TARANAKI WHĀNUI
KI TE UPOKO O TE IKA

Port Nicholson Block Settlement Trust

Annual financial report 2022

Issued 9 September 2022

Port Nicholson Block Settlement Trust

Annual financial report 2022

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 2022.

M.Puketapu

Trustee Kara Puketapu-Dentice

Date: 9 September 2022

Trustee Mahina Puketapu

Date: 9 September 2022

Consolidated statement of comprehensive revenue and expenses

For the year ended 31 March 2022
in New Zealand dollars

	Note	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Revenue	3	5,684,671	14,510,567	640,500	995,000
Total revenue		5,684,671	14,510,567	640,500	995,000
Costs of running the office	4	(1,477,697)	(1,711,316)	(788)	(29,942)
Maintenance cost for the properties owned	5	(353,191)	(276,406)	-	-
Depreciation	10,11	(10,486)	(13,399)	(306)	(4,401)
Cost of development property sold	12	(84,029)	(8,855,469)	-	-
Operating surplus before financing costs		3,759,268	3,653,977	639,406	960,657
Finance income		416	148	-	-
Finance expenses		(201,942)	(130,390)	-	-
Net financing expense	6	(201,526)	(130,242)	-	-
Share of surplus in investment in associate	13	6,838,769	5,305,595	-	-
Surplus before income tax		10,396,511	8,829,330	639,406	960,657
Income tax benefit (expense)	7	(361,064)	(541,293)	43,955	(152,786)
Surplus for the year		10,035,447	8,288,037	683,361	807,871
Other comprehensive revenue and expenses for the year		-	-	-	-
Total comprehensive revenue and expenses for the year		10,035,447	8,288,037	683,361	807,871

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

Consolidated statement of financial position

As at 31 March 2022
in New Zealand dollars

	Note	Group 2022 $	Group 2021 $ (Restated)	Parent 2022 $	Parent 2021 $
Assets					
Current assets					
Cash and cash equivalents	8	1,244,325	1,203,196	681	68,609
Trade and other receivables	9	318,910	231,803	155,248	63,826
Non-trade receivables		-	1,850,000	-	-
Related party receivables	19	-	-	17,380,739	16,016,717
Development property	12	414,754	2,822,054	-	-
Total current assets		1,977,989	6,107,053	17,536,668	16,149,152
Non-current assets					
Property, plant and equipment	10	40,635	44,396	-	306
Investments	13	31,146,714	25,607,521	-	-
Non-trade receivables		3,700,000	1,850,000	-	-
Deferred tax asset	7	-	22,406	29,167	-
Investment properties	11	25,218,100	20,530,000	1,900,000	1,600,000
Development property	12	3,558,783	1,149,572	-	-
Total non-current assets		63,664,232	49,203,895	1,929,167	1,600,306
Total assets		**65,642,221**	**55,310,948**	**19,465,835**	**17,749,458**
Liabilities					
Current liabilities					
Trade and other payables	14	251,535	1,266,707	5,240	8,149
Interest bearing loans and borrowings	15	76,309	72,292	-	-
Related party payables	19	-	-	849,352	849,352
Income tax payable	7	29,983	43,123	30,136	44,211
Deferred income	16	2,046,000	1,003,016	1,050,000	-
Total current liabilities		2,403,827	2,385,138	1,934,728	901,712
Non-current liabilities					
Interest bearing loans and borrowings	15	1,850,069	1,926,378	-	-
Deferred tax liability	7	353,446	-	-	-
Total non-current liabilities		2,203,515	1,926,378	-	-
Total liabilities		**4,607,342**	**4,311,516**	**1,934,728**	**901,712**
Equity					
Retained earnings		61,034,879	50,999,432	17,531,107	16,847,746
Equity attributable to the owners of the Group		61,034,879	50,999,432	17,531,107	16,847,746
Total equity		61,034,879	50,999,432	17,531,107	16,847,746
Total liabilities and equity		**65,642,221**	**55,310,948**	**19,465,835**	**17,749,458**

Consolidated statement of changes in equity

For the year ended 31 March 2022
in New Zealand dollars

Group	Note	Group Accumulated comprehensive revenue and expense $	Total equity $
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
Balance at 1 April 2020		42,711,395	42,711,395
Total comprehensive revenue for the year			
Surplus for the year		8,288,037	8,288,037
Other comprehensive revenue		-	-
Total comprehensive revenue for the year		8,288,037	8,288,037
Balance at 31 March 2021		50,999,432	50,999,432

Parent	Note	Parent Accumulated comprehensive revenue and expense $	Total equity $
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
Balance at 1 April 2020		16,039,875	16,039,875
Total comprehensive revenue for the year			
Surplus for the year		807,871	807,871
Other comprehensive revenue		-	-
Total comprehensive revenue for the year		807,871	807,871
Balance at 31 March 2021		16,847,746	16,847,746

Consolidated statement of cash flows

For the year ended 31 March 2022
in New Zealand dollars

	Note	Group		Parent	
		2022	2021	2022	2021
		$	$	$	$
Cash flows from operating activities					
Cash received from non-exchange transactions		1,169,984	157,088	1,000,000	15,000
Cash received from exchange transactions		698,530	708,773	297,331	272,608
Cash paid to suppliers		(2,936,082)	(2,268,267)	(1,950)	(32,733)
Income tax paid		1,648	18,990	713	12,381
Interest received		416	148	-	-
Interest paid		(174,234)	(98,877)	-	-
Net cash from operating activities		(1,239,738)	(1,482,145)	1,296,094	267,256
Cash flows from investing activities					
Acquisition of property, plant and equipment		(6,725)	(7,567)	-	-
Acquisition of investment property		-	(49,053)	-	-
Distributions from associates		1,287,592	1,223,753	-	-
Net funds received from/(paid to) related parties		-	-	(1,364,022)	(289,092)
Net cash (to) investing activities		1,280,867	1,167,133	(1,364,022)	(289,092)
Cash flows from financing activities					
Proceeds from loans and borrowings		-	500,000	-	-
Net cash from financing activities		-	500,000	-	-
Net (decrease)		41,129	184,988	(67,928)	(21,836)
Opening cash and cash equivalents 1 April		1,203,196	1,018,208	68,609	90,445
Closing cash and cash equivalents 31 March	8	1,244,325	1,203,196	681	68,609

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 20.

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'). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") 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.

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

All accounting policies set out below have been consistently applied to all periods presented in these financial statements. Where applicable, certain comparatives have been reclassified to comply with the accounting presentation adopted in the current year to ensure consistency with the current year classification.

COVID 19

The Group has considered the impact of COVID-19 on the financial statements for the year ended 31 March 2022 and consider there has not been a significant impact on the preparation of the financial statements as a result of COVID-19. The Trustees have determined that no impairment or change in basis of preparation is required as a result of COVID-19. The Trustees will continue to monitor the impact of COVID-19 on the operations of the Group.

In preparing the financial statements under a going concern basis, the Trustees have given consideration to the cash flows generated from its investments and investment property and the Group's operations. The Trustees' assessment, particularly when considering that in excess of seventy percent of its annuity cash comes from Crown backed leases, demonstrates there is sufficient operating and investing cash flow to meet the financing cash flow requirements and obligations of the Group.

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 11 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 12 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 has been agreed subsequent to balance date as disclosed in note 23.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls and 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

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

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
Revenue from exchange transactions				
Rent received from properties owned	339,693	243,396	-	-
Lease revenue Rymans agreement	100,000	100,000	-	-
Fair value adjustment - investment properties	4,688,100	4,558,149	300,000	760,000
Sale of development properties	80,328	8,655,186	-	-
Advertising income	9,050	5,043	-	-
Cost recovery	-	233,203	-	-
Memorandum of Understanding	340,500	220,000	340,500	220,000
Nomination fees	-	43,479	-	-
Revenue from non-exchange transactions				
Capital grant	127,000	452,111	-	15,000
	5,684,671	14,510,567	640,500	995,000

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.

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.

Maori Housing Network and Te Ara Mauwhare
The Group receives grant funding from Maori Housing Network and 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.

Notes to the consolidated financial statements (continued)

4 Costs of running the office

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
Compliance				
Accounting	86,940	36,368	698	1,163
Annual general meeting	6,338	19,696	-	-
Annual report	-	10,524	-	-
Audit	41,659	45,475	30	30
	134,937	112,063	728	1,193
Consultancy				
Commerical advisor	156,000	146,000	-	-
Consultancy	169,448	204,147	-	-
Legal fees	164,938	442,740	-	-
	490,386	792,887	-	-
Cultural services				
Cultural services	103,000	26,650	-	-
Koha given	774	-	-	-
	103,774	26,650	-	-
Governance				
Chair fees	19,333	32,000	-	-
Director expenses	-	659	-	-
Director fees	78,125	82,000	-	-
FAAR committee fees	7,750	5,250	-	-
Trustee elections	85,019	44,310	-	-
Trustee fees	25,166	27,250	-	-
Trustee travel expenses	12,264	5,601	-	-
	227,657	197,070	-	-
Member engagement				
Database	60,570	56,926	-	-
Events	510	-	-	-
COVID-19 recovery distributions	-	30,000	-	30,000
	61,080	86,926	-	30,000

Notes to the consolidated financial statements (continued)

4 Costs of running the office (continued)

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
Office expenses				
ACC levies	1,320	1,526	-	(242)
Bad debts	6,400	5,946	-	2,885
Bank fees	997	1,161	60	60
Catering	1,258	57	-	-
Computer expenses	18,708	13,429	-	-
Copying & printing	4,650	5,824	-	-
File storage and destruction	201	303	-	-
Movement in provision for doubtful debts	(7,360)	305	-	(4,035)
Office supplies	1,806	2,996	-	-
Penalties	-	672	-	-
Postage	262	613	-	-
Stationery	539	-	-	-
Subscriptions	4,852	1,956	-	-
Telephone	3,250	2,537	-	81
Te Puna Wai administration	-	664	-	-
Travel expenses	15,789	24,629	-	-
Website	778	517	-	-
	53,450	63,135	60	(1,251)
Personnel				
Kiwisaver	10,334	7,503	-	-
Staff training	-	188	-	-
Sub-contractor	51,617	174,799	-	-
Wages & salaries	344,462	250,095	-	-
	406,413	432,585	-	-
	1,477,697	1,711,316	788	29,942

Notes to the consolidated financial statements (continued)

5 Maintenance cost for the properties owned

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
Building WOF	442	290	-	-
Cleaning	12,111	10,717	-	-
Electricity	13,970	13,368	-	-
Fire monitoring	2,765	2,882	-	-
Insurance	105,442	71,299	-	-
Loan fees	27,818	-	-	-
Property management	12,000	-	-	-
Rates	99,192	54,064	-	-
Repairs and maintenance	44,340	62,454	-	-
Security	4,978	4,700	-	-
Telephone	1,374	711	-	-
Water rates	2,535	2,744	-	-
Valuation fees	26,224	53,177	-	-
	353,191	276,406	-	-

6 Net financing costs

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
Interest income	416	148	-	-
Finance income	416	148	-	-
Interest expense	(201,942)	(130,390)	-	-
Finance expense	(201,942)	(130,390)	-	-
Net financing expense	(201,526)	(130,242)	-	-

Finance income and expenses policy

Finance income comprises interest income on funds invested 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	
	2022	2021	2022	2021
	$	$	$	$
Tax recognised in profit or loss				
Current tax expense				
Current period	30,076	44,864	30,076	44,864
Adjustment for prior periods	(44,864)	-	(44,864)	-
Total current tax expense	(14,788)	44,864	(14,788)	44,864
Deferred tax expense				
Origination and reversal of temporary differences	421,939	496,429	16,921	120,745
Adjustment for prior periods	(46,087)	-	(46,087)	(12,823)
Total deferred tax (benefit)/expense	375,852	496,429	(29,166)	107,922
Total income tax expense/(benefit)	361,064	541,293	(43,954)	152,786
Reconciliation of effective tax rate				
Profit before tax	10,396,511	8,829,330	639,406	960,657
Income tax using the Group's domestic tax rate of 17.5%	1,819,390	1,545,133	111,896	168,115
Permanent differences	(1,367,375)	(1,003,840)	(64,899)	(2,506)
Prior period adjustment	(90,951)	-	(90,951)	(12,823)
Income tax expense/(benefit)	361,064	541,293	(43,954)	152,786
Deferred tax				
Provisions and accruals	1,207	1,375	-	-
Investment property	(802,740)	(389,605)	-	-
Tax losses	418,920	410,636	-	-
Income in advance	29,167	-	29,167	-
Net deferred tax asset/liability	(353,446)	22,406	29,167	-

The current tax liability of $29,983 (2021: $43,123) represents the amount of income taxes payable in respect of current and prior periods for the Group.

The current tax liability of $30,136 (2021: $44,211) 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.

The prior year adjustment relates to aligning the accounting taxable income with what was filed with Inland Revenue when the tax returns have been prepared subsequent to the preparation of the financial statements.

Notes to the consolidated financial statements (continued)

8 Cash and cash equivalents

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
Current assets				
Bank accounts	1,244,325	1,203,196	681	68,609
Total cash and cash equivalents in the statement of cash flows	1,244,325	1,203,196	681	68,609

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	
	2022	2021	2022	2021
	$	$	$	$
Exchange receivables	247,958	100,657	155,248	63,826
Provision for doubtful debts	(500)	(7,860)	-	-
Prepayments	44,153	28,086	-	-
GST receivable	27,299	110,920	-	-
	318,910	231,803	155,248	63,826

Bad debt expenses of $6,400 (2021: $-) 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 loans and 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.

Notes to the consolidated financial statements (continued)

10 Property, plant and equipment

Group	Group Office equipment $	 Furniture and fittings $	 Leasehold improvements $	 Total $
Cost				
Balance at 1 April 2021	92,178	31,387	47,989	171,554
Additions	6,725	-	-	6,725
Balance at 31 March 2022	98,903	31,387	47,989	178,279
Depreciation and impairment losses				
Balance at 1 April 2021	(86,623)	(19,081)	(21,454)	(127,158)
Depreciation for the year	(3,641)	(2,387)	(4,458)	(10,486)
Balance at 31 March 2022	(90,264)	(21,468)	(25,912)	(137,644)
Carrying amount				
As at 31 March 2022	8,639	9,919	22,077	40,635
As at 31 March 2021	5,555	12,306	26,535	44,396

Parent	Parent Office equipment $	 Total $
Cost		
Balance at 1 April 2021	14,841	14,841
Balance at 31 March 2022	14,841	14,841
Depreciation and impairment losses		
Balance at 1 April 2021	(14,535)	(14,535)
Depreciation for the year	(306)	(306)
Balance at 31 March 2022	(14,841)	(14,841)
Carrying amount		
At 31 March 2022	-	-
At 31 March 2021	306	306

Notes to the consolidated financial statements (continued)

10 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	21% straight line
Leasehold improvements	7%	to	13.5% 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)

11 Investment properties

Group	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 2021	3,855,000	2,450,000	1,600,000	5,250,000	625,000	6,750,000	20,530,000
Fair value adjustment	88,100	1,450,000	300,000	2,350,000	-	500,000	4,688,100
Balance at 31 March 2022	3,943,100	3,900,000	1,900,000	7,600,000	625,000	7,250,000	25,218,100
Depreciation and impairment losses							
Balance at 1 April 2021	-	-	-	-	-	-	-
Balance at 31 March 2022	-	-	-	-	-	-	-
Carrying amount							
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
As at 31 March 2021	3,855,000	2,450,000	1,600,000	5,250,000	625,000	6,750,000	20,530,000

Parent	Parent	
	Whites Line East Waiwhetu	Total
	$	$
Cost		
Balance at 1 April 2021	1,600,000	1,600,000
Fair value adjustment	300,000	300,000
Balance at 31 March 2022	1,900,000	1,900,000
Depreciation and impairment losses		
Balance at 1 April 2021	-	-
Balance at 31 March 2022	-	-
Carrying amount		
At 31 March 2022	1,900,000	1,900,000
At 31 March 2021	1,600,000	1,600,000

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 of the capitalisation of rental income and discounted cash flow valuations have been undertaken on 1-3 Thorndon Quay as at 31 March 2022 by Gwendoline Callaghan (FNZIV) of Colliers International. The significant assumptions in the valuation are (1) a capitalisation rate of 4.68% (2021: 6.81%); (2) a discount rate in the discounted cash flow approach of 8.00% (2021: 8.00%); and (3) a terminal yield in the discounted cash flow approach of 6.25% (2021: 6.75%).

Wainuiomata Intermediate (Kōhanga Reo building) and College

Wainuiomata College has been valued using hypothetical subdivision as at 31 March 2022 by Gwendoline Callaghan (FNZIV) of Colliers International.

The Kohanga Reo component of Wainuiomata Intermediate has been valued using capitalisation of rental income at a rate of 10% (2020: 10%) as at 31 March 2021 by Gwendoline Callaghan (FNZIV) of Colliers International. The significant assumptions in the valuation is that the seismic strength in relation to the NBS is not less than 67% (2020: 67%). The Group considers that the valuation continues to reflect fair value at 31 March 2022.

Kāumatua units

A desktop review valuation has been undertaken on The Kāumatua units as at 31 March 2022 by Gwendoline Callaghan (FNZIV) of Colliers International. The value adopted has been based on an investment approach using capitalisation of rental income at a rate of 4.50%. This approach is based on the units being rented at market rates less operating costs and capitalised at a market return. The Group considers that the valuation reflects fair value at 31 March 2022.

Whites Line East

A desktop review valuation has been undertaken on Whites Line East as at 31 March 2022 by Gwendoline Callaghan (FNZIV) of Colliers International. 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% (2021: 5%) per annum. An increase in this input results in a higher fair value
- Average turnover of units being 10 years (2021: 7 years) for Independent Living Apartments and 3 years (2021: 4 years) for Serviced Apartments. An increase in this input results in a lower fair value
- Pre-tax discount rate of 10% (2021: 10%). An increase in this input results in a lower fair value.

Notes to the consolidated financial statements (continued)

12 Development properties

	Group		
	Mt Crawford	Wainuiomata Intermediate	Total
	$	$	$
Cost			
Balance at 1 April 2021	153,567	3,818,059	3,971,626
Development costs capitalised	72,493	13,448	85,941
Cost of development property sold	-	(84,030)	(84,030)
Balance at 31 March 2022	226,060	3,747,477	3,973,537
Carrying amount			
Closing balance at 31 March 2022	226,060	3,747,477	3,973,537
Closing balance at 31 March 2021	153,567	3,818,059	3,971,626

Development properties are classified as follows:

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)

13 Investments

	Group 2022	2021
	$	$
Investments in joint ventures	950,000	950,000
Investments in associates	30,196,714	24,657,521
	31,146,714	25,607,521

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 initally 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 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.

Taranaki Whānui Limited has entered into a development agreement during the 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 2022, 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 2022 the value of the interest was $30,196,714 (2021: $24,657,521) 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 on the revaluation of the properties and derivatives held in the partnership as shown below.

	2022	2021
	$	$
Share of partnership rental	1,287,974	1,247,814
Uplift on revaluation	5,550,811	4,057,781
Total	6,838,785	5,305,595

Notes to the consolidated financial statements (continued)

14 Trade and other payables

	Group		Parent	
	2022	2021	2022	2021
	$	$	$	$
Trade payables	251,535	1,266,707	-	1,166
GST payable	-	-	5,240	6,983
	251,535	1,266,707	5,240	8,149

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.

15 Interest bearing loans and borrowings

	Group	
	2022	2021
	$	$
		(Restated)
Current		
Advance from Ryman Healthcare	76,309	72,292
	76,309	72,292
Non-current		
Advance from Ryman Healthcare	350,069	426,378
Advance from Raukawa ki te Tonga AHC Limited	1,500,000	1,500,000
	1,850,069	1,926,378

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. 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.

A prior year restatement was made to record the correct current and non-current split for loans and borrowings. In the prior year financial statements, these were all recorded as current.

Notes to the consolidated financial statements (continued)

16 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	
	2022	2021	2022	2021
	$	$	$	$
Conditional grant funding	1,996,000	1,003,016	1,000,000	-
Income in advance - MoU income	50,000	-	50,000	-
	2,046,000	1,003,016	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 12, 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.

During the year, $1,000,000 was received from New Zealand Transport Agency in relation to the use of the land at Honiana Te Puni Reserve for construction activites over the construction period. As the construction period is not yet underway, the full value of the grant will be held as deferred income until the work commences and will then be released on a straight line basis.

MoU income

Port Nicholson Block Settlement Trust received $200,000 from Greater Wellington Regional Council during the year. The annual payment of $200,000 relates to the period 1 July 2021 - 31 June 2022, therefore 3 months have been recorded as income in advance. Refer to note 3 for details regarding the recognition of MoU income.

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.

Notes to the consolidated financial statements (continued)

18 Financial instruments classification

Financial instruments are recognised in the Statement of Financial Position when the Group becomes party to a financial contract. They include cash and cash equivalents, trade and other receivables, trade and other payables, interest bearing loans and borrowings, related party receivables and related party payables.

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 held at amortised cost

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.

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

Financial liabilities held at amortised cost

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.

Financial liabilities held at amortised cost comprise: trade and other payables, interest bearing loans and borrowings, and related party payables.

Notes to the consolidated financial statements (continued)

19 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	**2022**	**2021**
Remuneration of key management personnel (excluding trustees)	500,462	396,096
Trustee remuneration	44,500	59,250
FAAR committee remuneration	7,750	5,250
Directors remuneration (for Taranaki Whānui Limited)	66,125	70,000
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 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

	Parent 2021			
Related party	Sale of goods and services $	Purchase of goods and services $	Balances receivable $	Balances payable $
Wholly owned subsidiaries and associated entities	-	-	16,016,717	849,352
	-	-	16,016,717	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)

20 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.

21 Capital commitments

There are no capital commitments at balance date (2021: nil).

22 Contingencies

There are no contingent liabilities at balance date (2021: nil).

23 Subsequent events

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.

Aside from the above, there have been no events subsequent to balance date which would materially affect the financial statements.

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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 24, which comprise the consolidated and separate statement of financial position as at 31 March 2022, 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 2022, 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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' Responsibilities for the Consolidated 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 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 the audit.

Restriction on Use

This report is made solely to the Trust and Group's Beneficial Owners, as a body. Our audit has been undertaken so that we might state to the Trust and Group'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 and Group's Beneficial Owners as a body, for our audit work, for this report, or for the opinions we have formed.

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

For and on behalf of:

Crowe

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS
9 September 2022

TARANAKI WHĀNUI
KI TE UPOKO O TE IKA