



AOTEAROA TRUST

ANNUAL REPORT

and

FINANCIAL STATEMENTS

For The Year Ended 30 June 2022

AOTEAROA TRUST

ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting for 2022 of the Beneficial Owners will be held at the:

**Aotearoa Marae
12 November 2022
Meeting commences at 11.00 am**

PROTOCOLS:

Attendees to arrive by 9.30 am for registration

Farm tour for beneficial owners, van departs at 9.45 am

Only Shareholders may speak during the meeting

BUSINESS:

1. Welcome
2. Minutes of the Annual General Meeting for 2020
3. Matters arising from the Minutes
4. Receive the Trustees Annual Report and Financial Statements for 2022
5. Approve the Trustees recommendation in respect to Dividends for 2021 and 2022
6. Election of Auditor
7. Report of Educational Committee for 2022
8. Report on the 2022 rotation of Trustees
9. Review of Trustee Remuneration
10. General Business

**Cleland Hancox Limited
Director - Leean Bedwell
Secretary**

AOTEAROA TRUST

TRUST DIRECTORY

Incorporation: The Trust was incorporated pursuant to Section 438(5) of the Maori Affairs Act 1953 by Order of the Maori Land Court on 8 July 1981

Land Block: Wharepuhunga 16B8

Trustees: F G R Murray (Chair)
G R Menzies
Te H T Spratt
K F Were
T Tutua-Nathan
I Rangitutia
M Spratt

Chief Executive Officer: Kieryn Tapper

Secretary: Cleland Hancox Limited
Director – Leean Bedwell

Solicitors: Harkness Henry
Hamilton

Accountants: Cleland Hancox Limited
Hamilton

AOTEAROA TRUST

MISSION STATEMENT

“ Ko Wharepuhunga te Maunga”

“ Ko Raukawa te Iwi”

“ Ko Aotearoa te Papa”

“ Ko Hoturoa te Tangata”

“ He moemoeā nā ngā Kaitiaki o te whenua”

Kia mau ki te whenua I waihotia iho e o tātou tūpuna, mātua.
Hei painga mō te Iwi, tae noa ki ngā uri whakatupu o Raukawa.

To be the guardians of the land and assets, passed down by our ancestors,
for the benefit of our people and future generations of Raukawa,

- To protect and enhance the standing and mana of Hoturoa
- To profitably manage, develop and grow the Trusts asset base for the long term benefit of the owners
- To ensure adequate financial provision is made for a continuity of dividend returns
- To provide for ongoing education funding for the benefit of owners families.

AOTEAROA TRUST

TRUSTEES 2022 ANNUAL REPORT TO SHAREHOLDERS

On behalf of Trustees, it is with pleasure that I present my Annual Report to Shareholders.

FINANCIAL PERFORMANCE

I am proud to report a net profit before tax of \$3,629,765 for the 2022 financial year. The profit has been led by the highest ever Fonterra milk payout, strong demand for New Zealand beef and lamb, and a full year of income from our commercial building in Rotorua.

A major focus of the Board since the purchase of the second commercial building in Rotorua has been debt reduction. We initially borrowed \$5,900,000 for the purchase with term debt now having been reduced to \$2,745,000.

ECONOMIC COMMENT

After the challenges of COVID-19, the global economic outlook remains difficult, as high inflation, the war in Ukraine, and the ongoing pandemic related disruptions continue to affect the countries New Zealand trades with. Domestically, food prices have risen over 8% in the past year with most 'Kiwis' feeling dismayed as wages struggle to keep up with rising costs.

Inflationary pressures are showing few signs of easing to date, prompting the Reserve Bank to continue to tighten monetary policy. In the past 12 months the OCR has gone from an historic low of 0.5% to currently sitting at 3.5%. This is affecting both household and business interest rates. Fortunately, Aotearoa Trust has low debt levels, and we have been aggressive with our debt repayment since the purchase of our second commercial building in Rotorua in November 2020.

Fonterra has weathered a challenging operating environment, including increased supply chain costs; thanks to strong demand for dairy across multiple markets a profit of \$591m was achieved for their financial year. With a strengthened balance sheet, Fonterra is in a strong position to withstand uncertainty and market volatility.

FARMING HIGHLIGHTS

- Fonterra's 2021/22 milk payout was \$9.30/kg of milk solids, the highest in their history.
- 880,804kgms were produced in the 2021/22 season.
- A dividend of 20 cents per share was paid by Fonterra.
- Export prices for red meat continue to be strong and trend upwards, with our lambs averaging \$170/head.
- A further 4,000 native trees have been planted across the farms.

EXTERNAL INVESTMENTS

Our diversified Investment Fund managed by Jarden stands at \$3,429,762 as at 30 June 2022. The Fund is made up of cash, fixed interest rates, NZ equities, NZ property, Australian and Global equities. It is the Board's intention to continue to build this investment over time however, we do not intend to invest any more cash in the next 12 months due to the volatility of markets.

Our commercial office building on Selwyn Street, Tauranga has two strong national tenants. One tenant has indicated they may look to relocate, to gain more space, at the completion of their current lease. A new building has been constructed adjacent to our building which has only enhanced the area.

Our second commercial building in Amohia Street, Rotorua was purchased in November 2020. It has three strong, secure tenants in the health sector. Rent reviews are currently underway although it is unlikely to be increased due to the economic climate.

GOVERNANCE / TRUSTEESHIPS / MANAGEMENT

At our recent Trustee elections, following the retirement of longstanding trustee, Kevin Were, we welcome back returning Trustee, Tikitu Tutua-Nathan, and have pleasure in introducing newly appointed Trustee, Shaun Crofskey.

We wish Kevin well in his retirement and thank him for his contribution as a Trustee since being elected in 2007.

The Board has sought the independent advice of the Institute of Directors to assist in the review of Trustee Remuneration. There has been no change to the fee structure since the variation to our Trust Deed approved by the Maori Land Court in 2013.

A summary of recommendations for consideration and approval will be presented at our AGM.

DIVIDEND

Trustees have reviewed the Strategic Plan and set the base dividend at \$600,000 for the period 2022-2024. In addition, a further Special Payment can be paid if considered appropriate. In considering the level of the additional Special Payment to be made, the Board has to balance the financial results of the 2021/2022 trading year, current debt loading, and the opportunity for further growth.

Due to another successful and profitable year with a strong cash position, the Board recommends a Special Payment of \$200,000 for the 2022 year, giving a total of \$800,000, to be distributed to shareholders.

Due to the postponement of the 2021 AGM, Trustees resolved to make the recommended dividend payment, as advised in the 2021 Annual Report, this was made up of a base dividend of \$450,000 and a Special Payment of \$200,000, giving a total of \$650,000 to be distributed. This distribution requires subsequent ratification by shareholders at this meeting

CONCLUSION

Despite all the challenges, it has been an excellent year which has been reflected in our dividend payment. Aotearoa Trust is in a strong financial position with increasing profitability. We are in a difficult economic phase, however with a focus on minimising costs, our business will continue to be successful. I would like to thank shareholders for their ongoing support, to fellow Trustees, Management and Staff, thank you for your contribution to another successful year.

F G R Murray - Chairperson

AOTEAROA TRUST
EDUCATIONAL FUND
REPORT TO THE 2022 ANNUAL GENERAL MEETING

This year the Committee approved Education Grants totaling \$96,972.
 These comprised of:

	Students	2022	Students	2021
School Age Grants	179	\$45,390	177	\$44,980
Academic Scholarships	19	\$49,623	17	\$41,781
Trade Scholarships	1	\$1,959	3	\$4,136
Robert Mauriohoho Scholarship	-	-	-	-
		\$96,972		\$90,897

Of the 20 scholars, 11 are returning scholars.

The level of funding for the 'as of right grant' remained the same as last year, as shown below:

School Years	
1 to 6	\$75
7 & 8	\$270
9 & 10	\$300
11 to 13	\$400

For the year to 30 June 2022, a total of \$14,174 of unspent grant money was returned to the Trust from Schools. This was mainly due to the Ministry of Education Donation Scheme and cancellation of camps and sports activities due to Covid-19 restrictions.

Academic scholarships are paid to scholars on receipt of their semester results. Of the \$30,532 awarded to the scholars for the first semester, \$29,532 has been paid.

Kaumātua Grants

During 2022, Kaumātua grants were paid to 105 beneficial owners over the age of 65 years, excluding life interest holders, each receiving \$400 to assist them with their wellbeing. The total of grants paid was \$42,000. Please remember, in order to receive your annual Kaumātua Grant you will need to complete the confirmation form each year.

The Education Committee reminds you that if you can whakapapa back to a beneficial owner, you are entitled to apply for the Education/Scholarship grants. You will need to complete the appropriate grant forms which can be downloaded from the Trust's website www.aotearoatrust.co.nz.

The Education Committee: Ian Rangitutia, Hui Sprott and Mark Sprott

AOTEAROA TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

		<u>2022</u>	<u>2021</u>
		\$	\$
FARM INCOME was	refer note 1	10,488,666	9,780,406
Less DIRECT EXPENSES	refer note 2	<u>7,031,099</u>	<u>5,978,041</u>
Equals FARM SURPLUS	refer note 3	3,457,567	3,802,365
Plus SUNDRY INCOME	refer note 4	<u>995,170</u>	<u>657,680</u>
		4,452,737	4,460,045
Less OTHER COSTS			
Administration Expenses	refer note 5	372,404	392,054
Rental Expenses	refer note 6	136,427	79,740
Interest	refer note 7	<u>177,232</u>	<u>122,402</u>
		<u>686,063</u>	<u>594,196</u>
Equals NET SURPLUS for year		3,766,675	3,865,849
NON CASH CHARGES			
Less Depreciation	refer note 8	(505,995)	(483,764)
Increase/(Decrease) in Livestock Value	refer note 9	<u>369,085</u>	<u>(373,060)</u>
		<u>(136,910)</u>	<u>(856,825)</u>
Equals NET PROFIT BEFORE TAX		3,629,765	3,009,024
Less Provision for Taxation	refer note 10	<u>(556,496)</u>	<u>(513,441)</u>
Equals NET PROFIT (LOSS) AFTER TAX		3,073,269	2,495,583
Equals NET SURPLUS which is added to TRUST CAPITAL		<u><u>3,073,269</u></u>	<u><u>2,495,583</u></u>

AOTEAROA TRUST


STATEMENT OF MOVEMENTS IN EQUITY (Capital) FOR THE YEAR ENDED 30 JUNE 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
TRUST EQUITY AT 30 JUNE 2021	69,725,759	67,531,004
Plus Operating Surplus for period	3,073,269	2,495,583
Plus Increase due to Revaluation of Assets	-	427,619
Plus Realised Capital Gains on Investments	-	55,874
	72,799,028	70,510,079
Less Dividends paid	719,561	657,270
Less Education grants made	80,362	108,050
Less Kaumātua grants made	21,600	19,000
Less Realised Capital Losses on Investments	36,948	-
Less: Decrease to Revaluation of Assets	973,362	-
Equals TRUST EQUITY AT 30 JUNE 2022 refer note 17	70,967,195	69,725,759

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

		<u>2022</u>	<u>2021</u>
		\$	\$
<u>TRUST EQUITY</u>	refer note 17	70,967,195	69,725,759
<u>Is REPRESENTED BY:</u>			
Current Assets	refer note 11	2,283,751	2,110,141
Livestock on Hand	refer note 12	5,887,625	5,518,540
Less Current Liabilities	refer note 13	(2,981,712)	(2,511,256)
<u>Equals NET CURRENT ASSETS</u>		5,189,663	5,117,426
Plus Fixed Assets	refer note 14	62,470,531	62,406,589
Plus Investments	refer note 15	6,052,002	7,020,461
Less Non Current Liabilities	refer note 16	(2,745,000)	(4,818,717)
<u>Equals NET ASSETS</u>		70,967,195	69,725,759

These Financial statements are signed on behalf of the Trust by two Trustees.


21/10/22
Date


21/10/22
Date

AOTEAROA TRUST
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
<u>Cashflows from Operating Activities</u>		
Cash was provided from:		
Sale of Cattle/Sheep	2,204,138	2,591,761
Sale of Dairy Produce	7,338,538	6,387,349
Other Farm Income	940,266	946,758
Dividends and Interest	316,164	213,294
Rent Received	679,006	444,385
	11,478,112	10,583,546
Cash was applied to:		
Purchase of Cattle/Sheep	236,213	224,580
Pay Labour Costs	1,212,765	1,248,875
Pay Other Operating Expenses	5,861,457	5,219,672
Pay Interest	177,232	122,402
Pay Taxation	593,214	390,103
Pay Goods and Services Tax	10,437	(29,258)
	8,091,319	7,176,374
Net Cash Provided from Operating Activities	3,386,794	3,407,173
<u>Cashflows from Investing Activities</u>		
Cash was provided from:		
Sale of Fixed Assets	50,544	4,998
Sale of Investments	-	-
	50,544	4,998
Cash was applied to:		
Purchase of Fixed Assets	1,005,351	8,394,244
Purchase of Investments	41,851	32,470
	1,047,202	8,426,714
Net Cash Applied to Investing Activities	(996,658)	(8,421,716)
<u>Cashflows from Financing Activities</u>		
Cash was provided from:		
Rabobank Loan	1,272,000	7,239,713
	1,272,000	7,239,713
Cash was applied to:		
Payment of Dividends	550,355	510,215
Payment of Education Grants	75,001	88,307
Payment of Kaumātua Grants	21,600	19,000
Loan Repayments	3,239,427	2,216,997
	3,886,383	2,834,519
Net Cash Provided from Financing Activities	(2,614,383)	4,405,195
<u>Cash Increased (Decreased) by</u>	(224,247)	(609,349)
Plus/(Less) Cash Held at Start of Year	585,869	1,195,218
<u>Cash Held at End of Year (30 June 2022)</u>	361,622	585,869
<u>Represented By:</u>		
ANZ Bank NZ Limited - General Account	304,779	167,195
ANZ Bank NZ Limited - Call Account	40,860	400,379
ANZ Bank NZ Limited - Education Account	4,805	6,851
ANZ Bank NZ Limited - Dividend Account	4,315	4,766
ANZ Bank NZ Limited - Imprest Account	4,018	3,844
Jarden Cash Management Account	2,845	2,834
	361,622	585,869

AOTEAROA TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

REPORTING ENTITY AND BASIS OF PREPARATION:

This entity is a Trust established by a Trust Order under the Te Ture Whenua Maori Act 1993. The Trust represents the beneficial owners. These financial statements have been prepared in accordance with the accounting policies approved by the Board. They are therefore defined as special purpose reports. The measurement base adopted is historical cost with the exception of certain items for which specific accounting policies are identified below.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which affect the measurement of financial performance and financial position have been adopted.

Revenue:

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.

Sales of goods and livestock are recognised when the entity has transferred the significant risk and rewards associated with ownership of the goods to the customer.

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

Dividends received are recognised on receipt, net of non-refundable tax credits.

Rental income is recognised over a straight line basis over the term of the agreement, to the extent that it is probable the economic benefit will flow to the Trust and revenue can be reliably measured.

Revenue and expenditure from inter-farm transactions has not been eliminated on preparation of these financial statements.

Expenditure:

Revenue and expenditure from inter-farm transactions has not been eliminated on preparation of these financial statements.

Taxation:

Income tax is accounted for by the taxes payable method. The income tax expense in the Statement of Financial Performance represents the current tax obligation payable to the Inland Revenue Department.

Goods & Services Tax: All amounts are stated exclusive of Goods and Services Tax with the exception of accounts receivable and payable which are shown inclusive of GST.

Accounts Receivable: Accounts receivable are stated at their estimated net realisable value.

Prepayments: Payments for goods and services which are to be provided in future years are recognised as prepayments. Prepayments are recorded in current assets in the Statement of Financial Position.

Livestock: Livestock has been valued at market value as determined by an Independent Valuation.

Fixed Assets: Land and buildings are stated at government rating value plus subsequent additions, less subsequent accumulated depreciation and impairment losses. Land and buildings are revalued on a cyclical basis every three years to government rating value. Revaluation gains are transferred to the asset revaluation reserve in trust capital in the period in which they arise.

Plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses.

Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

Depreciation is calculated using rates agreed upon by management for assets purchased prior to 1998. Assets purchased subsequently have been depreciated under the rates permitted under the Income Tax Act 2007. Assets have been depreciated at the following rates:

Land	0%
Buildings & Chattels	0 - 40% DV 2.5 - 3% SL
Plant & Equipment	0 - 67% DV 0 - 6.5% SL
Motor Vehicles	13 - 30% DV
Farm Development	4 - 20% DV

All other repairs and maintenance expenditure is recognised in profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognised.

**Cash and Cash
Equivalents:**

For the purposes of presentation in the statement of cash flows, cash includes cash on hand, cash at the bank, bank overdrafts and term deposits which mature in less than one year.

Investments:

Investments are valued at market value, except for shares held in Aotearoa Kaitiaki Limited which is shown at cost.

Gains and losses are recognised in the Statement of Movements in Equity for movements in market value and when the gains are realised.

Accounts Payable:

Accounts payable are amounts payable on normal credit terms and do not bear interest.

Unclaimed Dividends:

A liability is recognised in the statement of financial position for dividends which have been declared but not yet paid.

**Provision for Education
Grants:**

It is the Trust's policy to designate interest on the unclaimed dividend balance towards education grants and scholarships. Any portion of the amount designated for education and scholarships which has not been allocated towards any particular beneficiary is carried forward in the financial statements as a provision for education grants to be made in future years.

Loans:

Loans are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. Interest is recorded as an expense in the statement of financial performance.

CHANGES IN ACCOUNTING POLICIES

All policies have been applied on bases consistent with those used in previous years, with the exception of the Provision for Education Grants. For the 2022 year and onwards there will no longer be allocated a percentage of the dividend declared to Education Grants.

AOTEAROA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1 - FARM INCOME comprised

	<i>Main Station</i>	<i>Tututawa</i>	<i>Te Kaiwhatina</i>	<i>Te Tarere</i>	<i>Te Mania</i>	TOTAL
Cattle Sales	1,094,226	157,434	116,304	141,100		1,509,064
Sheep Sales	666,192					666,192
Sale of Wool & Skins	34,741					34,741
Sale of Maize	420,000					420,000
Sundry Income	403,276	87,002	3,934	4,020	4,166	502,398
Sale of Dairy Produce		1,968,080	2,498,768	2,080,247	809,176	7,356,271
2022	2,618,435	2,212,516	2,619,006	2,225,367	813,342	10,488,666
2021	2,633,429	2,216,642	2,302,082	1,920,526	707,727	9,780,406

NOTE 2 - DIRECT EXPENSES were

	<i>Main Station</i>	<i>Tututawa</i>	<i>Te Kaiwhatina</i>	<i>Te Tarere</i>	<i>Te Mania</i>	TOTAL
Cattle Purchases	127,263	31,250	26,600	25,200		210,313
Sheep Purchases	2,100					2,100
Maize Expenses	212,963					212,963
Labour Costs	450,572	276,567	352,191	292,173	18,281	1,389,784
Animal Health	285,456	176,649	133,379	101,162	4,173	700,819
Feed	108,521	492,853	535,379	457,068	183,171	1,776,992
Pasture Maintenance	531,646	271,403	198,119	185,781	45,710	1,232,659
Shearing	25,645					25,645
Repairs & Maintenance	168,522	212,917	322,346	103,423	32,854	840,062
Vehicle Expenses	101,973	31,606	39,248	41,579		214,406
General	89,517	82,386	80,452	59,233	42,060	353,648
Breeding Expenses		24,773	21,383	25,554		71,710
2022	2,104,178	1,600,404	1,709,095	1,291,173	326,249	7,031,099
2021	1,899,503	1,404,697	1,293,051	1,116,589	264,201	5,978,041

NOTE 3 - FARM SURPLUS equals (Farm Income less Direct Expenses)

	<i>Main Station</i>	<i>Tututawa</i>	<i>Te Kaiwhatina</i>	<i>Te Tarere</i>	<i>Te Mania</i>	TOTAL
2022	514,257	612,112	909,911	934,194	487,093	3,457,567
2021	733,926	811,945	1,009,031	803,937	443,526	3,802,365

NOTE 4 - SUNDRY INCOME comprised

	<u>2022</u>	<u>2021</u>
Dividends Received	212,718	121,708
Rebates Received	63,776	55,173
Interest Received	39,670	36,414
Rent Received	679,006	444,385
	<u>995,170</u>	<u>657,680</u>

AOTEAROA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

<u>NOTE 5 - ADMINISTRATION EXPENSES were</u>	<u>2022</u>	<u>2021</u>
Accountancy	32,763	41,625
Audit Fees	10,770	9,037
Bank Charges	724	2,782
Computer Expenses	973	513
General Expenses	345	117
Legal Fees	4,337	-
Monitoring Fees	35,566	34,226
Management Fees	102,000	102,000
Printing, Stationery & Stamps	5,978	6,474
Rent - Office	7,663	7,500
Secretarial Services	54,424	56,291
Software Fees	2,192	2,245
Subscriptions	3,121	4,495
Travelling	4,037	3,548
Trustee Meetings	10,011	23,519
Trustee Governance	97,500	97,682
Totals	<u>372,404</u>	<u>392,054</u>

Note 6 - DIRECT RENTAL EXPENSES	<u>2022</u>	<u>2021</u>
Insurance	24,007	17,177
Rates	46,748	26,001
Repairs & Maintenance	53,080	23,876
General	12,592	12,686
	<u>136,427</u>	<u>79,740</u>

Note 7 - INTEREST EXPENSES	<u>2022</u>	<u>2021</u>
Interest on Overdraft	-	175
Interest - Other	-	88
Interest - Secured Loans	177,232	122,139
	<u>177,232</u>	<u>122,402</u>

NOTE 8 - DEPRECIATION CHARGES were

	2022		2021	
	Depreciation Recovered	Depreciation Loss	Depreciation	Total
Main Station	(9,261)		121,612	112,351
Tututawa		589	83,161	83,750
Te Kaiwhatina	(15,463)		77,297	61,834
Te Tarere	(7,938)	161	73,428	65,651
Te Mania			36,370	36,370
40 Selwyn Street, Tauranga			38,564	38,564
1181 Amohia Street, Rotorua			107,475	107,475
	<u>(32,662)</u>	<u>750</u>	<u>537,907</u>	<u>505,995</u>
			<u>505,995</u>	<u>483,764</u>

NOTE 9 - INCREASE (DECREASE) IN LIVESTOCK VALUE

	Main Station	Tututawa	Te Kaiwhatina	Te Tarere	Te Mania	TOTAL
Increase (Decrease) in Sheep	110,785					110,785
Increase (Decrease) in Cattle	73,950	(37,700)	92,700	129,350		258,300
2022	<u>184,735</u>	<u>(37,700)</u>	<u>92,700</u>	<u>129,350</u>	<u>-</u>	<u>369,085</u>
2021	<u>(336,060)</u>	<u>(15,000)</u>	<u>(8,150)</u>	<u>(13,850)</u>	<u>-</u>	<u>(373,060)</u>

AOTEAROA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

<u>NOTE 10 - INCOME TAX EXPENSE</u>	<u>2022</u>	<u>2021</u>
Net Trustee Income Before Tax	3,629,765	3,009,024
<u>Adjustments to Taxable Profit:</u>		
Livestock Adjusted from market values to tax values	(509,842)	93,787
Dividends received adjusted to gross	10,026	9,122
Audit Fee Accrual	10,506	8,800
Accounting Fee Accrual	12,266	11,539
Depreciation adjustment from book values to tax values	42,859	41,311
Timing difference dairy company income	(103,988)	(213,051)
Capital distribution from TECT and WESCT	(250)	(468)
Non assessable PIE income	(4,388)	(5,042)
Non assessable international dividends	(17,433)	(11,760)
Foreign Investment Fund Income	58,815	42,814
Non Deductible Legal Fees	427	-
Accrued Employee Entitlements	118,665	-
Taxable Profit (Loss)	<u>3,247,428</u>	<u>2,986,076</u>
Tax Payable at 17.5%	568,300	522,563
Less: Tax Credits	(11,804)	(9,122)
Total Tax Payable	<u>556,496</u>	<u>513,441</u>

<u>NOTE 11 - CURRENT ASSETS</u>	<u>2022</u>	<u>2021</u>
Amounts owing to Aotearoa were		
Accounts Receivable	361,484	473,888
Fonterra Further Payments for Last Season	1,110,940	1,006,952
ANZ Bank - Cheque Account	304,779	167,195
ANZ Bank - Call Account	40,860	400,379
ANZ Bank - Education Account	4,805	6,851
ANZ Bank - Dividend Account	4,315	4,766
ANZ Bank - Imprest Account	4,018	3,844
Jarden Cash Management Account	2,845	2,834
Prepaid Dividends	345	825
Prepayments	41,974	37,607
Building Work In Progress	389,874	5,000
Materials on Hand	17,513	-
	<u>2,283,751</u>	<u>2,110,141</u>

<u>NOTE 12 - LIVESTOCK AND PRODUCE ON HAND</u>	<u>2022</u>	<u>2021</u>
Aotearoa livestock was worth		
Main Station - Beef Cattle	1,312,750	1,238,800
Main Station - Sheep	488,975	378,190
Tututawa - Dairy Cattle	1,424,200	1,461,900
Te Kaiwhatina - Dairy Cattle	1,386,500	1,293,800
Te Tarere - Dairy Cattle	1,275,200	1,145,850
	<u>5,887,625</u>	<u>5,518,540</u>

<u>NOTE 13 - CURRENT LIABILITIES</u>	<u>2022</u>	<u>2021</u>
Amounts owed by Aotearoa were		
GST Due for Payment	28,302	76,914
Unclaimed Dividends	1,540,656	1,371,450
Sundry Creditors	478,488	319,501
Accrued Expenses	28,034	25,602
Employee Entitlements Payable	125,538	12,029
Taxation Payable	192,781	229,499
Education Grants Not Yet Paid	49,616	47,976
Provision for Education Grants	228,007	224,286
Current Portion Term Loans	310,290	204,000
	<u>2,981,712</u>	<u>2,511,256</u>

AOTEAROA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 14 - FIXED ASSETS

Aotearoa owns the following assets

	ORIGINAL COST/ REVALUATION	ACCUM. DEP	BOOK VALUE 2022	BOOK VALUE 2021
LAND				
Main Station, Tututawa & Te Kaiwhatina	33,299,351	-	33,299,351	33,299,351
Te Mania (Southland)	4,820,000	-	4,820,000	4,820,000
Wharepuhunga (Abraham Block)	2,630,000	-	2,630,000	2,630,000
Rihia Block	1,830,000	-	1,830,000	1,830,000
40 Selwyn Street, Tauranga	1,858,388	-	1,858,388	1,858,388
1181 Amohia Street, Rotorua	3,005,816	-	3,005,816	3,005,816
	<u>47,443,555</u>	<u>-</u>	<u>47,443,555</u>	<u>47,443,555</u>
BUILDINGS				
Main Station	1,938,639	257,875	1,680,764	1,680,877
Tututawa	2,431,051	252,330	2,178,721	2,208,288
Te Kaiwhatina	1,748,531	439,167	1,309,363	1,292,282
Te Tarere	1,057,510	266,798	790,712	777,850
Te Mania	1,443,650	341,060	1,102,590	1,124,639
40 Selwyn Street, Tauranga	1,191,612	135,499	1,056,113	1,094,677
1181 Amohia Street, Rotorua	4,414,505	181,002	4,233,504	4,335,004
	<u>14,225,497</u>	<u>1,873,731</u>	<u>12,351,767</u>	<u>12,513,617</u>
FARM DEVELOPMENT				
Main Station	288,401	168,865	119,536	126,943
Tututawa	498,175	258,996	239,180	247,581
Te Kaiwhatina	625,753	275,235	350,518	347,320
Te Tarere	794,878	432,054	362,824	378,033
	<u>2,207,207</u>	<u>1,135,149</u>	<u>1,072,058</u>	<u>1,099,877</u>
PLANT & MACHINERY				
Main Station	772,955	355,279	417,676	336,418
Tututawa	715,356	489,893	225,463	221,112
Te Kaiwhatina	690,648	341,610	349,039	153,604
Te Tarere	472,017	255,190	216,828	191,273
Te Mania	377,486	229,065	148,421	159,548
	<u>3,028,462</u>	<u>1,671,036</u>	<u>1,357,426</u>	<u>1,061,955</u>
MOTOR VEHICLES				
Main Station	536,612	290,887	245,725	287,585
	<u>536,612</u>	<u>290,887</u>	<u>245,725</u>	<u>287,585</u>
TOTAL	<u>67,441,333</u>	<u>4,970,803</u>	<u>62,470,531</u>	<u>62,406,589</u>

The Otorohanga District properties have been revalued as at 30 June 2020 using the latest rating valuation of \$43,853,000 dated 1 August 2019.

Land and Buildings for Te Mania were last revalued as at 1 January 2019 using the rating valuation of \$6,010,000 by the Southland District Council as at 1 September 2019.

40 Selwyn Street, Tauranga and 1181 Amohia St, Rotorua are currently held at cost.



AOTEAROA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 15 - INVESTMENTS

	<u>2022</u>	<u>2021</u>
Aotearoa Trust owns the following investments:		
Shares - Ballance Agri-Nutrients Ltd	279,450	279,450
Shares - Farmlands Ltd	15,000	15,000
Shares - Fonterra Co-op Group Ltd	2,211,453	2,867,263
Shares - Ravensdown Fertiliser Co-Operative Ltd	52,018	52,018
Shares - Aotearoa Kaitiaki Ltd	10	10
Shares - Livestock Improvement Corporation Ltd	64,279	49,843
Shares - Wool Equities Ltd	31	31
Jarden - New Zealand Cash Account	319,042	296,063
Jarden - New Zealand Equities	636,298	756,257
Jarden - Australian Equities	319,053	321,117
Jarden - NZ Fixed Interest	975,260	1,118,702
Jarden - New Zealand Property	164,881	201,022
Jarden - Global Equities	932,316	1,013,399
Jarden - Alternative Assets	82,911	50,286
	<u>6,052,002</u>	<u>7,020,461</u>

Aotearoa Kaitiaki Limited is a Custodial Trustee for the property and investments owned by the Trust.
Loans secured to acquire commercial properties have also been drawdown by Aotearoa Kaitiaki Limited.

NOTE 16 - NON CURRENT LAIBILITIES

	<u>2022</u>	<u>2021</u>
Rabobank All In One Account 00 - 6.2% Floating Rate	-	641,717
Rabobank All In One Account 01 - 5.16% Fixed Rate & 8.05% Floating Rate above \$2,500,000	2,745,000	4,177,000
	<u>2,745,000</u>	<u>4,818,717</u>

The Rabobank loans were drawdown 20 November 2020 to acquire commercial property at 1181 Amohia St, Rotorua.

NOTE 17 - TRUST EQUITY

	<u>2022</u>	<u>2021</u>
The Trust is worth		
Trust Capital	28,707,079	26,455,332
Capital Gain / (Loss) on Sale of Asset	(79,974)	(43,026)
Asset Revaluation Reserve	42,344,498	42,344,498
Unrealised Share Revaluation Reserve	(4,408)	968,954
	<u>70,967,195</u>	<u>69,725,758</u>

AOTEAROA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

<u>NOTE 18 - RELATED PARTY TRANSACTIONS</u>	<u>2022</u>	<u>2021</u>
Transactions		
Trustee Governance (All Trustees)	97,500	97,682
Year End Balances		
Trustee Governance - Employee Entitlements Payable	5,262	5,262

<u>NOTE 19 - INTERFARM TRANSACTIONS</u>	<u>2022</u>	<u>2021</u>
The following interfarm transactions have not been eliminated on preparation of these financial statements:		
Livestock Sales/Purchases	86,505	86,980
Grazing Revenue/Payments	307,976	295,096
Milk & Colostrum Sales/Purchases	87,002	58,016
Maize & Silage Sales/Purchases	502,740	506,980
Calf Meal Sales/Purchases	-	-
	<u>984,223</u>	<u>947,072</u>

NOTE 20 - SECURITIES & GUARANTEES

The Trust has the following securities held:

PGG Wrightsons Limited are secured over all goods and livestock purchased on credit.

NZ Farmers Livestock Limited are secured over all livestock purchased on credit.

Farmlands Co-operative Society Limited are secured over all goods purchased on credit.

Farmlands Finance Limited are secured over all goods purchased on credit.

Goldpine Industries Limited are secured over all goods purchased on credit.

RD1 Limited are secured over all goods purchased on credit.

Rabobank New Zealand Limited secured over Trust Investment Securities.

Rabobank New Zealand Limited registered 1st mortgage with priority \$9,000,000 over 1181 Amohia St (SA60D/581)

Rabobank New Zealand Limited registered 1st mortgage with priority \$5,000,000 over 841 Rimu Seaward Downs (SL4A/1255)

Rabobank New Zealand Limited registered 1st mortgage with priority \$2,472,000 over 0 Kahorekau Road (SA10B/1055)

Rabobank New Zealand Limited registered 1st mortgage with priority \$2,000,000 over 932 Aotearoa Road (SA4B/416)

Rabobank New Zealand Limited registered 1st mortgage with priority \$1,224,000 over 932 Aotearoa Road (SA5A/1491)

Rabobank New Zealand Limited secured over all and present and after-acquired property, with the exception of GSA dated 21/09/2020, all livestock, plant and machinery and excludes investment shares held for any other property other than Te Mania Farm.

NOTE 21 - MAORI AUTHORITY TAX CREDIT ACCOUNT

At balance date Maori Authority Credits of \$4,039,512 (2021 \$3,588,906) were available to the Trust

NOTE 22 - CAPITAL COMMITMENTS

At balance date the Trust has entered into a capital commitment with Resolution Roofing Southland Limited for \$27,000 to repair a dwelling roof on the Te Mania Farm. (2021: Nil).

NOTE 23 - CONTINGENT LIABILITIES

At balance date the Trust had no contingent liabilities. (2021: Nil).

NOTE 24 - SUBSEQUENT EVENTS

There have been no events after balance date which have a material impact on these financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Aotearoa Trust

Unqualified Opinion

We have audited the financial statements of Aotearoa Trust (the 'Trust') on pages 7 to 18, which comprise of the statement of financial position as at 30 June 2022, statement of financial performance and statement of movements in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2022, and its financial performance for the year then ended in accordance with the Basis of Preparation per the Notes.

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 Aotearoa Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards (New Zealand))* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Other than in our capacity as auditor, we have no relationship with or interests in Aotearoa Trust.

Emphasis of Matter – Basis of Preparation and Restriction on Distribution and Use

We draw attention to the Note 'Reporting Entity and Basis of Preparation' to the financial statements, which describes the basis of accounting. The financial statements are special purpose financial statements and as a result, may not be suitable for another purpose. Our report is intended solely for the Board of Trustees (Trustees) and should not be distributed to or used by parties other than the Trustees. Our opinion is not modified in respect of this matter.

Restriction on Responsibility

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

Other Information

The Trustees are responsible on behalf of the entity for the other information on pages 1 to 6. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of opinion 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.

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible for the preparation of these financial statements in accordance with the Basis of Preparation per the Notes, and for such internal control as the Trustees determine are 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 for assessing the entity'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 entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

The logo for Finnz Audit, featuring the words "Finnz Audit" in a stylized, handwritten-style font.

Finnz Audit Limited
Te Awamutu
21 October 2022