TARANAKI WHĀNUI
KI TE UPOKO O TE IKA

Port Nicholson Block Settlement Trust

Annual financial report 2023

Issue 6 September 2023

Report contents

Approval of annual financial report

The Board of Trustees are pleased to present the annual financial report including the financial statements of Port Nicholson Block Settlement Trust for the year ended 31 March 2023.

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Kara Puketapu-Dentice
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Trustee

Date: 05-Sep-23

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Trustee

Date: 05-Sep-23

Consolidated statement of comprehensive revenue and expenses

For the year ended 31 March 2023
in New Zealand dollars

	Note	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Revenue	3	1,929,790	5,684,671	111,644	640,500
Total revenue		1,929,790	5,684,671	111,644	640,500
Costs of running the office	4	(1,786,833)	(1,477,697)	(1,181)	(788)
Maintenance cost for the properties owned	5	(1,623,681)	(353,191)	-	-
Depreciation	11,12	(11,032)	(10,486)	-	(306)
Cost of development property sold	13	-	(84,029)	-	-
Operating surplus before financing costs		(1,491,756)	3,759,268	110,463	639,406
Finance income		6,546	416	12	-
Finance expenses		(128,692)	(201,942)	(1)	-
Net financing income/(expense)	6	(122,146)	(201,526)	11	-
Share of surplus/(loss) in investment in associate	14	(447,750)	6,838,769	-	-
Surplus/(loss) before income tax		(2,061,652)	10,396,511	110,474	639,406
Income tax benefit/(expense)	7	(48,370)	(361,064)	(55,625)	43,955
Surplus/(loss) for the year		(2,110,022)	10,035,447	54,849	683,361
Other comprehensive revenue and expenses for the year		-	-	-	-
Total comprehensive revenue and expenses for the year		(2,110,022)	10,035,447	54,849	683,361

Consolidated statement of financial position

As at 31 March 2023
in New Zealand dollars

	Note	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Assets					
Current assets					
Cash and cash equivalents	8	1,520,600	1,244,325	640	681
Trade and other receivables	9	452,657	318,910	1,508	155,248
Related party receivables	21	-	-	17,090,948	17,380,739
Development property	13	416,424	414,754	-	-
Total current assets		2,389,681	1,977,989	17,093,096	17,536,668
Non-current assets					
Property, plant and equipment	11	41,383	40,635	-	-
Investments	14	29,441,115	31,146,714	-	-
Non-trade receivables	10	3,700,000	3,700,000	-	-
Deferred tax asset	7	-	-	-	29,167
Investment properties	12	24,511,000	25,218,100	1,750,000	1,900,000
Development property	13	3,717,939	3,558,783	-	-
Total non-current assets		61,411,437	63,664,232	1,750,000	1,929,167
Total assets		**63,801,118**	**65,642,221**	**18,843,096**	**19,465,835**
Liabilities					
Current liabilities					
Trade and other payables	15	279,608	251,535	-	5,240
Interest bearing loans and borrowings	16	1,580,549	76,309	-	-
Related party payables	21	-	-	1,200,546	849,352
Income tax payable	7	54,786	29,983	56,594	30,136
Deferred income	17	1,316,441	2,046,000	-	1,050,000
Provisions	18	1,000,000	-	-	-
Total current liabilities		4,231,384	2,403,827	1,257,140	1,934,728
Non-current liabilities					
Interest bearing loans and borrowings	16	269,520	1,850,069	-	-
Deferred tax liability	7	375,358	353,446	-	-
Total non-current liabilities		644,878	2,203,515	-	-
Total liabilities		**4,876,262**	**4,607,342**	**1,257,140**	**1,934,728**
Equity					
Retained earnings		58,924,857	61,034,879	17,585,956	17,531,107
Equity attributable to the owners of the Group		58,924,857	61,034,879	17,585,956	17,531,107
Total equity		58,924,857	61,034,879	17,585,956	17,531,107
Total liabilities and equity		**63,801,118**	**65,642,221**	**18,843,096**	**19,465,835**

Consolidated statement of changes in equity

For the year ended 31 March 2023
in New Zealand dollars

Group	Note	**Group** Accumulated comprehensive revenue and expense $	Total equity $
Balance at 1 April 2022		61,034,879	61,034,879
Total comprehensive expense for the year			
Deficit for the year		(2,110,022)	(2,110,022)
Other comprehensive revenue		-	-
Total comprehensive expense for the year		(2,110,022)	(2,110,022)
Balance at 31 March 2023		58,924,857	58,924,857
Balance at 1 April 2021		50,999,432	50,999,432
Total comprehensive revenue for the year			
Surplus for the year		10,035,447	10,035,447
Other comprehensive revenue		-	-
Total comprehensive revenue for the year		10,035,447	10,035,447
Balance at 31 March 2022		61,034,879	61,034,879

Parent	Note	**Parent** Accumulated comprehensive revenue and expense $	Total equity $
Balance at 1 April 2022		17,531,107	17,531,107
Total comprehensive revenue for the year			
Surplus for the year		54,849	54,849
Other comprehensive revenue		-	-
Total comprehensive revenue for the year		54,849	54,849
Balance at 31 March 2023		17,585,956	17,585,956
Balance at 1 April 2021		16,847,746	16,847,746
Total comprehensive revenue for the year			
Surplus for the year		683,361	683,361
Other comprehensive revenue		-	-
Total comprehensive revenue for the year		683,361	683,361
Balance at 31 March 2022		17,531,107	17,531,107

Consolidated statement of cash flows

For the year ended 31 March 2023
in New Zealand dollars

	Note	Group		Parent	
		2023	2022	2023	2022
		$	$	$	$
Cash flows from operating activities					
Cash received from non-exchange transactions		100,000	1,169,984	-	1,000,000
Cash received from exchange transactions		1,632,928	698,530	103,739	297,331
Cash paid to suppliers		(2,590,612)	(2,936,082)	(6,421)	(1,950)
Income tax paid		(1,655)	1,648	-	713
Interest received		6,534	416	-	-
Interest paid		(105,001)	(174,234)	-	-
PIE income		12	-	12	-
Net cash (to)/from operating activities		(957,794)	(1,239,738)	97,330	1,296,094
Cash flows from investing activities					
Acquisition of property, plant and equipment		(11,780)	(6,725)	-	-
Distributions from associates		1,245,849	1,287,592	-	-
Net funds received from/(paid to) related parties		-	-	(97,371)	(1,364,022)
Net cash (to)/from investing activities		1,234,069	1,280,867	(97,371)	(1,364,022)
Net increase/(decrease)		276,275	41,129	(41)	(67,928)
Opening cash and cash equivalents 1 April		1,244,325	1,203,196	681	68,609
Closing cash and cash equivalents 31 March	8	1,520,600	1,244,325	640	681

Notes to the consolidated financial statements

1 Reporting entity

Port Nicholson Block Settlement Trust (the "Trust") is a Trust 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") are outlined in note 22.

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 Ātiawa, Ngāti Ruanui and Ngāti Tama whose Tupuna were residents in Wellington in 1840, collectively known as Taranaki Whānui ki te Upoko o 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 several entities within the Group have elected to be Māori authorities under the Income Tax Act 2007 on the basis they received and manage the settlement package received from the Crown.

2 Basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). With the exception of service performance reporting requirements, these financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”) with Reduced Disclosure Regime (“RDR”) and other applicable financial reporting standards that have been authorised for use by the External Reporting Board for Not-For-Profit entities.

The Group is eligible to report under Tier 2 Not-For-Profit PBE IPSAS Accounting Standards on the basis that it does not have public accountability and it is not defined as large.

Tier 2 Not-For-Profit PBE IPSAS Accounting Standards requires that the Group prepare service performance information in accordance with PBE FRS 48 Service Performance Information and report them in their general purpose financial report. For the year ended 31 March 2023 the Group has not presented service performance information.

These consolidated financial statements have been approved and were authorised for issue by the Board of Trustees on the date included on page 1.

Change in accounting policies

The Group has adopted PBE IPSAS 41 Financial Instruments for the year ended 31 March 2023. This new standard is effective for periods beginning on or after 1 January 2022. PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments by Tier 2 public benefit entities.

No recognition and measurement adjustments have been required as a result of adopting the new standard. As detailed in note 9 and 20, certain reclassification and changes in policy have been made.

All other accounting policies set out below have been consistently applied to all periods presented in these financial statements.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following which are measured at fair value:

- Investment properties

Determination of fair values

Fair values have been determined for measurement purposes based on the methods outlined in the notes specific to that asset or liability.

Where applicable, further information about the assumptions made in determining fair value is also disclosed in the notes specific to that asset or liability.

These financial statements are presented in New Zealand dollars ($) which is the Group's functional currency, rounded to the nearest dollar. They have been prepared on a GST exclusive basis except for receivables and payables that are stated inclusive of GST.

Notes to the consolidated financial statements (continued)

2 Basis of preparation (continued)

Use of estimates and judgements

The preparation of the financial statements in conformity with Tier 2 Not-For-Profit PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The principal areas of judgement in preparing these financial statements are set out below. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 12 Investment properties, classification based on current use and intention in relation to future use of property which could be subject to change depending on market conditions or other changes that may or may not be within the Group's control. The Group records a number of property assets at their fair values. The assessment of fair value requires significant judgement.
- Note 13 Development properties, net realisable value for future developments at Te Puna Wai is greater than the carrying value and not adversely impacted by delays in development timelines.
- Non-trade receivables, the recovery of the $3,700,000 from the previous sale of Shelly Bay properties is based on the Group's ability to realise this primarily through non-cash transactions with the debtor which were agreed on 30 August 2022.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit and loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains and losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Impairment of non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

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

Notes to the consolidated financial statements (continued)

3 Revenue

	Note	Group 2023 $	Group 2022 $	Parent 2023 $	Parent 2022 $
Revenue from exchange transactions					
Rent received from properties owned		436,188	339,693	-	-
Lease revenue Rymans agreement		100,000	100,000	-	-
Fair value adjustment - investment properties	12	(707,100)	4,688,100	(150,000)	300,000
Sale of development properties		-	80,328	-	-
Advertising income		8,225	9,050	-	-
Cost recovery		7,260	-	-	-
Memorandum of Understanding		407,229	340,500	-	340,500
TONO cultural services		47,735	-	-	-
Council - project income		192,500	-	-	-
Partnership and representative income		337,753	-	-	-
Revenue from non-exchange transactions					
Capital grant		1,100,000	127,000	261,644	-
		1,929,790	5,684,671	111,644	640,500

Revenue policy

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.

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

The Group assess when the sale is recorded based on satisfying certain conditions. These include when the significant risks and rewards of ownership is transferred to the purchaser, when the Group no longer retains any control related to ownership of the property and it is probable that the sale proceeds will be receivable by the Group. This is typically when sale and purchase agreements are unconditional.

Other revenue

Other revenue is recognised on an accruals basis.

Notes to the consolidated financial statements (continued)

3 Revenue (continued)

Revenue from non-exchange transactions
Non-exchange revenue is recognised on receipt, or when the entitlement to receipt has been established. Where the contract or agreement includes a condition to return the funds for non-performance, a liability is recognised and released to revenue as those conditions are satisfied.

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

Te Ara Mauwhare
The Group receives grant funding from Te Ara Mauwhare to assist the development at Wainuiomata Intermediate. The Group also receives grant funding from Te Ara Mauwhare to assist in the "Sorted Kainga Ora" programme. Grant funding is recognised within surplus and deficit in the statement of Comprehensive Revenue and Expenses when outputs in the funding agreement are satisfied.

Let's Get Wellington Moving
The Group receives grant funding from the the Let's Get Wellington Moving (LGWM) project to assist with developing a series of business cases for individual LGWM projects. Grant funding is recognised within surplus and deficit in the statement of Comprehensive Revenue and Expenses when outputs in the funding agreement are satisfied.

Te Ara Tupua
The Group received grant funding of $1 million in the 2022 financial year from Waka Kotahi to allow Waka Kotahi temporary occupation of land owned by Port Nicholson Block Settlement Trust for the Te Ara Tupua project to create a walking and cycling link between Wellington and Lower Hutt. Grant funding is recognised within surplus and deficit in the statement of comprehensive revenue and expenses in the 2023 financial year as there are no conditions of repayment and all conditions related to the grant have been met.

Notes to the consolidated financial statements (continued)

4 Costs of running the office

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Compliance				
Accounting	95,386	86,940	1,128	698
Annual general meeting	22,067	6,338	-	-
Annual report	4,725	-	-	-
Audit	41,690	41,659	30	30
	163,868	134,937	1,158	728
Consultancy				
Commercial advisor	156,000	156,000	-	-
Consultancy	332,261	169,448	-	-
Legal fees	89,822	164,938	-	-
	578,083	490,386	-	-
Cultural services				
Cultural services	61,010	103,000	-	-
Koha given	-	774	-	-
Sub-committee fees	139,510	-	-	-
Sub-committee expenses	2,700	-	-	-
Hui costs	422	-	-	-
	203,642	103,774	-	-
Governance				
Chair fees	16,000	19,333	-	-
Director expenses	2,549	-	-	-
Director fees	66,500	78,125	-	-
FAAR committee fees	6,000	7,750	-	-
Trustee elections	92,377	85,019	-	-
Trustee fees	35,083	25,166	-	-
Trustee travel expenses	17,505	12,264	-	-
	236,014	227,657	-	-
Member engagement				
Database	29,131	60,570	-	-
Events	1,796	510	-	-
	30,927	61,080	-	-

Notes to the consolidated financial statements (continued)

4 Costs of running the office (continued)

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Office expenses				
ACC levies	2,113	1,320	-	-
Bad debts	19,129	6,400	-	-
Bank fees	717	997	23	60
Catering	1,877	1,258	-	-
Computer expenses	16,860	18,708	-	-
Copying & printing	4,460	4,650	-	-
File storage and destruction	223	201	-	-
Movement in provision for doubtful debts	(500)	(7,360)	-	-
Office supplies	3,364	1,806	-	-
Postage	213	262	-	-
Stationery	-	539	-	-
Subscriptions	13,726	4,852	-	-
Telephone	4,371	3,250	-	-
Travel expenses	28,602	15,789	-	-
Website	489	778	-	-
Entertainment	2,055	-	-	-
	97,699	53,450	23	60
Personnel				
KiwiSaver	12,246	10,334	-	-
Sub-contractor	56,154	51,617	-	-
Wages & salaries	408,200	344,462	-	-
	476,600	406,413	-	-
	1,786,833	1,477,697	1,181	788

Notes to the consolidated financial statements (continued)

5 Maintenance cost for the properties owned

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Building WOF	1,447	442	-	-
Cleaning	12,475	12,111	-	-
Electricity	14,113	13,970	-	-
Fire monitoring	3,249	2,765	-	-
Insurance	100,124	105,442	-	-
Loan fees	-	27,818	-	-
Property management	-	12,000	-	-
Rates	131,892	99,192	-	-
Repairs and maintenance	1,294,304	44,340	-	-
Security	5,573	4,978	-	-
Telephone	810	1,374	-	-
Water rates	3,981	2,535	-	-
Valuation fees	30,273	26,224	-	-
Commission fees	25,440	-	-	-
	1,623,681	353,191	-	-

6 Net financing costs

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Interest income	6,534	416	-	-
PIE income	12	-	12	-
Finance income	6,546	416	12	-
Interest expense	(128,692)	(201,942)	(1)	-
Finance expense	(128,692)	(201,942)	(1)	-
Net financing expense	(122,146)	(201,526)	11	-

Finance income and expenses policy

Finance income comprises interest income on funds invested and PIE income received using the effective interest method.

Finance costs comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Notes to the consolidated financial statements (continued)

7 Income tax

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Tax recognised in profit or loss				
Current tax expense				
Current period	25,315	30,076	25,315	30,076
Adjustment for prior periods	1,143	(44,864)	1,143	(44,864)
Total current tax expense	26,458	(14,788)	26,458	(14,788)
Deferred tax expense				
Origination and reversal of temporary differences	21,912	421,939	29,167	16,921
Adjustment for prior periods	-	(46,087)	-	(46,087)
Total deferred tax expense/(benefit)	21,912	375,852	29,167	(29,166)
Total income tax expense/(benefit)	48,370	361,064	55,625	(43,954)
Reconciliation of effective tax rate				
Profit before tax	(2,061,652)	10,396,511	110,474	639,406
Income tax using the Group's domestic tax rate of 17.5%	(360,789)	1,819,390	19,333	111,896
Permanent differences	408,016	(1,367,375)	35,149	(64,899)
Prior period adjustment	1,143	(90,951)	1,143	(90,951)
Income tax expense/(benefit)	48,370	361,064	55,625	(43,954)
Deferred tax				
Provisions and accruals	8,598	1,207	-	-
Investment property	(568,373)	(802,740)	-	-
Tax losses	184,417	418,920	-	-
Income in advance	-	29,167	-	29,167
Net deferred tax asset/liability	(375,358)	(353,446)	-	29,167

The current tax liability of $54,786 (2022: $29,983) represents the amount of income taxes payable in respect of current and prior periods for the Group.

The current tax liability of $56,594 (2022: $30,136) represents the amount of income taxes payable in respect of current and prior periods for the Parent.

Income tax policy

Tax expense comprises current and deferred tax and is calculated using rates enacted or substantively enacted at balance date. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the tax is recognised as an adjustment against the item to which it relates.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of goodwill. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Notes to the consolidated financial statements (continued)

8 Cash and cash equivalents

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Current assets				
Bank accounts	1,520,600	1,244,325	640	681
Total cash and cash equivalents in the statement of cash flows	1,520,600	1,244,325	640	681

Cash and cash equivalents policy

Cash and cash equivalents comprise cash balances and call deposits used by the Group in the management of its short-term commitments.

9 Trade and other receivables

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Exchange receivables	364,699	247,958	-	155,248
Provision for expected credit losses	-	(500)	-	-
Prepayments	59,344	44,153	-	-
GST receivable	28,614	27,299	1,508	-
	452,657	318,910	1,508	155,248

Bad debt expenses of $19,129 (2022: $6,400) have been recorded within costs of running the office in the statement of comprehensive revenue and expenses for the Group.

Exchange receivables policy

Exchange receivables are recognised as financial assets classified as trade receivables. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest method.

Individually impaired accounts receivables relate to customers for whom there is objective evidence of inability to pay. The carrying amount of exchange receivables is assumed to be a reasonable approximation for their fair value. A provision for impairment of exchange receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Impairment is calculated based on an expected credit loss (ECL) model under PBE IPSAS 41 Financial Instruments. Refer to note 20 for information about calculation and recognition of expected credit losses.

The amount of the provision is recognised in profit and loss. No provision was recognised for the 2023 year (2022: $500)

Notes to the consolidated financial statements (continued)

10 Non-trade receivables

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Non-current	3,700,000	3,700,000	-	-
	3,700,000	3,700,000	-	-

On 30 August 2022, the Group entered into a variation of the 2019 sale and purchase agreement for Shelly Bay with The Wellington Company. This varied the payment of remaining consideration of $3,700,000 to be received through:

- $2,900,000 as a half share interest in a future limited partnership with The Wellington Company to own certain commercial properties within the Shelly Bay development.
- $100,000 for the option in favour of the Group to purchase the remaining half share of the limited partnership for $3,000,000.
- $700,000 to be applied against the purchase price of certain other properties within the Shelly Bay development.

Where the consideration has not been settled prior to 31 December 2025, the Group is to receive the remaining consideration by way of cash within 5 working days from 31 December 2025.

As at 31 March 2023, the future limited partnership had yet to be established.

Notes to the consolidated financial statements (continued)

11 Property, plant and equipment

Group	Group Office equipment $	Furniture and fittings $	Leasehold improvements $	Total $
Cost				
Balance at 1 April 2022	98,903	31,387	47,989	178,279
Additions	-	-	11,780	11,780
Balance at 31 March 2023	98,903	31,387	59,769	190,059
Depreciation and impairment losses				
Balance at 1 April 2022	(90,264)	(21,468)	(25,912)	(137,644)
Depreciation for the year	(4,518)	(2,249)	(4,265)	(11,032)
Balance at 31 March 2023	(94,782)	(23,717)	(30,177)	(148,676)
Carrying amount				
As at 31 March 2023	4,121	7,670	29,592	41,383
As at 31 March 2022	8,639	9,919	22,077	40,635

Parent	Parent Office equipment $	Total $
Cost		
Balance at 1 April 2022	14,841	14,841
Balance at 31 March 2023	14,841	14,841
Depreciation and impairment losses		
Balance at 1 April 2022	(14,841)	(14,841)
Balance at 31 March 2023	(14,841)	(14,841)
Carrying amount		
At 31 March 2023	-	-
At 31 March 2022	-	-

Notes to the consolidated financial statements (continued)

11 Property, plant and equipment (continued)

Property, plant and equipment policy

Recognition and measurement

All property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss within Revenue or Costs of running the office expenses.

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

Depreciation

For property, plant and equipment, depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The depreciation rates for significant items of property, plant and equipment are as follows:

Office equipment	8%	to	50% straight line
Furniture and fittings	6%	to	10.5% straight line
Leasehold improvements	6%	to	21% straight line

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

Impairment

The carrying amounts of property, plant and equipment are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of the assets and are recognised in profit and loss.

Notes to the consolidated financial statements (continued)

12 Investment properties

Group	Kāumatua Units	1-3 Thorndon Quay	Whites Line East Waiwhetu	Wainui. College	Wainui. Intermediate (Kōhanga Reo Building)	Petone College	Total
	$	$	$	$	$	$	$
Cost							
Balance at 1 April 2022	3,943,100	3,900,000	1,900,000	7,600,000	625,000	7,250,000	25,218,100
Fair value adjustment	(7,100)	(200,000)	(150,000)	(1,400,000)	50,000	1,000,000	(707,100)
Balance at 31 March 2023	3,936,000	3,700,000	1,750,000	6,200,000	675,000	8,250,000	24,511,000
Depreciation and impairment losses							
Balance at 1 April 2022	-	-	-	-	-	-	-
Balance at 31 March 2023	-	-	-	-	-	-	-
Carrying amount							
As at 31 March 2023	3,936,000	3,700,000	1,750,000	6,200,000	675,000	8,250,000	24,511,000
As at 31 March 2022	3,943,100	3,900,000	1,900,000	7,600,000	625,000	7,250,000	25,218,100

Parent	Whites Line East Waiwhetu	Total
	$	$
Cost		
Balance at 1 April 2022	1,900,000	1,900,000
Fair value adjustment	(150,000)	(150,000)
Balance at 31 March 2023	1,750,000	1,750,000
Depreciation and impairment losses		
Balance at 1 April 2022	-	-
Balance at 31 March 2023	-	-
Carrying amount		
At 31 March 2023	1,750,000	1,750,000
At 31 March 2022	1,900,000	1,900,000

Notes to the consolidated financial statements (continued)

Investment properties policy

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.

Investment Property comprises a number of commercial properties some of which that are leased to third parties. Each of the leases contain individual non-cancellable periods of which subsequent renewals are negotiated with the lessee.

The methods applied in determining fair values include reviewing relevant lease documentation, rates information, recent market evidence and valuations prepared by registered valuers.

1 - 3 Thorndon Quay

A desktop review has been undertaken on 1 - 3 Thorndon Quay as at 31 March 2023 by Reuben Blackwell of Colliers International. The value adopted has been based on an overall base land value rate of $6,000psm plus 20% for corner influence with allowance for demolition (2022: A desktop review has been undertaken on 1 - 3 Thorndon Quay as at 31 March 2022 by Gwendoline Callaghan. The value adopted has been based on the capitalisation of rental income and discounted cash flows. The significant assumptions in the valuation are (1) a capitalisation rate of 4.68%; (2) a discount rate in the discounted cash flow approach of 8%; and (3) a terminal yield in the discounted cash flow approach of 6.25%).

Wainuiomata Intermediate (Kōhanga Reo building) and College

Wainuiomata College has been valued using hypothetical subdivision as at 31 March 2023 by Reuben Blackwell of Colliers International.

The Kohanga Reo component of Wainuiomata Intermediate has been valued using capitalisation of rental income at a rate of 9.25% (2022: 9%) as at 31 March 2023 by Reuben Blackwell of Colliers International. The significant assumptions in the valuation is that the seismic strength in relation to the NBS is not less than 67.00% (2021: 67.00%).

Kāumatua units

A valuation review has been undertaken on The Kāumatua units as at 31 March 2023 by Reuben Blackwell of Colliers International. The value adopted has been based on an investment approach using capitalisation of rental income at a rate of 5.00% (2022: 4.50% and a discounted cashflow method by applying a discount rate of 8%). This approach is based on the units being rented at market rates less operating costs and capitalised at a market return.

Whites Line East

A valuation review has been undertaken on Whites Line East as at 31 March 2023 by Reuben Blackwell of Colliers International. The value adopted has been based on a land value direct comparison rate of $1,375psm derived from comparable land sales (2022: The value adopted has been based on a hypothetical subdivision approach for the highest and best use of the land).

Petone College

The valuation of the former Petone College land was performed by Melville Jessup Weaver utilising an actuarial model to measure the fair value of pre-tax cash flows generated from the lease agreement with Ryman Healthcare. The following significant judgements were made for the key inputs of the valuation:

- Average growth rate in the resale value of units of 5.00% (2022: 5.00%) per annum. An increase in this input results in a higher fair value.
- Average turnover of units being 13 years (2022: 10 years) for Independent Living Apartments and 3 years (2022: 3 years) for Serviced Apartments. An increase in this input results in a lower fair value.
- Pre-tax discount rate of 10.00% (2022: 10.00%). An increase in this input results in a lower fair value.

Notes to the consolidated financial statements (continued)

13 Development properties

	Group		
	Mt Crawford	Wainuiomata Intermediate	Total
	$	$	$
Cost			
Balance at 1 April 2022	226,060	3,747,477	3,973,537
Development costs capitalised	159,156	1,670	160,826
Balance at 31 March 2023	385,216	3,749,147	4,134,363
Carrying amount			
Closing balance at 31 March 2023	385,216	3,749,147	4,134,363
Closing balance at 31 March 2022	226,060	3,747,477	3,973,537

Development properties are classified as follows:

		2023	
Current portion			
Wainuiomata Intermediate - Shared Equity held for sale	-	416,424	416,424
	-	416,424	416,424
Non current portion			
Mt Crawford	385,216	-	385,216
Wainuiomata Intermediate - Stage B	-	2,336,718	2,336,718
Wainuiomata Intermediate - Undeveloped land	-	996,005	996,005
	385,216	3,332,723	3,717,939
Total	385,216	3,749,147	4,134,363

		2022	
Current portion			
Wainuiomata Intermediate - Shared Equity held for sale	-	414,754	414,754
	-	414,754	414,754
Non current portion			
Mt Crawford	226,060	-	226,060
Wainuiomata Intermediate - Stage B	-	2,336,718	2,336,718
Wainuiomata Intermediate - Undeveloped land	-	996,005	996,005
	226,060	3,332,723	3,558,783
Total	226,060	3,747,477	3,973,537

The shared equity properties with equity held by the Group are still considered held for sale. This is due to the shared ownership agreement between the Group and the owners allowing the owners to purchase the remaining share held by the Group on request at the current market value.

The development of a further 18 units as part of 'Stage B' of the development has been halted as the Group works through the concerns of the Uri Working Group. There is uncertainty on when the development will be able to be resumed. The Trustees have determined that the halting of the development does not impact the recoverability of costs incurred to date. The Trustees continue to carry the remaining development at cost as the fair value of the remaining development is greater than the carrying value.

Notes to the consolidated financial statements (continued)

14 Investments

	Group 2023 $	Group 2022 $
Investments in joint ventures	950,000	950,000
Investments in associates	28,491,115	30,196,714
	29,441,115	31,146,714

Investments policy

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.

Associates are those entities within which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interest in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the surplus or deficit and other comprehensive revenue and expense of equity-accounted investees, until the date on which significant influence ceases.

Joint venture (Aro development)

In March 2019, Taranaki Whānui Limited entered into a partnership for ongoing property development. Taranaki Whānui 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.
Taranaki Whānui Limited entered into a development agreement in the 2022 year in respect of the Victoria Quarter. The $950,000 was split with $850,000 being recognised as contributed capital for the Group's 50% share of the Victoria Quarter Development Limited Partnership. The remaining $100,000 continues to be invested in the partnership. As at 31 March 2023, neither joint venture had any trading activity.

Investments in associates (Tai Hekenga)

In June 2019, Taranaki Whānui Limited entered into partnership agreement with several other organisations to form the Tai Hekenga Limited Partnership. Taranaki Whānui Limited has significant influence over the financial and operating policies of the partnership and accordingly the investment in the partnership is classified as an investment in an associate for accounting purposes and accounted for under the equity method.

In 2020 TWL committed $8.5m for 10.87% of the partnership, and as a result of making the Sale and Leaseback properties available for the other organisations to invest into, it received a 9% free carry portion bringing its total share of the investment to 19.87%.

As at 31 March 2023 the value of the interest was $28,491,115 (2022: $30,196,714) which is reflected in the Group balance sheet. The revenue in the Consolidated Statement of Comprehensive Revenue and Expenses reflects the Group's share of the partnership rental income and the uplift/(reduction) on the revaluation of the properties and derivatives held in the partnership as shown below.

	Group 2023 $	Group 2022 $
Share of partnership rental	1,257,170	1,287,974
Uplift/(reduction) on revaluation	(1,704,920)	5,550,811
Total	(477,750)	6,838,785

Notes to the consolidated financial statements (continued)

15 Trade and other payables

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Trade payables	279,608	251,535	-	-
GST payable	-	-	-	5,240
	279,608	251,535	-	5,240

Trade and other payables policy

Trade and other payables are measured at cost, being their fair value. These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

16 Interest bearing loans and borrowings

	Group	
	2023	2022
	$	$
Current		
Advance from Ryman Healthcare	80,549	76,309
Advance from Raukawa ki te Tonga AHC Limited	1,500,000	-
	1,580,549	76,309
Non-current		
Advance from Ryman Healthcare	269,520	350,069
Advance from Raukawa ki te Tonga AHC Limited	-	1,500,000
	269,520	1,850,069

Interest bearing loans and liabilities policy

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowing using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Raukawa ki te Tonga AHC Limited

The total amount available from this facility is $1,500,000. The loan is due for payment prior to 26 July 2023. Refer to note 25 on the repayment of this facility subsequent to year end. The Group has provided security for the loan being:

- A registered first mortgage over the land and buildings at 1-3 Thorndon Quay, Wellington;
- A registered first mortgage over the land at 86 Whites Line East, Lower Hutt;
- A first ranking general security agreement over all present and after acquired property of Tramways Limited (which is the controlled entity within the Group that owns 1-3 Thorndon Quay, Wellington).A guarantee and indemnity is also provided by Tramways Limited and Port Nicholson Block Settlement Trust.

Ryman Healthcare

The Group has an agreement with Ryman Healthcare for the lease of the land formerly known as Petone College. As part of the lease agreement, Ryman Healthcare has advanced $1,000,000 in respect of the lease payments for a 15 year term. Payments of $100,000 are made each year with the advance expected to be fully repaid in 2027. Interest is incurred at 5.56% per annum.

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Notes to the consolidated financial statements (continued)

17 Deferred income

Deferred income policy

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be estimated reliably.

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Conditional grant funding	996,000	1,996,000	-	1,000,000
Income in advance - MoU income	320,083	50,000	-	50,000
Income in advance - other	358	-	-	-
	1,316,441	2,046,000	-	1,050,000

Conditional grant funding

Lowry Bay Limited Partnership has received $4.14m in grant funding from TPK. This funding is to assist the entity in developing infrastructure for 23 house sites, as well as construction of 8 rental units and 15 shared equity properties on the Wainuiomata Intermediate site. Funding of $996,000 has been held as a liability until satisfaction of the repayment terms being completion of the work, where the funding will be recognised as revenue. As referred to in Note 13, the Group has retained this liability as the development has had to be ceased with 9 house sites and 9 shared equity properties yet to be constructed due to the threat of occupation of the land by the Uri Working Group.

MoU income

Taranaki Whānui Limited received $200,000 from Greater Wellington Regional Council during the year. The annual payment of $200,000 relates to the period 1 July 2022 - 31 June 2023, therefore 3 months have been recorded as income in advance.

Taranaki Whānui Limited received $270,083 from Greater Wellington Regional Council during the year. The payment relates to the first installment of the Joint Kaupapa programme agreement. As the conditions have not been met as at 31 March 2023, income has been recorded as income in advance.

Refer to note 3 for details regarding the recognition of MoU income.

18 Provisions

	Group		Parent	
	2023	2022	2023	2022
	$	$	$	$
Shelly Bay wharves demolition provision	1,000,000	-	-	-
	1,000,000	-	-	-

Provisions policy

Provisions are recognised when

- An entity has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Notes to the consolidated financial statements (continued)

18 Provisions (continued)

Shelly Bay wharves demolition

Investigations by the Shelly Bay developer in conjunction with discussions with the Harbour Master had determined that the Shelly Bay Wharves, acquired by the Port Nicholson Block Settlement Trust, as part of the acquisition of the Shelly Bay site, were likely to constitute a hazardous structure. In December 2022, the Wellington City Council issued a formal notice for the removal of the deteriorating wharves after balance date.

During the 2023 year, $250,000 was incurred in relation to wharf structure removal and associated ancillary. For the 2024 year, the removal is budgeted to cost $1m. On 31 March 2023, Shelly Bay Limited and Underwater Solutions Limited signed a contract for $733,000 for the demolition of the Shelly Bay Wharf which involves the demolition of all marine structures offshore of the seawall. On 21 June 2023 the Group was invoiced a further $250,000 in relation to the wharf structure removal and associated ancillary.

19 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.

Notes to the consolidated financial statements (continued)

20 Financial instruments classification

The Group has adopted PBE IPSAS 41 Financial Instruments for the year ended 31 March 2023. This new standard is effective for periods beginning on or after 1 January 2022.

PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments by Tier 2 public benefit entities.

As a result of adopting PBE IPSAS 41, employee benefits are no longer classified as financial liabilities. No other recognition and measurement adjustments have been required as a result of adopting the new standard.

Financial instruments are recognised in the statement of financial position when the Group becomes party to a financial contract.

The Group is a party to financial instruments as part of its normal operations. Financial instruments include:

- Financial assets: cash and cash equivalents, trade and other receivables and related party receivables.
- Financial liabilities: trade and other payables, interest bearing loans and borrowings and related party payables.

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to a financial contract.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through surplus or deficit transaction costs that are directly attributable to its acquisition or issue. At initial recognition, an entity may measure short-term receivables and payables at the original invoice amount if the effect of discounting is immaterial.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in surplus or deficit.

Classification and subsequent measurement

Financial asset held at amortised cost

The classifications of the financial assets are determined at initial recognition as measured at amortised cost, fair value through other comprehensive revenue and expense (FVOCRE) - debt investment, fair value through other comprehensive revenue and expense (FVOCRE) or fair value through surplus and deficit (FVTSD). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its management model for managing financial assets. Financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Financial assets held at amortised cost comprise: cash and cash equivalents, trade and other receivables, and related party receivables.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through to surplus or deficit. Financial liabilities measured at amortised cost are subsequently measured at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

Financial liabilities held at amortised cost comprise: trade and other payables, related party payables, and lease liabilities.

Impairment of non-derivative financial assets

The Group shall recognise loss allowances for expected credit losses on financial assets measured at amortised cost. The group measure loss allowances for trade and other receivables at an amount equal to lifetime ECLs. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the consolidated financial statements (continued)

20 Financial instruments classification (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The simplified model for trade creditors is adopted where ECL is based on lifetime expected losses. For other financial assets, ECL is based on default events expected to occur in the next 12 months unless there is evidence of a significant increase in credit risk. Where this is the case, ECL is based on lifetime expected credit losses.

21 Related parties

Key management personnel

Transactions involving related entities

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 Whānui Limited. Remuneration of key management personnel is as follows:

Related entity	**2023**	**2022**
Remuneration of key management personnel (excluding trustees)	564,200	500,462
Trustee remuneration	51,083	44,500
FAAR committee remuneration	6,000	7,750
Directors remuneration (for Taranaki Whānui Limited)	54,500	66,125
Other remuneration and compensation provided to key management personnel and/or close family	12,000	12,000

The following transactions between related parties occurred during the year:

	Parent			
	2023			
Related party	Sale of goods and services $	Purchase of goods and services $	Balances receivable $	Balances payable $
Wholly owned subsidiaries and associated entities	-	-	17,090,948	1,200,546
	-	-	17,090,948	1,200,546

	Parent			
	2022			
Related party	Sale of goods and services $	Purchase of goods and services $	Balances receivable $	Balances payable $
Wholly owned subsidiaries and associated entities	-	-	17,380,739	849,352
	-	-	17,380,739	849,352

The 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. The terms of these advances are current, unsecured, and interest free.

Notes to the consolidated financial statements (continued)

22 List of subsidiaries

Set out below is a list of material subsidiaries of the Group:

	Country of incorporation
Shelly Bay Limited	New Zealand
The Lodge at Shelly Bay Limited	New Zealand
Taranaki Whānui Limited	New Zealand
TWL Holdings Limited	New Zealand
TWL Management Limited	New Zealand
TWL Trust Limited	New Zealand
Muritai Project Limited Partnership	New Zealand
RFR Projects Limited Partnership	New Zealand
RFR General Partner Limited	New Zealand
LBS General Partner Limited	New Zealand
Lowry Bay Limited Partnership	New Zealand
Lowry Bay Number Two Limited Partnership	New Zealand
Lowry Bay Section One Limited	New Zealand
Port Nicholson Block Properties Limited	New Zealand
Education PNBST Limited	New Zealand
Tramways Limited	New Zealand
Whites Line East Limited	New Zealand
PNBST Investments Limited Partnership	New Zealand
SBL Management Limited	New Zealand
Tai-Kuru Limited Partnership	New Zealand
Tai-Kuru Trust Limited	New Zealand

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 bans or advances.

23 Capital commitments

There are no capital commitment at balance date (2022: nil).

24 Contingencies

There are no contingent liabilities at balance date (2022: nil).

25 Subsequent events

Advance from Te Manawaroa o Ngati Tama Charitable Trust
The Raukawa ki te Tonga AHC Limited advance due for repayment prior to 26 July 2023 has been refinanced. Taranaki Whānui Limited has entered into an agreement after balance date with Te Manawaroa o Ngati Tama Charitable Trust to advance $1,500,000. The loan is due for repayment on 26 July 2026. interest is to be incurred at 9% per annum. Tramways Limited and The Port Nicholson Block Settlement Trust has provided security for the loan being;

- A registered first mortgage over the land and buildings at 1-3 Thorndon Quay, Wellington;
- A registered first mortgage over the land at 86 Whites Line East, Lower Hutt;
- A first ranking general security agreement over all present and after acquired property of Tramways Limited (which is the controlled entity within the Group that owns 1-3 Thorndon Quay, Wellington). A guarantee and indemnity is also provided by Tramways Limited and Port Nicholson Block Settlement Trust.

A result of the refinance outlined above, current liabilities reduce by $1.5m and term liabilities increase by $1.5m subsequent to year end.

Extension of lease for the Kāumatua units

On 27 April 2023, LBS General Partner Limited extended the lease for the Kāumatua units by 10 years, which now expires in 2036.

Thorndon School
On 30 June 2023, Tai Hekenga Limited Partnership acquired the land underneath Thorndon School. This acquisition was final property of Port Nicholson Block Settlement Trust's Sale and Leaseback schedule.

Notes to the consolidated financial statements (continued)

25 Subsequent events (continued)

Sale of land at Shelly Bay
On 1 September 2023, The Wellington Company entered into an agreement with a third party to sell the land at Shelly Bay. The transaction has no impact on the Trust's financial position.

There have been no other events subsequent to balance date which would materially affect the financial statements.

Crowe New Zealand Audit Partnership

Level 1, Findex House
57 Willis Street, Wellington 6011
C/- Crowe Mail Centre Private Bag 90106
Invercargill 9840 New Zealand

Main +64 4 471 0006
Fax +64 4 566 6077

www.crowe.nz

INDEPENDENT AUDITOR'S REPORT

To the Beneficial Owners of Port Nicholson Block Settlement Trust

Opinion

We have audited the consolidated and separate financial statements of Port Nicholson Block Settlement Trust (the Trust) and its controlled entities (the Trust and Group) on pages 2 to 28, which comprise the consolidated and separate statement of financial position as at 31 March 2023, and the consolidated and separate statement of comprehensive revenue and expense, consolidated and separate statement of changes in net assets/equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Trust and Group as at 31 March 2023, and their financial performance and their cash flows for the year then ended in accordance with Public Benefit Entity Accounting 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 and Separate Financial Statements* section of our report. We are independent of the Trust and Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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 audit opinion or assurance conclusion thereon. 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, 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.

The Trust and Group is required to present service performance information within its general purpose financial report. This is a requirement of Public Benefit Entity Accounting Standards Reduced Disclosure Regime and PBE FRS 48 *Service Performance Information*. The Trust and Group has not reported on its service performance information in this general purpose financial report and has not complied with PBE FRS 48.

Our opinion on the financial statements does not cover the other information nor the service performance information and we do not express any form of audit opinion or assurance conclusion thereon.

Trustees' Responsibilities for the Consolidated and Separate Financial Statements

The Trustees are responsible on behalf of the Trust and Group for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Public Benefit Entity Accounting 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 the Trustees 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 and Separate 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for 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.

Restriction on Use

This report is made solely to the Trust's Beneficial Owners, as a body. Our audit has been undertaken so that we might state to the Trust's Beneficial Owners those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and Group and the Trust's Beneficial Owners as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Wellington this 5th day of September 2023

TARANAKI WHĀNUI
KI TE UPOKO O TE IKA