

**NGATI WHARE
HOLDINGS**

LIMITED

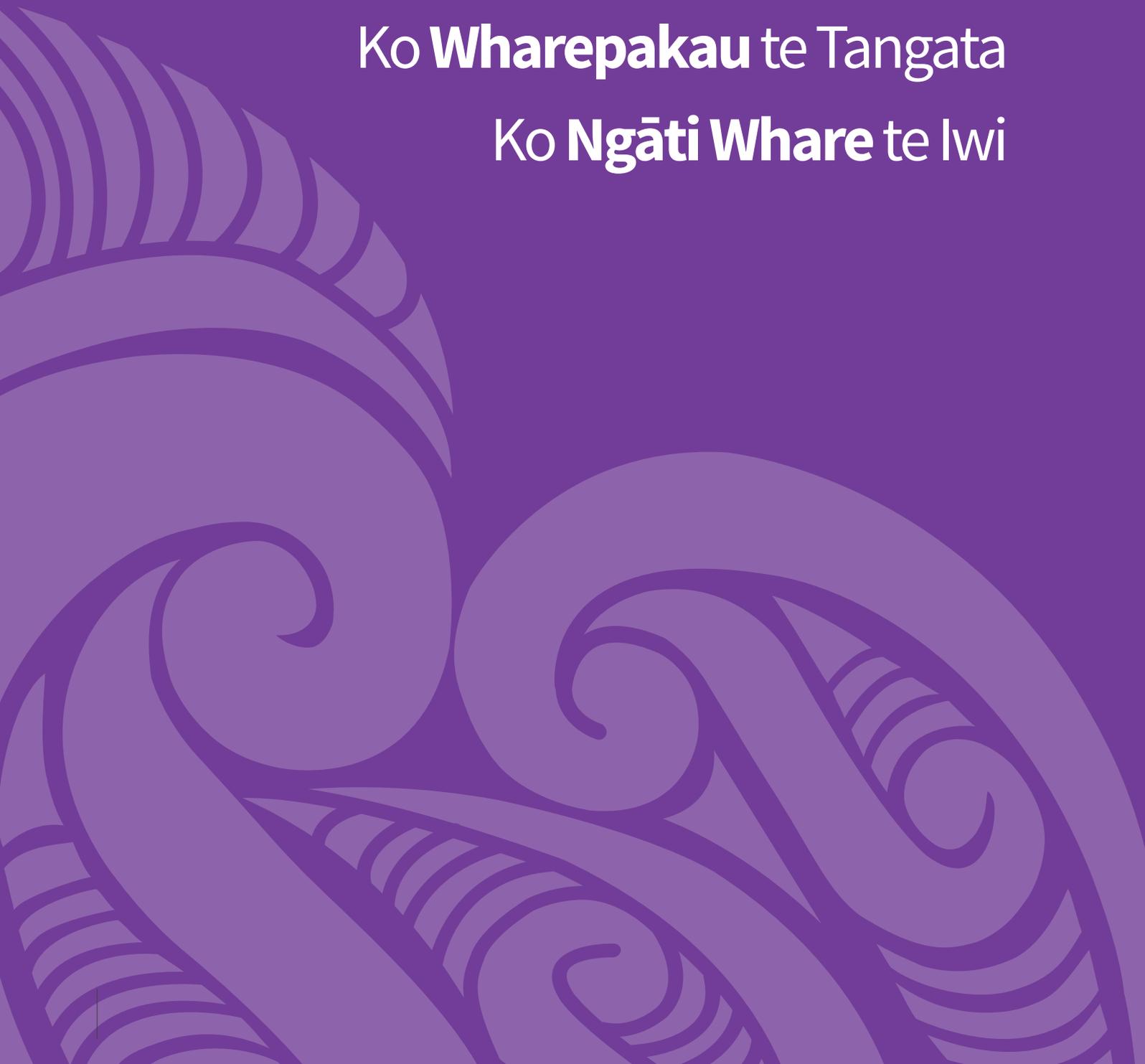
Annual Report **2019**

Ko **Tuwatawata** te Maunga

Ko **Whirinaki** te Awa

Ko **Wharepakau** te Tangata

Ko **Ngāti Whare** te Iwi



AGENDA OF AGM 2019

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 29 November 2019 at 3.00pm.

- 1 Karakia and Mihi**
- 2 Apologies**
- 3 Minutes of the Previous AGM & Matters Arising**
- 14 December 2018
- 4 Chairman's Report**
- 5 CEO Report**
- 6 Strategic Plan**
- 7 General Business**
- will be called for at the beginning of the AGM or by written notice to the CEO by Monday 7 November 2019
- 8 Karakia Whakamutunga**
- by approximately 5pm followed by the Ngati Whare Group end of year function at the Holiday Inn, Rotorua

DIRECTORS



**Rick
Braddock**



**David (Bronco)
Carson**



**Ian
Hulton**



2018 AGM MINUTES

MINUTES OF THE MEETING OF THE NGĀTI WHARE HOLDINGS LTD ANNUAL GENERAL MEETING

HELD AT GHA, ROTORUA ON FRIDAY 14 DECEMBER 2018

AT 12.30PM

PRESENT:

Rick Braddock, Bronco Carson, Ian Hulton, Bert Messent,
Daryl Christie, Lena Brew, Morgan Matekaure.

IN ATTENDANCE:

Mere George (Manager/Accountant),
Earl Rewi (Operations Manager),
Sharon Nikora (Interim Pouwhakahaere).

1. APOLOGIES:

1.1 Nil.

2. CHAIRMANS' REPORT:

- 2.1 Rick presented his 2018 Chairman's Report.
- 2.2 Rick presented the CNI Holdings BP deal to the Rūnanga trustees. Discussion ensued regarding Mana Whenua, carbon, the adjudication and income allocations.
- 2.3 Rick summarised current investment performance.
- 2.4 Rick presented the potential for Eco-tourism, traplines/pest control and other investment opportunities.
- 2.5 **Resolution 1:**
"To receive the 2017/2018 Chairman's report"
Move: Lena Brew
Second: Daryl Christie
CARRIED

3. FINANCIAL REPORTS:

3.1 Mere presented the Annual Financial Statements for the year ended 30 June 2018.

3.2 Resolution 2:

"To receive the Annual Financial Statements for the year ended 30 June 2018"

Move: Lena Brew

Second: Daryl Christie

CARRIED

4. INVESTMENTS:

4.1 Rick presented the Goldlands Avocado Orchard investment in Northland. This was met with positive support from the Runanga trustees.

5. GENERAL BUSINESS:

5.1 Rick wished Te Waiti well with her recovery.

5.2 Mere shared stories about her recent trip to Columbia.

6. CLOSURE:

6.1 There being no further business the meeting was closed with karakia at 2.19pm.

These minutes are confirmed as true and correct:

Sign:

Date:



CHAIRMAN'S REPORT

Ngāti Whare Holdings Limited is pleased to present the Company's Annual Report for the twelve-month period ending 30th June 2019.

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.

It has been a particularly busy year with the company undertaking a significant expansion of its nursery at Minginui via a large grant from the Provincial Growth Fund, whilst at the same time pursuing its strategy of making direct investments in primary sector activities thereby diluting and diversifying its prior exposure to just managed funds, forestry and fishing.

The company has taken a majority shareholding in a large Northland Avocado orchard, named Goldland and has also completed the acquisition of a majority shareholding in a large wool processing business based in both Napier and Christchurch. We have taken the advantage of lower interest rates to leverage or borrow against these new investments meaning we are able to purchase larger businesses than if we only used equity.

These two new investments compliment the purchase of Whare Honey last year and the investment in Kakano Whakatipu several years ago.

Financial Performance

At the time of writing this report audited Financial Statements had not been finalised. The restructure of Kakano, the three business acquisitions coupled with the significant nursery expansion has resulted in a much more complex set of financial statements this year.

The Company has achieved another year of strong financial performance with increased revenue and profitability. These results have been boosted with a one off unimputed dividend from Kakano and CNI Holdings paying a very good dividend due to the sale of carbon credits. However, profits this year have been partially offset by a reduction in the value of our Kakano shareholding due to the recent drop in export timber prices.

Dividend

The profitability of the Company resulted in a corresponding dividend payable to the Rūnanga of \$500,000.

Minginui Nursery

Late last year Minginui Nursery welcomed the appointment of Matt Jackman as nursery manager. Matt brings a wealth of practical knowledge and leadership skills.

The Company continues to invest further capital in growing the footprint of this business and draw down on the One Billion Trees fund funding.

Anyone visiting the site cannot help but recognize the huge expansion taking place on site. This expansion is playing a key part in rejuvenating the region and Minginui village, contributing to employment and skills development. This reinforces the company's commitment to bring employment to the community and contribute to economic prosperity in the village.

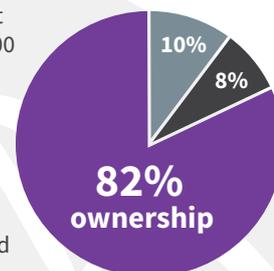
My thanks to our operations manager Earl Rewi for his focus and passion in overseeing the construction work which has included more than a few headaches and issues. We also greatly appreciate the oversight by Mere George and her management of the Te Uru Rākau relationship.

Goldland

In November 2018 the company entered into a Limited Partnership with Darling Family Investment Trust and Franklin Investment Trust to purchase Goldland Avocado Orchard. The total investment by the company was \$2,450,000 for 82% ownership, whilst the Darling Family Investment Trust holds 10% ownership and the Franklin Investment Trust holds 8% ownership.

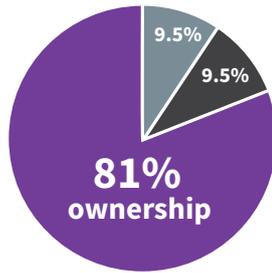
The Goldland Avocado Orchard is a well-established, high producing orchard situated in Ngataki in the far north and is a 24.9 hectare parcel of land comprising of approximately 14 planted (canopy) hectares,

This season the orchard has produced over 50,000 trays and the company is very pleased with the management and performance of the orchard. In addition the company is pleased with the relationship established with Tom Franklin, of the Franklin Investment Trust and is particularly pleased with the relationship with Andrew Darling, of the Darling Group and Darling Family investment, who are based in Katikati and are recognized as leaders in orchard management, processing, and sale of Avocados and other fresh fruit.



New Zealand Wool Dumping Group

In April 2019 the company entered into a Limited Partnership with Steve Harrison and David Ferrier to purchase New Zealand Wool Dumping Group. The total investment by the company was \$4,860,000 for 81% ownership, whilst the Steve Harrison holds 9.5% ownership and David Ferrier holds 9.5% ownership.



This business is the sole New Zealand provider of wool dumping (compaction) services which processes approximately 220,000 wool bales a year. The business is also the sole manufacturer and supplier of the metal bands used in both the scouring and dumping of all NZ produced wool and owns and recycles used wool bales. Both David Ferrier and Steve Harrison are recognized leaders in the wool processing industry and Ngāti Whare is very pleased to be in business with them. Although still in its first year trading the business is anticipated to generate very good revenue.

Whare Honey Limited Partnership

At the 2018 AGM we announced the company's investment into the honey industry with the purchase of Rapanui Bees and rebranding to Whare Honey.

This season has been difficult for many honey businesses nationwide. Honey prices have dropped, yield and quality have also been impacted and together with the MPI Mānuka honey definition change several beekeepers have been left with honey no longer classified as Mānuka or with honey they cannot afford to harvest.

We are pleased that in our first honey season we have 91 drums of honey on hand with approximately 50% of these being mānuka. The change in mānuka definition has had no impact on Whare Honey. The company has been busy building industry relationships and discussing an appropriate sales strategy to mitigate industry risk and maximise return.

We are grateful for the support, the previous owners, Barbara Cahalane and John Mote continue to provide, and we are pleased to announce the recent promotion of Mario Bernasconi to Whare Honey Manager, he brings a wealth of practical knowledge and leadership skill.

Kakano Investment Limited Partnership

Kakano continues to be a high performing investment valued at \$18,256,356 as at 30 June 2019. Although this year the value of the investment has decreased from \$18,660,765 in 2018 the investment has grown by \$8,602,640 since the original investment in 2014 of \$9,653,716.

During the year due to recent changes in Base Erosion and Profit Shifting (BEPS) legislation Kaingaroa Timberlands restructured the investment. This restructure provided a one off unimputed dividend paid to all shareholders including Kakano Investment Limited and increased interest revenue.

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 is comfortable with the acquisitions made and focus for the next one to two years will be on consolidation and management of these assets ensuring that they perform to expectations.

Management

Due to the rapid increase in business, we are very pleased with the appointment of Mere George as full time CEO and more recently Melissa Katting as Business Coordinator.

We are very fortunate to have the leadership and expert skills of Mere and we acknowledge the significant level of confidence Mere has in the future of Ngāti Whare through her willingness to reduce her previous role at GHA toward more of a full-time executive roll with Ngāti Whare Holdings.

I would also like to thank my fellow directors for their diligence and insight and the Rūnanga Trustees and management for their ongoing support particularly as we have embarked on the recent business acquisitions which has required a close and seamless working relationship.

Nāku noa,

Rick Braddock | Chairman
Ngāti Whare Holdings Limited



CEO'S REPORT

Purpose of this Report

The purpose of this report is to provide Ngāti Whare whānau, hapū, and Iwi members with an overview of operational matters for Ngāti Whare Holdings for the past year.

It gives me great pleasure to present to you the inaugural Ngāti Whare Holdings Chief Executive Report. I continue to be honored and humbled by the confidence the Directors of Ngāti Whare Holdings and the Trustees of Te Rūnanga o Ngāti Whare have shown in me by appointing me as Chief executive of Ngāti Whare Holdings Ltd.

Following the Ngāti Whare Group Restructure in 2018 the company has not only continued to pursue its strategy of making direct investments in primary sector activities and diversifying its exposure to managed funds, forestry and fishing but it has also implemented the restructure recommendations and operational improvements.

Recruitment

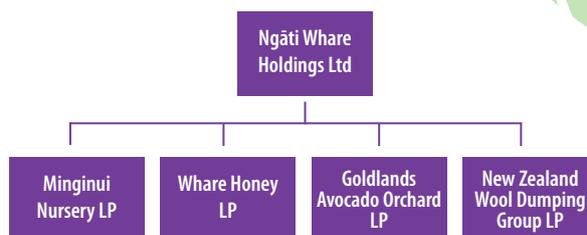
As a result of the restructure recommendations and business growth several key appointments have been made by the company. In October 2018 the company welcomed Earl Rewi to the Ngāti Whare Holdings team as Operations Manager, in December 2018 the company welcomed Matt Jackman to the Minginui Nursery team as Nursery Manager, in August 2019 the company welcomed Melissa Katting to the Ngāti Whare Holdings team as Business Co-Ordinator and in September 2019 the company welcomed Mario Bernasconi to the Whare Honey team as Whare Honey Manager. It has been a great year working alongside this team of capable and passionate individuals and I am buoyed by their contribution to improved prosperity for Ngāti Whare.

Ngāti Whare Holdings Group

It has been a particularly busy year with the significant expansion of Minginui Nursery, one full season with Whare Honey, the purchase of a majority shareholding in the Goldland Avocado Orchard in Ngataki and the acquisition of a majority shareholding in a large wool processing business based in both Napier and Christchurch.

As a result, we have seen the company grow from having several managed funds, forestry, fisheries investments and one single subsidiary the "Minginui Nursery LP" to also having several complementary primary industry subsidiaries.

The Ngāti Whare Holdings Group Structure is illustrated below:



With increased direct business operations being undertaken by company considerable operational effort has been made to ensure the group operates cohesively, that the values that underpin the organization are applied consistently and appropriate policies and procedures are in place.

The company has also adopted the inaugural Ngāti Whare Holdings Group Strategic Plan for 2019 – 2024, is currently refreshing the Minginui Nursery and Whare Honey branding, building new websites and undertaking a review of the Statement of Corporate Intent with Te Rūnanga o Ngāti Whare.

Financial Performance

Due to the growth in the Ngāti Whare Holdings Group Structure at the time of writing this report the audited Financial Statements had not been finalised. However, the Company has achieved another year of strong financial performance with increased revenue and profitability. A full financial presentation will be provided at the AGM.

Minginui Nursery

Minginui Nursery operations are on track and the nursery has continued to fulfill the requirements of the One Billion Trees funding from Te Uru Rākau. The expansion was impacted by some delays during the year however these have now been mitigated and the expansion is on track to be completed during December 2019.

It is very pleasing to see the horse paddock rid of the blackberry and gorse that has plagued the area for many years as well as additional employment opportunities with nursery contractors and within the nursery.

The nursery employs 17 permanent team members and is currently recruiting casual on call team members to help with increased production.

Whare Honey Limited Partnership

Our first season in the honey industry with the purchase of Whare Honey has been one of mixed results. It is extremely pleasing to achieve a harvest of 91 drums of honey with approximately 50% of these being high quality Mānuka. It is also extremely reassuring that we have not been impacted by the change in the Mānuka definition by MPI, unlike many other beekeepers. However, with the industry in the midst of a major reset this season has been difficult for many honey businesses nationwide and we have noticed a significant change in honey buyer habits and activity.

I am grateful for the continued support and wisdom of Barbara Cahalane and John Mote, the previous owners of Rapanui Bees and I am encouraged by our capable honey team and have confidence in an improved outlook.

Goldland

As reported by in the Ngāti Whare Holdings Chairman's report, in November 2018 the company acquired Goldland Avocado Orchard in partnership with the Darling Family Investment Trust and the Franklin Investment Trust.

The total investment by the company was \$2,450,000 for 82% ownership. The Goldland Avocado Orchard is a 14-canopy hectare, well-established, high producing orchard situated in the far north. I am pleased with the management and performance of the orchard to date noting that this seasons performance will be reported in our next financial year.

It has been excellent to work alongside Andrew Darling and his team, of the Darling Group and Darling Family investment, who are recognized as leaders in orchard

management, processing, and sale of Avocados and other fresh fruit.

New Zealand Wool Dumping Group

As reported by in the Ngāti Whare Holdings Chairman's report, in April 2019 the company purchased New Zealand Wool Dumping Group in partnership with David Ferrier and Steve Harrison. The total investment by the company was \$4,860,000 for 81% ownership. This is an interesting business that has combined the sole New Zealand provider of wool dumping (compaction) services with the sole manufacturer and supplier of the metal bands used in both the scouring and dumping of all NZ produced wool and owns and recycles used wool bales.

As with Goldland it has been wonderful to work together with Steve Harrison and David Ferrier as recognized leaders in the wool processing industry.

It has been a busy year of growth, restructure implementation, recruitment, continued investment and alignment of the Ngāti Whare Holdings Group, I would like to thank the directors for their diligence and confidence in my leadership this year, the Rūnanga Trustees and management for their ongoing support and wish all the nominees the best of luck with the upcoming Te Rūnanga o Ngāti Whare elections.

Nāku noa,



Mere George | Chief Executive
Ngāti Whare Holdings Limited

AREA'S OF INVESTMENT



HONEY



AVOCADO



WOOL



FORESTRY



FISHERIES



MANAGED FUNDS



STRATEGIC PLAN

October 2019 –
October 2024

Te Huapae / Vision Statement

**Economic advancement
for Ngāti Whare**

Te Kaupapa / Mission Statement

**To create long term wealth and
opportunities for Ngāti Whare**

Ngā Mātāpono / Values

- **Wharepākautanga**
Preserving our Ngāti Whare identity;
- **Kotahitanga**
To maintain and promote unity of purpose;
- **Kaitiakitanga**
*Sustainable development of the Ngāti Whare people,
environment and economy;*
- **Rangatiratanga**
Demonstrating positive leadership;
- **Manaakitanga**
Caring for each other and our visitors;
- **Pono**
Honesty in ones words;
- **Tika**
Integrity in ones actions;
- **Whanaungatanga**
*Enhancing relationships that enrich the prosperity of
Ngāti Whare;*

NGĀ ARA MATUA / Strategic Priorities for 2019 - 2024

- **Successfully grow the economic strength and identity of Ngāti Whare**
- **Achieve Operational Excellence within the Ngāti Whare Holdings Group**

NGĀ PAE TATA, NGĀ PAE TAWHITI ME NGĀ HUA ME MĀTUA TUTUKI / Strategic Goals & Critical Success Factors

➤ Successfully grow the economic strength and identity of Ngāti Whare

Strategic Goal

Ngāti Whare Holdings Ltd is able to maintain sustainable distributions.

Critical Success Factors

1. Return on investment is appropriate for the level of risk of the portfolio;
2. NWHL grows total assets to \$50 million by 2022;
3. NWHL grows the non-corporate capital by 3% per annum and achieves a total return on tradable assets of 7% per annum;
4. A dividend pay-out ratio to TRONW is maintained at the greater of \$500,000 per annum or 33% of net profit after tax;

Strategic Goal

Ngāti Whare Holdings Ltd expertly and prudently manage the collective Ngāti Whare Holdings group investment assets.

Critical Success Factors

1. Ngāti Whare Holdings Ltd Investments are high performing relative to comparable assets;
2. Ngāti Whare Holdings Ltd manages the company's cash flow, treasury and balance sheet to ensure distributions to the Rūnanga are optimised;
3. Ngāti Whare Holdings Ltd sets expectations for companies in which NWHL has a shareholding;
4. Ngāti Whare Holdings Ltd monitors the investment company's performance;
5. Ngāti Whare Holdings Ltd ensures diversification of the company's investment portfolio into priority sectors. Such as:
 - i. Treasury
 - ii. Forestry
 - iii. Horticulture
 - iv. Agribusiness
 - v. Tourism
 - vi. Seafood
 - vii. Land

Strategic Goal

Ngāti Whare is an economic force in Aotearoa and the wider global economy.

Critical Success Factors

1. Ngāti Whare Holdings Ltd Investment activities match the best in New Zealand;
2. Ngāti Whare Holdings Ltd establishes relevant and appropriate benchmark rates of return for its various assets classes and monitors performance;
3. Business awards;
4. Ngāti Whare Holdings will continue to participate in the Te Tirohanga Whanui iwi investments insights survey;
5. Positive commercial feedback from business partners and strategic partners;
6. Strong Strategic Alliances;

Strategic Goal

Ngāti Whare Re-establishes a territorial footprint.

Critical Success Factors

1. Minginui Nursery is a thriving horticulture operation, a nationally preferred native seedling producer and supplier, provides product diversification and capability growth opportunities;
2. Ngāti Whare Holdings Ltd develops an Ecotourism strategy in the Whirinaki Te Pua a Tane conservation park.
3. Ngāti Whare Holdings Ltd develops a business case and strategy for the construction of a tourism hub in Minginui or Te Whaiti
4. Whare Honey completes research and initiates a DOC concession application to place hives in Whirinaki Te Pua a Tane conservation park;

Strategic Goal

Ngāti Whare Investment strategies reflect Te Runanga o Ngāti Whare aspirations.

Critical Success Factors

1. Ngāti Whare Holdings Ltd develops an investment strategy to support the Rūnanga investment policy;
2. Ngāti Whare Holdings Ltd develops timely planning and accountability mechanisms;
3. Ngāti Whare Holdings Ltd implements initiatives to regularly communicate, provide transparency and foster a culture of collaboration and trust;
4. Ngāti Whare Holdings Ltd engages with the Rūnanga entities in a timely and transparent manner to ensure alignment of all projects;



► Achieve Operational Excellence within the Ngāti Whare Holdings Ltd Group

Strategic Goal

The Ngāti Whare Holdings Ltd Group has strong relationships within and across its entities.

Critical Success Factors

- a) Ngāti Whare Holdings Ltd develops and implements an organisational culture strategy;
- b) The Directors, management and staff work constructively together in an environment of mutual respect for diversity in thought, background and expertise;

Strategic Goal

The Group has a high-performing management team.

Critical Success Factors

- a) All members of management have clarity of their role and responsibilities, to ensure effective and efficient operations;
- b) All members of management have performance targets and deliverables which are measured and monitored;
- c) All members undertake professional and personal development;

Strategic Goal

The Group achieves organisational excellence across all its entities.

Critical Success Factors

- a) The Ngāti Whare Holdings Ltd Group policies are reviewed to ensure governance and operational best practice are adhered to;
- b) There is effective regular reporting from management to the Board to support its decision-making and evaluation process;
- c) The Group has measurement tools in place to monitor the effectiveness of all programs of work;

Phone:

07 348 3599

Registered Address:

Level 1,
1108 Fenton Street,
Rotorua

Postal Address:

PO Box 1712
Rotorua



Special Purpose Annual Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries

For the year ended 30 June 2019

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- 7 Special Purpose Statement of Financial Position
- 8 Special Purpose Statement of Changes in Equity
- 9 Notes to the Financial Statements

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF NGATI WHARE HOLDINGS LIMITED AND SUBSIDIARIES

Qualified Opinion

We have audited the financial statements of Ngati Whare Holdings Limited and Subsidiaries ("the Company and Group"), which comprise the special purpose statement of financial position as at 30 June 2019, and the special purpose statement of financial performance and Special Purpose Statement of Changes In Net Assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements of the Company and Group for the year ended 30 June 2019 are prepared, in all material respects, in accordance with the accounting policies specified in Note 3 to the financial statements.

Basis for Qualified Opinion

The Company and Group's inventories are carried in the statement of financial position at \$766,848 at 30 June 2019 which is now a significant balance within the financial statements of the Company and Group. We did not attend the stock take of inventory as at 30 June 2019 and there was no other means by which the quantity of inventory held within the group as at 30 June 2019 was able to be independently verified. Accordingly we are unable to form an opinion on the value of inventory as at 30 June 2019.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and 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 qualified opinion.

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

Emphasis of Matter - Going Concern

We draw attention to Note 33 Going Concern which describes events subsequent to the date of the financial statements and indicates that the Trust has reduced its business activities for an indefinite period of time due to the impact of COVID-19. Our opinion is not modified with respect to this matter.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 3 to the financial statements, which describes the basis of accounting. The financial statements are prepared solely for the Company and Group's shareholder, as a body. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and Group and the Company and Group's shareholder, as a body, and should not be distributed to or used by parties other than the Company and Group or the Company and Group's shareholder. Our opinion is not modified in respect of this matter.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the accounting policies specified in Note 3 to the financial statements and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these 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 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 Company and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- 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 Company and 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the 30 June 2019 of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.

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 and Group'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 Group and the Company and Group'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
30 April 2020

Entity Information

Ngāti Whare Holdings Limited and Subsidiaries

As at 30 June 2019

Nature of business

Commercial Iwi Entity

Postal address

PO Box 1712, Rotorua

Registered office

GHA Ltd

Chartered Accountants

PO Box 1712, Rotorua

Directors

David Carson

Ian Hulton

Richard Braddock

Shareholders

David Carson (trustee of Te Runanga o Ngati Whare Trust)

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

Accountants

GHA Ltd

Chartered Accountants

1108 Fenton Street, Rotorua

Auditors

BDO Rotorua Limited

Chartered Accountants

1130 Pukaki Street, Rotorua

Solicitors

Kahui Legal

15 Murphy Street

Wellington

Special Purpose Statement of Financial Performance

Ngāti Whare Holdings Limited and Subsidiaries

For the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Revenue			
Contract revenue		-	100,898
Other revenue	6	882,078	1,018,198
Investment revenue	7	109,146	171,553
Nursery revenue	8	1,854,081	102,465
Honey revenue	9	74,951	-
Goldlands revenue		10,600	-
Share of equity accounted investee profit	20	2,573,380	420,391
CNI Distribution		1,539,834	946,512
Total Revenue		7,044,069	2,760,016
<i>Less Cost of sales - Nursery</i>		(469,346)	(211,861)
<i>Less Cost of sales - Honey</i>		(6,114)	-
Gross profit		6,568,609	2,548,155
Expenses			
Contract expenses	10	-	162,956
Administration expenses	11	1,294,985	592,832
Interest		329,780	156,851
Operating expenses - Nursery		152,132	139,320
Operating expenses - Honey		107,565	-
Operating expenses - Avocado		68,718	-
Other expenses		11,895	12,318
Depreciation of property, plant and equipment	17	337,783	80,880
Total Expenses		2,302,859	1,145,157
Profit before tax		4,265,750	1,402,998
Income tax expense	12	594,332	87,422
Profit for the year		3,671,418	1,315,576
Other 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	(1,734,309)	3,622,910
Income tax related to the above	13	303,504	(634,009)
Total Other income, net of income tax		(1,430,805)	2,988,901
Total other income for the year		2,240,613	4,304,477
Profit for the year attributable to:			
Owners of the Company		3,768,141	1,315,576
Non-controlling interest	22	(96,723)	-
		3,671,418	1,315,576
Total income for the year attributable to:			
Owners of the Company		2,337,336	4,304,477
Non-controlling interest	22	(96,723)	-
		2,240,613	4,304,477

Special Purpose Statement of Financial Position

Ngāti Whare Holdings Limited and Subsidiaries

As at 30 June 2019

	Note	2019	2018
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	15	2,228,355	2,613,598
Trade and other receivables	16	1,162,560	268,302
Stock on hand		766,848	106,971
Goods and services tax		30,533	17,885
Income tax refund due	12	-	171,708
Total Current assets		4,188,295	3,178,464
Non-current assets			
Biological assets		33,457	-
Property, plant and equipment	17	9,817,100	923,740
Other financial assets	18	297,423	296,423
Managed portfolio funds	19	4,563,851	6,159,710
Investments in associates	20	18,256,356	18,660,765
Intangible assets	23	2,286,149	2,286,149
Other non-current assets	25	4,926,585	75,210
Total Non-current assets		40,180,921	28,401,996
Total Assets		44,369,216	31,580,461
Liabilities			
Current liabilities			
Trade and other payables	26	361,778	147,343
Related party advances	29	124,957	124,957
Employee entitlements payable		32,102	8,512
Bank overdraft	27	2,922,570	-
Income tax due	12	115,051	-
Total Current liabilities		3,556,459	280,812
Non-current liabilities			
Loans & borrowings	27	10,733,000	3,332,000
Deferred tax liability	13	1,577,452	1,880,956
Total Non-current liabilities		12,310,452	5,212,956
Total Liabilities		15,866,911	5,493,768
Net assets		28,502,305	26,086,693
Equity			
Capital		11,500,000	11,500,000
Reserves	28	7,856,679	9,287,484
Retained earnings		8,567,349	5,299,209
Non-controlling interest	22	578,277	-
Total Equity		28,502,305	26,086,693

For and on behalf of the Committee of Board:

Chairman:

Date:


22/3/2020

Director:



Special Purpose Statement of Changes in Equity

Ngāti Whare Holdings Limited and Subsidiaries

For the year ended 30 June 2019

	Note	Contributed share capital	Reserves	Retained earnings	Non- controlling interest	Total equity
		\$	\$	\$		\$
Opening balance 1 July 2018		11,500,000	9,287,484	5,299,209	-	26,086,693
Net Profit for the year	22	-	-	3,768,141	(96,723)	3,671,418
Other comprehensive income		-	(1,430,805)	-	-	(1,430,805)
Payment of dividends	29	-	-	(500,000)	-	(500,000)
Capital contribution	22	-	-	-	675,000	675,000
Closing equity 30 June 2019		11,500,000	7,856,679	8,567,349	578,277	28,502,305
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	29	-	-	(500,000)	-	(500,000)
Closing equity 30 June 2018		11,500,000	9,287,484	5,299,209	-	26,086,693

Notes to the Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries
For the year ended 30 June 2019

1. General information

The financial report includes the financial statements and notes of Ngati Whare Holdings Limited (“NWHL”, “the Parent”) and its subsidiaries. Ngati Whare Holdings Limited 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, Minginui Nursery Limited Partnership (“MNL”), Whare Honey Limited Partnership (“WHL”) and Goldland Avocado Orchards Limited Partnership (“Goldland”) (“the Group”).

The primary operations of the Group are investments, apiculture and horticulture.

These financial statements were approved and authorised for issue by the Board of Directors on 22 March 2020.

2. Statement of compliance and reporting framework

These financial statements are special purpose financial statements that have been prepared in accordance with the policies detailed on pages 9 to 13. The consolidated financial statements are prepared the historical cost basis, except for the following that have been measured at fair value:

- Managed Portfolio Funds (see note 19)

3. Changes in accounting policies

The Group has previously prepared its financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards (Reduced Disclosure Regime), (NZ IFRS RDR). The Board has elected to prepare the financial statements of the Group in accordance with a special purpose framework which adopts accounting policies that are relevant to the circumstances of Te Runanga O Ngati Whare Trust and its subsidiaries. The Board has determined the framework and standards applied to these special purpose financial statements is acceptable to meeting the requirements of the Trust and its subsidiaries. As a result of transitioning from NZ IFRS (RDR) to the Special Purpose Framework there were no significant changes to the accounting policies previously adopted.

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 Company and entities controlled by the Company.

Control is achieved when the Company:

- 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 Company obtains control over the subsidiary and ceases when the Company 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 Company gains control until the date when the Company ceases to control the subsidiary.

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

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

Notes to the Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries For the year ended 30 June 2019

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.

Non-controlling interest

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the Parent and to the non-controlling interests in proportion to their relative ownership interests.

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.

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.

4.3.2 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all of the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.3.3 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

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.

Notes to the Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries
For the year ended 30 June 2019

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.

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.

Notes to the Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries
For the year ended 30 June 2019

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 Financial liabilities

Receivables

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.

Investments

Investments in entities that are not publically traded are stated at cost. Where there is evidence of impairment, the investments are written down to the value of the Groups share of the investment. This includes investments in Moana NZ, Wool Dumping and Farmlands.

Investments in publically traded entities are recognised at fair value with movements recognised in profit and loss and includes portfolio investments.

The Group's financial liabilities include trade and other payables. Trade and other payables are recognised when the Group is obliged to make future payments resulting from the purchases of goods or services.

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 Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries
For the year ended 30 June 2019

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 Straight Line
- Motor vehicles: 30% Diminishing Value
- Plant and equipment: 13% - 40% Diminishing Value
- Office equipment: 50% Diminishing Value

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 2019 (2018: \$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 Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries

For the year ended 30 June 2019

	Note	2019	2018
		\$	\$
6 Other revenue			
Moana New Zealand		8,553	9,647
Crayfish Quota		170,246	183,650
Movements in fair value through P&L assets		289,270	773,937
Paua Ace income		44,931	49,704
Settlement quota		3,520	1,088
Sundry income		-	170
Compensation towards tax		365,558	-
Total Other revenue		882,078	1,018,198
<p>Compensation towards tax liability represents a one-off amount Sooke Investments Inc agreed to pay each tax paying limited partner in Kakano Investments Limited Partnership to compensate them for income tax liability incurred as a result of unimputed dividend income derived during the year.</p>			
7 Investment revenue			
Interest income		6,854	18,016
Dividends from equity investments		97,589	98,487
PIE income		4,702	55,050
Total Investment revenue		109,146	171,553
8 Nursery revenue			
Te Uru Rakau		1,720,000	-
Sales		57,799	55,687
Other revenue		76,281	46,778
Total Nursery revenue		1,854,081	102,465
9 Honey revenue			
Honey sales		68,284	-
Other revenue		6,666	-
Total Honey revenue		74,951	-
10 Contract expenses			
Contract wages		-	162,728
Other contract expenses		-	228
Total contract expenses		-	162,956
11 Administration expenses			
Accountancy fees		78,477	47,635
Administration expenses		20,544	-
Audit fees		7,950	7,250
Branding		200	-
Conference expenses		7,173	1,948
Consultancy		95,055	81,296
Directors' fees	29	157,410	118,875
Directors' professional development		457	1,150
Due diligence		140,801	10,000
Insurance		34,885	13,186
Investment management fees		52,425	68,537
Overhead contribution - Te Runanga o Ngati Whare	29	5,202	29,197
Management services		293,584	160,694
Travel expenses		59,367	24,291
Other administration expenses		341,456	28,775
Total Administration expenses		1,294,985	592,832

Notes to the Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries

For the year ended 30 June 2019

	Note	2019	2018
		\$	\$
12 Income tax			
Profit before income tax		4,265,750	1,402,998
<i>Plus/(less) adjustments</i>			
Non-taxable income		(1,127,751)	(887,182)
Other adjustments		329,794	62,712
Taxable income		3,467,793	578,528
Income tax using Maori Authority tax rate of 17.5%		606,864	101,242
Less Imputation credits		(8,360)	(8,360)
Less Overseas tax credits		(4,172)	(5,460)
Income tax expense		594,332	87,422
Plus opening balance		(171,708)	(157,898)
Less withholding tax paid		(12,242)	(13,247)
Plus terminal tax refunded		67,864	64,334
Less provisional tax paid		(225,612)	-
Less other tax credits		(137,583)	(152,318)
Total tax to be paid/(refunded)		115,051	(171,708)
13 Deferred tax			
Deferred tax assets/(liabilities)			
	01 July 2018	Recognised in Profit	Recognised in Equity
	30 June 2019		
Investment in associate	(1,880,956)	-	303,504
	(1,880,956)	-	(1,577,452)
	01 July 2017	Recognised in Profit	Recognised in Equity
	30 June 2018		
Investment in associate	(1,246,947)	-	(634,009)
	(1,246,947)	-	(634,009)
14 Maori Authority Credit Account			
Opening balance		67,865	64,334
Tax paid/(refunded)		157,748	(64,333)
RWT credits		12,103	13,247
Imputation Credits		8,360	8,360
Maori authority credits attached to distributions		(106,061)	(106,061)
Maori authority credits received		137,583	152,318
Closing balance		277,599	67,865

Notes to the Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries

For the year ended 30 June 2019

	Note	2019	2018
		\$	\$
15 Cash and cash equivalents			
Cash at bank - NZD		1,986,126	1,793,630
Cash in managed portfolio funds		242,229	356,379
Term deposits		-	463,589
		2,228,355	2,613,598

16 Trade and other receivables			
Trade receivables		214,155	61,223
Bond		640	640
Other receivables		578,705	191,326
Accrued interest		-	1,962
Prepayments		369,059	13,152
Total Trade and other receivables		1,162,560	268,302

Trade and other receivables more than 90 days overdue are \$35,962 (2018: \$19,383). There is no doubtful debt provision

	Land Improvements	Buildings	Motor vehicles	Plant & equipment	Office equipment	Total
	\$	\$	\$	\$	\$	\$
17 Property, plant and equipment						
Cost						
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
Balance at 1 Jul 2018	25,791	807,590	41,272	207,565	5,958	1,088,176
Additions	6,882,866	575,869	295,855	1,463,921	12,632	9,231,144
Balance at 30 Jun 2019	6,908,657	1,383,459	337,127	1,671,487	18,590	10,319,320
Accumulated depreciation						
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
Balance at 1 Jul 2018	2,717	74,628	22,034	62,278	2,779	164,436
Depreciation expense	28,001	67,994	55,528	182,366	3,895	337,783
Balance at 30 Jun 2019	30,718	142,622	77,562	244,644	6,674	502,219
Net book value at 30 June 2018	23,074	732,962	19,238	145,287	3,179	923,740
Net book value at 30 June 2019	6,877,939	1,240,837	259,565	1,426,843	11,916	9,817,100

Notes to the Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries

For the year ended 30 June 2019

	2019	2018
	\$	\$
18 Other investments		
Moana New Zealand shares	296,423	296,423
Farmlands	1,000	-
Total Other investments	297,423	296,423

The above shares are not traded in an active market and stated at cost at the end of each reporting period.

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 Managed portfolio funds

Craigs Investment Partners	2,045,696	2,833,828
Milford Asset Management	2,518,155	3,325,882
Total Managed portfolio funds	4,563,851	6,159,710

20 Investments in associates

Kakano Investments Limited Partnership		
Opening carrying value	18,660,765	15,872,457
Share of partnership profit	2,573,380	420,391
Share of partnership other comprehensive income	(1,734,309)	3,622,910
Distributions received	(484,315)	(420,766)
Capital distributions received	(759,166)	(834,224)
Closing carrying value	18,256,356	18,660,765

Ngati Whare Holdings Ltd holds 15.9% of the shares in Kakano Investments Limited Partnership (2018: 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 (2018: \$9,653,716).

21 Significant subsidiaries

The Parent has the following significant subsidiaries:	Ownership Interest	
	2019	2018
Goldlands Avocado Orchards Limited Partnership	77.5%	-
Minginui Nursery Limited Partnership	100%	100%
Whare Honey Limited Partnership	100%	-
NZ Wool Dumping Group (2019) Limited Partnership	82%	-

Goldlands Avocado

On 19 December 2018, NWHL acquired 77.5% of Goldland Avocado Orchard Limited Partnership. The purchase price of \$7,451,400 was financed through external debt of \$2,000,000 and cash reserves. Minority interest in Goldlands Avocado Limited Partnership are recognised as non-controlling interest in the Statement of Movements in Equity.

The Limited Partnership has a balance date of 31 March and the results up to this date have been consolidated into the group financial statements.

The trading activities of Goldlands Avocado Limited Partnership for the three months subsequent to 31 March 2019 have not been included in these Group financial statements but will form part of the Group's financial statements for the reporting period ending 30 June 2020.

Notes to the Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries

For the year ended 30 June 2019

21 Significant subsidiaries - continued

Whare Honey

On 31 August 2018 NWHL acquired a 100% interest in Whare Honey Limited. The assets of \$1,200,000 were financed from cash reserves within the Group.

Whare Honey's balance date is 30 June 2020 and all transactions have been captured in the Groups financial statements for the reporting period ending 30 June 2019.

Wool Dumping

On 29 April 2019, NWHL acquired 82% of NZ Wool Dumping Group (2019) Limited Partnership. The purchase of \$4,860,000 was funded through \$1,600,000 of debt and cash reserves.

The trading activities of NZ Wool Dumping Group (2019) Limited Partnership for the three months subsequent to 31 March 2019 have not been included in these Group financial statements but will form part of the Group's financial statements for the reporting period ending 30 June 2020.

22 Non-controlling interests

Goldlands Avocado Orchard Limited Partnership:

Darling Family Investment Trust (17.5%)

Share of profit for the year	(75,229)	-
Capital contribution	525,000	-
Balance at end of year	449,771	-

Franklin Investment Trust (5%)

Share of profit for the year	(21,494)	-
Capital contribution	150,000	-
Balance at end of year	128,506	-

Total Non-controlling interest **578,277** -

2019 **2018**

\$ **\$**

23 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.

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

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.

Notes to the Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries

For the year ended 30 June 2019

24 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. This is contingent of the settlement of the mana whenua negotiations.

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.

25 Other non-current assets

Investment in Wool Dumping	4,860,000	-
Whirinaki Forest Project	26,085	34,710
Whakatika Solutions	40,500	40,500
Total Other non-current assets	4,926,585	75,210

Wool Dumping

In April 2019, NWHL entered into a Limited Partnership with NZ Wool Dumping Group to purchase a wool dumping business. The investment is stated at cost. As at 30 June the limited partnership had only been trading for 3 months.

26 Trade and other payables

Trade payables	255,068	117,339
PAYE payable	17,095	8,915
RWT payable	4,833	-
Income received in advance	59,500	-
Accrued expenses	25,282	21,089
Total Trade and other payables	361,778	147,343

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

Notes to the Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries

For the year ended 30 June 2019

	Note	2019	2018
		\$	\$
27 Loans & borrowings			
Non-current			
Bank loans - secured		7,133,000	3,332,000
Te Runanga o Ngati Whare loan - unsecured		1,600,000	-
Craigmore Permanent Crop Services loan - unsecured (Goldlands)		2,000,000	-
Total Non-current		10,733,000	3,332,000
Current			
Overdraft (Goldlands)		2,922,570	-
Total Current		2,922,570	-
Total Loans & borrowings		13,655,570	3,332,000

Summary of borrowing arrangements

Ngati Whare Holdings Limited

At balance date, the Parent had a \$7,133,000 debt facility with Westpac (2018: \$3,332,000). Debt facility is interest only and is repayable at maturity in May and June 2021. Average interest rate is 4.68%.

The facility is secured by way of a General Security Agreement over all present and after acquired property and supported interlocking Guarantee between Ngati Whare Holdings Limited, Minginui Nursery Limited Partnership and Whare Honey Limited Partnership.

The Parent also received a loan from Te Runanga o Ngati Whare. The loan is interest only and is repayable at maturity in April 2022. Interest rate at balance date was 10%.

Goldland Avocado Orchards Limited Partnership

At balance date, Goldland has a \$3m overdraft facility with Rabobank. Debt facility is repayable on a yearly basis of \$300,000 in March commencing from 2020 until further notice. Overdraft facility expires in October 2028.

The facility is secured by way of a General Security Agreement over all present and after acquired property.

At balance date, Goldland also had a loan from Craigmore Permanent Crop Services Limited. The loan is interest only and is repayable in December 2023. Interest at balance date was 8%.

28 Reserves

Share of equity accounted investee other income

Balance at beginning of the year		8,867,361	5,878,460
Share of equity accounted investee other income	20	(1,734,309)	3,622,910
Deferred tax	13	303,504	(634,009)
Balance at end of the year		7,436,556	8,867,361

MNZ Shares

Balance at beginning of the year		296,423	296,423
Balance at end of the year		296,423	296,423

Fisheries Settlement Quota

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		9,287,484	6,298,582
Total Reserves at end of the year		7,856,679	9,287,484

Notes to the Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries

For the year ended 30 June 2019

29 Related party transactions

	2019		2018	
	Revenue/ (Expense)	Receivables/ (Payables)	Revenue/ (Expense)	Receivables/ (Payables)
<u>(a) Parent</u>				
Te Runanga o Ngati Whare				
Dividend	(500,000)	-	(500,000)	-
Costs on-charged	-	-	(926)	-
Recovery of overhead contributions	5,202	-	29,197	-
Related party advance	-	124,957	-	124,957
Loan	-	1,600,000	-	-

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

(b) Other related parties

Governance - director fees

Richard Braddock	(75,756)	-	(59,000)	-
David Carson	(50,552)	-	(34,675)	-
Ian Hulton	(31,102)	-	(25,200)	-
	(157,410)	-	(118,875)	-

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, Whare Honey 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.

	2019		2018	
	Revenue/ (Expense)	Receivables/ (Payables)	Revenue/ (Expense)	Receivables/ (Payables)
<u>(b) Other related parties - continued</u>				
Key management personnel				
GHA Ltd - management services	(313,381)	-	(160,693)	(18,980)
GHA Ltd - accounting services	(78,156)	(2,117)	(47,634)	(5,365)
GHA Ltd - administration services	(20,544)	(2,600)	-	-

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

30 Contingent liabilities

At balance date there were no known contingent liabilities (2018: \$Nil).

31 Commitments

At balance date there were no known capital commitments (2018: \$Nil).

32 Events after the balance date

Subsequent to the reporting date, a new virus, COVID-19 (which is also known as Coronavirus), became widespread globally and was declared a pandemic by the World Health Organization. The result of this pandemic has been a substantial reduction in economic activity throughout the world. The impact of this subsequent event is considered in Note 33 Going concern.

Notes to the Special Purpose Financial Statements

Ngāti Whare Holdings Limited and Subsidiaries

For the year ended 30 June 2019

33 Going Concern

As stated in Note 32 Subsequent events, subsequent to reporting date, COVID-19 became widespread globally and, as a result, the World Health Organization announced that the outbreak should be considered a pandemic. The result of this pandemic has been a substantial reduction in economic activity throughout the world, as governments have introduced measures (such as the closure of all non-essential businesses and the cancellation of all public events) in a bid to halt, or at least slow, transmission of the virus. At the time of signing these financial statements, there is uncertainty about how much further economic activity will fall and how long the period of reduced economic activity will last.

At the time of signing these financial statements, the New Zealand Government has ordered that all non-essential businesses cease trading for at least four weeks. Some businesses within the Group are food producers and are consequently classified as essential businesses and permitted to continue operating. Other businesses within the Group are classified as non-essential businesses – these businesses will not earn any revenue for this four week period and it is likely that, given the nature of their activities, impairment of inventory or other assets won't be impaired or deteriorate, their future revenue will be lower than was expected prior to the COVID-19 pandemic.

The directors have prepared cash flow forecasts for the Group and, subsequent to the period of closure, reductions of revenue of 42% to 48% and a reduced profit of 70% to 75% (as against the 2019/20 budget). This forecast also takes account of the ability of entities within the group to apply for the wage subsidy and to meet wage and salary commitments.

Based on the cash flow forecasts for the Group has deferred contract revenue to the 2020/2021 financial year, expects improved demand for honey products and is confident to maintain the groups significant income streams such as CNIHL Distributions. In addition, the group has sufficient cash reserves, and sufficient ability to reduce expenditure, to continue to operate for at least 12 months from the date of signing these financial statements.

Due to these factors, the directors consider that the Group is a going concern and the financial statements have been prepared on that basis.