



WHAREONGAONGA 5 BLOCKS TRUST

Annual Report

YEAR ENDED 31 MARCH 2021

Audit · Tax · Advisory





Image: Whareongaonga whenua with PGF Grant contractors and trainees 'Pomana Maintenance Ltd'

Whareongaonga 5 Blocks Trust Logo (front cover)

Tā Moko Kirituhi: Maia Gibbs / Ngāi Tāmanuhiri

The concept is in reference to the Kahukura moth that lives in Whareongaonga. It is unique to that specific area and is a reflection for sustainability for future generations.

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Approval of Financial Report

Whareongaonga 5 Blocks Trust For the year ended 31 March 2021

The Trustees are pleased to present the approved financial report including the historical financial statements of Whareongaonga 5 Blocks Trust for the year ended 31 March 2021.

Approved

For and on behalf of the Trustees:



Chairperson

Date: 22 September 2021

Notice of Annual General Meeting

Whareongaonga 5 Blocks Trust For the year ended 31 March 2021

Notice is hereby given that the Annual General Meeting of beneficial owners will be held as a **Virtual meeting on Thursday 23rd September 2021 at 9am**. This is due to the COVID-19 Pandemic and the Trustees desire to keep owners safe and adhere to the Ministry of Health's requirements.

The Trustees have asked to please register your email address at **mbu@bdo.co.nz** to access the Zoom link. To ensure you are sent the link please send your email in no later than **Wednesday 22nd September 2021**.

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 31 March 2021
6. **Election** - to fill 1 position, caused by the retirement by rotation of Allies Whakataka, who is not seeking re-election.

Note: (1) Nominations duly completed by nominator and candidate must be lodged at the Trust's office, 1 Peel Street Gisborne not later than **9am Saturday 18th September 2021 via email or by mail by 9am Monday the 20th September 2021**.

(2) Proxy forms and Powers of Attorney must be lodged at the Trust's office by **9am on Tuesday 21st September 2021**.

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

Rangiwaho Papakainga - Maori Reservation.

R Porou-Wetere
CHAIRPERSON

whareongaonga5@gmail.com
Facebook Whareongaonga 5 Blocks Trust
BDO Office 06 869 1400 or mbu@bdo.co.nz

Minutes of Annual General Meeting

Whareongaonga 5 Blocks Trust

Held at Muriwai Marae on Saturday 22 August 2020

PRESENT:

T Ferris, M Blandford, A Whakataka, H Porou and via Zoom R Porou-Wetere.

In attendance: K Potae and Hine Porou.

PRESENT FROM ATTENDANCE LIST:

T Ngarangione, K Morgan, B Wilsin, A Richardson, C Ribbon, D Pomana, Boy Thomson, R Mekomoko, T Harrington, T Baker, S Henry, L Paratene, T H Ehau-Taumaunu, J Walters, A Procter / Taipiha, J Pleydell, T Wilcox, M Karaka, B Wilcox, V Makara, C Pomana, W Panapa, M Hare, I McGhee, M Blandford, T Ferris, W Pleydell, W Smith, Tira Ngarangione, A Hawkins, Henare Porou, J Waru, A Waru. & G Akuhata-Brown.

MIHI & KARAKIA:

T Ferris welcomed everyone to the meeting and the meeting was opened with a mihi and karakia by A Whakataka.

APOLOGIES:

C Hawkins, H Baker, K Baker, T Baker, A Richardson, P Moa, K Porou, H Porou, I Whakataka, B Whakataka, O Wyllie, J Toroa, H Whata, H Fletcher, R Johnstone, K Keefe, W Walker, L Pohatu, T H Pomana, M Wakanui, M Pohatu, D Akuhata-Brown, Parima Whanau Trust, N Ching, J Edwards, M Harrington, A Terekia, M Keefe, L Ratana, R Pohatu, J Pohe. D Akuhata-Brown, G Matenga, T Porou, J Matenga & A Pohatu. The apologies were moved, R Mekomoko/seconded F Pleydell.

MINUTES:

T Ferris took the meeting through the minutes of the AGM held 22nd November 2019.

The minutes were approved. *Moved F Pleydell/seconded M Karaka*

MATTERS ARISING:

Clarity was sought in regards to the tangi grant. T Ferris confirmed the Trust has the tangi grant policy in place which is \$200 and must be applied for to the Trustees. The owners enquired about the kaumatua grant and if the Trust pays one. T Ferris advised that yes, they do, and a recommendation will come up later in the meeting.

It was enquired if the Trust is up to date with what is happening on the kiwirail lease in regards to the tourism operation. T Ferris updated the owners that they had initiated conversations however the Trust is unable to do any more than that.

CHAIR REPORT:

T Ferris took the owners through the Chair report. The owners asked for an update on the strategy for the homestead. H Porou responded that the property will be tenanted during the PGF implementation project to derive a short-term income for the Trust.

A request was made from M Hare on behalf of the Hawkins Whanau for a tangi grant. T Ferris advised the shareholder that she has made note of the request and will follow up on this matter for them.

M Blandford gave an update to the owners on the forestry estate. The forest is in good order and has been well maintained. Hikurangi Forest Farms has sold to Aratu and the Trust is currently building a relationship with the new owners. So far, he is seeing a positive difference in the way they work as compared to the previous owners. Jody Walters was in attendance at the meeting and introduced himself as he is employed by Aratu. M Blandford advised the owners that the Trust is currently renegotiating with stumpage share and the annual rental cost.

M Blandford advised the owners in regards to the hunting club as the lease only allows Whareongaonga 5 Blocks shareholders exclusive access to hunt the block. The Trust has requested that public access is removed off Aratu's list.

M Blandford gave an update to the owners on the recent PGF application. The PGF is for fencing and tracks of the property. The funding application is now approved for the pest control and fencing to get underway, the contract requires locals to be employed to do the work.

A Proctor asked if the urupa that requires fencing could be included during this project. M Blandford responded that there is a cultural and wahi tapu management plan and policies being implemented by the Trust. This will include fencing off those culturally sensitive areas. Key as well is to ensure that although they will be fenced off that access is still available for whanau to access those sites.

M Blandford gave the owners an update in regards to the cultural mapping project that the Trustees are currently undertaking.

M Blandford updated the owners in regards to the history book being written for the block by Sheridan Gundry. V Makara suggested to the Trustees to consider having one of their own working on the history book project. T Ferris advised that N Pohatu had undertaken the GPS sites and will be interviewed as part of the project. The owners asked that the Trustees ensure that the data that is compiled remains in the ownership of the Trust. T Ferris confirmed that all IP will belong to the Trust and as well she asked any owners who were interested to be interviewed to come forward.

R Mekomoko acknowledged M Blandford and J Walters for their work to date and spoke in support about ensuring that urupa is looked after. A Proctor commented that the action on the urupa will be good to see happen and she was pleased to hear about the hunting club being given access to hunt on the block whilst excluding the general public. She asked the Trustees to consider a visit to the whenua in the future.

T Ferris commented that the PGF fund will help assist with fixing up the tracks to ensure safe access. Once that is undertaken a site visit will be looked into for the owners. H Porou reminded owners that for health and safety if anyone is entering the property, they need to register this with the Trust to get approval before going onto the land.

The meeting enquired about the cattle and if they are wild. T Ferris responded that there are three to four wild cattle left on the property and the majority have been removed.

The meeting approved the Chair report. *Moved R Mekomoko/seconded B Wilson.*

ANNUAL ACCOUNTS:

K Potae took the owners through the annual accounts for the period ended 31 March 2020. The Trust had traded at a net surplus after tax profit of \$95,498.00 for the year. It was highlighted that the financial reporting year was for a 9-month period and that there was one-off income of \$45,000 from the forestry give and take. It was highlighted that due to timing of the educational grants being processed as they were delayed due to COVID 19 those will come into next year's accounts.

Hine Porou addressed the meeting and spoke of the recipients of the educational grants from this year and shared with the owners' feedback from K Kemp and R & M Panapa. As Hine Porou is assisting the Trust with IT and COMMS she shared with the owners about the website which has been set up and is used to promote connection with the Trust and owners.

The annual accounts were approved. *Moved A Whakataka/seconded R Mekomoko.*

ELECTIONS:

T Ferris advised the meeting that there were two positions available, one caused by the retirement by rotation of Henare Porou, who being eligible offered himself for re-election and the second caused by the resignation of Matene Blandford. One nomination had been received for Joanne Pleydell. That being the case there was no election to be held as Henare Porou and J Pleydell will be appointed as Trustees.

J Pleydell introduced herself to the meeting and gave thanks for the education grant she had received in the past and let the owners know she has currently returned to reside in Tairāwhiti working for Te Tumu Paeroa.

DISTRIBUTION RECOMMENDATIONS:

T Ferris put the following recommendations to the meeting:

- Donation fund of \$15,000.
- Kaumatua grant fund of \$7,000 distributed to those aged 60-69 who are present at the meeting and those 70+ with no requirement to be present. The grant is \$100 per shareholder and if that is represented by whanau trust it is one payment.
- Education grant fund of \$7,000.
- Scholarship fund of \$7,000.
- Attendance fee for those owners at the AGM, either in person or virtually of \$100 per owner and if a whanau trust it is one payment.
- Re-appointment of Coates & Associates as auditors.

T Ferris asked owners to ensure that their bank account details are supplied to BDO offices to ensure payments are made.

The distribution recommendations were approved. *Moved A Whakataka/seconded R Mokomoko.*

GENERAL BUSINESS:

T Ferris addressed the meeting outlining that the PGF grant fund requires social procurement of which the Trust is happy that the contractors who are engaged or whakapapa to the Trust. She gave thanks to M Blandford as with three days to apply for the funding he took on the challenge and came through with a successful application of which \$700,000 has been approved. On behalf of the Trustees, T Ferris thanked M Blandford. T Ferris acknowledged her fellow Trustees for all their work during the year.

V Makara asked the Trustees for an update on an eco-housing strategy. T Ferris responded that this was part of the tourism strategy, however that has been put on hold due to COVID 19. M Blandford advised the meeting that although the tourism strategy is on hold the PGF funding which will assist with upgrading the tracks will have future potential to create walkways and lookouts across the property. R Mokomoko spoke to the meeting that for any tourism strategy he wants to ensure that the iwi have a place to be included in the dialogue. T Ferris responded that the Trustees will always undertake due diligence and ensure that they work within the laws and regulations.

R Mokomoko asked the Trustees to consider if it is viable growing mushrooms in the tunnels.

The meeting asked if those who have attended virtually are entitled to the attendance grant. Trustees responded that if the attendance is validated then, yes, they will be entitled to an attendance fee.

I McGhee thanked the Trust for her moko's education grants as well as her daughter.

A representative from the Muriwai Marae Committee via facebook advised that with the donation fund being approved today they would look to submit a request for assistance with their insurances.

The meeting closed with a karakia at 11.45am by H Porou.

..... Chair

..... Date

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 19 which comprise the Balance Sheet as at 31 March 2021, 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 19 present fairly, in all material respects, the financial position of Whareongaonga 5 Blocks Trust as at 31 March 2021, 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 Notice of AGM and 2020 AGM minutes. 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

22 September 2021
Coates Associates Ltd
300 Childers Road
Gisborne

Trust Directory

Whareongaonga 5 Blocks Trust For the year ended 31 March 2021

Trustees

R Porou-Wetere (Chairperson)
H Porou
A Whakataka
T Ferris
J Pleydell (Appointed 22/08/2020)
M Blandford (Resigned 20/08/2020)

Operations Manager

K Toroa (Resigned 24/07/2020)
M Blandford (Appointed 23/08/2020)

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 31 March 2021

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 31 March 2021. 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: 22 September 2021

PGF - Profit and Loss

Whareongaonga 5 Blocks Trust For the year ended 31 March 2021

	NOTES	2021	JUL2019- MAR2020
Income			
Contract		517,192	-
Total Income		517,192	-
Expenses			
Fencing - Contractor / Scrub & Line Clearing		182,284	-
Fencing - Materials / Machinery		92,522	-
Machine Hire		235,357	-
Tracking		60,804	-
Training		29,720	-
Project management & administration		42,675	-
Total Expenses		643,362	-
Net PGF Profit / (Loss)		(126,170)	-

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Expenses

Whareongaonga 5 Blocks Trust For the year ended 31 March 2021

	2021	JUL 2019-MAR 2020
Expenses		
Farm operating & maintenance		
Animal Health	800	-
ACC Levies	(137)	277
Bank Fees	70	65
Building R & M	-	745
Electricity & Gas	1,294	940
Equipment Hire	387	-
Erosion Control	-	599
Fencing & Yards	104	101
General expenses	8,806	1,880
General R&M	1,725	-
Roading & drainage	190	15,815
Vehicle Expenses	4,656	5,385
Wages	30,692	12,251
Total Farm operating & maintenance	48,587	38,059
Homestead operating & maintenance		
Homestead - R & M	8,359	123
Homestead - insurance	2,312	2,353
Total Homestead operating & maintenance	10,672	2,476
Rates and insurance		
Insurance	2,096	1,745
Rates	9,156	6,856
Total Rates and insurance	11,252	8,602
Administration expenses		
Accountancy - Fees	32,210	24,566
Accountancy - Unquoted	18,796	10,465
Audit Fees	4,500	4,500
AGM expenses	1,471	3,429
Consultancy Fees	20,236	2,948
Private Banking Fees	14,346	9,036
Trustee Expenses	1,351	3,929
Trustee Fees	17,526	13,806
PIE withholding tax	9,238	3,432
Total Administration expenses	119,674	76,110
Finance expenses		
Interest Payable - ANZ	19	-
Total Finance expenses	19	-

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 31 March 2021

	NOTES	2021	JUL 2019-MAR 2020
Income			
PGF Contract		(126,170)	-
Tractor hire		30,066	-
Forestry		-	45,195
Aratu lease		9,778	7,379
Honey Income		95,000	102,500
Rent Received		5,100	5,400
Grazing Income		8,839	-
Livestock proceeds		5,503	12,469
Total Income		28,115	172,943
Other Income			
Interest Income			
ANZ Bank - Interest		15,680	32,326
Private Banking - Interest		21,182	13,423
Total Interest Income		36,862	45,748
Dividend income			
Private Banking - Dividends		72,350	34,883
Total Dividend income		72,350	34,883
Total Other Income		109,212	80,631
Gross Income		137,327	253,574
Expenses			
Farm operating & maintenance		48,587	38,059
Homestead operating & maintenance		10,672	2,476
Rates and insurance		11,252	8,602
Administration		119,674	76,110
Finance Expenses		19	-
Total Expenses		190,204	125,246
Depreciation and amortisation			
Depreciation		15,213	9,580
Depreciation - Forestry		19,402	15,237
Total Depreciation and amortisation		34,615	24,817
Surplus / (deficit) before taxation		(87,492)	103,510
Taxation			
Provision for Taxation	17	-	8,012
Total Taxation		-	8,012
Net surplus / (deficit) for the year		(87,492)	95,498

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 31 March 2021

	2021	JUL 2019-MAR 2020
Trust Equity		
Opening Balance	6,900,517	6,945,638
Surplus / (deficit) for period	(87,492)	95,498
Grants & Donations	(22,750)	(23,143)
Imputation Credits converted to losses	(3,997)	-
Investment revaluation reserve	147,172	(117,476)
Property Revaluation Reserve	804,040	-
Total Trust Equity	7,737,490	6,900,517

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 2021

	NOTES	2021	2020
Assets			
Current assets			
Bank accounts	2	111,339	271,183
GST receivable		29,324	1,050
Income tax receivable	17	8,063	5,218
Accounts Receivable		216,944	1,143
Interest Accrued		2,281	7,394
Total Current assets		367,950	285,988
Non current assets			
Property, plant and equipment	5	4,252,703	3,404,981
Forestry	7	303,957	323,359
Investments	8	3,188,994	3,055,294
Total Non current assets		7,745,653	6,783,634
Total Assets		8,113,603	7,069,622
Liabilities			
Current liabilities			
Account payable		219,989	9,615
Rent received in advance		8,216	8,193
Unclaimed Dividends		147,907	151,296
Total Current liabilities		376,113	169,105
Total Liabilities		376,113	169,105
Net Assets		7,737,490	6,900,517
Equity			
Trust Equity	3	7,737,490	6,900,517
Total Equity		7,737,490	6,900,517

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 31 March 2021

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.

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

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.

2021 JUL 2019-MAR
2020

2. Bank Accounts

Bank Accounts

ANZ 00-Cheque Account	4,179	4,888
ANZ 01-Private Current Account	105,540	264,920
ANZ 02-Serious Saver	1,620	1,375
Total Bank Accounts	111,339	271,183

2021 JUL 2019-MAR
2020

3. Equity

Retained earnings/(accumulated losses)

Opening Balance	4,190,701	5,197,220
Current Year Earnings	(87,492)	95,498
Transfer of Tax exempt Income from 2018	-	(1,078,875)
Donations	(8,750)	(7,000)
Attendance Grant	(2,100)	(2,600)
Education Grants	(6,800)	-
Marae Grant	-	(7,843)
Kaumatua Grants	(4,100)	(4,100)
Tangi Grants	(1,000)	(1,600)
Imputation Credits converted to losses	(3,997)	-
Total Retained earnings/(accumulated losses)	4,076,462	4,190,701

Capital reserves

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

Asset revaluation reserve

Property Revaluation Reserve

Opening Balance	1,415,640	1,415,640
Property revaluation reserve	804,040	-
Total Property Revaluation Reserve	2,219,680	1,415,640

Investment revaluation reserve

Opening Balance	215,301	332,777
Investment revaluation reserve	147,172	(117,476)
Total Investment revaluation reserve	362,474	215,301

Total Asset revaluation reserve	2,582,154	1,630,941
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Total Equity	7,737,490	6,900,517
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Shareholding

Total shares = 14,535

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

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.

2021 JUL 2019-MAR
2020

5. Property, plant and equipment

Land & Buildings

Land & Buildings	4,236,611	3,432,571
Accumulated depreciation	(66,078)	(59,611)
Total Land & Buildings	4,170,533	3,372,960

Plant and vehicles

Plant and Vehicles at cost	106,059	47,164
Accumulated depreciation	(23,889)	(15,143)
Total Plant and vehicles	82,170	32,021

Total Property, plant and equipment	4,252,703	3,404,981
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Land and buildings valuations

Ratings valuation 01 September 2020

	Hectares	Land Value	Improvements Value	Capital Value
Pt Whareongaonga 5 ML 6280 & Closed Road	1,954.4079	3,475,000	545,000	4,020,000
Pt Lot 5 DP 2925	79.5207	151,000	6,000	157,000
Total	2,033.9286	3,626,000	551,000	4,177,000

2021 JUL 2019-MAR
2020

Net book value (balance sheet purposes)

Opening balance	3,372,960	3,377,836
Plus revaluation	804,040	-
Plus additions at cost	-	-
Less depreciation	(6,467)	(4,876)
Total Net book value (balance sheet purposes)	4,170,533	3,372,960

Land and buildings have been restated to valuation in accordance with the valuation report dated 1 September 2020 by Lewis Wright Limited. 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.

	2021	JUL 2019-MAR 2020
Forestry asset reconciliation		
Opening balance	323,359	338,596
Plus additions since	-	-
Less depreciation since	(19,402)	(15,237)
Total Forestry asset reconciliation	303,957	323,359

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.

	2021	JUL 2019-MAR 2020
8. Investments		
Investments		
ANZ Term Deposit 1017 @ 2.80% pa due 14/04/2020	-	75,000
ANZ Term Deposit 1018 @ 1.05% pa due 12/04/2021	350,000	350,000
ANZ Term Deposit 1022 @ 0.80% pa due 09/08/2021	500,000	500,000
ANZ Bank Private Banking	2,338,494	2,129,794
Farmlands Ltd - 500 shares	500	500
Total Investments	3,188,994	3,055,294

9. Contingent assets and liabilities

At balance date the Trust had no contingent assets and liabilities. (2020: \$nil)

10. Capital commitments

At balance date the Trust had no capital commitments. (2020: \$nil)

11. Related Parties

Whareongaonga 5 Blocks Trust has carried out business through the year with the following:

H Porou (current Trustee) in relation to farm work carried out on the Trust property. Paid wages & mileage relating to this work.
M Blandford (former Trustee) in relation to Consultancy work carried out in relation to the Forestry. Consultancy fees paid relating to this work.

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

12. Events After Balance Date

Subsequent to balance date the Trustees entered into an agreement to purchase a property at 95 Paritu Road, Gisborne. The purchase was completed in July 2021.

	2021	JUL 2019-MAR 2020
13. Donations made		
Muriwai Marae	4,750	4,000
Rangiwaho Marae	4,000	3,000
Total Donations made	8,750	7,000

	2021	JUL 2019-MAR 2020
14. Education Grants Paid		
Alyssa Kerr	400	-
Anna B Pohatu	400	-
Jacob R Cirolli	400	-
Jared Peterson	400	-
Jayden Falcon	400	-
Joanne N Pleydell	400	-
Karepa Maynard	400	-
Kellann Kemp	400	-
Laken Wairau	400	-
Maioha Panapa	400	-
Quade Tapsell	400	-
Riata Maynard	400	-
Roimata Panapa	400	-
Sapphire Wairau	400	-
Sarayde Tapine	400	-
Tahlia Jade Runga	400	-
Te Iwa Johnston	400	-
Total Education Grants Paid	6,800	-

	2021	JUL 2019-MAR 2020
15. Trustees fees		
Rachel Porou-Wetere	2,985	2,612
Henare Porou	3,357	2,612
Joanne Pleydell	1,492	-
Allie Whakataka	2,985	2,239
Karena Toroa	-	2,985
Tui Ferris	4,095	2,985
Matene Blandford	2,612	373
Total Trustees fees	17,526	13,806

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

16. Maori authority credit account

At the 31st of March 2021 the available Maori Authority Credits available to be attached to any future dividend totalled \$559,643. (2020: \$553,157).

17. PGF Project

The PGF Project is expected to be completed by December 2022. The Trust is contributing \$290,000 bringing the total value of the project to \$975,000.

	2021	JUL 2019-MAR 2020
18. Income tax		
Net profit (loss) per financial statements	(87,492)	103,510
Adjustments to remove accounting effect and replace with tax		
Credit adjustments		
Building Depreciation	5,428	4,095
Forestry Depreciation	19,402	15,237
PIE Withholding Tax	9,238	3,432
Total Credit adjustments	34,068	22,764
Debit adjustments		
Donations	8,750	7,000
Excluded dividend income	1,513	1,240
FDR dividend income adjustment (Net)	225	1,481
Unlisted PIE dividend income	52,235	19,190
Total Debit adjustments	62,723	28,912
Net taxable income (loss)	(116,147)	97,362
Losses carried forward		
Losses carried forward	-	(51,579)
Imputation Credits converted to losses	(22,837)	-
Total Losses carried forward	(22,837)	(51,579)
Total Income/(losses) to be carried forward	(138,985)	45,784
Taxation on income for period @ 17.5%	-	8,012
Taxation movements		
Opening balance	(5,218)	(12,006)
Tax from above	-	8,012
RWT credits	(8,063)	(13,230)
Tax refunded	5,218	12,006
Total Taxation movements	(8,063)	(5,218)

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

Ripoata o te Tiamana

Whareongaonga 5 Blocks Trust - 2021

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 31 March 2021. At this time, we acknowledge the intentions of all previous Trustees and staff of W5 who have contributed towards the confident position of W5. We acknowledge the tenure of our kaumatua, Uncle Allies Whakataka who has been a constant guide and kaitiaki for Whareongaonga 5 Blocks Trust.

For the 2020-2021 year, the focus of the Trustees has been to work through the Strategic Plan which needs to go through a refresh in the next financial year:

- 2016 - 5-year strategic plan was developed to build on infrastructure and administration.
- 2017 - consolidation of finances, trustee governorship and operational infrastructure.
- 2018 - research/feasibility with support from TPK and the Māori Whenua Fund.
- 2019 - operational consolidation of lands, operations and strategic review
- 2020 - PGF grant application and funding, resource and covid19 lockdown impacts.

With the lockdown environment, the focus for W5 Blocks Trust was to ensure safety; and the achievement of the PGF fencing grant, which included the trainees – the grant, infrastructure and people involved were all local and had a connection to Whareongaonga; kei te mihi atu ki a koutou katoa. We are extremely proud that the whenua is secure and safe; which will assist with the ongoing developments of the strategic direction for Whareongaonga.

Year in Review

Financial position

For the first time in 5 years, we are reporting a financial loss of \$87,492 which reflects the timing of implementing the PGF contract – *Whakamana te mauri o Whareongaonga*. The funding is secure, we have since balance date invoiced \$101,845 with the last invoice yet to be raised for \$66,628. Our accounts have been audited by Coates Associates Limited and we have a clean audit report.

The result reflects the large-scale development on the block to fence and track. The Trust has also committed \$290,000 of funds to the project to complete. The long-term benefit is the ability to continue to implement the Trusts strategy around trees, carbon, and maybe one day eco-tourism when that market returns. The Trust continues to remain in a strong cash position with annual budgets being set to support the implementation of the strategic direction for the Trust.

Grants and Koha

The Trust contributed grants for kaumatua, education and tangihanga purposes. The kaumatua grants are processed at each AGM and this was given out to 42 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 17 approved recipients is provided on page 18. In terms of the tangihanga grant, this was requested by 5 applicants and approved by the Trust. W5 also contributed funds for the marae in terms of insurance contributions for Muriwai and Rangiwaho Marae.

Trustees

Over the last twelve months we have a total of six 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 18:

- May 2020 / Trustee meeting
- June 2020 / Trustee meeting – operational matters
- July 2020 / Trustee meeting
- August 2020 / Trustee meeting and AGM
- September 2020 / Trustee meeting – operational matters
- October 2020 / 2 Trustee meetings – operational matters
- December 2020 / Trustee meeting
- March 2021 / Trustee meeting

Strategic / Operations

Given the PGF grant approval, Mr Matene Blandford agreed to stepdown as trustee and take on the role of Strategic/Operations Manager to ensure the PGF grant was managed until completion. Therefore, a report is provided by Mr Blandford to cover off most of the operational matters, including the homestead, honey lease, cattle, roading and other operations.

Shareholder Database

With 2,645 of shareholders, our database of contact details is with our BDO Office and links to the shareholder dividends information. There is a significant number of unclaimed dividends (\$147,907) and here are some interesting statistics:

- \$3,389 of unclaimed dividends was paid out in the last year
- Since balance date a further \$4,198 of unclaimed dividends have been paid out
- We have 2,126 shareholders who have unclaimed dividends to collect, that's 80% of the owners
- 1,756 shareholders have less than 1 share
- 670 shareholders have 1-10 shares
- 290 people are on our public W5 Facebook page
- We have 2,007 shareholders listed with no known address, please check with the BDO office if your shareholding card has an address listed on it

Bank Investment Portfolio

The investment portfolio was presented to the trust as a high level summary, which we include in this report. In summary:

- We have 2,414,278 invested in this portfolio as at 1 June 2021
- The trustees remain committed to holding the first rotation proceeds in perpetuity to earn income and capital growth
- The return since inception is 6.73% which contributed \$93,532 of income and \$147,142 of capital growth

Rachel Wetere – Chairperson



Whareongaonga 5 Blocks Operational Report for 2021 AGM



Tena koe e Rachel,

Please find enclosed the operations report for the 2020-2021 period at Whareongaonga 5 Block.
Operations covered in this report are:

1. PGF Project
2. Wahi Tapu
3. Honey
4. Rangiwaho Papa Kainga Survey
5. Review of JV Agreement with Aratu Forests Ltd
6. Housing Maintenance
7. Hunting

Nga mihi

Matene Blandford
(Strategic Projects Manager for W5 Trust)

TRANSFORMATIVE FOREST MANAGEMENT

1. **PGF Project**

1.1 The W5 Trust successfully applied for PGF funding to fence and track Whareongaonga Farm for herbivory control to accelerate the native forest reversion process as recommended by Dr Adam Forbes (Reversion Forest Ambassador)

1.2 The following table refers to the physical metres of the project

Physicals	Fencing	Tracking
Completed (m)	7,952	9,831
To Do (m)	4,525	-
Total (m)	12,447	9,831

The following image shows the fence location (brown lines indicate manual fencing, pink lines indicate tracked fencing for the thumper)



1.3 The fencing programme has progressed very well and will be completed by Jan/Feb 2022.

1.4 Where able the fences are located on existing farm tracks to eliminate the risk of damaging/destroying wahi tapu.

1.5 The following contractors/suppliers were used in the fencing project:

- Pomana Maintenance Ltd (Dwayne and Caine Pomana) -Fencing
- Any Fencing Ltd (Quintin Whakataka) -Fencing
- Stone Transport (Mahana Stone) -Cartage
- Farmlands and Larsawns -Fencing material



1.6 The vegetation control and tracking programmes were completed in April 2021

1.7 A total of 9,831m of track was upgraded/constructed made up of:

- 9,161m of track upgrade
- 670m of new track

1.8 Track upgrade included vegetation clearance and storage, widening and straightening existing farm tracks (within permitted activity rules)

1.9 All fill batters were grass seeded and/or overlain with environmental erosion cloth to prevent erosion. Sediment fences and silt traps have been installed. Culvert and flumes have been installed to control run-off and reduce erosion

1.10 Several loads of kanuka firewood were delivered to J2 as a koha from the W5 Trust to the Muriwai/Whareongaonga whanau. The W5 Trust employed Pomana Maintenance to cut and split the wood.



SUSTAINABLE FOREST MANAGEMENT

- 1.11 The following contractors were used in the vegetation control and fencing projects:
- Eastland Machinery and Tractors (Selwyn Pohatu) -Vegetation control, pilot tracking and firewood delivery to J2
 - Tahurua Earthmovers (Hayden Bruce) -Tracking
 - Pomana Maintenance Ltd (Dwayne Pomana) -Vegetation clearing and cutting up firewood at J2

2. Wahi Tapu

- 2.1 The W5 Trust Board had a dataset of GPS locations of wahi tapu collected by Noel Pohatu. The data points included information such as location, description and names (205 wahi tapu data points on Whareongaonga)
- 2.2 The data points have been mapped and is attached
- 2.3 The Board has received and are reviewing a Wahi Tapu Site Management protocol for sites on both farm and the forestry
- 2.4 No wahi tapu were damaged/destroyed during the fencing/tracking programme
- 2.5 The new tracking increases access to all of the Whareongaonga sites
- 2.6 De-stocking the farm provides an added measure of protection to the sites
- 2.7 The Wylie whanau held a wananga at W5 that included sharing stories of sites along the way to the beach. The Trust provided a vehicle to cart kaumatua

Nuna Wylie sharing historical narrative about Ruakumea -on road to the beach



Looking south towards Paritu. Discussing Papanui Pa and Beach Loop.



2.8 The board has approved two separate workstreams related to wahi tapu (all IP remains the property of W5 Trust):

- Cultural Mapping
- Whareongaonga historical book

2.8.1 **Cultural Mapping** work stream uses LiDar and local knowledge to record the historic names and histories of the archaeological sites. To date a preliminary mapping has been completed, relocating the sites on the ground and interviews with whanau who are familiar with the sites eg Uncle Stan Pardoe etc. This work stream will take approx. 2-years to complete

2.8.2 **Whareongaonga Historical Book** is an historical record of unrecorded and recorded stories and historical events and identities. Sheridan Gundry has been employed to complete the work. Sheridan has completed a survey of the historical archives including meeting minutes, court cases etc. She has also interviewed Uncle Stan Pardoe, Nuna Wylie, and Wi Tom Pohatu, Noel Pohatu to gather historical unrecorded stories. The book will be completed in 2022.

3. Honey

3.1 Bill Savages contract with Whareongaonga 5 concluded this year so the Board agreed to test the market

3.2 Five beekeepers expressed an interest and submitted proposals

3.3 Michael Burt was selected and will put hives in October/November this year for the Manuka flowering season



4. Rangiwaho Papa-Kainga Survey

- 4.1 W5 Trust is in discussion with a Gisborne surveyor to survey the land beside Rangiwaho Marae for papa-kainga
- 4.2 Survey discussions have been delayed due to family circumstances but will commence shortly

5. Review of the Aratu Forest Ltd Joint Venture Agreement

- 5.1 Aratu Forests Ltd informed the W5 Trust that they had changed forest regimes from pruned clearwood to unpruned framing therefore they would not start or complete any pruning at Whareongaonga Forest
- 5.2 The W5 Trust received a report from an independent consultant indicating that the change in regime employed by Aratu Forests Ltd at Whareongaonga Forest was justification for a formal review of the stumpage share and rental
- 5.3 The report indicated that an increase in rental and stumpage share was reasonable given increased land values and returns/cost structures of the regime
- 5.4 Discussions have commenced with Aratu Forest Ltd to review the JV agreement for Whareongaonga Forest but were stalled due to COVID-19. Discussions have commenced again.

6. Housing

- 6.1 W5 Trust received a builder's report identifying several jobs that needed addressing including completing insulation, fixing windows etc
- 6.2 The Trust has employed Pomana Maintenance Services Ltd to undertake the urgent jobs which have been completed
- 6.3 Drainage works not identified in the builder's report have been completed also

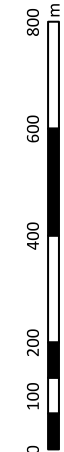
7. Hunting

- 7.1 The W5 Trust has required Aratu Forests Ltd comply with the hunting conditions of the JV agreement and allow only shareholders/whanau to hunt Whareongaonga Forest
- 7.2 The W5 Trust has established a relationship with the Ngai Tamanuhiri Kaitieki Ropu and granted them exclusive hunting rights in Whareongaonga Forest

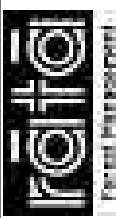


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Whareongaonga PGF Fencing & Wahi Tapu Sites



Scale: 1:10,000 @ A3
Date: 26/07/2021
Version: 1.0.5
Notes:



Day Trip to Whareongaonga 5

Off we go the four of us
Picnic packed for cuppa tea
To meet our girls mates up there
Wind is up - but 'boomer' day!

Three pou welcome at the gate
Damaged trees, bark ripped off
Deers antlers - fourteen point?
Need to cull those foreign pests!

New yards built, standing strong
A pond beside the shed
Wild duck babies swim about
And frogs are croaking, volume up!

Mates arrived, we introduce
Hinepuia - the Homestead
History says it was a shop
'Bushnells' built by pakeha

A special child they brought up
And a Maori boy come from the bush
Adopted him and there he lived
He's buried now - at back of house

There are many urupa
Who lie up on that Block
Slowly being identified
To map their resting place

Rifleman's Track - Te Kooti led
Brought his people back
Tenth July 1868
From Chatham Isles, far away

Kotahitanga, Hau's tipuna
Who served at Ngatapa
Women and children, they survived
At the bottom of the cliff

Our two friends shared with us
Their connections to this land
He is to be a Minister
Ringatu - Right Hand

Shearing shed of days gone by
Names like Huihui and Toroa
Matenga, Riki, Crawford too
And Tommy Gun Smiler on the wall

We're off again and leave behind
A postcard view and history told
The old home stands, restored once
more

It's legacy set to serve again



Poem written by K. Porou, 2020