

TE RŪNANGA O
NGĀTI MUTUNGA

**CONSOLIDATED
PERFORMANCE
REPORT**

TO 30 SEPTEMBER

2018



Consolidated Performance Report

Te Rūnanga o Ngāti Mutunga Group
For the year ended 30 September 2018

Contents

3	Entity Information
4	Statement of Service Performance
5	Approval of Performance Report
6	Statement of Financial Performance
7	Statement of Financial Position
8	Statement of Cash Flows
9	Statement of Accounting Policies
12	Notes to the Performance Report
20	Audit Report

Entity Information

Te Rūnanga o Ngāti Mutunga Group For the year ended 30 September 2018

Legal Name of Entity

Te Rūnanga o Ngāti Mutunga

Entity Type and Legal Basis

Private Trusts, Company, Limited Partnership and Māori Authorities

Registration Number

Ngāti Mutunga Investment Charitable Trust - CC23078

Ngāti Mutunga Community Development Charitable Trust- CC23076

Entity's Purpose or Mission

The Trust was established in 2006. The purposes for which the Rūnanga is established are to receive, manage and administer the Rūnanga assets on behalf of and for the benefit of the present and future members of Ngāti Mutunga in accordance with its governing Charter, including:

- (a) The promotion amongst Ngāti Mutunga of the educational, spiritual, economic, social and cultural advancement or well-being of Ngāti Mutunga and its whanau;
- (b) providing for the physical and administrative resources required for the maintenance and establishment of places of cultural or spiritual significance to Ngāti Mutunga;
- (c) the promotion amongst Ngāti Mutunga of mental health and well-being of the aged or those suffering from mental or physical sickness or disability;
- (d) to act as the Mandated Iwi Organisation and the Iwi Aquaculture Organisation for Ngāti Mutunga; and
- (e) any other purpose that is considered by the Runanga from time to time to be beneficial to Ngāti Mutunga

Entity Structure

This entity is comprised of Te Rūnanga o Ngāti Mutunga Trust, Ngāti Mutunga Investment Charitable Trust, Ngāti Mutunga Community Development Charitable Trust, Maruehi Fisheries Limited and Te Pou Herenga Pakihi Limited Partnership.

The Rūnanga is governed by a board of five nga kaitiaki who are elected by the registered members of Ngāti Mutunga iwi. The board employs a Pouwhakahaere who oversees staff in the Rūnanga office, and who is responsible for ensuring the goals of the Trust, including implementing the Strategic Plan and achieving the goals set each year in the annual plan.

Volunteers support with various activities throughout the year.

Main Sources of Entity's Cash and Resources

The Rūnanga earns income from the investment of Treaty of Waitangi settlement cash assets in a diversified portfolio and also ground leases on several properties owned by the Trust.

Physical Address

6 Ngakoti Street, Urenui

Statement of Service Performance

Te Rūnanga o Ngāti Mutunga Group For the year ended 30 September 2018

Description of Entity's Outcomes

The Rūnanga annual plan contains a number of goals under the pou of Culture & Identity, Infrastructure & Capability, and Commercial and Economic Development. Some of the goals under the pou are delivered by other entities in the Group.

Description and Quantification of Entity's Outputs

Delivery of annual plan economic, infrastructure and social and cultural goals for iwi members which included:

- Consultation with uri throughout the motu on the development of a new Strategic Plan for the Rūnanga
- Involvement with other iwi in Taranaki on the Mounga and Taranaki Māori Trust Board negotiations with the Crown
- Involvement in the development of Tapuae Roa Regional Economic Development Strategy for Taranaki
- Developing a positive and supportive relationship with Urenui Pa Trustees by meeting regularly and assisting them with administrative support
- Increasing engagement with uri through increased focus on improving content and delivery of panui
- Providing a programme of education grants to assist uri across all vocational areas including trades, tertiary and employment grants.
- Implementation of a diverse annual events programme including wananga

Approval of Performance Report

Te Rūnanga Ngāti Mutunga Group

For the year ended 30 September 2018

Nga Kaitiaki are pleased to present the approved performance report of Te Rūnanga o Ngāti Mutunga Group for year ended 30 September 2018.

APPROVED



Kaitiaki

Date: 27 January 2019



Kaitiaki

Date: 27 January 2019

Statement of Financial Performance

Te Rūnanga o Ngāti Mutunga Group For the year ended 30 September 2018

	NOTES	2018	2017
Revenue			
Donations, fundraising and other similar revenue	1	23,456	12,564
Revenue from providing goods or services	1	144,757	164,368
Interest, dividends and other investment revenue	1	760,799	1,250,159
Other revenue	1	1,146,450	1,068,665
Total Revenue		2,075,462	2,495,756
Expenses			
Volunteer and employee related costs	2	521,115	423,455
Costs related to providing goods or service	2	391,920	368,216
Grants and donations made	2	25,939	31,281
Other expenses	2	362,872	179,680
Total Expenses		1,301,846	1,002,632
Surplus/(Deficit) for the Year		773,616	1,493,124
Income tax expense			
Income Tax Expense	12	130,931	12,413
Total Income tax expense		130,931	12,413
Surplus/(Deficit) for the Year after Tax		642,685	1,480,712

Statement of Financial Position

Te Rūnanga o Ngāti Mutunga Group

As at 30 September 2018

	NOTES	30 SEP 2018	30 SEP 2017
Assets			
Current Assets			
Bank accounts and cash	3	5,206,296	3,119,153
Debtors and prepayments	3	83,132	88,638
Inventory	3	3,772	3,772
Tax	3	203,799	80,717
Other Current Assets	3	3,035,300	1,238,091
Total Current Assets		8,532,300	4,530,371
Non-Current Assets			
Property, Plant and Equipment	4	1,383,073	1,460,161
Investments at Fair Value	3	16,120,446	19,472,927
Investments at Transfer Value	3	613,355	613,355
Other Investments	3	360,768	340,535
Total Non-Current Assets		18,477,642	21,886,978
Total Assets		27,009,942	26,417,349
Liabilities			
Current Liabilities			
Creditors and accrued expenses	5	58,454	89,409
Employee costs payable	5	24,463	18,452
Loans	5	26,597	25,090
Total Current Liabilities		109,514	132,951
Non-Current Liabilities			
Loans	5	190,417	217,072
Total Non-Current Liabilities		190,417	217,072
Total Liabilities		299,931	350,022
Total Assets less Total Liabilities (Net Assets)		26,710,011	26,067,327
Accumulated Funds			
Accumulated surpluses or (deficits)	6	26,710,011	26,067,327
Total Accumulated Funds		26,710,011	26,067,327

Statement of Cash Flows

Te Rūnanga o Ngāti Mutunga Group
 For the year ended 30 September 2018

	2018	2017
Cash Flows from Operating Activities		
Donations, fundraising and other similar receipts	6,098	11,219
Receipts from providing goods or services	159,143	153,320
Interest, dividends and other investment receipts	225,409	311,299
GST	5,050	7,640
Payments to suppliers and employees	(977,008)	(872,805)
Donations or grants paid	(25,939)	(31,281)
Net Tax Refunded/(Paid)	(174,253)	(6,810)
Total Cash Flows from Operating Activities	(781,500)	(427,418)
Cash Flows from Investing and Financing Activities		
Receipts from sale of investments	6,094,078	2,098,481
Payments to acquire property, plant and equipment	(180,053)	(124,399)
Payments to purchase investments	(3,020,233)	(6,618)
Repayments of loans borrowed from other parties	(25,148)	(23,762)
Loans made to other parties		(56,007)
Total Cash Flows from Investing and Financing Activities	2,868,644	1,887,695
Net Increase/ (Decrease) in Cash	2,087,144	1,460,277
Cash Balances		
Cash and cash equivalents at beginning of period	3,119,153	1,658,876
Cash and cash equivalents at end of period	5,206,297	3,119,153
Net change in cash for period	2,087,144	1,460,277

Statement of Accounting Policies

Te Rūnanga o Ngāti Mutunga Group For the year ended 30 September 2018

Basis of Preparation

Te Rūnanga o Ngāti Mutunga is a Trust formed on 21 December 2005. The entity has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting.

The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future. The consolidated performance report comprise the Trust and its subsidiaries, Ngāti Mutunga Investment Charitable Trust, Ngāti Mutunga Community Development Charitable Trust, Maruehi Fisheries Limited and Te Pou Herenga Pakihi Limited Partnership.

Amounts in the performance report are rounded to the nearest dollar (\$).

Tier 2 PBE Accounting Standards Applied

The Trust has adopted PBE IPSAS 6 *Consolidated and Separate Financial Statements* for the Consolidated Performance Report and PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* for the recognition and measurement of Managed Fund Investments.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Consolidation

The consolidated financial statements comprise the Te Rūnanga o Ngāti Mutunga Trust, Ngāti Mutunga Investment Charitable Trust, Ngāti Mutunga Community Development Charitable Trust, Maruehi Fisheries Limited and Te Pou Herenga Pakihi Limited Partnership. The 2017 figures are presented as the full financial year with the exception of Te Pou Herenga Pakihi Limited Partnership which was formed 17 March 2017. The Trust has elected to apply PBE IPSAS 6 *Consolidated and Separate Financial Statements*.

Maruehi Fisheries Limited is owned 100% by Te Rūnanga o Ngāti Mutunga.

Revenue

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

Interest, Dividends and Investment revenue

Interest revenue is recorded as it is earned. Dividend revenue is recorded when the dividend is declared. Distributions are recorded on receipt of the cash.

Investment Revaluation

Investment Revaluations are the gains and losses from investments in Managed Funds and are recognised in Other Revenue for the movements in fair value of the assets.

Lease and Rental Revenue

Revenue is recorded on a straight-line basis over the term of the agreement.

Fisheries Income

ACE lease income is recognised at the time the sale is entered into.

Expenses

Volunteer and Employee related costs

Expenses are recorded as staff provide services and become entitled to wages and salaries and leave entitlements.

Grants and Donations

Expenses are recorded when donation/grant has been approved and the recipient advised.

Other expenses

Expenses are recorded when the cost is incurred.

Income Tax

Te Rūnanga o Ngāti Mutunga Trust and Maruehi Fisheries Limited are registered Māori Authority's for taxation purposes and will be liable for taxation on its assessable net income at the relevant Māori Authority tax rate. Taxation is charged for the current year is based on the estimated taxation payable.

Ngāti Mutunga Investment Charitable Trust and Ngāti Mutunga Community Development Charitable Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances. Cash is measured at the amount held.

Goods and Services Tax

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

Debtors

Debtors are measured at the amount owed. When it is likely that the amount owed will not be collected an impairment is recorded and the loss treated as a bad debt expense.

Other Current Assets

Iwi Investor cash is measured at the amount receivable. These funds haven't been included with cash and cash equivalents as the cash is held by the fund manager.

Inventories

Inventories are recognised at the lower of cost and selling price determined on a first-in first-out basis.

Property, Plant and Equipment

Depreciation has been charged over the expected useful life of the asset using the depreciation rates and methods below. The group has the following asset classes:

Buildings – at cost	2%	Straight Line
Land – at cost	0%	Straight Line
Land Improvements – at cost	7.2%	Diminishing Value
Plant & Equipment– at cost	9.6-67%	Diminishing Value

Impairment

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

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

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

Investments

Aotearoa Fisheries Ltd Shares

Aotearoa Fisheries Ltd Shares are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired. Cost is based on the transfer price when transferred from Te Ohu Kaimoana in 2007.

Quota Shares

Quota Shares are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired. Cost is based on the transfer price when transferred from Te Ohu Kaimoana in 2007.

Quota transferred from Te Ohu Kai Moana is valued at Te Ohu's assessed value for Quota shares which only values those quota which have been traded or where there has been significant catches. Quota purchased is valued at cost.

Term Deposits

Term deposits are measured at amounts receivable.

BNZ Bond Portfolio, Cleary Investments, Iwi Investor and Rutherford Rede

These investments are measured at fair value in accordance with PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. Gains and losses on the values of the investments are recorded in the statement of financial performance.

Emission Trading Scheme

Maruehi Fisheries Ltd has been allocated 112 NZU. These were transferred into the companies NZEUR holding account in September 2010.

Other Investments

Other investments are stated at cost.

Payables

ASB Bank Loans, Creditors and Employee Costs Payable are recorded at the amount owing to settle the liability.

Leases

Group entities lease certain plant and equipment.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the lease items, are included in the determination of the net surplus in equal installments over the period of the lease.

Notes to the Performance Report

Te Rūnanga o Ngāti Mutunga Group For the year ended 30 September 2018

	2018	2017
1. Analysis of Revenue		
Donations, fundraising and other similar revenue		
Koha Received	6,098	5,590
Rebate Income	-	1,345
Sundry Income	17,358	5,628
Total Donations, fundraising and other similar revenue	23,456	12,564
Revenue from providing goods or services		
Fisheries Income	64,534	64,226
Land Lease	13,635	14,257
Maintenance Income	1,804	-
Merchandise Sales	2,011	1,752
Rental Income	61,722	59,064
Maunga Negotiations	-	20,000
Taranaki Tū Mai	1,050	5,070
Total Revenue from providing goods or services	144,757	164,368
Interest, dividends and other investment revenue		
Dividends	535,521	883,331
Interest Received	225,278	366,828
Total Interest, dividends and other investment revenue	760,799	1,250,159
Other revenue		
Investment Revaluation	1,146,450	1,068,665
Total Other revenue	1,146,450	1,068,665

	2018	2017
2. Analysis of Expenses		
Volunteer and employee related costs		
ACC Levies	946	577
Board Member Expenses	5,075	14,275
Board Member Honorarium	95,000	79,167
Directors Fees	56,000	54,950
Staff Training & Welfare	-	465
Travelling Expenses	9,311	13,903
Wages and Salary	354,784	260,118
Total Volunteer and employee related costs	521,115	423,455
Costs related to providing goods or services		
Administration Expenses	1,468	6,062
Advertising	1,212	2,732
Assets Under \$500	3,083	1,352
Bank Charges	980	928



	2018	2017
Communication Costs	44,876	5,860
Communications - Website/E Panui/Photos/Branding	-	21,783
Computer Expenses	4,121	4,877
Election Expenses	12,702	16,023
Electricity	3,154	2,710
Financial Investment Fee	71,034	75,468
General Expenses	2,921	2,391
Insurance	22,733	22,221
Kahui Kaumatua	931	1,364
Kai/Catering	1,531	1,016
Lease Payments	3,767	2,932
Levies	7,228	9,724
Loss on Sale of Fixed Assets	-	499
Meeting expenses	551	1,436
Merchandise Expenses	6,097	2,020
Mutungatanga	22,295	13,321
Newsletter Printing	29,172	13,876
Picnic at the Pa	-	4,777
Postage, Printing & Stationery	13,232	11,931
Repairs & Maintenance	36,164	13,203
Projects	41,483	62,668
Rates	6,866	7,018
Rent	3,300	5,250
Security Costs	1,570	720
Staff Expenses	2,790	1,559
Storage Fees	5,850	7,717
Subscriptions	8,455	8,859
Sundry Expenses	1,910	1,890
Takutai Moana	7,883	19,340
Taranaki Tū Mai	10,181	956
Te Rangi Hiroa Day	7,712	6,893
Validation Committee	500	800
Wahi Tapu Consultation	1,042	3,286
Xero Fees	3,127	2,756
Total Costs related to providing goods or services	391,920	368,216
Grants and donations made		
Grants	23,739	25,500
Koha	2,200	5,781
Total Grants and donations made	25,939	31,281
Other expenses		
Impairment Expense	229,789	-
Accountancy Fees	27,272	18,815
Auditors Remuneration	15,869	15,966
Consultancy Fees	19,539	46,686



	2018	2017
Depreciation	27,352	26,876
Distributions - Urenui Pa	10,000	-
Interest	12,723	14,068
Legal Fees	20,328	57,269
Total Other expenses	362,872	179,680

The one off impairment cost of \$229,789 relates to the difference between the valuation of our property at 6 Ngakoti Street when transferred to the Limited Partnership, and the value including improvements made.

These improvements included earthquake strengthening to meet building code requirements as well as office remodeling to make it fit for purpose, and the refurbishment of the flat both to fix weather tightness issues in the thirty year old structure, and to meet our obligations as a Landlord under the Healthy Homes Guarantee Act.

	2018	2017
3. Analysis of Assets		
Bank accounts and cash		
ASB Bank	4,612,083	2,005,817
BNZ Bank	189,491	329,786
TSB Bank	404,723	783,550
Total Bank accounts and cash	5,206,296	3,119,153
Debtors and prepayments		
Accounts Receivable	36,967	33,995
GST	21,333	26,383
Interest Accrual	4,347	7,507
Prepayments	20,485	20,753
Total Debtors and prepayments	83,132	88,638
Inventory		
Stock on Hand	3,772	3,772
Total Inventory	3,772	3,772
Tax		
Taxation	203,799	80,717
Total Tax	203,799	80,717
Other current assets		
ASB Bank Term Deposits	3,000,000	-
IWI Investor	35,300	1,238,091
Total Other current assets	3,035,300	1,238,091
Investments at Fair Value		
BNZ - Bond Portfolio	3,086	2,951,232
Cleary Investments	1,814,276	1,539,465
IWI Investor	1,836,747	3,507,986
Rutherford Rede Investment	12,466,337	11,474,244
Total Investments at Fair Value	16,120,446	19,472,927



Investments at Transfer Value

AFL Shares	613,355	613,355
Total Investments at Transfer Value	613,355	613,355

Other Investments

Crown Quota Shares	6,093	6,093
Quota Shares	291,515	291,515
Tai-Hekenga Property Partnership	14,160	9,927
Te Pūia Tāpapa Limited Partnership	16,000	-
TSB Bank Term Deposit	33,000	33,000
Total Other Investments	360,768	340,535

2018 **2017**

4. Property, Plant and Equipment**Land**

Opening carrying value - Land	542,124	542,124
Purchases - Land	-	-
Depreciation	-	-
Total Land	542,124	542,124

Buildings

Opening carrying value - Buildings	531,840	542,916
Purchases - Buildings	12,187	-
Depreciation	(9,374)	(11,075)
Impairment	(11,567)	-
Total Buildings	523,087	531,840

Computer Software and Equipment

Opening carrying value - Computer Software and Equipment	6,858	9,048
Purchases - Computer Software and Equipment	4,280	2,473
Depreciation	(5,240)	(4,664)
Total Computer Software and Equipment	5,897	6,858

Land Improvements

Opening carrying value - Land Improvements	22,162	23,881
Depreciation	-	(1,719)
Total Land Improvements	22,162	22,162

Plant and Equipment

Opening carrying value - Plant and Equipment	23,104	23,503
Disposals	-	(770)
Purchases	14,308	6,675
Depreciation	(10,708)	(6,304)
Total Plant and Equipment	26,705	23,104

Property Improvements

Opening carrying value - Property Improvements	334,073	218,486
Purchases - Property Improvements	149,278	118,392



	2018	2017
Depreciation	(2,031)	(2,805)
Impairment	(218,222)	-
Total Property Improvements	263,098	334,073
Total Property, Plant and Equipment	1,383,073	1,460,160

Treaty Cultural Redress Properties

As part of the Treaty Deed of Settlement dated 31 July 2005, ownership of ten "cultural redress properties" were transferred to the Runanga.

These are: Onaero Site, Pukemiro Site, Te Rau O Te Huia Pa Site, Hgapapa Site, Urenui Site, Te Urenui Pa Site, Okoki Pa Site, Okoki Pa Historic Reserve, Onaero Domain Recreation Reserve, and Urenui Domain Recreation Reserve.

	2018	2017
5. Analysis of Liabilities		
Current Liabilities		
Creditors and accrued expenses		
Accounts Payable	53,605	86,838
ASB Credit Card	4,849	2,571
Total Creditors and accrued expenses	58,454	89,409
Employee costs payable		
Holiday Pay Accrual	24,463	18,452
Total Employee costs payable	24,463	18,452
Loans		
ASB Bank Loans	26,597	25,090
Total Loans	26,597	25,090
Non-Current Liabilities		
Loans		
ASB Bank Loans	190,417	217,072
Total Loans	190,417	217,072
	2018	2017

ASB Bank Security & Loan

Current	26,597	25,090
Non Current	190,417	217,072
Total ASB Bank Security & Loan	217,014	242,162

This is a secured Facility and security for the Facilities is set out below.

- A limited guarantee and indemnity on ASB Bank's standard form, from Te Rūnanga o Ngāti Mutunga Trust, limited to \$350,000.
- A registered all obligations Mortgage to the ASB Bank over all the property situated at 18 Ngakoti St, Urenui described as identifier number(s) 468842

The property of 18 Ngakoti St, Urenui is owned by Te Pou Herenga Pakihi Limited Partnership.

The likelihood of the entity being required to make payment under the guarantee is not high.



	2018	2017
6. Accumulated Funds		
Accumulated Funds		
Opening Balance	26,067,327	24,586,602
Accumulated surpluses or (deficits)	642,685	1,480,725
Total Accumulated Funds	26,710,011	26,067,327
Total Accumulated Funds	26,710,011	26,067,327

	2018	2017
7. Operating Leases		
Commitments under non-cancellable operating leases.	-	-
Current	2,544	2,544
Non Current	8,055	10,174
Total Operating Leases	10,599	12,718

	2018	2017
8. Trustee Remuneration		
R Baker	15,000	12,500
S Julian	15,000	12,500
H Tamati	-	2,500
C Tuuta	20,000	15,000
J Tuuta	30,000	26,667
B Matuku	15,000	10,000
Total Trustee Remuneration	95,000	79,167

	2018	2017
9. Director Fees		
R Matuku	14,000	13,708
T McClurg	14,000	13,708
H Raumati - Tu'ua	28,000	27,533
Total Director Fees	56,000	54,949

10. Fisheries Settlement - Te Ohu Kaimoana

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

All fishing quota and the majority of cash held directly by the Treaty of Waitangi Fisheries Commission were transferred to mandated iwi organisations to manage these assets on behalf of all of their iwi members. These assets represent around half of the settlement assets estimated at \$350 million.

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

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

Refer to www.teohu.maori.nz for further information.

Assets Transferred (at valuation methods as per the policies in note 1) were as follows

Asset Type	Valuation
Cash	63,259
Quota share value	291,515
Shares in AFL	<u>613,355</u>
	968,129

	2018	2017
11. Māori Authority Credit Account		
Opening Balance	304,832	320,849
Plus:	-	-
Tax paid	286,151	90,318
Less:	-	-
Tax refund	(32,049)	(106,335)
Tax credits attached to distributions	(200,000)	-
Total Māori Authority Credit Account	358,934	304,832
	2018	2017

12. Tax Reconciliation

Income as disclosed in the accounts	773,616	1,493,124
Adjustments for non deductible expenditure and non assessable income	(25,441)	(1,422,192)
Assessable Net Income	748,175	70,932
Tax expense at 17.5%	130,931	12,413



13. Torchlight Investment

Torchlight investment has been recorded at market value of NZD \$964,946 provided by Public Trust, Corporate Trustee Services as at 30 September 2018. The investment is included within Cleary Investments in note 3.

On July 2018 a confidential settlement was reached in respect of the Torchlight LP Winding Up Petition and the Conspiracy Proceedings. As part of the settlement, the Petitioners have agreed to the redemption of their limited partnership interests for a fixed redemption payment. The Trustees of Ngāti Mutunga Investment Charitable Trust have not provided for any impairment in this performance report due to the unknown impact of the settlement reached.

The Trust holds 541,968 units valued at \$1.6304 AUD per unit. The investment has been valued independently by Duff & Phelps, corporate finance valuers and the units are not traded on the open market. There is no observable market data to accurately measure the fair value of the Torchlight Investment. Nga Kaitiaki have relied upon the information provided by Public Trust, Corporate Trustee Services.

Due to the inherent uncertainty in the valuation and the impact of the settlement reached the ultimate recoverable amount could be different from the reported fair value of the investment. This difference could be material.

14. Related Parties

There were no related party transactions during the year (2017 – Nil).

15. Commitments

Te Pou Herenga Pakihi Limited Partnership has entered into an agreement to become a limited partner in the Te Pūia Tāpapa Limited Partnership. Te Pou Herenga Pakihi Limited Partnership has committed \$2,000,000 of capital with \$16,000 paid as at balance date (2017 - nil).

16. Contingent Liabilities

There are no contingent assets or liabilities at year end. (2017 - nil).

17. Events After the Balance Date

Ngāti Mutunga Investment Charitable Trust is expected to be wound up within the next 12 months. All assets and liabilities of Ngāti Mutunga Investment Charitable Trust with the exception of commercial investments will be transferred to Ngāti Mutunga Community Development Charitable Trust.

18. Ability to Continue Operating

The group will continue to operate for the foreseeable future with exception of Ngāti Mutunga Investment Charitable Trust which is expected to be wound up with the next 12 months.

19. Audit

These financial statements have been subject to audit, please refer to Auditor's Report.

INDEPENDENT AUDITOR'S REPORT**To the Trustees of Te Runanga o Ngati Mutunga****Report on the Consolidated Performance Report**

We have audited the consolidated performance report of Te Runanga o Ngati Mutunga and Group on pages 3 to 19 which comprises the entity information, the statement of service performance, the consolidated statement of financial performance and consolidated statement of cash flows for the year ended 30 September 2018, the consolidated statement of financial position as at 30 September 2018, and the statement of accounting policies and other explanatory information.

In our opinion:

a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;

b) except for the matter described in the *Emphasis of Matter* paragraph of our report, the accompanying consolidated performance report on pages 3 to 19 presents fairly, in all material respects,

- the entity information for the year then ended;
- the service performance for the year then ended; and
- the consolidated financial position of Te Runanga o Ngati Mutunga and Group as at 30 September 2018, and its consolidated financial performance, and consolidated cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board

Basis for Opinion

We conducted our audit of the consolidated statement of financial performance, consolidated statement of financial position, consolidated statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Performance Report section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Te Runanga o Ngati Mutunga or any of its subsidiaries.



Emphasis of Matter

In forming our opinion we have considered the adequacy of disclosures made in note 13 in the performance report which refers to Torchlight Investments. A confidential settlement was reached in respect of the Torchlight LP Winding Up Petition and the Company Proceedings. Due to the unknown impact of the settlement reached, the Trustees have not provided for any impairment.

We have also considered the adequacy of the disclosure made in note 13 in the performance report about the inherent uncertainty in accurately measuring the fair value of the Torchlight Investment in the valuation. Due to the inherent uncertainty in the valuation and the impact of the settlement reached any realisations between the reported fair value of the asset and the ultimate recoverable amount may be different and could be material. Our opinion is not modified in respect of this matter.

Responsibilities of the Trustees for the Consolidated Performance Report

The Trustees are responsible for:

(a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;

(b) the preparation and fair presentation of the consolidated performance report on behalf of the entity which comprises:

- the entity information;
- the statement of service performance; and
- the consolidated statement of financial performance, consolidated statement of financial position, consolidated statement of cash flows, statement of accounting policies and notes to the performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board, and

(c) such internal control as the Trustees determine is necessary to enable the preparation of the consolidated performance report that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated performance report, the Trustees are responsible on behalf of the Group for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the consolidated performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated performance report.



As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

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

Restriction on Responsibility

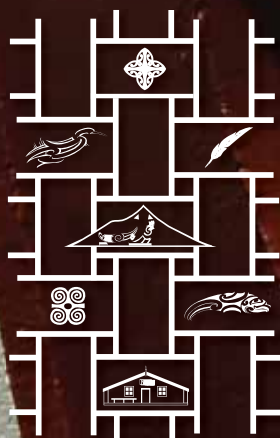
This report is made solely to the Trustees, as a body, in accordance with section 10.2 of the Charter. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Cameron Town
Silks Audit Chartered Accountants Limited
Whanganui, New Zealand

Date: 27 January 2019





NGĀTI MUTUNGA
E KŌRE E MĀHĀTE PUNA KOROPUPU