

Ngati Rangiteaorere Koromatua Council

Financial Statements

For the Year Ended 31 March 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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**COUNCIL DIRECTORY
AS AT 31 MARCH 2018**

Settlement:	14 June 2013
IRD Number:	114-518-727
Principal Activity of Council:	Tribal authority
Location of Council:	Mataikotare Marae Mataikotare Road Te Ngae Rotorua
Bankers:	Westpac NZ Limited Rotorua Branch
Accountants:	Goldsmiths Chartered Accountants Level 1 189 The Strand Whakatane, 3120
Auditors:	William Buck Audit (NZ) Ltd Level 2, 60 Durham Street Tauranga 3140

Ngati Rangiteaorere Koromatua Council

Independent auditor's report to the Trustees

Report on the Audit of the Financial Statements

Opinion

We have audited the special purpose financial statements of Ngati Rangiteaorere Koromatua Council (the Council), which comprise the statement of financial position as at 31 March 2018, and the 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 special purpose financial statements of the Council are prepared, in all material respects, in accordance with the accounting policies outlined in Note 1 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 Council in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, the Council.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared to enable the Council to report to beneficiaries, financiers and for taxation purposes.

CHARTERED ACCOUNTANTS & ADVISORS

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William Buck Audit (NZ) Limited

Trustees' Responsibilities

The trustees are responsible on behalf of the Council for the preparation of financial statements prepared in accordance with the accounting policies disclosed in Note 1 to 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. The trustees are also responsible for the selection of accounting policies that are appropriate for the Council.

In preparing the financial statements, the trustees are responsible for assessing the Council'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 Council 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 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.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

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

This description forms part of our independent auditor's report.

The engagement director on the audit resulting in this independent auditor's report is Richard Dey.

Restriction on Distribution and Use

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state to the Trustees those matters which 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, as a body, for our audit work, for this report or for the opinions we have formed.



William Buck Audit (NZ) Limited

Tauranga
19 November 2018

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	Note	This Year	Last Year
Trust Equity And Reserves			
Trust Equity		3,921,987	3,970,612
Asset Revaluation Reserve	8	4,857,010	3,586,250
Whakapoungakau Shareholders' Funds	8	<u>(42,061)</u>	<u>(42,061)</u>
		8,736,937	7,514,801
Current Liabilities			
Accounts Payable		72,293	104,151
Remaining interests in Whakapoungakau 4F2		16,252	16,252
Remaining interests in Whakapoungakau 4J		25,809	25,809
Rent Received In Advance		13,938	13,838
Residential Rental Bond		400	400
		<u>128,692</u>	<u>160,450</u>
Total Equity & Liabilities		<u>\$8,865,629</u>	<u>\$7,675,251</u>
Current Assets			
Cash at Bank	2	33,832	303,800
Interest Accrued on Investments		-	2,707
Deposit Lot 1, 18 Rotokawa Road		50,000	-
Roto-Ora Limited		12,458	9,525
Mataikotare Marae Trust		37,304	19,101
Accounts Receivable		33,166	-
National General Services Limited		10,519	10,519
Whakapoungakau Lands Ltd		50	50
Taxation Refund Due	3	15,737	9,767
GST Refund Due		9,582	663
		<u>202,649</u>	<u>356,132</u>
Non Current Assets			
Property, Plant and Equipment			
As per Schedule	5	8,662,980	5,898,920
Investments			
Other Investments	7	-	1,420,199
Total Assets		<u>\$8,865,629</u>	<u>\$7,675,251</u>

R. Easthope
Trustee Rangimāhuta Easthope

16/11/2018
Date

K. Kennedy
Trustee Dr KENNETH CAMERON KENNEDY

16/11/2018
Date

The accompanying notes and audit report form part of these financial statements.

Goldsmiths
Chartered Accountants

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2018**

	<i>Note</i>	<i>This Year</i>	<i>Last Year</i>
<i>Income</i>			
Te Ngae Farm Lease		143,352	143,352
Te Ngae Farm Lease - Taumanu Lands		3,333	43,333
Legal Settlement Income		36,996	-
Residential Rental Income		5,200	3,300
Revaluation of Investments to Market Valuation		55,071	57,516
Whakapoungakau & Hawthornden Drive Lease		7,000	-
Dividend Income		19,000	36,410
Interest Income		8,896	16,566
Excluded PIE Income		335	1,333
Hay & Silage Sales		42,030	-
Overseas Income - Div & Global FDR/CV		5,093	9,115
PIE Income - Tax Paid		1,542	3,756
		327,848	314,682



The accompanying notes and audit report form part of these financial statements.

Goldsmiths
Chartered Accountants

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2018**

	<i>Note</i>	<i>This Year</i>	<i>Last Year</i>
Expenses			
ACC Levy		-	34
Accountancy Fees		26,886	23,675
Advertising		286	1,761
AGM Expenses		20,841	2,360
Auditors Remuneration		5,870	6,500
Bank Charges		75	120
Catering		4,097	2,330
Computer Expenses		-	150
Consultancy Fees		48,886	26,225
Contractors		5,015	1,310
Custodial Services		3,751	4,656
Electricity		3,054	3,611
Entertainment - Deductible		1,719	5,409
Entertainment - Non Deductible		1,977	5,533
Farm Advisor		37,318	-
Fees & Permits		317	-
Insurance		1,836	2,028
Interest		311	-
Koha		2,500	800
Legal Fees - Deductible		70,420	-
Legal Fees - Non Deductible		-	38,234
Non-Deductible Expenditure		112	8,643
Portfolio Management fees		3,262	5,678
Printing & Stationery		4,246	2,354
Project Conference Fees		870	722
Rates		18,675	17,706
Repairs & Maintenance - General		2,489	1,656
Services Expense		-	400
Staff Wages		52,374	133
Telephone & Internet		-	691
Travel & Accommodation - Mileage Reimbursement		4,698	15,220
Trustees Expenses		2,495	-
Trustees Fees		13,766	8,008
Trustees Project Fees		33,236	54,641
Valuation Costs		1,685	-
Working Bee - Mokoia Island		-	580
Total Cash Expenses		373,064	241,166
Net Cash Surplus (Deficit)		(45,217)	73,516
Non Cash Expenses			
Depreciation		3,408	2,967
Net Profit (Loss) Transferred To Equity		\$(48,625)	\$70,549



The accompanying notes and audit report form part of these financial statements.

Goldsmiths
Chartered Accountants

**STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	<i>Note</i>	<i>This Year</i>	<i>Last Year</i>
Net Surplus (Deficit)		(48,625)	70,549
Total Recognised Revenues and Expenses		(48,625)	70,549
Less			
Prior Period Adjustment - Te Ngae Farm		-	(392)
Prior Period Adjustment - Imputation Credits		-	(11,568)
		-	(11,960)
Balance Retained as Trustees Income added to Equity		(48,625)	58,589
Equity at Start of Period		7,514,801	6,179,962
		7,466,177	6,238,551
Movements in Reserves			
Asset Revaluation Reserve		1,270,760	1,276,250
Total Movements in Reserves		1,270,760	1,276,250
Total Equity And Reserves At End Of Period		\$8,736,937	\$7,514,801



The accompanying notes and audit report form part of these financial statements.

Goldsmiths
Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Statement Of Accounting Policies

These are the financial statements of Ngati Rangiteaorere Koromatua Council. Ngati Rangiteaorere Koromatua Council is a Council established by a Trust Deed dated 14 June 2013.

These financial statements are a special purpose report prepared for internal management, the Council financiers and Income Tax purposes. The Council has had these Financial Statements audited under Section 10.2 of the Trust Deed.

Measurement System

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Going Concern

These financial statements have been prepared on the basis that the Council is a going concern.

Property, Plant, Equipment and Depreciation

Land, Buildings and Property Improvements are initially recognised at cost and then revalued on a cyclical basis every three years as determined by the most recent valuation provided by the local council for rating purposes. Revaluation gains are recognised in the Statement of Movements in Equity in the year of the valuation. Revalued assets are not depreciated.

Plant & Equipment and Office Furniture & 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 provided at the maximum rates allowed by the Inland Revenue Department.

Taxation

The settlement of Treaty of Waitangi claims are not 'business activities' and therefore are not subject to taxation. However, the Council is subject to tax on other income, such as interest received and other taxable activities.

Maori Authority

Ngati Rangiteaorere Koromatua Council has been granted Maori Authority status for taxation purposes.

Accounts Receivable

Accounts Receivable are stated at their estimated realisable value after allowing for all bad debts.

Investments

Investments are stated at cost with the exception of investments in listed companies which are stated at valuations. Revaluation gains or losses are recognised in the Statement of Financial Performance.

Goods and Services Tax

Financial information in these accounts is recorded exclusive of GST with the exception of receivables and payables, which include GST. GST payable or receivable at balance date is included in the appropriate category in the Statement of Financial Position.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those of previous years.

2 Cash at Bank

	<i>This Year</i>	<i>Last Year</i>
ANZ Bank NZ Ltd - Goldsmiths Trust Account	31,137	160,824
Craigs Cashman Nominees - Call AUD Acc	-	12,088
Craigs Cashman Nominees - Call NZD Acc	-	126,111
Westpac NZ Ltd - 01 Account	2,695	4,777
	<u>\$33,832</u>	<u>\$303,800</u>

3 Taxation

	<i>2018</i>	<i>2017</i>
Net Surplus (Deficit) per Accounts	(48,625)	70,549
Addback		
Entertainment - Non Deductible	1,977	5,533
Legal Fees - Non Deductible	-	38,234
Late Payment Penalties	62	3,322
Land Transaction Fees	-	5,322
Fines	50	-
Revaluation of Investments to Market Valuation	(55,071)	(57,516)
Dividend Imputation Credits Received	6,385	12,700
Koha	2,500	(3,120)
Prior Year Interest Accrued	2,707	3,230
Audit Fee Accrual	800	4,500
Current Year Interest Accrued	-	(2,707)
Excluded PIE Income	(335)	(1,333)
Fair Dividend Rate Adjustment	1,843	2,265
Taxable Surplus (Deficit)	<u>(87,706)</u>	<u>80,978</u>
Less		
Adjustment to Tax Losses Brought Forward	298	-
Tax Losses Brought Forward	(231,273)	(240,080)
Dividend Imputation Loss	(36,483)	(72,171)
Loss Carried Forward	<u>\$(355,165)</u>	<u>\$(231,273)</u>
Taxation	-	-
Opening Balance	(9,767)	(22,972)
Adjustment to prior year Imputation Credits	-	11,568
Refund Received	-	11,404
	<u>(9,767)</u>	<u>-</u>
Less		
RWT Paid	5,970	9,767
Tax Payable (Refundable) as per Statement of Financial Position	<u>\$(15,737)</u>	<u>\$(9,767)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4 Maori Authority Credit Account	This Year	Last Year
Opening Balance	34,033	22,970
Add		
RWT Paid	5,970	9,767
Dividend Imputation Credits Received	6,385	12,700
Less		
Refund Received	-	11,404
	\$46,388	\$34,033

The closing MACA balance is available to be attached to dividends issued.

5 Property, Plant And Equipment Summary			
2018	Cost	Accum Deprn	Book Value
Land	3,519,156	-	3,519,156
Land Revaluation	3,496,500	-	3,496,500
Property Improvements - at Cost	278,043	7,553	270,490
Improvements Revaluation	1,360,510	-	1,360,510
Buildings - At Cost	15,000	-	15,000
Plant & Equipment	2,844	1,894	950
Furniture & Fittings - at Cost	549	175	374
	\$8,672,602	\$9,622	\$8,662,980
2017			
Land	2,046,000	-	2,046,000
Land Revaluation	2,375,000	-	2,375,000
Property Improvements - at Cost	270,689	4,939	265,750
Improvements Revaluation	1,211,250	-	1,211,250
Buildings - At Cost	-	-	-
Plant & Equipment	1,646	1,149	497
Furniture & Fittings - at Cost	549	126	423
	\$5,905,134	\$6,214	\$5,898,920

6 Land And Building Valuations

The following are valuations of properties located at:

	Date	Valuer	Amount
Cookson Road, Tikitere - Whakapoungakau Blocks	01/07/2017	Opteon Technologies Ltd	\$1,467,000
Te Ngae Farm Blocks - Block XIV Rotoiti	01/07/2017	Opteon Technologies Ltd	\$5,706,500
206F State Highway 30	01/07/2017	Cost	\$628,412
Lake Rotokawau Rd	01/07/2017	Cost	\$859,744

7 Other Investments	2018	2017
Craigs Investment Partners Portfolio	-	1,420,199

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

8 Reserves	2018	2017
Asset Revaluation Reserve		
Opening Balance	3,586,250	2,310,000
Movement	<u>1,270,760</u>	<u>1,276,250</u>
	<u>\$4,857,010</u>	<u>\$3,586,250</u>
Whakapoungakau Shareholders' Funds		
Opening Balance	<u>(42,061)</u>	<u>(42,061)</u>

In 2015, the Trust purchased land at Cookson Road, Tikitere, achieved through the purchase of 81.29167 shares in Part Whakapoungakau 4J Block and 133.25 shares in Part Whakapoungakau 4F2 Block as well as Freehold Land. The remaining Maori interests in Whakapoungakau 4J of 11.70833 shares have a value of \$25,808.68, and in Whakapoungakau 4F2 of 7.5 shares have a value of \$16,252.22. The court appointed Goldsmiths, Chartered Accountants as agent for the remaining Maori owners. The funds are to be held for distribution to the remaining Maori owners, who indicated their desire to sell their interests in the land to the Trust. There was a 6-month grace period from purchase date in which the Maori owners could transfer their land interests to the Trust; in such cases the conveyance of that land will be completed by Goldsmiths as the Court appointed agent (Te Ture Whenua Maori Act 1993, Section 157(1)).

9 Contingent Liabilities

There are no contingent liabilities at year end (31 March 2016: The Trust is currently involved in a dispute which is before the Courts. It is not possible to estimate when the proceedings will be completed and if any cost will arise to the Trust).

10 Capital Commitments

The Trust have an unconditional contract to purchase Lot 1, 108 Lake Rotokawau Road, Rotorua. The settlement date is 15 May 2018 on which \$1,100,000 is payable (31 March 2017: \$Nil).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

11 *Related Parties*

Donna Hall is a Trustee for this Council and is also a principal for Woodward Law, which occasionally acts as a type of bank for the Council, by advancing funds to pay some expenses, and acting as their legal advisors. These transactions have been conducted under normal commercial terms.

The Council occupies facilities belonging to Mataikotare Marae Trust (Waiohewa Marae). Three Trustees, Rangimahuta Easthope, Kereama Pene and Herbert Hapeta Jnr, are also Trustees of Mataikotare Marae Trust. During this financial year the Council paid \$Nil (2017: \$84,824) to go towards the Marae Development Project. This transaction was undertaken under normal commercial terms. The Council also paid insurance, repairs and lawn mowing costs and received koha on behalf of the Mataikotare Marae Trust. These transactions amounted to \$18,203 (2017: \$19,101) and this balance has been treated as a loan in the current year. Other than these there were no other material related party transactions.

Tai Eru and Kereama Pene are Trustees for this Council as well as Directors for National General Services Limited. They have received no payments during the year. During prior years the Council paid expenses on behalf of National General Services Limited totalling \$10,519. That amount was outstanding at Balance Date (2017: \$10,519).

12 *Trustees Remuneration*

Ngati Rangiteaorere Koromatua Council paid Trustee Remuneration in the year ended 31 March 2017 as follows. The Trustees were also owed Project Fees of \$360, Trustees Fees \$1,200 and Travel costs \$100 relating to the 2018 year and these have been included in accounts payable as at year end.

	2018	2017
T Eru	10,855	6,943
K Pene	15,986	16,103
Dr. K Kennedy	7,543	5,734
R Easthope	4,500	12,827
H Hapeta	2,640	1,666
W Tait-Rolleston	1,950	600
	<u>43,474</u>	<u>43,873</u>

