



ANNUAL REPORT

2023

Including annual accounts to 31 December 2022

The Board's mission is: "To enhance the legacy of Ngati Whakaue Tupuna by

- The responsible and effective management of the endowment, and
- The provision of financial support to the beneficiaries of the Trust for education purposes, that add value and benefit to our community."





20 June 2024

Hon Erica Stanford
The Minister of Education
NZ Government
Wellington

Tena koe Minister

2023 ANNUAL REPORT

In accordance with the Board's statutory obligations I am presenting this abridged report of the Ngati Whakaue Education Endowment Trust Board for the year ended 31 December 2022. Section 11 of the Reserves and Other Lands Disposal Act provides:

(1) The Ngati Whakaue Education Endowment Trust Board must, within 1 month after the receipt of the audit report on the financial statements, provide to the Minister of Education a report of its proceedings and operations for its preceding financial year, a copy of its financial statements for that year, and a copy of the audit report.

(2) The Minister must present a copy of the report, of the financial statements, and of the audit report to the House of Representatives—

(a) not later than 10 working days after the Minister receives those documents; or

(b) if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament.

The audit of the Board's financial statements for the year ended 31 December 2021 was completed on 29 February 2024 and our annual report for the year ended 31 December 2021 (termed our 2022 Annual Report) was recently forwarded to you. The auditors William Buck have now been able to complete the audit for the year ended 31 December 2022 and hence we have been able to quickly follow up with this 2023 Annual Report. Again, this is in abridged form and we anticipate preparing a more comprehensive report for 2024 in the coming weeks.

Attached is a copy of the audited financial statements including the audit report and set out below our report on the proceedings and operations of the Board which is relevant to the activities of the Board in the year ended 31 December 2022.

Report on Proceedings and Operations for year end 31 December 2022:

Ground Rental Income from the Board's Rotorua CBD Leases increased by 7.4% to \$2,594,982. There is only one significant lease default which is still under negotiation to settle with the lessee at the time of writing this report. However we do note a general slowing of payments by tenants indicating more challenging trading conditions. Rent owing increased by \$125,709 to \$314,979 as at 31 December 2022, an increase of 66%.

Investment income reduced from \$1,416,856 in 2021 to \$766,694 due to lower company dividends received in 2022. Expenses were up on the previous year by \$131,393 with the biggest increases in Property management, property expenses and accounting due to the increasing property portfolio that now has active commercial leases in addition to the ground leases. The value of Education Grant distributions at \$1,722,645 compared to \$1,580,419 in 2021. Included in grants was expenditure of \$200,090 towards the development of a Whakapapa Database to track the descendants of the original 6 Koromatua of Ngati Whakaue. The project is ongoing through 2023 and into 2024. This database will become a valuable resource for supporting grants eligibility and distribution process and may ultimately be shared with other Ngati Whakaue Entities and persons to access, confirm and learn of their whakapapa. The Database holds in excess of 35,000 names.

As referenced in our last report there have been impacts on some businesses due to trading difficulties encountered with reduced visitors to Rotorua and the presence of homeless persons in the Rotorua CBD driven by Government policy on relocation of persons. This has changed the dynamics and perception of Rotorua retail. Nevertheless the Board has adopted a long term strategy to revitalise its properties through acquisition of the perpetual leases through a subsidiary property owning company Uekaha Developments Ltd.

As reported last year the Trust has expanded its property purchases and buy back of leases. In the year ended 31 December 2022 \$8.4m was spent on investment property purchases including a \$300,000 deposit on a joint venture purchase with other Ngati Whakaue Entities of the iconic Rotorua property which traded as Rainbow Springs. This property was owned and operated by Ngai Tahu Iwi until its closure due to Covid financial impacts. The property also housed a NZ Kiwi Hatchery which has been relocated. Feasibility studies are underway to determine future uses of the property under Ngati Whakaue ownership and control.

The Board is still waiting on amending legislation to progress through Parliament. Agreement has been reached with officials and amending legislation is now subject to the Parliamentary programme. Hopefully this can occur this year.

Investment Markets performed poorly in 2022 resulting in a net write down in value of investments by \$3,305,227. In addition withdrawals totalling \$5.41m were made from the investment portfolio to finance property purchases. As at 31 December 2022 the value of the

Investment portfolio was \$22,290,656. For the year ended 31 December the return on the portfolio was - 8.36% The average long term portfolio return since inception in 2003 is 7.90%.

In the financial year end 31 December 2022 year Total Revenue was \$3,679,509. This comprised of Rental Revenue of \$2,594,982, Investment Revenue of \$766,694 and other Revenue of \$67,833. Grants received amounted to \$250,000. Administration expenses increased from \$1,077,472 to \$1,208,865. The net operating surplus before investment gains and grants was \$2,468,188 compared to \$3,004,363 in 2021.

Investment losses were \$3,305,227 and revaluation of investment properties resulted in a further loss of \$4,628,963 to give a total comprehensive loss from all sources before grant distributions of \$5,560,177 (\$5,117,695 surplus in 2021).

The Board made education grants totalling \$1,722,645 (\$1,580,419 in 2021). Grants for literacy and numeracy projects in schools is our largest funding area at \$750,000 (including a \$250,000 contribution from the Rotorua Trust) followed by Grants to Tertiary Students (2nd year and beyond) at \$224,576. Tertiary grants are paid through the Maori Education Trust which adds extra funding to the students along with joint venture arrangements with some Universities. Of concern is the declining number of students studying at tertiary level. The Board continues to support the excellent work of the Ngati Whakaue Education Taumata and grants totally \$166,250 were made to the Taumata in 2022.

Detailed grants payments are included in the financial report and the following is a brief overview:



As at 31 December 2022 the Total Equity of the Board was \$71,532,308 (\$78,815,386 in 2021) comprising Cash and short term investments (less liabilities) of \$2,095,551, Investments of \$22,290,656 and Investment Properties recorded at \$47,146,102. The Board does not have any external debt.

The audit qualification remains due to the Board policy of not undertaking market valuation of the land due to its statutory prohibition on selling land and the restrictions of the perpetually renewable leases.

The Endowment Board has a very capable and committed team of 11 members all of Ngati Whakaue descent. There were no changes during the year.

The Board does not directly employ staff with all support services contracted to external parties. I thank everyone involved for their work to ensure the ongoing success of the Endowment legacy and the community benefits it provides.

Ngā mihi



Malcolm Tukino Short, ONZM

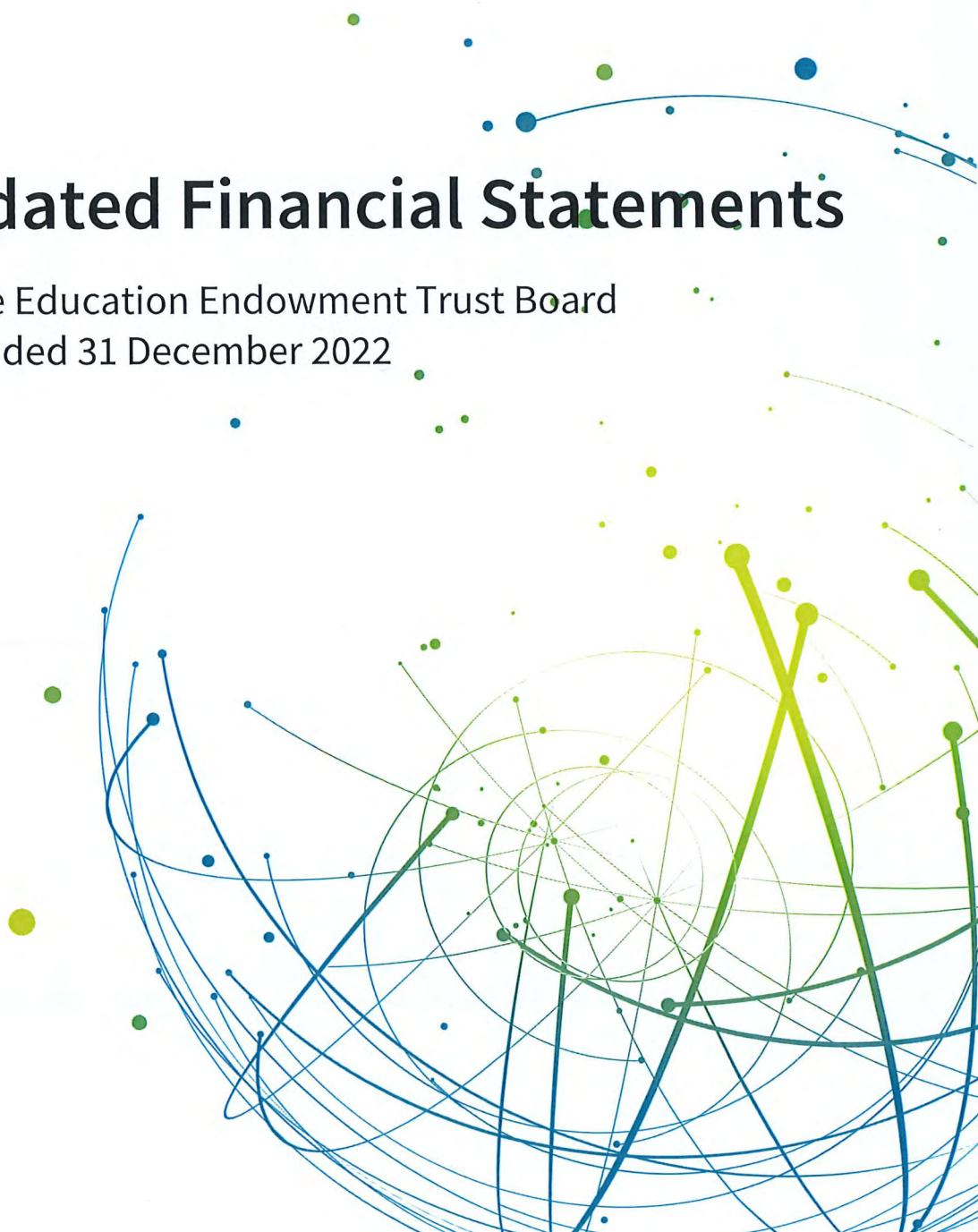
CHAIRMAN

Email malcolm@pukeroa.co.nz

PH 0274779989

Consolidated Financial Statements

Ngati Whakaue Education Endowment Trust Board
For the year ended 31 December 2022



Contents

3	Independent Auditor's Report
6	Approval of Financial Report
7	Consolidated Statement of Comprehensive Revenue and Expenses
8	Consolidated Statement of Changes in Equity
9	Consolidated Statement of Financial Position
10	Consolidated Statement of Cash Flows
11	Notes to the Consolidated Financial Statements

Independent Auditor's Report

To the Readers of Ngati Whakaue Education Endowment Trust Board's Group Financial Statements for the Year ended 31 December 2022

The Auditor-General is the auditor of Ngati Whakaue Education Endowment Trust Board ("the Trust Board") and its subsidiary (together "the Group"). The Auditor-General has appointed me, Richard Dey, using the staff and resources of William Buck Audit (NZ) Limited, to carry out the audit of the financial statements of the Group on his behalf.

We have audited the financial statements of the Group on pages 7 to 24, that comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive revenue and expenses, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information.

Qualified opinion

In our opinion, except for the effects of the matter described in the *Basis for our qualified opinion* section of our report, the financial statements of the Group on pages 7 to 24:

- present fairly, in all material respects:
 - its financial position as at 31 December 2022; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with PBE Accounting Standards (PBE IPSAS) Reduced Disclosure Regime.

Our audit was completed on 21 May 2024. This is the date at which our opinion is expressed.

The basis for our qualified opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements, and we explain our independence.

Basis for our qualified opinion

As stated in the accounting policies on page 14, and note 14 on page 19, investment property is revalued every three years and the latest valuation at 1 September 2020 of \$46,824,000 is recorded at the value used for rating purposes.

This is a departure from PBE IPSAS 16 *Investment Property*, which requires investment property measured at fair value to be valued at its fair value at the reporting date and the movement in value recognised in the

surplus / deficit. The Board have not quantified the financial effects of this departure from PBE IPSAS 16 and we are unable to determine the amount of the required adjustments. The audit opinion for the year ended 31 December 2021 was modified for the same reason. As a result, the comparative information in the financial statements should be read in light of this fact.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of the Board for the financial statements

The Board is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board intends to wind-up the Group or to cease operations, or have no realistic alternative but to do so.

The Board's responsibilities arise from the Reserves and Other Lands Disposal Act 1995.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.



Richard Dey
William Buck Audit (NZ) Limited
On behalf of the Auditor-General
Tauranga, New Zealand

Approval of Financial Report

Ngati Whakaue Education Endowment Trust Board For the year ended 31 December 2022

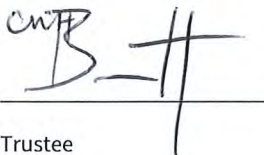
The Trustees are pleased to present the approved financial report including the consolidated financial statements of Ngati Whakaue Education Endowment Trust Board for year ended 31 December 2022.

APPROVED



Chairman

Date 21 May 2024



Trustee

Date 21 May 2024

Consolidated Statement of Comprehensive Revenue and Expenses

Ngati Whakaue Education Endowment Trust Board
For the year ended 31 December 2022

	NOTES	2022	2021
Revenue			
Revenue from Exchange Transactions			
Rental Revenue		2,594,982	2,415,826
Investment Revenue		766,694	1,416,856
Other Revenue		67,833	-
Total Revenue from Exchange Transactions		3,429,509	3,832,682
Revenue from Non-Exchange Transactions			
Grants Received		250,000	250,000
Total Revenue from Non-Exchange Transactions		250,000	250,000
Total Revenue		3,679,509	4,082,682
Expenses			
Administration Expenses	9	1,208,865	1,077,472
Grants	10	1,722,645	1,580,419
Depreciation Expense		2,456	847
Total Expenses		2,933,966	2,658,738
Surplus/(Loss) for the year		745,543	1,423,944
Other Gains/(Losses)			
Fair Value Change in Investments		(3,210,240)	1,598,392
Net Gain/(Loss) on Disposal of Shares		(306,740)	(4,828)
Realised Foreign Currency Gains and Losses		211,753	5,269
Net Gain/(Loss) on Revaluation of Investment Property		(4,628,963)	361,787
Total Other Gains/(Losses)		(7,934,189)	1,960,620
Net Surplus/(Deficit) for the year		(7,188,646)	3,384,564
Other Comprehensive Revenue and Expenses			
Fair Value Change - Available for Sale Reserve	18	(94,176)	152,712
Total Other Comprehensive Revenue and Expenses		(94,176)	152,712
Total Comprehensive Revenue and Expenses for the year		(7,282,822)	3,537,276

This statement should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

Ngati Whakaue Education Endowment Trust Board
For the year ended 31 December 2022

	2022	2021
Equity		
Opening Balance	78,815,385	75,278,110
Net Surplus/(Deficit) for the year	(7,188,646)	3,384,564
Other Comprehensive Revenue and Expenses	(94,176)	152,712
Restated Adjustment to Retained Earnings	(255)	-
Total Equity	71,532,308	78,815,386

This statement should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

Ngati Whakaue Education Endowment Trust Board

As at 31 December 2022

	NOTES	31 DEC 2022	31 DEC 2021
Assets			
Current Assets			
Cash and Cash Equivalents	11	2,184,727	2,857,135
Trade Receivables	12	355,011	237,915
Prepayments		72,351	28,823
Short Term Investments	13	-	904,814
Total Current Assets		2,612,089	4,028,687
Non-Current Assets			
Long Term Investments	13	22,290,656	32,174,691
Investment Properties	14	46,846,102	43,345,557
Equity Accounted Investment	15	300,000	-
Total Non-Current Assets		69,436,758	75,520,248
Total Assets		72,048,846	79,548,936
Liabilities			
Current Liabilities			
Goods and Services Tax		23,629	63,192
Trade Payables		229,087	136,945
Rents Received in Advance		263,822	533,413
Total Current Liabilities		516,538	733,549
Total Liabilities		516,538	733,549
Net Assets		71,532,308	78,815,386
Equity			
Capital	17	22,418,108	22,418,108
Available for Sale Reserve	18	242,874	337,050
Retained Earnings	19	48,871,326	56,060,228
Total Equity		71,532,308	78,815,386

This statement should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Ngati Whakaue Education Endowment Trust Board
For the year ended 31 December 2022

	2022	2021
Statement of Cash Flows		
Cash Flows from Operating Activities		
Cash Receipts:		
Receipts from Operating Activities	2,517,514	2,896,729
Interest Received	377,014	370,104
Dividends Received	389,680	1,046,752
GST Received	-	42,056
Total Cash Receipts:	3,284,208	4,355,641
Cash Payments:		
Payments to Suppliers and Employees	(1,160,502)	(1,102,872)
GST Paid	(39,563)	-
Grants Paid	(1,722,645)	(1,580,419)
Total Cash Payments:	(2,922,710)	(2,683,291)
Total Cash Flows from Operating Activities	361,498	1,672,350
Cash Flows From Investing Activities		
Purchase of Investments	(10,798,337)	(3,712,358)
Sale of Investments	10,064,431	2,531,607
Equity Accounted Investment	(300,000)	-
Total Cash Flows From Investing Activities	(1,033,906)	(1,180,751)
Net Cash Flows	(672,408)	491,599
Cash Balances		
Cash and cash equivalents at beginning of period	2,857,135	2,365,536
Cash and cash equivalents at end of period	2,184,727	2,857,135
Net Change in cash for the period	672,408	(491,599)

These financial statements are to be read in conjunction with the accompanying Notes.

Notes to the Consolidated Financial Statements

Ngati Whakaue Education Endowment Trust Board For the year ended 31 December 2022

1. Reporting Entity

The consolidated financial statements presented are those of Ngati Whakaue Education Endowment Trust Board and its Subsidiary ("The Group").

The Ngati Whakaue Education Endowment Trust Board ("The Entity") is a body corporate established under the Reserves and Other Land Disposals Act 1995 and is a Charity registered under the Charities Act 2005. The Entity is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

Uekaha Developments Limited is a company incorporated in New Zealand, and registered under the Companies Act 1993 and is also a charity registered under the Charities Act 2005. The Company is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

2. Basis of Preparation

(a) Statement of compliance

The Group financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 2 Public Sector public benefit entities, for which all reduced disclosure regime exemptions, have been adopted.

The Group qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure.

These financial statements were authorised for issue by the Ngati Whakaue Education Endowment Trust Board on 17 May 2024.

(b) Measurement basis

The Group financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Available for sale financial instruments
- Fair Value through surplus or deficit financial instruments
- Investment property

(c) Functional and presentation currency

The financial statements are presented in New Zealand dollars. There has been no change in the functional currency of the Group or any significant foreign operations of the Group during the year.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the entity, its subsidiary and associate as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls as investee if, and if, the Group has:

- Power over the investee (that is existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

The Group's Equity Accounted Investment comprises an interest in an associate.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the surplus or deficit and other comprehensive revenue and expense of equity accounted investments, until the date on which significant influence ceases.

3. Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

4. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group except as explained in Note 5 which addresses changes in accounting policies. The significant accounting policies of the Group are detailed below:

- (a) Revenue
- (b) Financial Instruments
- (c) Impairment of Non-derivative Financial Assets
- (d) Investment Property
- (e) Impairment of Non-financial Assets
- (f) Goods and Services Tax
- (g) Income Tax
- (h) Cash and Cash Equivalents
- (i) Grants
- (j) Trade Receivables
- (k) Trade Payables
- (l) Available for Sale Reserve
- (m) Comparative Balances

(a) Revenue

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:

Revenue from Exchange Transactions

Rental Revenue

Rental revenue from investment property is recognised in surplus or deficit on a straight-line basis over the term of the lease.

Dividends

Revenue from dividends is recognised when the Group's right to receive payment is established, and the amount can be reliably measured.

Interest Revenue

Interest revenue is recognised as it accrues in surplus or deficit, using the effective interest method.

PIE Revenue

A portfolio investment entity (PIE) is a type of entity (such as a managed fund) that invests the contributions from investors in different types of investments. PIE revenue is recognised when the Group's right to receive payment is established, and the amount can be reliably measured.

Revenue from Non-Exchange Transactions**Grant Revenue**

Grant revenue includes grants given by other charitable organisations. Grant revenue is recognised when the conditions attached to the grant have 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.

(b) 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.

The Group also derecognises financial assets when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

The Group classifies financial assets into the following categories: *at fair value through surplus or deficit, available-for-sale and held to maturity.*

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.

Fair Value Through Surplus or Deficit

A financial instrument is classified as *fair value through surplus or deficit* if it is:

Designated at initial recognition: If the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy.

The Group's investment strategy is to maximise the total sustainable income that can be provided by investments over the long term, subject to a prudent level of portfolio risk with particular emphasis on providing sufficient cash on annual basis to enable the Group to fulfill its responsibilities and cover its operating costs.

The board has agreed on a balanced risk profile, an asset allocation and the range for which the investment manager is required to operate within. Trading of investments is authorised by the investment subcommittee prior to any undertaking of investment activities.

Those *fair value through surplus or deficit* instruments sub-classified as *designated at initial recognition* comprise of fixed interest securities and equity securities.

Financial instruments classified as *fair value through surplus or deficits* are subsequently measured at fair value with gains or losses being recognised in surplus or deficit.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

Available-for-sale financial assets are subsequently measured at fair value with gains or losses recognised in other comprehensive revenue and expense and presented in the *AFS fair value reserve* within net assets/equity, less impairment.

Upon de-recognition, the accumulated gain or loss within net assets/equity is reclassified to surplus or deficit.

Held to Maturity Financial Assets

Held to maturity financial assets are financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity.

Held to maturity financial assets comprise of term deposits held by the Group.

(c) Impairment of Non-derivative Financial Asset

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(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Group on terms that the Group would not consider 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.

Financial Assets Classified as Available-for-sale

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in net assets/equity to surplus or deficit.

The cumulative loss that is reclassified from net assets/equity to surplus or deficit is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in surplus or deficit.

Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired *available-for-sale* debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit. However, any subsequent recovery in the fair value of an impaired *available-for-sale* equity security is recognised in other comprehensive revenue and expense.

(d) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Recognition and Measurement

Investment property is measured at the rateable value and revalued every 3 years. The board considers this to be an indication of fair value. The net value is likely to be higher although this has not been quantified. This is not in compliance with PBE IPSAS 16 – Investment Property which requires investment properties to be included at fair value at the Group balance date.

(e) Impairment of Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses are recognised in surplus or deficit. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Goods and Services Tax (GST)

These financial statements have been prepared on a GST exclusive basis. Any GST due or recoverable at balance date is included as either a current asset or current liability.

(g) Income Tax

Ngati Whakaue Education Endowment Trust Board and its Subsidiary are wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

(h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(i) Grant Expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria. They are expensed when an application that meets the specified criteria for the grant has been received. Ngati Whakaue Education Endowment Trust Board's non-discretionary grants have no substantive conditions that need to be fulfilled to receive the grant.

Discretionary grants are those grants where Ngati Whakaue Education Endowment Trust Board has no obligation to award the grant on receipt of the grant application. For discretionary grants without substantive conditions, the total committed funding over the life of the grant is expensed when the grant is approved by the Board and the approval has been communicated to the applicant. Discretionary grants with substantive conditions are expensed at the earlier of the grant payment date or when the grant conditions have been satisfied. Conditions can include either:

- specification of how funding can be spent with a requirement to repay any unspent funds; or
- milestones that must be met to be eligible for funding.

(j) Trade Receivables

Trade receivables are stated at the amount due less any provision for uncollectability. When a receivable is identified as being non-collectible it is expensed immediately in surplus or deficit.

(k) Trade Payables

Trade payables are recorded at the amount payable.

(l) Available for Sale Reserve

For all available for sale financial assets, movements in fair value are recognised through the available-for-sale reserve. When the relevant asset is derecognised, upon sale, other disposal or permanent impairment, the cumulative fair value changes recognised directly in equity are transferred to the surplus or deficit and the reserve is adjusted accordingly.

(m) Comparative Balances

The presentation of certain comparative balances has been amended to ensure consistency with the current year disclosures.

5. Changes in accounting policy

There have been no changes in accounting policies during the year. All policies have been applied consistently throughout the year.

	2022	2021
6. Rental Revenue		
Consent Fees	1,043	130
Rental Received	2,593,939	2,415,695
Total Rental Revenue	2,594,982	2,415,825
	2022	2021
7. Investment Revenue		
Dividends Received	323,893	1,046,752
Interest Received	377,014	370,104
PIE Revenue	65,786	-
Total Investment Revenue	766,694	1,416,856
	2022	2021
8. Other Revenue		
Rotorua Trust Oncharges	39,258	-
On Charged Expenses	7,907	-
On Charged Capital Works	20,668	-
Total Other Revenue	67,833	-
	2022	2021
9. Administration Expenses		
Accident Compensation Levy	75	-
Advertising	5,367	4,714
Audit Fees	21,980	16,285
Bank Charges	263	238
Catering	870	1,757
Cleaning & Laundry	2,538	-
Consultancy Fees	25,730	44,600
Conference Fees	-	3,600
Commissions	3,900	5,025
Education Consultant	49,000	69,961
Education Grant Expenses	63,994	53,055
Entertainment	1,440	1,353
General Expenses	2	2,624
Insurance	56,076	9,573

Koha	1,500	-
Legal Costs	44,718	75,100
Lease Expense	-	1,935
Licences & Registrations	3,900	-
Light, Power & Heating	3,795	1,510
Online Software Project	15,782	-
Penalties	50	-
Portfolio Management Fee	61,102	90,431
Printing, Stationery and Postage	398	1,454
Professional Fees	15,621	-
Property Management	195,537	145,423
Rates	95,205	23,137
Repairs & Maintenance	54,873	42,741
Secretarial & Accounting	160,767	122,510
Subscriptions	1,730	-
Travel Expenses	8,251	1,102
Trustees Fees & Expenses	269,978	268,989
Valuation Fees	-	38,745
Website Maintenance	44,421	51,610
Total Administration Expenses	1,208,865	1,077,472
	2022	2021

10. Grants

Aotearoa Dive Sponsorship	11,138	-
Discretionary Grants	237,612	41,709
Haane Manahi Scholarship	15,000	19,824
Joint Hospitality Scholarship	-	16,621
JV Gold Scholarship	4,000	-
Marae Wananga Grants	1,500	1,500
Museum Bus Grant	11,030	11,470
Nga Mahi A Rehia (Kaphaka) Grants	7,000	2,000
Ngati Whakaue Authors	7,000	27,000
Ngati Whakaue Education Taumata	166,250	322,500
Orange Swim School	4,544	-
Postgraduate Scholarships	19,740	24,000
Project Grants	750,000	750,000
Rotorua Young Achievers Awards	6,500	5,000
Sponsorship	28,548	-
Swimsation	28,118	28,675
Tertiary Education Grants	224,576	282,792
Whakapapa Project	200,090	47,328
Total Grants	1,722,645	1,580,419

	2022	2021
11. Cash and Cash Equivalents		
BNZ Current Account	162,387	758,615
BNZ Call Account	236	890,323
Craigs Call Account	1,978,510	1,208,197
Uekaha Main Account	43,594	-
Total Cash and Cash Equivalents	2,184,727	2,857,135

	2022	2021
12. Trade Receivables		
Accounts Receivable	314,979	189,270
Accrued Interest	40,032	48,645
Total Trade Receivables	355,011	237,915

	2022	2021
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13. Investments**Financial Assets at Fair Value Through Surplus or Deficit**

Debt Securities - New Zealand	7,054,051	7,728,511
Debt Securities - Australia	-	100,960
Equity Securities - New Zealand	5,536,511	8,598,858
Equity Securities - Australia	2,441,176	4,351,944
Equity Securities - UK	930,552	1,104,567
Equity Securities - USA	4,779,341	8,424,729
Equity Securities - Euro	572,896	709,989
Total Financial Assets at Fair Value Through Surplus or Deficit	21,314,527	31,019,558

Available for Sale Financial Assets

Equity Securities - New Zealand	542,847	519,244
Equity Securities - Australia	-	10,883
Equity Securities - Euro	148,634	151,082
Equity Securities - USA	284,648	473,924
Total Available for Sale Financial Assets	976,129	1,155,133

Financial Assets Held to Maturity

Term Deposits	-	904,814
Total Financial Assets Held to Maturity	-	904,814

Total Investments	22,290,656	33,079,505
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Per annum annual interest rate ranges applicable to debt securities

	2022	2021
Debt Securities - New Zealand	1.56% - 6.23%	1.56% - 5.7%
Debt Securities - Australia	-	5.15%

Contractual Maturities of debt securities

	2022	2021
Deb Securities - New Zealand	2 Months - 92 Months	3 Months - 104 Months
Debt Securities - Australia	Nil	6 Months

2022 2021

14. Investment Properties

Opening Balance	43,345,557	42,073,000
Purchase of Investment Property	8,107,406	886,213
Revaluation per Rating Valuation	(4,628,963)	361,787
Property Improvements	22,102	24,557
Total Investment Properties	46,846,102	43,345,557

Change in Fair Value

The fair value of investment properties is determined by rating valuation completed every 3 years by Opteon Technologies Limited. The latest valuation was completed at 1 September 2020.

2022 2021

15. Equity Accounted Investment

Te Koheha Management Limited	300,000	-
Total Equity Accounted Investment	300,000	-

On 2 November 2022, Te Koheha Management Limited was incorporated. The group holds a 33.33% share in the company. The company has agreed to purchase the property that previously operated the tourism venture Rainbow Springs for \$9,000,000. In December 2022, the group paid its share of the deposit of \$300,000.

The associate did not trade during the year.

There were no contingent liabilities or assets relating to the group's interest in associate.

There was a capital commitment of \$2,700,000 relating to the group's share of the settlement.

16. Leasing Arrangements

Each of the leases contains an initial non-cancellable period. Subsequent renewals are negotiated with the lessee. Minimum lease payments receivable on leases of investment properties not recognised in the financial statements are as follows:

	2022	2021
Within one year	2,447,459	2,323,554
Later than one year but not later than 5 years	7,845,190	8,484,310
Later than 5 Years	20,469,232	25,077,493
Total	30,761,881	35,885,357

	2022	2021
17. Capital		
Capital was established using the Government Valuations for land as at 01/09/1996	21,033,000	21,033,000
Funds held by Public Trustee as at 03/10/1995	1,385,108	1,385,108
Closing Balance	22,418,108	22,418,108
	2022	2021

	2022	2021
18. Available for Sale Reserve		
Opening Balance	337,050	163,613
Current Year Revaluations	(94,176)	152,712
Transfer from Retained Earnings	-	20,725
Closing Balance	242,874	337,050
	2022	2021

	2022	2021
19. Retained Earnings		
Opening Balance	56,060,228	52,696,388
Net Surplus/(Deficit)	(7,188,646)	3,384,564
Transfer to Available for Sale Reserve	-	(20,725)
Restated Adjustment to Retained Earnings	(255)	-
Closing Balance	48,871,327	56,060,228

20. Financial Instruments

The tables below show the carrying amount of the trusts financial assets and liabilities:

(i) Financial Assets

2022 Asset per the Statement of Financial Position	FVTSD	Loans and Receivables	Available for Sale
Cash and Cash Equivalents		2,184,727	
Trade Receivables		355,011	
Financial Assets at fair value through profit and loss			
Debt Securities - New Zealand	7,054,051		
Debt Securities - Australia	-		
Equity Securities - New Zealand	5,536,511		
Equity Securities - Australia	2,441,176		
Equity Securities - UK	930,552		
Equity Securities - USA	4,779,341		
Equity Securities - Europe	572,896		

Available for Sale Financial Assets			
Equity Securities - New Zealand			542,847
Equity Securities - Australia			-
Equity Securities - Euro			148,634
Equity Securities - USA			284,648
Total	21,314,527	2,539,738	976,129

2021 Asset per the Statement of Financial Position	FVTSD	Held to Maturity	Loans and Receivables	Available for Sale
Cash and Cash Equivalents			2,857,135	
Trade Receivables			237,915	
Financial Assets at fair value through profit and loss				
Debt Securities - New Zealand	7,728,511			
Debt Securities - Australia	100,960			
Equity Securities - New Zealand	8,598,858			
Equity Securities - Australia	4,351,944			
Equity Securities - UK	1,104,567			
Equity Securities - USA	8,424,729			
Equity Securities - Europe	709,989			
Available for Sale Financial Assets				
Equity Securities - New Zealand				519,244
Equity Securities - Australia				10,883
Equity Securities - Euro				151,082
Equity Securities - USA				473,924
Held to Maturity Financial Assets				
Term Deposits		904,814		
Total	31,019,558	904,814	3,095,050	1,155,133

(ii) Financial Liabilities

	2022			2021		
	At amortised cost	Fair value through profit or loss	Total	At Amortised cost	Fair value through profit or loss	Total
Trade & other payables	229,087	-	229,087	136,945	-	136,945
	229,087	-	229,087	136,945	-	136,945

(ii) Fair Values

Fair value determination for financial instruments subsequently measured at fair value are as follows

Financial Assets at Fair Value Through Surplus or Deficit*(a) Debt securities(listed) and Equity securities (listed)*

Fair values are based on the quoted market price in the active market of the security at reporting date.

Available for Sale Financial Assets*(b) Equity securities (non-listed)*

Available for Sale Financial Assets and the basis for fair value comprise of the following;

Fair values based on the sale transaction occurring for the security at or around balance date less any impairment;

- Pohutukawa Private Equity II LTD PP Staple
- Pohutukawa Private Equity Ltd Stapled
- Pohutukawa Private Equity V Fund PP LP
- Willis Bond Capital Partners Ltd pp
- Oriens Capital

Fair Values are based on cost less any impairment;

- New Zealand Social Infrastructure Fund
- Maui Capital

Co-Investor No 3 Pipe Fund is an Australian Unit Trust and the values are provided on a regular basis by the company.

21. Related Party Transactions

Key Management personnel remuneration

Members of the governing body are paid set meeting fees for each meeting attended. Details and amounts of these are as follows:

	Main Committee	Education Sub-Committee	Investment Sub-Committee
Chairman	\$1,625	\$1,625	\$1,625
Deputy Chairman	\$1,364	\$1,364	\$1,364
Board Members	\$1,114	\$1,114	\$1,114

The governing body comprises of 11 members (11 FTE) with total remuneration paid of \$269,978 (2021: \$268,989, 11 members (0.86 FTE).

Fred Whata received \$450 Aotearoa Dive Scholarship along with his two children receiving a \$900 Aotearoa Dive Scholarship.

The following Board members are associated to schools which have received grants during the year as scheduled:

	School	This Year	Last Year
Jane Savage	John Paul College	\$15,000	\$14,000
Aramoana Mohi	Rotorua Girls High School	\$35,200	\$30,000
Marleina Nelson	Rotorua Lakes High School	\$30,000	\$30,000
Herby Ngawhika	Rotorua Boys High School	\$35,200	\$30,000
Violet Pelham-Waerea	Western Heights High School	\$38,000	\$38,000
Fred Whata	Rotorua Primary School	\$44,400	\$16,000

During the year, Group entities entered the following trading transactions with related parties that are not members of the Group:

- Pukeroa Oruawhata Holdings held ground leases for buildings on land owned by the Ngati Whakaue Education Endowment Trust Board at 1239-1247 Amohau Street, 1311-1315 Tutanekai Street and 1211-1213 Amohau Street. Malcolm Short and Monty Morrison are Directors of the Pukeroa Oruawhata Holdings Limited and Directors within the Group. The value of ground lease received was \$60,215 (2021:\$120,429). At balance date there are no amounts outstanding (2021: \$Nil).
- Pukeroa Oruawhata Holdings Limited entered negotiations with Uekaha Developments Limited for the sale of its ground leases for buildings on land owned by Ngati Whakaue Education Endowment Trust Board at 1239-1241 Amohau Street, 1175-1315 Amohau/ Tutanekai Street and 1209-1211 Amohau Street. The settlement of this transaction was completed on 22 July 2022 for the value of \$1,812,500.

22. Commitments and Contingencies

At balance date the Trust has the following Grant and Scholarship Commitments:

The Trust has approved scholarships to these individuals for the maximum amount however the amount to be paid is based on actual expenditure incurred:

- Haane Manahi Scholarships of \$25,000 (2021: \$21,263)
- Dylan Taute (Postgraduate Scholarship)
- NWEW/Sudima JV Scholarship (Tuwera Palmer)

Funds have been awarded to these applicants however the Trust is waiting on further information from the applicants before payments will be made:

- Writers grant \$79,250 (2021: \$86,250)
- Postgraduate scholarships \$18,000 (2021: \$24,000)
- Group Discretionary \$18,500
- 2022/23 Taumata Funding \$85,000
- Rotorua Primary \$90,000

At balance date the Trust was committed to the following venture capital funds with outstanding commitments:

- Kowhai Private Equity \$25,625
- Maui Capital Indigo Fund Stapled PP \$20,755
- Oriens Capital Ltd Partnership Fund PP \$179,500
- Pohutakawa Private Equity V Fund PP \$23,750
- Pohutakawa Private Equity VI Fund PP \$266,367
- App NZD Public Infrastructure Partners Fund \$14,256
- Icon Ventures VI Fund \$148,922

23. Events Subsequent to Balance Date

Subsequent to YE 2022 balance date the following events have occurred:

- The group established Te Koheha Limited Partnership with Pukeroa Oruawhata Trust and Ngati Whakaue Assets Trust. The limited partnership has agreed to purchase the property that previously operated the tourism venture Rainbow Springs for \$9,000,000 with each partner contributing \$3,000,000. Subsequent to balance date the group paid its share of the settlement of \$2,700,000 was concluded on January 2024.