Hokotehi Moriori Trust and Subsidiaries

Consolidated Financial Statements
For the year ended 30 June 2021

Hokotehi Moriori Trust and Subsidiaries

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Hokotehi Moriori Trust and Subsidiaries

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For the year ended 30 June 2021

Date of Trust Deed:	19-Apr-01
Address:	Kopinga Marae Owenga - Wharf Road Chatham Islands
Nature of Activities:	Moriori Culture is defined by the concepts of unity, peace and sharing. The nature of the activities undertaken by the Hokotehi Moriori Trust is to embody these concepts in the administration of the assets vested in the Trust for the benefit of the Moriori people and culture and the inhabitants of Rekohu
Trustees:	Aaron Donaldson Thomas Lanauze Grace Le Gros Mark Preece Maui Solomon Paul Solomon Sharon Wadsworth
Bankers:	ANZ BNZ Westpac
Accountant:	BDO Christchurch Limited Christchurch
Auditor:	Crowe Wellington
Registration Number	CC43332

Hokotehi Moriori Trust and Subsidiaries

Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2021

	Notes	2021	2020
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Government grants and subsidies	6	38,071	294,781
Grants revenue	6	217,316	180,891
Gifts and goods in kind		-	-
Total revenue from non-exchange transactions		255,387	475,672
REVENUE FROM EXCHANGE TRANSACTIONS			
Sale of goods		81,699	204,886
Rendering of services		52,664	115,331
ACE income	7	2,915,147	1,912,425
Henga Lodge income		277,330	245,934
Rental income		103,278	293,956
Farming income	10	801,109	345,488
Total revenue from exchange transactions		4,231,228	3,118,020
TOTAL REVENUE		4,486,615	3,593,692
EXPENSES			
Cost of goods sold		413,727	117,970
Wages, salaries and other employee costs		895,323	1,008,905
Depreciation, amortisation and impairment expenses	9	245,585	236,664
Grants and donations		18,655	59,899
Other overhead and administrative expenses	8	1,675,958	2,546,726
TOTAL EXPENSES		3,249,248	3,970,164
Dividend income	12	10,393	14,135
Interest income	11	21,265	59,407
Finance costs	11	(401,867)	(480,905)
NET SURPLUS/(DEFICIT) FROM FINANCE ACTIVITIES		(370,209)	(407,363)
OPERATING SURPLUS/(DEFICIT)		867,158	(783,835)
SURPLUS/ (DEFICIT) FOR THE YEAR		867,158	(783,835)
OTHER COMPREHENSIVE REVENUE AND EXPENSES			
Gain/(loss) on revaluation of investments			
- Current year fair value movements	19	9,013,265	4,624,051
Total other comprehensive revenue and expense			
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		9,880,423	3,840,216

These financial statements have been authorised for issue by the Trust Board on

Maui Solomon — 1 Oct 21

Chair — **Date**

Mark Preece — 1 Oct 21

Trustee — **Date**

Hokotehi Moriori Trust and Subsidiaries

Statement of Financial Position
As at 30 June 2021

	Notes	2021	2020
ASSETS			
Current			
Cash and cash equivalents	**13**	1,735,372	716,630
Term deposits	**13**	3,432,834	3,411,102
Receivables from exchange transactions	**14**	944,129	1,128,152
Prepayments		150,432	20,704
Inventories	**15**	1,241,428	1,394,167
Other current financial assets	**18**	1,659	611
Total current assets		7,505,855	6,671,366
Non-current			
Property, plant and equipment	**16**	4,971,443	4,845,386
Investment properties	**17**	3,853,551	3,931,995
Other non-current financial assets	**18**	268,974	265,226
Intangible assets	**19**	61,626,251	52,537,247
Total non-current assets		70,720,219	61,579,854
TOTAL ASSETS		78,226,073	68,251,220
LIABILITIES			
Current			
Payables under exchange transactions	**20**	291,230	116,077
Employee entitlements	**21**	53,910	80,484
Loans and borrowings	**23**	9,100,000	10,680,000
Other current financial liabilities	**22**	330,738	387,099
Total current liabilities		9,775,879	11,263,660
Non-current			
Other current non-current financial liabilities	**23**	1,582,212	-
Total non-current liabilities		1,582,212	-
TOTAL LIABILITIES		11,358,090	11,263,660
NET ASSETS		66,867,983	56,987,560
EQUITY			
Trust Settlements		7,540,140	7,540,140
Accumulated funds		19,675,113	18,807,955
Other equity reserves	**24**	39,652,730	30,639,465
TOTAL EQUITY		66,867,983	56,987,560

Hokotehi Moriori Trust and Subsidiaries

Statement of Changes in Net Assets
For the year ended 30 June 2021

	Notes	Trust Settlements	Accumulated Funds	Other equity reserves	Total equity
Balance 1 July 2020		7,540,140	18,807,955	30,639,465	56,987,560
Surplus/(deficit) for the year		-	867,158	-	867,158
Other comprehensive revenue and expenses		-	9,013,265	-	9,013,265
Total comprehensive revenue and expense			9,880,423		9,880,423
Transfer to/(from) equity reserves in the year		-	(9,013,265)	9,013,265	-
Balance 30 June 2021		7,540,140	19,675,113	39,652,730	66,867,983
Balance 1 July 2019		7,540,140	19,591,790	26,015,414	53,147,344
Surplus/(deficit) for the year		-	(783,835)		(783,835)
Other comprehensive revenue and expenses		-	4,624,051		4,624,051
Total comprehensive revenue and expense			3,840,216		3,840,216
Transfer to/(from) equity reserves in the year		-	(4,624,051)	4,624,051	-
Balance 30 June 2020		7,540,140	18,807,955	30,639,465	56,987,560

Hokotehi Moriori Trust and Subsidiaries

Statement of Cash Flows
For the year ended 30 June 2021

	Notes	2021	2020
Cash flow from operating activities			
Cash was provided from/(applied to):			
Fundraising, donations, grants and bequests		38,071	180,891
Government grants and subsidies		217,316	294,780
Receipts from goods and services provided, exchange transactions		4,395,639	3,486,180
Payments to suppliers		(1,944,375)	(3,084,825)
Payments to employees		(921,897)	(1,114,589)
Grants, contributions and sponsorship paid		(18,655)	(59,899)
Net cash from/(used in) operating activities		1,766,099	(297,462)
Cash flow from investing activities			
Cash was provided from/(applied to):			
Purchase of property, plant and equipment (including investment properties)		(293,199)	(108,398)
Purchase of Shares		(3,748)	(1,599)
Purchase of Other Intangible Assets		(75,739)	-
Term Deposits		(23,602)	77,549
Net cash from/(used in) investing activities		(396,288)	(32,448)
Cash flow from financing activities			
Cash was provided from/(applied to):			
Borrowings		2,212	-
Interest and dividends received		32,718	73,204
Interest paid on borrowings		(385,971)	(480,905)
Net cash from/(used in) financing activities		(351,041)	(407,701)
Net increase/(decrease) in cash and cash equivalents		1,018,770	(737,611)
Cash and cash equivalents, beginning of the year		716,630	1,454,241
Cash and cash equivalents at end of the year		1,735,400	716,630

Hokotehi Moriori Trust and Subsidiaries

Notes to the financial statements

1 Reporting entity

These financial statements comprise the financial statements of Hokotehi Moriori Trust ("the Trust") for the year ended 30 June 2021 and its 100%-owned subsidiaries Kopi Holdings Limited, Hokotehi Settlement Quota Holding Company Limited and Te Keke Tura Moriori Identity Trust ("the Group").

The financial statements were authorised for issue by the Trust Board on XX October 2021.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit Public Benefit Entities, for which all reduced disclosure regime exemptions have been adopted.

The entity is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and annual expenditure has not exceeded $30 million for the two most recent reporting periods.

The entity is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

(b) Basis of measurement

The financial statements have been prepared on a historical costs basis, except for assets and liabilities that have been measured at fair value.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

The financial statements are presented in New Zealand dollars, which is the controlling entity's functional and Group's presentation currency. All numbers are stated in whole dollars.

(d) Comparatives

The comparative financial period is 12 months.

(e) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year. Comparative figures have been reclassified to conform to current years presentation.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements are summarised below:

(a) Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(b) Debtors and other receivables

Trade debtors and other receivables are measured at their cost less any impairment losses.

3 Summary of significant accounting policies (continued)

An allowance for impairment is established where there is objective evidence the entity will not be able to collect all amounts due according to the original terms of the receivable.

(c) Creditors and other payables

Trade creditors and other payables are stated at cost.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value, with due allowance for any damaged and obsolete stock items.

If inventories are acquired at no cost, or for nominal consideration, cost is the estimated fair value at the date of acquisition, with a corresponding donation amount recognised in the reported surplus or deficit.

Cost is calculated on an average basis and includes expenditure incurred in acquiring inventories and bringing them to a location and condition available for sale.

Net realisable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and the estimated costs necessary to make sure the sale, exchange or distribution can be transacted.

Inventory held for distribution or deployment at no charge or for a nominal charge is measured at cost, adjusted when applicable for any loss of service potential.

Market Value rates published by the Inland Revenue Department less 15% as an estimate of the livestock's valuation.

(e) Property, plant and equipment (continued)

All items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions and subsequent costs

Subsequent costs and the cost replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

3 Summary of significant accounting policies (continued)

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is reclassified to accumulated funds.

Depreciation

Depreciation is recognised as an expense in the reported surplus or deficit and measured on a diminishing value (DV) or straight line (SL) basis on all property, plant and equipment. The following depreciation rates have been applied to each class of property, plant and equipment:

Land, buildings and chattels	0% - 50%
Office equipment	5% - 67%
Motor vehicles	10% - 50%
Marae contents	6% - 60%
Accommodation units	6% - 40%
Marae & equipment	6% - 48%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining life of the improvements, whichever is shorter.

The residual value, useful life, and depreciation methods of property, plant and equipment is reassessed annually.

(f) Intangible assets

Intangible assets acquired separately are initially recognised at cost.

The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are measured at cost less accumulated impairment losses except for Quota shares. Impairment testing is performed on an annual basis.

Quota shares are subsequently measured at fair value. Valuations are undertaken on a regular basis to ensure the carrying amount does not differ materially from the fair value of the shares.

Intangible assets with finite useful lives

Intangible assets acquired by the entity, which have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised on a straight-line basis over the estimated useful life of the asset, from the date they are available for use and expensed in the reported surplus or deficit for the year.

Residual values and useful lives are assessed at each reporting date.

Intangible assets with finite useful lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Disposals

Gains or losses on de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in the surplus or deficit for the year.

3 Summary of significant accounting policies (continued)

(g) Investment property

Investment property is property primarily held either to earn rental income or for capital appreciation or both.

Investment properties are measured at cost, including transaction costs.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

When the use of investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognised in surplus or deficit in the year of retirement or disposal.

Depreciation on Investment Property is recognised as an expense in the reported surplus or deficit and measurement on a diminishing value (DV) basis with a depreciation rate of 2%.

(h) Leased assets

Leases where the entity assumes substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Upon initial recognition finance lease assets are measured at an amount equal to the lower of its fair value and the present value of minimum lease payments at inception of the lease. A matching liability is recognised for minimum lease payment obligations excluding the effective interest expense. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

(i) Impairment of non-financial assets

Impairment of cash-generating assets

At each reporting date, the entity assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. An asset or CGU's recoverable amount is the higher of the asset or CGU's fair value less costs of disposal and its value in use.

Where the carrying amount of an asset or the CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised immediately in surplus or deficit.

3 Summary of significant accounting policies (continued)

(i) Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the entity estimates the asset or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset or CGU's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset or CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset or CGU in prior years. Such reversal is recognised in surplus or deficit.

Impairment of non-cash-generating assets
The entity assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In assessing value in use, the entity has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

In determining fair value less costs to sell, the price of the asset in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset, is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the entity determines fair value less cost to sell based on the best available information.

Impairment losses are recognised immediately in surplus or deficit.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the entity estimates the asset's recoverable service amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

(j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, and other financial liabilities.

3 Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value.

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

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the entity transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition into one of four categories defined below, and re-evaluates this designation at each reporting date.

All financial assets except for those classified as fair value through profit or loss are subject to review for impairment at least at each reporting date. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

The classification of financial instruments into one of the four categories below, determines the basis for subsequent measurement and whether any resulting movements in value are recognised in the reported surplus and deficit or other comprehensive revenue and expense.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The entity's cash and cash equivalents, trade debtors and most other receivables fall into this category of financial instruments.

After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

3 Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

(ii) Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in the surplus or deficit for the year. The fair values of financial instruments in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the entity has the intention and ability to hold them until maturity.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in surplus or deficit.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Equity investments are measured at cost less any impairment charges, where the fair value cannot currently be estimated reliably.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive revenue and expenses and reported within the "available-for-sale revaluation reserve" within equity, except for impairment losses which are recognised in the surplus or deficit for the year.

When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive revenue and expenses is reclassified from the equity reserve to the surplus or deficit and presented as a reclassification adjustment within other comprehensive revenue and expenses.

Interest income or dividends on available-for-sale financial assets are recognised in the surplus or deficit.

Available-for-sale financial instruments are reviewed at each reporting date for objective evidence that the investment is impaired. Objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

3 Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

Subsequent measurement of financial assets
The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets held by the entity in the years reported have been designated into one classification, "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

Subsequent measurement of financial liabilities
Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through surplus or deficit, that are subsequently measured at fair value with gains or losses recognised in the surplus or deficit.

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

(k) Provisions
A provision is recognised for a liability when the settlement amount or timing is uncertain; when there is a present legal or constructive obligation as a result of a past event; it is probable that expenditures will be required to settle the obligation; and a reliable estimate of the potential settlement can be made. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. The increase in the provision due to the passage of time is recognised as an interest expense.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

(l) Employee entitlements
Short- term employee benefits
Employee benefits, previously earned from past services, that the entity expect to be settled within 12 months of reporting date are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

Termination benefits
Termination benefits are recognised as an expense when the entity is committed without realistic possibility of withdrawal, to terminate employment, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3 Summary of significant accounting policies (continued)

(m) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The entity assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the entity's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expense.

The following specific recognition criteria must be met before revenue is recognised:

Revenue from non-exchange transactions

A non-exchange transaction is where the entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

When non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised.

When non-exchange revenue is received with restrictions attached, but no requirement to return the asset if not deployed as specified, then revenue is recognised on receipt.

Condition stipulation – funds received are required to be used for a specific purpose, with a requirement to return unused funds.

Restriction stipulation – funds received are required to be used for a specific purpose, with no requirement to return unused funds.

Donations and grants

Donations and grant income is recognised as revenue when received and all associated obligations have been met. Where grants have been given for a specific purpose, or with conditions attached, income is not recognised until agreed upon services and conditions have been satisfied. Government grants relating to income are recognised as income over the periods necessary to match them with the related services when performed. Grants received for which the requirements and services have not been met is treated as "income in advance" under current liabilities.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once the entity has satisfied these conditions.

Restricted Funding

When donation funding has been provided for specific future investment purposes or to meet specific future costs of the Group, the initial donation received is recognised as income in the reported surplus or deficit and then transferred in the Statement of Movements in Equity from Accumulated Funds to a separate "Restricted Funds" equity reserve. This treatment recognises that restricted funding received is preserved in investments and can only be used for funding the specific future costs of the Group.

Donated services

Volunteer services received are not recognised as revenue or expenditure.

3 Summary of significant accounting policies (continued)

(m) Revenue (continued)

Revenue from exchange transactions

Sale of goods

Revenue from sale of goods is recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

Rendering of services

Revenue from services rendered is recognised in the surplus or deficit in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Under this method, revenue is recognised in the accounting periods in which the services are provided.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

ACE Income

Revenue from the sale of fishing ACE is recognised upon transfer of the rights and obligations of the fishing ACE to the customer.

Farming Income

Cattle, sheep & wool sales are recognised when significant risks and rewards of ownership are passed to the buyer.

Rental income

Rental income arising from rental premises is accounted for on a straight-line basis over the lease term.

Other Income

Dividend income

Dividend income is recognised on the date that the entity's rights to receive payments are established.

Interest income

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

(n) Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the entity incurs in connection with the borrowing of funds. The entity has chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

(o) Income tax

The Trust and subsidiaries have been granted charitable status for the purpose of the Income Tax Act 2007.

3 Summary of significant accounting policies (continued)

(p) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

4 Significant accounting judgements, estimates and assumptions

The preparation of 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. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

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

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

Impairment

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted price in active markets, the fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5 Capital Management Policy

The Group's capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objectives of the Group's capital management policy is to ensure adequate capital reserves are maintained in order to support its activities. The Group manages its capital structure and makes adjustment to it, in light of changes to funding requirements. To maintain or adjust the capital structure, budgetary discretionary expenditure is reduced to avoid the need for additional external borrowings.

6 Grants and Subsidy Income

	2021	2020
Department of Conservation	50,000	67,632
Ministry for the Environment	(11,929)	24,149
Ministry of Justice	-	160,000
Ministry of Primary Industries	-	43,000
Museum of New Zealand Te Papa Tongarewa	-	6,087
New Zealand National Commission for UNESCO	-	5,000
Rata Foundation	34,783	-
Te Matawai	175,000	44,804
Te Puni Kokiri	-	20,000
Te Wai Maori Trustee Limited	-	25,000
Tuia Encounters	-	50,000
Cognition Education	4,200	-
Manaaki Whenua	3,333	-
Total Grants and Subsidy Income	255,387	445,672

Other Income	2021	2020
University of Otago	-	30,000
Total Other Income		30,000

7 ACE Income

ACE Income includes sale of fishing ACE to Port Nicholson Fisheries LP ('PNF'). The Group has committed to selling its CRA ACE to PNF for a rolling three year notice period. The initial purchase price paid by PNF for each fishing year is recognised when each year's sale is agreed and is reasonably determined based on long term market price at the start of each fishing year. A wash up payment is received from PNF each year after its 31 March financial statements are audited. The wash up is recognised when this has been agreed by PNF directors and communicated to the Group. This is included as Ace income in the Statement of Comprehensive Revenue and Expenses.

8 Expenses

The following amounts were expensed in the surplus/(deficit) for the year:	2021	2020
Audit fees	47,590	45,774
Donations	-	4,499
Bad and doubtful debts	1,717	339,152
Grants Paid	18,655	55,400

9 Depreciation, amortisation and impairment expenses

	2021	2020
Depreciation of property, plant and equipment	245,585	236,664
Total	245,585	236,664

10 Farming Surplus

	2021	2020
Farming Revenue	859,398	263,878
Stock Movement (net of freight provisions)	(58,289)	81,610
Farming Surplus	801,109	345,488

Detailed Livestock Trading Breakdown

Cattle Trading Account

	Quantity	Value	2021	2020
Sales	271	$ 778	210,919	1,100
Less Purchases				
Breeding Bulls	2	$ 9,750	19,500	-
Cash Surplus			191,419	1,100
Opening Stock				
Rising 1 Year Heifers	172	$ 447	76,884	60,291
Rising 2 Year Heifers	16	$ 755	12,080	66,172
Mixed Aged Cows	247	$ 927	228,969	215,424
Rising 1 Year Steers & Bulls	97	$ 576	55,872	4,302
Rising 2 Year Steers & Bulls	23	$ 880	20,240	2,572
Breeding Bulls	4	$ 2,508	10,032	11,584
	559		404,077	360,345
Closing Stock				
Rising 1 Year Heifers	90	$ 479	43,070	76,884
Rising 2 Year Heifers	28	$ 774	21,682	12,080
Mixed Aged Cows	206	$ 967	199,264	228,969
Rising 1 Year Steers & Bulls	85	$ 609	51,731	55,872
Rising 2 Year Steers & Bulls	1	$ 925	925	20,240
Breeding Bulls	6	$ 2,460	14,759	10,032
	416		331,431	404,077
Less Provision for Freight Movement			12,816	(20,724)
Natural Increase and Deaths (net)	126			
Net Surplus from Cattle Trading			251,249	65,556

10 Farming Trading Accounts (continued)

Sheep Trading Account

	Quantity		Value	2021	2020
Sales	5,757	$	105	605,886	230,164
Less Purchases					
Breeding Rams	28	$	1,014	28,400	16,500
Cash Surplus				577,486	213,664
Opening Stock					
Ewe Hoggets	1,723	$	92	158,516	152,145
Ram & Wether Hoggets	1,682	$	89	149,698	103,986
Two - Tooth Ewes	1,215	$	150	182,250	232,596
Mixed - Aged Ewes	2,189	$	133	291,137	282,758
Rising 5 Year & Older Ewes	806	$	109	87,854	83,160
Mixed - Aged Wethers	448	$	89	39,872	-
Breeding Rams	46	$	289	13,294	10,619
	8,109			922,621	865,264
Closing Stock					
Ewe Hoggets	1,000	$	105	104,550	158,516
Ram & Wether Hoggets	1,751	$	101	177,114	149,698
Two - Tooth Ewes	868	$	162	140,920	182,250
Mixed - Aged Ewes	2,274	$	148	336,325	291,137
Rising 5 Year & Older Ewes	1,000	$	130	130,005	87,854
Mixed - Aged Wethers		$	110	-	39,872
Breeding Rams	56	$	275	15,375	13,294
	6,949			904,289	922,621
Less Provision for Freight Movement				19,692	(1,998)
Natural Increase and Deaths (net)	4,569				
Net Surplus from Sheep Trading				576,126	273,019

11 Financing income and costs

	2021	2020
Financing income		
Interest income on bank deposits	21,265	59,407
Total finance income	21,265	59,407
Financing expenditure		
Interest expense - borrowings	401,867	480,905
Total finance costs	401,867	480,905

12 Dividend income

	2021	2020
Dividend income on available-for-sale financial assets	10,393	14,135
Total	10,393	14,135

13 Cash and cash equivalents

	2021	2020
Cash and cash equivalents	1,735,372	716,630
Term Deposits	3,432,834	3,411,102
Total cash and cash equivalents	5,168,206	4,127,732

The carrying amount of cash and cash equivalents approximates their fair value.

14 Receivables from exchange transactions

	2021	2020
Trade debtors	87,734	318,562
Other accruals	856,394	809,590
Total	944,129	1,128,152

Non-exchange receivables are non-interest bearing and receipt is normally on 30 days terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value.

Impairment allowance

The movement in the allowance for doubtful debts is as follows:	2021	2020
Opening balance	46,316	34,916
Amounts written off	-	-
Impairment losses recognised in the year	(17,561)	11,400
Impairment losses reversed in the year	-	-
Closing balance	28,755	46,316

The maximum exposure to credit risk at the reporting date is the carrying amount of trade debtors and other receivables as disclosed above. The entity does not hold any collateral as security.

15 Inventories

	2021	2020
Current Inventories		
Bulk Diesel	5,663	2,865
Livestock	1,235,765	1,326,562
Wool on hand	-	-
Work In Progress	-	64,740
Total current inventories	1,241,428	1,394,167

No inventories have been pledged as security over borrowings and other liabilities.

16 Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

2021	Land & Buildings	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
Gross carrying amount	5,761,782	738,643	322,265	277,004	153,326	7,253,020
Additions	87,617	136,583	92,486	2,529	-	319,215
Disposals	-	-	(22,975)	-	-	(22,975)
Closing balance	5,849,399	875,226	391,776	279,533	153,326	7,549,260
Accumulated depreciation and impairment						
Opening balance	1,290,575	513,976	234,586	221,249	147,248	2,407,634
Depreciation for the year	36,825	84,012	38,768	8,117	2,461	170,183
Closing balance	1,327,400	597,988	273,354	229,366	149,709	2,577,817
Carrying amount 30 June 2021	4,521,999	277,238	118,422	50,167	3,617	4,971,443

2020	Land & Buildings	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
Gross carrying amount	5,761,782	724,197	303,876	270,378	153,326	7,213,559
Additions	-	14,446	18,389	6,626	-	39,461
Closing balance	5,761,782	738,643	322,265	277,004	153,326	7,253,020
Accumulated depreciation and impairment						
Opening balance	1,207,429	482,441	200,144	207,146	142,749	2,239,908
Current year depreciation	83,146	31,535	34,442	14,103	4,499	167,726
Closing balance	1,290,575	513,976	234,586	221,249	147,248	2,407,634
Carrying amount 30 June 2020	4,471,207	224,667	87,679	55,755	6,078	4,845,386

17 Investment property

	2021	2020
Opening balance	3,931,995	3,931,996
Additions	-	68,939
Less depreciation for the year	(78,444)	(68,940)
Closing balance	3,853,551	3,931,995

Investment property includes residential rental properties on Rekohu - and a commercial rental property in Miramar, Wellington - which are held to earn rents and for capital appreciation purposes.

The entity has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

18 Other financial assets

	2021	2020
Current assets		
Income Tax Receivable	1,659	611
Total current other financial assets	1,659	611
Available-for-sale financial assets		
Shares - Alliance Group	15,019	11,271
Shares - Aotearoa Fisheries Limited	253,955	253,955
Total non-current other financial assets	268,974	265,226

There is no impairment provision for investments.

19 Intangible assets

	2021	2020
Fishing Quota		
Fishing Quota Opening Value	52,537,247	47,913,196
Quota purchased during the year	-	-
Quota revaluation for the year	9,013,265	4,624,051
Total Fishing Quota	61,550,512	52,537,247

Where possible the Fishing Quota shares are recorded at fair value based on valuation. This requires an Active Market. Where there has been no Active Market the shares have been valued either on prior historical fair value where an Active Market was available, or at historical Cost.

The calculation of fair value is a best estimate and requires the use of significant estimates and judgement. The Fishing Quota shares were therefore independently valued as at 30 June 2021 by Quota Management Systems Limited. The valuation was based on estimates of the likely current market values of quota shares with consideration of related information on the desirability for certain fish stocks and an assessment of any risk factors associated with each stock at 30 June 2021. The Management and Trustees of the Group have considered the valuation of the quota shares and are comfortable that the valuation is a reliable estimate of the value of shares.

The breakdown of the Quota Shares is as follows:

			2021	2020
Fishing Quota Valuation:	**Share Code**	**Valuation Method**		
Blue Cod	BCO4	Active Market - 2021 Market Value	4,119,100	3,501,235
Paua	PAU4	Active Market - 2021 Market Value	6,008,000	5,257,000
Crayfish	CRA6	Active Market - 2021 Market Value	45,866,400	38,222,000
Hoki	HOK1	Historical Active Market - 2019 Value	1,084,352	1,084,352
Orange Roughy	ORH3B	No Active Market - 2015 Value	1,756,761	1,756,761
Scampi	SCI4A	No Active Market - 2015 Value	300,531	300,531
Small Fishstock		No Active Market - 2015 Value	2,415,368	2,415,368
Total non current intangible assets			61,550,512	52,537,247

The Group has committed a total of 38.22 tonne of CRA6 ACE to Port Nicholson Fisheries LP for a minimum of three years. This commitment continues on a rolling three-yearly basis with one month's notice required to exit the arrangement after completion of the next three year term.

19 Intangible assets (continued)

	2021	2020
Language application	75,739	-
Total Language application	75,739	-
Total Intangible assets	61,626,251	52,537,247

20 Payables under exchange transactions

	2021	2020
Current		
Trade creditors	124,145	106,348
GST payable	167,086	9,729
Total current	291,230	116,077

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

21 Employee entitlements

	2021	2020
Current		
Wages accrual	20,780	18,137
Annual leave entitlements	33,130	62,347
Total	53,910	80,484

Short-term employee entitlements represent the entity's obligation to its current and former employees that are expected to be settled within 12 months of balance date.

22 Other current financial liabilities

	2021	2020
Audit fees accrual	34,000	34,000
Livestock freight accrual	214,858	247,366
Other accruals	75,813	100,438
Credit Cards	6,067	5,295
Other current financial liabilities	330,738	387,099

23 Loans and borrowings

	2021	2020
Current		
ANZ Bank 1001	-	780,000
ANZ Bank 1002	-	800,000
ANZ Bank 1003	4,650,000	4,650,000
ANZ Bank 1004	4,450,000	4,450,000
Total loans and borrowings	9,100,000	10,680,000

(a) Interest rates and maturities

ANZ Bank 1003 Loan - Interest only, interest rate at balance date of 3.41%, matures 30 November 2021.

ANZ Bank 1004 Loan - Interest only, interest rate at balance date of 3.93%, matures 30 November 2021.

(b) Security

All of the above ANZ Bank loans are secured as follows:

Cross guarantee and indemnity between Kopi Holdings Limited and Hokotehi Moriori Trust;

Registered first ranking mortgages over property at Kaingaroa Road, Chatham Islands;

Registered first ranking general security agreement over all present and after-acquired property of Kopi Holdings Limited;

Registered first ranking mortgage over Kaingaroa Station;

Registered first ranking mortgage over 5,617,222 Cray 6 fishing quota owned by Kopi Holdings Limited;

Registered first ranking mortgage over a property situated at Maipito Road.

(c) Other provisions

On 15th September 2020 the Trust fully repaid ANZ loans 1001 and 1002.

23 Loans and borrowings (continued)

Non-current	2021	2020
Moriori Imi Settlement Trust Loan	1,582,212	-
Total loans and borrowings	1,582,212	-

The above is an intercompany loan between Kopi Holdings Limited and the Moriori Imi Settlement Trust. The loans is repayable to the Trust on demand with interest charged at 3.5% p.a. The loan is not expected to be repaid in the next 12 months and is therefore classified as non-current.

24 Other equity reserves

	2021	2020
Quota Shares Revaluation Reserve	42,760,292	30,639,465
Total	42,760,292	30,639,465

Quota Shares Revaluation Reserve

This reserve records the movements in fair value of the quota shares. Upon sale of the shares the accumulative balance of fair value gains/(losses) related to that asset are reclassified to the surplus or deficit for the year.

25 Financial instruments

(a) Carrying value of financial instruments

The carrying amount of all material financial position assets and liabilities are considered to be equivalent to fair value.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

(b) Classification of financial instruments

All financial assets held by the Group are classified as "loans and receivables" are carried at cost less accumulated impairment losses.

All financial liabilities held by the Group are carried at amortised cost using the effective interest rate method.

(c) Classification of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

2021	Financial assets at fair value through surplus or deficit	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Total
Financial assets						
Cash and cash equivalents	5,168,235					5,168,235
Trade debtors and other receivables			964,539			964,539
Other financial assets				268,974		268,974
Total	5,168,235	-	964,539	268,974	-	6,401,748
Financial liabilities						
Trade creditors and other payables					291,192	291,192
Loans and borrowings					9,100,000	9,100,000
Other financial liabilities					1,927,720	1,927,720
Total	-	-	-	-	11,318,912	11,318,912

26 Financial instruments (continued)

2020	Financial assets at fair value through surplus or deficit	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Total
Financial assets						
Cash and cash equivalents	4,127,732					4,127,732
Trade debtors and other receivables			1,128,152			1,128,152
Other financial assets				265,226		265,226
Total	4,127,732	-	1,128,152	265,226	-	5,521,110
Financial liabilities						
Trade creditors and other payables					116,077	116,077
Loans and borrowings					10,680,000	10,680,000
Other financial liabilities					387,099	387,099
Total	-	-	-	-	11,183,176	11,183,176

27 Contingent assets and contingent liabilities

Cyclone Pam hit the Chatham Islands in March 2015 with damage being caused to Kaingaroa Wharf. The Wharf is included in the value of Kaingaroa Block, but is not separately valued in the financial statements. The Trust is in the process of transferring ownership of the Kaingaroa Wharf to the Chatham Island Council for the price of $1 removing our liability for future repairs.

28 Crown Settlement

In August 2017 Moriori signed an Agreement in Principle (AIP) with the Crown to settle all Moriori historical claims. The AIP was ratified by an 85% voter support of members. In August 2019 the Moriori Imi Settlement Trust (MIST) initialled a Deed of Settlement (DOS) with the Crown as the next step in the process towards achieving a final settlement. A Deed of Settlement was signed with the Crown at Kopinga Marae in February 2020. Passage of the settlement has been delayed through Covid and is expected in 2021.

29 Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the entity.

Transactions with related parties
The following transactions were carried out with related parties:

Key management compensation
The entity has a related party relationship with its Trustees and other key management personnel. Key management personnel includes Trustees and senior management.

	2021	2020
Salaries and other remuneration/compensation	433,274	534,178
Total remuneration paid	433,274	534,178
Number of FTEs recognised as key management personnel	4	2

The above remuneration/compensation includes 7 Trustees (2020: 8 Trustees) and other key management personnel, which equates to 4 full time equivalents (FTEs). Note that payments for treaty negotiation fees are included in the total.

29 Related party transactions (continued)

Other related party transactions:
The following transactions were carried out with other related parties:

During the year consultancy services of $118,195 have been provided by close family members of key management personnel and Trustees (2020: $163,419). Substantial portions of these payments are covered by external grants.

Interest costs of $43,843 were charged to Kopi Holdings Limited during the year in relation to their loan from Moriori Imi Settlement Trust as recorded in note 23 (2020: $Nil).

30 Going Concern

As at 30 June 2021 the Group's current liabilities exceeded its current assets by $2,264,048 (2020: $4,592,294). The Group's total liabilities amounted to $11,372,552 (2020: $11,263,660) of which the main contributor relates to a loan from ANZ. Notwithstanding this, the Trustees believe that the Group remains a going concern on the basis that there are several options available to manage the repayment of the loan. These are the use of proceeds from the Crown settlement (as disclosed in note 28), re-negotiation of repayment terms with the ANZ Bank, or realising the Group's Quota Shares. As a result, the Trustees believe that the Trust will have sufficient funds to meet all of its obligations for the foreseeable future.

31 Taia Historical Reserve

The Minister for the Environment has listed a public notice of her intention to vest Taia Reserve with Hokotehi Moriori Trust and has requested public submissions on this matter. Further legal costs are possible.

32 COVID 19

Hokotehi Moriori Trust is aware that COVID-19 was declared a global health emergency on 31 January 2020 by the World Health Organisation. The subsequent announcements by the NZ Government introducing lockdown levels closing all non-essential businesses, and the impact of those lockdowns upon our suppliers, customers, and staff. Hokotehi Moriori Trust is also aware of the ongoing implications the pandemic has had during the 2021 financial year, including limited impact on income patterns and business processes of the Trust.

33 Subsequent Events

On 17 August 2021, following the detection of COVID-19 in the community, the New Zealand Government ordered an economy-wide lockdown, during which all non-essential businesses and organisations would not be permitted to operate. The lockdown, which commenced at 11.59pm on 17 August, ended at 11.59pm on 2 September.

Some activities of the Trust have been delayed and seem likely to be further delayed, however it is not known if there will be impacts of a financial nature. Possible financial impacts could come from a closure of the rock lobster market in China, or a reduced ability to send animals to market from the farm.

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INDEPENDENT AUDITOR'S REPORT

To the Beneficial Owners of Hokotehi Moriori Trust Group

Opinion

We have audited the consolidated financial statements of Hokotehi Moriori Trust (the Trust) and its controlled entities (the Group) on pages 4 to 28 which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2021, and its consolidated financial performance, consolidated statement of changes in net assets and its consolidated cash flows for the year then ended in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An associated entity of the firm provided compilation and taxation services to the Group during the year. The firm has no other relationship with, or interests in, Hokotehi Moriori Trust or any of its controlled entities.

Information Other Than the Consolidated Financial Statements and Auditor's Report

The Trustees are responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the consolidated financial statements, if other information is included in the annual report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of our auditors' report, we concluded that there is a material misstatement of this other information, we are required to report that fact.

Trustees' Responsibilities for the Consolidated Financial Statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated 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.

- 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.

- 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 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 consolidated 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.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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 the audit.

Restriction on Use

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

Crowe

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS
1 October 2021