Hokotehi Moriori Trust and Subsidiaries

Consolidated Financial Statements
For the year ended 30 June 2022

Hokotehi Moriori Trust and Subsidiaries

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Hokotehi Moriori Trust and Subsidiaries

Directory
For the year ended 30 June 2022

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:	Grace Le Gros Hannah Solomon Hayden Preece Laurie Ryan Mark Preece Maui Solomon Paul Solomon Thomas Lanauze
Bankers:	ANZ
Accountant:	BDO Christchurch Limited Christchurch
Auditor:	Crowe New Zealand Audit Partnership Wellington
Registration Number	CC43332

Hokotehi Moriori Trust and Subsidiaries

Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2022

	Notes	2022	2021
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Government grants and subsidies	6	603,944	38,071
Grants revenue	6	90,999	217,316
Total revenue from non-exchange transactions		694,943	255,387
REVENUE FROM EXCHANGE TRANSACTIONS			
Sale of goods		5,807	81,699
Rendering of services		22,086	52,665
ACE income	7	2,915,508	2,915,147
Henga Lodge income		254,453	277,330
Rental income		1,447,251	103,278
Farming income	10	851,545	801,109
Total revenue from exchange transactions		5,496,651	4,231,228
TOTAL REVENUE		6,191,593	4,486,615
EXPENSES			
Cost of goods sold		649,092	413,727
Wages, salaries and other employee costs		1,500,684	895,323
Depreciation, amortisation and impairment expenses	9	266,024	245,585
Grants and donations		25,574	18,655
Other overhead and administrative expenses	8	2,394,175	1,675,958
TOTAL EXPENSES		4,835,548	3,249,248
Dividend income	12	12,875	10,393
Interest income	11	18,307	21,265
Finance costs	11	(429,609)	(401,867)
NET SURPLUS/(DEFICIT) FROM FINANCE ACTIVITIES		(398,427)	(370,209)
OPERATING SURPLUS/(DEFICIT)		957,618	867,158
SURPLUS/ (DEFICIT) FOR THE YEAR		957,618	867,158
OTHER COMPREHENSIVE REVENUE AND EXPENSES			
Gain/(loss) on revaluation of investments			
- Current year fair value movements	19	3,987,200	9,013,265
Total other comprehensive revenue and expense			
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		4,944,818	9,880,423

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

~~Chairman~~ HanaMaraea Solomon Trustee — 30 Sep 22 **Date**

[redacted] Mark Preece Trustee — 30 Sep 22 **Date**

Hokotehi Moriori Trust and Subsidiaries

Statement of Financial Position
As at 30 June 2022

	Notes	2022	2021
ASSETS			
Current			
Cash and cash equivalents	**13**	3,565,925	1,735,372
Term deposits	**13**	-	3,432,834
Receivables from exchange transactions	**14**	2,232,961	944,129
Prepayments		58,721	150,432
Inventories	**15**	1,196,440	1,241,428
Other current financial assets	**18**	1,858	1,659
Total current assets		7,055,905	7,505,855
Non-current			
Property, plant and equipment	**16**	5,625,875	4,971,443
Investment properties	**17**	3,784,511	3,853,551
Other non-current financial assets	**18**	269,887	268,974
Intangible assets	**19**	66,768,451	61,626,251
Total non-current assets		76,448,724	70,720,219
TOTAL ASSETS		83,504,629	78,226,073
LIABILITIES			
Current			
Payables under exchange transactions	**20**	577,074	291,230
Employee entitlements	**21**	108,292	53,910
Loans and borrowings	**23**	9,100,000	9,100,000
Other current financial liabilities	**22**	324,250	330,738
Total current liabilities		10,109,616	9,775,879
Non-current			
Other current non-current financial liabilities	**23**	1,582,212	1,582,212
Total non-current liabilities		1,582,212	1,582,212
TOTAL LIABILITIES		11,691,828	11,358,090
NET ASSETS		71,812,801	66,867,983
EQUITY			
Trust Settlements		7,540,140	7,540,140
Accumulated funds		20,632,731	19,675,113
Other equity reserves	**24**	43,639,930	39,652,730
TOTAL EQUITY		71,812,801	66,867,983

Hokotehi Moriori Trust and Subsidiaries

Statement of Changes in Net Assets
For the year ended 30 June 2022

	Notes	Trust Settlements	Accumulated Funds	Other equity reserves	Total equity
Balance 1 July 2021		7,540,140	19,675,113	39,652,730	66,867,983
Surplus/(deficit) for the year		-	957,618	-	957,618
Other comprehensive revenue and expenses		-	3,987,200	-	3,987,200
Total comprehensive revenue and expense			4,944,818		4,944,818
Transfer to/(from) equity reserves in the year		-	(3,987,200)	3,987,200	-
Balance 30 June 2022		7,540,140	20,632,731	43,639,930	71,812,801
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

Hokotehi Moriori Trust and Subsidiaries

Statement of Cash Flows
For the year ended 30 June 2022

	2022	2021
Cash flow from operating activities		
Cash was provided from/(applied to):		
Government grants and subsidies	603,944	38,071
Grants revenue	90,999	217,316
Receipts from goods and services provided, exchange transactions	4,206,953	4,395,639
Payments to suppliers	(2,620,770)	(1,944,375)
Payments to employees	(1,446,302)	(921,897)
Grants, contributions and sponsorship paid	(25,574)	(18,655)
Net cash from/(used in) operating activities	809,250	1,766,099
Cash flow from investing activities		
Cash was provided from/(applied to):		
Purchase of property, plant and equipment (including investment properties)	(858,018)	(293,199)
Purchase of Shares	(913)	(3,748)
Purchase of Other Intangible Assets	(1,155,000)	(75,739)
Term Deposits	3,432,834	(23,602)
Net cash from/(used in) investing activities	1,418,903	(396,288)
Cash flow from financing activities		
Cash was provided from/(applied to):		
Borrowings	-	2,212
Interest and dividends received	31,981	32,718
Interest paid on borrowings	(429,609)	(385,971)
Net cash from/(used in) financing activities	(397,628)	(351,041)
Net increase/(decrease) in cash and cash equivalents	1,830,525	1,018,770
Cash and cash equivalents, beginning of the year	1,735,400	716,630
Cash and cash equivalents at end of the year	3,565,925	1,735,400

1 Reporting entity

These financial statements comprise the financial statements of Hokotehi Moriori Trust ("the Trust") for the year ended 30 June 2022 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 30 September 2022.

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.

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

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)

(e) Property, plant and equipment (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.

Individually significant receivables are considered for impairment when they are past due or when other 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)

<u>**Revenue from exchange transactions**</u>

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.

<u>**Other Income**</u>

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

	2022	2021
Department of Conservation	(48,165)	50,000
Ministry for the Environment	-	(11,929)
Ministry of Business, Innovation & Employment	10,000	-
Ministry of Culture and Heritage	51,000	-
Ministry of Justice	134,009	-
Ministry of Social Development	8,500	-
Ministry of Primary Industries	448,600	-
Museum of New Zealand Te Papa Tongarewa	43,700	-
New Zealand Lotteries	18,502	-
Rata Foundation	-	34,783
Te Matawai	20,000	175,000
Lift Education E Tu Limited	1,130	-
CORE Education Limited	1,000	-
Cognition Education	-	4,200
Manaaki Whenua	6,666	3,333
Total Grants and Subsidy Income	694,943	255,387

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:	2022	2021
Audit fees	36,500	47,590
Bad and doubtful debts	2,277	1,717
Grants Paid	25,574	18,655
Total	64,351	67,962

9 Depreciation, amortisation and impairment expenses

	2022	2021
Depreciation of property, plant and equipment	266,024	245,585
Total	266,024	245,585

10 Farming Surplus

	2022	2021
Farming Revenue	926,124	859,398
Stock Movement (net of freight provisions)	(74,579)	(58,289)
Farming Surplus	851,545	801,109

Detailed Livestock Trading Breakdown

Cattle Trading Account

	Quantity	Value	2022	2021
Sales	238	$ 869	206,717	210,919
Less Purchases				
Breeding Bulls	2	$ 9,500	19,000	19,500
Cash Surplus			187,717	191,419
Opening 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
Closing Stock				
Rising 1 Year Heifers	72	$ 565	40,698	43,070
Rising 2 Year Heifers	34	$ 882	29,998	21,682
Mixed Aged Cows	159	$ 1,129	179,479	199,264
Rising 1 Year Steers & Bulls	57	$ 687	39,148	51,731
Rising 2 Year Steers & Bulls	2	$ 1,056	2,111	925
Breeding Bulls	6	$ 2,684	16,106	14,759
	330		307,540	331,431
Less Provision for Freight Movement			8,795	12,816
Natural Increase and Deaths (net)	149			
Net Surplus from Cattle Trading			202,813	251,249

10 Farming Trading Accounts (continued)

Sheep Trading Account

	Quantity		Value	2022	2021
Sales	5,511	$	122	670,496	605,886
Less Purchases					
Breeding Rams	0	$	-	-	28,400
Cash Surplus				670,496	577,486
Opening 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
Closing Stock					
Ewe Hoggets	943	$	122	114,622	104,550
Ram & Wether Hoggets	627	$	122	76,212	177,114
Two - Tooth Ewes	1,155	$	190	219,912	140,920
Mixed - Aged Ewes	2,197	$	172	377,225	336,325
Rising 5 Year & Older Ewes	513	$	150	76,745	130,005
Breeding Rams	49	$	326	15,994	15,375
	5,484			880,710	904,289
Less Provision for Freight Movement				(35,857)	19,692
Natural Increase and Deaths (net)	4,046				
Net Surplus from Sheep Trading				729,932	576,126

11 Financing income and costs

	2022	2021
Financing income		
Interest income on bank deposits	18,307	21,265
Total finance income	18,307	21,265
Financing expenditure		
Interest expense - borrowings	429,609	401,867
Total finance costs	429,609	401,867

12 Dividend income

	2022	2021
Dividend income on available-for-sale financial assets	12,875	10,393
Total	12,875	10,393

13 Cash and cash equivalents

	2022	2021
Cash and cash equivalents	3,565,925	1,735,372
Term Deposits	-	3,432,834
Total cash and cash equivalents	3,565,925	5,168,206

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

14 Receivables from exchange transactions

	2022	2021
Trade debtors	385,087	87,734
Other accruals	1,847,874	856,394
Total	2,232,961	944,129

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:	2022	2021
Opening balance	28,755	46,316
Impairment losses recognised in the year	-	(17,561)
Impairment losses reversed in the year	2,277	-
Closing balance	31,032	28,755

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

	2022	2021
Current Inventories		
Bulk Diesel	8,191	5,663
Livestock	1,188,249	1,235,765
Total current inventories	1,196,440	1,241,428

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:

2022	Land & Buildings	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
Gross carrying amount	5,849,399	875,226	391,776	279,533	153,326	7,549,260
Additions	553,181	83,688	188,842	14,885	17,422	858,018
Disposals	-	-	(11,924)	-	-	(11,924)
Closing balance	6,402,580	958,914	568,694	294,418	170,748	8,395,354
Accumulated depreciation and impairment						
Opening balance	1,327,400	597,988	273,354	229,366	149,709	2,577,817
Depreciation for the year	84,152	46,759	44,570	11,115	5,066	191,662
Closing balance	1,411,552	644,747	317,924	240,481	154,775	2,769,479
Carrying amount 30 June 2022	4,991,028	314,167	250,769	53,937	15,973	5,625,875

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
Current year depreciation	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

17 Investment property

	2022	2021
Opening balance	3,853,551	3,931,995
Additions	5,638	-
Less depreciation for the year	(74,679)	(78,444)
Closing balance	3,784,511	3,853,551

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

	2022	2021
Current assets		
Income Tax Receivable	1,858	1,659
Total current other financial assets	1,858	1,659
Available-for-sale financial assets		
Shares - Alliance Group	15,932	15,019
Shares - Aotearoa Fisheries Limited	253,955	253,955
Total non-current other financial assets	269,887	268,974

There is no impairment provision for investments.

19 Intangible assets

	2022	2021
Fishing Quota		
Fishing Quota Opening Value	61,550,512	52,537,247
Quota purchased during the year	1,155,000	-
Quota revaluation for the year	3,987,200	9,013,265
Total Fishing Quota	66,692,712	61,550,512

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 2022 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 2022. 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:

			2022	2021
Fishing Quota Valuation:	**Share Code**	**Valuation Method**		
Blue Cod	BCO4	Active Market - 2022 Market Value	4,119,100	4,119,100
Paua	PAU4	Active Market - 2022 Market Value	7,328,000	6,008,000
Crayfish	CRA6	Active Market - 2022 Market Value	49,688,600	45,866,400
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			66,692,712	61,550,512

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.

	2022	2021
Language application	75,739	75,739
Total Language application	75,739	75,739
Total Intangible assets	66,768,451	61,626,251

20 Payables under exchange transactions

	2022	2021
Current		
Trade creditors	442,578	124,145
GST payable	134,496	167,086
Total current	577,074	291,230

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

	2022	2021
Current		
Wages accrual	39,697	20,780
Annual leave entitlements	68,595	33,130
Total	108,292	53,910

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

	2022	2021
Audit fees accrual	34,000	34,000
Livestock freight accrual	241,921	214,858
Other accruals	38,626	75,813
Credit Cards	9,703	6,067
Other current financial liabilities	324,250	330,738

23 Loans and borrowings

	2022	2021
Current		
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	9,100,000

(a) Interest rates and maturities

ANZ Bank 1003 Loan - Interest only, interest rate at balance date of 5.16%, matures 30 November 2022.

ANZ Bank 1004 Loan - Interest only, interest rate at balance date of 5.68%, matures 30 November 2022.

(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.

23 Loans and borrowings (continued)

Non-current	2022	2021
Moriori Imi Settlement Trust Loan	1,582,212	1,582,212
Total loans and borrowings	1,582,212	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

	2022	2021
Quota Shares Revaluation Reserve	43,639,930	42,760,292
Total	43,639,930	42,760,292

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.

2022	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	3,565,925	-	-	-	-	3,565,925
Trade debtors and other receivables	-	-	2,232,961	-	-	2,232,961
Other financial assets	-	-	-	269,887	-	269,887
Total	3,565,925	-	2,232,961	269,887	-	6,068,773
Financial liabilities						
Trade creditors and other payables	-	-	-	-	577,074	577,074
Loans and borrowings	-	-	-	-	9,100,000	9,100,000
Other financial liabilities	-	-	-	-	1,906,462	1,906,462
Total	-	-	-	-	11,583,536	11,583,536

25 Financial instruments (continued)

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 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.

27 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. The $18 million settlement was partially paid with $3.6 million received on 30 June 2022 and the balance of $14.4 million was received on 16 February 2022.

28 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.

	2022	2021
Salaries and other remuneration/compensation	450,132	433,274
Total remuneration paid	450,132	433,274
Number of FTEs recognised as key management personnel	4	4

The above remuneration/compensation includes 8 Trustees (2021: 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.

28 Related party transactions (continued)

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

During the year consultancy services of $62,307 have been provided by close family members of key management personnel and Trustees (2021: $118,195). Substantial portions of these payments are covered by external grants.

Interest costs of $55,377 were charged to Kopi Holdings Limited during the year in relation to their loan from Moriori Imi Settlement Trust as recorded in note 23 (2021: $43,843).

29 Going Concern

As at 30 June 2022 the Group's current liabilities exceeded its current assets by $3,053,771 (2021: $2,264,048). The Group's total liabilities amounted to $11,691,827 (2021: $11,372,552) 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 27), 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.

30 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.

31 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 2022 financial year, including limited impact on income patterns and business processes of the Trust.

32 Subsequent Events

There are no significant events subsequent to balance date (2021: 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 2022, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated statement of cash flows for the year then ended, and notes to the 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 2022, and its consolidated financial performance 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.

Other than in our capacity as auditor we have no 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 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
30 September 2022