TE RŪNANGA O
TOA RANGATIRA

Toa Rangatira Trust Group
Financial Statements
For the year ended 30 June 2023

Toa Rangatira Trust Group

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Who are we and why do we exist?

Toa Rangatira Trust is the post governance settlement entity established by Trust Deed to receive the settlement assets on behalf of Ngāti Toa Rangatira.

The primary activity of the Trust Group is to hold and administer assets received as part of Ngāti Toa Rangatira historical settlement.

The Trust manages the historical settlement assets in a way that these will contribute to any object or purpose that is beneficial
to Uri o Ngāti Toa Rangatira and to grow the iwi's economy.

What are our strategic focus areas?

Maximise the financial returns from the settlement assets to benefit the future generations of Ngāti Toa Rangatira.

Establish ourselves as environmentally responsible organisation and uphold our role as mana whenua.

Develop and offer a shared and progressive home ownership to iwi members.

Toa Rangatira Trust Group aligns itself with the overall ohanga of Te Rūnanga o Toa Rangatira group in growing the economic base of Ngāti Toa Rangatira.

In delivering the output for this entity expenditure is presented under the measure of Total expenses which includes Direct Costs and Operating Expenditure including depreciation and interest.

Toa Rangatira Trust Group

Statement of Service Performance

For the year ended 30 June 2023

What did we do?

Our goal is protecting and growing a sustainable economic base of Ngāti Toa Rangatira to ensure the ongoing wellbeing and success of the iwi. This includes maximising financial returns, being environmentally responsible, protecting assets acquired as part of Ngāti Toa Rangatira historical settlement whilst developing and offering shared and progressive home ownership to iwi members. This has been facilitated by property acquisitions, development and repair programmes.

Queen Elizabeth Park has historical pā sites at Whareroa Beach and Wainui Beach. The tangata whenua of the park are Ngati Haumia, a hapu of the Ngāti Toa iwi and Te Atiawa ki Whakarongotai, who occupied the area for hundreds of years until the mid-19th century. The goal is to return it back to its original status, including its name, recognising its significance as a Rongoā destination for our people. To that end a nursery has been created with planting programme underway.

We have an ongoing project in the Kenepuru Landing Development which about 65% complete with marketing to commence soon and iwi members will have an opportunity to purchase completed house and land packages. Iwi trade and suppliers have an opportunity to be involved in the continuing development of approximately 500 homes. the final development will also have a small retail hub to services the occupants.

The View Road townhouse renovation project is ongoing with the goal of the Runanga maintaining land titles leasing the land to the home owners at a reduced property costs, thereby increasing the number of Ngati Toa whanau that can own their own homes. Planning is continuing for the Te Hiko Street development in a way that respects the history and importance of the land whilst preserving the natural surrounding environment.
Our partnership with Switched On Group has had a very valuable and sizable contribution in enhancing people's living environments including maintaining social housing properties, maintenance of commercial and residential properties, renovations and specialist interiors. The group have been heavily involved in healthy homes solutions extending its mahi further afield including working with the MOE on several school projects and now also looking at work in new builds.

We maintain a number of Investment properties for which we receive rental income and these properties are independently valued annually. We also maintain monetary investments in the managed funds of Harbour Asset Management ($10.7m) and Milford Private Wealth ($7.2m), which maintains our ability to support current investments and programmes and allows us to take advantage of additional opportunities to enhance the economic base and wellbeing of the iwi.

How did we perform?

2023

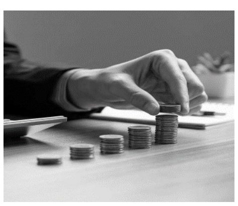
Achieved
Ground work for lots

Achieved
Remediation works of townhouses

Toa Rangatira Trust Group

Statement of Service Performance

For the year ended 30 June 2023

	2023	2022
	**148,747** Total carbon units	**148,747** Total carbon units
	$6.2M Fair value of carbon units	**$11.3M** Fair value of carbon units
	**$4.2M** Rental income generated from investment	**$4.4M** Rental income generated from investment
	**$17.8M** Fair value of managed funds	**$16.5M** Fair value of managed funds
	**$79.7M** Fair value of investment properties	**$102.9M** Fair value of investment properties
	**$44.4M** Output-related expenses	**$16.4M** Output-related expenses

Toa Rangatira Trust Group

Consolidated statement of comprehensive revenue and expense

For the year ended 30 June 2023

	Note	2023 $000's	2022 $000's
Trading income	6	15,641	18,151
Direct trading expenses		(12,401)	(13,858)
Surplus from trading activities		**3,240**	**4,293**
Other income	6	5,064	4,965
Fair value adjustment on investment property	15	(26,732)	5,726
Other fair value gain	7	-	35,030
Gain from discounted purchase price	7	-	11,713
Total revenue from operations		**(18,428)**	**61,727**
Share in profit of joint ventures/associates	18	1,125	8,536
Expenses			
Administration expenses		(269)	5
Depreciation, amortisation and impairment expenses	14, 16	(55)	(7)
Education, sports and marae distributions		(95)	-
Motor vehicle expenses		(100)	(4)
Other expenses	12	(25,462)	(1,597)
Personnel expenses		(1,851)	(8)
Property expenses		(1,263)	(962)
Net gain/(loss) on sale of property, plant and equipment		(4)	-
Total operating expenses		**(29,100)**	**(2,573)**
Surplus (loss) before net income on financial investments		**(46,403)**	**67,690**
(Loss)/gain on revaluation of financial assets at fair value through surplus and deficit	10	1,391	(3,515)
Interest income - financial assets at amortised cost	8	(2,821)	335
Interest expense - financial liabilities at amortised cost		1,705	(1)
Net interest and revaluation income		**275**	**(3,181)**
Surplus (loss) for the year before tax		**(46,128)**	**64,510**
Less tax expense	22	(2,820)	(6,278)
Surplus (loss) for the year		**(48,948)**	**58,232**
Other comprehensive revenue and expense			
Gains/(losses) recognised directly in equity			
Gain on revaluation of property, plant and equipment	14	(376)	427
Gain on revaluation of intangible assets	16	(5,094)	4,842
Total comprehensive revenue and expense for the year		**(54,418)**	**63,500**

The above consolidated statement of comprehensive revenue and expenses should be read in conjunction with the accompanying notes.

Toa Rangatira Trust Group

Consolidated statement of financial position

As at 30 June 2023

	Note	2023 $000's	2022 $000's
Assets			
Current assets			
Cash and cash equivalents	9	10,625	2,492
Managed funds at fair value through surplus and deficit	10	17,848	16,457
Trade and other receivables	11	5,015	671
Related party receivables	28	32,744	30,414
Inventories	12	68,905	81,058
Prepayments and other assets	13	492	156
		135,629	**131,248**
Non-current assets			
Other receivables	11	609	1,229
Property, plant and equipment	14	3,490	3,554
Investment property	15	79,875	102,870
Intangible assets	16	14,686	11,305
Share investments	17	219	-
Investment in joint ventures and associates	18	45,772	41,351
		144,649	**160,309**
Total assets		**280,278**	**291,557**
Liabilities			
Current liabilities			
Trade and other payables	19	2,927	530
Related party payables	28	64,317	37,615
Income received in advance	20	21,632	212
Employee benefit liabilities	21	87	
Income tax payable	22	600	1,586
		89,563	**39,943**
Non-current liabilities			
Redeemable Preference Shares	23	6,525	-
Deferred tax liability	22	7,792	6,130
		14,317	**6,130**
Total liabilities		**103,880**	**46,073**
Net assets		**176,398**	**245,484**
Equity			
Reserves	27	117,800	123,270
Accumulated comprehensive revenue and expense		58,598	122,213
Total equity		**176,398**	**245,483**

For and on behalf of the Board, who authorised the issue of these financial statements on:

Callum Kātene
Trustee - 25 October 2023

Caleb Ware
Trustee - 25 October 2023

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

EY

Toa Rangatira Trust Group

Consolidated statement of changes in equity

For the year ended 30 June 2023

	Treaty settlement reserve (note 25) $000's	Asset revaluation reserves (note 25) $000's	Accumulated comprehensive revenue and expense $000's	Total Equity $000's
At 1 July 2022	111,591	11,679	122,213	245,483
Comprehensive revenue and expense				
Surplus for the year	-	-	(48,948)	(48,948)
Other comprehensive revenue and expense for the year	-	(5,470)	-	(5,470)
	-	(5,470)	(48,948)	(54,418)
Transactions with owners				
Distribution	-	-	(14,143)	(14,143)
	-	-	(14,143)	(14,143)
Prior period adjustment	-	-	(524)	(524)
Total equity at 30 June 2023	**111,591**	**6,209**	**58,598**	**176,398**
At 1 July 2021	111,591	6,410	92,310	210,311
Comprehensive revenue and expenses				
Surplus for the year	-	-	58,231	58,231
Other comprehensive revenue and expense for the year	-	5,269	-	5,269
	-	5,269	58,231	63,500
Transactions with owners				
Distribution	-	-	(28,682)	(28,682)
	-	-	(28,682)	(28,682)
Prior period adjustment	-	-	355	355
Total equity at 30 June 2022	**111,591**	**11,679**	**122,213**	**245,483**

The above consolidated statement of equity should be read in conjunction with the accompanying notes.

Toa Rangatira Trust Group
Consolidated statement of cash flows
For the year ended 30 June 2023

	Note	2023 $000's	2022 $000's
Cash flows from operating activities			
Proceeds from trading income		11,215	17,764
Proceeds from rental income		25,873	4,454
Proceeds from other income		612	-
Interest received		1,428	95
Interest paid		(236)	-
Net GST paid		(468)	(38)
Taxation received		-	1,146
Taxation paid		(2,964)	-
Payments made to suppliers and others		(24,368)	(43,843)
Payments made to employees		(1,764)	(8)
Net cash inflow/(outflow) from operating activities		**9,328**	**(20,430)**
Cash flows from investing activities			
Purchase of property, plant, and equipment		(370)	(1,766)
Purchase of investment properties		(3,537)	(5,431)
Acquisition of intangibles		(8,475)	-
Purchase of share and other investments		(219)	
Proceeds from the sale of redeemable preference shares			725
Proceeds from managed funds			30,000
Investment in joint venture or associate		(5,000)	(7,832)
Dividends received from joint venture or associate		1,703	1,216
Loaned to related parties		(1,962)	-
Net cash inflow/(outflow) from investing activities		**(17,860)**	**16,912**
Cash flows from financing activities			
Issuance of Redeemable Preference Shares		6,525	-
Advances from related parties		-	1,019
Loaned to related parties		-	(30,000)
Proceeds of loan from related parties		10,140	
Net cash inflow/(outflow) from financing activities		**16,665**	**(28,981)**
Net increase/(decrease) in cash and cash equivalents		**8,133**	**(32,499)**
Cash and cash equivalents at 1 July		2,492	34,992
Cash and cash equivalents at 30 June	9	**10,625**	**2,492**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Reporting entity

Toa Rangatira Trust (the Trust) is the post governance settlement entity established by Trust Deed to receive the settlement assets on behalf of Ngati Toa Rangatira. The Trust is domiciled in New Zealand and the registered office and principal place of business is 26 Ngati Toa Street, Takapuwahia, Porirua.

The primary activity of the Trust is to hold, manage and administer the assets received as part of the Ngāti Toa Rangatira historical settlement, for any object or purpose that is beneficial to Ngāti Toa Rangatira.

Te Rūnanga o Toa Rangatira Incorporated is the mandated iwi organisation and corporate trustee of Toa Rangatira Trust. The controlled entities of the Group are primarily involved in managing the preservation of the settlement assets and to build capability of the investment assets.

2 Basis of preparation

a) Statement of compliance

These consolidated financial statements comprise the Trust and its controlled entities, associates, and joint arrangements (together referred to as the "Group" and individually as "Group Entities").

These consolidated financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The Group is a public benefit entity and these consolidated financial statements comply with the *PBE Accounting Standards* as appropriate for Tier 2 not-for-profit public benefit entities. The Group qualifies for Tier 2 reporting as it does not have public accountability and for the past two reporting periods it has had between $2m and $30m operating expenditure. The Group reports as a Tier 2 entity and has used accounting policies consistent with its corporate trustee, Te Rūnanga o Toa Rangatira Incorporated.

The Group has taken advantage of all reduced reporting disclosure requirements available under the Tier 2 Standards for Public Benefit Entities. The financial statements comply with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities.

These consolidated financial statements are for the year ended 30 June 2023 and were authorised for issue by the Trustees on 25 October 2023.

b) Measurement basis

The consolidated financial statements have been prepared on an historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Financial assets at fair value through other comprehensive revenue and expense	Fair value
Contingent consideration assumed in a business combination	Fair value
Investment property	Fair value
Land and buildings	Fair value
NZ Forestry Emission Units (NZUs)	Fair value
Initial measurement of assets received from non-exchange transactions	Fair value

c) Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, which is the Group's functional currency.

d) Use of judgements and estimates

In preparing the consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

2 Basis of preparation (continued)

d) Use of judgements and estimates (continued)

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 6b revenue recognition - non-exchange revenue
- Note 14/15 reclassification of property, plant and equipment to/(from) investment property
- Note 16 intangible assets having finite or indefinite useful lives
- Note 4b/18 classification of joint arrangements
- Note 4 consolidation
- Note 26 lease classification

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 June 2022 are included in the following notes:

- Note 11 recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources
- Note 24 fair value measurement of assets and liabilities carried at fair value
- Note 25 impairment of non-financial assets

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements and reports directly to the Chief Corporate Services Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of PBE Accounting Standards, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible, or for non-cash-generating assets, depreciated replacement cost.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5 non-cash generating assets
- Note 15 investment property
- Note 18 acquisition of joint arrangements
- Note 24 financial instruments

e) Goods and services tax (GST)

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

f) Changes in accounting policies

Other than the adoption of new PBE standards and amendments to PBE standards as disclosed below, there have been no changes in the accounting policies of the Group during the year. All other accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

The following accounting standards came into effect during the year and have been adopted by the Group.

PBE IPSAS 1 Going concern disclosures

Changes to PBE IPSAS 1 with specific relation to going concern disclosures came into effect on 1 July 2022. The Group has assessed these changes and there are no impacts on the financial statements as the Group remains a going concern.

2 Basis of preparation (continued)

f) Changes in accounting policies (continued)

PBE IPSAS 41 Financial instruments

The standard replaces parts of IPSAS 29 Financial instruments: recognition and measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied PBE IPSAS 41 prospectively, with an initial application date of 1 July 2022. The Group has not restated comparative information as it is not required by the standard, which continues to be reported under PBE IPSAS 29. There are no differences arising from the adoption of PBE IPSAS 41 that would have been recognised directly in accumulated comprehensive revenue and expense and other components of net assets/equity.

Adopting PBE IPSAS 41 at 1 July 2022 resulted in a change in measurement category of assets rather than any changes to the value of assets or liabilities. The nature of adjustments are described below:

(i) Classification and measurement of financial assets and liabilities

Under PBE IPSAS 41, financial assets are subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost or fair value through other comprehensive revenue and expense (FVOCRE). Financial liabilities are subsequently measured at fair value through surplus or deficit (FVTSD) or amortised cost. Financial instruments measured at amortised cost replaces the previous measurement category: loans and receivables, the change in category is outlined in the table below. The classification is based on two criteria: (1) the Group's business model for managing the assets; and (2) whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as at the date of initial application, namely 1 July 2022. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Receivables from exchange and non-exchange transactions, term deposits and loans to related parties were classified as 'loans and receivables' at 30 June 2022 and are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning on 1 July 2022.

	Measurement category		Measurement category	
	PBE IPSAS 29	**PBE IPSAS 41**	**PBE IPSAS 29 $000's**	**PBE IPSAS 41 $000's**
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	2,492	2,492
Trade and other receivables	Loans and receivables	Amortised cost	32,314	32,314
Managed funds	FVTSD	FVTSD	17,848	16,457
Financial liabilities				
Accounts payable	Amortised cost	Amortised cost	(38,145)	(38,145)

FVTSD = Fair value through surplus or deficit

(ii) Impairment

The adoption of PBE IPSAS 41 has changed the Group's accounting for impairment losses of financial assets by replacing PBE IPSAS 29's incurred loss approach with forward-looking expected credit loss (ECL) approach. PBE IPSAS 41 requires the Group to recognise and allowance for ECLs for all debt instruments not held at fair value through surplus or deficit.

Upon adoption of PBE IPSAS 41 on 1 July 2022, the Group did not recognise any additional impairment.

(iii) Hedge accounting

The Group does not apply hedge accounting and consequently, there was no impact on adopting PBE IPSAS 41.

3 Significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

- Note 4 basis of consolidation and equity accounting
- Note 5 business combinations and goodwill

4 Basis of consolidation and equity accounting

a) Controlled entities

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

b) Non-controlling interests

Non-controlling interests (associates, joint ventures or operations, and minority interests) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's ownership interest in a controlled entity that does not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

c) Loss of control

When the Group loses control over a controlled entity, it derecognises the assets and liabilities of the controlled entity, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in surplus or deficit. Any interest retained in the former controlled entity is measured at fair value when control is lost.

d) Interest in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the surplus or deficit and other comprehensive revenue and expense of equity-accounted investees, until the date on which significant influence or joint control ceases.

e) Joint operations

The Group recognises its direct right to the assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 18a.

f) Transactions eliminated on consolidation and equity accounting

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. 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.

The Group's financial statements include the following controlled entities, associates, and joint ventures or operations. All controlled entities and other interests are incorporated or established in New Zealand.

4 Basis of consolidation and equity accounting (continued)

f) Transactions eliminated on consolidation and equity accounting (continued)

Name	Balance Date	Nature of business	Ownership Interest Held 30 June 2023	Ownership Interest Held 30 June 2022
Controlled entities				
Arijit Residential Limited	30 June	Residential property	100%	100%
Harmo Investments Limited	30 June	Holding company	100%	-
Kenepuru Limited Partnership (Note 7)	30 June	Property development	100%	100%
Paraparaumu Prenail 2016 Limited	30 June	Frame & truss manufacture	100%	-
Parapine Timber Limited	30 June	Building materials supplier	100%	-
Rangituhi Number 1 Limited	30 June	ESG funds management	100%	100%
Te Kāinga Ururua Limited	30 June	Management activities	100%	-
Toa Kenepuru Transition Limited	30 June	Property development	100%	100%
Toa Rangatira Investment Properties Ltd	30 June	Investment property leasing	100%	100%
Toa Rangatira Retirement Villages Ltd	30 June	Holding company	100%	100%
Toa Rangatira Trust	30 June	Post settlement governance	100%	100%
Whenua Toa Trust	30 June	Property development	100%	100%
Associates				
Armillary Limited	31 March	Investment banking services	30%	30%
Joint arrangements				
Aegis Group	31 March	Retirement village operations	67%	67%
Switched On Group	30 June	Property management	50%	50%

5 Business combinations and goodwill

a) Acquisitions

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The acquisition method involves recognising at acquisition date the identifiable assets acquired, the liabilities assumed and any non-controlling interest, separate from goodwill. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in surplus or deficit immediately (see Note 7). Transactions costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in surplus or deficit.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in surplus or deficit.

b) Amalgamations

The Group accounts for business combinations achieved through an amalgamation using the modified pooling of interests method when control is transferred to the Group. The modified pooling of interests method involves recognising at amalgamation date the aggregate of operations acquired and any non-controlling interest. The operations acquired in an amalgamation are generally measured at carrying value, where appropriate values are adjusted to conform to the Group's overall accounting policies. Specific exceptions for income taxes and employee benefits are recognised where they are applicable. Amalgamation related costs are expensed as incurred.

6 Revenue

Revenue arises from exchange and non-exchange transactions. Revenue is recognised when the amount of revenue can be measured reliably and it is probable that benefits will flow to the Group. Revenue is measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Group's revenue streams must also be met before revenue is recognised.

a) Revenue from exchange transactions

Exchange transactions are transactions in which the Group receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to the other party in exchange.

(i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the value of the consideration received or receivable, net of returns and any discounts. Sale of goods revenue included in trading revenue in the consolidated statement of comprehensive revenue and expense:

- sale of developed property
- sale of building material supplies

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

- for sale of developed property, it is when the contract for the sale has settled in full
- for sales of building material supplies, it is when the goods have been delivered to the customer

	2023	2022
Trading revenue from exchange transactions	**$000's**	**$000's**
Sale of developed properties	-	18,151
Building material supplies revenue	15,641	-
Total trading revenue from exchange transitions	**15,641**	**18,151**

(ii) Other income

Rental and licence fee income

Rental income on licenced forestry land, residential rental, commercial and other investment property lease fees are recognised in surplus or deficit on a straight line basis over the term of the lease (note 26).

Dividends

Income from dividends is recognised when the Group's right to receive payment is established, and the amount can be reliably measured.

Sale of NZ Forestry Emission Units

Income from the sale of NZ Forestry Emission Units is recognised when the significant risks and rewards of ownership have been transferred. There were no sales of NZ Forestry Emission Units this year (2022: nil).

	2023	2022
Other income from exchange transactions	**$000's**	**$000's**
Rental and licence fee income	4,240	4,424
Sundry income	529	541
Total other income from exchange transactions	**4,769**	**4,965**

6 Revenue (continued)

b) Revenue and other income from non-exchange transactions

Non-exchange transactions are those where the Group receives an inflow of resources (i.e. cash or other tangible or non-tangible items) but provides no (or nominal) direct consideration in return for the inflow. With the exception of services in kind, inflow of resources from non-exchange transactions are only recognised as assets where both:
- it is probable that the associated future economic benefit or service potential will flow to the entity, and
- fair value can be reliably measured.

(i) Historical settlement income

Revenue from historical settlements received as non-exchange transactions are recognised when the entitlement (control) passes to the Group and the Group is able to enforce the claim. Revenue is recognised in the consolidated statement of comprehensive revenue and expense, and the related asset received recognised in the consolidated statement of financial position, at fair value estimated at the date of the exchange.

Settlement income (if any) included in the consolidated statement of comprehensive revenue and expense is subsequently moved to the treaty settlement reserve account to preserve the total accumulated settlement quantum.

(ii) Government contracts, grants and koha

The recognition of non-exchange revenue from government contracts, grants, donations, and koha depends on the nature and any stipulations attached to the inflow of economic resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Group to return the inflow of resources received if they are not used as stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Government grant

The funding from Ministry of Housing and Urban Development (MHUD) to Kenepuru Limited Partnership is one-off funding/grant to support ongoing work for development of Kenepuru landing.

Funding is received to as a contributing grant to support development of Kenepuru land project in order to increase housing supply for home ownership opportunities for Ngati toa whanau. The project is to undertake all relevant site investigations and required regulatory consenting to enable building of affordable homes on Kenepuru land. Contracts with MHUD are subject to contract terms and restrictions, and revenue is recognised based on project delivery milestones.

Revenue from non-exchange transactions	**$000's**	**$000's**
Government grant	295	-
Total revenue from non-exchange transactions	**295**	**-**
Total Other Income from exchange and non-exchange transactions	**5,064**	**4,965**

7 Other fair value gain and gain on business acquisition

a) Harmo Investments Limited business acquisition

On 1 October 2022, the Group acquired shares in Harmo Investments Limited for $12.7m. Harmo Investments Limited is the holding company for Parapine Timber Limited (t/a Parapine ITM) and Paraparaumu Prenail 2016 Limited. These companies will complement the investments held in companies operating building materials supply.

Details of the purchase consideration, the net assets acquired and goodwill are as detailed below. The goodwill has been measured as the excess of the consideration paid and the net of the acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

7 Other fair value gain and gain on business acquisition (continued)

a) Harmo Investment Limited business acquisition (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

Cash and cash equivalents		539
Trade and other receivables		4,914
Inventory		1,591
Share investments		307
Property, plant and equipment		329
Trade and other payables		(2,544)
Other payables		(502)
Income tax payable		(448)
Fair value of net assets acquired		**4,186**
Purchase consideration:		
Cash	6,331	
Redeemable preference shares	6,331	12,661
Goodwill		**8,475**

The goodwill has been recognised in the consolidated statement of position as intangible asset (see Note 16) and is impairment tested. The goodwill is attributable mainly to the skills and industry experience of Parapine ITM and Paraparaumu Prenail work force and security of supply chain. In addition, the Group will gain from an established operations with loyal customers and the expected synergy to be achieved from integrating Harmo into the Group's existing building supplies business.

Parapine Timber Limited owned a building that it operated out of (19 Park Street). On 30 September 2022, 19 Park Street was sold to Harmo Properties Ltd. On 6 October 2022, Parapine Timber Limited entered into a lease of 19 Park Steet with Harmo Properties Limited. This sale and leaseback transaction was recognised separately from the acquisition. The leaseback is considered an operating lease, rather than finance lease.

The amounts of revenue and expense, and the surplus of the acquired operation since the acquisition date are included in the consolidated statement of comprehensive revenue and expense for the reporting period as follows:

	$000's
Revenue	15,211
Expense	(15,230)
Surplus	**(19)**

The revenue and expense, and the surplus of the combined entity for the current reporting period as though the acquisition date for all acquisitions that occurred during the year had been as of the beginning of the annual reporting period are as follows:

	$000's
Revenue	23,101
Expense	(21,582)
Surplus	**1,519**

b) Carrus Kenepuru Limited business acquisition

Whenua Toa Trust (WTT), which is a controlled entity, and Carrus Kenepuru Ltd (CKL) were limited partners in the Kenepuru Limited Partnership (KLP). On 31 March 2022, WTT acquired all the shares of CKL. The management contract between Carrus Properties Ltd (CPL) and KLP was novated to Toa Developments Limited to gain full control of KLP. As a result, the Group's interest in KLP changed from an interest in a joint operation to an interest in a controlled entity.

The Group acquired all the shares of CKL so it can further develop Kenepuru to meet the needs of the iwi community and provide more options to its iwi members. CKL was renamed to Toa Kenepuru Transition Limited after the shares purchase transaction was completed.

7 Other fair value gain and gain on business acquisition (continued)

b) Carrus Kenepuru Limited business acquisition (continued)

Acquisition achieved in stages

KLP was a joint operation and, therefore, the Group has been recognising its share of KLP's assets and liabilities. Acquiring all of the shares in CKL resulted in WTT (and the Group) gaining control of KLP. This is referred to as an acquisition achieved in stages or a step acquisition. As a result, WTT is required to account for the notional disposal of its previous interest in the joint operation at fair value prior to recognising its new interest in a controlled entity. WTT therefore remeasured its previous interest in KLP to its fair value at the date of acquisition and recognised the resulting gain (or loss) in surplus or deficit.

	$000's
Carrying value of assets and liabilities in KLP prior to acquisition	12,126
Fair value of KLP*	82,187
Fair value gain on interest in KLP	70,061
Fair value gain on interest in KLP recognised by the group (50%)	**35,030**

* The fair value of KLP is mainly the market value of the land at purchase date as valued by CBRE, an independent valuer, plus fair value of other assets and liabilities. The fair value of the land was determined using sales comparison method whereby recent sales of block land, average lot realisation values and development costs were compared. Special assumptions were used to derive the fair value:

- Land area: Stage 3 valuation is "As Is", noting that it currently forms part of a much larger parent title.
- Development cost: Stage 3 development cost were based on the most recent development cost estimates provided by Calibre Consulting.
- Fault zone: Stages 4 and 5 are traversed by a Fault Avoidance Zone (FAZ) as identified by GNS. CBRE adopted FAZ area identified within masterplan.
- Residual methodology: forecast lot prices, development costs and timing of sell down (delivery time and market absorption) are the variables incorporated in the residual valuation assessment.

The gain has been recognised in other fair value gain in the consolidated statement of comprehensive revenue and expense in 2022.

Gain on acquisition

Details of the purchase consideration, the net assets acquired and gain on discounted purchase price are as follows. Goodwill has been measured as the excess of:

a) the consideration transferred measured at fair value and the fair value of Group's previously held interest in KLP
b) the net of the acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

		$000's
Purchase consideration		
Purchase of shares of CKL	A	21,887
Management contract novation	B	7,000
Fair value of Group's previously held interest in KLP		
Interest at 31 Mar 2022		4,771
Fair value gain on interest in KLP (50%)		35,030
Interest at 31 Mar 2022 plus 50% of fair value gain	C	39,801
Total purchase consideration	A + B + C	**68,688**

7 Other fair value gain and gain on business acquisition (continued)

b) Carrus Kenepuru Limited business acquisition (continued)

Gain on acquisition (continued)

Payment for the novation of the management contract is considered part of the acquisition, and therefore part of the consideration paid to acquire KLP. The management contract is not considered to meet the definition of an intangible asset, because from a Group perspective the management contract is a contract within the Group itself, and was novated only to obtain full control of KLP. Therefore the management contract is not a resource controlled by the Group from which future economic benefit or service potential are expected. The amount paid for the management contract is not separately recognised as an intangible asset, but instead contributes to goodwill recognised in the acquisition.

The assets and liabilities recognised as a result of the acquisition are as follows:

	$000's
Cash and cash equivalents	1,018
Property under development	81,995
Lodge	3,481
Property, plant and equipment	40
GST receivable	355
Loan from WTT	(2,611)
Loan from the Rūnanga	(658)
Accounts payable	(296)
Income tax payable	(1,780)
Provision for soil stockpile removal	(1,143)
Fair value of net assets acquired	**80,401**
Less purchase consideration	68,688
Gain from discounted purchase price	**11,713**

The gain from discounted purchase price has been recognised as a gain on business acquisition in the consolidated statement of comprehensive revenue and expense in 2022. The gain from discounted purchase price is attributable to the fact that the purchase price was agreed in April 2021. Property prices increased substantially between 1 April 2021 and 31 March 2022, giving rise to a gain from discounted purchase price.

The amounts of revenue and expense, and the deficit of the acquired operation from the acquisition date until 30 June 2022 are included in the prior year's consolidated statement of comprehensive revenue and expense as follows:

	$000's
Revenue	62
Expense	449
Deficit	**(387)**

The revenue and expense, and the surplus of the combined entity for the prior reporting period as though the acquisition date for all acquisitions that occurred during that year had been as of the beginning of FY2022 are as follows:

	$000's
Revenue	36,631
Expense	21,802
Surplus	**14,829**

8 Interest Income - financial asset at amortised cost

Interest is recognised as it accrues in surplus or deficit, using the effective interest rate method. Interest income shown in other income in the consolidated statement of comprehensive revenue and expense includes interest earned on 'at call' funds and short-term deposits from the various banking organisations.

9 Cash and cash equivalents

Cash and cash equivalents are deposits held in trading accounts or deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2023 $000's	2022 $000's
Cash at bank and on hand	10,625	2,492
Cash and cash equivalents in the consolidated statement of cash flows	**10,625**	**2,492**

Per annum annual interest rate ranges to components of cash and cash equivalents:

	2023	2022
Bank deposits	0.30%-2.30%	0.05-0.50%
Call deposits	0.75%-2.75%	0.09-1.50%

There are no restrictions over any of the cash and cash equivalent balances held by the Group. There is no overdraft facility.

10 Short-term deposits and managed funds

Short-term deposits are deposits that are held with maturities of more than 90 days but less than 12 months after reporting date. Short-term deposits are classified as current assets in the consolidated statement of financial position. The carrying value of short-term deposits approximates their fair value due to their short-term nature and market interest rates.

There are no restrictions over the short-term deposits held by the Group.

As at reporting date, there are no short-term deposits held by the Group. During 2022, interest rates varied on the deposits between 0.09% and 1.50%.

Managed funds are funds held with Milford Asset Management and Harbour Asset Management in a balanced investment portfolio measured at fair value. The gain/loss on revaluations of these financial assets to fair value are recognised through surplus or deficit.

11 Trade and other receivables

Trade and other receivables are non-interest bearing and receipts are normally on 30 day terms. Therefore, carrying value of accounts and other receivables (excluding GST) approximates its fair value. As at 30 June 2023, all overdue receivables have been assessed for impairment and appropriate allowances made.

	2023 $000's	2022 $000's
Current		
Trade and other receivables		
Trade receivables from exchange transactions	5,644	606
Allowances for doubtful debts	(944)	-
	4,700	606
Other receivables		
GST receivable	316	65
	316	65
Total current trade and other receivables	**5,015**	**671**
Non-current		
Other receivables		
Other receivables	609	1,229
Total non-current trade and other receivables	**609**	**1,229**

11 Trade and other receivables (continued)

The Board have considered whether an allowance for doubtful debts is appropriate based on historical credit losses over the prior period to the period end. The historical credit losses are then adjusted for current and expected credit loss or future-looking factors affecting the customers.

The movement in the impairment allowance for trade receivables for the year 2023 (2022: $nil) are as follows:

	2023 $000's	2022 $000's
Balance at 1 July	-	-
Bad debts written off	(411)	-
Impairment losses	1,355	-
Balance at 30 June	**944**	**-**

12 Inventories

Inventory is measured at cost upon initial recognition to the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing each product to its present location and condition. $11.2m of inventories were recognised as an expense during the reporting period. Costs of inventories are accounted for as follows:

(i) Finished goods and work in progress:

Finished goods and work in progress are initially recorded at cost, where cost is direct materials and labour. Costs are assigned on the basis of weighted average costs. The Group's finished goods inventory includes items held for resale, such as building material supplies. The Group's work in progress consists of land purchased for development and sale, including development in progress.

After initial recognition, inventories are valued at the lower of cost and net realisable value. However, inventory held for distribution or deployment at no charge or for a nominal charge is measured at cost, adjusted when applicable for any loss of service potential.

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

(ii) Inventory held for sale or provision of services at commercial terms	2023 $000's	2022 $000's
Work in progress - land development	67,103	81,058
Finished goods (at lower of cost or net realisable value)	1,802	-
	68,905	**81,058**

During the year ended 30 June 2023, $21.5m (2022: $nil) was recognised as an expense in relation to an inventory write-down to net realisable value (NRV). This write-down to NRV is recognised in other expenses in the consolidated statement of comprehensive revenue and expense.

13 Prepayments and other assets

Prepayments include payments that have been made prior to reporting date, for goods or services that have not yet been delivered. Prepayments also include payments toward the construction of an asset where the asset has not yet been completed or commissioned but for where there is a construction contract in place.

	2023 $000's	2022 $000's
Prepayments for goods and services not yet consumed	488	92
Other assets	4	64
	492	**156**

14 Property, plant and equipment

a) Recognition and measurement

Items of property, plant and equipment are initially measured at cost, except those acquired through nonexchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

The Group holds certain land that is classified as heritage as the land comprises sites that are either held as reserves, memorial sites, or Urupa. Heritage assets with no future economic benefit or service potential other than their heritage value are not recognised in the consolidated statement of financial position.

Items of property, plant and equipment are subsequently measured either under the:

(i) Cost model

Cost less accumulated depreciation and impairment.

(ii) Revaluation model

Fair value, less accumulated depreciation and accumulated impairment losses recognised after the date of the most recent revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Gains and losses on revaluation are recognised in other comprehensive revenue and expense and presented in the revaluation reserve within net assets/equity. Gains or losses relating to individual items are offset against those from other items in the same class of property, plant and equipment, however gains or losses between classes of property, plant and equipment are not offset.

Any revaluation losses in excess of the credit balance of the revaluation reserve for that class of property, plant and equipment are recognised in surplus or deficit. Any subsequent revaluation gains are recognised in surplus or deficit to the extent that they reverse revaluation losses on the same class of assets previously recognised in surplus or deficit.

All of the Group's items of property, plant and equipment are subsequently measured in accordance with the cost model, except for land and buildings which are subsequently measured in accordance with the revaluation model.
Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

Upon disposal of revalued items of property, plant and equipment, any associated gain or losses on revaluation to that item are transferred from the revaluation surplus reserve to accumulated comprehensive revenue and expense.

b) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

c) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value, and for buildings is based on the revalued amount less its residual value. Where significant components of individual assets have a useful life that is different from the remainder of those assets, those components are depreciated separately.

14 Property, plant and equipment (continued)

c) Depreciation (continued)

The estimated useful lives are shown below:

	2023	2022
Buildings	10 to 60 years	10 to 60 years
Plant, office equipment, and computers	3 to 30 years	3 to 30 years
Motor vehicles, watercraft, tractors, and trailers	5 to 75 years	5 to 75 years
Fixtures and fittings	5 to 13 years	5 to 13 years

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated. Assets under construction are not subject to depreciation until they are completed.

Depreciation methods, useful lives and residual value are reviewed are each reporting date and adjusted if appropriate.

	Land and buildings $000's	Plant, office equipment, and computers $000's	Fixtures and Fittings $000's	Motor vehicles, watercraft, tractors and trailers $000's	Total $000's
Cost or valuation					
Balance at 1 July 2022	3,518	2	-	47	3,567
Additions (exchange)	67	309	152	390	918
Disposal		(20)	-	(6)	(26)
Revaluation	(376)	-	-	-	(376)
Balance at 30 June 2023	**3,209**	**291**	**152**	**431**	**4,083**
Accumulated depreciation and impairment					
Balance at 1 July 2022	-	-	-	13	13
Acquired accumulated depreciation	37	179	102	230	548
Depreciation expense	1	17	7	30	55
Accumulated depreciation written back on disposal	-	(19)		(4)	(23)
Revaluation & adjustments	-	-	-	-	-
Balance at 30 June 2023	**38**	**177**	**109**	**269**	**593**
Net book value at 30 June 2023	**3,171**	**114**	**43**	**162**	**3,490**
Cost or valuation					
Balance at 1 July 2021	1,332	1	-	36	1,369
Additions (exchange)	1,759	1	-	11	1,771
Revaluation	427	-	-	-	427
Balance at 30 June 2022	**3,518**	**2**	**-**	**47**	**3,567**
Accumulated depreciation and impairment					
Balance at 1 July 2021	-	-	-	6	6
Depreciation expense	-	-	-	7	7
Balance at 30 June 2022	**-**	**-**	**-**	**13**	**13**
Net book value at 30 June 2022	**3,518**	**2**	**-**	**34**	**3,554**

14 Property, plant and equipment (continued)

Revaluation of land and buildings

Land and buildings are measured using the revaluation model. Full revaluations are done at least every three years (on the basis of significant market changes and if there is not then it will be done again on a desktop basis). Every other year, land and building are revalued on a desktop basis. These assets were revalued on 30 June 2022. Fair value of the land and buildings was determined by using a market comparable method. This means that valuations performed by the valuer are based on active market prices and market-based yields, significantly adjusted for difference in the nature, location or condition of the specific property.

As at the date of revaluation, the properties' fair values are based on valuations performed by CBRE Wellington, an accredited independent valuer with NZ Institute of Valuers.

Significant assumptions included in the valuations were that:
- there are no side agreements that would have an adverse effect on the market value of the property
- all buildings have a seismic strength at a "market acceptable level" for their class

15 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

a) Recognition and measurement

Investment property is initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value. 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, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are subsequently measured at fair value by an independent professional. Investment property valuations are reviewed annually.

Market source data has been used to determine the market value of the properties assessed by CBRE Limited. The valuer used a comparison approach using recent market transactions that had occurred on an arm's length basis. Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

The forestry land valuation was updated 30 June 2023 by Arotahi Agribusiness Limited on a discounted cash flow basis which uses forest licence fee income as an input. Key assumptions used include discount rate of 7% on the income due to the risk profile and a discount rate of 6.5% on the returned land, and annual rental index of 1%. There are three levels of growth applied in determining forestry land valuation. These are log inflation rate of 2% per annum, harvesting and replanting expenses at 6%, and annual growth of 1% for land values. The large change in value of the forestry land is a result of the prepayment of license fees until April 2036. As time goes on, the proportion of the foregone rent will decrease. From April 2036, the full value of the land and its potential to provide ongoing benefits will reside in the valuation.

Other land valuations were updated 30 June 2023 by CBRE. The valuations included land that is currently subject to long-term lease back arrangements with the relevant New Zealand Government (the "Crown") agencies. See note 26 for further detail on the terms of the leases. The methods of valuation used to determine fair value were the income capitalisation or discounted cashflow approach with a check by the direct comparison approach.

All valuers used by the Group are independent and are accredited valuers with NZ Institute of Valuers.

Other land (from non-exchange transactions) is held as investment land where there has been no clear indication on a particular use for the land.

15 Investment properties (continued)

a) Recognition and measurement (continued)

Investment Property	2023 $000's	2022 $000's
Balance at 1 July	102,870	91,713
Additions - from subsequent expenditure	3,061	1,270
Additions - from acquisitions	676	4,161
Fair value adjustment through surplus and deficit	(26,732)	5,726
Total fair value of investment property at 30 June	**79,875**	**102,870**

Investment property includes:

- forestry land in Nelson and Marlborough currently planted in pine and operated as a forestry operation. The forestry operation is owned and controlled by unrelated parties, and the land is leased to the forester under the terms of the present Crown Forestry Licence.
- police stations in Richmond and central Wellington, that are subject to lease back arrangements with New Zealand Police. The lease back arrangements have initial terms to 2025 (Richmond) and 2036 (Wellington) with further perpetual terms of renewal.
- property at Benmore Crescent, for which the Group has entered into a 125 year renewable ground lease and development agreement with Building-Solutions Limited. The lease term commences once the property has been rezoned by Hutt City Council to Special Business or its equivalent.

Minimum future rental payments receivable are disclosed in note 26.

b) Reclassifications

When the use of the investment property changes to owner occupied, such that it results in a reclassification of investment property to property, plant and equipment, the property's fair value at the date of reclassification becomes its cost for subsequent accounting.

16 Intangible assets

a) Recognition and measurement

Intangible assets are initially measured at cost. The cost of intangible assets acquired through non-exchange transactions is their fair value at the date of the exchange.

Following initial recognition, intangible assets are measured as follows:

- NZ Forestry Emission Units are carried at fair value. NZ Forestry Emission Units have an indefinite life and therefore are not amortised. NZ Forestry Emission Units are fair valued annually. Gains/losses on revaluation of NZ Forestry Emission Units are recognised in other comprehensive revenue and expense and accumulated in the intangible revaluation reserve within net assets/equity. Losses on revaluation in excess of the balance of the intangible revaluation reserve for that asset are recognised in surplus or deficit. Gains on revaluation are recognised in surplus or deficit to the extent they reverse losses on the same asset previously recognised in surplus or deficit
- goodwill is measured at cost less accumulated impairment losses

b) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in surplus or deficit.

c) Amortisation

Amortisation is recognised in surplus or deficit on a straight line basis over the estimated useful life of each amortisable intangible asset.

The estimated useful lives of each amortisable intangible asset are:

NZ Forestry Emissions Units (NZU)	Indefinite life
Goodwill	Indefinite life

16 Intangible assets (continued)

c) Amortisation (continued)

	NZU $000's	Goodwill $000's	Total $000's
Cost or valuation			
Balance at 1 July 2022	11,305		11,305
Additions (exchange)		8,475	8,475
Additions (non-exchange)			-
Revaluation	(5,094)		(5,094)
Balance at 30 June 2023	**6,211**	**8,475**	**14,686**
Accumulated amortisation and impairment			
Balance at 1 July 2022	-	-	-
Amortisation or impairment	-	-	-
Balance at 30 June 2023	**-**	**-**	**-**
Net book value at 30 June 2023	**6,211**	**8,475**	**14,686**
Cost or valuation			
Balance at 1 July 2021	6,463		6,463
Fair value gain	4,842		4,842
Balance at 30 June 2022	**11,305**	**-**	**11,305**
Accumulated amortisation and impairment			
Balance at 1 July 2021	-	-	-
Amortisation or impairment	-	-	-
Balance at 30 June 2022	**-**	**-**	**-**
Net book value at 30 June 2022	**11,305**	**-**	**11,305**

The New Zealand Emissions Trading Scheme (ETS) is the system in which New Zealand Units (NZUs) are traded. Under the ETS, certain sectors are required to acquire and surrender NZUs or other eligible emission units to account for their direct greenhouse gas emissions or emissions associated with their products.

The Board did not resolve to sell units in 2023 (2022: nil). A balance of 148,747 carbon credits remain. These carbon units are accounted for at revalued amounts using the daily NZU price from Carbon Forest Services. As at 30 June 2023, NZU price is $41.75 (2022: $76).

The Group expects that the current licensors will continue to replant and keep these areas forested for the term of the licences (31+ years). The land is not considered suitable for a purpose other than forestry. In the event that areas of land are handed back in accordance with the Crown licence term during or at the end of the term, the expectation is that the land would either be replanted or that native bush would be allowed to regenerate. In the event that the land is handed back, is not replanted, and that native bush has not regenerated to the correct density within ten years of the land hand back, then a liability may be incurred. This potential liability is not recognised in the financial statements.

Details on the goodwill on Harmo Investment Ltd acquisition are disclosed in Note 7.

17 Share investments

The Group owns 12,000 (2022: nil) ordinary shares and 191,967 (2022: nil) redeemable preference shares in Independent Timber Merchants Co-operative Limited (ITM). Fair value is considered to be equal to the issue price of $1 per share. The ordinary shares must be surrendered on exit from the ITM co-operative, and are paid out at their face value. The redeemable preference shares are non-voting, are only redeemable on exit from the co-operative, and are paid out over five years from exit date at the discretion of the ITM board. ITM determines annually in April whether members require additional redeemable preference shares to be issued or redeemed for compulsory acquisition or disposal based on annual company purchases from ITM. The Group also owns two (2022: nil) ordinary shares (out of 24 issued shares) in Harrier Holdings 2018 .

The shares are stated at cost less their impairment value as they are not publicly traded and therefore there is no active market to determine the quoted price and the shares cannot be measured reliably. The Board consider that the carrying amount of the shares approximates their fair value. The shares are classified as fair value through surplus or deficit (FVTSD).

	2023 $000's	2022 $000's
Independent Timber Merchants Co-operative Limited - ordinary shares	12	-
Independent Timber Merchants Co-operative Limited - redeemable preference shares	192	-
Harrier Holdings 2018	15	-
Total share investments	**219**	**-**

18 Joint arrangements and associates

a) Joint operation

The Group held 50% share in a limited partnership, Kenepuru LP, and its general partner, Kenepuru Developments Limited until 31 March 2022. Kenepuru Developments Limited has control over Kenepuru LP. The Group obtained 100% control of Kenepuru Developments Limited and of Kenepuru LP in 31 March 2022 (see note 7). Until 31 March 2022, Kenepuru LP and Kenepuru Developments Limited were recognised as a joint operation, and the Group's 50% share is included in the consolidated financial statements on a line by line basis and now are recognised as controlled entities.

Prior to the Group obtaining 100% control of Kenepuru Developments Limited and Kenepuru LP, a loan over and above the original capital committed was agreed to fund stage 1 and 2 of the developments in the joint operation. This loan was interest-bearing at a rate of 6% per annum. After 100% control was obtained, the loan was no longer existing from a Group perspective.

b) Joint venture

On 4 October 2021, the Group acquired 50% of the share capital of Switched On Group Ltd (SOG) for $6.6m. SOG is a building solutions company. SOG is classified as a joint venture.

The Group has existing 66.7% ownership of the share capital of Aegis Retirement Living Limited, which owns 100% of Whitby Village (2009) Limited and Aegis Projects Limited (together, the "Aegis Group"). The Aegis Group owns and operates a retirement village in Whitby, Porirua. While the Group has 66.7% ownership of Aegis and has the right to 66.7% of Aegis equity and profits, it is still classified as a joint venture because the Group's existing rights do not allow to direct the relevant activities of Aegis. Aegis has 3 directors, and every decision requires unanimous approval of its Board. These include issuance of shares, approval of annual business plan and budget, entry into contracts, and incurrence of or agreement to incur any expense of an amount exceeding a certain threshold.

Joint ventures are accounted for using the equity method. The share of the net surplus of joint ventures is recognised as a component of operating revenue in surplus or deficit, after adjusting for any differences between the accounting policies of the Group and joint ventures. Dividends received from joint ventures are credited to the carrying amount of the investment in joint ventures. The balance of goodwill arising on acquisition is included in the carrying amount of the joint venture. When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued.

Aegis Group has a reporting date of 31 March. The consolidated financial statements includes Aegis Group management figures for the year ended 30 June. SOG's reporting date is 30 June.

18 Joint arrangements and associates (continued)

c) Associates

On 5 April 2022, the Group acquired a 30% shareholding in Armillary Limited for $1.2m. This company provides investment banking services and has a reporting date of 31 March. The consolidated financial statements includes Armillary Limited's management figures for the year ended 30 June.

19 Trade and other payables

	2023 $000's	2022 $000's
Trade payables from exchange transactions	1,773	57
Other payables	104	-
Sundry accruals	1,050	468
GST payable	-	5
Total trade and other payables	**2,927**	**530**

Trade and other payables (excluding GST) are non-interest bearing and are normally settled within 30 days and are therefore reflected at their fair value. See note 23b for the accounting policy for trade and other payables.

20 Income in advance

Forestry licence fees, residential rent and rent from lease back investment properties received in advance is rent received for future periods, where the service has not yet been delivered to the customer and the revenue is deferred to another period.

21 Employee benefit liabilities

a) Short-term employee benefits

Short-term employee benefit liabilities are recognised when the Group has a legal or constructive obligation to remunerate employees for services provided wholly within 12 months of reporting date, and are measured on an undiscounted basis and expensed in the period in which employment services are provided.

	2023 $000's	2022 $000's
Short-term employee entitlements	87	-
Total employee entitlements	**87**	**-**

b) Long-term employee benefits

No long-term obligations exist at 30 June 2023 and 2022.

22 Income tax

The Trust has Māori Authority tax status and current tax is calculated at 17.5%. Whenua Toa Trust is taxed at 33%. Other Trust controlled entities are currently taxed at 28%.

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in surplus or deficit except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive revenue and expense. Tax relating to items recognised directly in equity or in other comprehensive revenue and expense is also recognised in equity or other comprehensive revenue and expense, respectively.

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 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 reporting date. 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.

EY

22 Income tax (continued)

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. 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.

	2023 $000's	2022 $000's
Opening tax payable	1,586	291
Resident withholding tax paid	(5)	(13)
Tax payments made to Inland Revenue	(2,938)	(620)
Refunds received	-	-
Tax expense	2,820	6,278
Deferred tax adjustment	(1,661)	(6,130)
Adjustment in respect of previous years	(40)	-
Current tax payable	839	1,780
Closing balance - liability	**600**	**1,586**

The major components of income tax expense for the years ended 30 June 2023 and 2022 are:

	2023 $000's	2022 $000's
Current income tax expense	923	148
Adjustments in respect of current income tax of previous year	236	-
Deferred tax expense	1,661	6,130
Income tax expense in surplus or deficit	**2,820**	**6,278**

The deferred tax liabilities balance comprises temporary differences attributable to:

	2023 $000's	2022 $000's
Other fair value gain (at 17.5%)	-	6,130
Write-down to net realisable value - lots for development (at 17.5%)	(300)	
Carrying value - buildings (at 28%)	1,961	-
Adjustment to deferred tax balance	**1,661**	**6,130**

	2023 $000's	2022 $000's
Movements of deferred tax liabilities:		
Opening balance	6,130	-
Credited/charged to the profit and loss	1,661	6,130
Closing deferred tax liability balance	**7,792**	**6,130**

22 Income tax (continued)

Reconciliation of tax expense and the accounting profit, multiplied by New Zealand's domestic tax rate for 2023 and 2022:

	2023 $000's	2022 $000's
Surplus for the year before tax	(46,128)	64,510
Share of profit from joint venture	(1,125)	(8,536)
	(47,253)	55,974
At statutory income tax rate of 28% (2022: 28%)	(13,231)	15,673
Effect of different tax rates	4,684	(5,379)
Effect of non-taxable activities	3,422	(6,080)
Utilisation of previously unrecognised tax losses	-	-
Other non-deductible expenses	5,128	284
Effect of temporary timing difference	90	
Adjustment in respect of previous years	236	-
Deferred tax adjustment	1,661	-
Purchased tax liability	830	1,780
Income tax expense in surplus or deficit	**2,820**	**6,278**

23 Redeemable Preference Shares

Harmo Investment Limited (HIL) issued ten (10) redeemable preference shares with a face value of $6,525,120 to Moen Trust that has a right to receive coupon payments of:

a. 5% per annum for the 12 months following completion date; and
b. the greater of:
   i) 5% per annum;
   ii) a market rate representing the 1 year New Zealand Government Stock rate plus a margin of 1.6% per annum for the following years

On the third anniversary of the completion date, HIL will redeem the preference shares for $6,525,120.

	2023 $000's	2022 $000's
Redeemable preference shares	6,525	-
	6,525	**-**

24 Financial instruments

Financial assets

2023	Financial instruments at amortised cost $000's	Fair value through surplus or deficit $000's	Current financial assets $000's	Non-current financial assets $000's	Total financial assets $000's
Cash and cash equivalents	10,625	-	10,625	-	10,625
Managed funds	-	17,848	17,848	-	17,848
Trade and other receivables	5,624	-	5,624	-	5,624
Related party receivables	32,744		266	32,479	32,744
Share investments	-	219	-	219	219
	48,993	**18,067**	**34,363**	**32,697**	**67,060**
2022					
Cash and cash equivalents	2,492	-	2,492	-	2,492
Managed funds	-	16,457	16,457	-	16,457
Trade and other receivables	1,900	-	1,900	-	1,900
Related party receivables	30,414		-	30,414	30,414
Share investments	-	-	-	-	-
	34,806	**16,457**	**20,849**	**30,414**	**51,263**

24 Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVOCRE, or FVTSD.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of short-term receivables and payables that do not contain a significant financing component or for which the Group has applied a practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCRE, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through surplus or deficit, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCRE are held within a business model with the objective of both holding to collect contractual cash flows and selling.

The Group's financial assets include: cash and short-term deposits, receivables from exchange and non-exchange transactions, loans, loans to related parties, unquoted financial instruments and derivative financial instruments.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:

- financial assets at amortised cost (debt instruments)
- financial assets at FVOCRE with recycling of cumulative gains or losses (debt instruments)
- financial assets at fair value through surplus or deficit.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains or losses are recognised in surplus or deficit when the asset is derecognised, modified or impaired. The Group’s financial assets at amortised cost includes trade receivables from exchange transactions, receivables from non-exchange transactions, investments in related parties, short-term deposits and a loan to an associate included under other noncurrent financial assets.

c) Financial assets at FVOCRE (debt instruments)

For debt instruments at FVOCRE, interest income and impairment losses or reversals are recognised in the statement of financial performance and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCRE. Upon derecognition, the cumulative fair value change recognised in OCRE is recycled to surplus or deficit. The Group’s debt instruments at FVOCRE are derivative financial instruments.

d) Financial assets at fair value through surplus or deficit

A financial asset is measured at fair value through surplus or deficit unless it is measured at amortised cost or at fair value through other comprehensive revenue and expense. Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of financial performance. This category includes derivative instruments, investments in related parties, investment in joint ventures, and other investments which are held for trading and which the Group had not irrevocably elected to classify at FVOCRE. Dividends on listed equity investments are recognised as revenue from exchange transactions in the statement of financial performance when the right of payment has been established.

24 Financial instruments (continued)

Financial assets (continued)

e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

f) Impairment

PBE IPSAS 41 requires the Group to record expected credit losses on all of its debt instruments classified at amortised cost or FVOCRE. The Group recognises loss allowances for expected credit losses (ECLs) on financial assets at amortised cost, the allowances for receivables of exchange and non-exchange transactions are measured, using the simplified approach, at an amount equal to lifetime ECLs, while all other debt instruments classified at amortised cost are measured using the general approach.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on historical experience, informed credit assessments, and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group; or
- The financial asset is more than 90 days old.

The Group considers writing off a financial asset primarily when the debt is older than a year and there has been no response after six months of being sent to debt collectors, however this is treated on a case by case basis.

The Group considers fixed interest and term deposit financial instruments to have low credit risk when its credit rating is equivalent to a credit rating of A+ or higher. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to the credit risk.

Financial assets at fair value through surplus or deficit include investments in managed funds. Fair values of these units are determined by reference to published price quotations in an active market. Also included is investments in equity shares of unquoted companies, namely Aotearoa Fisheries Limited and Independent Timber Merchants Co-operative Limited. The group holds non-controlling interests in these companies. Debt instruments at amortised cost are held to maturity and may generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

24 Financial instruments (continued)

Financial liabilities

2023	Financial liabilities at amortised cost $000's	Current financial liabilities $000's	Non-current financial liabilities $000's	Total financial liabilities $000's
Trade and other payables	2,823	2,823	-	2,823
Related party payables	64,317	-	64,317	64,317
Redeemable preference shares	6,525	-	6,525	6,525
Loans and borrowings		-	-	-
	73,665	**2,823**	**70,842**	**73,665**
2022				
Trade and other payables	530	530	-	530
Related party payables	37,615	-	37,615	37,615
Loans and borrowings	-	-	-	-
	38,145	**530**	**37,615**	**38,145**

a) Initial recognition and measurement

Financial liabilities at amortised cost are classified, at initial recognition and include loans and borrowings, or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include payables under exchange transactions and loans and borrowings.

b) Subsequent measurement

After initial recognition, interest-bearing loans and borrowings or payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of financial performance.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, waived, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of financial performance.

25 Impairment of non-financial assets

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

Indefinite life intangible assets and intangible assets not yet available for use are tested annually for impairment. An impairment loss is recognised if the carrying amount of the asset or its CGU exceeds its estimated recoverable amount.

The recoverable amount of the asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated cash flows (for CGU) or future remaining service potential (for non-cash generating units) 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 or CGU.

Cash generating assets and non-cash generating assets are distinguished by the smallest identifiable unit that is used to generate a cash inflow from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

26 Leases (as lessor and lessee)

Leases that transfer substantially all the risks and rewards incidental to ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

a) Rental lease revenue as lessor

Rental lease revenue received under operating leases is recognised on a straight line basis over the term of the lease. This excludes receipts from reimbursements for services which are recognised when the customer has received an invoice for the service.

Costs incurred in earning the rental lease revenue are recognised as an expense as they are incurred.

b) Current rental revenue as lessor

Toa Rangatira Investment Properties Limited manages the rental income of the Forestry lands that were purchased from the Crown on 1 August 2014. The current Crown Forestry Licence has a termination date of 35 years. The licence fees are reviewed every 3 years (periodic review) and can be reviewed every 9 years (general review). Toa Rangatira Investment Properties Limited also manages the rental income from the land leased to NZ Police.

Minimum future lease payments receivable under non-cancellable operating leases are as follows:

	2023 $000's	2022 $000's
Within one year	1,292	1,287
Between one and five years	4,531	4,473
More than five years	8,731	7,956
Total minimum future lease receivable	**14,553**	**13,716**

27 Reserves

a) Treaty settlement reserve

Cash funds and other assets (land, buildings, quota share etc.) received from the Treaty of Waitangi Claims are initially recorded through the consolidated statement of comprehensive revenue and expense and are then transferred to the treaty and fisheries settlement reserve. The funds are separately distinguished reserves so as to retain the core amounts received under settlement.

	2023 $000's	2022 $000's
Balance as at 1 July	111,591	111,591
Movement this year	-	-
Balance at 30 June	**111,591**	**111,591**

b) Asset revaluation reserves

(i) Asset revaluation reserve - land and buildings

The asset revaluation reserve - land and buildings is used to record the increases and decreases in the fair value of land and buildings. Land and buildings are revalued at least every three years or where there is an indication that the carrying amount may be materially different.

(ii) Asset revaluation reserve - intangible assets

The asset revaluation reserve - intangible assets is used to record the increases or decreases in the fair value of the NZ Forestry Emissions Units. The reserve cannot fall into deficit. If it falls into deficit, the difference over and above is recognised in surplus or deficit.

27 Reserves (continued)

	2023 $000's	2022 $000's
Asset revaluation reserve - land and buildings		
Balance as at 1 July	992	565
Other comprehensive revenue and expense	(376)	427
Balance at 30 June	**616**	**992**
Asset revaluation reserve - intangible assets		
Balance as at 1 July	10,687	5,846
Other comprehensive revenue and expense	(5,094)	4,841
Balance at 30 June	**5,593**	**10,687**
Total asset revaluation reserves	**6,209**	**11,679**

28 Related parties

a) Ultimate parent
Te Rūnanga o Toa Rangatira Incorporated is the ultimate controlling entity of the Group.

The financial statements include the financial statements of the Trust and its controlled entities, as listed in note 4. Other related parties are the Group's joint arrangements.

b) Related party transactions
Related parties are the controlling entity and its controlled entities. Transactions with the controlling entity include administration services and funding. Transactions with other controlled entities of the controlling entity include expense recharges.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Expenses recharges $000's	Related party advances $000's	Related party payables $000's
Ultimate controlling entity	2023	1,298	237	64,235
	2022	2,001	83	37,603
Other subsidiaries of controlling entities	2023	141	32,507	82
	2022	40	30,332	13
Total related party transactions	**2023**	**1,439**	**32,744**	**64,317**
	2022	**2,041**	**30,415**	**37,616**

Terms and conditions of transactions with related parties
Transactions with related parties are recorded on terms agreed between the parties. Outstanding balances are unsecured and charged with interest whenever necessary. There are also intercompany balances which may be interest-free. Settlement occurs in cash or by netting.

28 Related parties (continued)

c) Key management personnel

In March 2020, Mr Leon Grandy, a director of Armillary Limited, was contracted to serve as Group Treasurer and Acting General Manager Investments and Innovation for the Group. At that time, Armillary Limited had been engaged by the previous shareholders of Aegis Retirement Living Limited to sell down their equity and refinance their debt. Mr Grandy's interest in the engagement was disclosed to the Group Audit Risk and Investment Committee and resulted in the appointment of Deloitte to conduct due diligence on Aegis Group acquisition. At the completion of the transaction, a fee of $618,000 was paid by Aegis Retirement Living Limited to Armillary Limited as part of both the debt restructure and sale and purchase of shares in Whitby Village (2009) Limited. In December 2020 the Group appointed Mr Grandy as a director of Aegis post its acquisition of the shares.

On 5 April 2022, the Group acquired 65,000 shares of Armillary for $1.2m and was also allotted 13,804 subscription shares, giving the Group a total holding of 78,804 shares or 30% ownership interest.

On 29 March 2022, the Group transferred 724,656 Aegis' redeemable preference shares to Armillary Corporate Trustee No.2 Limited. A total consideration of $750,000 was received by the Group.

During the reporting period, a total of $58,750 was paid to Leon Grandy for the share in the professional and consultancy fees charged to Runanga and $23,500 for Armillary consultancy charges.

On 20 July 2022, the Group received a prepayment of $23.5m from OneFortyOne NZ Limited. This amount represents prepayment of forestry license fees from August 2022 to September 2036. Armillary was paid success fee of $469,800 upon completion of the prepayment transaction.

On 11 October 2022, the Group purchased additional building supplies companies, Parapine Timber Limited, Paraparaumu Prenail Limited, and Harmo Investments Limited. A total success fee of $155,754 was paid to Armillary for closing the acquisition.

Theodore Modlik, a close family member of Helmut Modlik, is employed by the Group to manage Parapine Timber Limited and Paraparaumu Prenail 2016 Limited. The total gross remuneration paid to him for the reporting period was $104,602.

29 Contingencies and commitments

a) Contingent liabilities

The Group has no contingent liabilities as at reporting date (2022: nil).

b) Commitments

The Group has committed expenditure for maintenance and capital work on major housing remediation and development projects at 30 June 2023 of $6m (2022: $7.5m). The Group has no other commitments as at reporting date.

30 Events subsequent to reporting date

There were no significant events occurring after reporting date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Independent Auditor's Report

To the members of Toa Rangatira Trust Group

Opinion

We have audited the consolidated financial statements and statement of service performance (together the "performance report") of Toa Rangatira Trust Group (the "Entity") and its subsidiaries (together the "Group") which comprises the consolidated statement of financial position of the Group as at 30 June 2023, and the service performance information, consolidated statement of comprehensive revenue and expense, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the performance report presents fairly, in all material respects;

- the consolidated financial position of the Group as at 30 June 2023 and its consolidated financial performance and cash flows for the year then ended

- the service performance for the year ended 30 June 2023 in accordance with the Group's service performance criteria

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

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

Basis for opinion

We conducted our audit of the performance report in accordance with International Standards on Auditing (New Zealand) and the audit of the service performance information in accordance with NZ AS 1 *The Audit of Service Performance Information ("NZ AS 1")*. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the performance report* 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.

Building a better working world

Other than in our capacity as auditor we have no relationship with, or interest in, the Entity or any of its subsidiaries. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Other matter

The corresponding figures in the service performance information of the Group, being those measures related to the year ended 30 June 2022, were not audited.

The independent audit report in relation to the Group's consolidated financial statements for the year ended 30 June 2022 was issued by another assurance provider who expressed an unmodified opinion on the consolidated financial statements on 9 November 2022.

Directors' responsibilities for the performance report

The directors are responsible, on behalf of the Entity, for;

- the preparation and fair presentation of the financial statements and service performance information in accordance Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.;
- service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board; and
- such internal control as the directors determine is necessary to enable the preparation of financial statements and service performance information that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the performance report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and service performance information 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 International Standards on Auditing (New Zealand) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

A further description of our responsibilities for the audit of the performance report is located at the External Reporting Board website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-13/. This description forms part of our auditor's report.

Ernst + Young

Chartered Accountants
Wellington
31 October 2023