



WHAREONGAONGA 5 BLOCKS TRUST

Annual Report

YEAR ENDED 30 JUNE 2019

Audit • Tax • Advisory





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Approval of Financial Report

Whareongaonga 5 Blocks Trust For the year ended 30 June 2019

The Trustees are pleased to present the approved financial report including the historical financial statements of Whareongaonga 5 Blocks Trust for year ended 30 June 2019.

Approved

For and on behalf of the Trustees:



Chairperson

19/11/19

Date

Notice of Annual General Meeting

Whareongaonga 5 Blocks Trust

Notice is hereby given that the Annual General Meeting of beneficial owners will be held at Muriwai Marae **on Friday 22nd November 2019 at 10am.**

AGENDA

1. Mihi/Karakia.
2. Apologies.
3. Minutes of previous Annual General Meeting.
4. Chairperson and Trustee Reports.
5. Annual Accounts for the year ended 30 June 2019.
6. **Election** – to fill 1 position caused by the retirement by rotation of K Wharehinga who has resigned as a Trustee.

Note: (1) Nominations duly completed by nominator and candidate must be lodged at the Trust's office, 1 Peel Street Gisborne not later than **10am Friday 15th November 2019.**

(2) Proxy forms and Powers of Attorney must be lodged at the Trust's office by **10am on Wednesday 20th November 2019.**

7. Distribution recommendations.
8. Appointment of Auditor.
9. **Special Resolution:** To approve the following: Notice of meeting shall be emailed to every shareholder whose email address is recorded in the share register.
10. General Business.

R Porou-Wetere
CHAIRPERSON

whareongaonga5@gmail.com

Facebook Whareongaonga 5 Blocks Trust

BDO Office 06 869 1400 or mbu@bdo.co.nz

2018 AGM Minutes

Whareongaonga 5 Blocks Trust

Held at Muriwai Marae, on Friday 23rd November 2018, at 10.00am

PRESENT:

R Porou-Wetere (Chair), K Toroa, A Whakataka, H Porou, and T Ferris.

In attendance: K Potae.

PRESENT FROM ATTENDANCE LIST:

M Pohatu, A Pohatu, K Pohatu, A Te Nahu, W Walker, I Ngarimu, K Morgan, E Hogan, B Whakataka, C Hawkins, M Karaka, B Raihania, J Rogers, P Moa, O Wyllie, T Toroa, M Kahuroa, V Makara, T H Pomana, I McGhee, I Downes, T Ferris, A Johnson, M Johnson, K Toroa, A Whakataka, K Keefe, F Pleydell, P Pohatu, W Pohatu, R Pohatu, G Riki, B Pohatu, J Toroa, A Tamihana, K Whaitiri, J Kahuroa, C Honey & A Richardson

WELCOME:

A Whakataka opened the meeting with a mihi and karakia. R Porou-Wetere welcomed everyone to the meeting and announced that the meeting was being live-streamed today. R Porou-Wetere asked that everyone stand and introduce themselves.

APOLOGIES:

F Walker, Taipiha whanau, L Ratana, A Proctor, M Keefe, M Mitchell, R Peters, I Whakataka, J Toroa, R Kahurangi, L Pohatu, H Pohatu, T Nepe, M Pohatu, H Pohatu, A Pohatu-Johnstone, N Raihania, T Pohatu, R Pohatu, Hutana whanau, T Baker, J Peterson, M Wendt, J Johnstone, R Johnstone, W Walker, E Calmill, N Carr, R Thompson, A Ratapu, W Tuare, C Pohatu, A Toroa, T Hawkins and J Marama. C Waitiri, D Wilkinson, D Pohatu, H Pohe, H Fletcher, J Solomon, J Ngarangione, K Pohatu, L Pohatu, M Pohe, N Russell, Pariama Whanau Trust, P Broughton, P Cotton, R Heavener, S Skipper, T Hawkins, T Ngarangione, W Walker and K Barbarich.

The apologies were approved *moved L Whakataka / seconded B Pohatu*.

MINUTES:

R Porou-Wetere read the minutes to the meeting.

The minutes were approved *Moved L Whakataka / seconded B Pohatu*.

MATTERS ARISING:

- R Porou- Wetere advised that the farm visit had not yet taken place but when it is it will be advertised to the owners.
- Correction to the spelling of Reihania in the AGM accounts to Raihania.
- V Makara highlighted in the minutes – her surname had been put down as Pohatu and for this to be corrected.

CHAIR REPORT:

R Porou-Wetere read her chair report to the meeting.

T Ferris read out the list of recipients for the education grants in the last year. J Peterson thanked the trustees for the education grants. R Porou-Wetere read out A Rutherford-Kerr's email thanking the trustees for her grant and also gave an update on her educational journey.

R Porou-Wetere and the meeting acknowledged A Richardson and N Pohatu's work on the property.

R Porou-Wetere asked the owners that if they are wanting to visit the property to contact the BDO office who will ensure the farm hand is aware of the visit – this is under the health and safety plan where people need to be registered before they go on to the block and advised of any hazards.

J Toroa spoke on behalf of Rangiwaho Marae thanking the trustees for their assistance with the insurances and the Ringatu commemorations. She also thanked them for the koha for Rongomaiwaiata and advised the meeting that the marae committee are still looking at a papakainga strategy.

V Makara enquired why the trust didn't contribute to Muriwai's marae insurances this year. R Porou-Wetere advised that it is being looked at for this year and they are always open to assisting Muriwai Marae going forward.

I McGhee asked J Toroa if the Rangiwaho marae would please consider making the parking safe. J Toroa acknowledged the request.

J Toroa acknowledged the education grants and scholarship that is being proposed today. She asked that the trustees find a way to include Rangatahi in the strategic planning, for succession for the future. J Toroa congratulated the trustees undertaking the work on the sites of cultural significance.

V Makara asked about the hardship grant. R Porou-Wetere advised that of recent times these had been given out mainly to assist shareholders for tangihanga. V Makara asked that the trustees consider changing the name from hardship to tangi grant as that would make it clearer for the owners. R Porou-Wetere advised the owners that they are to contact the BDO office or a trustee if they wish to apply.

The chair's report was approved. *Moved A Johnstone/seconded P Moa.*

ANNUAL ACCOUNTS:

K Potae took the meeting through the annual accounts for the period ended 30th June 2018. This year we are reporting a net surplus of \$1,104,781. This is due to the one-off sale of pre-90 carbon credits and an increase in the interest income through investing those proceeds. The trust did incur more on farm costs while development work is being undertaken to prepare that site for some of the goals that are included in the draft strategic plan.

F Pleydell enquired about the kaumatua grant and if she can claim it while she is part of a whanau trust. R Porou-Wetere advised that whanau trusts are entitled to one grant and that those from 60-69 are eligible if they attend the AGM, those 70 and older are eligible whether they attend the AGM or not. The meeting held a robust discussion to get clarity on individuals' eligibility if they are part of a whanau trust – R Porou-Wetere advised that the shareholder on the register is entitled and if that is a whanau trust then it is only one grant. R Porou-Wetere encouraged people to take their details into the BDO office, namely their bank account details and date of birth to ensure that if they are entitled, they are paid the grant.

T Ferris acknowledged BDO for their advice during the year. She particularly liked the process of being given options, so the trustees are fully informed and fully engaged to make decisions.

The meeting approved the accounts. *Moved F Pleydell/seconded A Richardson.*

ELECTION:

R Porou-Wetere advised the meeting that T Ferris had retired by rotation – there being no nominations received she was re-appointed for a further term.

RECOMMENDATIONS:

- R Porou-Wetere advised the shareholders that no dividend will be declared, however in its place the trustees were recommending that a \$100 attendance fee for attending today be paid. A robust discussion was held around eligibility if you are in a whanau trust and what this meant for those large shareholders who would have been better off with a dividend. The meeting approved the attendance fee.
This was approved *Moved P Moa/seconded V Makara*
- A kaumatua grant fund was recommended of \$7,000 being \$100 to those 60-69 in attendance today, and for those 70+ an automatic payment.
This was approved *moved P Moa/seconded V Makara*
- An education grant fund of \$7,000 was recommended.
This was approved *moved P Moa/seconded K Morgan*
- The trustees recommended a scholarship fund of \$7,000.
This was approved *moved P Moa/seconded K Morgan*
- The trustees recommended that the marae insurances be attended to as well as a donation fund of \$7,000.
This was approved *Moved P Moa/seconded K Morgan*
- The trustees recommended that their fee cap remains at \$25,000 per annum.
This was approved *Moved P Moa/seconded K Morgan*

I McGhee enquired about the education grant and asked that the trustees try to cover all levels, so it is fair to those starting out. R Porou-Wetere acknowledged P Moa's request last year for secondary school students and advised that the trustees will look at this again.

V Makara asked the trustees to consider both Muriwai and Rangiwhao Marae when they look at the contribution for insurances.

A Johnstone enquired about the trustee's fees – it was clarified that this includes all costs for the trustees. He was comfortable that it covered all expenses.

I McGhee enquired about the farm and the employee costs given that there is no income earning activity on the property at the moment. R Porou-Wetere responded that the work has been repairs and maintenance and development of the site which will bode the trust well as these activities are in line with the strategic plan for future operational needs.

APPOINTMENT OF AUDITOR:

The trustees recommended to the meeting that Coates Associates Ltd are re-appointed as auditor for the 2019 year. This was approved *moved F Pleydell/seconded B Pohatu*.

GENERAL BUSINESS:

R Porou-Wetere took the meeting through the Te Puni Kokiri report and the draft strategic plan showing four areas of focus being honey, nursery/natives and tourism. She advised the meeting that in February 2019 a strategic planning hui will be set and invited owners to attend. P Moa asked if the trust would look at purchasing neighbouring properties, R Porou-Wetere advised that they will always look at opportunities as they arise, due diligence will be done and if they are in line to the strategic plan they will be considered. T Ferris encouraged owners to bring along rangatahi to the strategic planning session as this will be great for succession. R Porou-Wetere advised that they look to do a farm visit at the same time and encouraged all if they are to attend the strategic planning session to read the summary report as it will bode them well.

The owners asked if it is safe to go down onto the beach. R Porou-Wetere advised that it is currently too wet, this was supported by A Richardson. The only way to get down safely is either on horseback or by quad bike.

P Moa asked that the trustees consider in their future strategy the notion of a hauora at the farm namely rongoa using the plants on site for a healing centre or to produce healing products, the concept being in line with Manutuke Herbs. R Porou-Wetere thanked P Moa for her suggestion.

K Morgan enquired about eco-tourism and asked what eco meant. R Porou-Wetere responded that it is undertaking any activities that are friendly to the environment, sustainable and low impact. V Makara advised that she likes the cultural heritage work that is being done and for all to be mindful when they go onto the property of the wahi tapu sites. The owners enquired about the railway bikes and what was happening. R Porou-Wetere advised that the trustees had met with the person who has been granted the lease by Kiwirail and reported that it was unfortunate that earlier consultation hadn't taken place. R Porou-Wetere agreed with the owner's comments and advised that the trustees will continue to have discussions and try to make sure that Whareongaonga 5 Blocks Trust is not impeded in any way.

A Te Nahu advised that he is on the Maori council for Tairawhiti and is happy to assist the trustees if they would like to take up the issue of the railway lease to the GDC.

R Porou-Wetere thanked everyone for coming today and for those who travelled and those on live-stream. She encouraged owners to attend the strategic planning session in February and thanked everyone for their feedback today.

The meeting closed at 1pm with a karakia by A Whakataka.

.....Chairperson

.....Date

Chairperson's Report

Whareongaonga 5 Blocks Trust For the year ended 30 June 2019

Tēnā koutou katoa

Tēnei te mihi atu ki ngā uri o Whareongaonga me ngā kaitiaki o te whenua, mauri ora ki a koutou katoa. Ki ngā kaitiaki o neherā, ngā tāngata kua mene ki te pō, moe mai rā koutou i wā koutou moenga roa. Huri noa ki te hunga ora, tēnā tātou katoa.

On behalf of Whareongaonga 5 Blocks Trust (W5) and trustees, it is my pleasure to present the Chairperson's Report on the activities of the Trust for the past twelve months period ended 30 June 2019. As an Ahu Whenua Trust, we always acknowledge the intentions of all previous Trustees and staff of W5 who have contributed towards the confident position of W5. Also, as a consolidated land block, the focus of the trustees continues to be guided by our strategic vision developed over 5 years ago – *kia whakamana te mauri o Whareongaonga*.

For the 2018-2019 year, the focus of the Trustees has been a follow-on effect from the previous years:

- In 2016 a 5-year strategic plan was developed to build on infrastructure and administration.
- In 2017, we were able to consolidate financial performance, trustee governorship training and operational infrastructure.
- In 2018, we completed research/feasibility with support from TPK and the Māori Whenua Fund.
- For 2018, we have reviewed our strategic plan and everything involved. We have the land ready for growth and development and we are therefore, excited to present to the W5 shareholders at this AGM a renewed 5-year strategic plan with recommendations that will build the stability of W5 – we are investment ready.

As trustees, we asked for your patience, confidence and support whilst we consolidated, assessed and debated over everything. We believe we are at the point where W5 can take the next step from passive/low risk to a more active and confident position as a Māori 'investment ready' land block – *kua whakamana te mauri o Whareongaonga*.



Whareongaonga 5 Blocks Trustees 2019 and Strategic Consultants

(L-R) Karena Toroa | Henare Porou | Kylee Potae (BDO) | Allies Whakataka | Tui Ferris | Debbie Sherratt (Strategic Consultant) | Rachel Wetere | Rhea Cowell (Strategic Consultant)

Year in Review (2018-2019)

Financial position

We are pleased to report a profit this year of \$68,540 which is an improvement on the year prior (excluding the carbon credit sale) of \$42,634. Our accounts have been audited by Coates Associates Limited and we have a clean audit report.

The improved result was achieved by focusing on an approved budget plan whilst the feasibility studies, strategic plans and land/operations was maintained. It was important that our focus remained on presenting back to the AGM with actions from the previous year. The Trust has cash in the bank and is in a strong position for the next fiscal year.

Grants

The Trust contributed grants for kaumātua, education and hardship purposes. The kaumātua grants are processed at each AGM and this was given out to 50 pakeke for this financial year. The education grants were received earlier this year and it is very exciting to see the range of applicants. A list of the 21 approved recipients is provided in Note 13 (page 19). In terms of the hardship grant, this was requested by 8 applicants through the office, all were for tangihanga purposes. Last year the Trustees issued an attendance grant to those shareholders present at the AGM, this was received by 24 owners. We also provided donations and grants to Rangiwaho Marae, Muriwai Marae and Muriwai School to assist with Insurance costs, asset purchases and development.

Portfolios:

Homestead / Woolshed	The homestead has an existing tenant of Dave and Lovey Lloyd who were also our casual farmhands to complete works on the block. As the landlord, we have established that some work needs to be done on the kitchen and extension of the deck which gets most of the weather (cliff side facing). We have the barn in place now, for all of our equipment and vehicles. For 2020, we will make sure the property is safer for the tenants – we have some work to do on the hillside property and water maintenance as well. The woolshed will also be a focus and a priority into the tourism strategy.
Honey lease	The exclusive honey lease arrangement with the beehiver, Bill Savage, was completed and paid to the Trust. We have signed a three-year agreement and have some maintenance to do on our manuka sites (clearing, etc), to ensure this agreement can be ongoing. Our Mānuka research project with Landcare Research and 8 other rohe to research the Manuka genetics and specifically our own Manuka plant is also ongoing. It is a 5 year project that will result in information of the DNA of Manuka plants and their value.
Cattle livestock	Most of the wild livestock have been cleared, thanks to Dave Lloyd, Andrew Richardson and Mr David Beach and their team of helpers. As the cattle yards were rebuilt; we now have an asset with the yards for future plans. There are a few wild cattle left to be removed from the site as soon as possible.

Bank investment	<p>The investment portfolio was presented to the trust as a high level summary, which we include in this report. In summary:</p> <ul style="list-style-type: none"> • We have \$1,717,491 invested in this portfolio • \$1m from the first forestry payout was invested in 2012 to remain in perpetuity as agreed. Since that time the interest & dividends from that \$1m has resulted in a return of 7.47% which is over double the interest rate on cash in the market currently. • \$1m of the carbon credits has been held in cash investments with the Trustees currently working with the investment advisor to increase our investment in our mixed portfolio.
Roading	<p>With the investment of a 2nd hand tractor and blade, the road has been widened from the highway to the house, with some culverts put in place in rain/boggy areas. There are ongoing issues with roading and access, as the Wharekakaho Road is still a designated paper road under the Gisborne District Council. Unfortunately, people have decided to use our wider access gated area as their rubbish tip, and our team continually have to clear the entrance.</p>
Shareholder database	<p>With almost 3,000 shareholders, our database of contact details is with our BDO Office and links to the shareholder dividends information. There is a significant amount of unclaimed dividends from previous dividend payments, here are some interesting statistics:</p> <ul style="list-style-type: none"> • 1.4% of shareholders have collected unclaimed dividends in the last year • 81% of shareholders have outstanding dividends totaling \$151,824 • 718 shareholders have less than 1% of a share • 236 shareholders have 1-10% of a share • 634 shareholders have given us an address; but only 66 have emails

Trustees

Over the last twelve months we have a total of four planned meetings in the year and three additional meetings to complete the operations and administration requirements for the year. The total cost for the meetings and board fees is listed in the financial summary on page 11:

- 21 September 2018 Strategic Planning & Trustee hui
- 23 November 2018 AGM & Trustee hui
- 22 March 2019 Trustee hui
- 18 April 2019 Trustee hui
- 07 June 2019 Trustee hui
- 24 June 2019 Trustee hui & Operational hui

Strategic Plan 2014-2019

These are the strategic plan areas and achievements for 2018-19 year:

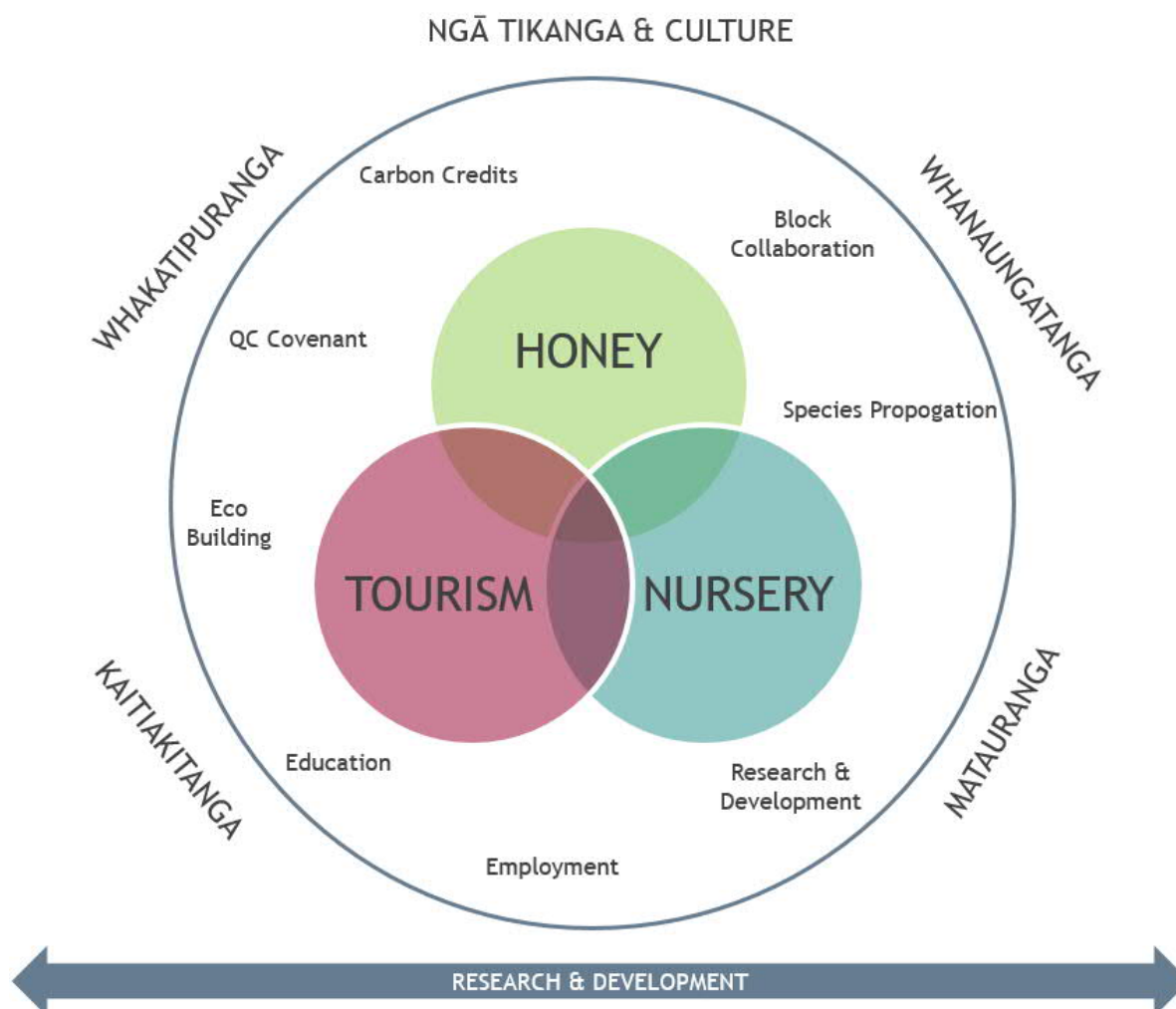
Strategic Goals		2017-18 planned activities
Goal 1: Mātauranga	Grow and increase knowledge and expertise for strengthening and building the capacity and capability of our people	<ul style="list-style-type: none"> Building governance capability completed and ongoing Review of strategic plan completed Succession planning ongoing
Goal 2: Ngā Tikanga	Establishing systems and processes that are clear and consistent and will ensure excellence in service and delivery	<ul style="list-style-type: none"> Policies of priority are in place (i.e., health and safety) completed Database awareness to increase shareholder registration completed
Goal 3: Whanaungatanga	To strengthen and grow our relationships with our shareholders and other partners	<ul style="list-style-type: none"> W5 wānanga: history and Rangatahi (first wānanga 26-28 Jan 2017) ongoing 2020 2018 commemoration (Ringatū) this will be coordinated with iwi, marae and the hāhi for July 2018. completed Communications (social media and website tools) completed and ongoing 2020 Hui to increase shareholder engagement across Aotearoa (focus area – Ngāti Kahungunu) ongoing 2020 Sites of significance mapping, boundary markers, land mapping in progress
Goal 4: Whakatipuranga	To build a strong economic base through sustainable investments which address the environmental and cultural requirements of iwi	<ul style="list-style-type: none"> Existing portfolio management (honey, livestock, homestead, farmblock, bank investment) completed and ongoing Forestry carbon credit assessment completed and ongoing TPK whenua grant – feasibility studies completed, with a proposal to shareholders based on feasibility research for investment opportunities completed

Year moving forward (2019-2020)

Strategic Plan

Included in these papers are a draft 5-year Strategic Plan that has been worked on over the last 12 months by the trustees of W5. This has been a two-year process that has involved strategic planning meetings with external consultants who assessed and analysed our performance over the last five years and the five feasibility studies that were completed thanks to the TPK Māori Whenua Fund.

In summary, the strategic plan is focussed on the aspiration to **stabilise** the administration/operations process and **strengthen** our economic performance (financially and environmentally).



Financial planning

An 'Operational Budget' and a 'Strategic Plan' budget will be put in place to separate and identify financial expenditure and report clearly to trustees. The operational budget will hold administration, staffing and existing portfolio revenue/expenses. The portfolios include:

- Whenua development and maintenance
- Honey development and maintenance
- Homestead maintenance
- Forestry lease management
- Nursery / Tree opportunities
- Investment portfolio
- Administration

The 'Strategic Plan' budget will identify the 3 key areas that we are recommending for W5 over the next three years, namely:

1. Honey portfolio
2. Natives, Forestry and Nursery portfolio
3. Tourism portfolio

Recommendations 2019/2020

The Trustees would like to recommend the following:

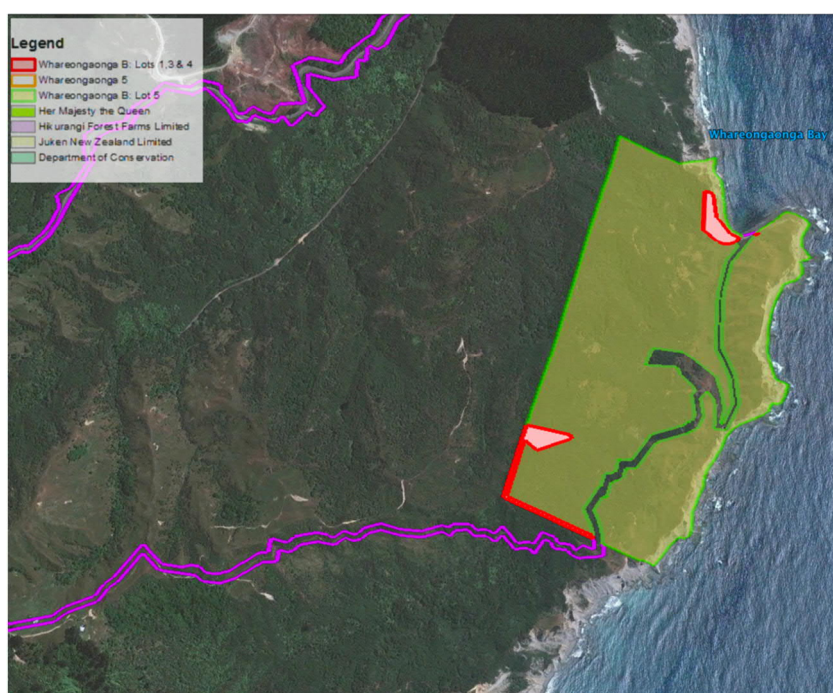
- Tertiary grant fund of \$7,000
- Masters/Phd grant fund \$7,000 to be advertised in 2020
- Kaumatua fund of \$7,000; \$100 to those 60-69 in attendance at the AGM, and \$100 to those 70+ irrespective of attendance at the AGM,
- Attendance fee of \$100 per owner present at the AGM (only one per Whanau Trust),
- Donation fund of \$15,000.
- Appointment of Coates and Associates and auditor and share valuer.

Trustees

We look forward to the ratification of the Trustee position at the upcoming AGM. We would also like to propose a Rangatahi vacancy process, to invite one of our own Rangatahi to be a part of the board meetings and shadow our existing staff from time to time. We would look to advertise this role as it will be a paid position and requires assurance to the Rangatahi and their whānau that this is an opportunity for learning and development.

Whareongaonga B

As part of the current administration of lands, the Whareongaonga B block (see map below) is also consolidated into the administration of W5. This land area is very important to all those who whakapapa to this rohe; given the spiritual and historical nature of sites on WB. As the land was handed back to the rohe under the administration of W5, there are no shareholders recorded with 1 whole share to the title. The current trustees are proud to be the administrators of this whenua and we are looking at the opportunity to turn this land area into a natives reserve, to ensure the spiritual, historical and natural state of the whenua remains. We would like the beneficiaries to know that we are pursuing the protection of these lands as a Natives Sanctuary and have applied to MPI for funding to allow this to occur from 2020.



Shareholders and administration

There are key areas that we want to work on for 2019-2020:

- Increasing shareholder awareness of their holdings in the wider Tairāwhiti / Kahungunu region
- Working with existing relationships to develop a better communication process; including a website (login access) and regular pānui

Nō reira, koutou katoa ngā uri o tēnei whenua, ko te hiahia kia ea ngā wawata kia tutuki pai ngā whakaaro tahi o Whareongaonga mō ngā uri o tēnei whenua.



Rachel Porou Wetere
Chairperson

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Whareongaonga 5 Blocks Trust

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of the Whareongaonga 5 Blocks Trust on pages 2 to 20 which comprise the Balance Sheet as at 30 June 2019, the Statement of Profit or Loss, Statement of Movements in Equity for the year then ended and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion the financial statements on pages 2 to 20 present fairly, in all material respects, the financial position of Whareongaonga 5 Blocks Trust as at 30 June 2019, and its financial performance for the year then ended, in accordance with the accounting policies set out in the Notes to the Financial Statements.

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 Financial Statements section of our report.

We are independent of the trust in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners as 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, Whareongaonga 5 Blocks Trust.

Basis of Accounting

Without modifying our opinion, we draw attention to the Notes to the Financial Statements, which describes the basis of accounting. The financial statements are prepared for internal management purposes in accordance with the CAANZ Special Purpose Framework for For-Profit-Entities (SPFR for FPE's). As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the shareholders of the Whareongaonga 5 Blocks Trust and should not be relied upon by other parties.

Other Information

The other information comprises the 2018 AGM minutes and Chairperson's Report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Responsibility of the Trustees for the Financial Statements

The trustees are responsible on behalf of the trust for the preparation and fair presentation of the financial statements and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible on behalf of the trust for assessing the trust'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 or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



19 November 2019
Coates Associates Ltd
300 Childers Road
Gisborne

Trust Directory

Whareongaonga 5 Blocks Trust For the year ended 30 June 2019

Trustees

R Porou-Wetere (Chairperson)
H Porou
A Whakataka
T Ferris
K Toroa

Nature of Business

Forestry
Land Management & Development

IRD Number

068-848-091

Secretary

Kylee Potae
BDO Gisborne

Chartered Accountant

BDO Gisborne Ltd
1 Peel Street
Gisborne

Bankers

ANZ Bank
Gisborne

Auditors

Coates Associates Limited
Gisborne

Compilation Report and Disclaimer of Liability

Whareongaonga 5 Blocks Trust For the year ended 30 June 2019

Scope

On the basis of information you provided we have compiled, in accordance with Service Engagement Standard No 2: Compilation of Financial Information, the special purpose financial statements of Whareongaonga 5 Blocks Trust for the year ended 30 June 2019. These have been prepared on the basis disclosed in note 1 to the financial statements.

Responsibilities

The Trustees are solely responsible for the information contained in the financial statements and have determined that the financial reporting framework used is appropriate to meet their needs and the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for the Trustees benefit. We do not accept responsibility to any other person for the contents of the financial statements.

Independence

We are not independent of the Trust because a Director of this firm is the Secretary for the trust.

No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information provided to us by the Trustees. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed by BDO Gisborne and accordingly no assurance is expressed.

Disclaimer of liability

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.



Director
BDO Gisborne Ltd
1 Peel Street
Gisborne

Dated: 19 November 2019

Te Puni Kokiri Whenua Maori Fund

Whareongaonga 5 Blocks Trust For the year ended 30 June 2019

	2019	2018
Trading Income		
Contract - Te Puni Kokiri	40,000	120,000
Total Trading Income	40,000	120,000
Gross Profit	40,000	120,000
Expenses		
Clustering opportunities	3,473	12,229
Eco-housing	1,442	2,497
Eco-tourism	1,442	7,043
Forestry feasibility	1,442	6,610
Governance and management	35,268	27,701
Honey Production	3,524	5,529
Land and survey analysis	3,204	27,073
Total Expenses	49,795	88,682
Net Profit (Loss) Before Taxation	(9,795)	31,318

This statement should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Expenses

Whareongaonga 5 Blocks Trust For the year ended 30 June 2019

	2019	2018
Expenses		
Farm operating & maintenance		
Animal Health	534	-
ACC Levies	636	-
Bank Fees	66	230
Building R & M	-	535
Electricity & Gas	1,172	1,023
Equipment Hire	1,430	397
Freight & Cartage	-	111
Fencing & Yards	662	7,122
General expenses	3,931	3,811
General R&M	925	1,500
Roading & drainage	3,414	16,890
Vehicle Expenses	5,809	2,935
Wages	52,752	59,283
Total Farm operating & maintenance	71,331	93,837
Homestead operating & maintenance		
Homestead - R & M	1,500	1,902
Homestead - Internet	477	114
Homestead - insurance	1,884	1,598
Total Homestead operating & maintenance	3,861	3,614
Rates and insurance		
Insurance	1,166	940
Rates	(11,009)	17,555
Total Rates and insurance	(9,843)	18,495
Administration expenses		
Accountancy - Fees	31,300	26,216
Accountancy - Unquoted	13,912	13,140
Audit Fees	4,500	4,200
AGM expenses	3,918	2,386
Consultancy Fees	3,398	400
Private Banking Fees	11,244	10,715
Trustee Expenses	6,159	-
Trustee Fees	21,828	16,524
PIE withholding tax	5,752	4,718
Total Administration expenses	102,011	78,299

This statement should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Statement of Profit or Loss

Whareongaonga 5 Blocks Trust For the year ended 30 June 2019

	NOTES	2019	2018
Income			
Forestry		-	12,368
Hikurangi Forest Farms Lease		9,800	9,784
Honey Income		102,500	102,500
Rent Received		7,200	7,350
Livestock proceeds		36,132	-
Sale of Carbon Credits		-	1,078,875
Te Puni Kokiri Contract		(9,795)	31,318
Total Income		145,837	1,242,196
Other Income			
Interest Income			
ANZ Bank - Interest		49,094	27,489
IRD - Interest		2	1
Private Banking - Interest		13,216	17,557
Total Interest Income		62,312	45,048
Dividend income			
Private Banking - Dividends		56,603	44,384
Total Dividend income		56,603	44,384
Total Other Income		118,915	89,431
Gross Income		264,752	1,331,627
Expenses			
Farm operating & maintenance		71,331	93,837
Homestead operating & maintenance		3,861	3,614
Rates and insurance		(9,843)	18,495
Administration		102,011	78,299
Total Expenses		167,359	194,245
Depreciation and amortisation			
Depreciation		7,240	9,608
Depreciation - Forestry		21,613	22,992
Total Depreciation and amortisation		28,853	32,600
Surplus / (deficit) before taxation		68,540	1,104,781
Net surplus / (deficit) for the year		68,540	1,104,781

This statement should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Statement of Movements in Equity

Whareongaonga 5 Blocks Trust For the year ended 30 June 2019

	2019	2018
Trust Equity		
Opening Balance	6,803,687	5,503,261
Surplus / (deficit) for period	68,540	1,104,781
Trust Capital	(2,981,054)	(33,315)
Investment revaluation reserve	118,105	2,342
Property Revaluation Reserve	2,936,360	226,617
Total Trust Equity	6,945,638	6,803,687

This statement should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Balance Sheet

Whareongaonga 5 Blocks Trust As at 30 June 2019

	NOTES	30 JUN 2019	30 JUN 2018
Assets			
Current assets			
Bank accounts	2	66,481	122,771
GST receivable		5,571	9,105
Income tax receivable	16	12,006	7,771
Accounts Receivable		901	40,250
Interest Accrued		16,046	12,846
Total Current assets		101,004	192,743
Non current assets			
Property, plant and equipment	5	3,416,361	3,364,858
Forestry	7	338,596	360,209
Investments	8	3,264,704	3,099,612
Total Non current assets		7,019,661	6,824,679
Total Assets		7,120,665	7,017,421
Liabilities			
Current liabilities			
Accounts Payable		12,704	42,183
Rent received in advance		5,773	5,773
Unclaimed Dividends		156,551	165,780
Total Current liabilities		175,028	213,735
Total Liabilities		175,028	213,735
Net Assets		6,945,638	6,803,687
Equity			
Trust Equity	3	6,945,638	6,803,687
Total Equity		6,945,638	6,803,687

This statement should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Notes to the Financial Statements

Whareongaonga 5 Blocks Trust For the year ended 30 June 2019

1. Statement of Accounting Policies

Reporting entity

The financial statements presented here are for the entity Whareongaonga 5 Blocks Trust.

Nature of business

The trust is engaged in Forestry, Land Management & Development. The nature of the trust's business has not changed during the year under review.

Basis of preparation

These financial statements have been prepared in accordance with A Special Purpose Framework for use by For-Profit Entities (SPFT for FPEs) published by Chartered Accountants Australia and New Zealand.

Historical cost

These financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the trust and revenue can be reliably measured.

Forestry income is recognised on sale or harvest of the forest.

Lease income is recognised on a straight line basis over the life of the lease.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt. The Gross amount of the dividend is recorded and any tax credits refundable or non refundable are handled in the tax expense calculation.

Accounts receivable

Accounts Receivable are stated at expected realisable value, after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Forestry

Forestry assets are measured in accordance with treatment permitted by the Income Tax Act 2007. The purchase of established forests is recorded at cost and recognised in profit or loss on sale or harvest of the forest. Subsequent expenditure for planting and growing is recorded in the Statement of Profit or Loss as incurred.

Property, plant & equipment and depreciation

Plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Depreciation is provided at the maximum rates permitted by the Income Tax Act 2007.

Land and Buildings are stated at valuation and are valued once every three years to ensure carrying amounts are not materially different from fair value at reporting date. The basis of valuation of the land and buildings is highest and best use.

The depreciation rates used are as follows:

Land 0% DV
 Buildings 3%-4% SL
 Motor vehicles 30% DV
 Plant and equipment 10-30% DV
 Development expenditure 6% DV

Where an item of property, plant or equipment is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying amount of the asset.

Investments

Investments have been revalued to market values excluding the Farmlands Ltd shares which are shown at cost.

Development expenditure amortisation

Expenditure relating to improvements to the land of the types covered by sections DO4 and D10 of the Income Tax Act 2007 have been capitalised and amortised at various rates in accordance with Schedule 20 of the Act.

Income tax

Provision is made for taxation after taking full advantage of all deductions and concessions permitted using the taxes payable method.

Goods and services tax

The financial statements are stated exclusive of goods and services tax (GST) except for accounts receivable and accounts payable, which are stated inclusive of GST.

Comparative figures

The comparative figures shown are for a twelve month period.

Changes in accounting policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

	2019	2018
2. Bank Accounts		
Bank Accounts		
ANZ 00-Cheque Account	7,163	6,977
ANZ 01-Private Current Account	57,838	114,577
ANZ 02-Serious Saver	1,480	1,217
Total Bank Accounts	66,481	122,771

This statement should be read with the Compilation Report-Disclaimer of Liability.

2019

2018

3. Equity

Retained earnings/(accumulated losses)

Opening Balance	8,109,734	7,038,268
Current Year Earnings	68,540	1,104,781
Donations	(7,530)	(3,650)
Attendance Grant	(2,867)	-
Education Grants	(6,930)	(6,500)
Marae Grant	(10,001)	(12,152)
Kaumatua Grants	(9,836)	(5,500)
Tangi Grants	(1,600)	(400)
Imputation Credits converted to losses	(5,930)	(5,113)
Property Revaluation Reserve adjustment	(2,936,360)	-
Total Retained earnings/(accumulated losses)	5,197,220	8,109,734

Asset revaluation reserve

Property Revaluation Reserve

Opening Balance	(1,520,720)	(1,747,337)
Property revaluation reserve	-	226,617
Property Revaluation Reserve adjustment	2,936,360	-
Total Property Revaluation Reserve	1,415,640	(1,520,720)

Investment revaluation reserve

Opening Balance	214,672	212,330
Investment revaluation reserve	118,105	2,342
Total Investment revaluation reserve	332,777	214,672

Total Asset revaluation reserve	1,748,417	(1,306,048)
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Total Equity	6,945,638	6,803,687
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Shareholding

Total shares = 14,535

4. Settlement from Maori Trustee

The Whareongaonga 5 Blocks Trust (the Trust) was set up on 8 May 1997 when the Whareongaonga land was transferred from the Maori Trustee to the Trust as per the vesting order from the Maori Land Court. The Trust received a settlement payment from the Maori Trustee of \$10,142 on 17 October 1997.

Land and Buildings, and other improvements, were transferred from the Maori Trustee at Government Valuation on 1 September 1996. Included in the land transferred is the lease to Hikurangi Forest Farms which includes an interest in forestry planted by the leasee.

2019

2018

5. Property, plant and equipment

Land & Buildings

Land & Buildings	3,432,571	3,377,662
Accumulated depreciation	(54,735)	(49,340)
Total Land & Buildings	3,377,836	3,328,322

Plant and vehicles

Plant and Vehicles at cost	48,964	48,930
Accumulated depreciation	(10,439)	(12,394)
Total Plant and vehicles	38,525	36,536

Total Property, plant and equipment	3,416,361	3,364,858
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Land and buildings valuations

Ratings valuation 01 July 2017

	Hectares	Land Value	Improvements Value	Capital Value
Pt Whareongaonga 5 ML 6280 & Closed Road	1,954.4079	2,690,000	486,000	3,176,000
Pt Lot 5 DP 2925	79.5207	134,000	6,000	140,000
Total	2,033.9286	2,824,000	492,000	3,316,000

2019

2018

Net book value (balance sheet purposes)

Opening balance	3,328,322	3,089,383
Plus revaluation	-	226,617
Plus additions at cost	54,909	16,500
Less depreciation	(5,395)	(4,178)
Total Net book value (balance sheet purposes)	3,377,836	3,328,322

Land and buildings have been restated to valuation in accordance with the valuation report dated 1 July 2017 by OPTeon. Land and buildings are revalued every three years.

6. Livestock

There are some Wild Cattle on the property. These are not valued in the accounts.

7. Forestry

The Trust inherited a lease to Hikurangi Forest Farms by way of a forestry right over 1099.4648 hectares. The agreement provides a stumpage rate of 13% of the product sold or utilised.

	2019	2018
Forestry asset reconciliation		
Opening balance	360,209	383,201
Plus additions since	-	-
Less depreciation since	(21,613)	(22,992)
Total Forestry asset reconciliation	338,596	360,209

Forestry in the Emissions Trading Scheme (ETS)

Pre-1990 Forest Land

There is pre-1990 Forest land on the property and a liability will arise under the Climate Change Response Act 2002 if the pre-1990 forest area or part of it is cleared and not replanted or has not regenerated with at least 500 stems per hectare within 4 years of clearing. The area must also have 30% minimum crown cover 10 to 20 years after planting or regeneration depending on whether the forest is exotic or native respectively. This potential liability is not recognised in the financial statements.

There is pre-1990 Forest land on the property for which an exemption under the forestry allocation plan for the climate Change Response Act 2002 has been obtained.

	2019	2018
8. Investments		
Investments		
ANZ Term Deposit @ 3.30% pa due 25/11/2019	121,713	118,144
ANZ Term Deposit @ 3.25% pa due 14/10/2019	75,000	75,000
ANZ Term Deposit @ 3.25% pa due 14/10/2019	350,000	350,000
ANZ Term Deposit @ 3.00%pa	-	1,000,000
ANZ Term Deposit @ 3.35%pa due 12/08/2019	1,000,000	-
ANZ Bank Private Banking	1,717,491	1,556,468
Farmlands Ltd - 500 shares	500	-
Total Investments	3,264,704	3,099,612

9. Contingent assets and liabilities

At balance date the Trust had no contingent assets and liabilities. (2018: \$nil)

10. Capital commitments

At balance date the Trust had no capital commitments. (2018: \$nil)

11. Related Parties

Whareongaonga 5 Blocks Trust has carried out business through the year with the following, who are both Trustees of the Trust:

H Porou in relation to farm work carried out on the Trust property. Paid wages & mileage relating to this work.

K Wharehinga in relation to the Operations Manager Role. Paid consultancy fees & mileage relating to this work.

	2019	2018
12. Donations made		
150th Commemorations re Te Kooti landing	530	-
Koha Rikirangi Moeau - Pou Blessing	-	150
Muriwai School re Mower	4,000	-
Muriwai Marae	1,500	1,500
Rangiwaho Marae	1,500	2,000
Total Donations made	7,530	3,650

	2019	2018
13. Education Grants Paid		
Ehau-Tumaunu T H	330	-
Heikell K A	-	500
Heikell L G	-	500
Hutana R T	330	500
Johnston T I	330	-
Kerr A N R	330	500
King M	330	-
King R	330	-
Maynard K	330	-
Maynard R	330	-
Moeke-Ferris D M	-	500
Panapa M R	330	500
Panapa R	330	500
Parata N	-	500
Peterson J	330	500
Pleydell J	330	-
Raihanian A A H H	-	500
Ryder-Pohatu A	330	-
Shortland A M	-	500
Siataga T M T	-	500
Tapsell Q	330	-
Toroa-Pomana N	-	500
Thompson E	330	-
Thomson-Lawrence A	330	-
Waerea K	330	-
Wairau L	330	-
Wairau S	330	-
Whaanga A	330	-
Williams K	330	-
Total Education Grants Paid	6,930	6,500

This statement should be read with the Compilation Report-Disclaimer of Liability.

	2019	2018
14. Trustees fees & expenses		
Rachel Porou-Wetere	3,731	4,470
Henare Porou	5,410	2,620
Joe Toroa	373	2,452
Allie Whakataka	4,104	3,046
Karena Toroa	2,985	1,625
Tui Ferris	5,224	2,311
Total Trustees fees & expenses	21,828	16,524

15. Maori authority credit account

At the 31st of March 2019 the available Maori Authority Credits available to be attached to any future dividend totaled \$540,645. (2018: \$538,036).

	2019	2018
16. Income tax		
Net profit (loss) per financial statements		
Current year earnings	68,540	1,104,781
Total Net profit (loss) per financial statements	68,540	1,104,781
Adjustments to remove accounting effect and replace with tax		
Credit adjustments		
Building Depreciation	4,748	4,013
Forestry Depreciation	21,613	22,992
PIE Withholding Tax	5,752	4,718
Total Credit adjustments	32,113	31,723
Debit adjustments		
Excluded dividend income	1,060	1,280
FDR dividend income adjustment	19	-
Sale of Carbon Credits	-	1,078,875
Unlisted PIE dividend income	32,869	26,006
Total Debit adjustments	33,948	1,106,161
Net taxable income (loss)	66,705	30,343
Losses carried forward		
Losses carried forward	(84,398)	(85,522)
Imputation Credits converted to losses	(33,886)	(29,218)
Total Losses carried forward	(118,283)	(114,741)
Total losses to be carried forward	(51,579)	(84,397)
Taxation movements		
Opening balance	(7,770)	(5,838)
RWT credits	(12,006)	(7,770)
Tax refunded	7,770	5,838
Total Taxation movements	(12,006)	(7,770)

This statement should be read with the Compilation Report-Disclaimer of Liability.

