

## Consolidated Statement of Comprehensive Revenue and Expenses

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

	Note	Group 31 March 2019 \$	Group 31 March 2018 \$	Parent 31 March 2019 \$	Parent 31 March 2018 \$
<b>Revenue from non-exchange transactions</b>					
Capital grant		691,093	-	691,093	-
Koha received		-	8,234	-	1,310
<b>Total revenue from non-exchange transactions</b>		<b>691,093</b>	<b>8,234</b>	<b>691,093</b>	<b>1,310</b>
<b>Revenue from exchange transactions</b>					
Rent received from properties owned		470,312	476,871	-	-
Lease revenue Rymans agreement		100,000	100,000	-	-
Other revenue	9	623,668	1,019,128	266,315	1,015,688
Fair value adjustment - investment properties	15	652,516	3,960,188	146,340	105,000
Interest received from funds on call	8	37,649	55,404	35,610	34,894
Gain on investment properties sold		2,414,259	-	-	-
Sale of development property		1,885,583	3,000,000	-	-
<b>Total revenue from exchange transactions</b>		<b>6,183,988</b>	<b>8,611,591</b>	<b>448,265</b>	<b>1,155,582</b>
<b>Expenses</b>					
Costs of running the office	10	783,819	1,156,175	390,848	849,518
Depreciation		10,724	24,460	4,197	-
Loss on disposal of fixed assets		121,736	-	-	-
Loss on investment properties sold		-	1,558,776	-	-
Maintenance cost for the properties owned	7	215,182	170,051	5,117	19,424
Interest expense		73,990	56,600	-	-
Cost of development property sold	16	1,820,399	2,079,414	-	-
<b>Total expenses</b>		<b>3,025,850</b>	<b>5,045,476</b>	<b>400,162</b>	<b>868,942</b>
<b>Total surplus/(deficit) for the year before taxation</b>		<b>3,849,231</b>	<b>3,574,349</b>	<b>739,196</b>	<b>287,950</b>
<b>Taxation expense</b>	11,12	<b>(453,490)</b>	<b>-</b>	<b>(186,260)</b>	<b>-</b>
<b>Total after taxation</b>		<b>4,302,721</b>	<b>3,574,349</b>	<b>925,456</b>	<b>287,950</b>
Other comprehensive revenue and expenses		-	-	-	-
<b>Total comprehensive revenue and expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expenses for the year</b>		<b>4,302,721</b>	<b>3,574,349</b>	<b>925,456</b>	<b>287,950</b>

This financial statement should be read in conjunction with the notes to the financial statements.



## Consolidated Statement of Changes in Net Assets

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

Group	Note	Accumulated comprehensive revenue and expense	Total equity
		\$	\$
Opening balance 1 April 2018		18,696,315	18,696,315
Surplus for the year		4,302,721	4,302,721
Other comprehensive revenue		-	-
<b>Closing equity 31 March 2019</b>		<b>22,999,036</b>	<b>22,999,035</b>
Opening balance 1 April 2017		15,121,966	15,121,966
Surplus for the year		3,574,349	3,574,349
Other comprehensive revenue		-	-
<b>Closing equity 31 March 2018</b>		<b>18,696,315</b>	<b>18,696,315</b>

Parent		Accumulated comprehensive revenue and expense	Total equity
		\$	\$
Opening balance 1 April 2018		14,460,512	14,460,512
Surplus for the year		925,456	925,456
Other comprehensive revenue		-	-
<b>Closing equity 31 March 2019</b>		<b>15,385,968</b>	<b>15,385,968</b>
Opening balance 1 April 2017		14,172,562	14,172,562
Surplus for the year		287,950	287,950
Other comprehensive revenue		-	-
<b>Closing equity 31 March 2018</b>		<b>14,460,512</b>	<b>14,460,512</b>

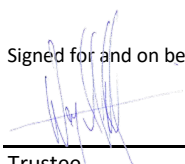
This financial statement should be read in conjunction with the notes to the financial statements.



**Consolidated Statement of Financial Position**  
**Port Nicholson Block Settlement Trust**  
**As at 31 March 2019**

	Note	Group 31 March 2019 \$	Group 31 March 2018 \$	Parent 31 March 2019 \$	Parent 31 March 2018 \$
<b>Current assets</b>					
Cash and cash equivalents	13	4,868,709	2,354,767	1,163,073	1,176,285
Receivables from exchange transactions	19	4,134,092	1,108,478	129,918	108,058
Deposits from sales held on Trust account	19	87,000	306,256	-	-
Inter-entity advances	19	-	-	14,405,345	13,626,384
Development property	16	807,330	2,152,942	-	-
Goods and services tax receivable		35,197	71,717	9,393	9,224
Income tax refund due	11	19,999	12,493	12,321	6,206
		<u>9,952,327</u>	<u>6,006,653</u>	<u>15,720,050</u>	<u>14,926,157</u>
<b>Non-current assets</b>					
Investment properties	15	6,722,516	13,913,756	686,340	540,000
Investment in joint venture	20	950,000	-	-	-
Property, plant and equipment	14	59,409	171,779	10,643	-
Development property	16	3,281,286	-	-	-
Non-trade receivables	19	3,700,000	1,152,656	-	-
Deferred tax asset	12	453,490	-	186,260	-
		<u>15,166,701</u>	<u>15,238,191</u>	<u>883,243</u>	<u>540,000</u>
<b>Total assets</b>		<b><u>25,119,028</u></b>	<b><u>21,244,844</u></b>	<b><u>16,603,293</u></b>	<b><u>15,466,158</u></b>
<b>Current liabilities</b>					
Trade and other creditors	19	590,290	345,234	57,326	47,036
PNBC Limited	19	-	-	365,717	365,717
PNBST Investments Limited Partnership	19	-	-	483,635	483,635
Advance from Ryman Healthcare	19	632,038	693,504	-	-
Loan due to ASB	19	500,000	1,100,000	-	-
Deposits held on Trust account	19	87,000	300,518	-	-
Conditional grant money received	19	310,664	109,273	310,648	109,257
		<u>2,119,992</u>	<u>2,548,529</u>	<u>1,217,325</u>	<u>1,005,645</u>
<b>Total liabilities</b>		<b><u>2,119,992</u></b>	<b><u>2,548,529</u></b>	<b><u>1,217,325</u></b>	<b><u>1,005,645</u></b>
<b>Net assets</b>		<b><u>22,999,036</u></b>	<b><u>18,696,315</u></b>	<b><u>15,385,968</u></b>	<b><u>14,460,512</u></b>
<b>Equity</b>					
Accumulated comprehensive revenue and expense		22,999,036	18,696,315	15,385,968	14,460,512
<b>Total equity</b>		<b><u>22,999,036</u></b>	<b><u>18,696,315</u></b>	<b><u>15,385,968</u></b>	<b><u>14,460,512</u></b>

Signed for and on behalf of the Board of Trustees who authorised these financial statements for issue on 11 September 2019:

  
 Trustee  
 Wayne Mulligan - Chair

  
 Trustee  
 Mahina Puketapu - Deputy Chair

This financial statement should be read in conjunction with the notes to the financial statements.



**Consolidated Statement of Cash Flows**  
**Port Nicholson Block Settlement Trust**  
**For the year ended 31 March 2019**

Note	Group 31 March 2019 \$	Group 31 March 2018 \$	Parent 31 March 2019 \$	Parent 31 March 2018 \$
<b>Cash flows from operating activities</b>				
<i>Receipts</i>				
Receipts from non-exchange transactions	892,484	8,234	892,484	1,310
Receipts from exchange transactions	3,953,730	2,904,160	244,287	998,409
Income tax receipts	-	29,249	-	33,360
Interest received	30,144	55,404	29,495	34,894
	<u>4,876,358</u>	<u>2,997,047</u>	<u>1,166,266</u>	<u>1,067,973</u>
<i>Payments</i>				
Payments to suppliers	2,657,541	4,224,596	385,675	1,033,350
Interest paid	35,455	56,600	-	-
	<u>2,692,996</u>	<u>4,281,196</u>	<u>385,675</u>	<u>1,033,350</u>
<b>Net cash flows from operating activities</b>	<b>2,183,362</b>	<b>(1,284,149)</b>	<b>780,591</b>	<b>34,623</b>
<b>Cash flows from investing activities</b>				
<i>Receipts</i>				
Sale of property, plant and equipment	-	2,406	-	-
Sale of investment property	1,900,671	2,000,000	-	-
Net funds received from / (paid to) related parties	-	-	(778,961)	-
	<u>1,900,671</u>	<u>2,002,406</u>	<u>(778,961)</u>	<u>-</u>
<i>Payments</i>				
Purchases of property, plant and equipment	20,091	6,924	14,841	-
Net funds received from related parties	-	-	-	435,712
Investment in joint venture	950,000			
	<u>970,091</u>	<u>6,924</u>	<u>14,841</u>	<u>435,712</u>
<b>Net cash flows from investing activities</b>	<b>930,580</b>	<b>1,995,482</b>	<b>(793,802)</b>	<b>(435,712)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts</i>				
Proceeds from borrowings	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Payments</i>				
Repayment of borrowings	600,000	-	-	-
	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net cash flows from financing activities</b>	<b>(600,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	2,513,942	711,333	(13,212)	(401,089)
Cash and cash equivalents at 1 April	2,354,767	1,643,434	1,176,285	1,577,374
Cash and cash equivalents at 31 March	<u>4,868,709</u>	<u>2,354,767</u>	<u>1,163,073</u>	<u>1,176,285</u>

This financial statement should be read in conjunction with the notes to the financial statements.



## Consolidated Notes to the financial statements

### Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

#### 1) Reporting entity

The reporting entity is Port Nicholson Block Settlement Trust (the “Trust”). The Trust is domiciled in New Zealand and was established as the Post Settlement Governance Entity (PSGE) to receive the settlement redress from the Crown as part of the historical claim made under the Treaty of Waitangi. The financial statements comprising of the Trust and its controlled entities (together the “Group”):

Shelly Bay Limited  
The Lodge at Shelly Bay Limited  
Taranaki Whanui Limited (previously Port Nicholson Block Management Limited)  
TWL Management Limited  
TWL Trust Limited  
Muritai Project Limited Partnership  
RFR Projects Limited Partnership  
RFR General Partner Limited  
Lowry Bay Section One Limited  
Port Nicholson Block Properties Limited  
Education PNBST Limited  
Tramways Limited  
Whites Line East Limited  
PNBST Investments Ltd Partnership  
SBL Management Limited  
Tai-Kuru Limited Partnership  
Tai-Kuru Trust Limited

All subsidiaries have a reporting date of 31 March 2019.

These Group financial statements and the accompanying notes summarise the financial results of activities carried out by the Group. The Group represents the descendants of Taranaki, Te Atiawa, Ngati Ruanui and Ngati Tama whose Tupuna were residents in Wellington in 1840, collectively known as Taranaki Whanui ki Te Ika. The Trust, established by the Port Nicholson Block Settlement Trust Deed dated 11 August 2008, receives the settlement package relating to historical Treaty of Waitangi Claims. The Crown and Port Nicholson Block Settlement Trust signed a Deed of Settlement in Wellington on 19th August 2008. The Trust and all entities within the Group have elected to be Maori authorities under the Income Tax Act 2007 on the basis they received and manage the settlement package received from the Crown.

These consolidated financial statements have been approved and were authorised for issue by the Board of Trustees on 11 September 2019.

#### 2) Statement of compliance

The Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime (“RDR”) disclosure concessions.



## Consolidated Notes to the financial statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

### 3) Statement of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements except where explicitly noted.

#### **3.1 Basis of measurement**

These consolidated financial statements have been prepared on the basis of historical cost with the exception of investment properties which have been measured at fair value.

#### **3.2 Functional and presentational currency**

The consolidated financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

#### **3.3 Basis of consolidation**

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases. In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity are consistent with the policies adopted by the Group and have a 31 March reporting date.

#### **3.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

##### ***Revenue from exchange transactions***

###### ***Rendering of Services***

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the reporting date. The Group considers revenue from project management, grants for services, memorandum of understanding and other similar revenue streams as rendering of services as they are considered exchange transactions by the Group and represent services provided by the Group to external parties.

###### ***Interest***

Interest revenue is recognised as the interest accrues (using the effective interest method).

###### ***Rental income***

Income from the rental of property is recognised within surplus and deficit in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

###### ***Sale of Property***

Revenue from the sale of property is recognised within surplus and deficit in the Statement of Comprehensive Revenue and Expense when the sale takes place.

###### ***Other Revenue***

Other revenue is recognised on an accruals basis.



**Consolidated Notes to the financial statements**  
**Port Nicholson Block Settlement Trust**  
**For the year ended 31 March 2019**

***Revenue from non-exchange transactions***

***Koha***

Koha is recognised within surplus and deficit in the Statement of Comprehensive Revenue and Expense when receipted.

***MHN Capital grant***

Port Nicholson Block Settlement Trust receives grant funding from Maori Housing Network to assist the development at Wainuiomata Intermediate. Grant funding is recognised within surplus and deficit in the statement of Comprehensive Revenue and Expenses when outputs in the funding agreement are satisfied.

***3.5 Financial instruments***

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- (a) the Group has transferred substantially all the risks and rewards of the asset; or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

***Financial Assets***

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Group's financial assets are classified as loans and receivables. The Group's financial assets include: cash and cash equivalents, deposits from sales, investments, receivables from non-exchange transactions and receivables from exchange transactions.

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

***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 impairment. The Group's cash and cash equivalents, receivables from non-exchange transactions and receivables from exchange transactions fall into this category of financial instruments.

***Impairment of financial assets***

The Group assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.



## Consolidated Notes to the financial statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

### 3.5 Financial instruments (continued)

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Group first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Group determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial asset's with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

#### Financial liabilities

The Group's financial liabilities include trade and other creditors (excluding GST and PAYE), employee entitlements, loans and borrowings and deferred revenue (in respect to grants whose conditions are yet to be complied with).

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

### 3.6 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

### 3.7 Property, plant and equipment

Depreciation is charged on a straight line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Land	0% SL
Office equipment	8% - 40% SL
Leasehold improvements	7%-13.5% SL
Furniture and fittings	6% - 10.5% SL

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

Heritage assets with no future economic benefit or service potential other than heritage value are not recognised in the Statement of Financial Position.





## Consolidated Notes to the financial statements

### Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

#### **3.8 Investment properties**

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for supply of goods or services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value with any change recognised in the reported surplus or deficit in accordance with PBE IPSAS 16.

#### **3.9 Leases**

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

#### **3.10 Employee benefits**

##### *Wages, salaries and annual leave*

Liabilities for wages and salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

#### **3.11 Income Tax**

##### *Current Income Tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### *Deferred Income Tax*

Deferred tax is provided for using the liability method on temporary tax differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting surplus or deficit nor taxable surplus or deficit.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting surplus or deficit nor taxable surplus or deficit.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable surplus will be available against which the temporary differences can be utilised.



## Consolidated Notes to the financial statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

### **3.11 Income Tax (continued)**

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

### **3.12 Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

### **3.13 Equity**

Equity is the net assets of the Group, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

#### *Accumulated comprehensive revenue and expense*

Accumulated comprehensive revenue and expense is the Group's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

### **3.14 Development properties**

Development property is specifically held to be developed and subsequently sold as part of the ordinary course of business for the Group. It is measured at cost and recorded on the Statement of Financial Position until such time that development is completed, after which it will be recorded through the Statement of Comprehensive Revenue and Expenses. The development properties that are expected to be sold within one year are classified as current assets. The development properties that are under construction are classified as non-current assets.

### **3.15 Joint ventures**

An investment in a joint venture is recorded where two or more parties have entered into a binding arrangement to undertake an activity that is subject to joint control. The investment in a joint venture is initially recorded at cost and adjusted thereafter for the share of the venturer's share of the net assets of the jointly controlled entity. The surplus or deficit of the venturer includes the venturer's share of the surplus or deficit of the jointly controlled entity.

## **4) Changes in accounting policy**

All accounting policies are consistently applied to all periods presented in these financial statements.



## Consolidated Notes to the financial statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

### 5) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgements

In the process of applying the Group's accounting policies, management have made the following significant judgements.

Management have used judgement in classifying investment and development property within the Group. This has been based on current use, and intention in relation to the future use of property. This assessment could be subject to change depending on market conditions or other changes that may or may not be within the Group's control.

#### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- (a) The condition of the asset
- (b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- (c) The nature of the processes in which the asset is deployed
- (d) Availability of funding to replace the asset
- (e) Changes in the market in relation to the asset

The estimated useful lives of the asset classes held by the Group are listed in Note 3.7.



## Consolidated Notes to the financial statements

### Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

#### 6) Group information Subsidiaries

The consolidated financial statements of the Group include the following wholly-owned subsidiaries.

Name of subsidiary	Principal activities	Country incorporated
Shelly Bay Limited	Commercial Rental	NZ
The Lodge at Shelly Bay Limited	Commercial Rental	NZ
Taranaki Whanui Limited	Operations Management	NZ
TWL Management Limited	Operations Management	NZ
TWL Trust Limited	Operations Management	NZ
Muritai Project Limited	Project	NZ
Partnership	Management	NZ
RFR Projects Limited	Project	NZ
Partnership	Management	NZ
RFR General Partner Limited	Project Management	NZ
Lowry Bay Section One Limited	Commercial Rental	NZ
Port Nicholson Block Properties Limited	Commercial Rental	NZ
Education PNBST Limited	Project Management	NZ
Tramways Limited	Shelf Company	NZ
Whites Line East Limited	Shelf Company	NZ
PNBST Investments Limited	Commercial Rental	NZ
SBL Management Limited	Shelf Company	NZ
Tai-Kuru Limited Partnership	Shelf Company	NZ
Tai-Kuru Trust Limited	Shelf Company	NZ

The reporting date of the Trust and all subsidiaries is 31 March.

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Parent Trust in the form of cash distributions or to repay loans or advances.



## Consolidated Notes to the financial statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

	Group 31 March 2019 \$	Group 31 March 2018 \$	Parent 31 March 2019 \$	Parent 31 March 2018 \$
<b>7) Maintenance costs for properties owned</b>				
Building WOF	421	539	-	-
Electricity	19,092	13,711	1,328	2,632
Fire Monitoring	4,918	3,047	-	-
Grounds Maintenance	-	3,394	-	-
Health & Safety	-	1,552	-	1,552
Insurance	72,244	58,465	-	11,704
Property Management Fees	-	993	-	993
Rates	45,871	38,148	2,028	1,787
Repairs & Maintenance	44,732	36,375	1,761	756
Security	7,423	4,928	-	-
Water Rates	6,876	8,899	-	-
Valuation Fees	13,605	-	-	-
<b>Total Rental Costs</b>	<b>215,182</b>	<b>170,051</b>	<b>5,117</b>	<b>19,424</b>
<b>8) Interest received from funds on call</b>				
KiwiBank Interest	35,610	34,796	35,610	34,796
Other Interest	-	98	-	98
Interest on Property Transactions	2,040	20,510	-	-
<b>Total interest received from funds on call</b>	<b>37,649</b>	<b>55,404</b>	<b>35,610</b>	<b>34,894</b>
<b>9) Other revenue</b>				
Other Income (Incl. Project Management Fees)	44,103	26,078	41,228	26,078
Grant income	11,087	155,347	11,087	155,347
Memorandum of Understanding	214,000	261,100	214,000	261,100
Nomination Fees	354,478	171,500	-	171,500
Income from Voluntary Disclosure	-	401,663	-	401,663
Other revenue - Rymans	-	3,440	-	-
<b>Total other revenue</b>	<b>623,668</b>	<b>1,019,128</b>	<b>266,315</b>	<b>1,015,688</b>



## Consolidated Notes to the financial statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

### 10) Costs of running the office

	Group 31 March 2019 \$	Group 31 March 2018 \$	Parent 31 March 2019 \$	Parent 31 March 2018 \$
<b>Compliance</b>				
Accounting	53,715	118,109	25,500	101,827
ACC Levies	-	1,821	-	1,720
Annual General Meeting	21,618	28,027	21,618	28,027
Audit	46,000	26,278	43,000	26,278
	<b>121,333</b>	<b>174,235</b>	<b>90,118</b>	<b>157,852</b>
<b>Consultancy</b>				
Commercial Advisor	96,000	96,800	-	-
Consultancy	40,239	13,066	5,000	5,360
Legal Fees	70,015	35,092	668	12,267
	<b>206,253</b>	<b>144,958</b>	<b>5,668</b>	<b>17,628</b>
<b>Cultural services</b>				
Cultural Services	28,237	14,086	28,237	14,086
	<b>28,237</b>	<b>14,086</b>	<b>28,237</b>	<b>14,086</b>
<b>Governance</b>				
Director Fees	45,000	55,000	-	-
Subcommittee expenses	-	87	-	87
Trustee Elections	21,004	-	21,004	-
Trustee Fees	16,000	53,250	16,000	53,250
Trustee Travel Expenses	4,222	3,024	2,678	3,024
	<b>86,226</b>	<b>111,361</b>	<b>39,682</b>	<b>56,361</b>
<b>Matiu Island Expenses</b>				
Matiu Island Expenses	-	90,344	-	90,344
	<b>-</b>	<b>90,344</b>	<b>-</b>	<b>90,344</b>
<b>Member engagement</b>				
Database	1,000	-	1,000	-
Events	7,719	566	7,719	566
	<b>8,719</b>	<b>566</b>	<b>8,719</b>	<b>566</b>



## Consolidated Notes to the financial statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

### 10) Costs of running the office (continued)

	Group 31 March 2019 \$	Group 31 March 2018 \$	Parent 31 March 2019 \$	Parent 31 March 2018 \$
<b>Office Expenses</b>				
Bank Fees	1,156	387	136	221
Bad debt	10,000	-	10,000	-
Catering	2,300	446	1,838	419
Cleaning	9,740	9,646	3,345	3,994
Computer Expenses	13,387	11,867	13,387	11,867
Copying & Printing	5,689	5,566	4,962	5,566
Entertainment	-	702	-	702
File storage & destruction	2,359	1,703	2,359	1,703
General Expenses	560	13,182	560	11,054
Hui costs	-	481	-	429
IRD penalties	250	-	-	-
Low value assets	2,559	-	2,559	-
Office expenses	2,186	2,458	2,186	2,458
Postage	352	3,072	352	3,072
Software	-	120	-	120
Sale and leaseback	-	10,800	-	10,800
Stationery	204	2,308	204	2,308
Subscriptions	178	11,121	178	11,121
Telephone	5,395	13,654	3,941	11,494
Travel Expenses	15,342	4,935	4,315	2,830
Valuation fees	-	11,130	-	-
Website	360	2,010	360	1,968
Prior period adjustment	-	(5,024)	-	(5,024)
	<b>72,016</b>	<b>100,564</b>	<b>50,682</b>	<b>77,102</b>
<b>Personnel</b>				
Kiwisaver - employer contributions	1,848	4,831	1,155	4,553
Staff training	-	669	-	669
Staff expenses	-	258	-	258
Sub-contractor	70,610	41,181	1,088	-
Wages/salaries	188,577	473,124	165,500	430,100
	<b>261,035</b>	<b>520,062</b>	<b>167,742</b>	<b>435,580</b>
<b>Total costs of running the office</b>	<b>783,819</b>	<b>1,156,175</b>	<b>390,848</b>	<b>849,518</b>

The expense accounts from previous years have been reclassified into the above categories for presentation.



## Consolidated Notes to the financial statements

### Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

	Group 31 March 2019 \$	Group 31 March 2018 \$	Parent 31 March 2019 \$	Parent 31 March 2018 \$
<b>11) Taxation</b>				
Net surplus (deficit) as per Financial Statements	3,849,231	3,574,349	739,196	287,950
<i>Timing differences</i>				
Add Back - Closing Balance Audit Accrual as at 31 March	40,000	40,000	40,000	40,000
Less: Opening balance Audit Accrual as at 1 April	(40,000)	(36,500)	(40,000)	(36,500)
Add back - provision for doubtful debt	10,000	-	10,000	-
<b>Total Timing Differences</b>	<b>10,000</b>	<b>3,500</b>	<b>10,000</b>	<b>3,500</b>
<i>Permanent differences</i>				
Fair value adjustment - investment properties	(652,516)	(3,960,188)	(146,340)	(105,000)
Adjustment for tax cost base of Shelly Bay	895,188	-	-	-
Deduct - Accounting profit from PNBST Investmt Pship	(61,466)	-	(61,466)	-
Non Deductible Entertainment	-	702	-	702
Non Deductible Legal	-	7,035	-	4,401
Income allocated from Group LP's to Parent	-	-	3,367,426	-
<b>Total Permanent Differences</b>	<b>181,207</b>	<b>(3,952,451)</b>	<b>3,159,620</b>	<b>(99,897)</b>
<b>Net Surplus (Deficit) as per Tax Return</b>	<b>4,040,437</b>	<b>(374,602)</b>	<b>3,908,816</b>	<b>191,553</b>
Tax Losses Brought Forward	(9,633,346)	(9,258,744)	(5,089,692)	(5,281,245)
<b>Net Tax Losses to carry forward</b>	<b>(5,592,909)</b>	<b>(9,633,346)</b>	<b>(1,180,876)</b>	<b>(5,089,692)</b>
<b>Taxation Expense</b>	-	-	-	-
Opening Tax Balance	12,493	41,742	6,206	39,566
Tax Refunds Received	(1,264)	(39,510)	(117)	(39,510)
RWT Paid	8,769	10,200	6,231	6,089
Use of money interest received	1	61	-	61
<b>Taxation Refund Due</b>	<b>19,999</b>	<b>12,493</b>	<b>12,321</b>	<b>6,206</b>

Tax losses amounting to \$1,180,876 (2018: \$5,089,692) are to be carried forward to be offset against future taxable income by the Parent. The Group has \$5,592,909 (2018: \$9,633,346) of tax losses to be carried forward.

A deferred tax asset may be recognised by the Group and Parent for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses will be utilised. Previously due to net losses incurred during the preceding periods and uncertainty of future results the Group and Parent had not recognised a deferred tax asset in relation to unused tax losses. Due to the Group utilising significant tax losses in the current year and future profits being anticipated, management expect all tax losses will be used and have chosen to recognise deferred tax for the year ended 31 March 2019.

#### Reconciliation of net surplus (deficit) to taxation expense

Net surplus (deficit) per financial statements	3,849,231	3,574,349	739,196	287,950
Tax expense using the Group's tax rate 17.5%	673,615	625,511	129,359	50,391
- Adjustment for temporary differences	1,750	613	1,750	613
- Adjustment for permanent differences	31,711	(691,679)	552,933	(17,482)
- Utilisation of tax losses	(707,077)	65,555	(684,043)	(33,522)
Current tax expense	-	-	-	-
Deferred tax adjustments				
- Change in recognised Temporary differences	(453,489)	-	(186,260)	-
<b>Total tax expense</b>	<b>(453,489)</b>	<b>-</b>	<b>(186,260)</b>	<b>-</b>





## Consolidated Notes to the financial statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

### 12) Deferred tax

	Net balance	Recognised in P&L	Deferred tax asset / (liability)	Recognised in P&L	Deferred tax asset / (liability)
	1 April 2017	31 March 2018	31 March 2018	31 March 2019	31 March 2019
<b>Parent</b>					
Provisions and other liabilities	-	-	-	1,750	1,750
Accumulated tax losses	-	-	-	184,510	184,510
<b>Total deferred tax</b>	-	-	-	<b>186,260</b>	<b>186,260</b>

### Group

Provisions and other liabilities	-	-	-	1,750	1,750
Investment property	-	-	-	(322,000)	(322,000)
Development property	-	-	-	(208,250)	(208,250)
Accumulated tax losses	-	-	-	981,990	981,990
<b>Total deferred tax</b>	-	-	-	<b>453,490</b>	<b>453,490</b>

Group	Group	Parent	Parent
31 March	31 March	31 March	31 March
2019	2018	2019	2018
\$	\$	\$	\$

### 13) Cash and cash equivalents

Cash and cash equivalents include the following components:

Kiwibank Bank Accounts	54,220	120,521	54,220	96,736
Kiwibank Investment Accounts	1,108,853	1,079,549	1,108,853	1,079,549
ASB Bank Accounts	20,269	60,627	-	-
BNZ Bank Accounts	2,862,285	48,257	-	-
Brookfield Trust Account	823,082	1,045,813	-	-
<b>Total cash and cash equivalents</b>	<b>4,868,709</b>	<b>2,354,767</b>	<b>1,163,073</b>	<b>1,176,285</b>



## Consolidated Notes to the financial statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

### 14) Property, Plant and Equipment

<b>Group</b>								
<b>31 March 2019</b>	<b>Office Equipment</b>	<b>Furniture and Fittings</b>	<b>Leasehold Imp.</b>	<b>Fit Out costs</b>	<b>Corporals Club</b>	<b>Commander Residence</b>	<b>Seminar Facility</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cost/Valuation	99,143	31,814	44,818	-	-	-	-	175,774
Accum. Depn	(86,410)	(17,067)	(12,889)	-	-	-	-	(116,366)
Net book value	<b>12,733</b>	<b>14,747</b>	<b>31,929</b>	-	-	-	-	<b>59,409</b>
<b>31 March 2018</b>								
Cost	84,909	43,584	172,022	19,085	26,281	10,225	21,484	377,588
Accum. Depn	(82,228)	(22,693)	(58,712)	(19,085)	(5,756)	(8,637)	(8,699)	(205,810)
Net book value	<b>2,681</b>	<b>20,891</b>	<b>113,309</b>	-	<b>20,525</b>	<b>1,587</b>	<b>12,784</b>	<b>171,779</b>
<b>1 April 2017</b>								
Cost	102,966	55,086	172,022	19,085	26,281	10,225	21,483	407,147
Accum. Depn	(95,675)	(34,005)	(46,214)	(19,085)	(4,967)	(8,284)	(7,195)	(215,426)
Net book value	<b>7,291</b>	<b>21,080</b>	<b>125,808</b>	-	<b>21,314</b>	<b>1,941</b>	<b>14,288</b>	<b>191,722</b>

Reconciliation of the carrying amount at the beginning and end of the period:

<b>31 March 2019</b>	<b>Office Equipment</b>	<b>Furniture and Fittings</b>	<b>Leasehold Imp.</b>	<b>Fit Out costs</b>	<b>Corporals Club</b>	<b>Commander Residence</b>	<b>Seminar Facility</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance	2,681	20,891	113,309	-	20,525	1,587	12,784	171,778
Additions	14,841	-	5,250	-	-	-	-	20,091
Disposals	-	(3,611)	(83,228)	-	(20,525)	(1,587)	(12,784)	(121,736)
Depreciation	(4,789)	(2,533)	(3,402)	-	-	-	-	(10,724)
Closing	<b>12,733</b>	<b>14,747</b>	<b>31,929</b>	-	-	-	-	<b>59,410</b>
<b>31 March 2018</b>								
Opening balance	7,291	21,080	125,808	-	21,313	1,941	14,289	191,721
Additions	-	6,925	-	-	-	-	-	6,925
Disposals	(188)	(2,218)	-	-	-	-	-	(2,406)
Depreciation	(4,421)	(4,896)	(12,499)	-	(788)	(354)	(1,504)	(24,462)
Closing	<b>2,681</b>	<b>20,891</b>	<b>113,309</b>	-	<b>20,525</b>	<b>1,587</b>	<b>12,784</b>	<b>171,779</b>

<b>Parent</b>		
<b>31 March 2019</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Cost/Valuation	14,841	14,841
Accum. Depn	(4,197)	(4,197)
Net book value	<b>10,643</b>	<b>10,643</b>

Reconciliation of the carrying amount at the end of the period:

<b>31 March 2019</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Opening balance	-	-
Additions	14,841	14,841
Disposals	-	-
Depreciation	(4,197)	(4,197)
Closing	<b>10,643</b>	<b>10,643</b>



## Consolidated Notes to the financial statements

### Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

#### 15) Investment properties

	Group 31 March 2019	Group 31 March 2018	Parent 31 March 2019	Parent 31 March 2018
	\$	\$	\$	\$
1 - 3 Thorndon Quay, Wellington	1,906,176	2,000,000	-	-
Whites Line East, Waiwhetu	686,340	540,000	686,340	540,000
Shelly Bay Road	-	6,033,756	-	-
Wainuiomata College	3,000,000	2,400,000	-	-
Wainuiomata Intermediate (Kohanga Reo Building)	650,000	2,460,000	-	-
Petone College	480,000	480,000	-	-
	<b>6,722,516</b>	<b>13,913,756</b>	<b>686,340</b>	<b>540,000</b>

Group							
31 March 2019	1 - 3 Thorndon Quay	Whites Line East Waiwhetu	Shelly Bay	Wainui. College	Wainui. Intermediate (Kohanga Reo Building)	Petone College	Total
	\$	\$	\$	\$	\$	\$	\$
Cost/Valuation	1,906,176	686,340	-	3,000,000	650,000	480,000	6,722,516
Accum. Depn	-	-	-	-	-	-	-
Net book value	<b>1,906,176</b>	<b>686,340</b>	<b>-</b>	<b>3,000,000</b>	<b>650,000</b>	<b>480,000</b>	<b>6,722,516</b>
<b>31 March 2018</b>							
Cost/Valuation	2,000,000	540,000	6,033,756	2,400,000	2,460,000	480,000	13,913,756
Accum. Depn	-	-	-	-	-	-	-
Net book value	<b>2,000,000</b>	<b>540,000</b>	<b>6,033,756</b>	<b>2,400,000</b>	<b>2,460,000</b>	<b>480,000</b>	<b>13,913,756</b>

Reconciliation of the carrying amount at the beginning and end of the period:

31 March 2019	1 - 3 Thorndon Quay	Whites Line East Waiwhetu	Shelly Bay Road	Wainui. College	Wainui. Intermediate (Kohanga Reo Building)	Petone College	Total
	\$	\$	\$	\$	\$	\$	\$
Opening balance	2,000,000	540,000	6,033,756	2,400,000	2,460,000	480,000	13,913,756
Fair value adjustment	(93,825)	146,340	-	600,000	-	-	652,516
Disposal	-	-	(6,033,756)	-	-	-	(6,033,756)
Transfer to development property	-	-	-	-	(1,810,000)	-	(1,810,000)
Closing	<b>1,906,176</b>	<b>686,340</b>	<b>-</b>	<b>3,000,000</b>	<b>650,000</b>	<b>480,000</b>	<b>6,722,516</b>
<b>31 March 2018</b>							
Opening balance	1,570,000	435,000	9,850,000	1,160,000	1,270,000	380,000	14,665,000
Fair value adjustment	430,000	105,000	895,188	1,240,000	1,190,000	100,000	3,960,188
Disposal	-	-	(4,711,432)	-	-	-	(4,711,432)
Closing	<b>2,000,000</b>	<b>540,000</b>	<b>6,033,756</b>	<b>2,400,000</b>	<b>2,460,000</b>	<b>480,000</b>	<b>13,913,756</b>

The investment properties are currently being held for either rental or capital appreciation. The methods applied in determining fair values include reviewing relevant lease documentation, rates information, recent market evidence and valuations prepared by registered valuers.



## Consolidated Notes to the financial statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

### 15) Investment properties (Continued)

#### Shelly Bay

The remaining title at Shelly Bay Road was sold on 29 March 2019 for consideration of \$10m.

#### 1 - 3 Thorndon Quay

1-3 Thorndon Quay has been valued using capitalisation of rental income and discounted cash flow approaches as at 25 June 2018 by Reuben Blackwell (MPINZ) of Colliers International. The significant assumptions in the valuation are (1) a capitalisation rate of 7.66%; (2) a discount rate in the discounted cash flow approach of 9.00%; and (3) a terminal yield in the discounted cash flow approach of 8.00%. Management have assessed market movements from industry information during the year and have adjusted the valuation accordingly.

#### Wainuiomata Intermediate and College

Wainuiomata College has been valued using hypothetical subdivision as at 31 March 2019 by Reuben Blackwell (MPINZ) of Colliers International. Residential subdivision work has begun on the Wainuiomata Intermediate site and therefore the land cost has been transferred to development property per note 16. The Kohanga Reo component of Wainuiomata Intermediate is separately identifiable and therefore has remained as investment property.

#### Other properties

Management have determined that the QV statistics valuation for Whites Line East is reflective of fair value of the property at 31 March 2019. Management have also assessed the fair value of Petone College based on the residual land value in conjunction with the ratings valuation and the current lease agreement.



**Consolidated Notes to the financial statements**  
**Port Nicholson Block Settlement Trust**  
**For the year ended 31 March 2019**

**15) Investment properties (Continued)**

Parent			
	1 - 3 Thorndon Quay \$	Whites Line East Waiwhetu \$	Total \$
<b>31 March 2019</b>			
Cost/Valuation	-	540,000	540,000
Fair value adjustment at 31 March 2019	-	146,340	146,340
Transferred to Group during the year	-	-	-
Accum. Depn	-	-	-
Net book value	-	686,340	686,340
<b>31 March 2018</b>			
Cost/Valuation	1,570,000	435,000	2,005,000
Fair value adjustment at 31 March 2018	-	105,000	105,000
Transferred to Group during the year	(1,570,000)	-	(1,570,000)
Accum. Depn	-	-	-
Net book value	-	540,000	540,000

Reconciliation of the carrying amount at the beginning and end of the period:

	1 - 3 Thorndon Quay \$	Whites Line East Waiwhetu \$	Total \$
<b>31 March 2019</b>			
Opening balance	-	540,000	540,000
Net movements	-	146,340	146,340
Closing balance	-	686,340	686,340
<b>31 March 2018</b>			
Opening balance	1,570,000	435,000	2,005,000
Net movements	(1,570,000)	105,000	(1,465,000)
Closing balance	-	540,000	540,000

Investment Property comprises a number of commercial properties that are leased to third parties. Each of the leases contain individual non-cancellable periods of which subsequent renewals are negotiated with the lessee. No contingent rents are charged.



**Consolidated Notes to the financial statements**  
**Port Nicholson Block Settlement Trust**  
**For the year ended 31 March 2019**

**16) Development properties**

	Wainuiomata			
	Intermediate	Muritai Rd	Jackson St	Total
	\$	\$	\$	\$
31 March 2019				
Opening balance	-	2,152,942	-	2,152,942
Development costs capitalised	1,471,286	474,787	-	1,946,073
Transfer from investment property	1,810,000	-	-	1,810,000
Cost of development property sold	-	(1,820,399)	-	(1,820,399)
Closing balance	<b>3,281,286</b>	<b>807,330</b>	-	<b>4,088,616</b>
31 March 2018				
Opening balance	-	1,209,625	2,051,687	3,261,312
Development costs capitalised	-	943,317	27,727	971,044
Cost of development property sold	-	-	(2,079,414)	(2,079,414)
Closing balance	-	<b>2,152,942</b>	-	<b>2,152,942</b>

Development property is measured at cost and held for sale in the ordinary course of business. Three of the four Muritai units were sold during the year and the development costs capitalised in relation to these units were transferred to the surplus and deficit.

**17) Heritage assets**

The Group holds the following heritage assets:

Honiana Te Puni Reserve	Korokoro Gateway, local purpose reserve
Te Oruaiti	Recreational Reserve, formerly known as Point Dorset Recreation Reserve
Wi Tako Ngatata Scenic Reserve	Scenic Reserve located in Upper Hutt
Dendroglyph Site	Site of tree carvings located near freshwater lake Pencarrow
Bed of Lake Kohangapiripiri	Freshwater lake bed near Pencarrow
Esplanade Land of Kohangapiripiri	Area of land around freshwater lake near Pencarrow
Bed of Lake Kohangatera	Freshwater lake bed near Pencarrow
Esplanade Land of Kohangatera	Area of land around freshwater lake Pencarrow
Makaro Scientific Reserve	Scientific Island Reserve (formerly Ward Island)
Matiu Island	Scientific Island Reserve (formerly Somes Island)
Mokopuna Scientific Reserve	Scientific Island Reserve (formerly Leper Island)

Heritage assets have not been included with the Statement of Financial Position as they are difficult to value. Management have determined that due to their cultural significance the value is unlikely to be fully reflected in a valuation.



**18) Related party transactions**

- a) Parent and Ultimate controlling party of the Group is Port Nicholson Block Settlement Trust**  
 All members of the Port Nicholson Block Settlement Trust group are related parties of the Trust. During each reporting period, the Trust has advanced loans to support its subsidiaries as required, and received loan repayments from its subsidiaries.
- A net balance of \$13,555,994 (2018: \$12,777,032) is owing from the wholly-owned subsidiaries of the Trust. The terms of these advances are current, unsecured, and interest free.
- b) Key management personnel**  
 The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board of Trustees of The Parent, and Directors of the Commercial Board of Taranaki Whanui Limited. Remuneration of key management personnel is as follows:

	Group 31 March 2019 \$	Group 31 March 2018 \$
<b>Remuneration of Key Management Personnel (excluding trustees)</b>		
Total Remuneration	222,961	96,000
Total Number of persons	2 FTE	1 FTE
<b>Trustee Remuneration</b>		
Neville McClutchie Baker	-	3,750
Toarangatira Pomare	-	3,750
Wayne Mulligan	16,000	22,083
Howard Kevin Tamati	-	(3,000)
Morris TeWhiti Love	-	3,750
Holden Hohaia	-	3,750
Peter Jackson	-	6,500
Hannah Buchanan	-	1,417
John Coffey	-	3,750
Kara Puketapu-Dentice	-	3,750
Mahina Puketapu	-	3,750
	<b>16,000</b>	<b>53,250</b>
<b>Directors Remuneration (for Taranaki Whanui Limited)</b>		
Toarangatira Pomare (Chairman)	15,000	15,000
Peter Allport	10,000	12,500
Jamie Tuuta	10,000	17,500
Bryan Jackson	10,000	10,000
	<b>45,000</b>	<b>55,000</b>
<b>Other remuneration and compensation provided to key management personnel and/or close family</b>		
During the reporting period, total remuneration and compensation was provided by the Group to key management personnel or employees who are close family members of key management personnel.		
<b>Total other remuneration</b>	-	-



## Consolidated Notes to the financial statements

### Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

#### 19) Categories of financial assets and liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	Group 31 March 2019 \$	Group 31 March 2018 \$	Parent 31 March 2019 \$	Parent 31 March 2018 \$
<b>Financial assets</b>				
<i>Loans and receivables</i>				
Cash and cash equivalents	4,868,709	2,354,767	1,163,073	1,176,285
Receivables from exchange transactions	4,134,092	1,108,478	129,918	108,058
Non-trade receivables	3,700,000	1,152,656	-	-
Deposits from sales held on Trust account	87,000	306,256	-	-
Inter-entity advances	-	-	14,405,345	13,626,384
	<b>12,789,801</b>	<b>4,922,157</b>	<b>15,698,337</b>	<b>14,910,727</b>
 <i>At amortised cost</i>				
Trade and other creditors	590,290	345,234	57,326	47,036
Advances from related entities	-	-	849,352	849,352
Advance from Rymans	632,038	693,504	-	-
ASB loan	500,000	1,100,000	-	-
Deposits held on Trust account	87,000	300,518	-	-
Conditional Grant Funding	310,664	109,273	310,648	109,257
	<b>2,119,992</b>	<b>2,548,529</b>	<b>1,217,326</b>	<b>1,005,645</b>

The ASB loan is secured over the property at 1-3 Thorndon Quay.

Lowry Bay Section One Limited has received \$1m in grant funding from TPK at 31 March 2019. This funding is to assist the entity is developing 23 house sites and construction of 8 rental units on the Wainuiomata Intermediate site. This funding is held as a liability until satisfaction of the repayment terms being completion of the work, where the funding will be recognised as revenue.

#### 20) Joint venture

In March 2019, Taranaki Whanui Limited has entered into a partnership for ongoing property development. Taranaki Whanui Limited has joint control of the partnership and accordingly the partnership is classified as a joint venture for accounting purposes and accounted for using the equity method.

At 31 March 2019 the joint venture has had no activity and therefore the joint venture is held at the Groups equity investment of \$950,000.

#### 21) Capital commitments

During the year Lowry Bay Section One Limited entered into a development agreement with a developer committing \$2,819,489 to complete stage one of the development on the Wainuiomata Intermediate site. As at 31 March \$905,049 has been paid.





## Consolidated Notes to the financial statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2019

### 22) Contingent assets and liabilities

There are no contingent liabilities or commitments as at 31 March 2019.

### 22) Events after the reporting date

On 8 April 2019 the Lowry Bay Limited Partnership was incorporated with the Port Nicholson Block Settlement Trust as the Limited Partner. The Limited Partnership has entered into an agreement to acquire the Wainuiomata College and Wainuiomata Intermediate land.

In June 2019 Port Nicholson Block Settlement Trust entered into partnership agreement to form Tai Hekenga Limited Partnership and has committed \$8.5m for 19.87% interest.

On 21 February 2019 the Port Nicholson Block Settlement Trust (PNBST) Trustees resolved to appoint Taranaki Whānui Limited as manager of PNBST effective 1 April 2019.



**INDEPENDENT AUDITOR'S REPORT****To the Beneficial Owners of Port Nicholson Block Settlement Trust****Opinion**

We have audited the consolidated financial statements of Port Nicholson Block Settlement Trust and its controlled entities (the "Trust and Group") on pages 1 to 25, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/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 financial position of the Trust and Group as at 31 March 2019, their financial performance and their cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime 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 Trust 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, Port Nicholson Block Settlement Trust or any of its controlled entities.

**Information Other Than the Consolidated and Separate Financial Statements and Auditor's Report**

The Trustees are responsible for the other information. Our opinion on the consolidated and separate financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the consolidated and separate financial statements, if other information is included in the annual report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of our auditors' report, we concluded that there is a material misstatement of this other information, we are required to report that fact.

## **Responsibilities of the Trustees for the Consolidated Financial Statements**

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

In preparing the consolidated and separate financial statements, the Trustees are responsible for assessing the Trust and 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 those charged with governance either intend to liquidate the Trust and 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 and separate 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 and separate 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 and separate 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 Trust and 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 Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust 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 consolidated and separate 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 Trust and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 Trust and Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

We communicate with the Trustees 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.

The engagement partner on the audit resulting in this independent auditor's report is Les Foy.

For and on behalf of:



**Crowe New Zealand Audit Partnership**  
CHARTERED ACCOUNTANTS

11 September 2019

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.  
© 2019 Findex (Aust) Pty Ltd