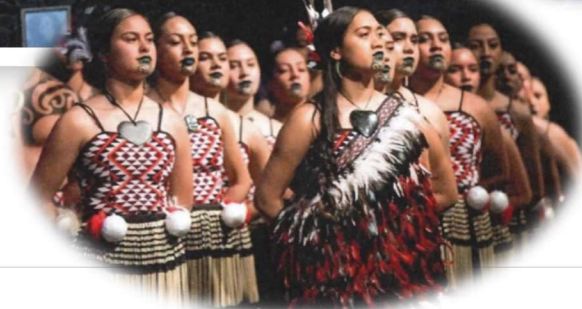




**ANNUAL
REPORT
2022**

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."*





2022 ANNUAL REPORT

Hon Erica Stanford
The Minister of Education
NZ Government
Wellington

Tena koe Minister

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 2021. 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. The delay with this audit was due entirely to Audit New Zealand inability to do this work in house. Accordingly, the work was eventually subcontracted in October 2023 to William Buck to undertake this work. The Board's concerns and frustration with these audit delays including risk to our charitable status have been regularly communicated to your predecessors in office. The audit for the year ended 31 December 2022 is now underway by William Buck.

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 2021. Due to the Historical nature of this report it is in condensed format.

Report on Proceedings and Operations for year end 31 December 2021:

The Covid-19 pandemic did not materially impact on the Endowment financial results in either 2020 or 2021. Ground Rental Income from the Board's Rotorua CBD Leases was maintained with only one significant lease default which is still under legal processes at the time of writing this report. Expenses were up on the previous year due to a return to full activities after Covid lockdowns. The value of Education Grant distributions was the same as in 2020 year.

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.

While the main focus has been on acquisition of CBD leases Uekaha has also purchased property outside the CBD for Development. A 2.6ha property was purchased on Ngongotaha Road for \$6.2m and will be redeveloped for commercial tenancies. Uekaha is also a one third JV partner with other Ngati Whakaue entities in the acquisition of the property known as Rainbow Springs (now Te Kohea). This iconic property was held by South Island iwi Ngai Tahu and we are delighted it has been returned to local Ngati Whakaue ownership. The operation has been closed since covid times and feasibility studies are underway to establish a new viable business model for the site. Neither the Endowment Board nor Uekaha have incurred any borrowings to date with funds drawn for the investment reserves built up over the 28 years since the Endowment was returned to Ngati Whakaue control.

Since early 2021 the Board's independent negotiator has been working with Crown officials to review the Board's empowering legislation. We are pleased that an agreement has been reached with officials and amending legislation is now pending. We understand this amending legislation may be introduced to Parliament shortly and we would welcome all of Parliament support for the amendments which the Board first initiated with Government officials in the year 2000.

Whilst there was much uncertainty and difficulties during the global Covid pandemic, investment markets were strong through 2021. As at 31 December 2021 the value of the Board's independently managed investment portfolio was \$32,174,691 compared to \$30,070,066 as at 31 December 2020. The average long term portfolio return since inception in 2003 is 8.30%.

In the financial year end 31 December 2021 year Total Revenue increased from \$3,139,049 to \$4,082,682. This was attributable to an increase of investment income of \$662,770 and an increase in rental income of \$281,595. Administration expenses increased from \$949,000 to

\$1,078,266. The net operating surplus before investment gains and grants increased from \$2,189,150 to \$3,004,363.

Investment gains added a further \$1,751,545 (\$2,018,201 in 2020) and revaluation of investment properties added \$361,787 (\$4,042,000 in 2020) for the year to give a total comprehensive surplus from all sources before grant distributions of \$5,117,695 (\$8,249,351 in 2020).

The Board made education grants totalling \$1,580,419 (\$1,583,211 in 2020) including the \$250,000 joint venture contribution with Rotorua Energy Trust to project grants in schools. Grants for literacy and numeracy projects in schools is our largest funding area (\$750,000). These grants have supported thousands of students over the years and are greatly appreciated by Rotorua schools. The projects in schools are very well monitored by our experienced education consultant Jackie Woodland. The Board also continues to support the excellent work of the Ngati Whakaue Education Taumata and grants totally \$322,500 were made to the Taumata in 2021.

We were very pleased the Maori Education Trust joined with us in 2021 in Tripartite funding arrangements with a number of Tertiary institutions to financially support Ngati Whakaue tertiary students studying at the University.

In late 2021 the Board initiated a 3-year project to develop a Whakapapa software programme to capture the identities of Ngati Whakaue descendants in an accessible system. This work involves the software design and research and collation of names and connections of Ngati Whakaue persons to the original Tipuna. This work is continuing at the time of this report but to date in excess of 35,000 names have been entered and verified in the database. This resource will be of immense value to the Iwi and has already enlightened many persons seeking to connect their whakapapa.

Detailed grants payments are included in the financial report but here is a summary:



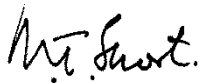
And At 31 December 2021 the Total Equity of the Board was \$78,815,386 (\$75,278,110 in 2020) comprising Cash and short term investments (less liabilities) of \$3,295,138, Investments of \$32,174,691 and land recorded at \$43,345,557.

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 strong and committed team of 11 members all of Ngati Whakaue decent. There were no changes during the year.

The Board does not directly employ staff with all support services contracted. On behalf of the Board I congratulate everyone involved for their efforts to continue the successful growth of the Endowment and the value added to our community through education grants not obtainable elsewhere that support their growth and development.

Ngā mihi



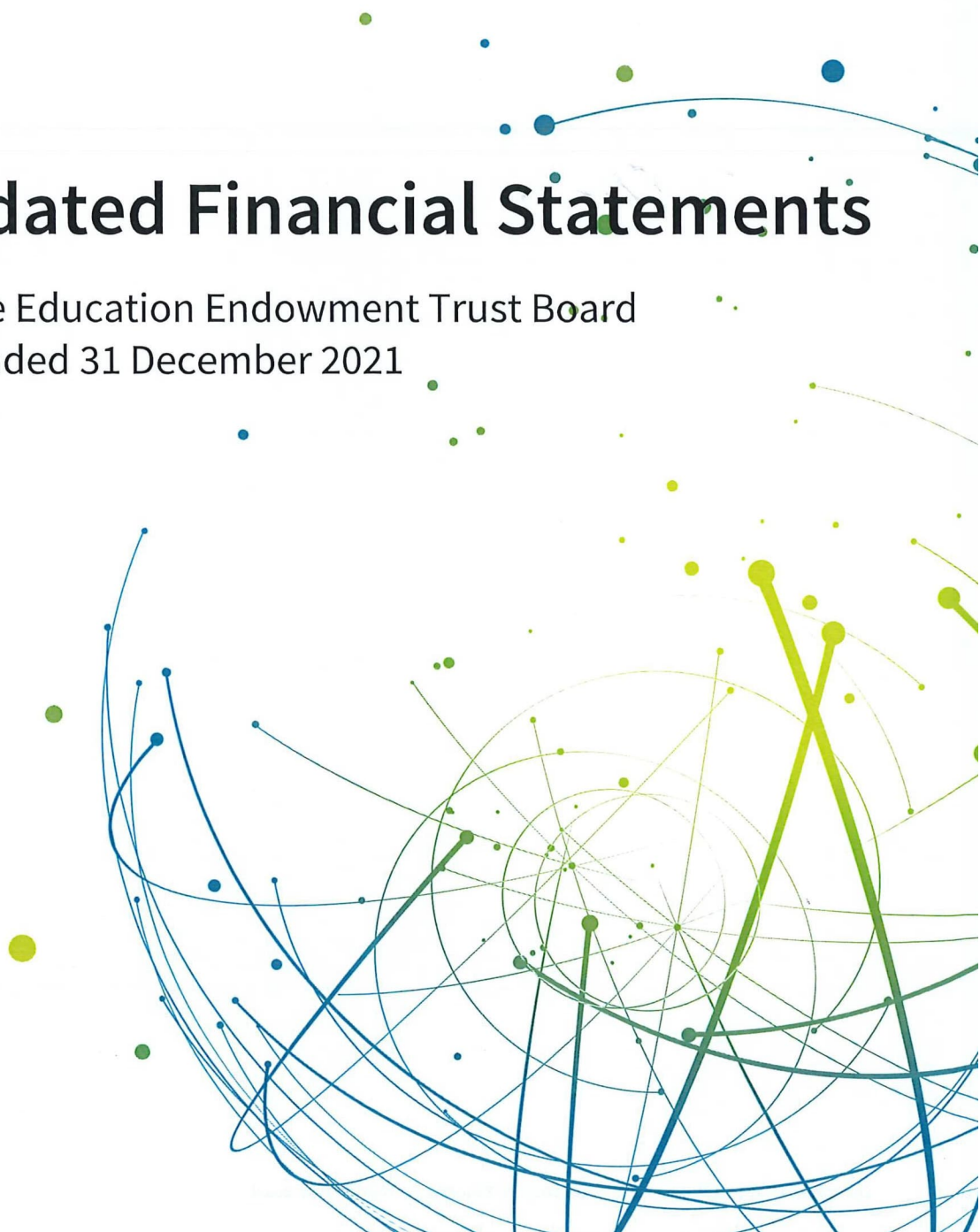
Malcolm Tukino Short, ONZM

CHAIRMAN

Email malcolm@pukeroa.co.nz
PH 0274779989

Consolidated Financial Statements

Ngati Whakaue Education Endowment Trust Board
For the year ended 31 December 2021



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Independent Auditor's Report

To the Readers of Ngati Whakaue Education Endowment Trust Board Group's Financial Statements for the Year ended 31 December 2021

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 23, that comprise the consolidated statement of financial position as at 31 December 2021, 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 23:

- present fairly, in all material respects:
 - its financial position as at 31 December 2021; 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 29 February 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 13 on page 19, investment property is revalued every three years and the latest valuation at 1 September 2020 of \$42,073,000 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 2020 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 2021

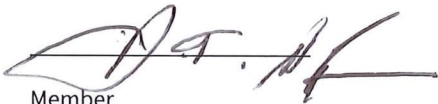
The Board are pleased to present the approved financial report including the consolidated financial statements of Ngati Whakaue Education Endowment Trust Board for year ended 31 December 2021.

APPROVED



Chairman

Date 28.2.24.



Member

Date

Consolidated Statement of Comprehensive Revenue and Expenses

Ngati Whakaue Education Endowment Trust Board
For the year ended 31 December 2021

	NOTES	2021	2020
Revenue			
Revenue from Exchange Transactions			
Rental Revenue		2,415,826	2,134,231
Investment Revenue		1,416,856	754,086
Total Revenue from Exchange Transactions		3,832,682	2,888,318
Revenue from Non-Exchange Transactions			
Other Revenue		-	732
Grants Received		250,000	250,000
Total Revenue from Non-Exchange Transactions		250,000	250,732
Total Revenue		4,082,682	3,139,049
Expenses			
Administration Expenses	8	1,077,472	949,900
Grants	9	1,580,419	1,583,211
Depreciation Expense		847	-
Total Expenses		2,658,738	2,533,110
Surplus/(Deficit) for the year		1,423,944	605,939
Other Gains/(Losses)			
Fair Value change in Investments		1,598,392	2,237,979
Net Gain/(Loss) on Disposal of Shares		(4,828)	(342,584)
Realised Foreign Currency Gains and Losses		5,269	34,468
Net Gain/(Loss) on Revaluation of Investment Property		361,787	4,042,000
Total Other Gains/(Losses)		1,960,620	5,971,863
Net Surplus/(Deficit) for the year		3,384,564	6,577,802
Other comprehensive revenue			
Fair Value Change - Available for Sale Reserve		152,712	88,338
Total Other comprehensive revenue		152,712	88,338
Total Comprehensive Revenue for the year		3,537,276	6,666,140

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 2021

	2021	2020
Equity		
Opening Balance	75,278,110	68,611,970
Net Surplus/(Deficit) for the year	3,384,564	6,577,802
Other Comprehensive Revenue	152,712	88,338
Total Equity	78,815,386	75,278,110

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 2021

	NOTES	31 DEC 2021	31 DEC 2020
Assets			
Current Assets			
Cash and Cash Equivalents	10	2,857,135	2,365,536
Trade Receivables	11	237,915	166,048
Prepayments		28,823	5,497
Short Term Investments	12	904,814	993,759
Total Current Assets		4,028,687	3,530,841
Non-Current Assets			
Long Term Investments	12	32,174,691	30,070,066
Investment Properties	13	43,345,557	42,073,000
Total Non-Current Assets		75,520,248	72,143,066
Total Assets		79,548,936	75,673,907
Liabilities			
Current Liabilities			
Goods and Services Tax		63,192	23,059
Trade Payables		136,945	100,351
Rents Received in Advance		533,413	272,387
Total Current Liabilities		733,549	395,797
Total Liabilities		733,549	395,797
Net Assets		78,815,386	75,278,110
Equity			
Capital	15	22,418,108	22,418,108
Available for Sale Reserve	16	337,050	163,613
Retained Earnings	17	56,060,228	52,696,389
Total Equity		78,815,386	75,278,110

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 2021

	2021	2020
Statement of Cash Flows		
Cash Flows from Operating Activities		
Cash was provided from:		
Receipts from Operating Activities	2,896,729	2,199,247
Interest Received	370,104	479,983
Dividends Received	1,046,752	310,211
GST Received	42,056	30,385
Total Cash was provided from:	4,355,641	3,019,826
Cash was applied to:		
Payments to Suppliers and Employees	(1,102,872)	(922,080)
GST Paid	-	-
Grants Paid	(1,580,419)	(1,583,211)
Total Cash was applied to:	(2,683,291)	(2,505,291)
Total Cash Flows from Operating Activities	1,672,350	514,535
Cash Flows From Investing Activities		
Purchase of Investments	(3,712,358)	(11,971,431)
Sale of Investments	2,531,607	12,590,944
Total Cash Flows From Investing Activities	(1,180,751)	619,513
Net Cash Flows	491,599	1,134,048
Cash Balances		
Cash and cash equivalents at beginning of period	2,365,536	1,231,488
Cash and cash equivalents at end of period	2,857,135	2,365,536
Net Change in cash for the period	(491,599)	(1,134,048)

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 2021

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 28 February 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 and its subsidiary as at 31 December 2021. 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.

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 Groups 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 Assets

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(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.

	2021	2020
6. Rental Revenue		
Consent Fees	130	283
Legal Cost Recovery	-	1,732
Rental Received	2,415,695	2,132,216
Total Rental Revenue	2,415,825	2,134,231

	2021	2020
7. Investment Revenue		
Dividends Received	1,046,752	213,044
Interest Received	370,104	443,876
PIE Revenue	-	97,166
Total Investment Revenue	1,416,856	754,086

	2021	2020
8. Administration Expenses		
Advertising	4,714	4,982
Audit Fees	16,285	13,401
Bank Charges	238	144
Catering	1,757	-
Consultancy Fees	44,600	29,250
Conference Fees	3,600	-
Commissions	5,025	-
Education Consultant	69,961	39,334
Education Grant Expenses	53,055	51,828
Entertainment	1,353	2,101
General Expenses	2,624	2,206
Insurance	9,573	13,779
Koha	-	500
Legal Costs	75,100	105,245
Lease Expense	1,935	7,242
Light, Power & Heating	1,510	110
Portfolio Management Fee	90,431	80,223
Printing, Stationery and Postage	1,454	1,193
Property Management	145,423	123,852
Rates	23,137	4,257
Repairs & Maintenance	42,741	15,567
Secretarial & Accounting	122,510	136,773
Travel Expenses	1,102	923
Trustees Fees & Expenses	268,989	247,604
Valuation Fees	38,745	8,860
Website Maintenance	51,610	60,524
Total Administration Expenses	1,077,472	949,899

	2021	2020
9. Grants		
Discretionary Grants	41,709	186,028
Haane Manahi Scholarship	19,824	1,716
Joint Hospitality Scholarship	16,621	11,046
Marae Wananga Grants	1,500	-
Museum Bus Grant	11,470	13,730
Nga Mahi A Rehia (Kaphaka) Grants	2,000	5,000
Ngati Whakaue Authors	27,000	8,000
Ngati Whakaue Education Taumata	322,500	250,000
Postgraduate Scholarships	24,000	12,000
Project Grants	750,000	750,000
Rotorua Young Achievers Awards	5,000	5,652
Swimsation	28,675	25,751
Tertiary Education Grants	282,792	314,287
Whakapapa Project	47,328	-
Total Grants	1,580,419	1,583,211
	2021	2020

10. Cash and Cash Equivalents

Craigs Call Account	1,208,197	1,151,236
BNZ Current Account	758,615	224,446
BNZ Call Account	890,323	989,854
Total Cash and Cash Equivalents	2,857,135	2,365,536

There are no restrictions over any of the cash and cash equivalent balances held by the Group.

	2021	2020
11. Trade Receivables		
Accounts Receivable from exchange transactions	189,270	111,097
Accrued Interest	48,645	54,951
Total Trade Receivables	237,915	166,048

2021 2020

12. Investments**Financial Assets at fair value through surplus or deficit**

Debt Securities - New Zealand	7,728,511	9,772,029
Debt Securities - Australia	100,960	104,010
Equity Securities - New Zealand	8,598,858	8,116,128
Equity Securities - Australia	4,351,944	3,618,200
Equity Securities - UK	1,104,567	791,923
Equity Securities - USA	8,424,729	6,182,068
Equity Securities - Euro	709,989	553,125
Total Financial Assets at fair value through surplus or deficit	31,019,558	29,137,483

Available for Sale Financial Assets

Equity Securities - New Zealand	519,244	435,667
Equity Securities - Australia	10,883	10,922
Equity Securities - Euro	151,082	135,735
Equity Securities - USA	473,924	350,259
Total Available for Sale Financial Assets	1,155,133	932,583

Financial Assets Held to Maturity

Term Deposits	904,814	993,759
Total Financial Assets Held to Maturity	904,814	993,759

Total Investments	33,079,505	31,063,825
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Per annum annual interest rate ranges applicable to debt securities

	2021	2020
Debt Securities - New Zealand	1.56% - 5.7%	1.27% - 5.70%
Debt Securities - Australia	5.15%	5.15%

Contractual Maturities of debt securities

	2021	2020
Debt Securities - New Zealand	3 Months - 104 Months	3 Months - 120 Months
Debt Securities - Australia	6 Months	69 Months

	2021	2020
13. Investment Properties		
Opening Balance	42,073,000	37,651,000
Purchase of Investment Property	886,213	380,000
Revaluation per Rating Valuation	361,787	4,042,000
Property Improvements	24,557	-
Total Investment Properties	43,345,557	42,073,000

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.

14. 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:

	2021	2020
Within one year	2,323,554	1,577,177
Later than one year but not later than 5 years	8,484,310	5,721,164
Later than 5 Years	25,077,493	15,100,405
Total	35,885,357	22,398,746

	2021	2020
15. 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

	2021	2020
16. Available for Sale Reserve		
Opening Balance	163,613	75,275
Current Year Revaluations	152,712	88,338
Transfer from Retained Earnings	20,725	-
Closing Balance	337,050	163,613

2021 2020

17. Retained Earnings

Opening Balance	52,696,388	46,118,586
Net Surplus/(Deficit)	3,384,564	6,577,802
Transfer to Available for Sale Reserve	(20,725)	-
Closing Balance	56,060,228	52,696,388

18. Financial Instruments

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

(i) Financial Assets

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 surplus or deficit				
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

2020 Asset per the Statement of Financial Position	FVTSD	Held to Maturity	Loans and Receivables	Available for Sale
Cash and Cash Equivalents			2,365,536	
Trade Receivables			124,553	
Financial Assets at fair value through surplus or deficit				
Debt Securities - New Zealand	9,772,029			
Debt Securities - Australia	104,010			
Equity Securities - New Zealand	8,116,128			
Equity Securities - Australia	3,618,200			
Equity Securities - UK	791,923			
Equity Securities - USA	6,182,068			
Equity Securities - Europe	553,125			
Available for Sale Financial Assets				
Equity Securities - New Zealand				435,667
Equity Securities - Australia				10,922
Equity Securities - Euro				135,735
Equity Securities - USA				350,259
Held to Maturity Financial Assets				
Term Deposits		993,759		
Total	29,137,483	993,759	2,490,089	932,583

(ii) Financial Liabilities

	2021			2020		
	At amortised cost	Fair value through surplus or deficit	Total	At amortised cost	Fair value through surplus or deficit	Total
Trade & other payables	136,817	-	136,817	100,473	-	100,473
	136,817	-	136,817	100,473	-	100,473

(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
- PartsTrader Markets Ltd.
- New Zealand King Salmon Investment

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

19. 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 (0.86 FTE) with total remuneration paid of \$268,989 (2020: \$247,607,11 members (0.86 FTE)).

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

	School	This Year	Last Year
Jane Savage	John Paul College	\$14,000	\$8,000
Aramoana Mohi	Rotorua Girls High School	\$30,000	\$34,000
Wynel Raureti-George	Rotorua Lakes High School	\$30,000	\$30,000

Herby Ngawhika	Rotorua Boys High School	\$30,000	\$30,000
Violet Pelham-Waarea	Western Heights High School	\$38,000	\$40,000
Fred Whata	Rotorua Primary School	\$16,000	\$34,000

20. Commitments and Contingencies

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

The Group 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 \$21,263
- NWEЕ/Sudima JV Scholarship (Hinetaapora Short)

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

- Writers grant \$86,250 (2020: \$47,000)
- Post graduate scholarships \$24,000 (2020: \$26,525)

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

- Kowhai Private Equity \$50,000
- Maui Capital Indigo Fund Stapled PP \$20,000
- Oriens Capital Ltd Partnership Fund PP \$70,000
- Oriens Capital Ltd Partnership Fund PP 2 \$186,000
- Pohutakawa Private Equity V Fund PP \$22,000
- Pohutakawa Private Equity VI Fund PP \$287,000
- App NZD Public Infrastructure Partners Fund \$20,000
- Icon Ventures VI Fund \$395,000

21. Events Subsequent to Balance Date

Subsequent to balance date the following events have occurred:

- During 2022, the group purchased a number of investment properties at a cost of \$8,112,500. The purchases were funded by drawdowns from the investment portfolio.
- The rating valuation objection noted in last year's financial statements was settled in February 2022.
- The group established Te Kohea Limited Partnership with Pukeroa Oruawhata Trust and Ngati Whakaue Assets Trust on 2 November 2022. 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 deposit at \$300,000 in December 2022. Settlement will take place when the remaining Kiwi are relocated to their new home at the Agrodome and Ngati Tahu can vacate the property.
- In September 2022, the Group signed an agreement with a software developer to establish the Whakapapa database at a cost of \$185,000.