



**Wellington Tenth's Trust**

# **CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2021**

## WELLINGTON TENTHS TRUST

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**WELLINGTON TENTHS TRUST**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2021**

|  | Note | 2021<br>\$          | 2020<br>\$          |
|--|------|---------------------|---------------------|
| <b>Income</b>  |      |                     |                     |
| Gross Rental Income  | 12   | 3,198,458           | 2,693,186           |
| Settlement with Skiffington Estate   | 7    | -                   | 1,199,622           |
| Other Income   |      | 19,349              | 9,864               |
| <b>Total Income</b>  |      | <b>3,217,807</b>    | <b>3,902,672</b>    |
| <b>Expenses</b>  |      |                     |                     |
| Direct Property Expenses   | 12   | (694,048)           | (594,860)           |
| Administration Expenses  | 14   | (981,985)           | (1,121,989)         |
| Depreciation and Amortisation  |      | (40,856)            | (28,502)            |
| <b>Total Expenses</b>  |      | <b>(1,716,889)</b>  | <b>(1,745,351)</b>  |
| <b>Operating Profit Before Net Financing Costs</b>                               |      | <b>1,500,918</b>    | <b>2,157,321</b>    |
| <b>Finance Costs</b>   |      |                     |                     |
| Finance Income   | 13   | 391,918             | 181,065             |
| Finance Expenses   | 13   | (307,516)           | (318,622)           |
| <b>Net Finance Income</b>  |      | <b>84,402</b>       | <b>(137,557)</b>    |
| <b>Operating Profit After Net Financing Costs</b>                                |      | <b>1,585,320</b>    | <b>2,019,764</b>    |
| <b>Other Movements</b>   |      |                     |                     |
| Share of Equity Accounted Investees Investment Property Revaluation for the Year | 4    | 6,042,860           | 12,123,358          |
| Share of Equity Accounted Investees Trading Profit for the Year                  | 4    | 3,011,883           | 2,981,587           |
| Impairment of KS Exchange Loan   | 18   | -                   | (65,500)            |
| Investment Property Revaluation  | 3    | 11,804,756          | 894,461             |
| <b>Profit Before Income Tax</b>  |      | <b>22,444,820</b>   | <b>17,953,670</b>   |
| Income Tax Expense   | 15   | (152,787)           | (203,852)           |
| <b>Profit for the Year</b>   |      | <b>22,292,033</b>   | <b>17,749,818</b>   |
| <b>Total Comprehensive Income for the Year</b>                                   |      | <b>\$22,292,033</b> | <b>\$17,749,818</b> |

**WELLINGTON TENTHS TRUST**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2021**

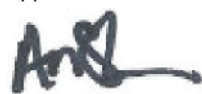
|   | Note | Retained Earnings<br>and Total Equity<br>\$ |
|---|------|---|
| <b>Balance as at 1 April 2019</b>   |      | 76,155,007                                  |
| Profit for the Year   |      | 17,749,818                                  |
| Total Comprehensive Income for the Year   |      | <u>17,749,818</u>                           |
| Transactions With Owners of the Trust in their Capacity as Owners<br>Distributions Declared | 10   | (731,676)                                   |
| <b>Balance as at 31 March 2020</b>  |      | <u>93,173,149</u>                           |
| Profit for the Year   |      | 22,292,033                                  |
| Total Comprehensive Income for the Year   |      | <u>22,292,033</u>                           |
| Transactions With Owners of the Trust in their Capacity as Owners<br>Distributions Declared | 10   | (914,595)                                   |
| <b>Balance as at 31 March 2021</b>  |      | <u><b>\$114,550,588</b></u>                 |



**WELLINGTON TENTHS TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

|  | Note | 2021<br>\$           | 2020<br>\$          |
|--|------|----------------------|---------------------|
| <b>EQUITY</b>                                |      |                      |                     |
| Retained Earnings                            |      | 114,550,588          | 93,173,149          |
| <b>Total Equity</b>                          |      | <b>\$114,550,588</b> | <b>\$93,173,149</b> |
| <b>ASSETS</b>                                |      |                      |                     |
| <b>Current Assets</b>                        |      |                      |                     |
| Trade and Other Receivables                  |      | 31,241               | 43,247              |
| Receivable from Skiffington Estate           | 7    | -                    | 916,440             |
| Prepayments                                  |      | 133,807              | 126,500             |
| Income Tax Receivable                        | 15   | -                    | 20,404              |
| Cash and Cash Equivalents                    | 5    | 5,088,287            | 1,232,888           |
| <b>Total Current Assets</b>                  |      | <b>5,253,335</b>     | <b>2,339,479</b>    |
| <b>Non - Current Assets</b>                  |      |                      |                     |
| Property, Plant and Equipment                |      | 492,712              | 433,645             |
| Investment Properties                        | 3    | 63,867,600           | 51,930,000          |
| Investment in Equity Accounted Investees     | 4    | 54,603,229           | 48,437,818          |
| Related Party Receivables                    | 6    | 5,507,336            | 5,284,960           |
| <b>Total Non - Current Assets</b>            |      | <b>124,470,876</b>   | <b>106,086,423</b>  |
| <b>TOTAL ASSETS</b>                          |      | <b>129,724,211</b>   | <b>108,425,902</b>  |
| <b>LIABILITIES</b>                           |      |                      |                     |
| <b>Current Liabilities</b>                   |      |                      |                     |
| Trade Payables and Other Current Liabilities | 11   | 453,774              | 458,774             |
| Income Tax Payable                           | 15   | 3,099                | -                   |
| Unclaimed Distributions                      | 10   | 3,433,522            | 3,077,011           |
| Interest-Bearing Loans and Borrowings        | 9    | 504,960              | 481,220             |
| <b>Total Current Liabilities</b>             |      | <b>4,395,355</b>     | <b>4,017,005</b>    |
| <b>Non - Current Liabilities</b>             |      |                      |                     |
| Deferred Tax Liability                       | 15   | 242,969              | 233,528             |
| Interest-Bearing Loans and Borrowings        | 9    | 10,480,620           | 11,002,220          |
| Related Party Payables                       | 6    | 54,679               | -                   |
| <b>Total Non - Current Liabilities</b>       |      | <b>10,778,268</b>    | <b>11,235,748</b>   |
| <b>TOTAL LIABILITIES</b>                     |      | <b>15,173,623</b>    | <b>15,252,753</b>   |
| <b>NET ASSETS</b>                            |      | <b>\$114,550,588</b> | <b>\$93,173,149</b> |

Approved for and on behalf of the Trustees on 23 June 2021:



Trustee



Trustee

**WELLINGTON TENTHS TRUST**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

|   | Note | 2021<br>\$          | 2020<br>\$          |
|---|------|---------------------|---------------------|
| <b>Cash Flows From Operating Activities</b>                 |      |                     |                     |
| Cash Receipts from Tenants                                  |      | 3,253,125           | 2,702,403           |
| Cash Receipts from Skiffington Settlement                   |      | 891,857             | 307,765             |
| Cash Paid to Suppliers and Employees                        |      | (1,688,101)         | (1,766,254)         |
| Interest Received   |      | 118,565             | 156,482             |
| Interest Paid   |      | (316,754)           | (316,705)           |
| Income Taxes Paid   |      | (119,843)           | (272,709)           |
| Net GST   |      | 10,440              | (19,759)            |
| <b>Net Cash Inflow From Operating Activities</b>            |      | <b>2,149,289</b>    | <b>791,223</b>      |
| <b>Cash Flows From Investing Activities</b>                 |      |                     |                     |
| Purchase of Property, Plant and Equipment                   |      | (99,922)            | (143,847)           |
| Development of Adelaide Road                                |      | (132,844)           | (6,645,543)         |
| Related Party Advances                                      | 6    | 105,487             | (1,581,941)         |
| Distributions Received From Equity Accounted Investee       | 4    | 2,889,334           | 2,736,000           |
| <b>Net Cash Inflow/(Outflow) From Investing Activities</b>  |      | <b>2,762,054</b>    | <b>(5,635,331)</b>  |
| <b>Cash Flows From Financing Activities</b>                 |      |                     |                     |
| Repayment of Borrowings                                     | 9    | (497,860)           | (481,220)           |
| Drawdown of Borrowings                                      | 9    | -                   | 5,698,500           |
| <b>Net Cash (Outflow)/Inflow From Financing Activities</b>  |      | <b>(497,860)</b>    | <b>5,217,280</b>    |
| <b>Cash Distributions to Owners</b>                         |      |                     |                     |
| Distributions Paid  | 10   | (558,084)           | (494,829)           |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b> |      | <b>3,855,399</b>    | <b>(121,657)</b>    |
| <b>Cash and Cash Equivalents at Beginning of Year</b>       |      | <b>1,232,888</b>    | <b>1,354,545</b>    |
| <b>Cash and Cash Equivalents at End of Year</b>             | 5    | <b>\$ 5,088,287</b> | <b>\$ 1,232,888</b> |



**WELLINGTON TENTHS TRUST**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**1. REPORTING ENTITY**

The consolidated financial statements of Wellington Tenth Trust, which is domiciled in New Zealand, as at and for the year ended 31 March 2021 comprise the Trust and its subsidiaries (together referred to as the "Group") and individually as "Group entities" and the Group's equity accounted interests in associates.

Wellington Tenth Trust is an Ahu Whenua Trust constituted by the New Zealand Maori Land Court Order of December 16, 2003 pursuant to Sec 244 of the Te Ture Whenua Maori Act 1993 which varied the original Trust Deed of 1977, and the subsequent variation of Deed made on July 17, 1996. These financial statements have been prepared in accordance with the Financial Reporting Act 2013.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Group is a for-profit entity.

**2. BASIS OF PREPARATION**

**(a) Statement of Compliance**

These financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR"). The Group is eligible to report in accordance with NZ IFRS RDR on the basis that it does not have public accountability and is not a large for-profit public sector entity.

These financial statements were authorised for issue by the Trustees on 23 June 2021.

**(b) Basis of Measurement**

The financial statements have been prepared on the historical cost basis except for investment properties which are carried at fair value.

**(c) Functional and Presentation Currency**

The financial statements are presented in New Zealand dollars (\$) which is the Trust's functional and Group's presentation currency.

**(d) Use of Estimates and Judgements**

The preparation of the financial statements in conformity with NZ IFRS (RDR) 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.

The determination of the fair value of investment properties requires the use of key estimates. Information on those estimates is provided in Note 3.

**(e) Basis of Consolidation**

**Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**WELLINGTON TENTHS TRUST**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**2. BASIS OF PREPARATION (cont.)**

**Investments in Equity Accounted Investees**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Joint ventures are those entities in which the Group has joint control over the financial and operating policies. Joint control is the contractually agreed sharing of control over an economic activity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

**Transactions Eliminated on Consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(f) Impairment for Non-Financial Assets**

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are the difference between carrying amount and recoverable amount and are recognised in profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(g) Good and Services Tax (GST)**

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax ("GST") except for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from or payable to the IRD is included as part of other current assets or other current liabilities respectively in the Statement of Financial Position.

**(h) Comparatives**

Comparative figures have been reclassified to conform to current years presentation.



**WELLINGTON TENTHS TRUST**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**3. INVESTMENT PROPERTIES**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and any other costs directly attributable to bringing the investment property to a working condition for their intended use.

Beneficial owner approval is needed prior to the disposal of investment property classified as Maori Land. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

The Group's accounting policies for investment properties require the determination of fair value. Fair values have been determined for measurement based on the following method. When applicable, further information about the assumptions made in determining fair values is disclosed in this note.

Highest and best use has been determined as each of the non-financial asset's current use and therefore fair value has been determined as follows:

An external, independent valuation company (Colliers International (Wellington Valuation) Limited), having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin. If the investment property under constructions fair value cannot be reliably measured, the investment property under construction will be carried at cost until the fair value becomes reliably measurable.

**WELLINGTON TENTHS TRUST**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**3. INVESTMENT PROPERTIES (cont.)**

|  | 2021                 |  | 2020                 |
|--|----------------------|--|----------------------|
|  | \$                   |  | \$                   |
| Balance at 1 April   | 51,930,000           |  | 40,035,000           |
| Change in fair value   | 11,804,756           |  | 894,461              |
| Adelaide Road development costs transferred to Investment Property | 132,844              |  | 11,000,539           |
| Balance at 31 March  | <b>\$ 63,867,600</b> |  | <b>\$ 51,930,000</b> |

| Carrying Value of Individual Properties:                                 | 2021                 | Additions         | Change in Fair Value | 2020                 |
|--|----------------------|-------------------|----------------------|----------------------|
|  | \$                   | \$                | \$                   | \$                   |
| Taranaki 217 - 213-217 Taranaki Street, Wellington                       | 11,850,000           | -                 | 1,400,000            | 10,450,000           |
| Capital Hill (Dominion Museum) - 38 Buckle Street, Wellington            | 9,500,000            | -                 | 1,350,000            | 8,150,000            |
| South Wellington Intermediate School - 28-32 Russell Terrace, Wellington | 12,300,000           | -                 | 3,550,000            | 8,750,000            |
| Granville Flats - 557-567 Adelaide Road, Wellington                      | 7,250,000            | -                 | 2,300,000            | 4,950,000            |
|  | <b>40,900,000</b>    | <b>-</b>          | <b>8,600,000</b>     | <b>32,300,000</b>    |
| <i>Other</i>   |                      |                   |                      |                      |
| 383-387 Adelaide Road, Wellington  | 12,300,000           | 132,844           | 1,417,156            | 10,750,000           |
| 429-437 Adelaide Road, Wellington  | 5,100,000            | -                 | 1,000,000            | 4,100,000            |
| 40 Te Wharepouri Street, Wellington                                      | 740,000              | -                 | 150,000              | 590,000              |
| 42 Te Wharepouri Street, Wellington                                      | 920,000              | -                 | 150,000              | 770,000              |
| 64 Te Wharepouri Street, Wellington                                      | 850,000              | -                 | 160,000              | 690,000              |
| 64A Te Wharepouri Street, Wellington                                     | 850,000              | -                 | 160,000              | 690,000              |
| 44 Te Wharepouri Street, Wellington                                      | 552,600              | -                 | 102,600              | 450,000              |
| Gilbert Road, Upper Hutt   | 1,655,000            | -                 | 65,000               | 1,590,000            |
|  | <b>22,967,600</b>    | <b>132,844</b>    | <b>3,204,756</b>     | <b>19,630,000</b>    |
|  | <b>\$ 63,867,600</b> | <b>\$ 132,844</b> | <b>\$ 11,804,756</b> | <b>\$ 51,930,000</b> |

Investment property comprises a number of commercial and residential properties that are leased to third parties, and a number of bare development properties. For residential properties the lease terms range from six months to 12 months. For leasehold commercial properties the leases are perpetual ground leases with seven year rent reviews.

Colliers International (Wellington Valuation) Limited have valued all properties for financial reporting purposes at 31 March 2021 and 31 March 2020, except for Gilbert Road. Gilbert Road was valued by Truebridge Partners Limited at 31 March 2021 and 31 March 2020.

COVID-19 was declared a 'Global Pandemic' by the World Health Organisation on 11 March 2020. Restrictions imposed across New Zealand meant market activity was impacted as at 31 March 2020 and the real estate market was effectively frozen until restrictions were eased from 14 May 2020. The valuation performed by Colliers at 31 March 2020 was under a 'Material Valuation Uncertainty' which indicated that less weight can be given to previous market evidence for comparison purposes and highlighted the difficulties in valuing property under these circumstances. Colliers provided a valuation at 31 March 2020 which reflected the market prior to COVID-19 of \$53,555,000. Colliers adjusted key assumptions given changes in the property market and the economy due to COVID-19 and arrived at a valuation of \$51,930,000 at 31 March 2020. This 'post COVID-19' value was adopted as at 31 March 2020 for financial reporting purposes.

**4. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES**

Wellington Tenth Trust holds the following voting interests in the following entities and as such has significant influence but not control of the entities. The Group has classified the investments listed as associates and it is accounting for them using the equity method.

| Investee                               | Balance Date | Place of Business/Country of Incorporation | Ownership Percentage |      |
|--|--------------|--|----------------------|------|
|  |              |  | 2021                 | 2020 |
| Hikoikoi Management Limited            | 31-Mar       | NZ   | 50%                  | 50%  |
| Pipitea Street Joint Venture           | 31-Mar       | NZ   | 50%                  | 50%  |
| Village at the Park Group              | 31-Mar       | NZ   | 50%                  | 50%  |
| Kate Shepherd Exchange Joint Venture   | 31-Mar       | NZ   | 25%                  | 25%  |
| The Park Early Learning Centre Limited | 31-Mar       | NZ   | 40%                  | 40%  |

Village at the Park Group is made up of the Group's 50% ownership in Village at the Park Lifecare Limited and Village at the Park Care Limited.

**WELLINGTON TENTHS TRUST**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**4. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES (cont.)**

The Trust has a 25% interest in the Kate Shepherd Exchange Joint Venture. In 2020 the Trust impaired funds lent to the joint venture and this is disclosed within note 18. During the 2020 year the Trust advanced \$1.523M and to Kate Shepherd Exchange Joint Venture which is secured over the land and buildings owned by the joint venture. The loan has accrued interest of \$273,184 as at 31 March 2021. More details of this loan are included in note 6.

The Group has no commitments and no contingencies in relation to its investments in associates (2020: nil).

| Non-current Investment in Associate             | Hikoikoi Management Limited | The Park Early Learning Centre Limited | Village at the Park Group | Pipitea Street Joint Venture | Total         |
|---|-----------------------------|--|---------------------------|------------------------------|---------------|
|   | \$                          | \$                                     | \$                        | \$                           | \$            |
| Balance at 1 April 2019                         | -                           | 1,172,422                              | 22,514,562                | 12,381,889                   | 36,068,873    |
| Share of trading profit                         | -                           | 176,244                                | 979,436                   | 1,825,907                    | 2,981,587     |
| Share of investment property revaluation profit | -                           | -                                      | 1,673,358                 | 10,450,000                   | 12,123,358    |
| Distributions received                          | -                           | (156,000)                              | (1,200,000)               | (1,380,000)                  | (2,736,000)   |
| Balance at 31 March 2020                        | -                           | 1,192,666                              | 23,967,356                | 23,277,796                   | 48,437,818    |
| Share of trading profit                         | -                           | 185,111                                | 471,745                   | 2,355,027                    | 3,011,883     |
| Share of investment property revaluation profit | -                           | -                                      | 6,042,860                 | -                            | 6,042,860     |
| Distributions received                          | -                           | (169,334)                              | (1,200,000)               | (1,520,000)                  | (2,889,334)   |
| Balance at 31 March 2021                        | \$ -                        | \$ 1,208,443                           | \$ 29,281,961             | \$ 24,112,823                | \$ 54,603,229 |

Hikoikoi Management Limited has no profit/(loss) for the year ended 31 March 2020 and 31 March 2021.

| Assets and Liabilities of Associates | 2021                      |                             |  |                           |                              | Total          |
|--------------------------------------|---------------------------|-----------------------------|--|---------------------------|------------------------------|----------------|
|                                      | KS Exchange Joint Venture | Hikoikoi Management Limited | The Park Early Learning Centre Limited | Village at the Park Group | Pipitea Street Joint Venture |                |
|                                      | \$                        | \$                          | \$                                     | \$                        | \$                           | \$             |
| Assets:                              |                           |                             |  |                           |                              |                |
| Current                              | 67                        | 45,900                      | 893,218                                | 7,262,209                 | 1,225,761                    | 9,427,088      |
| Non-current                          | 7,161,544                 | 1,137,603                   | 161,997                                | 145,697,829               | 111,156,246                  | 258,153,675    |
| Total Assets                         | 7,161,611                 | 1,183,503                   | 1,055,215                              | 152,960,038               | 112,382,007                  | 267,580,763    |
| Liabilities:                         |                           |                             |  |                           |                              |                |
| Current                              | 2,797,635                 | 94,538                      | 713,322                                | 81,354,321                | 1,770,268                    | 83,932,449     |
| Non-current                          | 14,078,417                | 1,088,965                   | -                                      | 10,945,193                | 62,390,250                   | 74,424,408     |
| Total Liabilities                    | 16,876,052                | 1,183,503                   | 713,322                                | 92,299,514                | 64,160,518                   | 158,356,857    |
| Net Assets                           | \$ (9,714,441)            | \$ -                        | \$ 341,894                             | \$ 60,660,524             | \$ 48,221,489                | \$ 109,223,906 |

| Assets and Liabilities of Associates | 2020                      |                             |  |                           |                              | Total         |
|--------------------------------------|---------------------------|-----------------------------|--|---------------------------|------------------------------|---------------|
|                                      | KS Exchange Joint Venture | Hikoikoi Management Limited | The Park Early Learning Centre Limited | Village at the Park Group | Pipitea Street Joint Venture |               |
|                                      | \$                        |                             | \$                                     | \$                        | \$                           | \$            |
| Assets:                              |                           |                             |  |                           |                              |               |
| Current                              | 12,548                    | 119,146                     | 643,314                                | 2,852,483                 | 934,329                      | 4,549,272     |
| Non-current                          | 7,161,544                 | 1,166,931                   | 185,547                                | 131,744,016               | 109,033,500                  | 242,129,994   |
| Total Assets                         | 7,174,092                 | 1,286,077                   | 828,861                                | 134,596,499               | 109,967,829                  | 246,679,266   |
| Liabilities:                         |                           |                             |  |                           |                              |               |
| Current                              | 1,268,515                 | 100,546                     | 558,839                                | 77,094,185                | 525,144                      | 78,278,714    |
| Non-current                          | 15,091,269                | 1,185,531                   | -                                      | 7,471,000                 | 62,891,250                   | 71,547,781    |
| Total Liabilities                    | 16,359,784                | 1,286,077                   | 558,839                                | 84,565,185                | 63,416,394                   | 149,826,495   |
| Net Assets                           | \$ (9,185,692)            | \$ -                        | \$ 270,022                             | \$ 50,031,314             | \$ 46,551,435                | \$ 96,852,771 |

Liabilities of Associates displayed above include loans from owners.

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**5. CASH AND CASH EQUIVALENTS**

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

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

|                                 | 2021                | 2020                |
|---------------------------------|---------------------|---------------------|
|                                 | \$                  | \$                  |
| Bank balances                   | 5,088,287           | 1,232,888           |
| Total Cash and Cash Equivalents | <b>\$ 5,088,287</b> | <b>\$ 1,232,888</b> |

Interest rate charged on overdrawn bank balances and interest received on call deposits were 9.25% and 0.05% respectively (2020: 10.35% and 0.1%). Bank balances are on call. Total overdraft available at balance date is \$450,000 (2020: \$450,000) which is undrawn.

**6. RELATED PARTY BALANCES**

Related party relationships are detailed in note 18. The balances below have arisen from a combination of trading activities and loans, the details of these transactions are included in note 18.

Transactions with related parties are to be settled in cash. The KS Exchange loan is secured over the KS Exchange property, none of the other balances are secured.

No funds advanced to KS Exchange were impaired during the year (2020: \$65,500) due to the entity having a negative equity position and the Group's carrying value being nil. The balance of the related party advance of \$1.796M is secured by way of a second mortgage against the land and buildings owned by the joint venture. The Trustees are of the view that the \$1.796M will be recoverable from any future sale of the joint venture assets.

Related Party (refer to note 18) Balances at year end included:

|   | 2021               | 2020               |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| Receivable from Loans - Wharewaka o Poneke Charitable Trust                             | 3,061,607          | 3,061,607          |
| Receivable from Loans and Trading Activities - Hikoikoi Management Limited              | 578,413            | 627,727            |
| Receivable from Loans - Ngahuru Charitable Trust  | 71,132             | 71,132             |
| (Payable)/Receivable from Loans and Trading Activities - The Park Early Learning Centre | (54,679)           | 1,494              |
| Receivable from Loans - Kate Shepherd Exchange  | 1,796,184          | 1,523,000          |
|   | <b>\$5,452,657</b> | <b>\$5,284,960</b> |

**Related Party Balances**

|                                       |                    |                    |
|---------------------------------------|--------------------|--------------------|
| Non-Current Related Party Receivables | 5,507,336          | 5,284,960          |
| Non-Current Related Party Payables    | (54,679)           | -                  |
|                                       | <b>\$5,452,657</b> | <b>\$5,284,960</b> |

**Reconciliation**

|                                   |                    |                    |
|-----------------------------------|--------------------|--------------------|
| Balance at Beginning of Year      | 5,284,960          | 3,768,519          |
| Net Payments/(Receipts)           | (105,487)          | 1,581,941          |
| KS Exchange Interest Owing        | 273,184            | -                  |
| Impairment of KS Exchange Advance | -                  | (65,500)           |
| Balance at End of the Year        | <b>\$5,452,657</b> | <b>\$5,284,960</b> |

**7. SETTLEMENT INCOME FROM SKIFFINGTON ESTATE**

Wellington Tenth Trust entered into a deed of settlement with Skiffington Estate in April 2019. Settlement Income was \$1,199,622 of which \$916,440 was receivable at 31 March 2020. The final settlement was received during the 2021 year along with interest income of \$24,752 (2020: \$24,583).

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**8. ADELAIDE ROAD DEVELOPMENT COSTS**

|   | 2021      | 2020         |
|---|-----------|--------------|
|   | \$        | \$           |
| Balance at Beginning of Year  | -         | 5,164,369    |
| Development Costs incurred during the Year                              | 132,844   | 5,836,170    |
| Capitalise as Investment Property (note 3) on completion of development | (132,844) | (11,000,539) |
| Balance at End of the Year  | \$ -      | \$ -         |

The Trust undertook a development at 383-387 Adelaide Road to build sixteen high quality townhouses on land that is part of the original Wellington Tenth Reserve. The project was completed during the 2020 financial year and a final retention payment of \$132,844 was paid during the 2021 year.

**9. INTEREST-BEARING LOANS AND BORROWINGS**

|                          | Bank of New Zealand 06 Loan | Westpac Banking Corporation 94 Loan | Westpac Banking Corporation 91 Loan | Westpac Banking Corporation 92 Loan | Westpac Banking Corporation 95 Loan | Total      |
|--------------------------|-----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|------------|
| Cost                     | \$                          | \$                                  | \$                                  | \$                                  | \$                                  | \$         |
| Balance at 1 April 2019  | 2,581,660                   | -                                   | 1,000,000                           | 37,500                              | 2,647,000                           | 6,266,160  |
| Drawdown                 | -                           | 4,698,326                           | -                                   | -                                   | 1,000,174                           | 5,698,500  |
| Payments                 | (289,220)                   | -                                   | -                                   | -                                   | (192,000)                           | (481,220)  |
| Transfers                | -                           | (4,698,326)                         | (1,000,000)                         | (37,500)                            | 5,735,826                           | -          |
| Balance at 31 March 2020 | 2,292,440                   | -                                   | -                                   | -                                   | 9,191,000                           | 11,483,440 |
| Payments                 | (305,860)                   | -                                   | -                                   | -                                   | (192,000)                           | (497,860)  |
| Balance at 31 March 2021 | 1,986,580                   | -                                   | -                                   | -                                   | 8,999,000                           | 10,985,580 |

|             | 2021                 | 2020                 |
|-------------|----------------------|----------------------|
|             | \$                   | \$                   |
| Current     | 504,960              | 481,220              |
| Non-current | 10,480,620           | 11,002,220           |
|             | <b>\$ 10,985,580</b> | <b>\$ 11,483,440</b> |

| Description                      | Maturity Date | Interest Rate |
|----------------------------------|---------------|---------------|
| Bank of New Zealand (06)         | 03/08/2022    | 3.41%         |
| Westpac Banking Corporation (95) | 31/12/2021    | 2.40%         |

The bank loans are secured over certain land and buildings with a carrying amount of \$48,800,000 (2020: \$39,000,000).

The Westpac Loan 95 is expected to be refinanced on similar terms prior to maturity date of 31 December 2021 and monthly payments of \$16,000 will continue to be made. Therefore the current portion of the loan reflects 12 monthly payments and not the full value of the loan even though the maturity date is in the next 12 months.

**10. UNCLAIMED DISTRIBUTIONS**

Unclaimed distributions represent distributions declared by Wellington Tenth Trust but that have not been claimed by the respective beneficial owner. Unclaimed distributions are held on demand for the rightful beneficial owner. Wellington Tenth Trust has sufficient access to capital to pay all unclaimed distributions if they were called.

|                              | 2021                | 2020                |
|------------------------------|---------------------|---------------------|
|                              | \$                  | \$                  |
| Balance at Beginning of Year | 3,077,011           | 2,840,164           |
| Distribution Declared        | 914,595             | 731,676             |
| Net Distributions Claimed    | (558,084)           | (494,829)           |
| Balance at End of the Year   | <b>\$ 3,433,522</b> | <b>\$ 3,077,011</b> |

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**11. TRADE PAYABLES AND OTHER CURRENT LIABILITIES**

|                            | 2021              | 2020              |
|----------------------------|-------------------|-------------------|
|                            | \$                | \$                |
| Trade Payables             | 124,773           | 125,901           |
| Bonds Payable              | 5,737             | 9,063             |
| Accrued Expenses           | 7,941             | 17,486            |
| GST Payable                | 51,786            | 41,346            |
| Income Received in Advance | 263,537           | 264,978           |
|                            | <b>\$ 453,774</b> | <b>\$ 458,774</b> |

Trade payables are initially recognised at fair value net of transaction costs and subsequently carried at amortised cost. Trade payables generally have terms of 30 days and are interest free. Trade payables of a short-term duration are not discounted.

**12. RENTAL INCOME**

Leases are operating leases and are classified as an operating lease when the Group substantially retains all the risks and rewards incidental to ownership of the investment property.

Rental income from investment property (net of incentives provided to lessees) is recognised in profit or loss on a straight-line basis over the term of the lease.

|                                      | Gross Rental Income | 2021<br>Direct Property Expenses | Net Rental Income   |
|--------------------------------------|---------------------|----------------------------------|---------------------|
|                                      | \$                  | \$                               | \$                  |
| Taranaki 217                         | 1,085,139           | (481,063)                        | 604,076             |
| Capital Hill (Dominion Museum)       | 620,673             | (13,034)                         | 607,639             |
| South Wellington Intermediate School | 415,000             | -                                | 415,000             |
| Granville Flats                      | 229,500             | -                                | 229,500             |
| Adelaide Road                        | 634,226             | (49,240)                         | 584,986             |
| Other                                | 213,920             | (150,711)                        | 63,209              |
|                                      | <b>\$ 3,198,458</b> | <b>\$ (694,048)</b>              | <b>\$ 2,504,410</b> |

|                                      | Gross Rental Income | 2020<br>Direct Property Expenses | Net Rental Income   |
|--------------------------------------|---------------------|----------------------------------|---------------------|
|                                      | \$                  | \$                               | \$                  |
| Taranaki 217                         | 1,069,103           | (431,021)                        | 638,082             |
| Capital Hill (Dominion Museum)       | 620,673             | (4,704)                          | 615,969             |
| South Wellington Intermediate School | 415,000             | -                                | 415,000             |
| Granville Flats                      | 229,500             | -                                | 229,500             |
| Adelaide Road                        | 148,291             | (12,497)                         | 135,794             |
| Other                                | 210,619             | (146,638)                        | 63,981              |
|                                      | <b>\$ 2,693,186</b> | <b>\$ (594,860)</b>              | <b>\$ 2,098,326</b> |



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**13. NET FINANCE COSTS**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings which is recognised using the effective interest method and impairment losses recognised on financial assets (other than trade receivables).

|   | 2021             | 2020                |
|---|------------------|---------------------|
|   | \$               | \$                  |
| <b>Finance Income</b>   |                  |                     |
| Interest Income - Wharewaka o Poneke Charitable Trust (refer note 18)     | 60,375           | 114,375             |
| Interest Income - Hikoikoi Management Limited (refer note 18)             | 32,144           | 39,754              |
| Interest Income - Palmerston North Maori Reserve (refer note 18)          | -                | 125                 |
| Interest Income - Skiffington Settlement (refer note 7)                   | 24,752           | 24,583              |
| Interest Income - KS Exchange JV (refer note 18)                          | 273,184          | -                   |
| Interest Income - Westpac   | 1,463            | 32                  |
| Interest Income - Other   | -                | 2,196               |
|   | <b>391,918</b>   | <b>181,065</b>      |
| <b>Finance Expense</b>  |                  |                     |
| Interest Expense - Palmerston North Maori Reserve (refer note 18)         | -                | (4,241)             |
| Interest Expense - The Park Early Learning Centre Limited (refer note 18) | (5,469)          | -                   |
| Interest Expense - Westpac  | (220,358)        | (195,325)           |
| Interest Expense - BNZ  | (81,689)         | (117,453)           |
| Interest Expense - Other  | -                | (1,603)             |
|   | <b>(307,516)</b> | <b>(318,622)</b>    |
| <b>Net Finance Income/(Expense)</b>                                       | <b>\$ 84,402</b> | <b>\$ (137,557)</b> |

**14. ADMINISTRATION EXPENSES**

|                                     | 2021              | 2020                |
|-------------------------------------|-------------------|---------------------|
|                                     | \$                | \$                  |
| Accountancy Fees                    | 61,385            | 52,959              |
| Audit Fees                          | 41,844            | 41,158              |
| Bank Charges                        | 6,716             | 10,090              |
| Consultancy Fees                    | 28,226            | 21,458              |
| Executive Office (refer to note 18) | 468,898           | 505,686             |
| General Expenses                    | 3,137             | 8,385               |
| Insurance                           | 30,276            | 43,507              |
| Legal Fees                          | 70,071            | 111,201             |
| Owners' Meetings                    | 29,302            | 43,105              |
| Postage, Printing & Stationery      | 3,575             | 1,368               |
| Memberships & Subscriptions         | 5,834             | 5,677               |
| Tangi Contributions                 | 1,600             | 2,050               |
| Telephone & Internet                | 63                | 84                  |
| Travel & Accommodation              | 15,572            | 25,247              |
| Trustees' Fees (refer note 18)      | 205,500           | 226,500             |
| Trustees' Expenses                  | 9,986             | 23,514              |
|                                     | <b>\$ 981,985</b> | <b>\$ 1,121,989</b> |

**WELLINGTON TENTHS TRUST**  
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**15. INCOME TAX**

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, when it will be recognised in equity or other comprehensive income respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- Temporary differences related to investments in subsidiaries and associates, where the reversal of the difference is controlled by the Group and it is probable the temporary difference will not reverse in the near future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Any deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**a) Income tax recognised in profit or loss**

Current tax  
Deferred tax expense  
Total income tax expense

|  | 2021              |  | 2020              |
|--|-------------------|--|-------------------|
|  | \$                |  | \$                |
|  | 143,346           |  | 200,352           |
|  | 9,441             |  | 3,500             |
|  | <b>\$ 152,787</b> |  | <b>\$ 203,852</b> |

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**15. INCOME TAX (cont.)**

**b) Reconciliation of income tax expense**

|  | 2021<br>\$        | 2020<br>\$        |
|--|-------------------|-------------------|
| Profit before income tax expense   | 22,444,820        | 17,953,670        |
| Tax expense at 17.5%   | 3,927,843         | 3,141,894         |
| Adjustment for Entities Taxed at Rates Different to Maori Authority Rate | 54,877            | 75,131            |
| Assessable Dividend from Subsidiary                                      | 644,920           | -                 |
| Imputation Credits Attached to Dividends Received                        | 261,490           | -                 |
| Adjustment for Equity Accounted Earnings                                 | 101,511           | (276,645)         |
| Deductible depreciation  | (15,322)          | -                 |
| Non-Deductible Expenses  | 1,064             | (937)             |
| Non-Deductible Investment Property Revaluation                           | (3,123,333)       | (1,985,281)       |
| Non-Deductible Impairment of Kate Shepherd Exchange Development Costs    | -                 | 11,463            |
| Utilisation of Imputation Credits Received                               | (1,101,773)       | -                 |
| Utilisation of Losses  | (606,849)         | (761,773)         |
| Deferred tax liability from Investment Property                          | 9,333             | -                 |
| Deferred tax asset from accrued expenses                                 | (1,015)           | -                 |
| Total income tax expense   | <b>\$ 152,747</b> | <b>\$ 203,852</b> |

**c) Current tax**

|                               |                 |                    |
|-------------------------------|-----------------|--------------------|
| Liability at 1 April          | (20,404)        | 51,953             |
| Current Year Tax Expense      | 143,346         | 200,352            |
| (Payments)/Refunds            | (119,843)       | (272,709)          |
| (Asset)/Liability at 31 March | <b>\$ 3,099</b> | <b>\$ (20,404)</b> |

**d) Deferred tax**

|                                      |                     |                     |
|--------------------------------------|---------------------|---------------------|
| Balance at the beginning of the year | (233,528)           | (230,028)           |
| Current year movement                | (9,441)             | (3,500)             |
| Deferred tax (liability)             | <b>\$ (242,969)</b> | <b>\$ (233,528)</b> |

Deferred tax (liabilities) are attributable to the following:

|                       |                     |                     |
|-----------------------|---------------------|---------------------|
| Accrued expenses      | 4,900               | 3,885               |
| Investment Properties | (247,869)           | (237,413)           |
|                       | <b>\$ (242,969)</b> | <b>\$ (233,528)</b> |

**e) Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items:

|            |                   |                   |
|------------|-------------------|-------------------|
| Tax losses | 578,278           | 515,204           |
|            | <b>\$ 578,278</b> | <b>\$ 515,204</b> |

**f) Maori Authority Tax Credit Account**

|                                      |                     |                   |
|--------------------------------------|---------------------|-------------------|
| Balance at the beginning of the year | 662,936             | 663,031           |
| Current year movement                | 1,433,154           | (95)              |
|                                      | <b>\$ 2,096,090</b> | <b>\$ 662,936</b> |

**16. COVID-19**

On 25 March 2020 New Zealand entered a government enforced Level 4 lockdown period in response to the COVID-19 global pandemic. The Trust neither received any requests for, nor granted any 'rent relief' during the lockdown period. The financial impact of Level 4 lockdown did not have a material effect on total rental income reported for the financial year ending 31 March 2021.

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**17. FINANCIAL INSTRUMENTS**

**Financial Assets**

The Group classifies its financial assets as amortised cost, the Group's accounting policy is as follows:

These assets arise principally from the provision of services to customers (e.g. trade receivables), but also incorporates other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's financial assets measured as amortised cost comprise trade and other receivables, related party loans (note 6), cash and cash equivalents (note 5) and the receivable from Skiffington Estate (note 7) in the consolidated statement of financial position.

**Financial Liabilities**

The Group classifies its financial liabilities as amortised cost, the Group's accounting policy is as follows:

The Group's financial liabilities comprise of borrowings, trade and other payables and related party payables.

Financial liabilities are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

**Impairment for financial assets measured at amortised cost**

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit and loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

|                                       | 2021                 | 2020                 |
|---------------------------------------|----------------------|----------------------|
|                                       | \$                   | \$                   |
| <b>Financial Assets</b>               |                      |                      |
| Trade and Other Receivables           | 31,241               | 43,247               |
| Cash and Cash Equivalents             | 5,088,287            | 1,232,888            |
| Related Party Receivables             | 5,507,336            | 5,284,960            |
| Receivable from Skiffington Estate    | -                    | 916,440              |
|                                       | <b>\$ 10,626,864</b> | <b>\$ 7,477,535</b>  |
| <b>Financial Liabilities</b>          |                      |                      |
| Trade and Other Payables              | 138,451              | 152,450              |
| Related Party Payables                | 54,679               | -                    |
| Interest bearing loans and borrowings | 10,985,580           | 11,483,440           |
|                                       | <b>\$ 11,178,710</b> | <b>\$ 11,635,890</b> |

**WELLINGTON TENTHS TRUST**  
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**18. RELATED PARTIES**

The ultimate Parent of the Group is Wellington Tenth Trust. All Related Party loans are shown in note 6.

**Subsidiaries**

Set out below is a list of the subsidiaries of the Group:

|                             | Principal Activity   | Balance Date | Business/<br>Country of<br>Incorporation | Ownership Percentage |      |
|-----------------------------|----------------------|--------------|--|----------------------|------|
|                             |                      |              |  | 2021                 | 2020 |
| Taranaki 217 Limited        | Hostel Accommodation | March        | NZ                                       | 100%                 | 100% |
| Capital Hill Limited        | Commercial Rental    | March        | NZ                                       | 100%                 | 100% |
| Village at the Park Limited | Investment Company   | March        | NZ                                       | 100%                 | 100% |

**Other Related Parties**

In addition to the above, and the associates listed in note 4, Wellington Tenth Trust is related to the following entities:

| Entity                                 | Relationship   |
|--|--|
| Wharewaka o Poneke Charitable Trust    | Wellington Tenth Trust has the right to appoint two of five trustees |
| Wharewaka o Poneke Enterprises Limited | Common Trusteeship/Directorship                                      |
| Palmerston North Maori Reserve Trust   | Common Trusteeships  |
| Te Aro Pa Limited                      | Common Trusteeship/Directorship                                      |
| Ngahuru Charitable Trust               | Common Trusteeships  |

**Transactions with related parties**

| Related Party Transactions included:  | 2021                | 2020                |
|---|---------------------|---------------------|
|   | \$                  | \$                  |
| Interest received from Wharewaka o Poneke Charitable Trust (refer to note 13)   | 60,375              | 114,375             |
| Interest received from Palmerston North Maori Reserve Trust (refer to note 13)  | -                   | 125                 |
| Interest paid to Palmerston North Maori Reserve Trust (refer to note 13)        | -                   | (4,241)             |
| Interest paid to The Park Early Learning Centre Limited (refer to note 13)      | (5,469)             | -                   |
| Interest received from Hikoikoi Management Limited (refer to note 13)           | 32,144              | 39,754              |
| Interest received from KS Exchange JV (refer to note 13)                        | 273,184             | -                   |
| Executive office fees charged by Hikoikoi Management Limited (refer to note 14) | (468,898)           | (505,686)           |
| Impairment of KS Exchange JV Loan   | -                   | (65,500)            |
|   | <b>\$ (108,664)</b> | <b>\$ (421,173)</b> |

Balances of Related Party Loans are shown in note 6 and are required to be settled in cash.

Executive office fees are charged by Hikoikoi Management Limited covering expenses incurred in the management and administration of the Palmerston North Maori Reserve Trust and Wellington Tenth Trust.

**WELLINGTON TENTHS TRUST**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**18. RELATED PARTIES (cont.)**

**Trustee Remuneration**

Trustee fees are determined by way of resolution at the Trust's annual general meeting. Trustee remuneration by trustee is as follows:

|  | 2021              | 2020              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Anaru Smiler (Chairman - Appointed 1 July 2019)  | 60,000            | 49,500            |
| Morris Te Whiti Love (Chairman - Resigned 30 June 2019)                                  | -                 | 15,000            |
| Venessa Ede  | 18,000            | 18,000            |
| Jeanie Hughes  | 18,000            | 18,000            |
| Lennox Love (Resigned - 31 August 2020)  | 7,500             | 18,000            |
| Matthew Love-Parata  | 18,000            | 18,000            |
| Mark Te One (Resigned - 30 September 2020)   | 9,000             | 18,000            |
| Richard Te One   | 18,000            | 18,000            |
| Hon Mahara Okeroa  | 18,000            | 18,000            |
| Hannah Buchanan  | 18,000            | 18,000            |
| Peter Jackson  | 18,000            | 18,000            |
| Richard Te One Jnr (Elected - September 2020, approved by Maori Land Court January 2021) | 3,000             | -                 |
|  | <b>\$ 205,500</b> | <b>\$ 226,500</b> |

**19. COMMITMENTS**

There are no commitments as at 31 March 2021 (2020: nil).

**20. CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 March 2021 (2020: nil).

**21. EVENTS OCCURRING AFTER THE REPORTING DATE**

There are no events subsequent to the reporting date that would affect the financial statements.



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Beneficial Owners of Wellington Tenth Trust**

#### **Opinion**

We have audited the consolidated financial statements of Wellington Tenth Trust and its controlled entities (the Group) on pages 1 to 18, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards with Reduced Disclosure Regime (NZ IFRS RDR).

#### **Basis for Opinion**

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

Other than in our capacity as auditor we have no relationship with, or interests in, Wellington Tenth Trust or any of its controlled entities.

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

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

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

#### **Responsibilities of the Trustees for the Consolidated Financial Statements**

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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

## Report on Other Legal and Regulatory Requirements

The Owners' Register conforms and has been properly kept in accordance with the requirements of the Trust Deed.

## Restriction on Use

This report is made solely to the Trust's beneficial owners, as a body. Our audit has been undertaken so that we might state to the Trust's beneficial owners those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's beneficial owners as a body, 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 Les Foy.



**Crowe New Zealand Audit Partnership**  
CHARTERED ACCOUNTANTS  
23 June 2021

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd.*

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