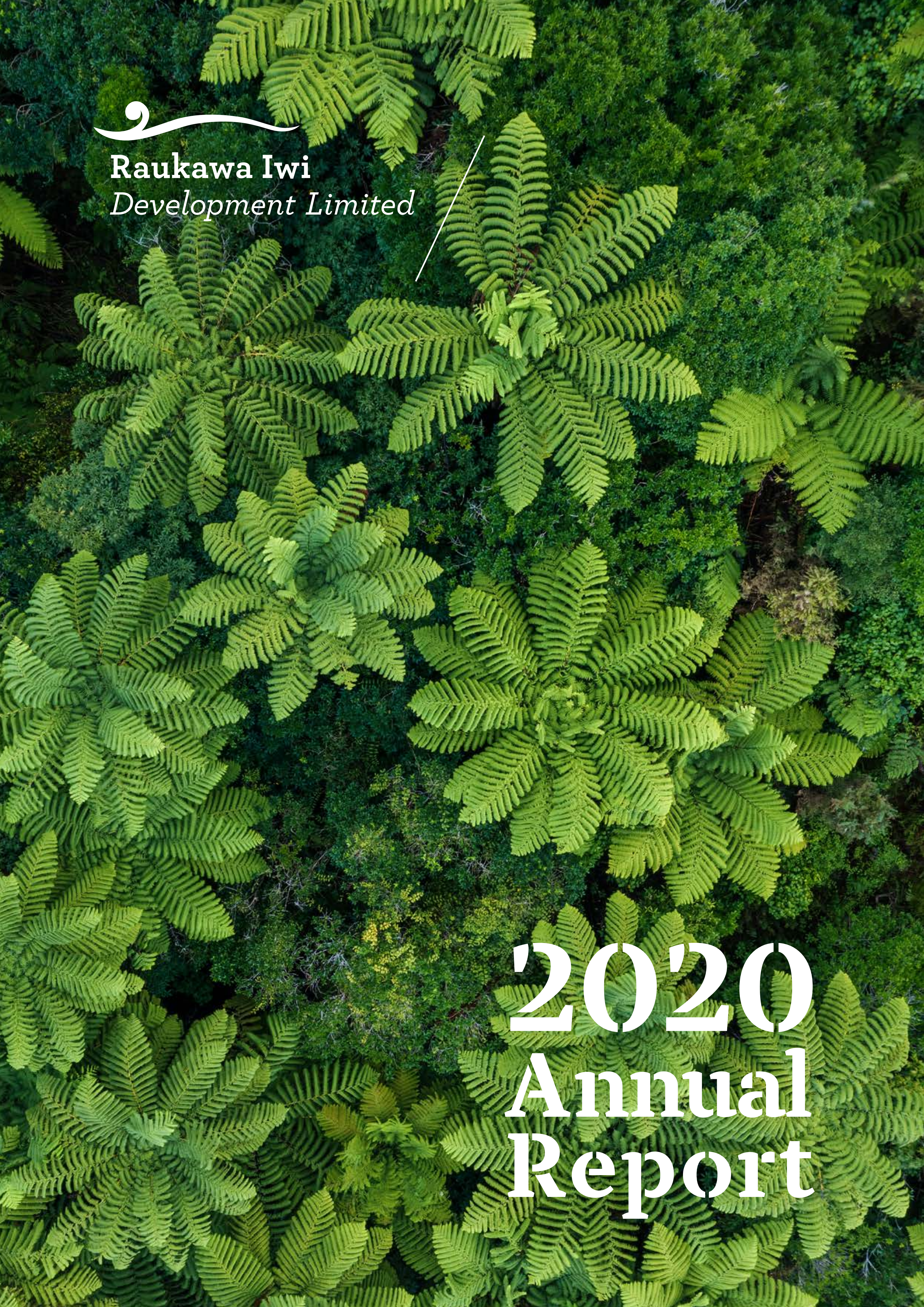
Raukawa Iwi
Development Limited

2020 Annual Report



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Raukawa Iwi Development Limited /////// 2020 Annual Report

Raukawa Iwi
Development Limited

Who we are

Raukawa Iwi Development Limited ('RIDL') is the investment arm of the Raukawa Settlement Trust ('RST').

RST established RIDL to undertake all commercial and investment activities, including management of the pūtea and certain commercially relevant rights arising from RST's settlement with the Crown.

The scope and nature of commercial activities includes, but is not limited to:

- Management of the settlement pūtea of Raukawa
- Acquisition and management Settlement properties with a commercial application
- Interest in pan-iwi entities with commercial activities, such as CNI Iwi Holdings Limited
- Management of fisheries settlement through management of Raukawa Asset Holding Company Limited (a related party).

RIDL 2020 Highlights

$9.1m

Operating Profit
(before tax and donations)

$10.3m

Total Comprehensive Income
(before tax and donations)

$3.3m

Total Donations
and Dividends

Total Balance
Sheet Assets of

$164m

up $8m on last year

Location // Whakamaru, Waikato, New Zealand

Our Vision

RIDL's vision is to be an outstanding iwi investment company and a respected leader within the Māori economy.

RIDL aims to grow the wealth and influence of Raukawa through excellent management of its assets in a manner that provides sustainable distributions for its shareholder, now and in the future.

Our Objectives

// Excellence

To be an excellent commercial manager of the assets of Raukawa.

// Growth

To grow the assets and cash flows at a pace that allows a reliable distribution to meet the ongoing requirements of its shareholder.

// Leadership

Enhance the mana of Raukawa through commercial and financial success.

// Integrity

Uphold and promote Raukawa values.

Image Credit // Raukawa Charitable Trust

From the Chair

This past year will have been tough for many of you, due to the disruption and impact of Covid-19. Raukawa has been particularly touched by tragedy because of Covid-19, and the thoughts of RIDL are with the Te Hiko whānau and the wider iwi.

We see our responsibility as providing RCT and RST with financial resources to allow them to deliver social and cultural support to Raukawa people and the wider community. This duty becomes even more important in times such as these. We want to be able to provide consistent income for Raukawa, and have developed our investment strategy accordingly.

Against the backdrop of coronavirus and market uncertainty, RIDL has continued to achieve good results. In FY20 we delivered:

- Total comprehensive income (before tax and donations) of $10.3m, compared to $13.3m last year
- A total return (before tax and donations) on RIDL opening equity per balance sheet of 7%
- Total distribution of $3.3m (comprising dividends and donations), up on $3.1m last year
- A growing pūtea with total RIDL balance sheet assets at $164m at year's end

A detailed financial results section follows this chair's report.

Non-financial highlights from the year included:

- Expansion of our commercial property holdings in conjunction with five other iwi partners to form the Hāpai property partnership
- New private equity style exposures, including via Te Pūia Tāpapa
- Ongoing optimisation of our direct property holdings

// Our strategy

We've been able to deliver a good result in FY20, in part due to the way we've invested.

Our long-term goal is a portfolio of high-quality assets that give us a balanced range of risks.

// Direct assets are those where we enjoy some form of control or where illiquidity or other complexities suit us. We like to own direct assets, as opposed to financial assets such as shares, because as a long term, institutional investor, these can deliver us better returns over time

// We want a balanced set of risks because we know that some things go up when others go down and that this can't be predicted. We also need to generate income to fund this year's needs and growth to fund next year's

We've been building our portfolio in this way for the last seven to eight years. This has seen us move from an asset base comprised principally of managed funds and cash to one that includes Crown leaseback land, farming, commercial property, forestry and some private equity style interests.

This has helped to make our returns more resilient. We were happy with this as we surveyed the substantial, albeit apparently temporary, losses that financial markets endured through February and March 2020.

We are comfortable building the portfolio patiently. We try and add at least one major investment per year. In FY20 the focus was on commercial property. We also expanded our private equity exposure.

// Covid impacts

Last year I wrote that we were nervous about shocks to the financial system. We certainly did not expect what we got.

Like all investors we felt the impacts of Covid-19 and the accompanying public policy response.

As you can see, our overall financial result was insulated by our diversification, but there were acute impacts at several assets.

Our infrastructure investment, ADIT, was the most affected by Covid. This is a long-standing fund that we bought into a couple of years ago and it is currently around 6% of our total holdings. It invests in Australian and New Zealand infrastructure assets including university accommodation, transport, power distribution and airports.

These are all solid, defensible, and large-scale assets with generally dependable cash flows. The major asset is Melbourne Airport. This has been an extremely successful asset for the fund over many decades but has obviously been badly impacted by travel restrictions. Likewise, there has been a lesser but still material impact on the student accommodation assets, which have international students as customers.

As a result the fund has declined in value by a little over 4% in NZD terms. This is roughly equivalent to the amount of annual dividend we make from it. The fund's assets remain high quality and hard to replicate but the outlook for Melbourne Airport, as for most airports globally, depends on the ability to control the virus and to be able to re-open for international travel.

There was a lesser impact on our commercial property. Ultimately negotiations were required on abatement with two tenants around an very small amount of rent. In both cases this was resolved with lease extensions and no material financial impact to us.

There was a dramatic impact on listed markets around the world and this was felt in some of our fund holdings. Some investments fell by over 10% over the February-March period when panic peaked. By year's end though almost all losses had been recovered.

The longer lasting impact is on interest rates. These lowered dramatically and we expect will continue to fall. We carry around 15% of the portfolio in cash and have a plan to deploy it in line with our strategy.

Image Credit // Raukawa Charitable Trust

// Direct investment activity

In FY20 the major activity was the formation of the Hāpai property partnership.

There is more information on Hāpai's assets over the next page but I would like to touch briefly on its foundation as it illustrates an emerging trend of collective iwi investment that we fully support.

RIDL had been considering the investment thesis for commercial property for several years. We began this because we'd seen and benefitted from strong gains in stock markets. We wanted to move some money into a more conservative asset class.

The view we developed is that high quality commercial property gives a yield premium over cash that more than compensates for risk. If acquired in the right location it should also enjoy capital growth. This is due to various factors such as zoning and various bottlenecks in the construction industry which make developments complex.

The problem we faced was that access was complicated. We didn't want to buy just one or two buildings, which would concentrate our risk to those locations. We didn't want to buy units in a listed trust that were already highly priced and over which we had no control, and we didn't want to pay the high fees associated with many unlisted or syndicated property vehicles.

We had been in touch with other iwi investors who had similar goals to us and similar concerns with how to access commercial property investment. It was clear that a purpose-built iwi vehicle was needed.

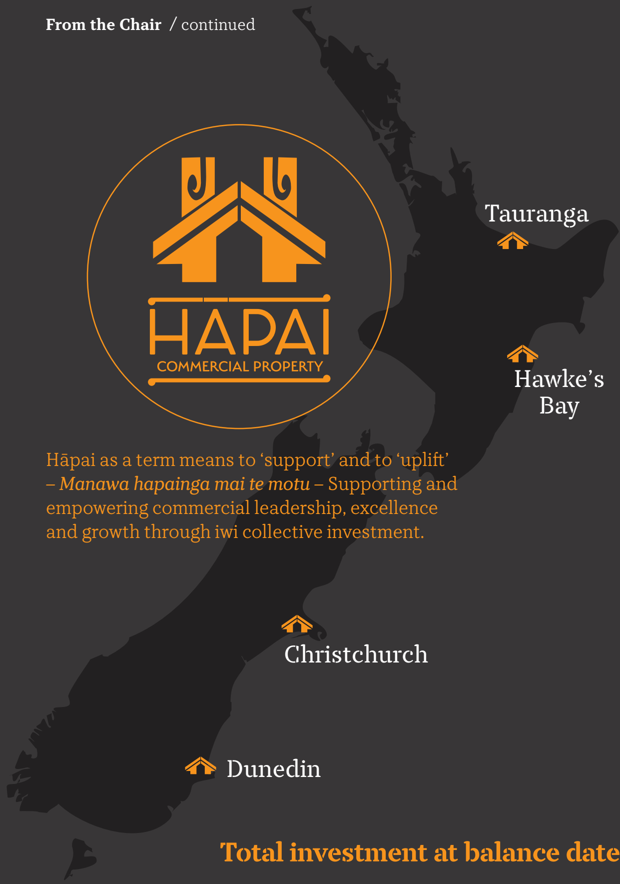
In late calendar 2019 we began to make good on our analysis by acquiring a commercial property in the Hawke's Bay, leased long term to the Hawke's Bay DHB. Towards the end of FY19 we committed to purchase two more high quality commercial properties.

We made the purchases with an eye to forming a new collective vehicle that would meet the needs of iwi investors, including ourselves, by giving investor control but the benefits of diversification and scale. Five iwi were keen to participate and joined RIDL in the new vehicle.

As a collective we can now buy more and larger assets, spread risk, improve cost efficiency, and hence improve returns.

RIDL is very pleased to have played the incubator role for Hāpai Commercial Property LP, and to have benefited by way of seeking a premium from those who have brought into the vehicle, and we hope to take a similar approach in the future to invest in other assets.

The development of Hāpai is illustrative of our approach to direct assets in general.

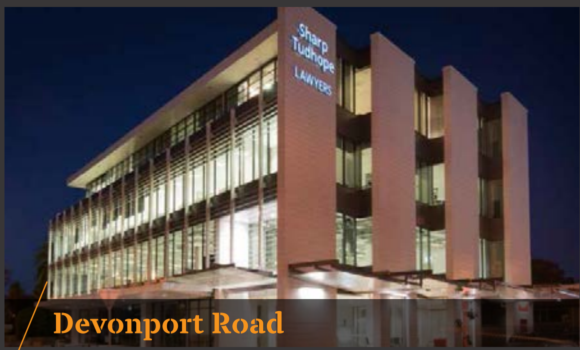


Hāpai as a term means to 'support' and to 'uplift' – *Manawa hapainga mai te motu* – Supporting and empowering commercial leadership, excellence and growth through iwi collective investment.

RIDL is very pleased to have played the incubator role for Hāpai Commercial Property LP.

Total investment at balance date

$15.6m



Devonport Road
Sharp Tudhope, Tauranga

Awatoto Business Park
Ziwi Petfood, Hawke's Bay

McLeod Street
Hawke's Bay DHB, Hawke's Bay

Stark Drive
Original Foods,Christchurch

George Street
Farmers, Dunedin

The development of Hāpai is illustrative of our approach to direct assets in general.

We want to invest at scale and where we can reliably and efficiently access good quality management (either through contracting or robust partnerships) or where management is relatively simple. In practice this means a preference for asset-based investments as opposed to operating businesses.

When it comes to operating or private equity style investments, we recognise their complexity and prefer to invest via established managers.

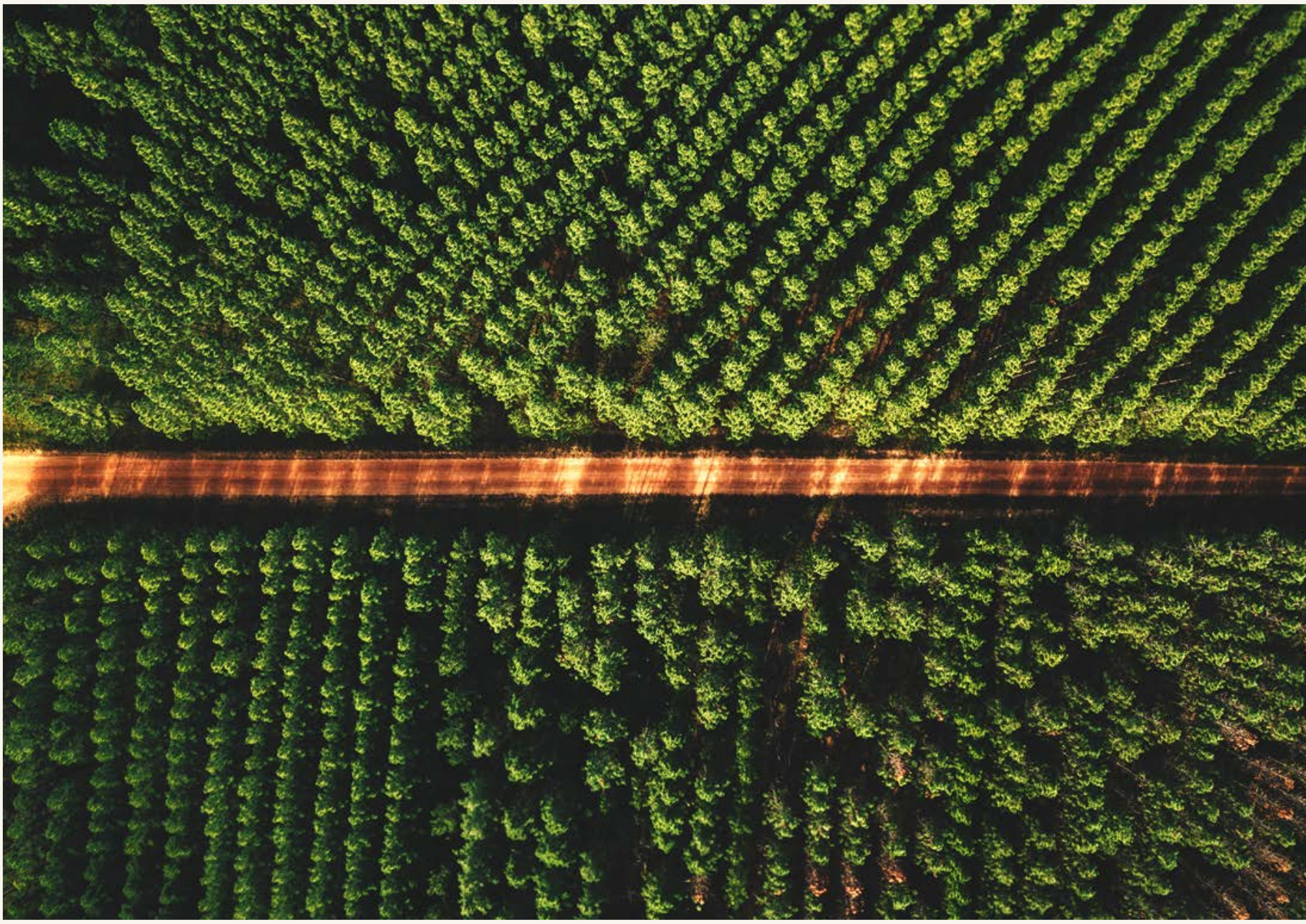
We already have some private equity investments and In FY20 we made new commitments to Direct Capital, which operates at the larger end of the spectrum and to Movac. Movac is New Zealand's longest standing and most successful tech and early stage venture investor.

Image Credit // Raukawa Charitable Trust

Image Credit // Raukawa Charitable Trust

Activity at our other existing direct assets in FY20 included:

- At Kākano, our forestry investment, activity was stalled during lockdown but there was some pent-up demand upon returning to operations. As a result of paused operations income from Kākano was lower than expected through the year, but the investment benefitted from an upwards revaluation reflecting lowering discount rates for property assets. As mentioned last year the Kākano investment has been an outstanding performer for RIDL since we invested a little over $19m in FY14. It is now worth $39m and has also delivered significant income over these six years
- CNI income was dependable and resilient. Discussions commenced during the year towards the general rent review and were ongoing into FY21. We expect to see this closed out and higher income flowing into FY22. As noted in previous years, the interest in CNI asset is recognised at cost of nil due to being an intangible asset. Management estimate of fair value is covered in the notes to the accounts. It has increased since last year due to prospective rental increases
- We own approximately 45% of the Ranginui Station, a c 3,300 cow dairy and pastoral operation near Mangakino. Ranginui struggled in FY20. It made an improved operating profit over last year but is not performing at the level we expect for this sort of business. We are working with the other major shareholder to improve this. In common with other dairy farms around the country it suffered from a downwards revaluation. This reflected pressures on the industry and restrictions on both overseas buyers and local borrowing
- Our infrastructure investment generated good income, even issuing a special dividend in December 2019 before being impacted by Covid-19, as discussed above



// As reported previously, Te Pūia Tāpapa is a vehicle formed by 26 iwi and Māori investors to co-invest with other large-scale New Zealand investors in direct assets that would be difficult for iwi to access or manage on their own. Its initial investment was due to close in March 2020 but was delayed to July. This was an investment in New Zealand truck and trailer leasing business TR Group. Te Pūia Tāpapa co-invested with Direct Capital and the NZ Super Fund. RIDL has made a $10m commitment to Te Pūia Tāpapa, of which around $9m was yet to be called at year end. The TR Group represents 10% of this. At time of writing (October 2020) a second investment was being considered and this will see our total called capital increase to around $2m. It remains a small part of the portfolio but, like the other private equity funds, gives us exposure to a range of assets and businesses we would not be able to efficiently access on our own

// In addition to Hāpai we own a variety of other properties directly. Through the year we sold one small commercial property for which we had no use. We also agreed to sell the former headquarters in Campbell St post year end. This had been vacant since the move to Raukawa House. Our main activity was around Tokoroa East. This involved a closed school that had been allowed to become rundown and a health and safety risk. Its acquisition was subject to elongated negotiations led by RST but after several years we were finally able to take possession. We had plans to demolish, de-contaminate and make good the site ready for development. These plans were delayed by lockdown, but the work was completed early in FY21. This removes a major health and safety risk. We are now in the planning stages for what comes next and hope to be able to update you next year.

// Our financial assets

While we seek a portfolio of direct assets, we know this is a long-term aspiration and that patience is a strength.

We think carefully about the areas we want to target but not everything is under our control and we have to be opportunistic. In the meantime, we keep our funds working by investing in financial assets, principally managed funds and cash.

Managed funds provide low cost access to high quality investment management. We've selected our managers based on independent advice to provide a range of risks that align with the rest of our portfolio.

The main financial markets story in FY20 was the extreme volatility associated with Covid.

We constantly monitor individual manager performance and the attitude of the overall market. Around Christmas time we felt, once again, that markets were getting overheated. We also felt we were not achieving what we wanted with all managers and hence redeemed a little over $5m.

This decision seemed prescient when Covid hit but, as mentioned above, markets have fully recovered on the back of cheap money as governments around the world seek to prop up asset prices as a proxy for economic activity.

What's been supportive for equity markets has had a severe impact on returns for holding cash. Interest rates were cut dramatically in New Zealand and in other countries. This was from rates already considered historically low. At time of writing we're looking at rates of around 1% for a six-month term deposit. This means the return is negative after allowing for inflation. We're however aware that 1% might look luxurious in six months' time if (or when) interest rates move to negative territory.

We are carrying substantial cash, partly due to fund redemptions. Through the darkest period of the lockdown we were pleased to have cash as a buffer but we are conscious it is also a risk to returns. We expect to lower our cash through direct investments over the coming year.

// Distribution

We paid a total distribution to Raukawa (dividends and donations) of $3.3m. This was up on $3.1m paid in FY19.

We plan to pay a total distribution of $3.7m in FY21 and are pleased to have been able to increase funding by more than 12 percent over last year in this time of increased need.

// Raukawa Asset Holding Company Limited

Raukawa Asset Holding Company ('RAHC') is Raukawa's settlement fisheries company. It is a wholly owned subsidiary of RST via Raukawa Settlement Trust Ltd (RSTL). RAHC's main assets are quota and shares in Moana (previously AFL), worth together about $1.8m.

RAHC does not operate the quota itself but leases it out, normally in multi-year contracts. Management, including treasury management, is provided on contract by RIDL.

Several major lease agreements with Sealord came up for renewal in October 2018 with RAHC participating in the new, revised, and standardised, pan-iwi 'Ihu To Mai' Agreement ('ITM'). We see the new ITM as a good outcome for RAHC as it continues to deliver access to value chain profit share from Sealord without taking direct operational risk.

This provides low risk income to RAHC and in FY20 it made a profit before tax of $277k vs $255k in FY19.

Māori Fisheries Act compliance reporting for RAHC is included later in this annual report.

Image Credit // Raukawa Charitable Trust

// Inter-generational focus

As a board we have been working on how we can quantify the intergenerational investment focus that RIDL takes.

We have developed the concept of reserving. This means running calculations to show how much of our pūtea is, in effect, just keeping up with inflation and the rise of iwi numbers. Maintaining this real per capita value of funds is a minimum expectation for RIDL.

Pūtea that we have above this level is the extra wealth we have been able to generate. I'm pleased to say that to the end of FY20 we have been able to generate excess returns over and above those needed to maintain the real per capita value of funds.

Detailed calculations and explanations are included elsewhere in this annual report.

// New auditors

Raukawa group ran a review process of audit services through the year. As a result, PwC was selected as group auditor. This includes RIDL. There are no material or policy changes to report.

// The year ahead

We will keep our focus on our strategy of continuing to build our portfolio of high-quality direct assets.

We expect to see:

- Increased investment in commercial property as further capital is called by Hāpai
- Potential direct opportunities emerge in agribusiness and in other specialised forms of property
- Involvement in specialist iwi collective investment vehicles
- Reductions in our cash and managed funds holdings
- Increased private equity exposure as various funds including Te Pūia Tāpapa turn economic conditions into buying opportunities
- Supporting and working with RST where we can be of assistance

As always, we hope to continue the steady, sustainable performance growth of the last several years and run a cost-efficient operation that generates reliable income for RST.

// Conclusion

I would like to extend my personal thanks to other directors: Jon Stokes, Gaylene Roberts, Deb Davies and Vanessa Eparaima. Post year end we farewelled Connie Hui and welcomed Deb Davies.

I would also like to thank Kim Blomfield for her ongoing support of RIDL and the board, and the team at Koau who continue to provide investment and general management services to RIDL.

Best wishes to all iwi members for the year ahead.

John Spencer CNZM
Chair, RIDL and RAHC

Raukawa Commercial Group Financial Overview

RIDL is Raukawa's main financial arm however for compliance purposes settlement fisheries assets are held through RAHC, an asset holding company for the purposes of the Māori Fisheries Act.

From the point of view of portfolio structuring, investment strategy, financial risk management and financial performance, we analyse across both entities, comprising the informal "Raukawa Commercial Group".

// Raukawa commercial group financial performance

Results summary

- RIDL net profit before tax and donations ('operating profit') of $9.15m
- RIDL total comprehensive income of $10.3m before tax and donations
- RAHC net income of $277k
- Total commercial group (RIDL and RAHC) comprehensive income (before tax and donations) of $10.6m, equivalent to a return on starting group equity (including the off balance sheet CNI asset and the RAHC fisheries assets at market value) of 6%

Statutory Results

Raukawa Commercial Group

$'000	FY20	FY19
RIDL total operating revenue	10,094	17,734
Admin and operating expenses (ex-donations)	(947)	(1,131)
Net profit before tax and donations	**9,147**	**16,603**
Other comprehensive income before tax movements	1,022	(3,313)
RIDL total comprehensive income before tax and donations	**10,169**	**13,289**
Add RAHC net income before tax	277	255
Raukawa Commercial Group total comprehensive income (before tax and donations)	**10,446**	**13,545**

Operating Profit

Raukawa Iwi Development Limited

$'000	FY20 adj	FY19
Reported net profit	**5,668**	**12,713**
Donations	2,735	2,611
Tax	744	1,279
RIDL statutory operating profit before tax and donations	**9,147**	**16,603**
Less adjustments		
NZU distribution	-	2,299
Tax compensation payment	-	724
Ranginui clawback of purchase price	-	1,633
Kakano special dividend	-	4,146
	-	**8,802**
Adjusted RIDL operating profit before tax & donations	**9,147**	**7,800**

Operating profit

// RIDL statutory operating profit (before tax and donations) in FY20 was $9.15m vs $16.6m in FY19 however operating income in FY19 included a range of unusual and one-off items including: CNI NZU dividend, Kākano restructuring dividend and the $1.6m clawback from Ranginui

// Normalised for these items, and including changes in fair value of investment property, operating income was actually higher in FY20 at $9.15m vs $7.80m in FY19

Other Comprehensive Income

Raukawa Iwi Development Limited

$'000	FY20	FY19
Share of movement in reserves of equity accounted associates:		
Kakano Investment LP	2,603	(3,436)
Ranginui Station LP	(1,779)	(794)
	824	**(4,230)**
Change in fair value of investments at FVOCI	362	192
Deferred tax recognised in equity for the year	(164)	725
	1,022	**(3,313)**

Other comprehensive income

// Other comprehensive income was higher in FY20:

- Kākano value uplift
- Value reduction in RSLP following farm valuation downwards as reported previously (farm value down c 10% in line with national trends)
- Change in fair value of other assets, being managed funds

Image Credit // Raukawa Charitable Trust

Financial position

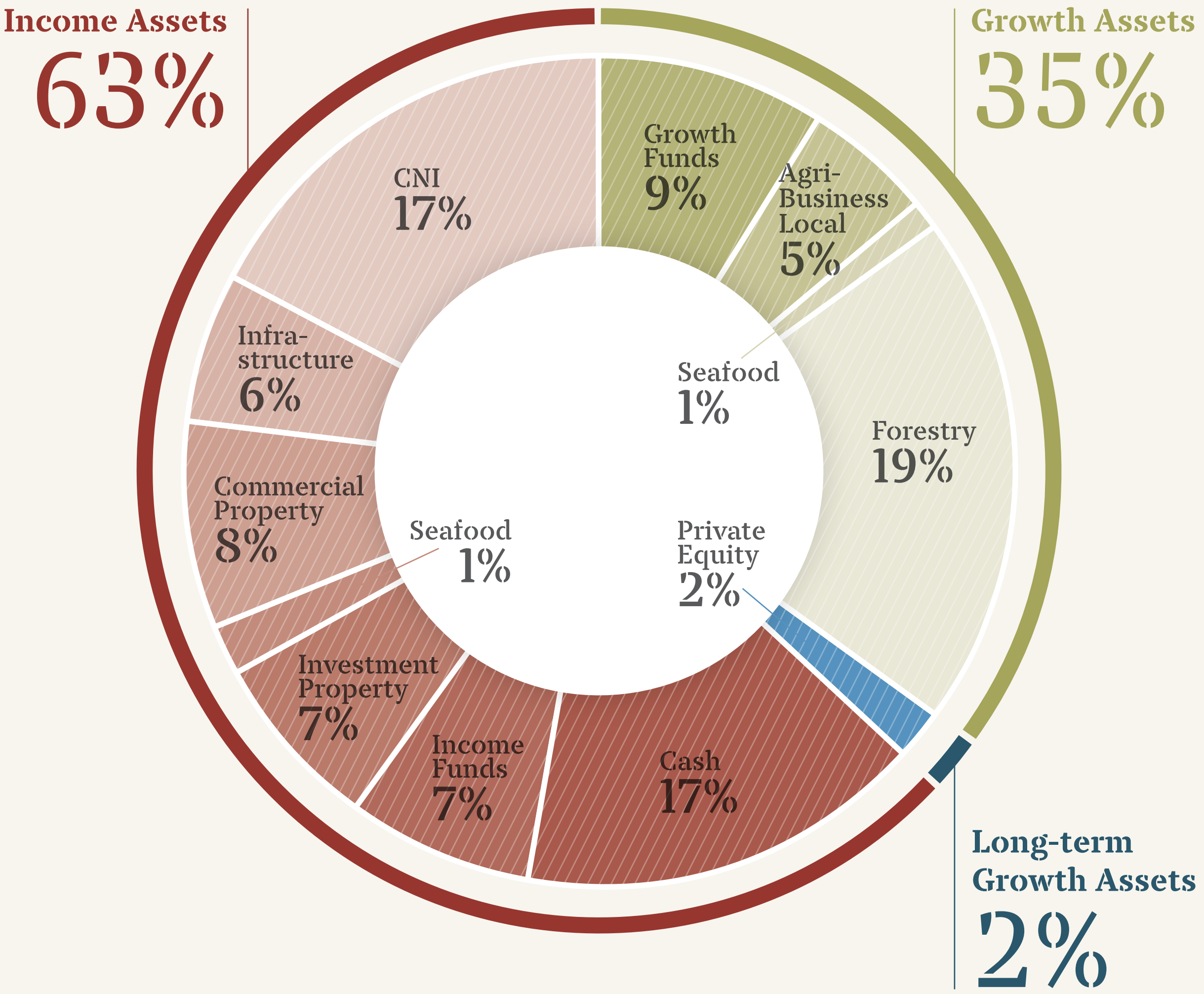
- The RIDL balance sheet (ex CNI) has seen total assets increase c $8m to $164m
- The noted fair value of CNI (recognised at nil in the statement of financial position) has also increased substantially from c $23m to $35m on the back of the rental review and material increase in future income generating ability of the asset
- RAHC statutory equity of $1m based on assets at cost. Adjusting for market value of quota and of the shares in Moana increases equity to $5.7m
- This gives total group commercial equity of $196m

Balance Sheet Summary

Raukawa Commercial Group

$m	FY20	FY19
RIDL:		
Assets	164	156
Liabilities	9	8
Net equity	**156**	**149**
CNI	**35**	**23**
RAHC:		
Assets	3	3
Liabilities	2	2
Net equity	**1**	**1**
RAHC – adjustment for market value of assets	**4**	**4**
Total group equity	**196**	**177**

The Raukawa Commercial Portfolio



As is illustrated above this portfolio is increasingly diversified by asset type and by manner of investment (direct vs indirect). This has been our long-term strategy and we believe it has helped contribute increased revenues and profits.

We look to continue this strategy over the coming years while maintaining a good cash and liquid assets buffer so that we are ready to make the right investments when they're identified.

// Our Operations and Costs

RIDL runs an efficient investment operation, drawing on the services of GHA for accountancy and of Koau Capital Partners for overall investment management.

RIDL operating costs in FY20 were $947k vs $1.13m in FY19. We were pleased with this reduction albeit FY19 operating expenses included some one-off items.

Total costs including those incurred at RAHC were equivalent to 0.51% on the value of opening total assets (including CNI and RAHC).

We are confident that these costs compare well to other investment entities of similar size.

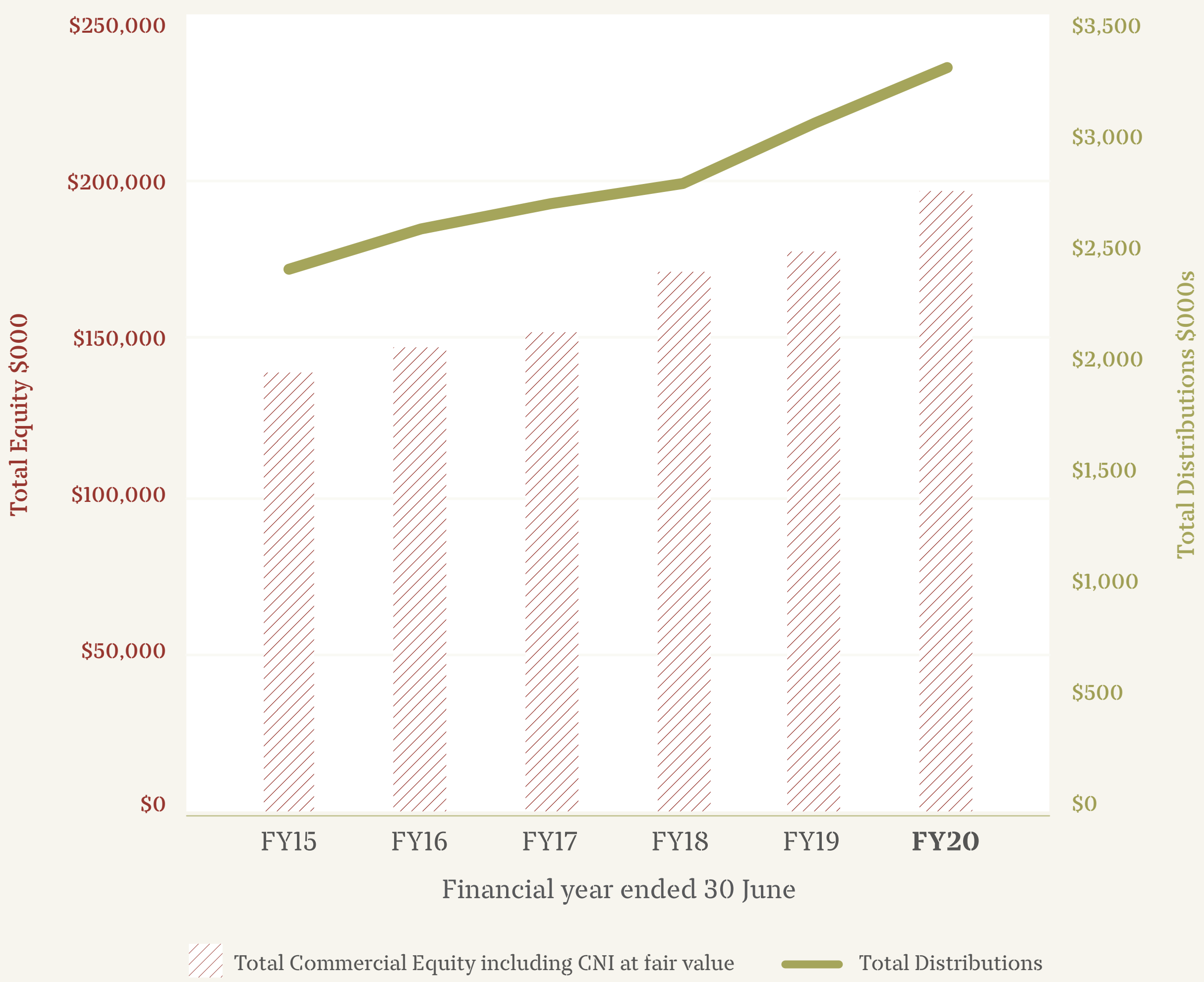
// Distributions

RIDL provided total distributions to the Raukawa Group of $3.3m up from $3.1m in FY19.

Over the last five years distributions (dividends and donations) have totalled $14.4m as reinvestment has created a bigger asset base, leading to sustainable distribution increases.

RIDL plans to make a $3.7m total distribution in FY21. This is equivalent to 2% on opening equity, up from 1.8% in FY20.

Raukawa Commercial Group — Distribution Growth



The year ahead

RIDL sets its goals for each upcoming year via the annual planning process.

The Annual Plan is prepared by RIDL management, approved and adopted by the RIDL board and then presented to RST for ratification. Its requirements are governed by the Shareholder Agreement between RST and RIDL. This outlines that each annual plan must cover RIDL's:

- Budget and financial performance targets
- Planned portfolio and investment activities
- Operational and non-financial objectives
- Total distributions (dividend and donations) to be made to RST and RCT

In FY21 our goals are:

// 01

Complete commitments to ICP and continue monitoring and engagement of other existing collective assets: CNI, Kakano, Te Puia Tapapa etc.

// 02

Establish at least 2 x collective vehicles: likely Build to Rent and Diversified Agri and execute establishment investments.

// 03

Monitor managed funds portfolio and make selective/opportunistic redemptions.

// 04

Establish small debt facility as funding back up dependent on market performance and timing for liquidating funds.

// 05

Local asset optimization:

- Tokoroa East
- Ranginui

// 06

Support RST as required.

Raukawa Asset Holding Company Limited

Raukawa Settlement Trust ('RST') is a Mandated Iwi Organisation ('MIO') as defined by the Māori Fisheries Act (the 'Act', 'MFA').

In accordance with the Act, RST has established Raukawa Asset Holding Company ('RAHC') is its Asset Holding Company ('AHC') to receive and manage the settlement fisheries interests and assets of Raukawa including settlement quota and AFL income shares. RAHC is a registered New Zealand company number 2509675.

RAHC is bound to comply with Act, which places restrictions on the sale and lease of settlement quota, governance and reporting.

This report has been prepared in compliance with the requirements under the Act.

// Performance against annual plan FY20

RAHC measures its performance in terms of net profit before tax.

- // RAHC's FY20 budget was for profit before tax of $186k
- // Actual result was $277k due to higher dividend and higher quota leasing income
- // Special purpose accounts for RAHC are included at the end of this annual report.

// RAHC Investments

RAHC's vision is to maximise returns from ACE and AFL shares from strong commercial management and ensure spare cash is efficiently utilised.

RAHC will seek growth opportunities for further investment in fishing assets either directly or in partnership with other aligned iwi.

- // RAHC will take a long-term, commercially disciplined approach to investment decision-making and will only invest where it believes it can generate appropriate returns on capital
- // RAHC will co-invest with RIDL with its primary objective to invest in fisheries assets if the right opportunities arise
- // RAHC's primary focus in the coming year will be the renegotiation of fishing contracts
- // Success measures include Return on Investment and Equity Growth and ensuring Sustainable Fisheries Management

RAHC invests in:

- // Moana shares carried at a value of $850,000
- // Fishing quota carried at a value of $950,000
- // Loans to RIDL

The only new investment in FY20 was an increase in the value of funds invested with RIDL from $900,000 to $1.2m.

RAHC carries no bank debt but has:

// An on demand in writing loan of $75k from RST

// An on demand in writing loan of $1.8m from RCT

// RAHC annual plan process

RAHC prepares an annual plan each year for approval by RST as MIO.

For FY21 this includes:

Key strategies for use and development of settlement fisheries assets:

RAHC will:

// Lease ACE

// Own Moana shares without change

// Invest surplus funds via RIDL

Expected financial return

RAHC's budget net profit before tax for FY21 is $145,000.

RAHC ACE and quota programme FY20

RAHC generates ACE income from five separate quota parcels:

// Deep water

// Inshore

// Highly Migratory Species (HMS)

// Eels

// Scampi

These have all (other than inshore, income $600 p.a.) recently been re-leased with new arrangements commencing with the fishing year from 1 October 2018:

1. Deepsea – Sealord

// Same format of a base ACE price and a top up payment but with the top up expected to be reduced vs recent years

// Direct contract this time instead of sub agreement to Maniapoto

// Maniapoto offered to continue the collation of ACE for the previous group and to assist with liaison where required

Image Credit // Raukawa Charitable Trust

2. Inshore – MOANA NZ

// Existing contract runs for two more years

3. HMS – MOANA NZ

// a. New contract on slightly reduced prices agreed

4. Scampi – Barine Developments

// New contract on improved base prices agreed

5. Eel – NZ eel Processors

// New contract same terms

RAHC uses Arantis Limited as its ACE leasing adviser.

// Constitutional amendments

There is no proposal to amend the RAHC constitution.

Commercial Structure and Accountability

// Structure

RIDL is a 100% owned subsidiary of Raukawa Settlement Trust ('RST'), the post settlement governance entity for Raukawa. The shares in RIDL are held via Raukawa Settlement Trust Limited.

RIDL operates under the Companies Act 1993 and other relevant legislation and is governed by a board of directors. This board is appointed by RST, in conjunction with advice from the sitting board members, and in accordance with the RIDL's constitution, which specifies:

- // The board of directors of the Company shall consist of a minimum of five (5) Directors and a maximum of six (6) Directors
- // A minimum of fifty percent (50%) of the Directors appointed by the Shareholder must be Trustees
- // One of the trustees appointed must be the chair of the Trust ('RST')
- // A maximum of three (3) Directors appointed by the Shareholder may be Trustees.
- // One of the non-Trustee directors must be a member of the Raukawa iwi

RIDL's board of directors is responsible and accountable for the company's performance including the employment and performance of management.

Commercial fisheries activity is run by Raukawa Asset Holding Company Limited ('RAHC'). RAHC has its own board comprised of Vanessa Eparaima, Jon Stokes and John Spencer (Chair). RAHC management is contracted from RIDL.

Image Credit // Raukawa Charitable Trust

// Governance and accountability

RST's responsibility, as single shareholder, for exercising strategic governance over RIDL is recognised through the strong accountability mechanisms encapsulated in the three key foundation documents:

- // RIDL constitution
- // Statement of Investment Policy and Objectives (SIPO)
- // Shareholder's Agreement

RIDL also provides quarterly reports to RST during the financial year updating its performance and activities and will continue so to do, as well as timely reporting on major projects or investments.

The three foundation documents provide RIDL with the agreed parameters with which to operate and ensure that the best interest of its shareholder, being the RST, is upheld.

Five-year Snapshot

Investment Policy Key Performance Items

Raukawa Commercial Group

	Long-term target	FY20 $	FY19 $	FY18 $	FY17 $	FY16 $
Results						
Raukawa commercial group adjusted operating profit (before tax and donations)		9,053,704	7,962,636	7,098,468	5,742,606	7,358,598
Raukawa commercial group total return (before tax and donations)		10,609,978	12,820,029	17,993,907	13,941,435	9,551,759
Distribution	3,700,000	3,299,999	3,055,673	2,784,078	2,696,279	2,584,191
Real capital		164,891,007	159,518,886	153,804,915	143,998,849	138,406,051
Reserves		31,577,339	17,774,219	17,925,795	8,863,571	9,785,992
Total group equity (including CNI)		**196,468,346**	**177,293,105**	**171,730,710**	**152,862,419**	**148,192,043**
Underlying consolidated debt (where governance control)		27,785,395	24,849,737	20,205,776	17,732,776	15,562,107
Ratios						
Adjusted commercial operating profit as a per cent of equity	4.0% - 4.5%	5.1%	4.6%	4.6%	3.9%	5.3%
Total return as a per cent of equity	6.5% - 7.0%	5.9%	7.9%	10.9%	8.7%	6.7%
Distribution as % of equity	2.0% - 2.25%	1.9%	1.8%	1.8%	1.8%	1.9%
Distribution as % of Normalised Operating Profit	45% - 55%	36%	38%	39%	47%	35%
Underlying debt %	Max 30%	14%	14%	12%	12%	11%
Reserves as percentage of Real Capital	10% - 15%	19%	11%	12%	6%	7%
Reserves cover of next year's distribution	5.0x	8.5x	5.4x	5.9x	3.2x	3.6x

Reserving

The inter-generational nature of iwi investment requires the preservation of real capital to balance benefits between current and future generations.

To maintain the real value requires adjustment for both inflation and ongoing population growth. This analysis is conducted across the overall Raukawa commercial assets i.e. including RIDL and RAHC as this gives the fullest picture of Raukawa's commercial assets and risks.

1. **Real Capital**

   This is the total of all initial capital and assets contributed adjusted for inflation and population growth. It is calculated as:

// **Base Capital** – This is all settlement funds received and capitalised into the commercial entity at market value. This includes an allocation for all assets gained from the CNI settlement, despite the CNI asset not appearing on the balance sheet. It also includes the river settlement monies capitalised to RIDL each year and the value of RAHC equity

// **Inflation and Population Growth** – Each year sufficient Profit and Comprehensive Income is allocated to Real Capital to match the annual rate of price and population inflation. This uses StatsNZ data for Māori population growth RBNZ data for inflation.

2. **Reserves**

   The accumulation of Total Comprehensive Income to date less the allocation for Inflation and Population required to maintain the real value of the Base Capital.

   There is no fixed target for Reserves but at approximately 2 – 5 years' annual distributions or 5% – 10% of Real Capital then it is considered the distribution policy is indicatively appropriate.

   In periods of lower yields and lower discount rates reserves may expand as valuations rise, disconnected from cash returns. This can however unwind as discount rates normalise.

RIDL is comfortable with current reserves being above target given recent valuation expansion, including the FY20 impact of the rise in value of CNI (contingent asset) due to expected rise in CNI incomes.

Group Equity	FY20 $	FY19 $
Base Capital	132,725,566	131,725,566
Inflation and population growth allocation	32,165,440	27,793,319
Real capital	**164,891,007**	**159,518,886**
Reserves	31,577,339	17,774,219
Total Group Equity (including off balance sheet assets at value)	**196,468,346**	**177,293,105**
Real Capital Value		
Balance at beginning of the year	159,518,886	153,804,915
Additional Base Capital	1,000,000	1,000,000
Transfer from Comprehensive Income	4,372,121	4,713,971
Balance at end of the year	**164,891,007**	**159,518,886**
Annual adjustment to Real Capital Value		
Inflation	1.5%	1.7%
Population growth	1.8%	1.9%
Total	**3.3%**	**3.6%**
Reserves		
Balance at beginning of the year	17,774,219	19,168,470
Transfer from Comprehensive Income	13,803,119	(1,394,250)
Balance at end of the year	**31,577,339**	**17,774,219**

3. **RIDL distribution policy and liquidity cover**

   RIDL policy is to make distributions at 2% of equity subject to a target range against normalised operating income of 45% – 55% (policy until FY20 was for 40% – 50%).

RIDL assesses its abilty to pay its distributions against adjusted operating profits generated by both commercial entities (RIDL and RAHC). This sees management adjust statutory operating profit for one off and/or abnormal items to get a picture of sustainable operating profits.

Adjusted operating profits

	FY20 $	FY19 $
RIDL statutory operating profit before tax and donations	9,146,643	16,602,514
less		
NZU distribution	-	2,298,710
Tax compensation payment	-	723,975
Ranginui clawback of purchase price	-	1,633,333
Kakano special dividend	-	4,146,213
Underwrite fee for Hapai Commercial Property LP	315,000	-
Gains on sale of inv properties or PPE	55,091	93,124
Adjusted RIDL operating profit before tax and donations	**8,776,552**	**7,707,159**
add		
RAHC net profit before tax	277,152	255,477
Raukawa commercial group adjusted operating profit (before tax and donations)	**9,053,704**	**7,962,636**
Total distributions	**3,299,999**	**3,055,673**
Distribution as per cent of Raukawa adjusted commercial operating profit before tax and donations	**36%**	**38%**

Financial Statements

Raukawa Iwi Development Limited

For the year ended 30 June 2020

Contents

Entity Information

Raukawa Iwi Development Limited
As at 30 June 2020

Nature of business
Investment

Postal address
PO Box 8
Tokoroa 3444

Directors
John Spencer — Chairman
Vanessa Eparaima
Gaylene Roberts
Jon Stokes
Debbie Davies (from 29 July 2019)
Constance Hui (ceased from 29 July 2019)

Accountants
GHA Ltd
Chartered Accountants
PO Box 1712, Rotorua

Investment Managers
Koau Capital Partners Ltd

Auditors
PwC
109 Ward Street
Hamilton 3240

Bankers
Westpac
Hamilton

ASB
Rotorua

BNZ
Hamilton

Date of Formation
17 June 2010

Shareholders
Raukawa Settlement Trust Limited
89,889,441 Ordinary Shares

Associated Entities
Raukawa Settlement Trust
Raukawa Charitable Trust
Raukawa Settlement Trust Limited
Raukawa Asset Holding Company Limited

Statement of Comprehensive Income

Raukawa Iwi Development Limited
For the year ended 30 June 2020

Revenue	Note	2020 $	2019 $
Finance & investment revenue	5	4,501,818	6,341,092
Other revenue	6	2,973,953	6,215,896
Share of net profit/(loss) of equity accounted associates	14	2,617,990	5,177,154
Total Revenue		**10,093,761**	**17,734,142**
Expenses			
Administration & operating expenses	7	947,118	1,131,629
Donation expense	17	2,735,396	2,610,986
Total Expenses		**3,682,514**	**3,742,615**
Net profit before tax		**6,411,247**	**13,991,527**
Tax expense	8	743,623	1,278,935
Net profit for the year		**5,667,624**	**12,712,593**
Other comprehensive income not subsequently reclassified to profit & loss, net of tax			
Share of movement in reserves of equity accounted associates	9	824,119	(4,229,967)
Change in fair value of investments at FVOCI	9	362,064	192,005
Deferred tax recognised in equity for the year	9	(163,797)	724,880
Total other comprehensive income not subsequently reclassified to profit & loss, net of tax		**1,022,386**	**(3,313,082)**
Total comprehensive income		**6,690,010**	**9,399,510**

This Statement is to be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in Equity

Raukawa Iwi Development Limited
For the year ended 30 June 2020

	Note	Share Capital $	Retained Earnings $	Revaluation Reserves $	Total $
Opening balance 1 July 2019		**89,756,441**	**34,304,543**	**24,632,989**	**148,693,973**
Net profit for the year		-	5,667,624	-	5,667,624
Other comprehensive income not subsequently reclassified to profit & loss, net of tax	9	-	-	1,022,386	1,022,386
Total comprehensive income for the period		**89,756,441**	**39,972,167**	**25,655,375**	**155,383,983**
Transactions with owners in their capacity as owners					
Equity contribution from shareholder		1,000,000	-	-	1,000,000
Dividends paid to shareholder	17	-	(564,603)	-	(564,603)
		1,000,000	**(564,603)**	-	**435,397**
Closing balance 30 June 2020		**90,756,441**	**39,407,564**	**25,655,375**	**155,819,380**
Opening balance 1 July 2018		**88,756,441**	**20,148,994**	**29,833,714**	**138,739,150**
Net profit for the year		-	12,712,593	-	12,712,593
Other comprehensive income not subsequently reclassified to profit & loss, net of tax	9	-	-	(3,313,082)	(3,313,082)
Reclassification from revaluation reserve to retained earnings		-	1,887,643	(1,887,643)	-
Total comprehensive income for the period		**88,756,441**	**34,749,230**	**24,632,989**	**148,138,660**
Transactions with owners in their capacity as owners					
Equity contribution from shareholder		1,000,000	-	-	1,000,000
Dividends paid to shareholder	17	-	(444,687)	-	(444,687)
		1,000,000	**(444,687)**	-	**555,313**
Closing balance 30 June 2019		**89,756,441**	**34,304,543**	**24,632,989**	**148,693,973**

This Statement is to be read in conjunction with the Notes to the Financial Statements.

Statement of Financial Position

Raukawa Iwi Development Limited
As at 30 June 2020

Assets	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	10	3,350,244	726,059
Term deposits	10	30,503,349	25,410,107
Trade and other receivables	11	264,084	2,629,356
Income tax refund		383,709	-
Total current assets		**34,501,386**	**28,765,523**
Non-current assets			
Property, plant and equipment	12	315	451
Investment property	13	13,957,000	22,720,249
Investments in associates	14	65,564,653	48,998,126
Other investments	15	49,904,182	55,359,796
Intangibles	18	102,297	73,432
Loan receivable – Whakaaratamaiti Marae	19	449,074	453,940
Total Non-current assets		**129,977,520**	**127,605,994**
Total Assets		**164,478,903**	**156,371,516**
Liabilities			
Current liabilities			
Trade and other payables	16	528,009	316,929
Advances from related parties	17	4,478,565	3,772,367
Income tax due		-	99,094
Total Current liabilities		**5,006,574**	**4,188,389**
Non-current liabilities			
Deferred tax liability	8	3,652,949	3,489,152
Total Non-current liabilities		**3,652,949**	**3,489,152**
Total Liabilities		**8,659,523**	**7,677,541**
Net assets		**155,819,380**	**148,693,973**
Equity			
Share capital	21	90,756,441	89,756,441
Retained earnings		39,407,564	34,304,543
Revaluation reserves	9	25,655,375	24,632,989
Net Assets/Equity		**155,819,380**	**148,693,973**

These financial statements are issued for and on behalf of the Board of Directors:

Director
Date: 5 November 2020

Director
Date: 5 November 2020

Statement of Cash Flows

Raukawa Iwi Development Limited
For the year ended 30 June 2020

Cash flows from operating activities	Note	2020 $	2019 $
Receipts from operations		3,315,064	1,153,680
Receipts from interest		742,394	704,271
Receipts from dividends		2,977,895	2,788,550
Receipts from capital distributions		-	2,298,710
Payments to suppliers and employees		(3,464,951)	(3,617,370)
Receipts from/(payments of) income taxes		(1,226,335)	(987,675)
Total cash flows from operating activities		**2,344,067**	**2,340,165**
Cash flows from investing activities			
Receipts from sale of investments in managed funds		7,856,010	2,528,226
Receipts from settlement of term deposits		56,551,698	36,759,480
Receipts from sale of property, plant & equipment		-	483,035
Receipts from sale of investment properties		139,200	276,943
Receipts from associates and other investments		3,330,834	2,463,501
Derecognition of subsidiary		5,297,962	-
Purchase of term deposits		(61,644,940)	(33,391,819)
Purchase of investment properties		(30,680,607)	(11,442,920)
Purchase of investments in other entities		(2,257,489)	(2,202,120)
Total cash flows from investing activities		**(21,407,332)**	**(4,525,674)**
Cash flows from financing activities			
Loans received from related parties		706,198	400,000
Repayment from third party		5,766	5,478
Issue of shares		1,000,000	1,000,000
Payment of dividends		(564,603)	(444,687)
Bank borrowings		20,540,088	-
Total cash flows from financing activities		**21,687,449**	**960,791**
Net Increase/ (Decrease) in Cash and Cash Equivalents		**2,624,185**	**(1,224,718)**
Cash balances			
Cash on hand and at bank at beginning of the year	10	726,059	1,950,778
Cash on hand and at bank at end of the year	10	3,350,244	726,059
Net change in cash for the year		**2,624,185**	**(1,224,718)**

This Statement is to be read in conjunction with the Notes to the Financial Statements.

Statement of Accounting Policies

Raukawa Iwi Development Limited
For the year ended 30 June 2020

1. Reporting entity

The consolidated financial statements of Raukawa Iwi Development Limited ("RIDL", "the Company") presented are for the year ended 30 June 2020, comprising the Company and its subsidiary Hāipa Commercial Property Limited Partnership ("HCPLP", formally Iwi Commercial Property Limited Partnership and formally Raukawa Property Limited Partnership), together called the Group. RIDL is registered under the Companies Act 1993 and has prepared these financial statements in accordance with the Financial Reporting Act 2013. RIDL is involved primarily in property and equity investment on behalf of its parent Raukawa Settlement Trust. HCPLP is registered under Limited Partnerships Act 2008. HCPLP held and managed investment property on behalf of its parent RIDL. The Parent lost control of HCPLP on 30 September 2019 when it disposed of 54.9% of its interest in the subsidiary.

2. Basis of preparation

(a) Statement of compliance

The financial statements are prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). In the case of the Group, NZ GAAP means New Zealand equivalents to International Financial Reporting Standards as appropriate for Tier 2 entities who elect to apply the Reduced Disclosure Regime ("NZ IFRS RDR"). NZ IFRS RDR standards allow for a reduced disclosure regime to be applied and the RIDL has taken all disclosure concessions available. RIDL is eligible to apply Tier 2 reporting as it is not publicly accountable, and is not a large for-profit public sector entity.

(b) Functional and presentation

The presentation currency and functional currency of the Group is the New Zealand Dollar ($). All amounts have been presented in New Zealand Dollars (rounded to the nearest dollar). Transactions and balances reported in foreign currencies are translated to New Zealand Dollars at the rate prevailing on the date of the transaction.

(c) GST

Except for trade receivables and trade payables which are stated inclusive of GST, all amounts have been reported exclusive of GST.

(d) Changes in accounting policies

The Company has adopted NZ IFRS 16 retrospectively from 1 July 2019, and as there was no impact, has not restated comparatives.

Lessor accounting
The Company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of NZ IFRS 16.

All other accounting policies adopted are consistent with those of the previous financial year.

(e) Financial Assets/Liabilities

Non-derivative financial assets
The Company initially recognises assets held at amortised cost on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through other comprehensive income and those held at amortised cost.

Statement of Accounting Policies (continued)
Raukawa Iwi Development Limited
For the year ended 30 June 2020

2. Basis of preparation (continued)

A financial asset is classified at fair value through other comprehensive income if it is not classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at fair value through other comprehensive income if the financial asset is held with a business mode whose objective is achieved by collecting contractual cash flows and selling financial assets and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through other comprehensive income are measured at fair value and changes therein are recognised in equity. Financial assets at fair value through other comprehensive income include financial derivatives.

Assets held at amortised cost
Assets held at amortised cost are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Assets held at amortised cost comprise cash and cash equivalents, and trade and other receivables.

Financial liabilities at amortised cost
The company's financial liabilities are principally borrowings and trade and other payables and are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3. Use of judgements and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are disclosed where applicable in the relevant notes to the financial statements, refer note 13 Investment property, note 14 Investments in associate regarding the fair value of the acquisition in associate HCPLP and note 23 CNI Iwi Collective Settlement.

Judgements made by management in the application of the NZ IFRS RDR that have significant effects on the financial statements are disclosed, where applicable, in the notes to the financial statements.

4. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent and subsidiaries controlled by the Parent.

Control is achieved when the Parent has power over the investee and can determine the investee's operating and financing policies, such that the parent can direct the investee to assist it achieving the parent's own financial and public benefit objectives.

Consolidation of a subsidiary begins when a Parent obtains control over the subsidiary and ceases when a Parent loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent gains control until the date when a Parent ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Notes to the Financial Statements

Raukawa Iwi Development Limited
For the year ended 30 June 2020

5. Finance and investment revenue

	Note	2020 $	2019 $
Interest		710,681	794,118
Dividends		1,625,858	3,201,674
CNI Iwi Holdings dividend		2,165,279	2,345,301
		4,501,818	**6,341,092**

Interest income is recognised on the effective interest rate method. Dividend income is recognised when the Group's right to receive the dividend is established.

6. Other revenue

	Note	2020 $	2019 $
Lease and rental income		957,669	1,108,737
Realised gains on sale of Investment Properties		55,091	-
Fair value adjustments recognised in net profit/(loss)	13	1,646,193	358,017
Gain on sale of property, plant & equipment		-	93,124
CNI Iwi Holdings NZU distribution		-	2,298,710
Capital refund – Ranginui		-	1,633,333
Compensation towards tax liability		-	723,975
Gain on derecognition of subsidiary	14	315,000	-
		2,973,953	**6,215,896**

Lease and rental income from operating leases accrues on a straight line basis over the term of the lease. Fair value adjustments recognised in net profit/(loss) relate to increases in the fair value movement of investment properties and recoveries of previous impairment losses and revaluation decreases expensed to profit and loss.

The investment properties are leased to tenants under operating leases with rental payable monthly.

Minimum lease payment receivables on leases of investment properties are as follows:

Within one year	486,125	558,553
Between 1 and 2 years	446,042	486,125
Between 2 and 3 years	466,992	474,126
Between 3 and 4 years	466,992	466,090
Between 4 and 5 years	466,992	466,090
Later than 5 years	2,557,302	2,091,212
	4,890,445	**4,542,196**

Most RIDL property leases are long term (10 years plus). There are no lease renewals in the coming five years however two terminations are expected.

Notes to the Financial Statements (continued)
Raukawa Iwi Development Limited
For the year ended 30 June 2020

7. Administration and operating expenses

	Note	2020 $	2019 $
Accountancy fees		36,441	34,201
Administration		104,407	78,790
Audit fees		28,477	29,100
Communication		10,732	14,772
Depreciation	12	136	196
Facilities		284,928	270,067
General		-	469
Governance		235,614	214,586
Specialist advice		234,342	467,361
Travel		12,041	22,087
		947,118	**1,131,629**

Audit fees of $28,477 recognised in 2020 include $5,477 payable to the auditor of the 2019 reporting period, KPMG.

8. Income tax expense

	2020 $	2019 $
Net profit before income tax	**6,411,247**	**13,991,527**
Tax expense at 17.5%	**1,121,968**	**2,448,517**
Non-assessable income	(571,806)	(1,358,612)
Non-deductible expenses	193,461	236,744
Tax expense	**743,623**	**1,278,935**

Deferred tax assets/(liabilities)	01 July 2019	Recognised in Profit	Recognised in Equity	30 June 2020
Investments in associates	(3,489,152)	-	(163,797)	**(3,652,949)**
	(3,489,152)	-	**(163,797)**	**(3,652,949)**

	01 July 2018	Recognised in Profit	Recognised in Equity	30 June 2019
Investments in associates	(4,214,032)	-	724,880	**(3,489,152)**
	(4,214,032)	-	**724,880**	**(3,489,152)**

Income tax is recognised in net profit/(loss) except to the extent it relates to items recognised in equity. Current tax is the estimated income tax payable based on current period taxable income adjusted for amounts over or under provided in prior periods.

Deferred tax relates to the estimated future tax consequences and benefits expected resulting from timing differences between amounts recognised in net profit/(loss) under the financial reporting policies adopted by RIDL and income tax legislation.

Deferred tax assets are recognised only when there is probability they will be utilised against future taxable income.

Notes to the Financial Statements (continued)
Raukawa Iwi Development Limited
For the year ended 30 June 2020

9. Other comprehensive income not subsequently reclassified

	Note	2020 $	2019 $
Share of movement in reserves of equity accounted associates	14	824,119	(4,229,967)
Change in fair value of investments at FVOCI		362,064	192,005
Deferred tax recognised in equity for the year	8	(163,797)	724,880
		1,022,386	**(3,313,082)**
Revaluation reserve balances			
Investments in associates	14	18,845,782	18,021,663
Investments at FVOCI and intangible assets		10,462,542	10,100,478
Deferred tax	8	(3,652,949)	(3,489,152)
		25,655,375	**24,632,989**

The revaluation reserves are used to record increase and decrease of reserves in Investments in associates, managed investment funds and intangibles.

10. Cash and cash equivalents

	Note	2020 $	2019 $
Cash and bank balances		3,350,244	726,059
Short term deposits		30,503,349	25,410,107
		33,853,593	**26,136,167**

Cash and bank balances comprise cash and call accounts and other deposits held with financial institutions with maturity dates less than 3 months. Short Term Deposits include all cash investments with original maturities between 3 and 12 months. The average interest rate prevailing on cash and cash equivalents at 30 June 2020 was 2.35% (2019: 3.25%).

11. Trade and other receivables

	Note	2020 $	2019 $
Accounts receivable		71,655	27,696
Accrued interest		167,318	199,030
Accrued income		-	2,357,308
Credit Card		440	-
GST receivable		24,671	-
Prepayments		-	45,323
		264,084	**2,629,356**

Trade and other receivables are amounts due from investing activities. They are generally due for settlement within 30 days and are therefore classified as current. Trade receivables are recognised at cost.

Trade and other receivables more than 90 days overdue total $10,727 (2019: $4,227). There is a doubtful debt provision $4,227 (2019: none) and RIDL is not exposed to any other significant credit risk (2019: none).

Notes to the Financial Statements (continued)
Raukawa Iwi Development Limited
For the year ended 30 June 2020

12. Property, plant and equipment	Other $	Motor vehicles $	Office equipment $	Total $
Cost				
Balance at 1 July 2019	-	9,296	3,368	12,664
Disposals	-	-	-	-
Balance at 30 June 2020	-	9,296	3,368	12,664
Balance at 1 July 2018	40,834	9,296	3,368	53,498
Disposals	(40,834)	-	-	(40,834)
Balance at 30 June 2019	-	9,296	3,368	12,664
Accumulated depreciation				
Balance at 1 July 2019	-	8,853	3,360	12,213
Depreciation expense		133	3	136
Balance at 30 June 2020	-	8,986	3,363	12,349
Balance at 1 July 2018	916	8,664	3,354	12,935
Depreciation expense	-	189	6	196
Disposals	(916)	-	-	(916)
Balance at 30 June 2019	-	8,853	3,360	12,213
Carrying value				
At 30 June 2020	-	310	5	315
At 30 June 2019	-	443	8	451

Items of property, plant and equipment are recognised initially at cost and depreciated over their estimated useful lives (except for land) using the Diminishing Value method at the following rates:

Motor vehicles	13-30% of Carrying Value
Other plant & equipment	10-25% of Carrying Value

Notes to the Financial Statements (continued)
Raukawa Iwi Development Limited
For the year ended 30 June 2020

13. Investment property

	Note	2020 $	2019 $
Opening book value		22,720,249	11,196,255
Purchases		30,680,607	11,442,920
Disposals		(86,610)	(276,943)
Disposals – de-recognised upon loss of control of HCPLP	14	(41,003,439)	-
Changes in fair value		1,646,193	358,017
Closing book value		**13,957,000**	**22,720,249**

Investment properties are held by the Company to earn rental income and capital appreciation rather than for the Company's own use.

Investment properties are valued at fair value with changes in fair value recognised in profit/(loss). Fair value is assessed annually with reference to comparable property prices or by making use of yields from existing lease agreements. The key inputs under this approach are the price per square meter from current year prices. This was completed by independent professional property valuers Telfer Young Rotorua. The most current assessment was made in June2020.

14. Investments in associates

	Note	2020 $	2019 $
Total Investments in associates		**65,564,653**	**48,998,126**

Investments in associates are those where RIDL has significant influence but not control over an investee. Significant influence arises when RIDL holds 20% - 50% of the equity and voting interests in an investee and has representation on its governing body. RIDL uses equity method of accounting whereby it recognises its initial investment in an associate at cost or fair value in the case of a step-disposal and the carrying amount is increased or decreased by its proportionate share of the net profit/(loss) of the investee and its proportionate share of other comprehensive income. Net distributions after deduction of the transaction costs received from an investee reduce the carrying amount of the investment. No impairment for the current financial year (2019: Nil).

Kakano Investment Limited Partnership

	2020 $	2019 $
Opening carrying value	**36,168,250**	**36,969,444**
Share of net profit/(loss) for the period	1,301,103	5,098,203
Share of other comprehensive income	2,603,374	(3,435,896)
Distributions received	(1,301,194)	(2,463,501)
Closing carrying value	**38,771,533**	**36,168,250**

RIDL holds a 31.5% share in Kakano Investment Limited Partnership (2019: 31.5%). Kakano is a forestry investment fund that has a 2.5% shareholding in Kaingaroa Timberlands. The cost of the investment at the time of purchase was $17,314,510.

Ranginui Station Limited Partnership

	2020 $	2019 $
Opening carrying value	**12,829,876**	**13,544,996**
Share of net profit/(loss) for the period	147,526	78,951
Share of other comprehensive income	(1,779,255)	(794,071)
Closing carrying value	**11,198,146**	**12,829,876**

RIDL acquired a 44.7% share in Ranginui Station Limited Partnership during the year ended 30 June 2016 and still owns 44.7% at 30 June 2020. Ranginui Station Limited Partnership owns and operates dairy farms in the South Waikato.

Hāpai Commercial Property Limited Partnership

	2020 $	2019 $
Opening carrying value – 1 October 2019	**9,228,609**	
Capital contributed	5,936,867	
Share of net profit/(loss) for the period	1,169,197	
Distributions received	(739,700)	
Closing carrying value	**15,594,973**	

Notes to the Financial Statements (continued)
Raukawa Iwi Development Limited
For the year ended 30 June 2020

14. Investments in associates (continued)

HCPLP owns commercial investment properties in Tauranga, Christchurch, the Hawke's Bay and Dunedin.

As at 1 July 2019, RIDL owned a 100% subsidiary. The assets and liabilities were consolidated into the RIDL group statements. At 30 September 2019, it had $41 million investment property and $20 million debt (borrowed post 1 July 2019), and equity owed to shareholder of a further $20 million.

At 30 Sept 2019, additional investors were invited into the entity and that diluted interest so that RIDL lost control. This is the date of derecognition of the subsidiary, and resulted in derecognition of $41 million investment property assets in note 13.

The gain/loss at disposal is calculated as the consideration for the assets derecognised less the carrying value of the asset derecognised. The consideration takes the form of returning the Capital invested of $20 million. Of the $20m consideration, $9.2m retained in the investment as an associate interest. A further $5.9m is left in the business as their portion of the call on capital for additional property acquisition which occurred at the same time. This left $5.2m balance owed, which was returned to RIDL shortly after.

	2020 $
Fair value of the consideration	11,549,829
Fair value retained investment – acquisition of associate interest	9,228,609
Less: Carrying value of former subsidiary's net assets	(20,463,438)
Gain on derecognition of subsidiary	**315,000**
Fair value of the consideration	9,228,609
Percentage retained of carrying value of subsidiary – 45.09%	9,226,964
Portion of gain(loss) attributed to retained associate interest	**1,645**

15. Other investments

	2020 $	2019 $
AMP Capital (ADIT) Fund	12,048,890	12,609,316
AMP Capital (GMAF) Fund	-	5,179,398
Aspiring Asset Management Ltd	3,690,349	3,503,605
Castle Point 5 Oceans Fund	2,172,394	2,150,180
Direct Capital	8,734	-
Milford Asset Management – Active Growth Fund	11,317,057	11,337,191
Milford Asset Management – Income Fund	8,871,157	9,414,953
Mint Asset Management	3,331,862	3,910,968
Pencarrow V Investment Fund	1,535,348	795,972
Te Puia Tapapa LP	1,043,571	85,000
T Rowe Price Global Equity Growth Fund	4,013,007	3,323,220
Waitaha Property Rebuild Fund LP	1,871,813	3,049,994
	49,904,182	**55,359,796**

Notes to the Financial Statements (continued)
Raukawa Iwi Development Limited
For the year ended 30 June 2020

15. Other investments (continued)

Other Investments include managed investment funds and shareholdings held by RIDL where less than 20% of the equity and voting interests in an investee are held.

The Group has made an irrevocable election to classify these investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. These investments are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

The investment funds are revalued at year end based readily available market prices (level one on the fair value hierarchy) provided by the fund managers which were valued at market value as at 30 June 2020.

16. Trade and other payables

	Note	2020 $	2019 $
Accounts payable		143,644	104,158
Accrued expenses		365,105	177,000
GST Payable/(refund)		-	16,511
Income received in advance		19,260	19,260
		528,009	**316,929**

Trade and other payables are reported at their amortised cost.

17. Related parties

	2020		2019	
	Revenue/ (Expense) $	Receivables/ (Payables) $	Revenue/ (Expense) $	Receivables/ (Payables) $
(a) Parent – 100% owned				
Raukawa Settlement Trust				
Dividend	(564,603)	-	(444,687)	-
Related party advance	-	(1,641,679)	-	(1,641,679)
(b) Other entities in the same group				
Raukawa Charitable Trust				
Lease and rental income	218,207	-	175,000	-
Sale of plant and equipment	-	-	-	-
Corporate services charges	(92,281)	-	(75,101)	-
Donation	(2,735,396)	-	(2,610,986)	-
Related party advance	-	(1,636,886)	-	(1,230,687)
Raukawa Asset Holding Company Limited				
Related party advance	-	(1,200,000)	-	(900,000)
Total Related party advances		**(4,478,565)**		**(3,772,367)**

Notes to the Financial Statements (continued)
Raukawa Iwi Development Limited
For the year ended 30 June 2020

17. Related parties (continued)

	2020 Revenue/ (Expense) $	2020 Receivables/ (Payables) $	2019 Revenue/ (Expense) $	2019 Receivables/ (Payables) $
(c) Other related parties				
Governance				
Director fees	(233,500)	-	(212,667)	-
Key management personnel				
Koau Capital Partners investment management	(180,000)	(18,400)	(180,000)	(18,400)

Advances made to, and received from, related parties are made interest free and are repayable on demand. No amounts due from related parties are considered past due, or impaired (2019: none).

Related parties are entities subject to common control, or those entities and individuals (including their close family members) who are able to exert significant control or influence over the entity through decision making over financial and operating policies.

Koau Capital Partners Limited are considered a related party as they provide key management functions to RIDL. Koau Capital Partners Limited are also the manager of investee Waitaha Property Rebuild Fund LP and Hāpai Commercial Property Limited Partnership.

The Company has a 12.5% interest in CNI Iwi Holdings Limited which allows for two Directors of the RIDL board to also represent the Raukawa Iwi as Directors on CNI Iwi Holdings Limited. Refer to note 23 CNI Iwi Collective Settlement for detail on RIDL's interest in the settlement assets under the trust of CNI Iwi Holdings Limited.

The Group's interests in associates are related parties. Transactions with these entities are disclosed in note 14.

18. Intangibles

	2020 $	2019 $
Pre-1990 units		
Carbon credits – (NZ units) at fair value	102,297	73,432

During the 2015 year the company received 3,172 NZUs under the New Zealand Emission Trading Scheme from the Ministry of Agriculture and Forestry. NZUs were provided to compensate the company for restrictions on future land use that may affect the forestry land value.

The carbon credits are held at fair value using the market value as at year end. The gain/loss is recognised as change of in fair value of asset.

19. Loan receivable

	2020 $	2019 $
Loan	449,074	453,940

The loan relates to vendor finance provided for the purchase of a property from RIDL. The finance is secured against the property.

Notes to the Financial Statements (continued)
Raukawa Iwi Development Limited
For the year ended 30 June 2020

20. Financial instruments

	Asset at Fair Value through Profit & Loss $	Asset held at amortised cost $	Total $
Financial assets			
As at 30 June 2020			
Trade and other receivables	-	239,413	239,413
Cash and cash equivalents	-	3,350,244	3,350,244
Term deposit		30,503,349	30,503,349
Other investments	49,904,182	-	49,904,182
Loan receivable – Whakaaratamaiti Marae	-	449,074	449,074
	49,904,182	**34,542,080**	**84,446,262**
As at 30 June 2019			
Trade and other receivables	-	2,584,033	2,584,033
Cash and cash equivalents	-	726,059	726,059
Term deposit		25,410,107	25,410,107
Other investments	55,359,796	-	55,359,796
Loan receivable – Whakaaratamaiti Marae	-	453,940	453,940
	55,359,796	**29,174,139**	**84,533,936**
Financial liabilities			
As at 30 June 2020			
Trade and other payables	-	502,878	502,878
Advanced from related parties	-	4,478,565	4,478,565
	-	**4,981,443**	**4,981,443**
As at 30 June 2019			
Trade and other payables	-	292,279	292,279
Advanced from related parties	-	3,772,367	3,772,367
	-	**4,064,646**	**4,064,646**

21. Share capital

	2020 Number	2020 $	2019 Number	2019 $
Issued and fully paid shares ordinary shares at $1 each				
At 1 July	88,889,441	89,756,441	87,889,441	88,756,441
Issued during the year	1,000,000	1,000,000	1,000,000	1,000,000
At 30 June	**89,889,441**	**90,756,441**	**88,889,441**	**89,756,441**

Ordinary shares have a per value of $1. They entitle the holder to receive dividends, and to share in the proceeds of winding up the company in proportion to the number of shares held.

Notes to the Financial Statements (continued)
Raukawa Iwi Development Limited
For the year ended 30 June 2020

22. Commitments

	Due	$
Further Capital commitments as at 30 June 2020		
HCPLP (previously called ICPLP)	2021-2022	3,820,130
Direct Capital	2021-2024	2,976,266
Pencarrow Investment LP	2021-2024	1,470,000
Pioneer Fund	2021-2024	2,000,000
Te Pūia Tāpapa	2021-2024	8,956,429
Total		**19,222,825**

The Board resolved in June 2020 to invest in Movac's Fund. Formal commitment documentation is to be completed in 2021 year.

23. CNI Iwi Collective Settlement

Raukawa is a beneficiary of the CNI Iwi Collective Settlement Act 2008. Under this Act, the group has the right to receive a shared land asset and dividends from the CNI Iwi Holdings Trust arising from income earned from the land over that period, as and when declared while it negotiates with other iwi through the Mana Whenua process over ownership of specific land titles. RIDL estimates its entitlement to dividends until 2044 to be $35.02 million (2019: $23.2 million) using forecast rental income earned from forestry rights on land titles discounted at a rate of 6.45% (2019: 6.45%). In 2044, title to any specific land titles the group receives from negotiations will pass to Raukawa and it will continue to be entitled to all future income from these lands. The assets have nil value in balance sheet as in accordance with NZ IAS 20, assets received for no consideration, are measured at cost (nil value).

24. Subsequent events

Land development work ongoing at a commercial property at Tokoroa Main Road at year end.

The property at 26-32 Campbell Street was sold for $735,000 in August 2020 and settled on 11 September 2020.

RIDL received capital distribution of $654,484 from Waitaha LP on 14 September 2020.

Capital Calls after balance date	$
HCPLP (previously called ICPLP)	2,207,211
Direct Capital	413,438
Pencarrow Investment LP	60,000
Total	**2,680,649**

25. Covid-19

Covid-19 has caused disruption to economies, markets and asset values. It is unclear what the long term result will be however the short term impact of the New Zealand (and overseas) policy response appears to be upward pressure on yield and risk investment assets including property and listed markets. The impact that Covid-19 had on Other Investments and Investment property assets is inherent in their valuations, which were fair valued on market-based valuation methods using information available at 30 June 2020. Covid-19 did not have an impact on Investments in associates, whose underlying assets continued to support the carrying value in RIDL.

pwc

Independent auditor's report

To the shareholder of Raukawa Iwi Development Limited

We have audited the financial statements which comprise:

- the statement of financial position as at 30 June 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- a statement of accounting policies; and
- the notes to the financial statements.

Our opinion

In our opinion, the financial statements of Raukawa Iwi Development Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

pwc

Independent auditor's report *(continued)*

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholder. Our audit work has been undertaken so that we might state those matters which 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 Company and the Company's shareholder for our audit work, for this report or for the opinions we have formed.

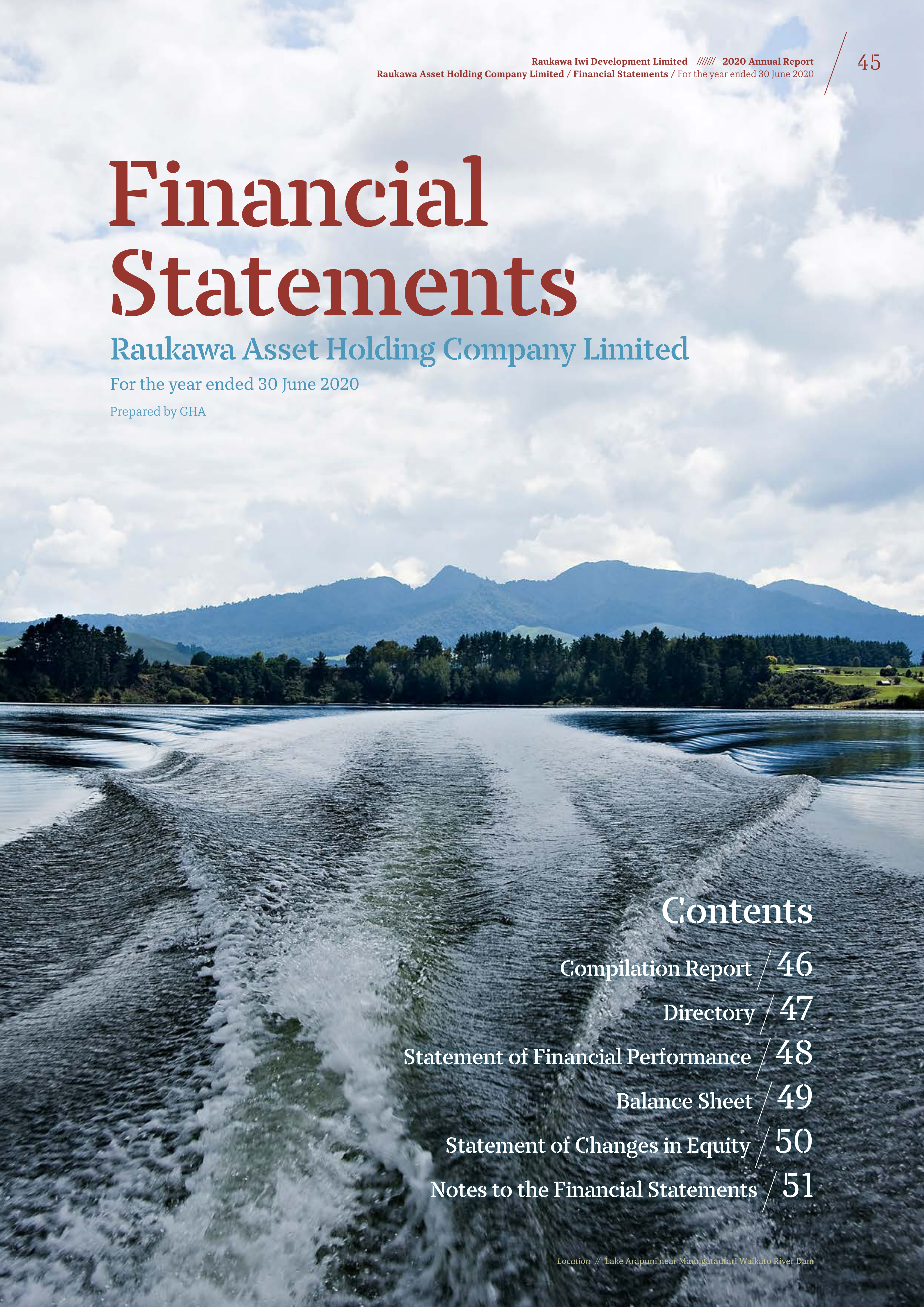
The engagement partner on the audit resulting in this independent auditor's report is Matthew White.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
9 November 2020

Hamilton



Financial Statements

Raukawa Asset Holding Company Limited

For the year ended 30 June 2020

Prepared by GHA

Contents

Location // Lake Arapuni near Maungatautari Waikato River Dam

Compilation Report

Raukawa Asset Holding Company Limited
For the year ended 30 June 2020

Compilation Report to the Directors of Raukawa Asset Holding Company Limited

Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the special purpose financial statements of Raukawa Asset Holding Company Limited for the year ended 30 June 2020.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

Responsibilities

You are solely responsible for the information contained in the special purpose financial statements and have determined that the financial reporting framework used is appropriate to meet your needs and for the purpose that the special purpose financial statements were prepared.

The financial statements were prepared exclusively for your benefit. Neither we nor any of our employees accept responsibility on any grounds whatsoever, including liability in negligence, for the contents of the special purpose financial statements to any other person.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. A compilation is limited primarily to the collection, classification and summarisation of financial information. Our procedures do not include verification or validation procedures of the information. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer

As mentioned earlier in our report, we have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.

GHA Ltd
Chartered Accountants
Dated: 11 August 2020

Directory

Raukawa Asset Holding Company Limited
For the year ended 30 June 2020

Registered Office
Raukawa Way
Tokoroa

Company Number
2509675

IRD Number
104-924-284

Directors
Vanessa Eparaima
John Spencer
Jon Stokes

Shareholders
Raukawa Settlement Trust Limited
100 Ordinary Shares

Accountants
GHA Limited
Level 1 GHA Centre
1108 Fenton Street
Rotorua 3010

Statement of Comprehensive Income

Raukawa Asset Holding Company Limited
For the year ended 30 June 2020

Trading Income	Note	2020 $	2019 $
ACE Income		176,624	184,926
Total Trading Income		**176,624**	**184,926**
Other Income			
Dividends Received		145,676	110,693
Interest Received		92	344
Total Other Income		145,768	111,037
Total Income		**322,392**	**295,963**
Expenses			
General Expenses		102	259
Accountancy Fees		5,962	5,730
Fisheries Levies		26,618	22,006
Management Fees		12,000	12,000
Office Expenses		18	-
Subscriptions		540	492
Total Expenses		**45,240**	**40,486**
Net Profit Before Tax		**277,152**	**255,477**
Adjustments & Taxation			
Non Deductible Expenses		-	496
Provision for Tax	3	48,502	47,409
Total Adjustments & Taxation		**48,502**	**47,905**
Net Profit for the Year		**228,650**	**207,572**

This statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Compilation Report.

Balance Sheet

Raukawa Asset Holding Company Limited
As at 30 June 2020

Assets	Note	2020 $	2019 $
Current Assets			
Cash and Bank			
Westpac Call Account		30,544	132,561
Westpac Cheque Account		8,699	8,231
Total Cash and Bank		**39,243**	**140,791**
Trade and Other Receivables		14,306	-
Related Party Advances	5	1,200,000	900,000
Total Current Assets		**1,253,549**	**1,040,791**
Non-Current Assets			
Investment in Shares		1,800,000	1,800,000
Total Non-Current Assets		**1,800,000**	**1,800,000**
Total Assets		**3,053,549**	**2,840,791**

Liabilities	Note	2020 $	2019 $
Current Liabilities			
Trade and Other Payables		4,095	3,845
GST Payable		451	11,377
Income Tax Payable	3	5,315	10,531
Other Current Liabilities		-	-
Related Party Advances	5	1,875,000	1,875,000
Total Current Liabilities		**1,884,860**	**1,900,753**
Total Liabilities		**1,884,860**	**1,900,753**
Net Assets		**1,168,689**	**940,038**

Equity	Note	2020 $	2019 $
Retained Earnings		1,168,689	940,038
Total Equity		**1,168,689**	**940,038**

For and on behalf of the Board of Directors:

Director
Date: 5 November 2020

Director
Date: 5 November 2020

Statement of Changes in Equity

Raukawa Asset Holding Company Limited
For the year ended 30 June 2020

Equity	Note	2020 $	2019 $
Opening Balance		940,038	732,466
Increases			
Profit for the Period		228,650	207,572
Total Increases		**228,650**	**207,572**
Total Equity		**1,168,689**	**940,038**

This statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Compilation Report.

Notes to the Financial Statements

Raukawa Asset Holding Company Limited
For the year ended 30 June 2020

1. Reporting Entity

Raukawa Asset Holding Company Limited is a company incorporated under the Companies Act 1993 and holds fisheries assets for Ngāti Raukawa Iwi.

This special purpose financial report was authorised for issue in accordance with a resolution of directors dated 11 August 2020.

2. Statement of Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by Chartered Accountants Australia and New Zealand.

The financial statements have been prepared for taxation and internal management purposes.

Historical Cost

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ$) and all values are rounded to the nearest NZ$, except when otherwise indicated.

Changes in Accounting Policies

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

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt, net of non-refundable tax credits.

Accounts Receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

Intangible Assets

Fishing Quota is considered an indefinite life intangible asset as the quota has no expiry date, so is not amortised. It is carried at cost less any accumulated impairment losses, and is impairment testing annually. The market value at 30 June 2020 was assessed by independent valuer Donal Boyle as $3,259,093. This is above cost and hence there is no impairment. There are no impairment losses accumulated (2019: none).

Financial Instruments – Financial Assets

At initial recognition the company determines the classification of financial assets as either held at cost or amortised cost.

Amortised cost

Includes assets where the company intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Notes to the Financial Statements (continued)
Raukawa Asset Holding Company Limited
For the year ended 30 June 2020

2. Statement of Accounting Policies (continued)

Financial Instruments – Financial Liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in profit or loss on an effective yield basis.

Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue in respect of each reporting period after adjusting for any variances between estimated and actual income tax payable in the prior reporting period.

Goods and Services Tax

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

3. Income Tax Expense

	2020 $	2019 $
Net Profit (Loss) Before Tax	277,152	255,477
Taxable Profit (Loss)	277,152	255,477
Tax Payable at 17.5%	48,502	44,708
Prior period adjustment	-	2,701
Total Tax Expense	**48,502**	**47,409**
Deductions for Total Tax Expense		
Opening Balance	(10,531)	(20,085)
Prior period tax paid (refunded)	-	(2,701)
Resident withholding tax paid	25	96
Imputation credits on dividends received	25,493	19,371
Income tax paid	28,199	37,496
Total Deductions for Total Tax Expense	**43,186**	**34,178**
Income Tax Payable (Refund Due)	5,315	10,531

4. Māori Authority Credit Account

	2020 $	2019 $
Māori Authority Credit Account		
Opening Balance	159,588	102,625
Increases		
Income Tax Paid	28,199	37,496
Resident Withholding Tax Paid	25	96
Māori Authority Tax Credits	25,493	19,371
Total Increases	**53,717**	**56,963**
Total Māori Authority Credit Account	**213,305**	**159,588**

Notes to the Financial Statements (continued)
Raukawa Asset Holding Company Limited
For the year ended 30 June 2020

5. Related Parties

	2020 $	2019 $
Receivables		
Advance – Raukawa Iwi Development Limited	1,200,000	900,000
Total Receivables	**1,200,000**	**900,000**
Payables		
Advance – Raukawa Charitable Trust	1,800,000	1,800,000
Advance – Raukawa Settlement Trust	75,000	75,000
Total Payables	**1,875,000**	**1,875,000**

— Purchases from, related parties are recorded on normal commercial terms.

— Loans from related parties are interest free and repayable on demand.

6. Parent-Subsidiary Relationships

The Company is a wholly-owned subsidiary of Raukawa Settlement Trust.

7. Subsequent Events

No significant events have occurred after reporting date (2019: Nil).

Raukawa Iwi
Development Limited

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