

2019

Te Puurongo aa Tau mai i
Te Kaahui o Rauru

TE KAAHUI O RAURU
ANNUAL
REPORT



HE RAARANGI KAUPAPA

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*Teenei te ara whanaungatanga
horahia mai te manaakitanga
ki au
ki te tangata
ki ngaa mea katoa*

*Ko too mana ko tooku mana
he mana atua
he mana tangata
te wairuatanga ka tipu*

*Ka tipu ki whea
ka tipu ki a Ranginui e tuu nei
ki te whenua e hora ake nei
koia a Papatuuaanuku
te whaariki tapu e tuku tiakitanga*

*Maa wai
maa te tangata
maa ngaa uri*

*Teenei te whakapapa
teenei tooku reo
he maatauranga ka toka
ka toka ki te whaiao
ki te ao maarama*

*E Rongo!
Whakairihia ake ki runga kia tina!
Haumi e!
Hui e!
Taaiki e!*

TE PUURONGO MAI I TE TUMU WHAKARAE

TUMU WHAKARAE REPORT

Te Kaahui o Rauru Annual Report to June 2019.

This first year as Tumu Whakarae has been full and engaging in many ways. Together with the Paepae and Pookai Aronui we have weathered some challenges presented to us in this year. A snapshot of the year from July 2018 to June 2019 unfolds in the following pages and serves to remind us of where we have been as we move into 2020 and the future of Ngaa Rauru Kiitahi that we have to look forward to.

Triennial Elections

The triennial elections for Te Paepae and Te Tumu Whakarae were held in November 2018. This resulted in the following uri being elected for three years:

- Paul Sullivan - Te Ihupuku
- Renee Bradley - Tauranga Ika
- Archie Hurunui - Wai-o-Turi

- Matthew Lowrie - Takirau
- Mark Pirikahu - Te Wairoa Iti
- Michael Noho - Tumu Whakarae

TKoR Strategic Statement Review

From February this year the Paepae undertook a partial review of our strategic statements so as to align and focus the Paepae on our whakatauki 'Ngaa Rauru Kiitahi' *Think as one. Work as one.* It also helps us to give better advice and direction to our operations and hopefully support the delivery of better outcomes for YOU and Ngaa Rauru, our Iwi.

Mission and Vision Statements

Below outlines our mission and vision statements. These guide TKoR and the way we go about our business and remind us what TKoR is about.

Our TKoR Mission Statement is a concise explanation of our reason for existence. It describes our purpose and overall intention. The mission statement supports the vision and serves to communicate purpose and direction to staff, and other stakeholders but more importantly YOU the individual, the whaanau, the marae and the hapuu of Ngaa Rauru Kiitahi.

TKoR Mission Statement

Kia rangatira te tuu, kia rangatira te whakaaro

We are here to provide leadership, develop sustainable solutions with our marae and enable our people to embrace their Ngaa Rauru Kiitahitanga



Tumu Whakarae – Mike Noho and
the Minister of Conservation – Hon. Eugenie Sage

TKoR Vision Statement

Whakatipungia Ngaa Rauru Kiitahitanga

Ngaa Rauru, thriving and excelling

Key Achievements

Strategy

We completed, endorsed and adopted a new strategic framework which outlines a more defined direction and purpose. We have also endorsed and adopted an outcomes planning and reporting framework to better measure our performance, we hope to share the impact of our work with you in our next annual report.

Annual Distribution

In April 2019 we approved and endorsed an annual distribution of \$500,000 across all twelve marae. This allows marae to provide leadership and develop sustainable solutions for the issues they face moving into the future. *Kia rangatira te tuu, kia rangatira te whakaaro.*

Te Waitootara Awa Hiikoi

We held another successful Waitootara Awa Hiikoi this year with an emphasis on rangatahi. By all accounts, our rangatahi grew in confidence and a number of new relationships were formed. One led to a mokopuna telling his koroheke he is going to go to Manukura next year, "Koro been trying for two years to get moko there". What an awesome outcome. However we would like to lift participation next year. Kia kaha everybody, we need your support.

Paepae Rangatira

Paepae Rangatira is our crown negotiating platform that occurs each year, preparations have been underway for the negotiations which will be held in January 2020. The Paepae endorsed a new approach to negotiations this year and resourced a team to lead this programme of work. The Paepae Rangatira leadership group are responsible for negotiating resource to support:

- The development and establishment of a 'Ngaa Rauru School of Excellence';

- Reinvesting the Nukumarū Recreational Reserve and Waverley Town belt to Te Kaahui-o-Rauru and then into the appropriate marae and hapuu over the next five years;
- How the Crown will support TKoR in our development goals;
- A relationship with the Crown regarding iwi-led solutions to Climate Change.

Pookai Aronui

This year our Pookai Aronui reported that they have secured four bedrock investments that will see a more stable investment return platform. As Directors they are tasked with ensuring ongoing sustainable benefit can be derived from our settlement. We have worked together this year to support the annual distribution policy to marae as well as the raising of the annual budget of TKOR from \$1.3m to \$1.5m to allow for the design and delivery of our strategic kaupapa; Kaitiakitanga, Ngaa Raurutanga, Maatauranga and Whai Rawa. While it is disappointing to report investment write-offs and impairments in this financial year we are confident the impact will not off-set our long term target as we lay the foundations for the future.

Other business

In March this year, TKoR were engaged in an employment dispute which was taken to the Employment Relationship Authority. This dispute has been resolved and we have been fortunate to be able to move forward following an outcome where both sides mana is intact.

Finally, ki a taatou mate huhua i haongia e te kupenga a Taramainuku e kore rawa te mihi me te rere o te roimata e miimiti haere, whakangaro atu i te kanohi kitea. Mauri ora ki a taatou.

Naaku noa



Mike Neho

Tumu Whakarae Te Kaahui o Rauru

TE PAEPAE O TE KAAHUI O RAURU

THE GOVERNANCE BOARD FOR TE KAAHUI O RAURU

In accordance with Te Kawa o Te Kaahui o Rauru, recorded below is the attendance of the Paepae Representatives for the ten (10) Regular Meetings and one (1) Annual General Meeting that were convened in the financial year 2018-2019.

TE KEI O PAHITONOA		HUI ATTENDED
Wai-o-Turi	Wheturangi Walsh-Tapiata	9
Wai-o-Turi	Narlene Ioane (ceased 28/10/18)	3
Wai-o-Turi	Archie Hurunui (commenced 28/10/18)	5
Whenuakura	Robina Broughton	11
Whenuakura	Te Aroha Mackintosh	7
Te Wairoa Iti	Nathan Pari	7
Te Wairoa Iti	Michael Neho (ceased 25/11/18)	7
Te Wairoa Iti	Mark Pirikahu (commenced 24/02/19)	0
Waipapa	Huirua Sullivan	10
Waipapa	Marie Broughton	11
TE PAAHUKI O TE AWA		
Takirau	Sonya Wirihana	9
Takirau	Maralyn Waitere (ceased 28/10/18)	0
Takirau	Matt Lowrie (commenced 24/02/19)	5
Kaipo	Sylvia Forester	9
Kaipo	Yvette McGregor	7
Te Ihupuku	Te Huia Bill Hamilton	11
Te Ihupuku	Mark Pirikahu (ceased 28/10/18)	4
Te Ihupuku	Paul Sullivan (commenced 28/10/18)	8
Tauranga Ika	Carolyn Young	11
Tauranga Ika	Callem Taurerewa-McNeil (ceased 28/10/18)	0
Tauranga Ika	Renee Bradley (commenced 28/10/18)	7
TE PAAHUKI KI TE TONGA		
Paakaraka	Ruta Broughton	5
Paakaraka	Rakei Hina	10
Taipakee	Te Huatahi Hawira	5
Taipakee	Desmond Canterbury (commenced 29/07/18)	8
Kai Iwi	Sharlene Tapa-Mosen	3
Kai Iwi	Mary Bennett	10
Te Aroha	Charmaine Matiaha	7
Te Aroha	Ngapari Nui	5
TUMU WHAKARAE		
Te Pahunga Martin Davis	Ceased 28/10/18	3
Mary Bennett	Interim for 28/10/18	1
Michael Neho	Commenced 25/11/18	6



KO NGAA ARONGA

OUR VISION

Whakatipungia Ngaa Rauru Kiitahitanga
The revitalization of Ngaa Rauru Kiitahitanga

KO NGAA WHAINGA MATUA

OUR MISSION

Kia rangatira te whakaaro, kia rangatira te tuu

- Provide political and strategic leadership
- Assist development that delivers sustainable benefits to our marae, whaanau, hapuu and iwi
- Foster unity and enable our people to embrace Ngaa Rauru Kiitahitanga

TE PUURONGO MAI I TE KAIWHAKAHAERE

KAIWHAKAHAERE REPORT

It is an honour to work for the people, for the generations that toiled before us to ensure the continuation of whakapapa; for the generations entering Te Ao Maarama and the generations yet to be actualised.

To service our Paepae, our Pookai Aronui and service our people is a core function of Te Kaahui o Rauru Trust and how that is expressed is often negotiated between governance and management through a strategic and operations plan.

Te Whakatipungia

Te whakatipungia o Ngaa Rauru Kiitahitanga of Ngaa Rauru thriving and excelling is what brings us all together. Our Governance group, Te Paepae o Te Kaahui o Rauru and Te Pookai Aronui have navigated through leadership changes in this reporting period. Mike Neho was elected Chairperson of Te Kaahui o Rauru in the second quarter (November 2018), and in a short time he has asserted a renewed focus on the organisations mission to provide leadership, develop sustainable solutions with our marae and enable our people to embrace their language, culture and identity. Our third and fourth quarter of activities serving Te Paepae meant investing time and resource into understanding this new focus and considering this in preparation for the budget and planning cycle that started in April 2019.

Mahia te mahi

Our Trust management and operations team experienced significant shift in this reporting period. Starting at an already reduced capacity from the first quarter and losing two key management team members within the months of August – December 2018, the ability to keep all parts moving efficiently became strained and our service to the people compromised. January saw a new management role recruited however further disruption to the management team occurred at the end of the third quarter. This disruption, beyond our control, resulted in a whirlpool of change that had yet to settle at the end of the final quarter. Te Kaahui o Rauru Trust management and operations team committed to a range of development initiatives in this annual report period that sought to stop the decline of Ngaa Rauru Kiitahitanga. A number of these initiatives were not completed however these initiatives have been incorporated into the next planning cycle.

All challenges aside, there are pieces of work to

recognise and acknowledge operationally. Our Nanni Camp and Waitootara Awa Hiikoi Events continued to engage a number of our tamariki, taiohi and rangatahi, in Ngaa Rauru water and land environments. Each event revisits traditional stories and practices of inland and coastal hapuu while teaching practical skills including fresh water monitoring and water safety.

Education, Culture and Sports Grants were successfully processed and delivered in the second quarter. A small yet well-timed contribution to Ngaa Rauru whaanau and households throughout the motu. Marae distributions and capital upgrades were all mobilised to Hapuu and Marae

Te Puawaitanga

The Puutaiao team completed a strategic document 'Te Maru-aa-poo' capturing the shared hapuu aspirations of recreational reserve land use in the Ngaa Rauru rohe. This activity has set the scene for developing leadership in tiakitanga and leveraging sustainable developments for hapuu and marae with the potential of reserve land co-governance and co-management models. Alongside of this the DOC Protocol was developed and signed off in the last quarter, both initiatives reflecting the relationships that Te Kaahui o Rauru facilitates with central and local government.

The launch campaign of new food and beverage brand Kaitahi – The Native Superfood Co. came to an end in July 2018 at the Auckland Food Show. By the second quarter the company had entered into new food service agreements, extended production runs, secured grant funding for a research programme and designed a food retail proposition which was accepted by Countdown in the third quarter. At the time of your reading this report we would have reached our third week of Kaitahi Frozen Superfood Smoothy Drops retail distribution to 27 Countdown supermarkets across Aotearoa.

This social ecological entrepreneurship development is part of the Kii Tahī Ltd diversification strategy meaning new skills have been developed, new jobs have been created, and we have only just begun.

The Paepae and Pookai Aronui support for Kii Tahī Ltd and Kaitahi as an ongoing investment highlights the value of this work in more ways than just economic. Added to this, Auckland company SPRING Ltd delivered a high-level export market plan to prepare Kaitahi for global reach in five years time. All of this meaning more relationships being established, more skills needing development, and even more jobs being created, there is indeed much more work to do!

It is an honour to work for the people, for the generations that toiled before us and for the next generations to take the floor. It has been my honour to fill this space of Kaiwhakahaere and provide some stability to the operations team who have diligently worked through complex organisational changes in order to better serve our Paepae, Pookai Aronui and better serve our people. Iti nei, iti nei.

Naaku noa



Leonie Matoe
Kaiwhakahaere - Acting General Manager



Kaiwhakahaere - Leonie Matoe and Kii Tahī Nursery Site Manager - Peter Abraham



KO NGAA WHAIPAINGA

OUR VALUES

TIKA

treating one another with dignity and generosity of spirit

PONO

honoring the memories of our tupuna and the futures of our mokopuna above all else

MAARAMATANGA

creating and seizing opportunities to achieve our objectives, continuously learning, sharing and improving

KOTAHITANGA

speaking with one voice, acting with one mind

Our values will not be compromised for financial gain or short-term expediency



TE PUURONGO MAI I TE POOKAI ARONU

POOKAI ARONU REPORT

On behalf of the Pookai Aronui I present the annual report for the 12 months ended 30 June 2019.

Te Paataka o Rauru – Investment Portfolio

As at 30 June 2019 our total investment portfolio was worth \$41,761,510 as reflected in the below table. Also included is a comparison to the previous financial year.

Entity (accumulated funds)	2017-18* (change FY)	2018-19
Te Pataka o Tangaroa	3,744,000	3,917,000
Te Pataka o Rauru	46,966,000	39,045,000

Entity (surplus/deficit)	2017-18* (change FY)	2018-19
Kii Tahī Ltd	(157,000)	(133,000)
Positive result for owners	4,173,000	(3,337,000)
Dividend to Te Kaahui o Rauru	1,547,700	4,591,000

The decrease in Investment Portfolio compared to the previous financial year was due to:

- The 2017/18 financial year was for 15 months due to changing our balance date to 30 June to allow for an improved planning cycle and alignment with external funders financial year.
- The writing off of ICAP and Society One (\$3,115,000)
- The impairment of Torchlight (\$3,236,000)
- Marae capital upgrade payments (\$3,200,000)
- Te Kahui o Rauru operating costs (\$1,500,000)

Portfolio Allocation

Asset Allocation

The Pookai Aronui confirms the Asset Allocation as follows

Asset Allocation	30 September 2019
Cash and Fixed Interest	34%
Australasian Equity	24%
International Equity	14%
Private Equity	13%
Property	15%
	100%



Distributions

During the year, Pookai Aronui supported three new distributions:

1. \$3.2m for capital upgrade programme across 12 marae.
2. \$500k across 12 marae to support and encourage their financial investments. Note this distribution is expected to commence 2019/20 and be reviewed annually.
3. \$200k increase in the Te Kaahui o Rauru annual distribution to fund operating expenses for 2019/20 and will be reviewed annually.

Te Paataka o Tangaroa

Te Paataka o Tangaroa Limited (TPOT) continues to participate within the Iwi Collective Partnership (ICP) with 14 other iwi. TPOT continues to make returns as a business entity of TKOR with a positive result of \$170,337 and an asset base of \$3,914,584m.

TPOT's direct investment into Bay Packers Limited remains steady and we are gaining valuable experience of direct investing and maintaining our network of co-investors.

Joining with a number of other iwi, as part of our Iwi Collective Partnership (ICP) membership, Te Pataka o Tangaroa was part of an unsuccessful bid to purchase Leigh Fisheries. The successful bid was a giant grocery company Foodstuffs.

Kii Tahi Limited

Financial result is a loss of \$138,603 compared to a loss of \$26,261 for 2018 (15 months). This is a reasonable result given that Kii Tahi is implementing a diversification strategy and expanding its Kaitahi business venture in the food and beverage sector.

Kii Tahi Nursery and Land care remains in a precarious position with riparian plant production and ecological services. Notwithstanding this, the team at Kii Tahi Nursery have completed an impressive planting and land maintenance effort this season improving land and waterways in our rohe. This was made possible with new contracts entered into with the Taranaki Regional Council. 18,160 plants were delivered compared to 13,415 the previous year.

Our joint venture with Bees and Trees has produced two seasons of high value maanuka honey (litres miere produced 1,609 compared to 1,156 the previous year).



The bee-keeping internship will ensure we are producing new skills and capabilities among our people also. Over the course of this year income from maanuka honey sales was \$74,557. Looking forward, we will be considering the merits of whether or not to increase our number of hives.

Kaitahi has operated as a small business pilot in the last 12 months following a successful food service launch and campaign in June 2018. This year has provided production and management learnings as well as key market insights to inform the growth and development journey.

Kaitahi the Native Superfood Company, launched in June 2019, has entered into collaborations with The Produce Company, Moore Wilsons, Burgerfuel, and most recently with Countdown supermarkets. With so much positive development the strategic focus is now about securing continued investment to support the next 3-5 year journey. Pookai Aronui have supported the business to date, however there are significant funding implications to expand Kaitahi with an evaluation of the various strategic options required. This has been aided by a full business case completed by KPMG. The office has also been busy completing an application to the Provincial Growth Fund (PGF) with initial indications being very positive. We would hope to update the Paepae on the PGF application and the future business development during early 2020.

Taranaki Capital Partners (TCP)

We will be reviewing the TCP structure this coming year to assess whether the strategic needs of Te Pataka o Rauru are being addressed. In the meantime we continue to receive ongoing communications from Matariki Capital Partners (Taari Nicholas) providing investment advice and potential investment opportunities.

Laying the foundations for the future

The key objectives for Pookai Aronui are to:

1. Protect and grow our investment portfolio;
2. Develop strategic relationships with potential iwi co-investments partners; and
3. Supporting the development of our uri.

Two years ago, the Pookai Aronui proposed a new investment strategy whereby a portion of the cash and fixed income would be re-allocated to "Bedrock" direct investments. These Bedrock investments are managed by experienced management teams that focus on investing into high quality businesses – with a New Zealand focus. In addition, if we view Te Pataka o Tangaroa as another bedrock investment (i.e. low risk, low-medium return, non-active fund, long term hold), then we have established a sound foundation on which to grow Te Pataka o Rauru's future returns.



Bedrock investments totalling \$20m form the foundation of our “investment pyramid” and are:

- Te Puia Tapapa (\$4m/with \$30,624 invested to date) - Iwi direct investment fund comprising 26 iwi and Maori based investment entities and total commitments of \$115.5m. Te Puia Tapapa has a preferred partnership arrangement with the NZ Superannuation Fund to explore opportunities for direct investment. No call on committed funds to date.
- Tai Hekenga (\$8m/\$47,074) - A consortium of Taranaki Whanui entities investing in a unique opportunity to secure Crown leases at a premium lease rate. These “Blue chip” Wellington Ground lease rental properties have been valued at \$118m with a forecast annual portfolio yield of 6.5%. Our full \$8m will be drawn down by the end of the 2019 calendar year.

Highlights of the investment include:

- Low risk investment with sovereign counterparty
- Stable, growing income underpinned by increasing land value
- Premium yield to similar return assets
- Being land only, on long term leases, low management complexity and cost
- Strong investment grouping using good practice legal structure
- Booster Tahi Fund (\$4m) – Following the end of financial year (July) an investment of \$4m was made into Booster Tahi Fund. Booster Financial Services Ltd is a private company managing over NZ\$3 billion on behalf of more than 120,000 New Zealanders. Through Booster Investment Management Ltd they are a default KiwiSaver provider. Booster Tahi Fund invests in private (or unlisted) small to medium sized New Zealand companies seeking businesses that have a comparative advantage in sectors such as agriculture, tourism, infrastructure, or certain types of technology. By investing into these businesses, they help keep jobs and profits in New Zealand.
- Te Pataka o Tangaroa (\$3.9m) – Our shares received from Te Ohu Kaimoana as part of the Fisheries Settlement in 2008. Te Pataka o Tangaroa is the Asset Holding Company. The role of the Company is to use prudently on behalf of the Shareholder the fishery assets allocated to it and to administer them and its liabilities by operating a profitable and efficient business. The main sources of income are the sale of annual catch entitlement (ACE) via the Iwi Collective Partnership (ICP). Te Pataka o Tangaroa also receives cash from dividends and interests and holds a 20% interest in Bay Packers Limited.

Michael Wehi Walsh
Pookai Aronui, Interim Chair

TE ITI ME TE RAHI O NGAA RAURU KIITAHĪ

SNAPSHOTS OF NGAA RAURU KIITAHĪ





TE ITI ME TE RAHI O NGAA RAURU KIITAHĪ

SNAPSHOTS OF NGAA RAURU KIITAHĪ





TE ITI ME TE RAHI O NGAA RAURU KIITAHĪ

SNAPSHOTS OF NGAA RAURU KIITAHĪ





NGAA TAUAAKI PUUTEA





Te Kaahui o Rauru

2019

Financial Statements

Te Kaahui o Rauru Group



Te Kaahui o Rauru Group

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Te Kaahui o Rauru Group

Consolidated Statement of Comprehensive Revenue & Expenses

For the 12 Months Ended 30 June 2019

	Note	Group	
		2019	15 Months 2018
		\$	\$
Revenue from Non-Exchange Transactions			
Grants and funding	7	4,800	799,417
		<u>4,800</u>	<u>799,417</u>
Revenue from Exchange Transactions			
Investment income	8	3,382,953	4,682,972
Grants and funding	9	616,432	537,137
Sales income	14	198,419	161,757
		<u>4,197,804</u>	<u>5,381,866</u>
Total Revenue		<u>4,202,604</u>	<u>6,181,283</u>
Expenses			
Employee and governance expenses	10	886,767	1,182,871
Consultants	11	871,668	1,126,595
Depreciation of property, plant & equipment	19	69,184	70,160
Scholarships, sponsorship and koha	12	70,432	52,460
Other operating expenses	13	3,717,627	689,509
Trade expenses	14	153,716	169,487
Total Expenses		<u>5,769,393</u>	<u>3,291,082</u>
Net Operating Surplus/(Deficit)		<u>(1,566,789)</u>	<u>2,890,201</u>
Investments written off	34	3,115,000	-
Marae donations & Marae capital upgrades	26	3,406,583	100,000
Net Surplus/(Deficit) after Marae Donations & Write Offs		<u>(8,088,373)</u>	<u>2,790,201</u>
Other comprehensive income		-	-
Total Comprehensive Revenue & Expenses		<u>(8,088,373)</u>	<u>2,790,201</u>

These financial statements have been audited. To be read in conjunction with the accompanying notes.

Te Kaahui o Rauru Group

Consolidated Statement of Changes in Net Assets

For the 12 Months Ended 30 June 2019

	Group	
	Accumulated comprehensive revenue and expense	Total Equity
Note	\$	\$
Opening balance 1 April 2017	49,587,233	49,587,233
Surplus / (Deficit) for the year	2,790,201	2,790,201
Closing equity 30 June 2018	52,377,434	52,377,434
Opening balance 1 July 2018	52,377,434	52,377,434
Surplus / (Deficit) for the year	(8,088,372)	(8,088,373)
Closing equity 30 June 2019	44,289,062	44,289,061

These financial statements have been audited. To be read in conjunction with the accompanying notes.



Te Kaahui o Rauru Group

Consolidated Statement of Financial Position

As at 30 June 2019

	Note	Group	
		2019	2018
		\$	\$
Current Assets			
Cash & cash equivalents	15	2,781,259	1,578,867
GST receivable		38,767	10,041
Inventories	16	213,656	64,993
Taxation refund		8,178	14,698
Trade receivables	17	239,589	37,438
Total Current Assets		3,281,449	1,706,038
Non-Current Assets			
Investments measured at fair value	18	37,446,839	44,268,023
Investments measured at cost	18	3,186,877	4,649,340
Property, plant & equipment	19	1,023,635	1,048,015
Quota shares	20	1,127,795	1,127,795
Total Non Current Assets		42,785,145	51,093,173
Total Assets		46,066,594	52,799,211
Current Liabilities			
Trade & other creditors	21	725,820	211,027
Employee benefits		37,435	87,775
Finance lease	25	14,965	
Income in advance	22	5,313	28,609
Funds held in trust	23	994,004	94,368
		1,777,536	421,779
Total Liabilities		1,777,536	421,779
Net Assets		44,289,058	52,377,433
Trust Capital			
Accumulated comprehensive revenue and expense		44,289,061	52,377,433
Total Trust Funds		44,289,061	52,377,433

Signed for and on behalf of Te Paepae o Te Kaahui o Rauru who authorised these financial statements for issue on 24 November 2019

Tumu Whakarae



Paepae Representative



Te Kaahui o Rauru Group

Consolidated Statement of Cash Flows

For the 12 Months Ended 30 June 2019

Note	Group 15 Months	
	2019 \$	2018 \$
Cash Flows from Operating Activities		
<i>Receipts</i>		
<i>Exchange</i>		
Receipts from fees, services and grants	580,064	1,484,756
Receipts from interest and dividends	83,520	47,957
	663,584	1,532,713
<i>Payments</i>		
Donations and capital upgrades to Ngaa Rauru Marae	2,494,361	100,000
Net GST	15,357	7,378
Payments to suppliers and employees	2,110,587	3,058,741
Net tax paid	-	7,933
	4,620,306	3,174,054
Net Cash Flows from Operating Activities	(3,956,722)	(1,641,341)
Cash Flows from Investing Activities		
<i>Receipts</i>		
Withdrawal of investments	6,832,509	3,861,606
	6,832,509	3,861,606
<i>Payments</i>		
Cash Flows from other investing and financing	-	-
Capital repaid to owners or members	-	-
Dividends paid	-	-
Purchase of property, plant & equipment	25,709	191,553
Purchase of investments	1,647,686	2,248,474
	1,673,395	2,440,027
Net Cash Flows from Investing Activities	5,159,114	1,421,579
Net increase / (decrease) in cash and cash equivalents	1,202,392	(219,762)
Cash and cash equivalents at beginning of period	1,578,867	1,798,629
Cash and Cash Equivalents at End of Period	2,781,259	1,578,867

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These financial statements have been audited. To be read in conjunction with the accompanying notes.



Te Kaahui o Rauru Group

Notes to and Forming Part of the Financial Statements

For the 12 Months Ended 30 June 2019

1 Reporting Entity

Te Kaahui o Rauru is a trust created by Deed of Trust dated 9 December 2004. Te Kaahui o Rauru is domiciled in New Zealand and is a trust registered under the Charities Act 2005.

The financial statements comprising of Te Kaahui o Rauru and its controlled entities, Te Pataka o Rauru Limited, Te Pataka o Tangaroa Limited and Kii Tahī Limited together the "Group" are presented for the year ended 30 June 2019.

These group financial statements and the accompanying notes summarise the financial results of activities carried out by the Group. The parent is a charitable organisation registered under the Charities Act 2005. The controlled entities, Te Pataka o Rauru Limited, Te Pataka o Tangaroa Limited and Kii Tahī Limited are registered under the Companies Act 1993 and the Charities Act 2005.

In 2018 the Group changed balance date to 30 June to allow for an improved planning cycle and alignment with external funders financial year.

The financial performance and cash flow reports and accompanying notes are reporting for the year ended 30 June 2019. The 2018 comparatives are for the 15 month period being 1 April 2017 to 30 June 2018 therefore, the comparative amounts for the consolidated statements of comprehensive revenue and expenses, consolidated statement of changes in net assets, consolidated statement of cash flows and related notes are not entirely comparable.

2 Statement of Compliance

The Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-for-Profit entities. For the purposes of complying with NZ GAAP, the Group 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 does not have public accountability and it is not defined as large.

The Paepae (Board of Trustees) has 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.

3 Effect of Change to Tier 2 Not for Profit PBE IPSAS Reporting on accounting policies and disclosures

The Group have previously reported under Public Benefit Entity Simple Format Reporting - Accrual (Not for Profit). The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances where the accounting or reporting requirements of a PBE standard are different to requirements under Old GAAP as outlined below. The changes to accounting policies and disclosures caused by first time application of PBE accounting standards are as follows:

PBE IPSAS 1 - Presentation of Financial Statements

There are differences between Tier 2 Not for Profit PBE IPSAS and Public Benefit Entity Simple Format Reporting - Accrual (Not for Profit) in terms of the naming of the financial statements. In addition, there has been a significant change in classification of revenue and it's related receivable relating to the application of PBE IPSAS 1:

Revenue and Receivables from exchange and non-exchange transactions

PBE IPSAS 1 also requires revenue and receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position. This requirement did not affect the presentation of both current and comparative revenue and receivables figures.

4 Summary of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements:

4.1 Basis of measurement

These consolidated financial statements have been prepared on the basis of historical cost.

4.2 Functional and presentational currency

The consolidated financial statements are presented in New Zealand (\$), which is the Group's functional currency.

4.3 Basis of consolidation

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases. In preparing the consolidated financial statements, all interentity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity are consistent with policies adopted by the Group and have a 30 June reporting date.

4.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from exchange transactions

ACE sales

Annual Catch Entitlement (ACE) income is recognised when cash is received or receivable for the sale of ACE in the fishing season to which it relates.

Dividends

Dividend income is recognised when the Group's right to receive the payment is established. Revenue from dividends are recognised in the year they are declared and receivable.

Fees for services

Fees for services are recognised when the service has been delivered and the entitlement for payment has arisen.

Interest income

Interest revenue is recognised as it accrues, using the effective interest method.

Lease income

Lease income is recognised on a straight line basis over the term of the lease.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from non-exchange transactions

Grants

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant has been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

4.5 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Group has transferred substantially all the risks and rewards of the asset; or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Assets

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive income and expenses. The Group's financial assets are classified as either financial assets at fair value through surplus or deficit, or loans and receivables. The Group's financial assets include: cash and cash equivalents, receivables from exchange transactions and investments.

All financial assets, except for those at fair value through surplus or deficit, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired.

Impairment of financial assets

The Group assesses at the end of reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial Liabilities

The Group's financial liabilities include trade and other creditors (excluding GST and PAYE), employee entitlements and deferred income (in respect to grants whose conditions are yet to be complied with).

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

For the 12 Months Ended 30 June 2019

4.6 Fair value measurement

There is no difference between the fair value and carrying amount of the financial assets & liabilities.

The carrying value of the investments are equivalent to the fair value which has been categorised as level 1 in the fair value hierarchy. The investments have been categorised as level 1 as they are managed by independent fund managers and the fair value of the investments are valued on the market price of traded securities, shares and equities.

4.7 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.8 Inventories

Nursery Stock on Hand

Inventories are valued utilising the discounted selling prices (DSP) method as per Tax Information Bulletin Vol 13, No 11, November 2011 guidelines issued by the Inland Revenue Department.

Miere Stock on Hand

Stock is valued at the market value rate at the time of harvest as per clause 2.11 of the Management Agreement between Kii Tahī and Forest & Bees Native Honey L.P.

Kaitahi Stock on Hand

Stock is valued at cost price per unit.

4.9 Property, plant and equipment

Property, plant and equipment is recognised at cost less aggregate depreciation. 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.

All other repairs and maintenance are recognised as expenses in the Statement of Financial Performance in the financial period in which they are incurred.

Items of property, plant, and equipment with an individual value in excess of \$500 are capitalised on purchase. Other items with an individual value below \$500 are expensed.

Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

Depreciation is charged on a diminishing value basis over the useful life of the asset, except for land. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Land and buildings	4% - 25%
Plant and equipment	9% - 67%
Motor vehicles	11% - 36%
Office equipment	11% - 67%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or services potential embodied in the asset.

4.10 Intangible assets

Quota shares have an indefinite useful life and generate economic benefits beyond one year. Quota shares are held at deemed cost and tested annually for impairment. Any adjustments made to recognise impairment are reported in the statement of comprehensive revenue and expense.

For the 12 Months Ended 30 June 2019

4.11 *Investments Held with Public Trust Custodian Trustees*

Investments are recorded at market value. Net income including realised and unrealised gains or losses from holding or trading are recorded in the statement of financial performance.

4.11.1 *Direct Investments*

Direct Investments are recorded at cost less any impairment.

4.12 *Shares in Moana (previously Aotearoa Fisheries Limited)*

These shares are valued at the original transfer value as assessed by Te Ohu Kaimoana based on the net equity of Moana as at the transfer date of 30 September 2009.

4.13 *Iwi Collective Partnership (ICP)*

The ICP investments are recorded at original cost price.

4.14 *Distribution to Marae*

Distribution or donations to marae are treated as expenses and applied to the amounts owing to marae liability in the statement of financial position upon the appropriate resolution being made by the Paepae.

4.15 *Operating leases*

Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownership of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

4.16 *Employee Benefits*

Wages, salaries and annual leave

Liability for wages and salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

4.17 *Income Tax*

The Group is exempt from tax due to its charitable status.

4.18 *Goods and Services Tax*

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a net of GST basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

4.19 *Equity*

Equity is the beneficiaries interest in the Group, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Accumulated comprehensive revenue and expense

Accumulated comprehensive revenue and expense is the Group's accumulated surplus or deficit since its formation.

5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Finance lease commitments

The Group has entered into a photocopier lease based on evaluation of the terms and conditions of the arrangements. Assets purchased under finance leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the property are included as non-current assets in the Balance Sheet. Finance Leases will be capitalised at the present value of the minimum lease payments. A corresponding liability is also disclosed. The depreciation policy for depreciable assets, that are the subject of a finance lease, will be consistent with that for assets that are owned.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group bases its assumption and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

6 Group Information - Subsidiaries

The consolidated financial statements of the Group include the following subsidiaries:

Entity	Parent		2019	15 Months 2018
Te Pataka o Rauru Limited	Te Kaahui o Rauru	Interest	100%	100%
Te Pataka o Tangaeroa Limited	Te Pataka o Rauru Limited	Interest	100%	100%
Kii Tahi Limited	Te Pataka o Rauru Limited	Interest	100%	100%

The reporting date of Te Kaahui o Rauru and its subsidiaries is 30 June.

7 Grants & Funding (Non-Exchange)

	Group	
	2019	15 Months 2018
	\$	\$
Ministry for the Environment		251,725
Ministry of Education	4,200	53,300
Te Puni Kōkiri	600	474,182
Tararua Wind Power Limited		20,000
Koha		210
	4,800	799,417

Te Kaahui o Rauru Group

Notes to and Forming Part of the Financial Statements

For the 12 Months Ended 30 June 2019

8 Investment Income

	Group	
	2019	15 Months 2018
	\$	\$
Investment Income	1,061,602	1,549,406
Unrealised Capital Gain/Loss	2,238,390	3,133,565
Other Revenue	82,961	
	3,382,953	4,682,971

9 Grants & Funding (Exchange)

	Group	
	2019	15 Months 2018
	\$	\$
ACE Sales	147,024	201,508
Department of Conservation	11,000	30,000
Dividends Received	75,192	45,332
Iwi Event Registration	17	5,560
Lease Income	10,918	16,792
Merchandise	426	444
Iwi Chairs Income	157,391	143,566
Other Income	185,974	78,453
Taranaki Maori Trust Board	26,680	12,857
Interest Received	1,809	2,625
	616,432	537,137

Te Kaahui o Rauru Group

Notes to and Forming Part of the Financial Statements

For the 12 Months Ended 30 June 2019

10 Employee and Governance Related Costs

	Group	
	2019	15 Months 2018
	\$	\$
ACC Levies	3,504	3,645
Directors Fees	65,000	82,500
Directors Insurance	3,000	6,000
Paepae Governance Training Expenses and Fees	9,863	62,806
Paepae Hui Hosting	6,400	7,200
Paepae Meeting Fees	56,000	60,000
Staff Training	7,603	24,112
Sub-committee Fees	30,972	42,136
Tumu Whakarae Fees	77,618	90,555
Salaries & Wages	626,807	803,917
	886,767	1,182,871

During the period there was a settlement to a former employee.

11 Consultants

	Group	
	2019	15 Months 2018
	\$	\$
Accountancy Fees	54,765	49,289
Audit Fees	17,700	14,800
Consultancy	160,874	85,265
Custodial Fees	52,011	78,612
Due Diligence	-	138,800
Investment Advice, Admin and Management	191,509	153,920
Project Expenses	56,709	511,899
Legal Fees	338,100	94,010
	871,668	1,126,595

Te Kaahui o Rauru Group

Notes to and Forming Part of the Financial Statements

For the 12 Months Ended 30 June 2019

12 Scholarships and Koha

Koha
Scholarships
Sponsorship

Group	
2019	15 Months 2018
\$	\$
25,432	21,384
40,000	29,969
5,000	1,107
70,432	52,460

13 Other Operating Expenses

Advertising and Marketing
Bad Debts
Bank Fees
Catering
Iwi Chairs Forum Expenses
Insurance
Motor Vehicle Expenses
Printing & Stationery
Project Resources
Provision for Doubtful Debts
Quota Share Levies
Repairs and Maintenance
Telephone
Travel
Waananga and Events
Other Operating Expenses

Group	
2019	15 Months 2018
\$	\$
26,814	4,970
-	788
1,235	1,265
10,994	17,710
80,983	114,945
21,251	18,637
31,919	40,318
9,594	34,697
8,053	137,953
32,609	-
19,700	23,449
52,768	61,508
11,912	25,933
45,964	65,347
67,825	49,010
3,296,004	92,979
3,717,627	689,508

Te Kaahui o Rauru Group

Notes to and Forming Part of the Financial Statements

For the 12 Months Ended 30 June 2019

14 Trading Accounts

	Group	
	2019	15 Months 2018
Investment Income	\$	\$
Custodial Fees	(52,011)	(78,612)
Investment Income	1,144,563	1,549,406
Unrealised Capital Gain/Loss	2,238,390	3,133,565
	<u>3,330,942</u>	<u>4,604,359</u>
Revenue from Sales	\$	\$
Sales	198,419	161,757
Less Cost of Goods Sold	(153,716)	(169,487)
	<u>44,703</u>	<u>(7,730)</u>

15 Cash & Cash Equivalents

Cash and cash equivalents include the following components:

	Group	
	2019	2018
Cash Accounts	\$	\$
Iwi Chairs Forum Bank Account	2,703,025	1,498,668
Petty Cash	78,234	80,099
	-	100
Total Cash and Cash equivalents	<u>2,781,259</u>	<u>1,578,867</u>

BNZ credit card facility available with a limit of \$14,000.

16 Inventory

	Group	
	2019	2018
Apparel on Hand	\$	\$
Nursery Stock on Hand	-	2,438
Kaitahi Stock on Hand	30,063	52,144
Miere on Hand	89,367	-
	94,226	10,411
	<u>213,656</u>	<u>64,993</u>

Te Kaahui o Rauru Group

Notes to and Forming Part of the Financial Statements

For the 12 Months Ended 30 June 2019

17 Receivables

Trade Receivables

Trade receivables from non-exchange transactions	-
Trade receivables from exchange transactions	277,089
Provision for Doubtful Debts from exchange transactions	(37,500)
Total Receivables	239,589

Group	
2019	2018
\$	\$
-	-
277,089	37,438
(37,500)	-
239,589	37,438

Impairment allowance on trade receivables from exchange transactions

There has been no Impairment allowance made.

18 Investments

Investments Measured at Fair Value

Alternative Growth	56,023
Australian Equities	6,204,939
International Fixed Interest	2,821,023
Australian Specialties	2,229,403
Private Equity	1,871,405
US	1,409,963
International	5,354,431
Property	6,106,259
New Zealand Fixed Interest	10,693,031
Cash	700,362
Total Investments Measured at Fair Value	37,446,839

Group	
2019	2018
\$	\$
56,023	56,023
6,204,939	5,592,112
2,821,023	2,618,964
2,229,403	2,086,804
1,871,405	4,715,922
1,409,963	1,261,910
5,354,431	5,034,627
6,106,259	6,518,316
10,693,031	15,630,733
700,362	752,613
37,446,839	44,268,024

Investments Measured at Cost

1Centre	704,602
Bay Packers Investment	657,100
CRA3 and CRA4 Quota for PNF	388,761
ICAP Limited	-
ICP Capital for PNF	99,166
ICP Loan for PNF	32,087
Investment in Moana	1,227,463
SocietyOne	-
Tai-Hekenga Property Partnership	47,074
Te Puia Tapapa	30,624
Total Investments Measured at Cost	3,186,877

704,602	626,916
657,100	654,100
388,761	388,760
-	975,000
99,166	99,166
32,087	32,087
1,227,463	1,227,463
-	570,000
47,074	45,224
30,624	30,624
3,186,877	4,649,340
40,633,716	48,917,364

Total Investments

Further information on individual investments outlined in notes 33 and 34.



Te Kaahui o Rauru Group

Notes to and Forming Part of the Financial Statements

For the 12 Months Ended 30 June 2019

19 Property, Plant & Equipment

Group 2019

	Cost	Accumulated Depreciation	2019 Book Value
	\$	\$	\$
Land and Buildings	893,700	93,612	800,088
Motor Vehicles	43,151	32,057	11,094
Office Equipment	199,575	139,461	60,114
Plant & Equipment	201,998	49,659	152,339
Total Fixed Assets	1,338,424	314,789	1,023,635

Group 2018

	Cost	Accumulated Depreciation	2018 Book Value
	\$	\$	\$
Land and Buildings	893,700	73,136	820,564
Motor Vehicles	106,521	91,813	14,708
Office Equipment	224,842	194,337	30,505
Plant & Equipment	201,998	19,760	182,238
Total Fixed Assets	1,427,061	379,046	1,048,015

Reconciliation of the carrying amount at the beginning and end of the period:

Group 2019

	Opening Balance	Additions	Disposals	Depreciation	Closing Balance
	\$	\$	\$	\$	\$
Land and Buildings	820,564	-	-	20,476	800,088
Motor Vehicles	14,708	-	694	2,921	11,093
Office Equipment	30,505	29,192	-	14,673	45,024
Plant & Equipment	182,238	-	-	29,900	152,338
Total Fixed Assets	1,048,015	29,192	694	67,970	1,008,543

20 Quota Shares

	Group	
	2019	2018
	\$	\$
Quota Asset	1,127,795	1,127,795
Total Quota Shares	1,127,795	1,127,795

Te Kaahui o Rauru Group

Notes to and Forming Part of the Financial Statements

For the 12 Months Ended 30 June 2019

21 Trade & Other Creditors

Accrued Expenses
Credit Cards
Trade Creditors
Total Trade & Other creditors

Group	
2019	2018
\$	\$
281,979	67,115
2,453	8,209
441,387	135,703
725,820	211,027

22 Income in Advance

Income in advance from non-exchange transactions
Income in advance from exchange transactions
Total Income in Advance

Group	
2019	2018
\$	\$
-	-
5,313	28,609
5,313	28,609

23 Funds Held in Trust

Te Ihupuku Marae
Kai Iwi Marae
Te Aroha Marae
Whenuakura Marae
Iwi Chairs Forum
Total Funds Held in Trust

Group	
2019	2018
\$	\$
-	12,586
304,673	-
303,121	-
304,428	-
81,782	81,782
994,004	94,368

24 Operating Lease Commitments

The Parent entity leases a photocopier under non-cancellable operating leases.

The Parent entity entered into a vehicle lease agreement for 36 months from 21 February 2019.

The Parent entity has agreed to rent the property Suite 17, Wicksteed Terrace from 15 May 2019 to 15 November 2020.

Current (less than 1 year)

Property Rental
Vehicle Lease
Photocopier
Total Current

Group	
2019	2018
\$	\$
7,240	-
12,898	-
-	4,195
20,138	4,195

Non-current (2-5 years)

Property Rental
Vehicle Lease
Photocopier
Total Current
Total Operating Lease

Group	
2019	2018
\$	\$
2,060	-
13,400	-
-	-
15,460	-
35,598	4,195

Te Kaahui o Rauru Group

Notes to and Forming Part of the Financial Statements

For the 12 Months Ended 30 June 2019

25 Finance Lease Commitments

The Parent entity leases a photocopier under non-cancellable finance lease.

Current (less than 1 year)

Photocopier

Total Current

Non-current (2-5 years)

Photocopier

Total Current

Total Finance Lease

Group	
2019	2018
\$	\$
-	-
3,903	-
3,903	-
-	-
11,059	-
11,059	-
14,962	-

26 Related Parties

During the year the Group entities entered into transactions with related parties in the normal course of business. All transactions take place on the basis of normal commercial terms.

Te Kaahui o Rauru

Paepae - Meetings fees of \$500 are paid to each Marae in attendance for all hui held within that month. An additional \$600 is paid to the host Marae per Paepae hui for expenses.

Marae - An annual marae distribution of \$100,000 is divided equally among the twelve Ngaa Rauru marae. The Paepae is made up of two representatives from each marae. A capital distribution was made of \$2,406,583 for Marae capital upgrade.

Sub-committee Fees - Sitting fees are paid to members at a rate of \$373 per hui, the Chair rate is \$466 per hui and the Co-opted external position rate is \$600 per hui.

Carolyn Young - \$537 (2018: \$463) was paid to Carolyn for the Waitotara Coastal and Catchment consultancy. Carolyn Young is a Paepae member.

Inglis and Broughton Limited - \$500 (2018: \$21,842) was paid to this company for Te Koiwi-roa consultancy, the Director Robina Broughton is a Paepae member.

Te Aroha Mackintosh - \$504 (2018: \$23,700) was paid to Te Aroha for Te Koiwi-roa consultancy. Te Aroha is a Paepae member. \$1,440 is included in Trade Creditors.

The Parent charges management and administration fees to subsidiaries. From time to time it pays expenses on behalf of the subsidiaries and then recovers payment.

\$1,650 was paid to Neihana Pari for consultancy on the Kai Tahi project. Neihana Pari is a Paepae member.

Te Pataka o Rauru Limited

Te Whitinga Mark Huirua - \$116,400 (2018: \$154,070) was paid to Te Whitinga for consultancy and due diligence. Te Whitinga Mark Huirua was a Pookai Aronui of Te Pataka o Rauru Limited until his resignation on the 2 November 2019.

Taranaki Capital Partners were paid \$65,110 (2018: \$83,392) at balance date \$42,740 is included in Trade Creditors.

\$2,000 was paid to Arohaina Owen for consultancy work. Arohaina Owen is a Pookai Aronui of Te Pataka o Rauru Limited.

Te Pataka o Tangaroa Limited

Unique (Ahurei) Whanganui River Experience Limited - \$13,500 was paid to this company for due diligence and planning. The Director Hayden Potaka is a Pookai Aronui.



27 Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 *Related Party Disclosures*, are the members of the governing body which is comprised of the Paepae, Pookai Aronui and Kaiwhakahaere, which constitutes the governing body of the Group. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	Group	
	2019	15 Months 2018
	\$	\$
Total remuneration	303,900	370,607
Number of persons	26	31

28 Categories of Financial Assets and Liabilities

The carrying amounts of financial instruments presented in the statement of financial position related to the following categories of assets and liabilities:

	Group	
	2019	2018
	\$	\$
Financial Assets		
<i>Cost</i>		
Investments measured at cost	3,186,877	4,649,340
	3,186,877	4,649,340
<i>Loans and receivables</i>		
Cash and cash equivalents	2,781,259	1,578,867
GST receivable	38,767	10,041
Taxation refund	8,178	14,698
Trade receivables	239,589	37,438
	3,067,792	1,641,045
<i>Financial assets at fair value through surplus or deficit</i>		
Investments measured at fair value	37,446,839	44,268,023
	37,446,839	44,268,023
Financial Liabilities		
<i>At amortised cost</i>		
Trade and other creditors	725,820	211,027
Employee benefits	37,435	87,775
	763,254	298,802

29 Treaty Settlement

On 27 November 2003 the Ngaa Rauru Iwi Authority signed a deed of settlement with the Crown which agreed a package including (amongst other things):

- \$31 million
- The return of approximately 118 ha to iwi ownership and control
- The creation of 5 one hectare Ukaipoo (camping sites), and the right to purchase selected surplus Crown property on a right of first refusal basis
- Annual hui with the Ministers of Treaty of Waitangi Negotiations and Maaori Development

On 27 July 2005 treaty settlement legislation was finalised by royal assent and ownership of the following tangible assets were passed to Te Kaahui o Rauru:

1. \$31 million (plus accrued interest)
2. Land as follows (approx 118ha)
 - The Nukumarū site
 - Puau site
 - Waiinu Beach site
 - The Bed of Laka Moumahaki
 - Rehu Village site

3. The settlement deed requires an entity jointly governed by Ngaa Rauru Kaitahi and Ngaali Ruanui to be set up by 26 July 2007 to receive

30 Fisheries Settlement - Te Ohu Kaimoana

As a result of the Maori Fisheries Act 2004, Te Ohu Kaimoana ("Te Ohu") was established (legal name Te Ohu Kai Moana Trustee Limited). Te Ohu's main role is administering, allocating and transferring fisheries settlement assets to mandated iwi organisations along the allocation model contained within the Maori Fisheries Act.

All fishing quota and the majority of cash held directly by the Treaty of Waitangi Fisheries Commission will be transferred to mandated iwi organisations who will manage these assets on behalf of all of their iwi members.

Each of the 57 iwi recognised in Schedule 3 of the Maori Fisheries Act 2004 will receive (or have received) a mix of:

- Quota
- Income shares in Aotearoa Fisheries Limited ("AFL") - a subsidiary of Te Ohu Kaimoana
- Cash

To receive the assets Ngaa Rauru Kaitahi set up a subsidiary Te Pataka o Tangaroa Limited as its Asset Holding Company and assets were transferred to this company.

Asset Type	2011-2019	2010	2009	2008	TOTAL
	\$	\$	\$	\$	\$
Cash	-	54,696	1,799	112,310	168,805
Quota share value income	-	525,401	17,408	584,986	1,127,795
Share in Moana (previously AFL)	-	-	-	1,227,463	1,227,463
	-	580,097	19,207	1,924,759	2,524,063

The company owns 968 (2018:484) out of a total 125,000 income shares in AFL. This shareholding therefore has a book value of \$1.63m based on the latest AFL audited accounts (Sept 16).

Quota Shares

Quota Shares entitle the Group to Annual Catch Entitlements ("ACE") which were sold during the year.

New Zealand Emission Trading Scheme

ACE entitles the Group to New Zealand Units under the NZ Emission Trading Scheme. No Units were sold during the year, 411 units remain.



31 Other Expenses

Other expenses consist of investments impaired and investments written off.

Investments Impaired

Investments measured at market value classed as "Private Equity" include the investment in Torchlight Fund LP. As referred to in note 33 the Pookai Aronui have provided for a 75% impairment to the carrying value of the balance.

Investments Written Off

Investments written off relate to the ICAP and Society One investments referred to in Note 34.

32 Taranaki Capital Partners Limited (TCP)

The company owns 50% of TCP (initially registered 1 April 2014). Taranaki Capital Partners Limited provides provides recognised Iwi and Maori organisations within Taranaki with access to the benefit of professional investment advice, management and administration. This includes recommendations on how to invest the Portfolio on a prudent and commercial basis consistent with the Investment Mandate and implement decisions and actions approved for the client by the Board. Members of the Pookai Aronui, Te Whitinga Mark Huirua was a Director of TCP until his resignation on the 2 November 2019 and Michael Walsh is a Director from that date.

33 Investments Measured at Fair Value

Torchlight Fund Limited Partnership

Torchlight Fund LP is within the private equity asset class. The market value provided by Public Trust Corporate Trustee is \$4,315,542.

The Company hold 2,522,562.84 units valued at \$1.6345 AUD per unit. The investment has been valued independently by Duff and Phelps, corporate finance valuers and the units are not traded on the open market. There is no observable market data to accurately measure the fair value of the Torchlight investment.

The Pookai Aronui have concluded that with the limited market information supporting the recoverability of the Torchlight investment the Pookai Aronui have decided to provide for a 75% impairment to the carrying value of the investment in the current year. The carrying value of the investment (after impairment) as at 30 June 2019 is \$1,078,886.

34 Investments Measured at Cost

1Centre Limited

In April 2017 Te Pataka o Rauru entered into an agreement to purchase shares in 1Centre. 1Centre is a company which digitises the end to end trade credit application process, including sales tracking, CRM functions, and offers up to date newsfeeds. Te Pataka o Rauru owns 1,248,067 shares which represents 19.57%. Members of the Pookai Aronui, Te Whitinga Mark Huirua was appointed Director of 1Centre Limited until the 2 November 2019 and Michael Walsh is a Director from that date.

Bay Packers Limited Partnership

Te Pataka o Tangaroa owns 20% of Awanui Moana GP Limited. Awanui Moana GP Limited is the sole General Partner of Bay Packers Limited Partnership.

Bay Packers Limited Partnership has entered into an agreement for the purchase of In-Shore and Deep Water Quota shares. The principle activity of the partnership is managing the catches, processing and sales of ACE from the In-shore and Deep Water quota.

Port Nicholson Fisheries (PNF)

The Group has entered into an agreement for the purchase of CRA3 and CRA4 quota shares in a venture with the ICP. The principle activity of the partnership is managing the catches, processes and sales of ACE for lobster quota.



Te Kaahui o Rauru Group

Notes to and Forming Part of the Financial Statements

For the 12 Months Ended 30 June 2019

Iwi Collective Partnership (ICP)

In November 2010 Te Pataka o Tangaroa Limited became a member of the Iwi Collective Partnership (ICP). The Company has become a shareholder of the ICP and holds 321,011 shares.

The ICP is currently made up of the following Iwi: Ngaai Te Rangi, Ngaa Rauru Kaitahi, Ngaai Tai, Ngaati Awa, Ngaati Manawa, Ngaati Porou, Ngaati Ruanui, Taranaki Iwi, Te Arawa, Te Rarawa, Whakatohea, Ngaati Tuwharetoa.

Whilst recognising the mana and authority of each other, the aim of the ICP is to work together in a spirit of partnership and of whanaungatanga, kotahitanga and manaakitanga towards achieving their common vision of an Iwi partnership that fosters Iwi collaboration in fisheries and provides an effective, efficient and strategic means to achieve the collective goals of its Iwi partners.

The objectives of the ICP are:

- Creating economies of scale through collectivisation of Iwi ACE;
- To obtain optimal returns on ACE;
- Create opportunities that build capacity, capability and participation within the fisheries sector;
- Improve understanding and capacity to understand and manage risk;
- Promote kaitiakitanga and sustainable practices with fisheries;
- Improve business performance through developing a strategic direction that is realistic, logical and achievable.

Tai-Hekenga GP Limited

In 2017 Te Pataka o Rauru entered into an agreement as a limited partner with other Iwi to purchase various Crown Land and Buildings in the greater Wellington central business district which are occupied by various Crown agencies. The properties will be purchased and then leased back to the Crown. On the 30 August 2019 funds of \$5,662,154 were deposited to meet the capital commitment and call made by Tai-Hekenga Limited Partnership. This takes the total investment to \$5,709,228 with the total commitment being \$8,000,000.

Te Pula Tapapa GP Limited

Te Pula Tapapa is a limited partnership set up to provide Iwi opportunities to invest their funds together in opportunities. Te Pataka o Rauru have invested \$30,624 with a capital commitment of up to \$4,000,000.

ICAP & Society One

After year end, an investigation has led the Pookai Aronui to believe that the amounts that were believed to be invested in ICAP Limited and Society One have potentially been fraudulently misappropriated. An investigation subsequently led to a formal complaint being made to the New Zealand Police.

While the investigation and subsequent legal proceedings have not been completed, it is believed that the amounts allegedly misappropriated are not recoverable. The total investigation costs are unknown at the date the Pookai Aronui have authorised the financial statements. The Serious Fraud Office has been informed.

35 Iwi Chairs Forum

From July 2013 Te Kaahui o Rauru assumed the role of National Iwi Chairs Forum (NICF) Secretariat for a 3 year period. The term was extended for another period to 2019. The NICF consists of Chairs of Iwi in Aotearoa who choose to participate. Membership fees are \$2,000 for non-settled Iwi and \$3,000 for settled Iwi per annum. The NICF hui four times a year to address current issues affecting Iwi. Hui are normally in the months of February, May, August and November.

Te Kaahui o Rauru provides secretariat support to the National Iwi Chairs Forum (NICF). Secretariat support includes providing administrative and secretariat support as well as managing membership fees on behalf of the NICF.

During the year payments were made on behalf of the NICF for Administration, Catering, Office Supplies & Printing and Travel.

Funds Held in Trust at the end of the Secretariat term will transfer to the next host of the Secretariat.

Notes to and Forming Part of the Financial Statements

For the 12 Months Ended 30 June 2019

36 Capital Commitments

Te Puia Tapapa Limited Partnership

The Company has committed capital of \$4,000,000 (2018: \$4,000,000) in Te Puia Tapapa Limited Partnership. At balance date \$30,624 had been paid.

37 Contingent Assets and Liabilities

There are no known contingent assets or liabilities as at balance date (2018: \$nil)

38 Events After the Balance Date

On 5 July 2019 an investment of \$3,184,895 was made to purchase shares in Booster Tahi.

On the 30 August 2019 funds of \$5,662,154 were deposited to meet the capital commitment and call made by Tai-Hekenga Limited Partnership. This will take the total investment to \$5,709,228 with the total commitment being \$8,000,000.

After year end, an investigation has led the Pookai Aronui to believe that the amounts that were believed to be invested in ICAP Limited and Society One have potentially been fraudulently misappropriated, refer to note 34 for further detail.





INDEPENDENT AUDITORS REPORT

To the Trustees of Te Kaahui o Rauru

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Te Kaahui o Rauru and its subsidiaries (the Group) on pages 3 to 25, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2019, 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 issued by the New Zealand Accounting Standards Board.

Qualified Opinion Statement of Financial Position

The Group has made an investment in 1 Centre Limited for the amount of \$704,602. We have been unable to obtain sufficient documentation to support the carrying value of the investment in the financial statements. Any potential impairment would decrease the carrying value of the asset and increase expenses.

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 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Other information

The Trustees are responsible on behalf of the Group for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based, on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter

We also refer to the disclosures in notes 31 and 34 regarding the investments made by the Group and the significant write downs recorded in the financial statements. As disclosed the total investigation costs are unknown at the date the Pookai Aronui have authorised the financial statements.

We have also considered the adequacy of the disclosures made in Note 33 in the performance report about the inherent uncertainty in accurately measuring the fair value of the Torchlight investment. Due to the inherent uncertainty in the valuation and any realisations between the reported fair value of the asset and the ultimate recoverable amount may be different and could be material.

Our opinion is not modified in respect of these matters.

Trustees Responsibilities for the 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 Public Benefit Entity Standards Reduce Disclosure Regime, 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 directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors Responsibilities for the Audit of the 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 economic decisions of users taken on the basis of these consolidated financial statements.

A detailed description of the auditors' responsibilities including those related to assessment of risk of material misstatement, evaluation of appropriateness of going concern assumptions and determining key audit matters are available on the external reporting board website: <http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>

Restriction on Distribution or Use

This report is made solely to the trustees, as a body, in accordance with section 42F of the Charities Act 2005. 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.



Talia Anderson-Town
Silks Audit Chartered Accountants Ltd
Whanganui, New Zealand

Date: 24 November 2019

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