

# Financial Statements 2021.

Te Tumu Kaituna 14 Trust  
For the year ended 31 March 2021



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## INDEPENDENT AUDITOR'S REPORT

To the Owners of Te Tumu Kaituna 14 Trust

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### Opinion

We have audited the special purpose financial report of Te Tumu Kaituna 14 Trust, which comprises the balance sheet as at 31 March 2021, and the statements of profit or loss and changes in equity for the year then ended, and notes to the special purpose financial report, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose financial report presents fairly, in all material respects, the financial position of Te Tumu Kaituna 14 Trust as at 31 March 2021, and its financial performance for the year then ended, in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities (SPFR for FPEs) issued by Chartered Accountants Australia and New Zealand.

### 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 Special purpose financial report section of our report. We are independent of Te Tumu Kaituna 14 Trust in accordance with Professional and Ethical Standard 1 'International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand), and we have fulfilled our other 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, Te Tumu Kaituna 14 Trust.

### Restriction on Responsibility

This report is made solely to the Trustees, as a body, in accordance with the rules of Te Tumu Kaituna 14 Trust. Our audit work has been undertaken so that we might state to the Trustees 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 as a body, for our audit work, for this report, or for the opinions we have formed.

### Trustees Responsibility for the Special Purpose Financial Report

The Trustees are responsible on behalf of the entity for determining that the Special Purpose Financial Reporting Framework for use by For-Profit Entities (SPFR for FPEs) adopted is acceptable in Te Tumu Kaituna 14 Trust's circumstances, the preparation of a special purpose financial report, and for such internal control as the Trustees determine is necessary to enable the preparation of a special purpose financial report that is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial report, the Trustees are responsible on behalf of the entity 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 Special purpose financial report

Our objectives are to obtain reasonable assurance about whether the special purpose financial report is 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 decisions of users taken on the basis of this special purpose financial report.

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 special purpose financial report, 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 entity'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 special purpose financial report 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 entity to cease to continue as a going concern.

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.

**Macmillan Accountants**

PO Box 1208  
Rotorua

17 August 2022

# Approval of Financial Report

Te Tumu Kaituna 14 Trust  
For the year ended 31 March 2021

The Trustees are pleased to present the approved special purpose financial report of Te Tumu Kaituna 14 Trust for year ended 31 March 2021.

APPROVED

For and on behalf of the Trustees.

*M. T. Short*

Chairman

Dated: 17 August 2022

*Emily Rota*

Trustee

Dated: 17 August 2022

# Statement of Profit or Loss

Te Tumu Kaituna 14 Trust  
For the year ended 31 March 2021

	NOTES	2021	2020
<b>Income</b>			
Trading Income	3	513,779	550,424
Other Income	4	1,230	53,785
<b>Total Income</b>		<b>515,009</b>	<b>604,209</b>
<b>Expenses</b>			
General Operating Expenses	5	18,132	41,988
Administration	6	148,486	107,822
Finance Charges	6	93	476
Depreciation	6	103	124
<b>Total Expenses</b>		<b>166,814</b>	<b>150,410</b>
<b>Operating Profit Before Taxation</b>		<b>348,195</b>	<b>453,798</b>
<b>Other Gains/(Losses)</b>			
<b>Fair Value Movement in Investments</b>			
Loss on Sale		(36)	-
Revaluation of Shares		10,972	880
<b>Total Fair Value Movement in Investments</b>		<b>10,936</b>	<b>880</b>
<b>Net Profit Before Taxation</b>		<b>359,131</b>	<b>454,678</b>
<b>Taxation Expense</b>			
Taxation Expense	7	70,784	84,242
<b>Net Profit After Taxation</b>		<b>288,347</b>	<b>370,436</b>

This statement is to be read in conjunction with the audit report.



# Statement of Changes in Equity

Te Tumu Kaituna 14 Trust  
For the year ended 31 March 2021

	2021	2020
<b>Trust Capital</b>		
Opening Balance	19,900,110	86,292,602
<b>Increases</b>		
Trustees Income for the Period	288,347	370,436
<b>Decreases</b>		
Asset Revaluation Reserve	-	66,762,928
Total Decreases	-	66,762,928
Closing Balance	20,188,458	19,900,110

This statement is to be read in conjunction with the audit report.



# Balance Sheet

## Te Tumu Kaituna 14 Trust As at 31 March 2021

	NOTES	2021	2020
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Bank	9	311,385	186,903
Trade and Other Receivables		67,601	70,402
Rates in Advance		2,770	2,415
<b>Total Current Assets</b>		<b>381,756</b>	<b>259,720</b>
<b>Non-Current Assets</b>			
Investment in Equities	11	30,000	20,228
Project Development Costs	19	2,403,940	2,357,389
Property, Plant and Equipment	12	17,982,775	17,982,223
<b>Total Non-Current Assets</b>		<b>20,416,715</b>	<b>20,359,840</b>
<b>Total Assets</b>		<b>20,798,471</b>	<b>20,619,560</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Income Tax Payable	7	23,103	66,231
Trade Payables		8,369	41,029
GST Payable		24,391	55,295
<b>Total Current Liabilities</b>		<b>55,862</b>	<b>162,555</b>
<b>Non-Current Liabilities</b>			
Ford Land Projects Pty Ltd		554,151	556,894
<b>Total Liabilities</b>		<b>610,013</b>	<b>719,449</b>
<b>Net Assets</b>		<b>20,188,458</b>	<b>19,900,110</b>
<b>Equity</b>			
Accumulated Funds	13	20,188,458	19,900,110
<b>Total Equity</b>		<b>20,188,458</b>	<b>19,900,110</b>

This statement is to be read in conjunction with the audit report.





# Notes to the Financial Statements

## Te Tumu Kaituna 14 Trust For the year ended 31 March 2021

### 1. Reporting Entity

Te Tumu Kaituna 14 Trust is a trust originally vested under s438 of the Maori Affairs Act 1953, and continues under Section 215 of Te Ture Whenua Maori Act 1993 as an Ahu Whenua Trust.

Te Tumu Kaituna 14 Trust is in the business of receiving sand royalties.

The special purpose financial report was authorised for issue in accordance with a resolution of trustees.

### 2. Statement of Accounting Policies

#### Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities issued by Chartered Accountants Australia and New Zealand.

The financial statements have been prepared for the Trust's owners and Inland Revenue.

#### 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. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

#### 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.

#### Maori Land Freehold Status

The Trust's land is classified as Maori Freehold land as per the Te Ture Whenua Maori Act 1993 and as such there is a restriction on the sale or disposal of this corpus land.

#### Revenue Recognition

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

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.

Royalty income is recognised on receipt.

#### Accounts Receivable

Accounts Receivable are recognised at fair value. Individual debts that are known to be uncollectable are written off in the period that they are identified.

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These notes are to be read in conjunction with the audit report.



### Property, Plant and Equipment

Property, 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.

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 profit or loss in the year the asset is derecognised.

Upon derecognition, the asset revaluation reserve relating to the asset disposed shall be transferred to retained earnings.

### Land & Improvements

Freehold land and buildings are revalued on a cyclical basis every three years to current ratings valuation, as determined by Land Mass Technology as at 1 July 2018. Revaluation gains are transferred to the asset revaluation reserve for that class of assets. If any revaluation reserve has a deficit, that deficit is recognised in profit or loss in the period it arises. Any revaluation surplus that reverses previous revaluation deficits in subsequent periods is recognised as revenue in profit or loss.

The Trust has been issued with revised rating valuation during the year resulting from an objection raised previously against the valuation as at 1 July 2020.

### Impairment of Non-Financial Assets

At each balance date, non-financial assets are classified into four categories: assets measured at fair value; assets currently available that the trust intends to use to the end of its useful life; assets intended to be sold prior to the end of their useful life; and assets damaged or idle at balance date.

Assets measured at fair value, or assets the trust intends to use to the end of their useful life are not reviewed for impairment at balance date.

Assets intended to be sold prior to the end of their useful life, or assets damaged or idle at balance date, are reviewed to determine if any indicators of impairment exist. If indicators exist the asset is tested for impairment to ensure that the carrying amount of the asset is recoverable.

If the recoverable amount of an asset is determined to exceed its carrying amount then the resulting difference is recognised as an impairment loss in profit or loss for that period.

### Depreciation

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset using depreciation rates published by Inland Revenue. Assets estimated useful life is reassessed annually. The following estimated depreciation rates have been used:

Asset	Depreciation Method	Depreciation Rate
Land	-	-
Plant & Equipment	Diminishing Value	8% - 40%
Website	-	-

### Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue in respect of each reporting period after adjusting for any variances between estimated and actual income tax payable in the prior reporting period.

These notes are to be read in conjunction with the audit report.



### Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

### Financial Instruments - Financial Assets

At initial recognition the trust determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

#### *Amortised cost*

Includes assets where the trust intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

#### *Cost*

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

#### *Fair value*

Financial assets not held at amortised cost or cost are held at fair value. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available the instrument shall be measured at the fair value for a prior year less any accumulated impairment loss.

Gains and losses are recognised in profit or loss for movements in the fair value of the assets and when the assets are derecognised.

### Financial Instruments - Financial Liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in profit or loss on an effective yield basis.

### Project Development Costs

Development costs are expenses incurred in project investigation. Upon commencement of the project, these expenses will be capitalised to the cost of the project. Alternatively if the project does not proceed or is impaired, these expenses will be written off.

	NOTES	2021	2020
<b>3. Trading Income</b>			
Royalties - Sand		513,779	542,077
Consultancy Costs Recovered		-	8,346
<b>Total Trading Income</b>		<b>513,779</b>	<b>550,424</b>

	NOTES	2021	2020
<b>4. Other Income</b>			
Dividends Received		650	980
Interest Received		-	1
Other Income		580	17,149

These notes are to be read in conjunction with the audit report.



Rates Reimbursement	-	35,656
Total Other Income	1,230	53,785

	NOTES	2021	2020
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### 5. General Operating Expenses

Consultancy	67	21,645
Insurance	6,075	6,563
Rates	11,224	13,780
Repairs and Maintenance	767	-
Total General Operating Expenses	18,132	41,988

	NOTES	2021	2020
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### 6. Other Expenses

#### Administration

Accounting	19,517	17,507
General Meeting	4,098	-
Audit fees	3,300	3,000
Bad Debts	-	4,928
General Expenses	289	212
Legal Costs	41,793	29,573
Printing, Stationery & Postage	7,357	3,261
Secretarial	53,469	37,014
Owner Services	13,149	8,851
Subscriptions	2,087	1,398
Travel	-	228
Trustees Fees & Expenses	3,352	1,851
Website Costs	75	-
Total Administration	148,486	107,822

#### Finance Charges

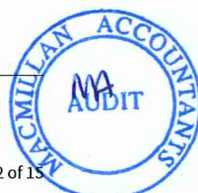
Bank Charges	93	105
Interest - IRD	-	371
Total Finance Charges	93	476

#### Depreciation

Depreciation on Assets	103	124
Total Depreciation	103	124

Total Other Expenses	148,682	108,422
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These notes are to be read in conjunction with the audit report.



	NOTES	2021	2020
<b>7. Income Tax Expense</b>			
Net Profit Before Tax		359,131	454,678
Prima facie tax expense at 17.5% on net profit before tax		62,848	79,569
<b>Income tax effects of:</b>			
Dividends Received, net of Imputation Credits		44	46
Plus Non Deductible Expenses		10,064	5,046
Less Non Assessable Income		(1,920)	(154)
<b>Total Income tax effects of:</b>		<b>8,189</b>	<b>4,938</b>
Current Tax Expense		71,037	84,507
Imputation Credits Received on Dividends Received		(253)	(264)
Total Income Tax Expense		70,784	84,242
<b>Deductions from Tax Payable</b>			
Opening Balance		66,231	28,515
Resident Withholding Tax Paid		(45)	(146)
Income Tax Paid		(113,867)	(46,380)
Income Tax Payable/ (Refundable)		23,103	66,231

**8. Maori Authority Credit Account (MACA)**

At balance date Maori Authority Credits available to shareholders were \$341,215 (2020: \$227,151). The closing balance is available to be attached to distributions made by the trusts.

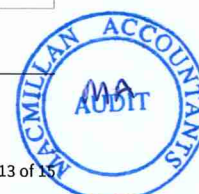
	NOTES	2021	2020
<b>9. Cash and Bank</b>			
BNZ Current Account		311,385	186,903
Total Cash and Bank		311,385	186,903

**10. Financial Instruments**

2021	Amortised Cost	Cost	Fair Value
Cash and short-term deposits	\$311,385	-	-
Trade and other receivables	\$67,601	-	-
Shares - Farmlands	-	-	\$1,428
Shares - Trustpower	-	-	\$16,460
Shares - TILT Renewables	-	-	\$12,112
Prepayments	\$2,770	-	-

2020	Amortised Cost	Cost	Fair Value
Cash and short-term deposits	\$186,903	-	-
Trade and other receivables	\$60,876	-	-
Shares - Farmlands	-	-	\$1,428

These notes are to be read in conjunction with the audit report.



Shares - Trustpower	-	-	\$12,800
Share - TILT Renewables	-	-	\$6,000
Prepayments	\$2,415	-	-

NOTES                      2021                      2020

### 11. Investment in Equities

Shares - Farmlands		1,428	1,428
Shares (1600) - Pisa Obligor Co 1 Pty Ltd		12,112	6,000
Shares (2000) - Trustpower Ltd		16,460	12,800
<b>Total Investment in Equities</b>		<b>30,000</b>	<b>20,228</b>

### 12. Property, Plant and Equipment

2021	Cost	Additions	Accumulated Depreciation	Net Book Value
Land and Improvements	\$17,964,000	-	-	\$17,964,000
Plant and Equipment	\$3,224	-	\$2,253	\$971
Website	\$17,149	\$655	-	\$17,804
<b>Total</b>	<b>\$17,982,223</b>	<b>\$655</b>	<b>\$2,253</b>	<b>\$17,982,775</b>

2020	Cost	Additions	Accumulated Depreciation	Net Book Value
Land and Improvements	\$17,964,000	-	-	\$17,964,000
Plant and Equipment	\$3,224	-	\$2,150	\$1,073
Website	\$17,149	-	-	\$17,149
<b>Total</b>	<b>\$17,984,373</b>	<b>-</b>	<b>\$2,150</b>	<b>\$17,982,223</b>

NOTES                      2021                      2020

### 13. Equity

Original Capital	14	605,000	605,000
Capital Reserve	15	563,178	563,178
Retained Earnings	16	1,728,907	1,440,560
Revaluation Reserve	17	17,291,372	17,291,372
<b>Total Equity</b>		<b>20,188,458</b>	<b>19,900,110</b>

NOTES                      2021                      2020

### 14. Original Capital

Opening Balance		605,000	605,000
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The Capital of the Trust is represented by the Government Valuation of the Land and Improvements at the date of the Trust Order i.e. 7 March 1990.

These notes are to be read in conjunction with the audit report.



	NOTES	2021	2020
<b>15. Capital Reserve</b>			
Opening Balance		563,178	563,178
	NOTES	2021	2020
<b>16. Retained Earnings</b>			
Opening Balance		1,440,560	1,070,124
Net Surplus After Taxation		288,347	370,436
Closing Balance		1,728,907	1,440,560
	NOTES	2021	2020
<b>17. Revaluation Reserve</b>			
<b>Property Revaluation Reserve</b>			
Opening Balance		17,279,422	84,042,350
Revaluation during year		-	(66,762,928)
Total Property Revaluation Reserve		17,279,422	17,279,422
<b>Investment Revaluation Reserve</b>			
Opening Balance		11,950	11,950
Total Investment Revaluation Reserve		11,950	11,950
Total Revaluation Reserve		17,291,372	17,291,372

**18. Contingent Assets & Liabilities**

There is a contingent liability amounting to \$71,340 (2020: \$129,611) inclusive of GST in respect of Tauranga City Council postponed rates and fees. The rates and fees become payable if the Trust's land use changes, or the land is subdivided or changes ownership.

Other than the above, there are no other known material contingent assets or liabilities at year end.

**19. Project Development Costs**

Some costs have been incurred on the Trust's behalf by Ford Land Projects Limited and are sitting as an outstanding payable. The repayment of these costs will be negotiated when the land development proceeds.

**20. Capital Commitments**

There are no known material capital commitments to disclose at 31 March 2021 (2020: None).

**21. Events Subsequent to Balance Date**

In 2017 the Trustees applied to the Maori Land Court under Te Ture Whenua Maori Act 1993 for orders changing the status of 55.48ha of land from Maori land to general land, for securitisation purposes and Trust Order Variations as supported by the Trusts beneficial owners. In 2018 the Maori Land Court dismissed the applications on the basis that it did not have jurisdiction to change the status of part of a block of Maori land and there were questions over the owners consultation process. The Trust sought to overturn this ruling in the Maori Appellate Court, and then the NZ Court of Appeal when the Maori Appellate Court dismissed the Trust's appeal. On 17 December 2021 the NZ Court of Appeal dismissed the further appeal. The effect of this is that \$162,168 of external legal costs incurred in the application and appeal processes and \$120,000 of internal advisory and administration costs will be written off in the 2022 financial year. (2020: None)

These notes are to be read in conjunction with the audit report.

