Consolidated Financial Statements

Te Rūnanga O NgāiTakoto Group
For the year ended 31 March 2016

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Directory

Te Rūnanga O NgāiTakoto Group
For the year ended 31 March 2016

Nature of Business

Receive, hold, manage, and administer the Trust's assets on behalf of and for the benefit of the present and future members of NgāiTakoto

Trust Formation Date

08 March 2013

Trustees

Trudy Brown-Patuwairua

Cyril Cook

Dion Hobson

Jasmine Marino

Wallace Rivers

Robert Tamati

Mangu Awarau

Group Members

Te Rūnanaga O NgāiTakoto Trust

Te Make Farms Limited

Sweetwater Farms Limited Partnership

Pioke Corporate Limited

Te Rūnanaga O NgāiTakoto Custodian Trustee Limited

NgāiTakoto Australia Pty Limited

NgāiTakoto Australia Charitable Fund

Chartered Accountant

Sumpter Baughen Chartered Accountants Limited

Bankers

ANZ and BNZ

Solicitors

Tuia Group

Auditor

BDO Northland

Consolidated Statement of Comprehensive Revenue and Expense

Te Rūnanga O NgāiTakoto Group
For the year ended 31 March 2016

	NOTES	CONSOLIDATED 2016	CONSOLIDATED 2015
Revenue			
Revenue from Exchange Transactions	2	76,781	36,944
Revenue from Non Exchange Transactions	2	9,882,616	13,165,276
Total Revenue		**9,959,397**	**13,202,220**
Expenses			
Cost of Services Provided	3	(200,001)	(173,805)
Administration Expenses	3	(704,765)	(444,913)
Occupancy Expenses	3	(15,505)	(17,825)
Operating Expenses	3	(240,448)	(320,115)
Total Expenses		**(1,160,719)**	**(956,658)**
Surplus / (Deficit) before Net Financing Costs		**8,798,679**	**12,245,562**
Financing			
Finance Income	4	968,998	891,777
Finance Costs	4	(8,387)	(8,341)
Foreign Currency Gains/Losses	4	1,102	(8,078)
Net Financing Expenses		**961,713**	**875,358**
Share of Equity Accounted Investees Surplus/(Deficit) for the year			
Sweetwater Farms Limited Partnership	12	464,430	-
Total Revenue and Expense for the Year		**10,224,821**	**13,120,920**
Other Comprehensive Revenue and Expenses			
Income Tax (Expense)/Benefit	5	(15,019)	-
Total Other Comprehensive Revenue and Expenses		**(15,019)**	-
Total Comprehensive Revenue and Expense for the Year		**10,209,803**	**13,120,920**

These Financial Statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Consolidated Statement of Financial Position

Te Rūnanga O NgāiTakoto Group
As at 31 March 2016

	NOTES	CONSOLIDATED 2016	CONSOLIDATED 2015
Current Assets			
Cash and Cash Equivalents	7	3,418,595	1,279,930
Trade and Other Receivables	8	21,670	74,015
Income Taxes Receivable	5	168,571	115,497
Investments Current	9	4,500,000	5,100,000
Total Current Assets		**8,108,835**	**6,569,442**
Current Liabilities			
Trade and Other Payables	13	158,232	146,475
Employee Entitlements	14	18,983	15,785
Total Current Liabilities		**177,216**	**162,260**
Working Capital		**7,931,619**	**6,407,182**
Non-Current Assets			
Property, Plant and Equipment	11	10,250,547	2,482,089
Investments	10	8,341,780	7,889,302
Equity Accounted Investees	12	464,430	-
Total Non-Current Assets		**19,056,757**	**10,371,391**
Total Non-Current Assets and Working Capital		**26,988,376**	**16,778,573**
Total Net Assets		**26,988,376**	**16,778,573**
Equity			
Total Net Assets/Equity		26,988,375	16,778,573
Total Equity		**26,988,375**	**16,778,573**

These financial statements have been authorised for issue by the Board of Trustees:

Signed by: Wallace Rivers
120521E6F8F93335

Trustees: ________________________ Trustees: ________________________

Date: 05/12/2024 Date: ________________________

These Financial Statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Consolidated Statement of Changes in Net Assets/Equity

Te Rūnanga O NgāiTakoto Group
For the year ended 31 March 2016

	Notes	Accumulated Revenue & Expense	Total
		$	$
Balance at 1 April 2015		16,778,573	**16,778,573**
Total Comprehensive Revenue & Expense for the Year		10,209,803	**10,209,803**
Balance at 31 March 2016		26,988,376	**26,988,376**
Balance at 1 April 2014	20	3,657,653	**3,675,653**
Total Comprehensive Revenue & Expense for the Year		13,120,920	**13,120,920**
Balance at 31 March 2015		16,778,573	**16,778,573**

These Financial Statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Comprehensive Statement of Cash Flows

Te Rūnanga O NgāiTakoto Group
For the year ended 31 March 2016

	NOTES	CONSOLIDATED 2016	CONSOLIDATED 2015
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from customers and funders		3,042,086	13,202,220
Net Goods & Services Tax		117,251	(44,591)
Total Cash Provided		**3,159,337**	**13,157,629**
Cash was applied to:			
Payments to suppliers and employees		(1,036,486)	(810,006)
Grants & Scholarships		(30,284)	(26,982)
Total Cash Applied		**(1,066,771)**	**(836,988)**
Total Cash Flows from Operating Activities		**2,092,566**	**12,320,641**
Cash Flows from Investing Activities			
Cash was provided from:			
Movement in BNZ Investments		413,873	(8,878,678)
Interest Received		590,613	184,062
Total Cash Provided		**1,004,485**	**(8,694,617)**
Cash was applied to:			
Purchase of property, plant and equipment		(950,000)	(2,473,419)
Total Cash Flows from Investing Activities		**54,485**	**(11,168,036)**
Cash Flows from Financing Activities			
Cash was applied to:			
Finance Costs		(8,387)	(8,341)
Total Cash Flows from Financing Activities		**(8,387)**	**(8,341)**
Net Increase/ (Decrease) in Cash		**2,138,664**	**1,144,264**
Cash Balances			
Cash and cash equivalents at beginning of period		1,279,930	135,666
Cash and cash equivalents at end of period	7	3,418,595	1,279,930
Net change in cash for period		2,138,664	1,144,264

These Financial Statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Notes to the Comprehensive Financial Statements

Te Rūnanga O NgāiTakoto Group
For the year ended 31 March 2016

Statement of Compliance

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) for not-for-profit entities issued by the External Reporting Board. For the purposes of complying with NZ GAAP, the Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it is not defined as large.

The Board of Trustees have elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime (“RDR”) disclosure concessions.

Basis of Measurement

For the year ended 31 March 2016 the Group has transitioned from Special Purpose financial statements to Tier 2 - Public Benefit Accounting Standards Reduced Disclosure Regime ("PBE Standards RDR").

Upon transition to PBE Standards RDR the Group has applied a number of the transitional provisions afforded in FRS-47, these are detailed in Note 20.

The consolidated financial statements have been prepared on the historical cost basis except for assets and liabilities as disclosed below that have been measured at fair value. The accrual basis of accounting has been used unless otherwise stated and the consolidated financial statements have been prepared on a going concern basis.

Key Accounting Estimates and Judgements

The preparation of consolidated financial statements in conformity with PBE Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, revenue and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgements in applying the accounting policies of the Group that have a significant effect on the consolidated financial statements:

i) Control over Pioke Corporate Limited and Te Make Farms Limited

The Rūnanga has determined that it controls these companies by way of appointment of directors and through ultimate ownership of Te Rūnanga O NgāiTakoto Custodian Trustee Limited. The Trustees of Te Rūnanga O Ngāi Takoto Trust are the shareholders of Te Rūnanga O Ngāi Takoto Custodian Trustee Limited. Te Rūnanga O Ngāi Takoto Custodian Trustee Limited is the sole shareholder of Pioke Corporate Limited. Pioke Corporate Limited is the sole shareholder of Te Make Farms Limited. Te Make Farms Limited is a partner in the Sweetwater Farms Limited Partnership, a dairy operation operating on the Sweetwater Station.

ii) Significant Influence over Sweetwater Farms Limited Partnership

Te Make Farms Limited is an equal partner in the Sweetwater Farms Limited Partnership with Te Rarawa Farms Limited. The Sweetwater Farms Limited Partnership was set up to form a dairy operation joint venture with Pāmu Farms of New Zealand, a state owned enterprise using land of the Rūnanga and Te Rarawa Farms Limited.

The Rūnanga has determined that it controls Te Make Farms Limited as above therefore considers that it has Significant Influence in The Sweetwater Farms Limited Partnership being one of two partners.

iii) Impairment of Assets

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If any such indication exists for an asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.
An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the reported profit or loss.

iv) Collection of Receivables

Estimates are used in determining the level of receivables that may not be collected. Bad debts are written off when they are considered to have become uncollectable. There has been no uncollectable debts identified in the current or previous years.

Presentation Currency

The Consolidated Financial Statements are presented in New Zealand dollars ($). All values are rounded to the nearest NZ$.

There has been no change in the functional currency of the Group.

1. Accounting Policies

Standards Issued & Not Yet Effective & Not Early Adopted

There are no new, revised or amended standards that have been issued but are not yet effective that would have a significant impact on the consolidated financial statements.

Basis of Consolidation

i) Controlled Entities
Controlled entities are entities controlled by the Group, being where the Group has the power to govern the financial and operating policies of another entity so as to benefit from that entity's activities. The financial statements of the Group's controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.
Subsequent changes in a controlled entity that do not result in a loss are accounted for as transaction with controllers of the controlling entity in their capacity as controllers, within net assets/equity.
The financial statements of the controlled entities are prepared for the same reporting period, using consistent accounting policies.
ii) Associates
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.
Investments in associates are accounted for using the equity method and are recognised initially at cost.
The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.
When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term investments that form part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.
iii) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.
Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the investee.
Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

iv) Loss of control of a controlled entities
On the loss of control, the group derecognises the assets and liabilities of the controlled entity, any minority interest, and the other components or net assets/equity related to the controlled entity. Any surplus or deficit arising on the loss of control Is recognised in surplus or deficit.
If the group retains any interest in the previously controlled entity, then such interest is measured at fair value at the date that control is lost. Subsequently, the retained interest is either accounted for as an equity-accounted associate or an available-for-sale financial asset depending on the level or influence retained.

Joint Ventures

Te Make Farms Limited has an interest in joint venture operations of Sweetwater Farms Limited Partnership where they are entitled to a share of future economic benefits. Te Make Farms Limited's interest is recorded using the equity method which recognises the share of earnings and distributions received (in the Consolidated Statement of Comprehensive Revenue and Expense) and the share of net assets as an investment in joint ventures (in the Consolidated Statement of Financial Position)

Revenue Recognition

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Group and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Group's revenue streams must also be met before revenue is recognised:

i) Revenue from exchange transactions

Government Contracts and other Contracting Revenue

Revenue from contracting is recognised in surplus or deficit when earned and is reported in the financial period to which it relates.

The stage of completion is assessed by reference to milestones stipulated in the individual contracts. Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

Interest Revenue and Dividends
Interest Revenue is recognised as it accrues, using the effective interest method.

Dividend income is recognised when the dividend is declared.

Rental Income

Rental Income is recognised in surplus or deficit on a straight line basis over the term of the lease. Lease incentives are recognised as an integral part of the total rental income over the term of the lease

ii) Revenue from non-exchange transactions
Non-exchange transactions are those where the Group receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.
With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:
• It is probable that the associated future economic benefit or service potential will flow to the entity and
• Fair value is reliably measurable.
Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:
• It is probable that an outflow of resources embodying future economic benefit or service potential will be required to

settle the obligation, and
• The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

Non-Exchange Government Contracts

When non-exchange government contract are received with deliverables outlined in the contract the revenue is recognised in the surplus or deficit in proportion to the stage of completion of the transaction at the reporting date. Under this method, revenue is recognised in the accounting period in which the services are provided with the final amount recognised upon completion of the contract period.

Financial Instruments

The Group initially recognises financial instruments when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Group also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group has the following financial instruments;

Financial assets - Accounts Receivable, Other Receivables, Cash and cash equivalents classified at amortised cost; Investments (Term deposits and Bonds) as Held to Maturity, Investments (Shares in listed companies) at fair value through surplus deficit.
Financial liabilities - Accounts Payable and Cash and cash equivalents (bank overdrafts) classified at amortised cost

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

Assets at amortised cost

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's Cash and Cash Equivalents, Accounts Receivable, Other Receivables and Investment in Related Entities fall into this category of financial instruments.
Held-to-maturity
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. The Group's term deposits and bonds held in the BNZ Portfolio fall into this category.
Liabilities at amortised cost
Financial liabilities are measured at amortised cost using the effective interest method. The Group's Accounts Payable fall into this category.
Assets at 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. Gains and losses are recognised in in the Consolidated Statement of Comprehensive Revenue and Expense for

movements in the fair value of the assets and when the assets are derecognised. The Group holds listed shares as part of the BNZ Portfolio are valued at fair value through surplus deficit.

Impairment of non-derivative financial assets
A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset and can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterpart, restructuring of an amount due to the on terms that would not be considered otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an equity security classified as an available-for-sale financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

i) Financial assets classified as held-to-maturity and loans and receivables
The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables or held-to-maturity.

Interest on the impaired asset continues to be recognised.
When an event occurring after the impairment was recognised causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

Employee Benefits
i) Short - term benefits
Employee benefits that are expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date. Allowance is also made for unused sick leave entitlement but the Runanga has no contractual obligations for long service leave or retirement leave.

ii) Kiwi Saver Contributions

Obligations for contributions to Kiwi Saver are accounted for as defined contribution superannuation schemes and are recognised as an expenses in the surplus or deficit as incurred.

Property, Plant & Equipment

Recognition and Measurement
Items of property, plant and equipment are initially measured at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent measurement is at cost less accumulated depreciation and accumulated impairment losses.

Depreciation
Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007.

The depreciation methods and periods used are:

Buildings 1.5% SL

Office Equipment 13 - 48% DV

Motor Vehicles 24 - 26% DV

Plant & Equipment 13% DV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Some assets transferred to Te Rūnanga O Ngāi Takoto Trust through the Cultural Redress and Statutory Acknowledgement process have no value assigned. These are included as assets in the Group with no allocated value. Valuations may be assessed in future years.
There are assets not yet transferred as they are under negotiation or title is yet to be transferred. These are Deferred Selection Properties (Option to purchase as they become surplus to crown requirements), Cultural Properties in negotiation to be returned (Far North District Council) and Properties Held as Mana Whenua (title yet to transfer).
The following properties are owned in the name Te Rūnanga O Ngāi Takoto Custodian Trustee Limited as a bare trustee for Te Rūnanga O Ngāi Takoto Trust:

76 Allan Bell Drive, Kaitaia	80 Allan Bell Drive, Kaitaia
6 Summerville Avenue, Kaitaia	Part of the Northern Block/Dairy 3 of Sweetwater Station
Waiharara School Land	Awanui School Land
Paparore School Land	Land transferred by Deed of Settlement with the Crown

Deferred Selection Properties

There is an option to purchase the following properties as they become surplus to Crown needs:

Kaitaia Aerodrome	Te Kura Kaupapa Maori o Te Rangi Aniwaniwa Land
Kaitaia Intermediate School Land	Kaitaia College Land
Kaitaia College School House Land	Kaitaia Courthouse
42 Church Road Kaitaia	

Properties Held as Mana Whenua

Title is yet to be transferred on the following property:

Te Hiku Forest 4,256 ha (20% share of 21,283 ha)
Carbon Credits (NZUs) - Te Hiku Forest 70,494 units

Provisions

Provisions are recognised when the Group has an obligation which can be reliably measured at balance date as a result of a past event and it is probable that the company will be required to settle the obligation.

Where the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement (i.e. insurance settlement).

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at balance date. Movements in the best estimate are recorded in profit or loss.

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Taxation

Judgement and Estimates

Preparation of the annual financial statements requires management to make estimates as to the amount of tax that will ultimately be payable, the availability of losses to be carried forward, if any, and the amount of foreign tax credits it will receive. Actual results may differ from these estimates as a result of reassessment by management or taxation authorities. Any difference between the final tax outcomes and the estimations made in previous years will affect current year balances.

Key Policy

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment t tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

When there is uncertainty concerning the entity's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

Determines if it is probably that the tax authorities will accept the uncertain tax treatment; and

- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goods and Services Tax

These consolidated financial statements have been prepared exclusive of GST with the exception of accounts receivable and accounts payable which are stated with GST included. Where GST input tax is irrecoverable then it is recognised as part or the cost of the related asset or expense.
The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities classified as an operating cash flow in the statements of cash flows.

SUMPTER BAUGHEN
Chartered Accountants

Trade and Other Payables

Trade Payables

Creditors are recognised at amounts to be paid in the future for goods and services already received, whether or not billed to the Group. They are non-interest bearing and are normally settled on 30-60 day terms.

Contract liabilities - Deferred Revenue

Unearned income is held on the Statement of Financial Position as a liability and classified as deferred revenue in advance, until such time as it can be classified as meeting the definition of revenue.

2. Revenue

	2016	2015
Revenue from Exchange Transactions		
Festival Registrations	892	1,373
Land Lease Funds Received	59,174	10,325
Other Revenue	2,259	-
Services Provided	14,456	25,246
Total Revenue from Exchange Transactions	**76,781**	**36,944**
Revenue from Non-Exchange Transactions		
Funding Received	146,283	-
Treaty Settlement	9,736,334	13,165,276
Total Revenue	**9,959,397**	**13,202,220**

3. Expenses

	2016	2015
Cost of Services Provided		
Lake Ngatu Expenses	3,159	10,528
Sweetwater Expenses	55,139	5,332
Project Direct Expenses	77,361	47,616
Events	64,343	110,329
Total Cost of Services Provided	**200,001**	**173,805**
Administrative Expenses		
Accountancy and Consultancy Fees	85,390	11,255
Audit Fees	14,933	-
Consultancy	49,163	2,722
Depreciation	40,088	27,523
Donations	11,721	-
Legal Fees	22,149	11,916
Wages	286,348	275,335
Other Administrative Expenses	194,973	116,162
Total Administrative Expenses	**704,765**	**444,913**

	2016	2015
Occupancy Expenses		
Rates	7,333	1,491
Rent	8,172	12,163
Rent - Home Office	-	4,171
Total Occupancy Expenses	**15,505**	**17,825**
Operating Expenses		
BNZ Portfolio Fees	37,728	28,746
Grants & Scholarships		
Distributions - Tangihanga & Other	5,905	16,500
Educational Grants	4,335	10,480
Marae Grants		
Marae - Waimanoni	20,048	-
Total Grants & Scholarships	**30,288**	**26,980**
Treaty Settlement Expenses	55,543	181,888
Other Operating Expenses	116,888	82,501
Total Operating Expenses	**240,448**	**320,115**
Total Expenses	**1,160,719**	**956,658**

4. Net Finance

	2016	2015
Finance Income		
Dividends Received	192,999	96,632
Fair Value Gain / (Loss) on Financial Assets	(92,408)	347,758
Interest Received	703,166	357,460
Overseas Income	165,240	89,927
Total Finance Income	**968,998**	**891,777**
Finance Expense		
Interest - Bank	40	26
Interest - IRD	3,577	-
IRD Penalties	4,770	8,315
Total Finance Expense	**8,387**	**8,341**
Foreign Currency Gains/Losses		
Unrealised Currency (Gains) Losses	(1,102)	1,247
Realised Currency (Gains) Losses	-	6,831
Total Foreign Currency Gains/Losses	**(1,102)**	**8,078**
Total Net Finance	961,713	875,358

$422,890 of Interest Received was receipted from the Ministry of Justice in December 2015 as part of the Treaty Settlement.

5. Income Tax

a) Income tax recognised in profit or loss and other comprehensive income

	2016	2015
Income Tax Expense		
Net Profit (Loss) Before Tax	10,224,821	13,120,920
Additions to Taxable Profit		
Permanent Differences		
Foreign Investment Fund Income	55,251	20,724
Imputation Credits on Dividends Received	18,421	9,470
IRD Penalties	4,770	8,315
Grants & Scholarships	10,240	26,980
Marae - Waimanoni	20,048	-
Treaty Settlement	(10,159,224)	(13,165,276)
Treaty Settlement Expenses	55,543	181,888
Fair Value (Gain) Loss on Financial Assets	92,408	(347,758)
Australian Charitable Fund (Income) Loss	39,549	19,840
Depreciation on Buildings	15,069	-
Total Permanent Differences	**(9,847,924)**	**(13,245,817)**
Timing Differences		
Change in Annual Leave	3,199	5,509
Accounting & Audit Accruals	34,000	-
Total Timing Differences	**37,199**	**5,509**
Total Additions to Taxable Profit	**(9,810,726)**	**(13,240,308)**
Other Deductions		
PIE Excluded Income	83,554	70,791
FIF Excluded Income	126,375	67,218
Imputation Credits Converted to a Loss	105,263	54,114
Losses Carried Forward	534,549	223,038
Total Other Deductions	**849,740**	**415,161**
Taxable Profit (Loss)	(435,644)	(534,549)
Tax Payable by Members	15,019	-
Deductions from Tax Payable		
Opening Balance	115,496	19,861
Tax Obligations of Group Members	(15,019)	(446)
Resident withholding tax paid	68,093	96,082
Total Deductions from Tax Payable	**168,570**	**115,496**
Income Tax (Payable) Refund Due for Group	168,570	115,497

6. Deferred Tax

No deferred tax is recognised given the previous losses carried forward of the Group.

	2016	2015

7. Cash and Cash Equivalents

	2016	2015
Bank accounts and cash		
ANZ Bank	395,114	331,627
BNZ Bank	2,488,287	226,982
BNZ Portfolio - Cash Accounts	535,194	721,322
Total Bank accounts and cash	**3,418,595**	**1,279,930**

8. Trade and Other Receivables

	2016	2015
Exchange Transactions		
Accounts Receivable	2,270	-
Total Exchange Transactions	**2,270**	**-**
Other Receivables		
GST Receivable	19,399	74,015
Total Other Receivables	**19,399**	**74,015**
Total Trade and Other Receivables	**21,670**	**74,015**

9. Investments Current

	2016	2015
BNZ Term Deposits (Held to Maturity)	4,500,000	5,100,000

10. Investments

	2016	2015
BNZ Portfolio - Listed Equities (Fair Value) FVTS&D	5,763,046	5,320,076
BNZ Portfolio - Bonds (Held to Maturity)	2,578,734	2,569,226
BNZ Portfolio Total	8,341,780	7,889,302

Refer to Note 17 - Financial Instruments.

	2016	2015

11. Property, Plant and Equipment

	2016	2015
Land & Buildings	10,193,477	2,400,000
Motor Vehicles	31,548	42,097
Office Equipment	12,909	22,387
Plant and Equipment	12,612	17,605
Total Property, Plant and Equipment	**10,250,547**	**2,482,089**

Cost	**Land & Buildings**	**Motor Vehicles**	**Office Equipment**	**Plant & Equipment**	**Total**
Balance as at 1 April 2014	-	30,730	-	6,129 -	36,858
Additions	2,400,000	23,080	35,241	15,098	2,473,419
Balance as at 31 March 2015	**2,400,000**	**53,810**	**35,241**	**21,227**	**2,510,277**
Additions	7,808,546	-	-	-	7,808,546
Balance as at 31 March 2016	**10,208,546**	**53,810**	**35,241**	**21,227**	**10,318,824**

Accumulated Depreciation	**Land & Buildings**	**Motor Vehicle**	**Office Equipment**	**Plant & Equipment**	**Total**
Balance as at 1 April 2014	-	666	-	-	666
Depreciation	-	11,047	12,854	3,622	27,523
Balance as at 31 March 2015	-	**11,713**	**12,854**	**3,622**	**28,189**
Depreciation	15,069	10,549	9,478	4,992	40,088
Balance as at 31 March 2016	**15,069**	**22,262**	**22,332**	**8,614**	**68,277**

Net Carrying Amount	**Land & Building**	**Motor Vehicles**	**Office Equipment**	**Plant & Equipment**	**Total**
Balance as at 31 March 2015	**2,400,000**	**42,097**	**22,387**	**17,605**	**2,482,089**
Balance as at 31 March 2016	**10,193,477**	**31,548**	**12,909**	**12,612**	**10,250,547**

12. Equity Accounted Investees

The Group holds joint control over the following joint venture which are accounted for using equity method. This is the first year of operations therefore there are no comparatives.

	2016	2015
Sweetwater Farms Limited Partnership		
Investment in Joint Venture	464,430	-

Summarised Financial Information of Equity Accounted Entities	Assets	Liabilities	Revenues	Profit/(Loss)	Group Interest	Group Share of Profit/(Loss)
Sweetwater Farms Limited Partnership	928,859	-	928,859	928,859	50%	464,430

Refer to Note 19 - Capital Commitments.

13. Trade and Other Payables

	2016	2015
Accounts Payable	156,668	138,701
Accrued Interest Payable	1,564	7,774
Total Trade and Other Payables	**158,232**	**146,475**

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms.

14. Employee Entitlements

	2016	2015
Provision for Leave	18,983	15,785
Total Employee Entitlements	**18,983**	**15,785**

15. Operating Lease

	2016	2015
Less than one year	46,412	19,512
Less than two years	56,526	46,412
Two to Five Years	191,786	294,724
Total Operating Lease	**294,724**	**360,648**

The future non-cancellable minimum lease payments of operating leases as leasee at balance date are detailed above. The Group has entered into a number of leases for office rent, computer and office equipment. Most of the leases can be renewed by the Group.

16. Related Party Transactions

Board Member Fees

The Group classifies its key management personnel into one of two classes:

- Members of the Governing Body
- Senior Executive Officers

Members of the governing body are paid annual fees in relation to meeting attendance during the period. Senior Executive Officers are employed as employees of the Group, on normal employment terms.

Board Member	**2016**	**2015**
Awarau, Mangu	7,280	6,187
Brown Patuwairua, Trudy	4,662	4,500
Cook, Cyril	7,458	
Hobson, Dion	4,402	
Karipa, Kaio	1,500	
Marino, Jasmine	6,175	4,000
Marino, Mark	435	861
Menana, Dale		3,250
McCaughey, Keitiria	435	861
Rivers, Wallace	15,801	13,740
Tamati, Robert	17,927	6,275
Total Board Member Fees Paid	**66,075**	**39,674**

Transactions with Key Management Personnel

	2016	**2015**
Senior Executive Officers - 1 FTE	148,856	91,199
Number of Directors	8	6

A close family member of key management personnel were employed by the Group on normal employment terms. The total aggregate remuneration paid to the close family member of key management personnel was $42,449 (1 FTE).

17. Financial instruments by category

2016	Note	Amortised Cost $	Held to Maturity $	Fair Value (FVTS&D) $
Cash and bank	7	2,883,401		
Trade and other receivables	8	2,270		
Term Deposits	9		4,500,000	
BNZ Portfolio - Cash	7	535,194		
BNZ Portfolio - Bonds	10		2,578,734	
BNZ Portfolio - Equities Securities (Listed)	10			5,763,046
TOTAL FINANCIAL ASSETS		**3,420,865**	**7,078,734**	**5,763,046**
Trade and other payables	13	158,232		
TOTAL FINANCIAL LIABILITIES		**158,232**		
NET FINANCIAL INSTRUMENTS		**3,262,633**	**7,078,734**	**5,763,046**

2015	Note	Amortised Cost $	Held to Maturity $	Fair Value (FVTS&D) $
Cash and bank	7	558,905		
Trade and other receivables	8			
Term Deposits	9		5,100,000	
BNZ Portfolio - Cash	7	721,322		
BNZ Portfolio - Bonds	10		2,569,226	
BNZ Portfolio - Equities Securities (Listed)	10			5,320,076
TOTAL FINANCIAL ASSETS		**1,280,227**	**7,669,226**	**5,320,076**
Cash and bank	7	297		
Trade and other payables	13	146,475		
TOTAL FINANCIAL LIABILITIES		**146,772**		
NET FINANCIAL INSTRUMENTS		**1,133,752**	**7,669,226**	**5,320,076**

18. Group Entities

Entity	Main Activity	Country of Incorporation	Balance Date	2016 %	2015 %
Pioke Corporate Limited	Holding Company	NZ	31 March	100	100
Te Rūnanga o NgāiTakoto Custodian Trustee Limited	Corporate Trustee	NZ	31 March	100	100
NgāiTakoto Australia Pty Limited	Corporate Trustee	AU	31 March	100	100
Te Make Farms Limited	Dairy Farming	NZ	31 March	100	100
Te Rūnanga o NgāiTakoto	Charitable Purposes	NZ	31 March	N/A	N/A
NgāiTakoto Australia Charitable Fund	Charitable Purposes	AU	31 March	N/A	N/A

19. Capital Commitments

In the following year the Group contributed $789,139 toward the development of irrigation infrastructure for the Sweetwater dairy farm on behalf of Te Make Farms Limited.

20. Reconciliation of Opening Equity upon Transition to PBE NFP Tier 2

Retained Earnings

Opening Balance	1 April 2014	(235,149)
Adjustment - Capital Reserves		3,860,871
Closing Balance	1 April 2014	3,625,722

Treaty settlements in previous years and Fair Value Gain / (Loss) on financial assets on the date of transition have been transferred to Retained Earnings (previously were included in Reserves). The total amount of this adjustment on transition was $3,860,871.

Retained earnings include all current and prior period retained profits or losses.

21. Events Subsequent to Balance Date

No events subsequent to balance date have occurred that would materially impact on the Financial Statements and thus require disclosure.

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INDEPENDENT AUDITOR'S REPORT
TO THE BENEFICIEARIES OF TE RUNANGA O NGAI TAKOTO GROUP

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Te Runanga o Ngai Takoto Group ("the Runanga") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion

Opening Balances

The consolidated financial statements of the group for the year ended 31 March 2015 was not audited. We were unable to determine whether any adjustments to the opening balances presented in the consolidated financial statements for the current year were necessary.

Classification of expenditure

Several invoices were missing to support the expenses paid in the current financial year. We were unable to determine whether any adjustments should be made to the classification of expenses presented in note 3.

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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 qualified opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group or any of its subsidiaries.

Other Matter

The consolidated financial statements of the Group for the year ended 31 March 2015 were not audited.

Trustees' Responsibilities for the Consolidated Financial Statements

The trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with PBE Standards RDR, and for such internal control as the trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the trustees are responsible on behalf of the Group for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Group's beneficiaries, as a body. Our audit work has been undertaken so that we might state 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 Group and the Group's beneficiaries, as a body, for our audit work, for this report or for the opinions we have formed.

Signed by:
BDO Northland
D9D3B06D0452D840

BDO Northland
Kerikeri
New Zealand
Date: 05 December 2024