Companies Act 1993.

The Parent is a wholly-owned subsidiary of Te Runanga o Ngati Whare Trust.

The consolidated financial statements comprise Ngati Whare Holdings Limited and Minginui Nursery Limited Partnership.

These financial statements were approved and authorised for issue by the Board of Directors on 14 November 2018.

2. Statement of compliance and reporting framework

These financial statements are general purpose financial statements that have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit-orientated entities. The Group has elected to report under NZ IFRS – Reduced Disclosure Regime of the External Reporting Board as the Group is a for-profit Tier 2 entity for financial reporting purposes on the basis that it does not have public accountability and is not a large for-profit public sector entity. The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013.

3. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

4. Summary of accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Incorporation and entities controlled by the Incorporation.

Control is achieved when the Incorporation:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Incorporation obtains control over the subsidiary and ceases when the Incorporation loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Incorporation gains control until the date when the Incorporation ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Incorporation and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Incorporation.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4.2 Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$). All numbers presented have been rounded to the nearest dollar.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

4.3 Revenue

Revenue is measured by reference to the fair value of consideration received or receivable. The Group recognises revenue when it can be reliably measured, it is probable that future economic benefits will flow to the Group.

4.3.1 Interest and dividend income

Interest income is recognised when it is received, with an adjustment at year end to recognise interest due but not received (accrual basis) using the effective interest method. Dividend income is recognised at the time the right to receive payment is established.

4.4 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.6 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

4.7 Stock on hand

Stock on hand is stated at the lower of cost and net realisable value. Costs of stock on hand determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for stock on hand less all estimated costs of completion and costs necessary to make the sale.

4.8 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

4.9 Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

4.9.1 Current income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, Inland Revenue and relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

4.9.2 Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.10 Financial instruments

4.10.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4.10.2 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at Fair Value through Profit or Loss ("FVTPL")
- Available-for-Sale ("AFS") financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for credit losses. Discounting is omitted where the effect of discounting is immaterial. The Group's receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group has elected to designate investments in managed portfolio funds as FVTPL.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include investment in Moana New Zealand (formerly Aotearoa Fisheries Limited).

All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest is calculated using the effective interest method and dividends are recognised in profit or loss within investment income.

The Group's financial liabilities include trade and other payables.

4.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

4.12 Goods and services tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

4.13 Property, plant and equipment

Buildings, motor vehicles, office equipment and plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Board of Directors. These assets are subsequently measured using the cost model (cost less subsequent depreciation and impairment losses).



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

Depreciation is recognised on a diminishing value basis to write down the cost of the assets over their estimated useful lives. The following rates are applied:

- Buildings: 20yrs SL
- Motor vehicles: 30%
- Plant and equipment: 13% - 40%
- Office equipment: 50%

Material residual value estimates and estimates of useful lives are updated as required, or at least annually.

Gains or losses arising on the disposal of building fit out, furniture and fittings, office equipment and plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

4.14 Investment in associates

Investments in associates are those where the Group has significant influence but not control over an investee. Significant influence arises when the Group holds 20%-50% of the equity and voting interests in an investee and has representation on its governing body.

The Group's investment in Kakano Investment Limited Partnership has been designated as an investment in associates.

Investments in associates are accounted for using the equity method whereby they are recognised initially at cost, and adjusted for share of profit (or loss) and share of changes in Other Comprehensive Income.

5. Critical judgements in applying accounting policies

When preparing the financial statements, the Board of Directors undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

5.1 Estimation uncertainty

Impairment

In assessing impairment, the Board of Directors estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to the determination of suitable discount rate. The Group recognised no impairment of assets in 2018 (2017: \$Nil).

Useful lives of depreciable assets

The Board of Directors reviews its estimates of useful lives of depreciable assets at each reporting date, based on the expected utility of assets.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

	Note	2018	2017
		\$	\$
6 Other revenue			
Moana New Zealand		9,647	8,227
Crayfish Quota		183,650	121,178
Movements in fair value through P&L assets		814,385	307,983
Paua Ace income		49,704	40,716
Settlement quota		1,088	3,159
Sundry income		170	2,078
Total Other revenue		1,058,646	483,340
7 Investment income			
Interest income		18,016	9,427
Dividends from equity investments		58,039	53,875
PIE income		55,050	156,828
Total Investment income		131,105	220,131
8 Contract expenses			
Contract wages		162,728	194,628
Other contract expenses		228	2,483
Total contract expenses		162,956	197,111
9 Administration expenses			
Accountancy fees		29,099	34,207
Audit fees		7,250	4,750
Branding		-	8,192
Conference expenses		1,948	970
Consultancy		32,595	42,947
Chairman's fees	27	20,000	20,000
Directors' fees	27	72,000	72,000
Directors' fees additional meetings	27	26,875	26,200
Directors' professional development		1,150	1,613
Due diligence		10,000	33,246
Insurance		926	3,250
Investment management fees		68,537	52,934
Overhead contribution - Te Runanga o Ngati Whare	27	29,197	29,857
Management services		70,634	71,660
Travel expenses		24,291	19,141
Other administration expenses		26,930	24,921
Total Administration expenses		421,430	445,889
10 Cost of sales - Nursery			
Potting mix		27,505	18,570
Wages & salaries		249,572	210,604
Stock movement		(65,215)	(41,756)
Total Cost of sales - Nursery		211,861	187,419



Notes to the Financial Statements

Ngāti Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

Note	2018	2017		
	\$	\$		
11 Nursery expenses				
Accountancy fees	18,536	3,106		
Consultancy	48,701	97,189		
Insurance	12,260	7,356		
Legal expenses	1,845	10,119		
Management services	90,060	85,868		
Nursery opening expenses	-	16,096		
Nursery Manager	44,843	7,995		
Operating expenses	69,584	83,239		
Project management	-	62,089		
Other nursery expenses	24,893	28,715		
Total Nursery expenses	310,722	401,772		
12 Income tax				
Profit before income tax	1,402,998	721,130		
<i>Plus/(less) adjustments</i>				
Non-taxable income	(887,182)	(536,431)		
Other adjustments	62,712	52,316		
Taxable income	578,527	237,016		
Income tax using Maori Authority tax rate of 17.5%	101,242	41,478		
Less Imputation credits	(8,360)	(10,547)		
Less Overseas tax credits	(5,460)	(2,245)		
Prior period under/(over) provided	-	(24,057)		
Income tax expense	87,422	4,629		
Plus opening balance	(157,898)	(37,903)		
Less withholding tax paid	(13,247)	(9,059)		
Less terminal tax refunded	64,334	61,960		
Less provisional tax paid	-	(29,848)		
Less other tax credits	(152,318)	(147,676)		
Total tax to be paid/(refunded)	(171,708)	(157,898)		
13 Deferred tax				
Deferred tax assets/(liabilities)	01 July 2017	Recognised in Profit	Recognised in Equity	30 June 2018
Investment in associate	(1,246,947)	-	(634,009)	(1,880,956)
	(1,246,947)	-	(634,009)	(1,880,956)
	01 July 2016	Recognised in Profit	Recognised in Equity	30 June 2017
Investment in associate	(865,789)	-	(381,158)	(1,246,947)
	(865,789)	-	(381,158)	(1,246,947)
14 Maori Authority Credit Account				
Opening balance	64,334	164,161		
Tax paid/(refunded)	(64,334)	(32,112)		
RWT credits	13,247	8,323		
Imputation Credits	8,360	-		
Maori authority credits attached to distributions	(106,061)	(114,744)		
Maori authority credits received	152,318	38,706		
Closing balance	67,864	64,334		



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

	Note	2018	2017
		\$	\$
15 Cash and cash equivalents			
Cash at bank - NZD		1,793,630	1,046,260
Cash in managed portfolio funds		60,227	40,735
Term deposits		463,589	451,278
Total Cash and cash equivalents		2,317,446	1,538,273
16 Trade and other receivables			
Trade receivables		61,223	16,854
Bond		640	640
Accrued income		191,326	121,178
Accrued interest		1,962	2,569
Prepayments		13,152	8,719
Total Trade and other receivables		268,302	149,961

Trade and other receivables more than 90 days overdue are \$19,383 (2017: \$Nil). There is no doubtful debt provision (2017: none) and the company is not exposed to any other significant credit risk (2017: none).

17 Property, plant and equipment

	Land Improvements	Buildings	Motor vehicles	Plant & equipment	Office equipment	Total
Cost	\$	\$	\$	\$	\$	\$
Balance at 1 Jul 2016	-	-	41,272	41,102	1,398	83,772
Additions	25,791	807,590	-	161,610	2,282	997,273
Balance at 30 Jun 2017	25,791	807,590	41,272	202,712	3,680	1,081,045
Balance at 1 Jul 2017	25,791	807,590	41,272	202,712	3,680	1,081,045
Additions	-	-	-	4,853	2,278	7,131
Balance at 30 Jun 2018	25,791	807,590	41,272	207,565	5,958	1,088,176
Accumulated depreciation	\$	\$	\$	\$	\$	\$
Balance at 1 Jul 2016	-	-	2,013	3,362	117	5,492
Depreciation expense	952	34,248	11,777	29,466	1,621	78,064
Balance at 30 Jun 2017	952	34,248	13,790	32,828	1,738	83,556
Balance at 1 Jul 2017	952	34,248	13,790	32,828	1,738	83,556
Depreciation expense	1,765	40,380	8,244	29,450	1,041	80,880
Balance at 30 Jun 2018	2,717	74,628	22,034	62,278	2,779	164,436
Net book value at 30 June 2017	24,839	773,342	27,482	169,884	1,942	997,489
Net book value at 30 June 2018	23,074	732,962	19,238	145,287	3,179	923,740

Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

	Note	2018	2017
		\$	\$
18 Available-for-sale financial assets			
Moana New Zealand shares		296,423	296,423
Total Available-for-sale financial assets		296,423	296,423

Fair value measurement

The above shares are not traded in an active market but are classified as available-for sale financial assets and stated at cost at the end of each reporting period. The directors have reviewed the value of the above shares and believe it represents the fair value of the shares.

During the 2013 year, Moana New Zealand (formerly Aotearoa Fisheries Limited) declared a bonus share issue of \$141,257 to release excess Maori Authority Credits to shareholders. As the bonus shares were issued to existing shareholders on a pro-rata basis for tax purposes, the bonus issue had no impact on the share capital. An additional 103 bonus shares were allocated to the company, resulting in a total shareholding of 206 shares held at 31 March 2014.

19 Financial assets at fair value through profit or loss

Craigs Investment Partners	2,833,828	2,477,864
Milford Asset Management	3,622,034	3,188,651
Total Financial assets at FVTPL	6,455,862	5,666,515

20 Investments in associates

Kakano Investments Limited Partnership		
Opening carrying value	15,872,457	14,180,462
Share of partnership profit	420,391	418,471
Share of partnership other comprehensive income	3,622,910	2,178,043
Distributions received	(420,766)	(417,443)
Capital distributions received	(834,224)	(487,076)
Closing carrying value	18,660,765	15,872,457

Ngati Whare Holdings Ltd holds 15.9% of the shares in Kakano Investments Limited Partnership (2017: 15.9%). Kakano is a forestry investment fund that has a 2.5% shareholding in Kaingaroa Timberlands. The cost of the investment is \$9,653,716 (2017: \$9,653,716).

21 Intangible assets

Crayfish quota	1,526,500	1,526,500
Paua quota	635,950	635,950
Fisheries settlement quota	123,699	123,699
Total Intangible assets	2,286,149	2,286,149

Iwi Collective Partnership

In 2017 the Group joined as a partner of Iwi Collective Partnership (ICP). The ICP is a partnership of 15 iwi who joined together to facilitate improved returns on Maori fishing assets.

All of the Groups quota is traded through the Iwi Collective Partnership.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

21 Intangible assets - continued

Fisheries settlement quota

On 30 March 2009, a deed of transfer and warranty was signed between Te Runanga o Ngati Whare, as the mandated Iwi organisation (MIO), and Te Ohu Kaimoana, in recognition of the Ngati Whare Iwi Fisheries settlement under the Maori Fisheries Act 2004. On 28 May 2009 Ngati Whare received:

Total cash settlement	617,419
Fisheries settlement quota valued at	123,699
Moana New Zealand shares valued at	296,423
	1,037,541

In accordance with section 16 1 c of the Maori Fisheries Act 2004, Ngati Whare Holdings has received and hold, on behalf of Te Runanga o Ngati Whare as the MIO, all settlement quota and income shares allocated by Te Ohu Kaimoana. The total cash settlement transferred by Te Ohu Kaimoana has been retained by Te Runanga o Ngati Whare.

22 Contingent asset - CNI Iwi Holdings Limited

Ngati Whare Holdings Limited holds 225 unpaid shares in CNI Iwi Holdings Limited. CNI Iwi Holdings Limited was established by the CNI Iwi Collective (comprising eight Iwi within the Central North Island area) for the purpose of settling the historical CNI Forest Land Claims.

CNI Iwi Holdings Limited currently hold the CNI Forests Land on Trust for the CNI Iwi Collective and will facilitate the transfer of future CNI Forest rental income to the Iwi within the collective by way of distribution.

In 2013 Ngati Whare Holdings Limited engaged Esperance Capital Limited to provide a valuation of the CNI Iwi Holdings Limited asset by determining the present value of Ngati Whare Holdings Limited's future Crown forest licence income. Based on the findings of the valuation Esperance considers that the arm's length, current market valuation of this asset was \$28,299,000 as at April 2017. No further valuations have been obtained since this date.

	Note	2018	2017
		\$	\$
23 Other non-current assets			
Whirinaki Forest Project		34,710	23,210
Whakatika Solutions		40,500	-
Total Other non-current assets		75,210	23,210
24 Trade and other payables			
Trade payables		117,339	33,230
PAYE Payable		8,915	7,002
Accrued expenses		21,089	17,076
Total Trade and other payables		147,343	57,308

Trade payables are unsecured and are usually paid within 30 days of recognition.

25 Borrowings

Secured - at amortised cost

Bank loans	3,332,000	3,332,000
Total Borrowings	3,332,000	3,332,000

The Westpac bank loan was used to purchase shares in Kakano Investments Limited Partnership in 2014. The loan is interest only, with the interest only period expiring on the 27 May 2021. Interest rate at balance date was 4.85% (2017: 4.35%). The maturity date of the loan is the 27 May 2021. A first and exclusive security agreement has been granted by Ngati Whare Holdings Limited. The security is a GSA over assets, undertakings and uncalled capital.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

	Note	2018	2017
		\$	\$
26 Reserves			
<u>Share of equity accounted investee other comprehensive income</u>			
Balance at beginning of the year		5,878,460	4,081,575
Share of equity accounted investee other comprehensive income	20	3,622,910	2,178,043
Deferred tax	13	(634,009)	(381,158)
Balance at end of the year		8,867,361	5,878,460
<u>MNZ Shares</u>			
Balance at beginning of the year		296,423	296,423
Balance at end of the year		296,423	296,423
<u>Fisheries Settlement Quota</u>			
Balance at beginning of the year		123,699	123,699
Balance at end of the year		123,699	123,699
Total Reserves at beginning of the year		6,298,582	4,501,698
Total Reserves at end of the year		9,287,484	6,298,582

27 Related party transactions

	2018		2017	
	Revenue/ (Expense)	Receivables/ (Payables)	Revenue/ (Expense)	Receivables/ (Payables)
<u>(a) Parent</u>				
Te Runanga o Ngati Whare				
Dividend	(500,000)	-	(540,938)	-
Costs on-charged	(926)	-	(5,507)	(2,453)
Recovery of overhead contributions	29,197	-	29,857	-
Related party advance	124,957	-	-	(127,957)

The loan from Te Runanga o Ngati Whare is interest free and repayable on demand.

(b) Other related parties

Governance - director fees

Richard Braddock	(59,000)	-	(59,000)	-
David Carson	(34,675)	-	(34,000)	-
Ian Hulton	(25,200)	-	(25,200)	-
	(118,875)	-	(118,200)	-

Directors fees also include fees associated with Directorships on CNI Iwi Holdings Limited, CNI Iwi Land Management Limited and Te Kakano Whakatipu Limited, Minginui Limited Partnership and the Scion relationship governance group.

David Carson and Richard Braddock hold Directors positions in CNI Iwi Holdings Limited, a company which Ngati Whare Holdings Limited currently holds 4.7125% shares. Richard Braddock also holds Directors positions in CNI Iwi Land Management Limited and Te Kakano Whakatipu Limited.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2018

27 Related party transactions - continued

	2018		2017	
	Revenue/ (Expense)	Receivables/ (Payables)	Revenue/ (Expense)	Receivables/ (Payables)
<u>(b) Other related parties - continued</u>				
Key management personnel				
GHA Ltd - management services	(160,693)	(18,980)	(71,660)	(5,829)
GHA Ltd - accounting services	(47,634)	(5,365)	(34,207)	(3,306)

GHA Limited are considered a related party as they provide key management functions to Ngati Whare Holdings Ltd.

28 Contingent liabilities

At balance date there were no known contingent liabilities (2017: \$Nil).

29 Commitments

At balance date there were no known capital commitments (2017: \$Nil).

30 Events after the balance date

In September 2018 Ngati Whare Holdings Limited purchased Rapanui Bees Limited for \$1,000,000 with a commitment of a further \$200,000 subject to reaching certain milestones. The business will be operated by a new subsidiary called Whare Honey Limited Partnership.







Phone:
07 366 5690

Street Address:
1188 Main Road
RD 1, Murupara 3079

Postal Address:
PO Box 162
Murupara 3062

www.ngatiwhare.iwi.nz