



WHAREONGAONGA 5 BLOCKS TRUST

Annual Report

NINE MONTHS ENDED 31 MARCH 2020

Audit • Tax • Advisory



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Approval of Financial Report

Whareongaonga 5 Blocks Trust For the 9 months ended 31 March 2020

The Trustees are pleased to present the approved financial report including the historical financial statements of Whareongaonga 5 Blocks Trust for the 9 months ended 31 March 2020.

Approved

For and on behalf of the Trustees:



Chairperson

18/08/2020

Date

Notice of Annual General Meeting

Whareongaonga 5 Blocks Trust For the 9 months ended 31 March 2020

Notice is hereby given that the Annual General Meeting of beneficial owners will be held at Muriwai Marae on **Saturday 22nd August 2020 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 9 months ended 31 March 2020.
6. **Election** - to fill 2 positions, one caused by the retirement by rotation of Henare Porou who being eligible offers himself for re-election, and the second caused by the resignation of Matene Blandford.

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 Monday 17th August 2020.**

(2) Proxy forms and Powers of Attorney must be lodged at the Trust's office by **10am on Thursday 20th August 2020.**

7. Distribution recommendations.
8. Appointment of Auditor.
9. General Business.

R Porou-Wetere
CHAIRPERSON

whareongaonga5@gmail.com

Facebook Whareongaonga 5 Blocks Trust

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

2019 AGM Minutes

Whareongaonga 5 Blocks Trust

Held at Muriwai Marae on Friday 22 November 2019 at 10.00am

PRESENT:

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

In attendance: K Potae, L Reedy and M Samuels.

PRESENT FROM ATTENDANCE LIST:

R Anderson, D Anderson, T Ferris, A Johnson, M Karaka, V Makara, K Morgan, W F Pleydell, H Porou, T H D Pomana, B Raihania, A Richardson, W Walker, A Whakataka, B Whakataka, J Solomon, T Solomon, V Stuart, J Waititi, H Turuwhenua, M Harrington, M Wyllie, J Toroa, R Porou-Wetere, A Terekia, J Peterson, K Barbarich, R Smith, J Wyllie, M Blanford, W Smith, T Thompson, K Porou, Hine Porou, T Niania, O Pickett, P Paea, J Pleydell, K Toroa, H Pohatu, L Pohatu-Johnston and R Kahuroa.

MIHI & KARAKIA:

A Whakataka opened the meeting with a mihi and karakia. R Porou-Wetere welcomed everyone to the meeting and asked that everyone stand and introduce themselves.

APOLOGIES:

P Dennis, T Nepe, J Toroa, I Nagarimu, R Raihania, T Te Rito Peters, M Pohatu, N Pohatu, T Pohatu, L Pohatu, R Pohatu, Isaac Thompson, O Rarere, T Edwards, C Meihana, N Ching, H Pohatu, P Robinson, I Whakataka, T Ngarangione, M Nielsen-McKay, W Walker, V Matenga, H Fletcher, D Williams, M P W N & M R W Pohatu Whanau Trust, R Johnstone, J Johnstone, M Wendt, N Harrington and B Manikau.

The apologies were approved - all in favour - carried

MINUTES:

R Porou-Wetere read the minutes to the meeting.

The minutes were approved *Moved A Johnstone / seconded R Anderson*.

MATTERS ARISING:

- There is an amendment to the minutes under general business from the first sentence there are three areas of focus not four.
- L Pohatu asked for feedback in regards to implementing a secondary school student grant. Rachel Porou-Wetere advised that the trustees were challenged with how to administer this as well as the financial constraints of the trust. She welcomed any suggestions today.
- V Makara asked about the renaming of the hardship grant to a tangi grant. R Porou-Wetere responded that, yes, it is now being called a tangi grant in the accounts.
- A Johnstone asked for an update in regards to the Kiwirail lease. R Porou-Wetere advised that the current lease holder still has this lease and that as trustees they are being prudent and putting signs up on Whareongaonga advising users of the rail line to stay on the line and it has been agreed with the leaseholder Geoff Main that any issues with his customers are his liability. R Porou-Wetere advised that they have not engaged in any further discussions with Kiwirail or the Gisborne District Council, however they had attended the BERL workshop where they are going to commission a report around re-opening the rail line. R Porou-Wetere advised that the trustees supported the re-opening of the line. She also advised that the trustees were very disappointed with the process and have told G Main and the GDC of their disappointment.

- R Kahuroa asked for an update on the scholarship fund. R Porou-Wetere advised that protocols are currently being put in place to start the scholarship in the 2020 year.
- M Harrington asked if the trust supported marae insurances. R Porou-Wetere responded that, yes, in the last year the trust provided donations to Muriwai Marae and Rangiwaho Marae towards their insurances.

ELECTIONS:

R Porou-Wetere announced that K Wharehinga retired by rotation and has since resigned as a trustee. Four nominations had been received and the nominees were invited to introduce themselves.

In order of introductions were:

- Matene Blandford
- Jayne Wyllie
- Lovey Pohatu
- Nathan Harrington (M Harrington advised he is an apology today as he is currently in Christchurch and she spoke on his behalf).

K Potae advised the meeting that under the trust deed the vote is a show of hands unless three shareholders demand a poll vote. R Kahuroa asked if it is possible to alternate from show of hands to poll vote each year. T Ferris responded that a past special general meeting had been held where the owners voted down the removal of a poll vote from the trust deed and this was done by a vote with a show of hands. Three shareholders raised their hands to demand a poll vote.

L Pohatu stood and advised she would be withdrawing her nomination today – she was pleased to see the young ones coming through and would like to give them a good chance of being successful.

R Porou-Wetere acknowledged L Pohatu and thanked her for her korero today.

11.20am the meeting took a break to vote.

11.34am the meeting resumed.

R Porou-Wetere recommended BDO be scrutineer. All were in favour. Carried.

CHAIR & TRUSTEE REPORT:

R Porou-Wetere read her chair report.

T Ferris read out the education grant recipients for the year. J Playdell thanked the Trust for her grant. T I Johnston also thanked the Trust for her grant. R Kahuroa suggested the Trustees keep a database so the Trust can keep track of the rangatahi and the great things they are studying if ever in the future they need to be called upon.

R Porou-Wetere highlighted the strategic plan focus areas, being honey nursery and tourism. She highlighted that any tourist activity excludes B Block as well as any sites of significance on W5.

The meeting discussed B Block clarifying where it is placed and how it came into W5 administration in the 1990's. V Stuart and J Solomon voiced their concern around the conversion of B block into a native reserve. J Solomon clarified that he wanted the Trustees to ensure that the Crown could not take ownership of the block. After a robust discussion on the history of B Block H Porou suggested that any of the owners go to the Maori Land Court who have the history on the block. M Harrington advised the meeting that W5 trustees are only the administrators and that Rangiwaho Marae had been holding hui about going to the Maori Land Court to take over administration of the block. She advised that Rangiwaho Marae are wanting to be kaitiaki of the block. T Ferris asked M Harrington what was Rangiwaho Marae's intended future use of the block. M Harrington responded that it was to keep it as a wahi tapu. T Ferris advised the meeting that as the Trustees would like to make it a native sanctuary and also keep it as wahi tapu she suggested M Harrington reconsider their position as they are both wanting the same outcome and could

save themselves a whole lot of legal costs in the process. M Harrington stated that the Rangiwaho Marae are willing to work together with the W5 Trustees. R Porou-Wetere advised the meeting that that offer had been made historically by the Trust, however it had been declined. L Pohatu advised she is happy with the current administration of the block and for all to reconsider going through a lengthy legal process as it will be costly and is not a good precedence for the rangatahi who want to come and be involved in the Trust.

K Wharehinga spoke to her operational report. T Ferris added that the points raised in the operational report are wanting to be extended to B block. That is in regards to native regeneration. M Blandford enquired about the 34 hectares that has been identified as their land and was this the total land identified. K Toroa advised that from the aerial map that is what the advisors have advised the Trust. M Blandford advised that he has some other maps and there might be a larger area available. A discussion ensued on potential expenditure for the block. K Wharehinga responded that that was in regards to fencing and pest control. M Blandford said he will have some ideas to share as they may not need to spend too much more.

J Solomon was concerned about MPI being involved and if they would use 1080 for pest control.

A Richardson advised that he currently does the pest control and he uses traps for the possums.

R Porou-Wetere advised the meeting that the Trustees will ensure that MPI do not utilise 1080 and as well take over the block. B Whakataka asked the Trustees to make sure that they are self sufficient going forward and to go carefully.

R Kahuroa asked the Trustee's to consider a trustee fee increase for the next AGM. R Porou-Wetere advised that the Trustee's reviewed this, and they are okay with the current level and re focused on utilising any surplus funds to provide employment of which they are currently doing with K Wharehinga coming on board as the operations manager.

The reports were approved. *Moved R Kahuroa/seconded R Anderson.*

RECOMMENDATIONS:

R Porou-Wetere advised the meeting that the trustees recommended the following:

- Education grant fund of \$7,000
- Scholarship fund of \$7,000
- Kaumatua grant fund of \$7,000
- Attendance fee for those owners present at the AGM \$100 each and if a whanau trust it is only \$100 per whanau trust.
- A donation fund of \$15,000
- Coates Associates Ltd as auditor and share valuer.
- Implementation of a rangatahi position.
- Support to apply for funding to convert B block into a native reserve.

The recommendations were approved. *Moved R Kahuroa/seconded R Anderson.*

ANNUAL ACCOUNTS:

K Potae took the owners through the financial results for the period ended 30 June 2019. The trust had traded with a surplus of \$68,540. This was up on the year prior excluding the carbon credit sale due to less development work undertaken during the year. The trust currently pays out \$39,000 in distributions which equates to 56% of the profit. The trust is in a strong cash position with the only large liability in unclaimed dividends.

R Kahuroa enquired about the unclaimed dividend balance and if all were to collect could the Trust cover this. K Potae responded that, yes, the Trust can cover the pay-out of all of the unclaimed dividends should they be called in.

The accounts were approved. *Moved R Kahuroa/seconded A Johnston.*

SPECIAL RESOLUTION:

R Porou-Wetere advised the meeting that the Trust would like to move towards emailing notifications to owners and under the regulations they needed to get the owners approval to do this. She advised that if an email address is not held people will still receive hard copy notices. The meeting approved the following:

That the notice of meeting shall be emailed to every shareholder whose email address is recorded in the share register. *This was moved R Kahuroa/seconded W Pleydell.*

The Trustees agreed they will still continue to advertise the AGM in the Gisborne Herald, on the website and Facebook page.

GENERAL BUSINESS:

K Porou advised that she supports the native nursery strategy – she tabled a tray of karamu plants which are valued at \$18 each showing that the tray was worth \$700. She sees this strategy as being economically viable for the Trust. The meeting was advised that EIT students have been collecting the seeds from W5, germinating them with the intention to return the seedlings to W5 whilst also undertaking their studies.

R Kahuroa asked for an update on Te Reanga Hou. R Porou-Wetere advised that meetings have been called but with minimal attendance it has been agreed that they will look to rehold a collective hui in 2020 at which time they would like to set some terms of reference.

R Porou-Wetere announced to the meeting that Matene Blandford was the successful candidate today.

1.10pm the hui closed with a karakia by A Whakataka.

..... Chairperson

.....Date

Chairperson's Report

Whareongaonga 5 Blocks Trust For the 9 months ended 31 March 2020

WHAREONGAONGA 5 BLOCKS TRUST

CHAIRPERSON'S REPORT 2020

E rau rangatira mā

Tēnā rā tataua katoa e huihui mai nei mō tēnei tau anō. Me mihi ki te runga rawa, nāna nei ngā mea katoa. E huri noa ki ngā aituā e piripani ki waenganui ia tātou katoa hoki, wairua atu rā. Ki a tātou te hunga ora e hui mai nei - tihei mauriora, tēnā rā tataua katoa.

Welcome everybody to this AGM and Annual Report 2019/20 for Whareongaonga 5 Blocks Trust. This report has had an adjustment in the financial time period from a July-June timeline to an April-March financial year. Therefore, this report is only reflecting nine (9) months of activities from July 2019 – March 2020. This also allows for the AGM to be held earlier in the year.

It has been a very challenging year and can only reflect on the words of the late Uncle Nolan Raihania, "*Ahakoā ngā piki me ngā heke, ka haere tonu.*" Whilst the influence of Covid-19 has affected our activities achievements, we continue to progress on kaupapa that contributed to all beneficiaries and the overall vision of the Trust:



M. Blandford, K. Toroa (Operations), T. Ferris, R. Wetere, K. Potae (BDO), A. Whakataka, H. Porou

Year in Review (July 2019 – March 2020)

Financial position

For the nine month's activities, we ended the new financial year with a positive result of \$95,498. The trust has a budget which we follow and attend to any variances where necessary. Whilst we have produced good outcome for this report, the trustees had unbudgeted revenue and spend throughout that time period; the learnings from this is to ensure budget plans are as accurate as they can be. The unbudgeted revenue included additional funds from the Aratu Forest Ltd stumpage; our newest trustee was able to identify and negotiate this for the block. The unbudgeted expenses were more around activities that were not realised/actioned in the 9-month time period but will show in the next financial year. Table 1 gives a summary of key highlights over the past five years.

Grants

The Trust contributed grants for the November 2019 AGM meeting, kaumatua, tangi and education grants. Due to the change in the financial year, some of these costs will be reflected in the following financial year.

- **Kaumātua grants** – these are processed at every AGM and this was given to 37 pakeke for this financial year
- **Education grants** – due to Covid19 lockdown, the Trust extended the closing date and are pleased that there were 17 approved recipients as listed in this report (see Table 2)
- **Tangi grants** – there were 8 processed for this financial year
- **AGM attendance meeting** – there were 26 processed for this financial year

Portfolio's

- **Homestead** – our tenant has moved out this month and we wish Dave and Lovey Lloyd all the best as they have returned to their whenua in Mangatū. We are extremely grateful for their expertise in completing the removal of cattle and leaving the property in better shape and conditions; tēnā rawa atu koutou katoa. We look forward to focussing on tourism for the homestead and a temporary tenant during the next phase of land development.
- **Honey** – our current beehive, Wild Cape Honey, continues with our lease agreement per annum. However, due to the impact of Covid19 this will be reviewed moving forward.
- **Forestry** – our current leaseholder, Aratu Forests has been working with our newest trustee with regards to stumpage, give and take of access/boundaries and also looking at our lease arrangement. We are grateful to have the expertise of Matene to advocate for W5.
- **Cattle** – this has been a focus for Operations as it has been challenging to herd and uplift all the wild livestock. A small lease was undertaken with Maraetaha for grazing over the winter period.
- **Bank investment** – an ongoing portfolio that includes \$1m from the first forestry payout and \$1m from the carbon credits sale.
- **Trustees meetings** – Over the last nine months, the Board has met four times to confirm roles, duties and priorities. All were within budget and we did revert to online meetings during lockdown levels 3 and 4.
- **Cultural mapping research project** – we have committed to ensuring the waahi tapu on W5 Blocks is identified and the information stored for historic purposes. A waahi tapu management policy is being implemented and will also include the leased lands with Aratu Forests. We acknowledge the time and knowledge from Noel Pohatu who has been integral in identifying key waahi tapu sites on the block.
- **History of Whareongaonga** – we have commissioned Sheridan Gundry to write a book on Whareongaonga for our beneficiaries and future rangatahi. This is work in progress and we look forward to this being published in due course.
- **Succession** – we still need to progress the notion of rangatahi involvement with the block; this will be a key area to focus on for 2020-2021.

Strategic Plan: 2020 onwards

The new strategic plan was drafted to you all at the previous AGM, with the vision remaining the same 'Whakamana te mauri o Whareongaonga'. The goals within the strategic plan has been to focus on three key business areas:

1. **Honey** - a sustainable approach for W5 Blocks Trust
2. **Natives** - development of native nursery and native forestry on the block
3. **Tourism** - development of an eco-tourism plan with the homestead

In addition to the 3 key business areas, we also continue to:

- increase our shareholder registrations, policies, updates, and available grants
- advance our communications with website (launched), social media and regular pānui
- maintain our forestry lease with Aratu Forests Ltd with a review of terms
- keep the investment portfolio steady with ANZ bank
- ensure our operations/administration policies/processes are robust and transparent
- achieve the education portfolio as agreed at the last AGM
- deliver on the (Trust and AGM) approved budget plans
- maintain the homestead/roading on the block with H&S processes and general maintenance of the lands
- apply for funding that will support the 3 key business areas of the strategic plan
- finalise the (PGF) grant that was approved July 2020; this was necessary for pest animal control so that we can progress our native forestry strategy. We are currently in the process of confirming the details of the contract with MBIE and anticipate this mahi will be completed in the next 6-8 months.

As you know, the lockdown period has affected us all and this has impacted on our progress, but we have picked things up and look forward to updating you all at our AGM with the focus for the next financial year of activities. I want to take this opportunity to acknowledge and thank Ms Karena Toroa, who was resigned from the fixed-term position of Operations Manager and am very grateful for all the mahi she has contributed to the block; both as a governance role in the past and in the operational role as well.

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

Table 1: W5 timeline of key activities (2014 – 2020)

W5 Blocks Trust	2020 year	2019 year	2018 year	2017 year	2016 year	2015 year	2014 year
Total Equity	\$ 6,900,517	\$ 6,945,638	\$ 6,803,687	\$ 5,503,261	\$ 5,476,719	\$ 5,496,195	\$ 6,144,728
Net Surplus / (Deficit)	\$ 95,498	\$ 68,540	\$ 1,104,781	\$ 59,980	\$ (15,243)	\$ (81,364)	\$ 158,443
Dividends declared	-	-	-	-	\$ 60,000	-	\$ 60,000
Education Grants	-	\$ 6,930	\$ 6,500	\$ 10,540	\$ 2,000	\$ 1,000	-
Kaumatua Grants	\$ 4,100	\$ 9,836	\$ 5,500	\$ 4,300	\$ 8,200		\$ 5,000
AGM attendance Grant	\$ 2,600	-	-	-	-	-	-
Donations	\$ 7,000	\$ 7,530	\$ 3,650	\$ 200	\$ 400	-	-
Tangi Grants	\$ 1,600	\$ 1,630	\$ 400	-	-	-	-
Marae Grants	\$ 7,843	\$ 10,001	\$ 12,152	\$ 4,869	\$ 3,594	-	-
Total shares	14,535						
Total owners	2,638						

Table 2: W5 education grant recipients 2020

WHAREONGAONGA 5 BLOCKS TRUST - Tertiary Grants 2020			
Applicant	Tertiary Institute	Qualification	Shareholder
Riata Maynard	Waikato University	Bachelor of Business	<i>Fred Maynard</i>
Karepa Maynard	Auckland University	Bachelor of Science/ Arts	<i>Fred Maynard</i>
Jayden Falcon	Massey University	Bachelor of Business	<i>Josephine S Edwards</i>
Sarayde Tapine	AUT Auckland	Bachelor of Law	<i>Brian R Wilcox</i>
Kellann Kemp	Victoria University	Bachelor of Science/ Arts	<i>Ereti Skella Campbell</i>
Tahlia Jade Runga	Massey University	Bachelor of Business	<i>Haina Christie</i>
Jacob R Cirolli	Nelson Marlborough Institute of Technology	Certificate in Aero Nautical Engineering	<i>Anna Eve Bowen</i>
Jared Peterson	Victoria University	Bachelor of Commerce	<i>Jacqui Peterson</i>
Joanne N Pleydell	Canterbury University	Masters of Maori & Indigenous Leadership	<i>Taharakau Whanau Trust</i>
Quade Tapsell	Waikato University	BA Digital Business & Te Reo	<i>Whangaroa Whanau Trust</i>
Roimata Panapa	Waikato University	Bachelor of Arts	<i>Rina W Robin Trust</i>
Maioha Panapa	Waikato University	Bachelor of Arts	<i>Rina W Robin Trust</i>
Te Iwa Johnston	Canterbury University	BA	<i>Lavinia R Pohatu-Johnson</i>
Alyssa Kerr	AUT Auckland	Bachelor of Medical Lab Science	<i>Ruihi M P Whakataka Whanau Trust</i>
Anna B Pohatu	Canterbury University	BA	<i>Benjamin Pohatu</i>
Sapphire Wairau	Canterbury University	BA Science & Arts	<i>Paihau Wairau</i>
Laken Wairau	Canterbury University	BA Science & Arts	<i>Paihau Wairau</i>

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 21 which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit or Loss, Statement of Movements in Equity for the period 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 21 present fairly, in all material respects, the financial position of Whareongaonga 5 Blocks Trust as at 31 March 2020, and its financial performance for the period 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 2019 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.

Coates Associates Ltd

18 August 2020
Coates Associates Ltd
300 Childers Road
Gisborne

Trust Directory

Whareongaonga 5 Blocks Trust For the 9 months ended 31 March 2020

Trustees

R Porou-Wetere (Chairperson)
H Porou
A Whakataka
T Ferris
K Toroa (Resigned 22/11/2019)
M Blandford (Appointed 03/03/2020)

Operations Manager

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 9 months ended 31 March 2020

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 9 months ended 31 March 2020. 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 by us.

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: 18 August 2020

Te Puni Kokiri Whenua Maori Fund

Whareongaonga 5 Blocks Trust For the 9 months ended 31 March 2020

	JUL 2019-MAR 2020	2019
Trading Income		
Contract - Te Puni Kokiri	-	40,000
Total Trading Income	-	40,000
Gross Profit	-	40,000
Expenses		
Clustering opportunities	-	3,473
Eco-housing	-	1,442
Eco-tourism	-	1,442
Forestry feasibility	-	1,442
Governance and management	-	35,268
Honey Production	-	3,524
TPK Land and survey analysis	-	3,204
Total Expenses	-	49,795
Net Profit (Loss) Before Taxation	-	(9,795)

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 9 months ended 31 March 2020

JUL 2019-MAR 2020

2019

Expenses

Farm operating & maintenance

Animal Health	-	534
ACC Levies	277	636
Bank Fees	65	66
Building R & M	745	-
Electricity & Gas	940	1,172
Equipment Hire	-	1,430
Erosion Control	599	-
Fencing & Yards	101	662
General expenses	1,880	3,931
General R&M	-	925
Roading & drainage	15,815	3,414
Vehicle Expenses	5,385	5,809
Wages	12,251	52,752
Total Farm operating & maintenance	38,059	71,331

Homestead operating & maintenance

Homestead - R & M	123	1,500
Homestead - Internet	-	477
Homestead - insurance	2,353	1,884
Total Homestead operating & maintenance	2,476	3,861

Rates and insurance

Insurance	1,745	1,166
Rates	6,856	(11,009)
Total Rates and insurance	8,602	(9,843)

Administration expenses

Accountancy - Fees	24,566	31,300
Accountancy - Unquoted	10,465	13,912
Audit Fees	4,500	4,500
AGM expenses	3,429	3,918
Consultancy Fees	2,948	3,398
Private Banking Fees	9,036	11,244
Trustee Expenses	3,929	6,159
Trustee Fees	13,806	21,828
PIE withholding tax	3,432	5,752
Total Administration expenses	76,110	102,011

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 9 months ended 31 March 2020

	NOTES	JUL 2019-MAR 2020	2019
Income			
Forestry		45,195	-
Aratu Lease		7,379	9,800
Honey Income		102,500	102,500
Rent Received		5,400	7,200
Livestock proceeds		12,469	36,132
Te Puni Kokiri Contract		-	(9,795)
Total Income		172,943	145,837
Other Income			
Interest Income			
ANZ Bank - Interest		32,326	49,094
IRD - Interest		-	2
Private Banking - Interest		13,423	13,216
Total Interest Income		45,748	62,312
Dividend income			
Private Banking - Dividends		34,883	56,603
Total Dividend income		34,883	56,603
Total Other Income		80,631	118,915
Gross Income		253,574	264,752
Expenses			
Farm operating & maintenance		38,059	71,331
Homestead operating & maintenance		2,476	3,861
Rates and insurance		8,602	(9,843)
Administration		76,110	102,011
Total Expenses		125,246	167,359
Depreciation and amortisation			
Depreciation		9,580	7,240
Depreciation - Forestry		15,237	21,613
Total Depreciation and amortisation		24,817	28,853
Surplus / (deficit) before taxation		103,510	68,540
Taxation			
Provision for Taxation	16	8,012	-
Total Taxation		8,012	-
Net surplus / (deficit) for the year		95,498	68,540

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 9 months ended 31 March 2020

	JUL 2019-MAR 2020	2019
Trust Equity		
Opening Balance	6,945,638	6,803,687
Surplus / (deficit) for period	95,498	68,540
Grants	(23,143)	(2,981,054)
Investment revaluation reserve	(117,476)	118,105
Property Revaluation Reserve	-	2,936,360
Total Trust Equity	6,900,517	6,945,638

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 31 March 2020

	NOTES	31 MAR 2020	2019
Assets			
Current assets			
Bank accounts	2	271,183	66,481
GST receivable		1,050	5,571
Income tax receivable	16	5,218	12,006
Accounts Receivable		1,143	901
Interest Accrued		7,394	16,046
Total Current assets		285,988	101,004
Non current assets			
Property, plant and equipment	5	3,404,981	3,416,361
Forestry	7	323,359	338,596
Investments	8	3,055,294	3,264,704
Total Non current assets		6,783,634	7,019,661
Total Assets		7,069,622	7,120,665
Liabilities			
Current liabilities			
Account payable		9,615	12,704
Rent received in advance		8,193	5,773
Unclaimed Dividends		151,296	156,551
Total Current liabilities		169,105	175,028
Total Liabilities		169,105	175,028
Net Assets		6,900,517	6,945,638
Equity			
Trust Equity	3	6,900,517	6,945,638
Total Equity		6,900,517	6,945,638

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 9 months ended 31 March 2020

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.

Carbon Credits

Carbon Credits are not recorded on the Balance Sheet. They are only recorded in the Statement of Financial Performance when they are sold. Value of carbon credits sold during FY2018 is \$1,078,875. This income has been transferred to capital Reserves as it was tax exempt income.

Comparative figures

The figures shown under current period FY2020 is for 9 months due to the change of balance date from 30 June to 31 March, whereas the FY2019 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.

Changes in balance date

Whareongaonga 5 Blocks has requested to change from 30 June to a 31 March balance date. This change is to apply for the 2020 Financial year and onwards. Inland Revenue Department has approved the change as per Tax Administration Act 1994.

JUL 2019-MAR 2020

2019

2. Bank Accounts

Bank Accounts

ANZ 00-Cheque Account	4,888	7,163
ANZ 01-Private Current Account	264,920	57,838
ANZ 02-Serious Saver	1,375	1,480
Total Bank Accounts	271,183	66,481

JUL 2019-MAR 2020

2019

3. Equity

Retained earnings/(accumulated losses)

Opening Balance	5,197,220	8,109,734
Current Year Earnings	95,498	68,540
Transfer of Tax exempt Income from 2018	(1,078,875)	-
Donations	(7,000)	(7,530)
Attendance Grant	(2,600)	(2,867)
Education Grants	-	(6,930)
Marae Grant	(7,843)	(10,001)
Kaumatua Grants	(4,100)	(9,836)
Tangi Grants	(1,600)	(1,600)
Imputation Credits converted to losses	-	(5,930)
Property Revaluation Reserve adjustment	-	(2,936,360)
Total Retained earnings/(accumulated losses)	4,190,701	5,197,220

Capital reserves

Transfer of tax exempt income from 2018 carbon credit sales	1,078,875	-
Total Capital reserves	1,078,875	-

Asset revaluation reserve

Property Revaluation Reserve

Opening Balance	1,415,640	(1,520,720)
Property Revaluation Reserve adjustment	-	2,936,360
Total Property Revaluation Reserve	1,415,640	1,415,640

Investment revaluation reserve

Opening Balance	332,777	214,672
Investment revaluation reserve	(117,476)	118,105
Total Investment revaluation reserve	215,301	332,777

Total Asset revaluation reserve	1,630,941	1,748,417
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Total Equity	6,900,517	6,945,638
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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 Aratu Forests Ltd which includes an interest in forestry planted by the leasee.

JUL 2019-MAR 2020

2019

5. Property, plant and equipment

Land & Buildings

Land & Buildings	3,432,571	3,432,571
Accumulated depreciation	(59,611)	(54,735)
Total Land & Buildings	3,372,960	3,377,836

Plant and vehicles

Plant and Vehicles at cost	47,164	48,964
Accumulated depreciation	(15,143)	(10,439)
Total Plant and vehicles	32,021	38,525

Total Property, plant and equipment

3,404,981 3,416,361

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

JUL 2019-MAR 2020

2019

Net book value (balance sheet purposes)

Opening balance	3,377,836	3,328,322
Plus revaluation	-	-
Plus additions at cost	-	54,909
Less depreciation	(4,876)	(5,395)
Total Net book value (balance sheet purposes)	3,372,960	3,377,836

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 Aratu Forests Ltd by way of a forestry right over 1099.4648 hectares. The agreement provides a stumpage rate of 13% of the product sold or utilised.

	JUL 2019-MAR 2020	2019
Forestry asset reconciliation		
Opening balance	338,596	360,209
Plus additions since	-	-
Less depreciation since	(15,237)	(21,613)
Total Forestry asset reconciliation	323,359	338,596

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.

	JUL 2019-MAR 2020	2019
8. Investments		
Investments		
ANZ Term Deposit @ 3.30% pa due 25/11/2019	-	121,713
ANZ Term Deposit @ 2.80% pa due 14/04/2020	75,000	75,000
ANZ Term Deposit @ 2.80% pa due 14/04/2020	350,000	350,000
ANZ Term Deposit @ 3.05%pa due 12/02/2020	-	1,000,000
ANZ Term Deposit @ 2.65%pa due 10/08/2020	500,000	-
ANZ Bank Private Banking	2,129,794	1,717,491
Farmlands Ltd - 500 shares	500	500
Total Investments	3,055,294	3,264,704

9. Contingent assets and liabilities

At balance date the Trust had no contingent assets and liabilities. (2019: \$nil)

10. Capital commitments

At balance date the Trust had no capital commitments. (2019: \$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 Toroa in relation to the Operations Manager Role. Paid consultancy fees & mileage relating to this work.

M Blandford in relation to Consultancy work carried out in relation to the Forestry. Consultancy fees paid relating to this work.

JUL 2019-MAR 2020

2019

12. Donations made

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

JUL 2019-MAR 2020

2019

13. Education Grants Paid

Ehau-Tumaunu T H	-	330
Heikell K A	-	-
Heikell L G	-	-
Hutana R T	-	330
Johnston T I	-	330
Kerr A N R	-	330
King M	-	330
King R	-	330
Maynard K	-	330
Maynard R	-	330
Moeke-Ferris D M	-	-
Panapa M R	-	330
Panapa R	-	330
Parata N	-	-
Peterson J	-	330
Pleydell J	-	330
Raihanian A A H H	-	-
Ryder-Pohatu A	-	330
Shortland A M	-	-
Siataga T M T	-	-
Tapsell Q	-	330
Toroa-Pomana N	-	-
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

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

	JUL 2019-MAR 2020	2019
14. Trustees fees		
Rachel Porou-Wetere	2,612	3,731
Henare Porou	2,612	5,410
Joe Toroa	-	373
Allie Whakataka	2,239	4,104
Karena Toroa	2,985	2,985
Tui Ferris	2,985	5,224
Matene Blandford	373	-
Total Trustees fees	13,806	21,828

15. Maori authority credit account

At the 31st of March 2020 the available Maori Authority Credits available to be attached to any future dividend totaled \$553,157. (2019: \$540,645).

JUL 2019-MAR 2020

2019

16. Income tax

Net profit (loss) per financial statements

Current year earnings	103,510	68,540
Total Net profit (loss) per financial statements	103,510	68,540

Adjustments to remove accounting effect and replace with tax

Credit adjustments

Building Depreciation	4,095	4,748
Forestry Depreciation	15,237	21,613
PIE Withholding Tax	3,432	5,752
Total Credit adjustments	22,764	32,113

Debit adjustments

Donations	7,000	-
Excluded dividend income	1,240	1,060
FDR dividend income adjustment	1,481	19
Unlisted PIE dividend income	19,190	32,869
Total Debit adjustments	28,912	33,948

Net taxable income (loss)	97,362	66,705
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Losses carried forward

Losses carried forward	(51,579)	(84,398)
Imputation Credits converted to losses	-	(33,886)
Total Losses carried forward	(51,579)	(118,283)

Total Income/(losses) to be carried forward	45,784	(51,579)
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Taxation on income for period @ 17.5%	8,012	-
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Taxation movements

Opening balance	(12,006)	(7,770)
Tax from above	8,012	-
RWT credits	(13,230)	(12,006)
Tax refunded	12,006	7,770
Total Taxation movements	(5,218)	(12,006)