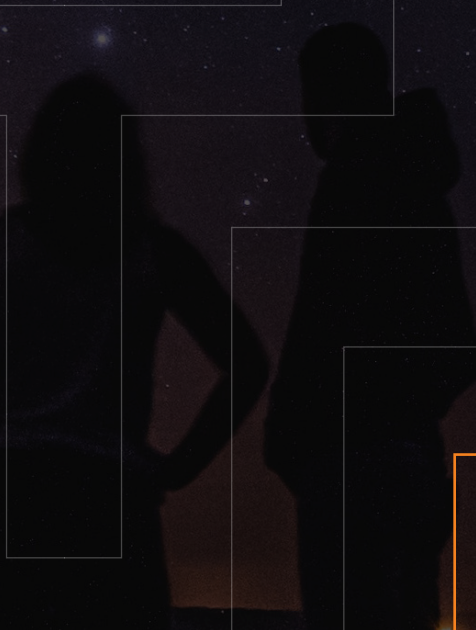




TUPU TONU  
Ngāpuhi Investment Fund

# TUPU TONU



*E mihi ana ki ngā maunga hakahī e taiāwhio mai ana, e hōrapa ana i a tātou kua hakakāinga mai ki roto o Te Whare Tapu O Ngāpuhi me ōna pānga rohe i mahue ake ngā tapuwae o ō tātou mātua tūpuna o ina.*

*E mihi ana ki te whenua, e tangi ana ki ngā tāngata katoa. Korohīhī pō, korohīhī ao. Ko rongō i tūria ki te matahau o Tū, o Tū-te-wīnīwīni, o Tū-te-wanawana, o Tū kia haka putaina i te wheiao, kia puta ki te Ao Mārama. Tihewā, Mauriora.*

*Ki te hunga kua riro i te hākore, i te kiri mātao, ko koutou te hunga kua pahure ake i te tau kuahipa, haere mai haere - haere atu ki ngā Ipokahurangi, haere atu ki ngā Raukura, haere atu ki ngā Manutauhuia - haere, haere, haere - oti atu. E ngā pītau whakarei o ngā Mata-ā-waka puta noa, e ngā Maunga hakahi e tū nei hei maru i ngā whānau/Hapū puta noa i te rohe pōtae o Ngāpuhi-Nui-Tonu. E ngā awa riporipo e papaki tū ana ki ngā pari, ki ngā tokatū, ki ngā onepū - koutou ngā kaipupuri i ngā ahikā ki ngā papakāinga, ki ngā marae huri noa i a Ngāpuhi-Nui-Tonu, tēnei ka mihi, ka mihi, ka mihi.*

## PURPOSE

The Ngāpuhi Investment Fund Limited (Tupu Tonu) has been established as an independent Crown-owned company to build and grow an intergenerational portfolio of high performing commercial assets for the benefit of ngā hapū o Ngāpuhi.

To achieve this, Tupu Tonu seeks to acquire and manage a portfolio of assets that collectively:

- support any future agreements that may be entered into by the Crown in relation to the historical Treaty of Waitangi claims of Ngāpuhi; and
- grow the value of the investment portfolio.

The primary investment focus for Tupu Tonu is on commercial assets within Taitokerau, with a particular emphasis on the Ngāpuhi rohe. Tupu Tonu is a commercial investor, but with additional overlays outlined in its constitution to:

- operate as a responsible investor;
- to the extent possible, take a best practice approach to investment management; and
- to the extent possible, make investments that encourage and facilitate economic development in the Ngāpuhi rohe.

Tupu Tonu was chosen as the trading name for Ngāpuhi Investment Fund Limited. The two words broadly translate to 'prosperity in perpetuity', but they have deeper cultural significance. One of the titles by which Ngāpuhi is known is Ngāpuhi-nui-tonu, or everlasting Ngāpuhi. Tupu Tonu speaks of continuity and stability and speaks to the inclusiveness and multiplicity of tribal groups and marae within Ngāpuhi. Accordingly, Tupu Tonu has an intergenerational outlook, investing for the long-term.

Tupu Tonu acknowledges the Treaty negotiations context in which it operates. The role of Tupu Tonu is to build and manage an investment portfolio in line with its mandate. Tupu Tonu does not have a role in Treaty negotiations between the Crown and ngā hapū o Ngāpuhi. These negotiations will determine whether and on what basis the Tupu Tonu asset portfolio is treated as redress.

Tupu Tonu looks to conduct its business in accordance with the principles of Te Tiriti o Waitangi / the Treaty of Waitangi and in a manner that enhances Māori Crown relations. Through engagement with Ngāpuhi hapū and iwi, Tupu Tonu provides an opportunity for hapū interests to inform our work, including the Tupu Tonu investment approach and disbursements programme.

## VISION

The vision of Tupu Tonu is encapsulated in the following statement:

*Ka ahuahu mātou i ngā rawa nei hei whakatupu i a Ngāpuhi me ōna ahunga.*

*We will carefully nurture this investment to help grow the future for Ngāpuhi and their descendants.*

## CORE VALUES

**Kaitiakitanga**  
Acting in the spirit of stewardship

**Rangatiratanga**  
Leading by example

**Manaakitanga**  
Investing with care

**Hihiri**  
Energising and motivating

## TUPU TONU STRATEGY

### VISION:

*Ka ahuahu mātou i ngā rawa nei hei whakatupu i a Ngāpuhi me ōna ahunga.*  
We will carefully nurture this investment to help grow the future for Ngāpuhi and their descendants.

### CONSTITUTIONAL PURPOSE:

Establish (and grow) an investment portfolio which is intended to support any future agreements that may be entered into by the Crown in relation to the historical Treaty of Waitangi grievances of Ngāpuhi

### OBJECTIVES:

Successfully implement investment strategy including operating as a responsible and prudent investor

Build and maintain trust and confidence among Ministerial shareholders and Ngāpuhi

Achieve operational excellence

### ANNUAL GOALS:

Deploy target level of capital in line with investment strategy

Deliver annual distributions to Ngāpuhi

Continue to build relationships with Ngāpuhi and Ministers

Stream line and improve existing systems and processes

### ENABLERS:

Organisational leadership and culture of excellence

Professional development of our people

Best practice systems and processes

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## Section 1

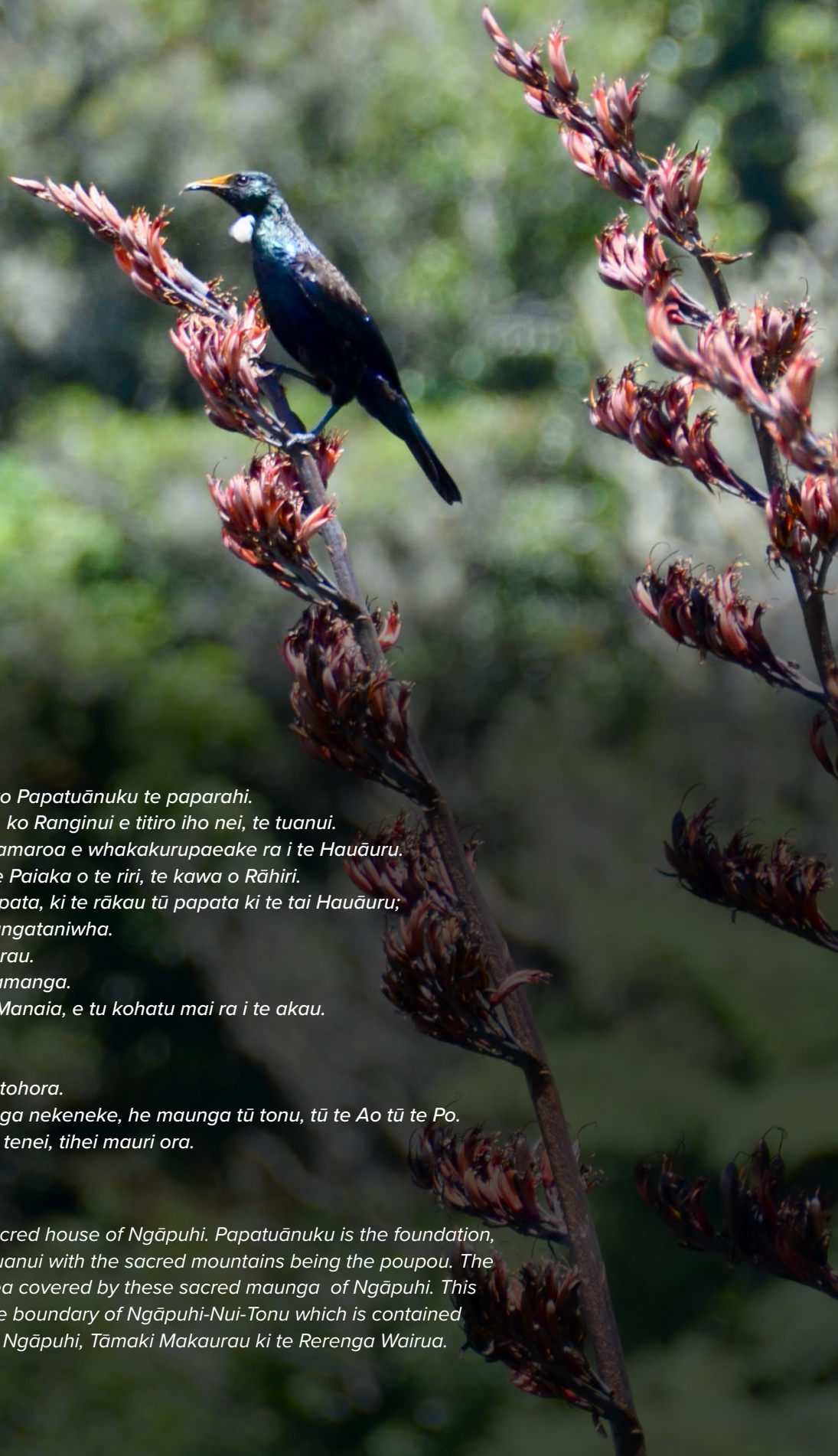
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*Hakatauki:*

*He mea hanga tōku whare, ko Papatuānuku te paparahi.  
Ko ngā maunga ngā poupou, ko Ranginui e titiro iho nei, te tuanui.  
Pūhanga-tohoro titiro ki Te Ramaroa e whakakurupaeake ra i te Hauāuru.  
Te Ramaroa titiro ki Whīria, te Paiaka o te riri, te kawa o Rāhiri.  
Whīria titiro ki Panguru, ki Papata, ki te rākau tū papata ki te tai Hauāuru;  
Panguru, Papata titiro ki Maungataniwha.  
Maungataniwha titiro ki Tokerau.  
Tokerau titiro ki Rākaumangamanga.  
Rākaumangamanga titiro ki Manaia, e tu kohatu mai ra i te akau.  
Manaia titiro ki Tutamoe.  
Tutamoe titiro ki Maunganui.  
Maunganui titiro ki Pūhanga-tohoro.  
Ehara aku maunga i te maunga nekeneke, he maunga tū tonu, tū te Ao tū te Po.  
Ko te Whare Tapu o Ngāpuhi tenei, tihei mauri ora.*

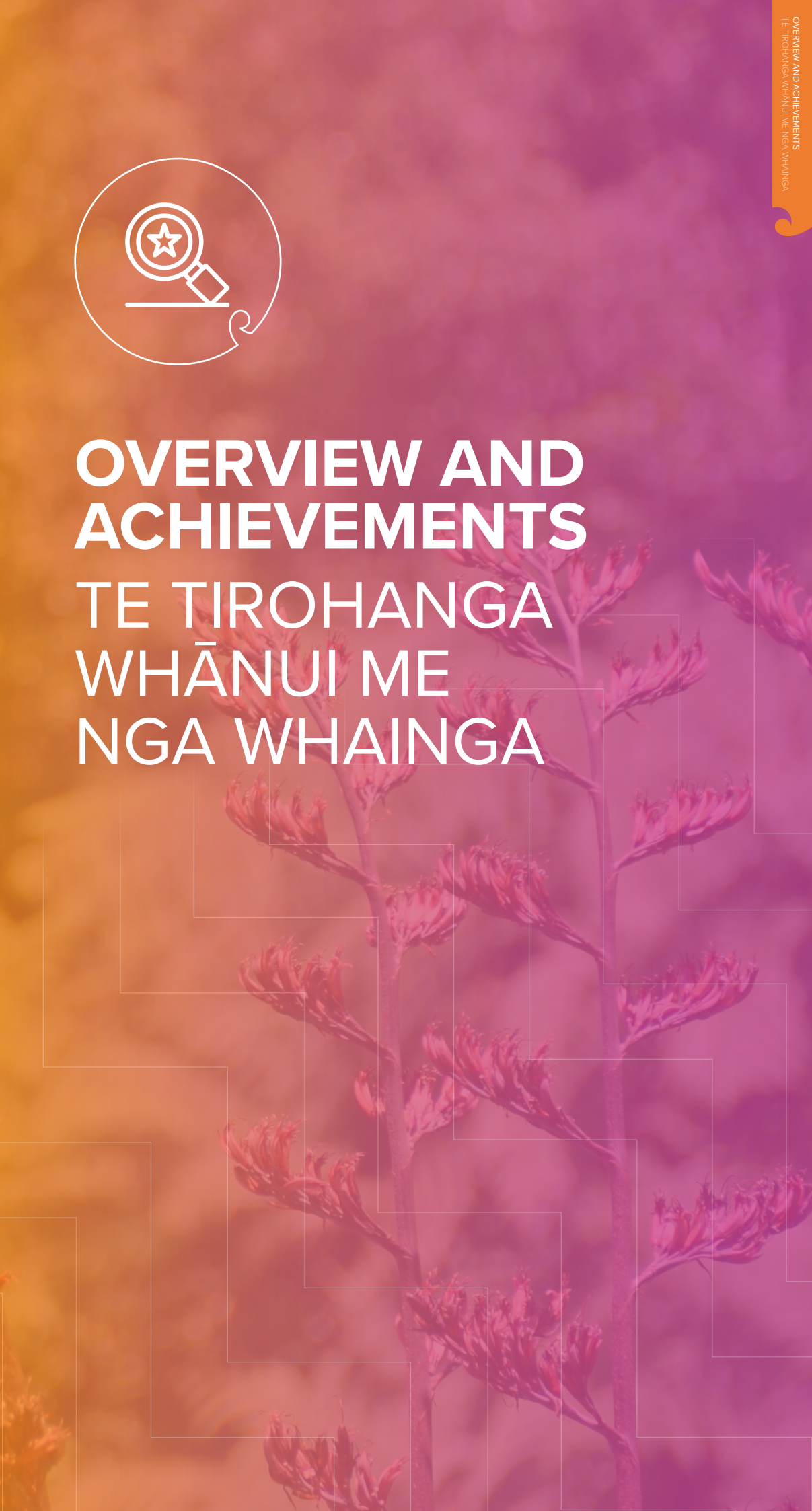
*Hakamarama:*

*This hakatauki depicts the sacred house of Ngāpuhi. Papatuānuku is the foundation, Ranginui is the overarching tuanui with the sacred mountains being the poupou. The boundaries are within the area covered by these sacred maunga of Ngāpuhi. This must not be confused with the boundary of Ngāpuhi-Nui-Tonu which is contained in the hakatauki - Te whare o Ngāpuhi, Tāmaki Makaurau ki te Rerenga Wairua.*



# OVERVIEW AND ACHIEVEMENTS

## TE TIROHANGA WHĀNUI ME NGA WHAINGA



## 1.1

### HEAMANA O TE PŌARI ME TE TĀHŪHŪ RANGAPŪ

*He rīpoata tēnei mai te Pōari me te Kāhui Whakahaere o Tupu Tonu. Nō mātou te maringa nui te whakaatu i tēnei rīpoata o te tau mai te wāhanga 1 o Rua Hongongoi (Hūrae) 2021 ki te 30 o Tahi-a-Pipiri (Hune) 2022.*

Tēnā koutou katoa,

E ihiihi ana te ngākau te whakaatu atu i ngā tūtukitanga me ngā hua o te tau. Kua whiwhia te \$3.0 miriona tāra o ngā hua moni, ā, kua whakahokia te 5.5 ōrau ki te whakangao moni hua. Ahakoa ngā mānukanuka o te ao whakangao, kua tupu tonu ngā rawa ki te \$3.5 miriona kau noa mai te tīmatanga.

Anō te pai o te arotahi whakangao a Tupu Tonu i tēnei tau. Ko te nuinga o ngā moni i whakapaua ki ngā kaupapa whai pānga, ā, kua tōraro te whakahokinga atu.

I tēnei tau kua whakangao a Tupu Tonu puta noa i Te Tai Tokerau i roto i ngā ahunga mahi e whakaatu ana ngā hua o te tupu rawa, ahuhenua me ngā kāinga. Ko te mahurangi o Tupu Tonu he hoko i ngā kaupapa whai hua, kia taea te whai wāriu mō te wā roa, kia pakari te āheinga me te whanaungatanga ki ngā tūmatanui o te wā heke.

Kua tirohia a Tupu Tonu ki ngā kaupapa whakangao e whakanui, e whakarangatira ana i te mana o te whenua ki ngā hapu o Ngāpuhi. E mārama ana a Tupu Tonu ki nga rawa kua whakawhiwhia me whai pānga ki ngā hapu me te iwi o Ngāpuhi, ā, kia mohio rātou i te mutunga iho mō rātou kē ēnei rawa.

Kua whai whakaaro a Tupu Tonu ki ngā whakangao me te aronui ki a tātou tikanga Māori, tikanga ā-iwi me ngā tikanga o te taiao. Kia urupare i ngā whakarato moni hei tirohanga whakamua mō ngā uri whakatupu. E mōhio ana a Tupu Tonu kia tika ngā whakataunga, kia mārohirohi te tuapapa, kia angitū ngā uri whakatupu o Ngāpuhi.

E whakapono ana a Tupu Tonu, ko ngā whiwhinga kua whakawhiwhia mai tēnei wā e tautoko ana te kaupapa o Tupu Tonu, arā, kia tiaki i ngā pūtea me ngā rawa mō ngā uri whakatupu, kia tika te mahi i ngā mahi hei painga mō ngā hapu me te iwi o Ngāpuhi.

Ka taea hoki te kite te hononga o ēnei mahi ki te kaupapa matua:

*Ka ahuhua mātou i ngā rawa nei hei whakatupu i a Ngāpuhi me ōna ahunga.*

*We will carefully nurture this investment to help grow the future for Ngāpuhi and their descendants.*



Ko te whāinga o tēnei tau he whakapiki ake i te hononga a Tupu Tonu ki ngā hapu me te Iwi o Ngāpuhi. Hei te 2023 kua māheretia kia whakahou i te tirohanga whakangao, ā, ka āpiti atu i ngā arotakenga mai ngā whānau kua tūtakihia.

Ko ngā hiahia o Tupu Tonu, ia tau ka tuitui i te herenga tāngata kia whakawhanaunga ki ngā hapu me te Iwi o Ngāpuhi. Ka whakawhanake tonu i te māramatanga ki ngā ara whakangao o roto ngā roherohenga o Ngāpuhi hei painga mō ngā uri whakatupu.

I te marama o Noema I tūwherahia te rauna mō te tahua Tukua. Haramai tētahi āhua! He wāhi o ēnei hua moni kua kohia mai te pūtea whakangao o roto i te tau, hei tautoko i ngā whānau, hapu me ngā roopu katoa o Ngāpuhi. Ko te hiahia o te tahua Tukua kia hāpai i ngā kaupapa tikanga ā-iwi, tikanga Māori me ngā tikanga ture. Ko te tumanako ka tōtika ēnei tahua pūtea hei āwhina atu i ngā whānau me ngā hapu ki tā rātou e manaakohia ana.

Ko te tironga whakamua o te Heamana me te Tāhūhū Rangapū o Tupu Tonu ki te wiki whakahirahira o Waitangi 2023, i te mea koinei te huritau tuarua o Tupu Tonu. He wā tēnei mō te whaiwhakaaro ki te ruarangi hou ki mua tonu i te aroaro. Ā tōna wā ka kōrero anō mō ngā kaupapa o te tau hou.

Nāku noa, nā



*Brian Roche*

**Sir Brian Roche KNZM**  
Establishment Chair  
19 December 2022



*Tania Heyrick*

**Tania Heyrick**  
Chief Executive Officer  
19 December 2022

*On behalf of the Board and Management of Tupu Tonu, it is our privilege to present this Annual Report for the period 1 July 2021 to 30 June 2022.*

Tēnā koutou katoa,

We are pleased to report that we have made significant progress this year, achieving a net profit of \$3.0 million and a return of 5.5 percent on capital invested. Despite a challenging investment environment, the asset base has grown by \$3.5 million overall since establishment.

The Tupu Tonu direct investment approach performed relatively well in a year where funds primarily invested in listed shares suffered negative returns.

This year Tupu Tonu has invested across Taitokerau in sectors that reflect existing and potential growth areas, including property, horticulture, and housing. Our intention is to acquire high-performing assets that generate long-term value, and also to build capability and networks in key sectors over time.

Tupu Tonu has been investigating investment opportunities that acknowledge the importance of whenua to ngā hapū o Ngāpuhi. We recognise that the assets acquired by Tupu Tonu need to resonate with Ngāpuhi hapū and iwi as the ultimate potential recipients.

Tupu Tonu has taken a considered approach to our investments, with a focus on ensuring we are a culturally, socially, and environmentally responsible investor with an intergenerational outlook. We are conscious that each decision we make now is critical in building a strong foundation for the success of Ngāpuhi uri.

We believe our achievements to date support the Tupu Tonu mission: to be a temporary guardian of pūtea and assets for future generations, acting deliberately and with care for the benefit of Ngāpuhi hapū and iwi.

They also encompass the vision that underpins this:

---

*Ka ahua hu mātou i ngā rawa nei hei  
whakatupu i a Ngāpuhi me ōna ahunga.*

*We will carefully nurture this investment to help grow  
the future for Ngāpuhi and their descendants.*

---

Increasing our connection with Ngāpuhi hapū and iwi has been a key focus for Tupu Tonu this year. In early 2023 we plan to undertake a refresh of our investment approach, which will be informed by feedback from those whānau we have met with.

It is our intention that with each passing year we will further strengthen our relationships with Ngāpuhi hapū and iwi and continue to build our understanding of the investment opportunities in the Ngāpuhi rohe to benefit generations to come.

In late November we opened the inaugural Tupu Tonu disbursements round, which is an exciting milestone. A portion of the profits made on investments within the year will go to supporting ngā hapū o Ngāpuhi, whānau and other rōpū for social, cultural and governance purposes. We hope these grants will provide some immediate benefit to support hapū and whānau in areas of importance.

The Board and Management of Tupu Tonu are now looking ahead with positivity to Waitangi 2023 – the second anniversary of the establishment of Tupu Tonu. This is a time to reflect and to plan for the year ahead. We look forward to reporting back on the progress we have made in a year’s time.

Nāku noa, nā



*Brian Roche*

**Sir Brian Roche KNZM**  
Establishment Chair  
19 December 2022



*Tania Heyrick*

**Tania Heyrick**  
Chief Executive Officer  
19 December 2022

## 1.2 GOVERNANCE

### Company

Ngāpuhi Investment Fund Limited (trading as Tupu Tonu) is a Public Finance Act 1989 Schedule 4A company.

### Ownership

Tupu Tonu has two shareholding Ministers, the Minister for Treaty of Waitangi Negotiations and the Minister of Finance. Each Minister has a 50 per cent shareholding. The Minister for Treaty of Waitangi Negotiations is the Responsible Minister for Tupu Tonu.

Shareholding Ministers appoint a Board of Directors (the Board) to oversee the governance of Tupu Tonu and a monitoring agency. Te Arawhiti – the Office for Māori Crown Relations is the primary monitor for Tupu Tonu and The Treasury is the secondary monitor.

### Board of Directors

The business and affairs of Tupu Tonu are carried out under the direction of the Board. The Board is accountable to the shareholding Ministers and is responsible for ensuring that Tupu Tonu operates in a manner consistent with its constitution and is cognisant of the shareholding Ministers' expectations of Tupu Tonu.

The Board is committed to a high standard of corporate governance. Responsibility for the operation and administration of Tupu Tonu is delegated to the Chief Executive Officer (CEO), who is accountable to the Board.



### Board Committees

The Board has established an Assurance and Risk Committee to assist in discharging its responsibilities in relation to financial reporting (including external audit), financial policies and controls. The responsibilities of the Assurance and Risk Committee include, financial reporting and audit, financial policies and controls, and corporate risk.

The Board has also established an Investment Committee to assist in providing investment scrutiny, as required, for more complex transactions.

### Board membership and meeting attendance

The table below shows the number of meetings attended by each board member for the reporting period.

Director	Meetings attended	Percentage
Sir Brian Roche	9 of 14	64%
Ripeka Evans	13 of 14	93%
Lindsay Faithfull	14 of 14	100%
Sarah Petersen	14 of 14	100%
Geoffrey Taylor	14 of 14	100%

### Board Committee meeting attendance

The tables below show the number of meetings attended by each board committee member for the reporting period.

#### Assurance and Risk Committee

Director	Committee meeting attended	Percentage
Sarah Petersen	5 of 5	100%
Ripeka Evans	5 of 5	100%

#### Investment Committee

Director	Committee meeting attended	Percentage
Lindsay Faithfull	2 of 2	100%
Geoffrey Taylor	2 of 2	100%



## 1.3 DIRECTOR PROFILES



**Sir Brian Roche**  
Establishment Chair

Sir Brian Roche is the Tupu Tonu Establishment Chair. He is currently one of the Chief Crown Negotiators for Ngāpuhi settlement negotiations. He has worked on a number of other settlement negotiations for the Crown (Ngāti Tahu, Ngāti Awa, Taranaki Whānui Wellington, Waikato River). He was the CEO of New Zealand Post between 2010 and 2017. He has a number of governance roles including as Chair of Waka Kotahi and City Rail Link Limited.



**Ripeka Evans**  
Deputy Chair  
Ngāpuhi, Te Aupōuri,  
Ngāti Kahu, Ngāti Porou

Ripeka Evans was a director and Chair of NorthTec Limited, and Deputy Chair of Toi Ohomai Limited, and is a trustee of Tai Tokerau whenua trusts. She has previously been a Director of Te Aupōuri Fisheries and trustee of Te Rūnanganui o Te Aupōuri. Ripeka is a member of the Reserve Bank's Te Ao Māori Strategy Committee, Chair of the Courageous Conversation Aotearoa Foundation and 100 Super Diversity-Board Ready Chairs & Directors. She holds a Master of Business Administration from Massey University and is a member of the Australian Institute of Corporate Directors. Ka mua, Ka muri - Ancient values, contemporary idiom is a whakatauki that aligns with her intentions.



**Sarah Petersen**

Sarah Petersen is a Chartered Accountant with governance experience in the not-for-profit, education, local government and property development sectors. Sarah is experienced in assessing investment, infrastructure and economic development opportunities and managing risk, with experience chairing Audit & Risk Committees for various entities.

She was raised, educated and lives in Taitokerau so contributes a deep understanding of the Northland regional economy and stakeholders. Sarah chairs the Tupu Tonu Assurance & Risk Committee.



**Geoff Taylor**

Geoff is a professional director, with a finance background.

Geoff's Board experience, across twenty years, is biased towards the finance and agribusiness sectors, with a background in corporate finance, risk, and investment management. He has managed a private equity fund in the agriculture sector and has been a director of a number of investment funds.

Geoff previously worked in the financial markets both offshore and in NZ and was the Group Treasurer of the New Zealand Dairy Board through the merger of the Dairy Companies and NZDB into Fonterra. He holds a BMS from Waikato University and taught the Master's of Applied Finance course at Victoria University. He is a former member of the Institute of Chartered Accountants, is a member of the Institute of Directors, and is a fellow of the Institute of Finance Professionals of NZ.



**Lindsay Faithfull**  
Ngāpuhi

Lindsay Faithfull is the Managing Director of McKay Ltd, a Northland-grown, 500-employee strong company owned by his family. He holds a BE(HONS) from the University of Canterbury, is a chartered engineer in the United Kingdom and New Zealand and is a member of the Institute of Directors. Lindsay also has a proven record of commercial leadership recognised in his position as a member of the Tai Tokerau Northland Economic Action Plan governance team. Raised in Whangārei and of Ngāpuhi, English, and Scottish descent, he has a deep connection to Taitokerau and its communities, and a strong understanding of the region's economic context.

## 1.4 MANAGEMENT

### Resourcing model

Tupu Tonu is resourced by a small team of employees and contractors supplemented by external specialist advisers on an 'as required' basis. The resourcing approach is reflective of the Tupu Tonu operating model and the objectives set.

### Tupu Tonu as a good employer

Tupu Tonu supports staff to learn and develop their knowledge and skills according to their individual needs and long-term goals.

We are committed to upholding our responsibilities as an Equal Employment Opportunities employer and creating a workplace that attracts, retains, and values diverse employees.

Tupu Tonu has a zero-tolerance approach to all forms of harassment and bullying and has policies in place to deal with these types of complaints should they arise. These measures, and the wider efforts of Management, are focused on ensuring Tupu Tonu has a productive work environment and a culture where staff are supported.

### Māori Crown relations and Te Reo Māori

Tupu Tonu prioritises Māori Crown relations capability development for its team, to support Tupu Tonu to engage effectively with Māori. The capability development programme aligns with the Whāinga Amorangi Phase One plan developed by Te Arawhiti – the Office for Māori Crown Relations, with a focus on Te Ao Māori, Māori Crown relations history, Te Tiriti o Waitangi / the Treaty of Waitangi and te reo me ona tikanga. This is being achieved through a series of workshops on Māori Crown relations history and Te Tiriti o Waitangi / the Treaty of Waitangi and regular Te Reo Māori training.

### Health and safety

Tupu Tonu is committed to being a zero-harm employer with no days lost to incident. Tupu Tonu has developed policies to encourage staff participation in health and safety. Our office environment and our premises are safe and well maintained. Regular observations are undertaken to identify hazards and unsafe workplace practices and any training required is provided as appropriate. Any notifiable event is reported to the CEO and the Board Chair as soon as practicable. Tupu Tonu has a COVID-19 policy and safety plan in place to protect staff and satisfy requirements for businesses in relation to COVID-19 lockdowns and changes to alert levels.



## 1.5 MANAGEMENT PROFILES



**Tania Heyrick**  
Chief Executive Officer

E te tī, e te tā, ngā mihi maioha ki a  
koutou katoa  
Ko Hikurangi te maunga  
Ko Taumarere te awa  
Ko Tekau i Mua, ko Te Māhurehure me  
Ngāti Ueoneone ngā hapū  
Ko Ngāti Hine me Ngāpuhi-nui-tonu  
ngā iwi  
Ko Tania Heyrick tōku ingoa

Tania has a background in commercial property law having practiced in Auckland for several years, before relocating to Australia and the United Kingdom. Since returning to Aotearoa in 2010, Tania has held a number of positions as a senior leader in the public service including: the Ministry of Business, Innovation and Employment, the Provincial Growth Fund, the Ministry for Primary Industries, the Ministry of Fisheries, Crown Forestry Rental Trust and Te Arawhiti – The Office for Māori Crown Relations. With extensive experience in Māori economic development and regional economic development, and as a mother of two young tamariki, Tania is dedicated to ensuring Tupu Tonu investments will contribute to supporting the future generations of Ngāpuhi-nui-tonu.



**Richard Westbury**  
Chief Investment Officer

Richard has a background in management consulting, corporate finance and investment having worked in various “Big 4” organisations in New Zealand and overseas.

Richard holds an honours degree in Commerce and Administration and a Science degree from Victoria University and is a CFA Charterholder.

Richard is experienced in leading complex transactions and setting investment strategy, as well as stakeholder engagement and financial management.

# OUR JOURNEY





## 1.6 INVESTMENTS

### Our investment objectives

- Invest on a commercial basis to grow the value of the portfolio.
- Make a diverse set of investments that could be made available to Ngāpuhi through Treaty negotiations with the Crown.
- Support the environmental and social benefits of our investments.
- Manage our assets in accordance with best practice.

### Investment approach

Tupu Tonu is taking a whenua-based approach to investment which broadly falls into four categories, each representing a different use of land:

- Property;
- Primary Industries;
- Infrastructure and Energy; and
- Other investments (which may include some investments that are not whenua-based).

### FY2021/22 progress

Tupu Tonu has begun building a portfolio of commercial assets that will support the long-term future of Ngāpuhi hapū and iwi. In FY2021/22 Tupu Tonu generated a \$3.0 million net profit, including a 5.5% return on capital invested<sup>1</sup>. This comes at a time when some investment funds produced negative returns.

Tupu Tonu made its first four investments in FY2021/22, including two kiwifruit orchards, Zespri shares and a commercial property in Kerikeri. These assets were selected due to their commercial potential and alignment with our investment objectives and the economic prosperity of Taitokerau. These investments will facilitate growth of the Tupu Tonu capital and are expected to produce strong returns by investing in sectors that Northland excels at.

During FY2021/22 Tupu Tonu has continued to build on the initial investment strategy work carried out during establishment and execute on its whenua-based strategy, as well as considering a broad range of investment opportunities in other sectors.

### Investment Outlook

In FY2022/23 Tupu Tonu will:

- Have invested \$60 million of its \$150 million capital by June 2023.
- Continue to engage directly with Ngāpuhi hapū and iwi to the extent they are ready to engage. Carefully consider their insights and feedback on a broad range of matters, including our investment strategy and disbursements programme.
- Actively consider suggestions for potential investment opportunities in Taitokerau from Ngāpuhi hapū and iwi.
- Actively seek to diversify Tupu Tonu investments across Taitokerau, both geographically and across several sectors.
- Later in FY2022/23 Tupu Tonu will look to revalidate the investment strategy and direction of Tupu Tonu following engagement with Ngāpuhi hapū and iwi.

(1) Includes Zespri shares, the two orchards and the Meridian building acquired during the FY2021/22 year.



**4**

Investments  
made as at  
30 June 2022



**\$19m**

Deployed as  
at 30 June 2022



**8**

Individual investments  
made or under  
contract at Annual  
Report publication date



**\$47m<sup>1</sup>**

Capital committed  
at Annual Report  
publication date



**\$60m**

Target for total  
deployment by  
end of FY2022/23

(1) The \$47m capital committed includes estimates for transactions not yet finalised.



## INVESTMENTS MADE TO 30 JUNE 2022



### 1. MERIDIAN BUILDING, KERIKERI

On 29 September 2021 Tupu Tonu purchased the Meridian Building in Kerikeri.

The Meridian is a modern commercial building in the heart of Kerikeri.



### 2. KIWIFRUIT ORCHARD, MAUNGATAPERE

On 17 November 2021 Tupu Tonu purchased an established kiwifruit orchard in Maungatapere. The orchard consists of 4.1 canopy hectares in production (2.9 canopy hectares SunGold G3 and 1.2 canopy hectares of green kiwifruit).



### 3. KIWIFRUIT ORCHARD, WAIPAPA

On 22 December 2021 Tupu Tonu purchased a kiwifruit orchard in Waipapa. The orchard consists of 3.8 canopy hectares of SunGold G3 kiwifruit in production, with approximately 1.0 canopy hectare available for development.



### 4. ZESPRI SHARES

Tupu Tonu has purchased its full entitlement of shares in Zespri. The right to purchase Zespri shares has arisen from purchasing the kiwifruit orchards located in Maungatapere and Waipapa.

## Subsequent Investments completed or committed after balance date



### 5. FOREST, HOUTO

On 26 August 2022, Tupu Tonu has purchased a 300 hectare forestry block in Mangakāhia for the purpose of using as a carbon farm.



### 6. KIWIFRUIT ORCHARD, WAIPAPA

On 11 November 2022, Tupu Tonu has purchased a 4.8 canopy hectare kiwifruit orchard on Kapiro Road in Waipapa. The orchard includes 3.2 hectares of SunGold G3 grafted vines, and 1.6 hectare of ungrafted vines and infrastructure.



### 7. HOUSING, KAMO

Tupu Tonu has committed to invest in a community housing development located in Kamo Road, Kamo.

This development of 18 single bedroom units is leased to the Ministry of Housing and Urban Development.



### 8. HOUSING, KAIKOHE

Tupu Tonu has conditionally committed to invest in a community housing development located in Kaikohe.

The project is under development and comprises 36 single bedroom units. The units are subject to an agreement to lease to the Ministry of Housing and Urban Development. The development is expected to be completed in 2023.

## 1.7 TUKUA DISBURSEMENTS

### Te Kaupapa - Purpose

Part of the mission of Tupu Tonu is to disburse a portion of its annual net cash investment returns to Ngāpuhi hapū, whānau, and uri. Tupu Tonu has named its disbursements ‘tukua’, which means to give with integrity.

Tupu Tonu wants to ensure disbursements are available to support the needs and aspirations of Ngāpuhi, hapū, whānau, and uri. For this reason, the inaugural round of disbursements has been designed to be broad and flexible, so the approach can evolve as we receive further feedback from Ngāpuhi hapū and whānau.

The focus of the disbursements for 2022/23 is on supporting Ngāpuhi hapū, whānau, and Ngāpuhi community organisations in capability and capacity building, as well as social and cultural development.

### Te Take - What can funding be sought for?

Tupu Tonu will consider applications from any Ngāpuhi hapū, whānau or organisation that identifies or affiliates to Ngāpuhi.

Tupu Tonu will consider applications for grants to support activities, objectives, initiatives or any kaupapa for the purpose of Ngāpuhi hapū, whānau or community:

- i. capacity and capability building;
- ii. social development; or
- iii. cultural development.

Tupu Tonu will give priority to applications that:

- can demonstrate they are hapū/whānau/community-led;
- can demonstrate they are well supported by the hapū/whānau/community;
- will meet a hapū/whānau/community need; and
- have not already received other funding for the same purpose.

### Te Pūtea – How much is available for distribution?

Tupu Tonu has up to \$425,000 from profit for FY2021/22 to disburse to successful Ngāpuhi applicants in FY2022/23.

### Te Tono - How to apply

To apply for funding, including more information on the funding criteria, please go to [www.tukua.tuputonu.co.nz](http://www.tukua.tuputonu.co.nz). The initial round of disbursements is from 25 November 2022 to 10 March 2023. Tupu Tonu is looking for applications for funding up to \$20,000. Grants above \$20,000 will be considered in exceptional circumstances.





## 1.8 ENGAGEMENT

*Nā tō rourou, nā taku rourou ka ora ai te iwi*

*With your food basket and my food basket the people will thrive*

### Overview

Tupu Tonu is engaging with Ngāpuhi hapū and iwi on the company's investment and disbursement objectives. Tupu Tonu is looking to engage with groups at a pace they are comfortable with and will be guided by people's preferences on where and when to meet.

The initial focus of Tupu Tonu engagement is to build relationships with Ngāpuhi hapū and iwi. Over time, Tupu Tonu would like to understand commercial aspirations to inform the company's investment approach. Tupu Tonu welcomes suggestions for investment opportunities.

Tupu Tonu is also interested in understanding the aspirations of Ngāpuhi hapū and iwi and how these can be supported through Tupu Tonu disbursements (see the disbursements page).

### Engagement to date

Over the past year, Tupu Tonu has had the privilege of engaging with many Ngāpuhi hapū and iwi. This has allowed Tupu Tonu to begin the process of building relationships and hearing commercial aspirations. Tupu Tonu has also received a number of suggestions for investment opportunities.

Tupu Tonu is currently reaching out to those hapū where hui have not yet occurred, and are continuing to meet with hapū where relationships are already established.

### How to engage with Tupu Tonu

Those who would like to arrange a hui can contact Tupu Tonu at [info@tuputonu.co.nz](mailto:info@tuputonu.co.nz).

Any investment ideas can be passed on to the investment team at [investments@tuputonu.co.nz](mailto:investments@tuputonu.co.nz).

To receive more information about Tupu Tonu, subscribe to the Tupu Tonu e-pānui by emailing [karere@tuputonu.co.nz](mailto:karere@tuputonu.co.nz).





# FINANCIAL STATEMENTS RĀRANGI TAHUA



## 2.1 STATEMENT OF RESPONSIBILITY

The Board is responsible for the preparation of the Tupu Tonu Financial Statements and Statement of Performance Outcomes, and for the judgements made in them.

The Board accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these Financial Statements and Statement of Performance Outcomes fairly reflect the financial position and operations of Tupu Tonu for the year ended 30 June 2022.

Signed on behalf of the Board:



*Brian Roche*

**Sir Brian Roche KNZM**  
Establishment Chair  
19 December 2022



*Ripeka Evans*

**Ripeka Evans**  
Deputy Chair of the Board  
19 December 2022

## 2.2 STATEMENT OF PERFORMANCE OUTCOMES

This section provides reporting on Tupu Tonu Key Performance Indicators (KPIs) and the output class against our targets, as included in our Statement of Performance Expectations.

### Output Class

Tupu Tonu has one class of outputs, being the management of an investment portfolio. Tupu Tonu does not have any outputs that are not a reportable class. The output class is intended to develop a commercial portfolio which can be used as commercial redress in relation to the historical Treaty of Waitangi claims of ngā hapū o Ngāpuhi.

### Revenue and expenses

Measures	Workstream	2022 Actual	2022 Target
Revenue	Investment	\$5.2m	\$4.5m
Expenses	Investment	\$1.9m	\$3.1m

### Investment KPIs

Measures	Workstream	2022 Actual	2022 Target
Number of direct investments made within our commercial mandate, subject to suitable available opportunities	Investment	4 The number of investments completed was less than the target due to COVID-19 lockdowns and outbreaks and the timing of when investments closed	6

### Finance & Corporate KPIs

Measures	Workstream	2022 Actual	2022 Target
Instances of non-compliance as identified through audit or other review processes	Corporate compliance	Zero material instances	Zero material instances
Actual annual non-deal specific operating expenditure less than 10% over the budgeted amount outlined in our Statement of Performance Expectations	Budgeting	Achieved	Achieved

Actual non-deal specific operating expenditure was \$1.7 million compared to a budget of \$2.5 million.

## 2.3 STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE PERIOD ENDED 30 JUNE 2022

		Actual 2022	Unaudited Budget	Actual 2021
	Note	\$000	\$000	\$000
<b>Revenue from exchange transactions</b>				
Interest revenue		1,485	-	44
Kiwifruit income		1,033	-	-
Rental income		264	-	-
Investment income		-	2,150	-
<b>Revenue from non-exchange transactions</b>				
Revenue from the Crown		2,390	2,390	1,000
<b>Total revenue</b>	<b>2</b>	<b>5,172</b>	<b>4,540</b>	<b>1,044</b>
<b>Cost of goods and services sold</b>				
Orchard expenses	3	395	-	-
Investment property expenses	3	32	-	-
<b>Total cost of goods and services sold</b>		<b>427</b>	-	-
<b>Investment expenditure</b>				
Investment and deal related expenses		188	600	28
<b>Surplus after cost of goods and services sold and investment expenditure</b>		<b>4,557</b>	<b>3,940</b>	<b>1,016</b>
<b>Other expenditure</b>				
Personnel costs	4	1,269	1,535	380
Directors fees	4	188	197	93
Other expenses	5	96	497	38
Depreciation and amortisation	10	6	5	1
Operating lease expenses	6	79	85	24
Accounting services	5	36	65	25
Travel expenses		42	164	37
<b>Total other expenditure</b>		<b>1,716</b>	<b>2,548</b>	<b>598</b>
<b>Net surplus</b>		<b>2,841</b>	<b>1,392</b>	<b>418</b>
<b>Gains on investments measured at fair value</b>				
Revaluation gains on investment property	11	62	-	-
Gain on financial assets classified as fair value through surplus or deficit	13	104	-	-
<b>Net gain on investments measured at fair value</b>		<b>166</b>	-	-
<b>Total comprehensive revenue and expense</b>		<b>3,007</b>	<b>1,392</b>	<b>418</b>

The comparative 2021 period is for the seven months ended 30 June 2021. Explanations of major variances against budget are provided in Note 22. The accompanying notes form an integral part of these financial statements.

## 2.4 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

		Actual 2022	Unaudited Budget	Actual 2021
	Note	\$000	\$000	\$000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	7	31,157	91,665	150,541
Receivables	9	1,008	6	29
Bank deposits	8	102,583	-	-
Prepayments		46	18	42
<b>Total current assets</b>		<b>134,794</b>	<b>91,689</b>	<b>150,612</b>
<b>Non-current assets</b>				
Property, plant and equipment	10	4,893	13	12
Investment property	11	6,650	-	-
Intangible assets	12	3,889	-	-
Share investments	13	3,445	-	-
Investments		-	60,000	-
<b>Total non-current assets</b>		<b>18,877</b>	<b>60,013</b>	<b>12</b>
<b>Total assets</b>		<b>153,671</b>	<b>151,702</b>	<b>150,624</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables	14	219	120	203
Employee entitlements	15	27	-	1
Provisions	16	-	-	2
<b>Current liabilities</b>		<b>246</b>	<b>120</b>	<b>206</b>
<b>Total current liabilities</b>		<b>246</b>	<b>120</b>	<b>206</b>
<b>Net assets</b>		<b>153,425</b>	<b>151,582</b>	<b>150,418</b>
<b>Equity</b>				
Contributed capital		150,000	150,000	150,000
Accumulated surplus		3,425	1,582	418
<b>Total equity</b>	<b>18</b>	<b>153,425</b>	<b>151,582</b>	<b>150,418</b>

Explanations of major variances against budget are provided in Note 22.  
The accompanying notes form an integral part of these financial statements.

## 2.5 STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

		Actual 2022	Unaudited Budget	Actual 2021
	Note	\$000	\$000	\$000
Balance as at 1 July <sup>(1)</sup>		150,418	150,190	-
Total comprehensive revenue and expense for the period		3,007	1,392	418
<i>Owner transactions</i>				
- Capital contribution	18	-	-	150,000
<b>Balance at 30 June</b>		<b>153,425</b>	<b>151,582</b>	<b>150,418</b>

The comparative 2021 period is for the seven months ended 30 June 2021. Explanations of major variances against budget are provided in Note 22. The accompanying notes form an integral part of these financial statements.

(1) Comparative opening balances are as at 11 December 2020.





## 2.6 STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2022

		Actual 2022	Unaudited Budget	Actual 2021
	Note	\$000	\$000	\$000
<b>Cash flows from operating activities</b>				
<b>Cash was provided from:</b>				
Receipts from the Crown		2,390	2,390	1,150
Interest received		996	-	42
Rental income		261	-	-
Kiwifruit income		65	-	-
Investment income		-	2,150	-
<b>Cash was applied to:</b>				
Payments to suppliers, employees and net GST		(2,132)	(3,240)	(640)
<b>Net cash flow from operating activities</b>		<b>1,580</b>	<b>1,300</b>	<b>552</b>
<b>Cash flows from investing activities</b>				
<b>Cash was applied to:</b>				
Purchase of property, plant and equipment	10	(4,930)	(8)	(11)
Purchase of share investments	13	(3,341)	-	-
Purchase of intangible assets	12	(4,007)	-	-
Purchase of investment property	11	(6,588)	-	-
Net purchases of bank deposits	8	(102,095)	-	-
Purchases of investments		-	(60,000)	-
<b>Net cash flow from investing activities</b>		<b>(120,961)</b>	<b>(60,008)</b>	<b>(11)</b>
<b>Cash flows from financing activities</b>				
<b>Cash was provided from:</b>				
Capital contribution from the Crown	18	-	-	150,000
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>	<b>150,000</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(119,384)</b>	<b>(58,708)</b>	<b>150,541</b>
Cash and cash equivalents at the beginning of the period <sup>(1)</sup>		150,541	150,373	-
<b>Cash and cash equivalents at 30 June</b>	<b>7</b>	<b>31,157</b>	<b>91,665</b>	<b>150,541</b>

The comparative 2021 period is for the seven months ended 30 June 2021. Explanations of major variances against budget are provided in Note 22. The accompanying notes form an integral part of these financial statements.

(1) Comparative opening balances are as at 11 December 2020.

## **2.7** NOTES TO THE FINANCIAL STATEMENTS

### **1. Statement of accounting policies**

#### **Reporting entity**

Ngāpuhi Investment Fund Limited, trading as Tupu Tonu is a Schedule 4A company as listed in the Public Finance Act 1989. Tupu Tonu is domiciled and operates in New Zealand. Tupu Tonu was incorporated on 11 December 2020.

The relevant legislation governing Tupu Tonu operations includes the Crown Entities Act 2004, the Public Finance Act 1989 and the Companies Act 1993.

The ultimate parent of Tupu Tonu is the New Zealand Crown.

The financial statements of Tupu Tonu are for the twelve months ending 30 June 2022 and were approved by the Board on 19 December 2022.

#### **Statement of compliance**

The financial statements have been prepared in accordance with the Crown Entities Act 2004 and the Public Finance Act 1989 and comply with Public Benefit Entity (PBE) Financial Reporting Standards. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it applies to financial statements.

The financial statements have been prepared in accordance and comply with the Tier 2 PBE Standards Reduced Disclosure Regime (RDR). Tupu Tonu is eligible to report under the Tier 2 PBE Standards RDR because it is not large and does not have public accountability as defined in the accounting standards framework.

Tupu Tonu is a public benefit entity, as the primary purpose is to acquire commercial investments which may be used in any future settlement of historical Treaty of Waitangi claims between the Crown and ngā hapū o Ngāpuhi. Tupu Tonu operates to make a commercial financial return on assets acquired.

#### **Basis of preparation**

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the financial period.

#### **Presentation and rounding**

The financial statements are presented in New Zealand dollars, which is the Tupu Tonu functional currency. All values are rounded to the nearest thousand dollars (NZD'000).

#### **Prior year comparatives**

Where appropriate prior year comparatives have been restated to disaggregate other expenses in the Statement of Comprehensive Revenue and Expenses to align with the Statement of Performance Expectations Prospective Financial Statements for the corresponding FY2021/22 financial year.

Where 1 July balances are referenced as opening balances these are as at 11 December 2020, the date of incorporation, and the reporting period is for the seven months ended 30 June 2021.

## Summary of significant accounting policies

Significant specific accounting policies are disclosed in the note to which they relate.

The following particular accounting policies that materially affect the preparation of the financial statements have been applied:

### Goods and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised in the financial statements exclusive of GST, with the exception of receivables and payables which are stated inclusive of GST. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue is disclosed in the Statement of Financial Position.

The net GST paid to, or received from, the Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cashflow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### Income tax

Tupu Tonu is a public purpose Crown-controlled entity listed in Schedule 35 of the Income Tax Act 2007 and is exempt from income taxation.

### Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Board. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements. All budget figures in the financial statements are unaudited.

### Accounting estimates and judgements

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

Estimates and judgements are periodically evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements, are detailed below:

- valuation of land, in the context of the purchase price allocation (refer to Note 10).
- receivables includes an estimated sale price for kiwifruit sold (Note 9).
- valuation of bearer plants (Note 10).
- impairment assessment of intangible assets (refer Note 12).
- valuation of investment properties (refer to Note 11).

## 2. Revenue

### Accounting Policy

The specific accounting policies for significant revenue items are explained below:

#### Revenue from the Crown

A funding agreement exists between Te Arawhiti – the Office for Māori Crown Relations and Tupu Tonu which provides funding for operating Tupu Tonu. Revenue under the funding agreement is recognised when it is probable that funding will be received, the value of the funding can be reliably measured and the transfer is free from conditions that require the funding to be refunded or returned to the Crown if the conditions are not fulfilled. To the extent there is a related condition attached to the funding that would give rise to a liability to repay the funding amount, deferred revenue is recognised instead of revenue. In such situations, revenue is then recognised as the conditions are satisfied.

The fair value of the revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

#### Interest revenue

Interest revenue is recognised as the interest accrues, using the effective interest method. The effective interest method allocates interest at a constant rate of return over the expected life of the financial instrument based on the estimated future cash flows.

#### Rental revenue

Rental revenue arising from operating leases in investment properties is accounted for on a straight-line basis over the lease term and included in revenue. The aggregate costs of lease incentives provided is recognised as a reduction in rental revenue over the lease term on a straight-line basis. Rental revenue is recognised gross of any service charges, or outgoings recovered from tenants.

#### Kiwifruit income

Revenue from the sale of kiwifruit is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is Zespri Group Limited. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods. Income at year-end is based on the forecasted income per tray expected to be received, based on the forecast from Zespri Group Limited. Any revision of the years' recognised income, is recognised in the subsequent years' Comprehensive Revenue and Expense.

### 3. Cost of goods and services sold

#### Accounting Policy

##### Orchard expenses

Orchard expenses are recognised and expensed as incurred. Orchard expenses includes direct orchard operating costs and the depreciation of bearer plants and orchard structures and amortisation of the SunGold G3 kiwifruit license.

##### Investment property expenses

Investment property expenses include costs associated with owning investment property and the gross amounts attributable to service charges or outgoings.

		Actual 2022	Actual 2021
	Note	\$000	\$000
<b>Cost of goods and services sold</b>			
<b>Orchard expenses</b>			
On-orchard expenses		233	-
SunGold G3 kiwifruit license amortisation	12	118	-
Orchard structures and bearer plant depreciation	10	44	-
<b>Total orchard expenses</b>		<b>395</b>	<b>-</b>
<b>Investment property expenses</b>			
Recoverable service charges		28	-
Other investment property expenses		4	-
<b>Total investment property expenses</b>		<b>32</b>	<b>-</b>
<b>Total cost of goods and services sold</b>		<b>427</b>	<b>-</b>

### 4. Personnel costs

#### Accounting Policy

##### Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

##### Defined contribution superannuation schemes

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in Comprehensive Revenue and Expense as incurred.

The breakdown of personnel costs is as follows:

	Actual 2022	Actual 2021
	\$000	\$000
Salaries, wages and contractor costs	1,218	377
Defined contribution plan employer contributions	15	1
Increase/(decrease) in employee entitlements	36	2
<b>Total personnel costs</b>	<b>1,269</b>	<b>380</b>

#### Employee remuneration

During the year ended 30 June 2022 two employees received total remuneration more than \$100,000 (2021: Nil).

During the year ended 30 June 2022, no employees received compensation and other benefits in relation to cessation (2021: Nil).

#### Board member remuneration

The total value of remuneration paid or payable to each board member for the year ended 30 June 2022 was:

	Actual 2022	Actual 2021
	\$000	\$000
Sir Brian Roche (Chair)	60	38
Ripeka Evans (Deputy Chair)	38	25
Lindsay Faithfull	30	10
Sarah Petersen	30	10
Geoff Taylor	30	10
<b>Total board member remuneration</b>	<b>188</b>	<b>93</b>

Sir Brian Roche and Ripeka Evans were appointed on 11 December 2020. Lindsay Faithfull, Sarah Petersen and Geoff Taylor were appointed on 1 March 2021.

Board members did not receive additional payments or remuneration in conjunction with their role as a committee member.

Tupu Tonu has entered into a deed of indemnity to Directors for certain activities undertaken in the performance of Tupu Tonu functions.

Tupu Tonu has taken out Directors' and Officers' Liability insurance cover during the financial period in respect of the liability or costs of Directors and Officers.

No board members received compensation or other benefits in relation to cessation during the financial period (2021: Nil).

## 5. Other expenses

Breakdown of other expenses and further information:

	Actual 2022	Actual 2021
	\$000	\$000
<i>Accounting services - fees to auditor</i>		
- fees to Deloitte for audit of financial statements	36	25
- fees to Deloitte for other services	-	-
<b>Total accounting services</b>	<b>36</b>	<b>25</b>
Communication	18	17
Non-investment related insurance	25	6
IT expenses	25	8
Office supplies	10	2
Other expenses	18	5
<b>Total other expenses</b>	<b>96</b>	<b>38</b>

## 6. Operating leases

### Accounting Policy

#### Operating leases as lessee

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases in which the lessor retains substantially all the risks and benefits of ownership of an asset are classified as operating leases.

Operating lease expenses are recognised on a straight-line basis over the period of the lease.

Lease incentives received are recognised in Comprehensive Revenue and Expense as a reduction of rental expense over the lease term.

Tupu Tonu leases offices and office equipment for carrying out its business. The office lease expires on 30 April 2026.

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Actual 2022	Actual 2021
	\$000	\$000
Not later than one year	80	56
Later than one year and not later than five years	225	3
Later than five years	-	-
<b>Total non-cancellable operating leases</b>	<b>305</b>	<b>59</b>



## 7. Cash and cash equivalents

### Accounting Policy

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

	Actual 2022	Actual 2021
	\$000	\$000
Cash at bank and on hand	31,157	150,541
Bank deposits with original maturities less than three months	-	-
<b>Total cash and cash equivalents</b>	<b>31,157</b>	<b>150,541</b>

## 8. Bank deposits

### Accounting Policy

Bank deposits are deposits with banks where the original maturity is greater than three months and less than one year. No allowance has been recognised for possible credit losses, as none are expected.

Bank term deposits are initially measured at the amount invested. Accrued interest is added to the invested balance as it is earned, using the effective interest method.

Tupu Tonu does not have any non-bank deposits. All deposits mature within one year of 30 June 2022.

No allowance has been recognised for possible credit losses, as none are expected.

The breakdown of bank deposits with original maturities greater than three months and less than 12 months is as follows:

	Actual 2022	Actual 2021
	\$000	\$000
Bank deposits with original maturities greater than three months and less than one year	102,583	-
<b>Total bank deposits with original maturities greater than three months and less than one year</b>	<b>102,583</b>	<b>-</b>

## 9. Receivables

### Accounting Policy

Short-term receivables are not discounted and are recorded at the original transaction price, less any provision for credit losses. Short-term receivables are written off when there is no reasonable expectation of collection. An indicator that there is no reasonable expectation of collection includes the debtor being in liquidation.

A receivable is considered uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

	Actual 2022	Actual 2021
	\$000	\$000
Trade receivables	4	-
Kiwifruit receivables	967	-
Resident withholding tax receivable	-	2
GST receivable	37	27
<b>Total receivables</b>	<b>1,008</b>	<b>29</b>

### Trade receivables

Trade receivables represents service charges and outgoings recoverable from the investment property.

### Kiwifruit receivables

The kiwifruit receivable is based on a forecast of proceeds to be received from Zespri Group Limited for the harvest of the 2022 crop. The forecasted proceeds are based on the actual number of trays supplied to Zespri Group Limited and forecast information from Zespri Group Limited on the revenue per tray expected to be received. Revisions of income receivable as a result of a change in the forecasted per tray payments, are recorded in Comprehensive Revenue and Expense – refer to Note 2. Kiwifruit receivables will be collected within 12 months of 30 June 2022.

As at 30 June 2022 there was no provision for credit losses (2021: Nil).

## 10. Property, plant and equipment

### Accounting Policy

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes all expenditure that is directly attributable to the acquisition of the items. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant, and equipment consists of the following asset classes, which are measured as follows:

- Land, at cost not depreciated.
- Orchard structures, at cost less accumulated depreciation and impairment losses.
- Bearer plants, at cost less accumulated depreciation and impairment losses.
- Furniture & office equipment, at cost less accumulated depreciation and impairment losses.
- IT equipment, at cost less accumulated depreciation and impairment losses.

### Orchard structures

Orchard structures are on-orchard fixtures and fittings including posts and canopy supports and irrigation equipment. Orchard structures are stated at historical cost less accumulated depreciation and impairment losses, if any.

### Bearer plants

Bearer plants are the Tupu Tonu investment in kiwifruit vines and avocado trees. Bearer plants are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes all cost incurred to purchase or establish the asset to initial fruit harvest.

### Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to Tupu Tonu. All other repairs and maintenance costs are recognised in the Statement of Comprehensive Revenue and Expense.

## Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Tupu Tonu and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Tupu Tonu and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are expensed in the Statement of Comprehensive Revenue and Expense as they are incurred.

## Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are reported net in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to the accumulated surplus/(deficit) within equity.

## Depreciation

Land is not depreciated. Depreciation is provided on a straight-line basis on all other classes of property, plant, and equipment, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Orchard structures	10 - 15 Years	7% - 10%
Bearer plants	33 - 50 Years	3% - 2%
Furniture & office equipment	4 - 8 Years	12% -25%
IT equipment	4 Years	25%

## Impairment of property, plant, and equipment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine if there is any objective evidence of impairment.

## Finance leases

Tupu Tonu has not entered into any finance leases during the period covered by these financial statements.

## Capital commitments

As at 30 June 2022 there was \$66,000 of capital commitments (2021: Nil).

## Breakdown of property, plant, and equipment

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

## FY2020/21

	Land	Orchard Structures	Bearer Plants	Furniture & Office Equipment	IT Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cost or valuation</b>						
<b>Balance at 11 December 2020</b>	-	-	-	-	-	-
Additions	-	-	-	-	13	13
<b>Balance at 30 June 2021</b>	-	-	-	-	<b>13</b>	<b>13</b>
<b>Accumulated depreciation or impairment losses</b>						
<b>Balance at 11 December 2020</b>	-	-	-	-	-	-
Depreciation expense	-	-	-	-	1	1
<b>Balance at 30 June 2021</b>	-	-	-	-	<b>1</b>	<b>1</b>
<b>Carrying amounts</b>						
<b>Balance at 11 December 2020</b>	-	-	-	-	-	-
<b>Balance at 30 June 2021</b>	-	-	-	-	<b>12</b>	<b>12</b>

## FY2021/22

	Land	Orchard Structures	Bearer Plants	Furniture & Office Equipment	IT Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cost or valuation</b>						
<b>Balance at 1 July 2021</b>	-	-	-	-	13	13
Additions	1,789	500	2,583	47	12	4,931
<b>Balance at 30 June 2022</b>	<b>1,789</b>	<b>500</b>	<b>2,583</b>	<b>47</b>	<b>25</b>	<b>4,944</b>
<b>Accumulated depreciation or impairment losses</b>						
<b>Balance at 1 July 2021</b>	-	-	-	-	1	1
Depreciation expense	-	18	26	1	5	50
<b>Balance at 30 June 2022</b>	-	<b>18</b>	<b>26</b>	<b>1</b>	<b>6</b>	<b>51</b>
<b>Carrying amounts</b>						
<b>Balance at 1 July 2021</b>	-	-	-	-	12	12
<b>Balance at 30 June 2022</b>	<b>1,789</b>	<b>482</b>	<b>2,557</b>	<b>46</b>	<b>19</b>	<b>4,893</b>

Depreciation expense on orchard structures and bearer plants is included in orchard expenses in cost of goods sold. Refer to Note 3. Cost of goods and services sold. Depreciation expense on furniture and office equipment and IT equipment is included in other operating expenditure in the Statement of Comprehensive Revenue and Expense.

On 17 November 2021 Tupu Tonu purchased the entire operations of the Maungatapere orchard for total consideration of \$4.0m being land (\$1.0m), orchard structures (\$0.3m), bearer plants (\$1.1m) and SunGold G3 kiwifruit license (\$1.6m). Refer also to Note 12 Intangible Assets and Goodwill. The acquisition has been accounted for as a business combination.

On 22 December 2021 Tupu Tonu purchased the entire operations of the Orchard Road, Waipapa orchard for total consideration of \$4.9m being land (\$0.8m), orchard structures (\$0.2m), bearer plants (\$1.5m), SunGold G3 kiwifruit license (\$2.1m) and goodwill (\$0.3m). Refer also to Note 12 Intangible Assets and Goodwill. The acquisition has been accounted for as a business combination.

## 11. Investment Property

### Accounting Policy

Investment property is property held either to earn rental income, for capital appreciation, or for both. Investment property is initially measured at cost and subsequently measured at fair value with any change therein recognised in Total Comprehensive Revenue and Expense. Initial direct costs incurred in negotiating and arranging operating leases and lease incentives granted are added to the carrying amount of the leased asset.

Property valuations are carried out at least annually by independent registered valuers. The fair values are based on market values being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The valuations are prepared using a combination of the Capitalisation of Income and Discounted Cash Flow methodologies. Discounted Cash Flow methodology is based on the estimated rental cash flows expected to be received from the property adjusted by a discount rate that appropriately reflects the risks inherent in the expected cash flows.

Investment properties are derecognised when they have been disposed of and any gains or losses incurred on disposal are recognised in Total Comprehensive Revenue and Expense in the year of derecognition.

Any improvements in investment property are initially recognised at cost and will subsequently be included in the fair value revaluation.

### Valuation of investment properties

Investment properties are revalued annually to fair value. The valuation of all investment property was carried out by an independent registered valuer. The valuer is an experienced valuer with extensive market knowledge in the type of investment properties owned by Tupu Tonu. All investment properties were valued based on open market evidence and 'highest and best use'.

A summary of the valuation methods and significant assumptions applied in the valuation of these assets are as follows:

Asset Type	Valuation method adopted	Highest and best use	Significant assumptions
Commercial and Retail Buildings	Income Capitalisation and Discounted Cashflow Analysis	Current Use	Net market rent of \$334,000 per annum. Capitalisation rate 5%. Discount rate of 7%.

Actual 2022	Actual 2021
\$000	\$000

#### Movement in investment property

Balance as at 1 July <sup>(1)</sup>	-	-
Purchases of investment property	6,588	-
Revaluation gains on investment property	62	-
<b>Total investment property as at 30 June</b>	<b>6,650</b>	<b>-</b>

(1) The comparative 2021 opening balance date is 11 December 2020.

## 12. Intangible Assets and Goodwill

### Accounting Policy

#### SunGold G3 kiwifruit licenses

SunGold G3 kiwifruit licenses are initially measured at cost. Cost has been determined using a valuation of \$550,000 per canopy hectare, which was the median SunGold G3 kiwifruit licenses cost from Zespri Group Limited's 2021 release of licences, the license cost immediately preceding the purchase of the SunGold G3 kiwifruit licenses as part of the orchard acquisitions.

In September 2016, Zespri Group Limited issued a statement that Plant Variety Rights had been granted for the Gold3 (G3) variety and that these rights have an expiration date of 6 September 2039. Amortisation is calculated on the licences on a straight-line basis over the remaining licence period.

#### Goodwill

Goodwill that arises upon the acquisition of investments is included in intangible assets. Goodwill is measured at the fair value of consideration transferred, less the fair value of the net identifiable assets and liabilities assumed at acquisition date. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually, based upon the value in use of the cash generating unit to which the goodwill relates.

#### Amortisation

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual value using the straight-line method over their estimated useful lives, and is recognised in Statement of Comprehensive Revenue and Expense. Goodwill is not amortised.

The estimated useful life for the current and comparative periods is:

- Sungold G3 kiwifruit licenses	18 Years	6%
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Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### Impairment

The carrying amounts of intangible assets, other than goodwill, are reviewed at each reporting date to determine if there is any objective evidence of impairment.

#### Restriction

Zespri Group Limited must provide consent for Tupu Tonu to transfer the rights incorporated in the SunGold G3 kiwifruit licenses to another owner. That consent could be withheld. All SunGold G3 kiwifruit harvested must be supplied to Zespri Group Limited. Tupu Tonu does not own Plant Variety Rights, these are retained by Zespri Group Limited.

#### Security

No intangible assets have been pledged as security for liabilities.



The breakdown of intangible assets is as follows:

## FY2021/22

	SunGold G3 Kiwifruit Licenses	Goodwill	Total
	\$000	\$000	\$000
<b>Cost</b>			
Balance at 1 July 2021	-	-	-
Additions	3,707	300	4,007
<b>Balance as at 30 June 2022</b>	<b>3,707</b>	<b>300</b>	<b>4,007</b>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2021	-	-	-
Amortisation expense	118	-	118
<b>Balance as at 30 June 2022</b>	<b>118</b>	<b>-</b>	<b>118</b>
<b>Carrying amount</b>			
Net book value at 30 June 2021	-	-	-
<b>Net book value at 30 June 2022</b>	<b>3,589</b>	<b>300</b>	<b>3,889</b>

There were no intangibles assets as at 30 June 2021.

## 13. Share Investments

### Accounting Policy

Investments held in shares of listed entities are initially recognised at cost and subsequently measured at fair value with gains or losses recognised in Total Comprehensive Revenue and Expense.

Where Tupu Tonu intends to hold shares for more than one year from balance date the shares are classified as non-current assets.

	Actual 2022	Actual 2021
	\$000	\$000
<b>Movement in share investments</b>		
Balance as at 1 July	-	-
Acquisition of share investments	3,341	-
Revaluation gains on share investments	104	-
<b>Total share investments as at 30 June</b>	<b>3,445</b>	<b>-</b>

There were no share investments as at 30 June 2021.

The share investments are investments in Zespri Group Limited ordinary shares. Tupu Tonu is entitled to own shares in Zespri Group Limited as it is an owner of kiwifruit orchards, that supply fruit to Zespri Group Limited. Tupu Tonu views the investment in Zespri Group Limited shares as a long term investment intrinsically linked to the ownership of the orchards. As at 30 June 2022 Tupu Tonu held 378,546 shares in Zespri Group Limited.

## 14. Payables

### Accounting Policy

Short-term payables are recorded at the amount payable, which is deemed to be the fair value.

Actual 2022	Actual 2021
\$000	\$000

### Payables under exchange transactions

Payables	138	84
Accrued expenses	81	119
<b>Total payables under exchange transactions as at 30 June</b>	<b>219</b>	<b>203</b>

## 15. Employee Entitlements

### Accounting Policy

#### Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and sick leave.

#### Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability.

Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability.

All other employee entitlements are classified as a non-current liability.

## 16. Provisions

### Accounting Policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event; and
- it is probable that an outflow of future economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

### Lease make-good provision

As at 30 June 2021 Tupu Tonu was required, to make-good any damage or wear and tear, caused to the leased premises and to remove any fixtures or fittings installed by Tupu Tonu. Tupu Tonu ended the lease on 30 April 2022 and the make good provision was fully utilised.

Information about Tupu Tonu leasing arrangements is disclosed in Note 6.

Movements for each class of provision are as follows:

	Lease Make-Good	Total
	\$000	\$000
Balance at 1 July 2021	2	2
Additional provisions made	-	-
Amounts used	2	2
<b>Balance as at 30 June 2022</b>	<b>-</b>	<b>2</b>

## 17. Contingencies

### Contingent liabilities

Tupu Tonu had no contingent liabilities as at 30 June 2022 (2021: Nil).

### Contingent assets

Tupu Tonu had no contingent assets as at 30 June 2022 (2021: Nil).

## 18. Equity

### Accounting Policy

Equity is measured as the difference between total assets and total liabilities, also known as net assets. Equity is disaggregated and classified into the following components:

- contributed capital; and
- accumulated surplus/(deficit).

Breakdown of equity and further information:

	Actual 2022	Actual 2021
	\$000	\$000
<b>Contributed capital</b>		
Balance as at 1 July <sup>(1)</sup>	150,000	-
Capital contribution	-	150,000
<b>Balance as at 30 June</b>	<b>150,000</b>	<b>150,000</b>
<b>Accumulated surplus</b>		
Balance as at 1 July	418	-
Surplus for the year	3,007	418
<b>Balance at 30 June</b>	<b>3,425</b>	<b>418</b>
<b>Total equity</b>	<b>153,425</b>	<b>150,418</b>

(1) Tupu Tonu was incorporated on 11 December 2020 and opening balances for the 2021 year are as at that date.

Issued capital consists of a total of 150,000,100 ordinary shares.

All shares have equal voting and dividend rights and share equally in any distributions and in the event of liquidation.

On 25 February 2021, 150,000,000 shares were issued for \$1.00 each, comprising the contributed capital.

Tupu Tonu is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, issuing guarantees and indemnities, and the use of derivatives.

Tupu Tonu manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure that Tupu Tonu effectively achieves its objectives and purpose, while remaining a going concern.

## 19. Related Party Transactions

Tupu Tonu is controlled by the Crown and the Crown is a source of funding for Tupu Tonu.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect Tupu Tonu would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions consistent with the normal operating arrangements between government agencies.

### Related party transactions required to be disclosed

There were no related party transactions during the period. Transactions with key management personnel are disclosed below. Key management personnel comprises the Board and the Executive.

Key management personnel compensation:

	Actual 2022	Actual 2021
	\$000	\$000
Total key management personnel remuneration <sup>(1)</sup>	676	298

No Board members received compensation for services provided to Tupu Tonu other than Director fees (2021: Nil).

The Chief Executive received total remuneration of \$257,000, including Kiwisaver contributions, in the financial year ended 30 June 2022, (2021: \$105,000). The Chief Executive did not receive any incentive payments (2021: Nil). In 2021 the Chief Executive was seconded from the Ministry of Business Innovation and Employment (MBIE).

In 2021, and in the early part of 2022, some Tupu Tonu staffing resources were obtained through secondments from government departments.

(1) Key management personnel comprise 2.6 full time equivalent staff (FTE), (2021: 2.6 FTE).

## 20. Financial Instruments

### Accounting Policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Tupu Tonu is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, receivables, and payables. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Comprehensive Revenue and Expense.

### Initial recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when Tupu Tonu becomes a party to the contractual provisions of the financial instrument. They are initially recognised at fair value plus transaction costs.

The classification of financial instruments at initial recognition depends on the Tupu Tonu business model for managing the financial assets and the financial asset's contractual cash flow characteristics. In assessing the business model for managing a financial asset, all relevant information is considered.

### Subsequent measurement

Tupu Tonu financial assets and financial liabilities are subsequently classified into the following categories:

- Financial assets at amortised cost; and
- Those to be measured at fair value through profit or loss.

Tupu Tonu financial assets are classified at amortised cost if both of the following criteria are met:

- The financial asset is held within a business model whose objective is to hold financial assets to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

This category includes cash and cash equivalents and receivables.

Subsequent to initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method and are subject to impairment. When a financial asset is impaired, impairment losses are recognised in the Statement of Comprehensive Revenue and Expense in the period in which they arise.

Tupu Tonu financial assets are reclassified when, and only when, the business model for managing those financial assets changes.

### Financial liabilities at amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities. This category includes trade payables and accrued expenses. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Tupu Tonu financial liabilities are reclassified when, and only when, the business model for managing those financial liabilities changes.



## Financial assets and financial liabilities at fair value through profit or loss

The following financial assets and financial liabilities are classified at fair value through profit or loss (FVPL):

- Financial assets, including debt instruments, that do not qualify for measurement at amortised cost;
- Financial assets and financial liabilities that are held for trading; and
- Financial assets for which Tupu Tonu has not elected to recognise fair value gains and losses through other comprehensive income.

This category includes investments in derivative financial instruments, listed equities, listed and unlisted fixed income bonds, collective investment funds and Limited Liability Partnership's (LLP's). These financial assets are either held for trading or are managed and have their performance evaluated on a fair value basis.

Tupu Tonu does not designate any derivative financial instruments as hedges in a hedging relationship. Financial assets and financial liabilities at fair value through profit or loss are recognised in the Statement of Financial Position at fair value with changes in fair value being recognised in the Statement of Comprehensive Revenue and Expense in the period in which they arise.

## Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or when Tupu Tonu has transferred substantially all of the risks and rewards of ownership. A financial liability is derecognised when the Tupu Tonu obligation under the liability is discharged, cancelled or has expired.

## Impairment

Tupu Tonu assesses, at each reporting date, whether a financial asset is impaired. The amount of the impairment loss is the difference between the contractual cash flows due in relation to the financial asset and the cash flows that Tupu Tonu expects to receive, discounted at an approximation of the original effective interest rate.

Financial assets that are measured at amortised cost and therefore subject to the impairment provisions (the 'expected credit loss model') of PBE IFRS 9 Financial Instruments comprise cash and cash equivalents and receivables. The impairment loss for cash and cash equivalents is considered immaterial. Tupu Tonu only holds receivables that have maturities of less than 12 months. As such, Tupu Tonu have applied a simplified approach for calculating expected credit losses (ECLs) on receivables under PBE IFRS 9 Financial Instruments. As a result, Tupu Tonu do not track changes in credit risk, but instead, recognise impairment losses based on lifetime ECLs at each reporting date. The Tupu Tonu approach to ECLs reflects a probability-weighted outcome using reasonable and supportable information that is available without undue cost or effort at reporting date about past events, current conditions, and forecasts of future economic conditions.

## Financial instrument categories

The carrying amount of financial assets and liabilities in each of the financial instrument categories is as follows:

	Actual 2022	Actual 2021
	\$000	\$000
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	31,157	150,541
Receivables	1,008	-
Bank deposits with original maturities greater than three months	102,583	-
<b>Total financial assets measured at amortised cost</b>	<b>134,748</b>	<b>150,541</b>
<b>Financial assets measured at fair value through profit and loss</b>		
Share investments	3,445	-
<b>Financial assets measured at fair value through surplus and deficit</b>	<b>3,445</b>	<b>-</b>
<b>Financial liabilities measured at amortised cost</b>		
Payables	138	84
<b>Total financial liabilities measured at amortised cost</b>	<b>138</b>	<b>84</b>

## 21. Events After the Balance Date

Subsequent to balance date the following non-adjusting events were noted:

On 26 August 2022 Tupu Tonu settled on the purchase of a forest for \$10.1 million.

On 11 November 2022 Tupu Tonu settled on a third kiwifruit orchard for total purchase of \$3.2 million.

In October 2022 Tupu Tonu entered into a conditional sale and purchase agreement to purchase a 50% interest in community housing in Whangarei for \$4.1 million.

In October 2022 Tupu Tonu also entered into an agreement to enter into full documentation to purchase a 50% interest in community housing in Kaikohe, subject to conditions. The purchase price for this investment has not yet been finalised. An estimate has been used in this Annual Report where required.

There were no other significant events after the balance date.

## 22. Explanation of Major Variances Against Budget

Explanations for major variances from the budgeted figures are as follows:

### Statement of Comprehensive Revenue and Expense

#### Revenue

At the time of budget setting the nature, size and timing of investments was uncertain. Interest rates for cash and bank deposits were higher than anticipated.

#### Cost of goods and services sold

At the time of budget setting the nature, size and timing of investments was uncertain. These costs were effectively budgeted in the investments and deal related expenses line.

#### Investment and deal related expenses

At the time of budget setting the nature, size and timing of investments was uncertain. Investment and deal related expenses were lower than budget principally due to the nature of the direct investments being pursued.

#### Personnel costs

Personnel costs were lower as staff on-boarding and recruitment has been hampered by a tight labour market and COVID-19 lock-downs and outbreaks.

### Statement of Financial Position

#### Investments

At the time of budget setting the nature, size and timing of investments was uncertain. Investments in the budget assumed longer dated bank deposits.

#### Accumulated surplus

Refer to comments in the Statement of Comprehensive Revenue and Expense section above.

### Statement of Cash Flows

#### Investments

At the time of budget setting the nature, type and timing of investments was uncertain.

### INDEPENDENT AUDITOR'S REPORT

#### TO THE READERS OF NGĀPUHI INVESTMENT FUND LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Ngāpuhi Investment Fund Limited ('the Fund'). The Auditor-General has appointed me, Silvio Bruinsma, using the staff and resources of Deloitte Limited to carry out the audit of the financial statements and the performance information of the Fund on his behalf.

#### Opinion

We have audited:

- the financial statements of the Fund on pages 32 to 61, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Fund on page 31.

In our opinion:

- the financial statements of the Fund on pages 32 to 61:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information on page 31:
  - presents fairly, in all material respects, the Fund's performance for the year ended 30 June 2022, including:
    - for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 19 December 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

## **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

## **Responsibilities of the Board of Directors for the financial statements and the performance information**

The Board of Directors is responsible on behalf of the Fund for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand.

The Board of Directors responsible for such internal control as it is necessary to enable to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the the Fund for assessing the Fund's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Fund, or there is no realistic alternative but to do so.

The Board of Directors's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

## **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of Readers taken since these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the company's forecast for the period.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

## Independence

We are independent of the Fund in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



Silvio Bruinsma  
Deloitte Limited  
On behalf of the Auditor-General  
Auckland, New Zealand



