



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-winiwini, o Tū-te-wanawana, o Tū kia hikaputaina 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 whakareī 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) is an independent Crown-owned company whose mission is to build and grow a high performing portfolio of commercial assets for the future 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.
- Grow the value of the Tupu Tonu investment portfolio.

The primary investment focus for Tupu Tonu is on commercial assets within Northland. Tupu Tonu is a commercial investor, but with additional secondary 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 to the inclusiveness and multiplicity of hapū 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. 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 investment 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 supports Māori-Crown relations.

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 ahuhu 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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Hakatauki:

*He mea hanga tōku whare, ko Papatuānuku te paparahi.
Ko ngā maunga ngā poupou, ko Ranginui e titiro iho nei, te tuanui. Pūhanga-tohora
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-tohora.
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.*



1 OVERVIEW AND ACHIEVEMENTS

TE TIROHANGA
WHĀNUI ME
NGA WHAINGA

1.1

PŪRONGO A TE TOIHĀU

*He Hōnore nui kia tāpae, hei reo mō te Poari o Tupu Tonu,
i te Pūrongo ā-Tau mō te wā mai i te
1 o Hūrae 2023 ki te 30 o Hune 2024.*

Tēnā koutou katoa,

E tohu ana tēnei tau i te tau tuatoru o ngā whakahaeretanga mō Tupu Tonu. I roto i te tau kua pahure ko tā mātou arotahi he whakatōpū i ngā rawa i waihangatia e mātou i ngā tau e toru kua pahure me te ahu whakamua ki te wāhanga hou o te tipunga mō te pūtea.

Kua eke te uara o te pūtea ki te \$162 miriona. Nā te waihangatanga o te kōpaki taurite i whakatutuki tēnei, ā, kei roto te whānuitanga o ngā rawa i roto i ngā rāngai tūāpapa whenua e whāia nei e mātou. Ahakoa he tau uaua tēnei mō te ohaoha o Aotearoa, kua tutuki i a mātou te pāpātanga pikinga 4.4 ōrau i ō mātou rawa.

I te Māehe, i whakaoti mātou i te whakahounga ā-rautaki o tā mātou ahunga whakangao. Ko te tikanga ia me kua e hoko noa iho i ngā rawa onāiane, engari me tūhura i ngā kōwhiringa mō ngā whanaketanga hou i roto i te rohe, otirā i roto i te rāngai tūāhanga.

Kei roto i ngā kaupapa tūāhanga he kōwhiringa pai e tīaroaro ana ki tō mātou pae whakangao tauroa. He nui te tarepa tūāhanga o Aotearoa, ā, e mōhio ana mātou e tino pāngia ana Te Tai Tokerau e tēnei. Ka whakarato hoki ngā rawa tūāhanga i te kōwhiringa mō ngā hua pae tawhiti mā ngā kaiwhakangao tuku iho pērā i Tupu Tonu, e tīaroaro ana ki ō mātou angawā whakangao. Ko tētahi kaupapa nui o te tau nei ko te whakaoti i tētahi whakangao ki te whanaketanga pūngao kōmaru hou. Nā runga anō i tēnei, kua whakangao a Tupu Tonu ki te rāngai pūngao whakahou, me te kawatau ki ngā hua kaha.

Ka whakahaeretia te wāhanga tuarua o te kaupapa Tukua (te tuku pūtea) i waenga i te Nōema o 2023 me te Pēpuere o 2024. I whakarato tēnei i ngā karāti me te uara tapeke o te \$630,000 ki ngā hapū, ngā whānau me ngā uri kotahi rau puta noa i te rohe. Mā tukua, ka taea e mātou te hiki i te mōhiotanga ki te pūtea i roto i ngā hapū o Ngāpuhi me te whakaatu i ngā painga whānui o te pūtea whakangao arumoni. Ināiane e whakaaro ana mātou me pēhea e āta whakarite anō i tēnei pūtea hei waihanganga i te raukaha me te mātau o ngā hapū o Ngāpuhi ki te whakahaere i ngā rawa e pupuritia kiritōpūtia ana ā muri ake nei.

E kōrerorero tonu ana mātou ki ngā hapū o Ngāpuhi puta noa i te tau, hei whakawhanaungatanga, hei whakapiki mōhio hoki ki te pūtea Tupu Tonu.

Ki a au nei, nōku te whiwhi kia kuhu ki te kamupene i tēnei tau hei Toihau. Hei te tau e heke mai nei ka whakapakari tonu mātou i te angitūtanga kua tutuki i a mātou ināianei.

Ngā manaakitanga, nā



Ben Dalton
Chair
30 October 2024

On behalf of the Board of Tupu Tonu, it is my privilege to present the Annual Report for the period 1 July 2023 to 30 June 2024.

Tēnā koutou katoa,

This year marks the third full year of operations for Tupu Tonu. Our focus over this past year has been on consolidating the assets we have built over the past three years and progressing to the next phase of growth for the fund.

The value of the fund is now at \$162 million. This has been achieved by building a balanced portfolio, comprised of a range of assets within our target whenua-based sectors. In what has been a challenging year for the New Zealand economy, we have achieved a 4.4 percent rate of return on our assets.

In March, we finalised a strategic refresh of our investment approach. This involved moving beyond the purchase of existing assets into exploring opportunities for new developments within the region, particularly in the infrastructure sector.

Infrastructure projects present good opportunities that align with our long-term investment horizon. New Zealand has a large infrastructure deficit and we know this is felt acutely in Northland. Infrastructure assets also provide intergenerational investors like Tupu Tonu the opportunity for long-dated returns which align with our investment timeframes. A key highlight of this year has been finalising an investment in a new solar energy development. This has provided Tupu Tonu with exposure to the renewable energy sector, with strong expected returns.

The second round of our Tukua (disbursements) scheme was run between November 2023 and February 2024. This provided grants totalling \$630,000 to 100 Ngāpuhi hapū, whānau and uri throughout the rohe. Through Tukua, we were able to both raise awareness of the fund among ngā hapū o Ngāpuhi and demonstrate the wider benefits of a commercial investment fund. We are currently looking at how we can further target this fund so as to help build the capacity and capability of ngā hapū o Ngāpuhi to manage their collectively owned assets in the future.

We have continued to engage with ngā hapū o Ngāpuhi throughout the year, to build relationships and raise awareness of the Tupu Tonu fund.

From a personal standpoint, it has been a privilege to join the company this year as Chair. Over the coming year we will continue to build on the success we have achieved to date.

Ngā manaakitanga, nā



A handwritten signature in blue ink that reads "Ben Dalton". The signature is fluid and cursive, written over a light blue horizontal line.

Ben Dalton

Chair

30 October 2024

OUR JOURNEY ACROSS THE YEAR 23-24





APRIL

Ben Dalton appointed as new Chair



JULY

Completed investment in the Maungaturoto solar farm development



JUNE

Completed the Opononi property and Kaikohe housing development transactions



MAY

Completed round 2 of Tukua fund

1.2 INVESTMENTS

Our investment objectives

- Invest on a commercial basis to grow the value of the portfolio.
- Acquire a set of investments that could be made available to Ngāpuhi through Treaty negotiations with the Crown.

Sector focus

We are focused on building a portfolio of high-performing assets across direct investments in Northland. To date, our focus has been on the following sectors:

- Primary: The primary sector, including horticulture and forestry, has been a key focus for Tupu Tonu to date and forms an important part of the Northland economy.
- Property: The property sector provides an opportunity for commercial investment in Northland with limited operational requirements.
- Infrastructure and energy: The infrastructure and energy sectors provide Tupu Tonu the opportunity for long-dated returns in line with our investment horizons.

How we invest

- We primarily look for equity or partnership interests in direct investments, however we retain a degree of flexibility. As a Crown-owned company listed under Schedule 4a of the Public Finance Act 1989, we are restricted in our ability to borrow.
- As a fully commercial investor, we do not provide grant or concessionary financing. We also do not invest in assets that are unduly high risk.
- To date, many of our investments have been in partnership with other investors. This allows us to scale capital and to access the expertise of specialist partners.
- Our current focus has been on assets in Northland, however we retain the ability to make investments outside the area on an exceptional basis.

FY2023/24 progress

Tupu Tonu continued to build on its solid foundation in the first two years of operations. Tupu Tonu is focused on building a portfolio of commercial assets that will support the long-term future of ngā hapū o Ngāpuhi.

In FY2023/24 Tupu Tonu generated a \$6.8 million total comprehensive revenue and expense before disbursements resulting in a 4.4 percent return. As an intergenerational investor we have confidence that the assets we have acquired will be strong performers over the long-term, and short-term peaks and troughs are to be expected.

Investments made FY2023/24

Tupu Tonu completed or committed to two investments in FY2023/24, including the development hectares (expanding our Kapiro Gold orchard) and the Maungaturoto solar farm.

These assets were selected due to their alignment with our investment objectives. Tupu Tonu also completed a FY2023/24 investment strategy refresh, with an increased focus on strategic sectors such as infrastructure.

Investment Outlook

In FY2024/25 Tupu Tonu will:

- Continue to deploy capital in investments in target sectors; and
- Continue to manage our assets responsibly.

KEY INVESTMENT METRICS



13

Number of investments made or committed as at 30 June 2024



\$71.65 million

Total capital deployed or committed as at 30 June 2024



13

Individual investments made or under contract at Annual Report publication date



4.4%

Rate of return achieved for FY2023/24

INVESTMENTS MADE TO DATE



INVESTMENTS



1. MERIDIAN BUILDING, KERIKERI

On 29 September 2021 Tupu Tonu purchased the Meridian Building. 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 hectares 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.



5. FOREST, HOUTO

On 26 August 2022, Tupu Tonu purchased a 300-hectare forestry block in Mangakahia as a carbon farm.



6. KIWIFRUIT ORCHARD, WAIPAPA

On 11 November 2022, Tupu Tonu 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 hectares of ungrafted vines and infrastructure.

On 8 May 2024, Tupu Tonu purchased 1.47Ha of Gold G3 kiwifruit licence to graft existing rootstock at Kapiro Gold orchard. Tupu Tonu is committed to maximising the value of its assets and this represents a step in Tupu Tonu's active approach to investment management.



7. HOUSING, TE KAMO

On 16 January 2023, Tupu Tonu acquired an interest in a community housing development located in Kamo Road, Te Kamo. This development of 18 single bedroom units is leased to the Ministry of Housing and Urban Development.



8. PAIHIA MARITIME BUILDING, PAIHIA

On 20 July 2023 Tupu Tonu purchased the Paihia Maritime Building, located on the Paihia waterfront. The Paihia Maritime Building is a high-quality commercial property in the heart of the waterfront district of Paihia.



9. WATER, KAIKOHE AND WAIMATE TAIAMAI

In September 2023, Tupu Tonu signed a binding letter of intent to purchase convertible notes in a water storage scheme located in Waimate Taiamai, with the option to acquire shares in a water storage scheme in Kaikohe.



10. COMMERCIAL PROPERTY, OPONONI

On 22 May 2024, Tupu Tonu purchased a commercial property located in Opononi on the Hokianga Harbour. The property is a hub for local businesses and operates the primary supermarket in the area.



11. HOUSING, KAIKOHE

On 25 June 2024, Tupu Tonu acquired an interest in a community housing development located in Kaikohe. This development of 36 single bedroom units is leased to the Ministry of Housing and Urban Development.



12. SOLAR DEVELOPMENT, MAUNGATUROTO

On 26 July 2024, Tupu Tonu completed an equity investment in a solar development in the Maungaturoto valley. (See Investment Spotlight for more details.)

INVESTMENT SPOTLIGHT: MAUNGATUROTO SOLAR FARM



Tupu Tonu has invested \$6.15 million in a new Solar Farm development in Maungaturoto, Northland.

Construction on the Solar Farm began in August 2024 and is due to be completed in June 2025. The site is adjacent to the Maungaturoto substation, where it will be connected to the national grid.

This project aligns with our refreshed investment strategy of partnering in new developments with companies who have proven expertise in their respective fields.

For this project we have partnered with Solar Bay, a solar development company with a proven track record in renewable energy projects and Purpose Capital, an investment fund focusing on projects working towards environmental and social solutions. Construction is being led by CHINT Green Energy NZ.

Energy and infrastructure are key target sectors for Tupu Tonu. Investing in renewable energy enables Tupu Tonu to contribute to the economic development of Northland in a sustainable manner.



Farmer and Landowner John Massey, along with Colin French of Te Uri o Hau during the Solar Farm site blessing.

1.3 TUKUA DISBURSEMENTS

Te Kaupapa - Purpose

Part of the mission of Tupu Tonu is to disburse a portion of its annual investment returns to Ngāpuhi hapū and marae. 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 and marae.

The focus of the disbursements for FY2023/24 was on supporting Ngāpuhi hapū, marae, and Ngāpuhi community organisations in capability and capacity building, as well as social and cultural development.



Te Tono – How to apply

The third round of Tukua will open in late 2024. The focus for the third round will be on capacity and capability building. Further information will be available on our website and we will notify groups when applications are open via our e-pānui. If you would like to register to receive our e-pānui, contact karere@tuputonu.co.nz

TUKUA DISBURSEMENTS FOR 2023/24

Criteria for Second Round of Funding

For the second round of Tukua, Tupu Tonu considered applications from any Ngāpuhi hapū, marae or rūpū (organisation) that has a clear and close affiliation to Ngāpuhi.

Tupu Tonu considered applications for grants that supported activities, objectives, initiatives or any kaupapa for the purpose of:

- Capacity and capability building; and
- Social development or cultural development.

A priority was given to activities that:

- Demonstrated they are well supported by the hapū/whānau/community;
- Demonstrated they will provide an impact on the hapū/whānau/community;
- Had not already received other funding for the same purpose;
- Allowed for a reasonable spread of funding across hapū and regions; and
- Were from hapū that did not receive funding in the first round.

Tukua Disbursements 2023/24

This was the second year of Tukua after a successful second year of investments through FY2022/23. \$630,000 was shared across iwi, hapū, and whānau. There were 100 disbursements provided across the entire Ngāpuhi region, covering various kaupapa.

A highlight from the second round was the support for hapū capacity and capability building. This made up the highest amount of applications receiving grants this year. Grants were also provided for marae development, kura reo, hauora health initiatives, contributing to wānanga and supporting māra kai initiatives that provide accessible healthy kai for whānau.

TUKUA DISBURSEMENTS BY TYPE

100

Disbursements made in
FY 2023/24

\$630,000

Distributed in
FY 2023/24



33
HAPŪ CAPACITY
AND CAPABILITY



11
MARAЕ DEVELOPMENT



5
MĀRA KAI



4
HOUSING



8
HAUORA



8
TE TAI AO



4
TOI/ARTS



7
KURA REO



16
WĀNANGA



4
INFRASTRUCTURE

TUKUA DISBURSEMENTS ACROSS NGĀPUHI REGIONS



Number of disbursements across regions



TUKUA EXAMPLES



The Tukuia funds received from Tupu Tonu have allowed for Ngāti Ruamahue hapū to wānanga on the island and ensure the inter-generational transmission of mātauranga, alongside the undertaking of pest management control.



Tukuia funding helped Pera James and Mange Whanau Trust hold a working bee to look after the whenua.



Tukua funding helped Te Kotahitanga e Mahi Kaha Trust buy equipment to open their music studio and provide education and use for the community.



Tukua funding helped Rawhitiroa Marae repair damage done to the roof of their whareniui after cyclone Gabrielle. Here is their brand new roof!

1.4 ENGAGEMENT

Overview

Tupu Tonu engages with Ngāpuhi hapū on our investment strategy and disbursements. Tupu Tonu is looking to engage with groups at a pace they are comfortable with and will be guided where and when to meet.

The initial focus of Tupu Tonu engagement with hapū is to build relationships. Over time, Tupu Tonu seeks to understand hapū commercial aspirations. Tupu Tonu also welcomes suggestions for investment opportunities.

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

How to engage with Tupu Tonu

Those who would like to arrange a hui can contact Tupu Tonu at info@tuputonu.co.nz

Any investment ideas can be passed on to the investment team at investments@tuputonu.co.nz

To receive more information about Tupu Tonu, subscribe to the Tupu Tonu e-pānuī by emailing karere@tuputonu.co.nz

Engagements to date

Over the year, Tupu Tonu has worked to build and strengthen relationships across Ngāpuhi, hapū, marae, and whānau. Some of these engagements have led to whānau receiving funding through Tukua, as well as potential investment opportunities being brought forward for consideration.



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Engagements with
Ngāpuhi iwi, hapū, and whānau
in FY2023/24

Tupu Tonu understands the value in hearing first hand about the aspirations of hapū and will continue to use this engagement process to ensure that they are heard and used to guide the future work of Tupu Tonu.

1.5 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, who each own 50% of the company on behalf of the Crown. The Minister of Finance has delegated certain responsibilities to the Associate Minister of Finance (Minister Jones). 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.

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 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	5 of 5	100%
Ben Dalton	4 of 4	100%
Ripeka Evans	9 of 9	100%
Geoff Taylor	8 of 9	88%
Lindsay Faithfull	9 of 9	100%
Sarah Petersen	9 of 9	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 meetings attended	Percentage
Ripeka Evans	6 of 6	100%
Sarah Petersen	6 of 6	100%

Investment Committee

Director	Committee meetings attended	Percentage
Geoff Taylor	6 of 6	100%
Lindsay Faithfull	6 of 6	100%
Sarah Petersen	3 of 3	100%



1.6 DIRECTOR PROFILES



Ben Dalton
Chair

Ben Dalton was appointed as the Chair of Tupu Tonu on 5 April 2024. He was recently appointed as the Chief Executive of Waitangi Limited, the operating company of the Waitangi National Trust. He has previously held Deputy Chief Executive roles at the Ministry of Housing and Urban Development - Te Tūāpapa Kura Kāinga, Ministry of Primary Industries and Ministry of Fisheries, as well as being the Chief Operating Officer of Kānoa – the Regional Economic Development and Investment Unit, and the Chief Executive Officer of the Crown Forestry Rental Trust and Te Rūnanga-Ā-Iwi-O-Ngāpuhi.



Ripeka Evans
Ngāpuhi, Te Aupōuri, Ngāti Kahu, Ngāti Porou

Ripeka Evans is Deputy Chair of Television New Zealand and a director of Wellington Regional Council Holdings Limited and Greater Wellington Rail Limited. She is Chair of the Courageous Conversation Aotearoa Foundation and a trustee of Tai Tokerau whenua trusts. She was a former director of Te Aupōuri Fisheries and trustee of Te Rūnanganui o Te Aupōuri. She was a director and Chair of NorthTec Limited, Deputy Chair of Toi Ohomai Limited and a member of the Te Ao Māori Panel of the Reserve Bank of New Zealand. Ripeka is a member of the Super Diversity-Board Ready Chairs & Directors and a lead claimant and Chair of the Joint Research Committee for the Mana Wāhine Kaupapa Inquiry to the Waitangi Tribunal. 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.



Lindsay Faithfull
Deputy Chair
Ngāpuhi

Lindsay Faithfull is the Managing Director of McKay Ltd, a Northland-grown, 550-employee strong electrotechnology 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. Lindsay is passionate about the path to zero carbon and is a director of the Wellington Electric Boat Building Company and Naut, a marine electric propulsion startup.



Geoff Taylor

Geoff Taylor 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 (NZDB) through the merger of the Dairy Companies and NZDB into Fonterra. He holds a BMS from Waikato University and taught the Masters 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.



Sarah Petersen

Sarah Petersen is a Fellow 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.

1.7 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.

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.

Tupu Tonu is 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. This includes workshops on Te Ao Māori, Māori Crown relations history, Te Tiriti o Waitangi / the Treaty of Waitangi and te reo me ona tikanga.

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.

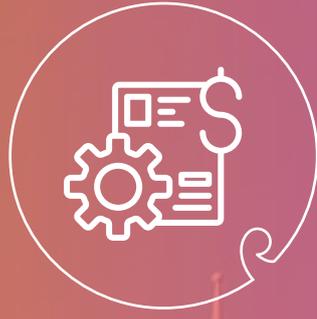


Te Kohekohe housing, Kaikohe (above), Te Kamo Housing (below)



Paihia Maritime Building





2 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 financial year ended 30 June 2024 (FY24).

Signed on behalf of the Board:



A handwritten signature in black ink that reads "Ben Dalton".

Ben Dalton
Chair
30 October 2024



A handwritten signature in black ink that reads "Lindsay Faithfull".

Lindsay Faithfull
Deputy Chair
30 October 2024

2.2 STATEMENT OF PERFORMANCE OUTCOMES

This section describes what Tupu Tonu has achieved during FY24 to deliver on our broader aims and objectives. It includes information on Tupu Tonu Key Performance Indicators (KPIs) and the output class against our targets, as outlined in our Statement of Performance Expectations for FY24.

This Statement of Performance Outcomes is required under section 153 of the Crown Entities Act 2004 has been prepared in accordance with PBE FRS 48: Service Performance Reporting.

Who are we?

Tupu Tonu is a Crown-owned company listed under Schedule 4a of the Public Finance Act 1989.

Why do we exist?

The primary purpose of Tupu Tonu is to acquire and grow the value of a portfolio of high-performing commercial assets that can be offered in future Treaty negotiations with ngā hapū o Ngāpuhi, and to disburse a portion of annual profits to ngā hapū o Ngāpuhi.

What do we do?

We do this by:

- Investigating investment opportunities in whenua-based sectors in Taitokerau and acquiring investments in those sectors;
- Managing existing investments that have been acquired;
- Disbursing a portion of our annual profits to ngā hapū o Ngāpuhi;
- Engaging with ngā hapū o Ngāpuhi to build relationships; and
- Engaging with our monitoring agency, Te Arawhiti – the Office for Māori Crown Relations.

How did we perform?

The Statement of Expectations for FY24 set a range of objectives and performance indicators for Tupu Tonu during the financial year. These are drawn on below as an indication for what success looks like in each of the following key areas of service performance:

- Investments;
- Finance and Corporate;
- Engagement; and
- Disbursements.

There were no significant judgements required as to the aggregation and presentation of performance indicators.

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

Our Budget for operating revenue and expenses reflected an increase in both areas consistent with an entity in its third year of operations. Final operating revenue for FY24 exceeded budget targets, while operating expenses were under budget targets.

Measures	2024 Actual	2024 Budget	2023 Actual
Net Revenue ¹	\$9.4m	\$7.4m	\$6.5m
Operating expenses	\$2.6m	\$2.8m	\$2.3m

¹ Net revenue is total revenue less cost of goods sold and investment and deal related expenditure.

Investment KPIs

Consistent with the company's overall purpose and objectives, the primary focus during FY24 was to continue building on the initial investment strategy carried out in FY23 to execute on the whenua-based strategy.

Tupu Tonu did not meet the capital deployment target of \$100m-120m+ due to a number of planned investments being delayed into the next financial year. These investments, when closed, will bring total capital deployed to approximately \$100 million.

The figure of \$71.65m includes the investment in the solar development (\$6.15m) and the prospective investment in the Otawere water storage dam (\$4.0m). The Board has approved a policy for the definition of committed capital as including transactions where a sale and purchase agreement has been entered into or where there is a binding letter of intent, or where the transaction is Board approved and assessed to be materially complete. This definition of committed capital differs to the definition of capital commitments as defined by PBE IPSAS. As at 30 June 2024, the solar investment was Board approved and materially complete subject to execution of final documentation, and a binding letter of intent had been entered into for the Otawere water storage dam.

For those investments completed in FY24, Management assessed each transaction for ESG considerations and instances where ESG outcomes could be achieved cost effectively going forward. For example, as part of the solar investment, we determined that the opportunity contributed to positive environmental outcomes while also meeting our investment criteria.

These outcomes have helped contribute to the overall purpose and objectives of Tupu Tonu, particularly the creation of a portfolio of high-performing commercial assets that can be offered in future Treaty negotiations with ngā hapū o Ngāpuhi.

Objective	Annual goals	Measure	2024 Actual	2024 Target	2023 Actual
Successfully implement investment strategy including operating as a responsible and prudent investor	Deploy target level of capital in line with investment strategy	Committed fund capital by June 2024	\$71.65m	\$100m-\$120m+	\$60.6m
		Long term minimum return target ¹	4.4% ²	Long term CPI ³	1.9%
		Number of investment management meetings to provide regular management oversight	12	12	New measure in 2024

1. Long term minimum return target means 5+ years.

2. This is calculated on total comprehensive revenue and expense before disbursements vs opening fund balance.

3. This is considered to be the mid-point of the Reserve Bank of New Zealand's target policy range for CPI.

Finance & Corporate KPIs

During FY24 Tupu Tonu continued to refine a number of systems and processes to assist the development of the company. Additional capability was employed in relation to the finance function, and policies, systems and processes continued to evolve. In addition, Management provided an initial series of tikanga and te reo sessions for staff carried out in house, designed to improve the capability of staff to support engagement and other functions of the business.

These outcomes have helped contribute to the overall purpose and objectives of Tupu Tonu, through the establishment of well-functioning business operations.

Objective	Annual Measures	Measure	2024 Actual	2024 Target	2023 Actual
Achieve operational excellence	Streamline and improve existing systems and processes	Surplus after cost of goods sold and investment expenditure	\$9.4m	\$6.5m	\$6.6m
		Number of lost time injuries (core Tupu Tonu staff)	0 instances	<2 instances	0 instances
		Number of tikanga and te reo Māori training sessions for staff	6 sessions	6 sessions	N/A

Engagement KPIs

Tupu Tonu achieved its engagement objectives in relation to ngā hapū o Ngāpuhi for FY24. This was achieved through ongoing implementation of the engagement strategy (which had been approved by the Board prior to FY23), through regular engagement with ngā hapū o Ngāpuhi (70 engagements in total).

These outcomes have helped contribute to the overall purpose and objectives of Tupu Tonu, through building relationships with ngā hapū o Ngāpuhi and obtaining feedback that has informed the direction taken over the past year.

Objective	Annual Goals	Measure	2024 Actual	2024 Target	2023 Actual
Build trust and confidence in Ministerial shareholders and Ngāpuhi	Continue to build relationships with Ngāpuhi and Ministers	Number of engagements to build relationships with Ngāpuhi iwi, hapū, rūpu or entities.	70 engagements	25 engagements	38 engagements
		Pānui/updates informing Ngā hapū o Ngāpuhi of Tupu Tonu purpose and/or activities.	4	3	3
		Regular meetings with Crown monitor.	11 engagements	10 engagements	10 engagements

Disbursement KPIs

Tupu Tonu achieved its disbursement objectives in FY24. Tupu Tonu paid out a total of \$630,000 (excl GST) in disbursements. This compared with \$459,000 (excl GST) in the first round in FY23.

Objective	Annual Goals	Measures	2024 Actual	2024 Target	2023 Actual
Build trust and confidence in Ministerial shareholders and Ngāpuhi	Deliver annual disbursements to Ngāpuhi	Amount paid out as disbursements	\$0.6m	\$0.6m	\$0.5m

2.3 STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE PERIOD ENDED 30 JUNE 2024

		Actual 2024	Unaudited Budget 2024	Actual 2023
	Note	\$000	\$000	\$000
Revenue from exchange transactions				
Interest revenue		6,405	2,552	4,180
Sale of kiwifruit		1,282	1,355	680
Rental income		1,167	396	358
Dividend income		493	468	599
Emissions Trading Scheme income		-	517	-
Other investment income		-	2,145	-
Revenue from non-exchange transactions				
Income from equity accounted investments		147	273	86
Revenue from the Crown		1,900	1,900	2,050
Total revenue		11,394	9,606	7,953
Direct expenses				
Orchard expenses	3	1,316	923	830
Forest expenses	3	74	108	103
Investment property expenses	3	275	495	76
Other investment expenses		-	43	-
Total direct expenses		1,665	1,569	1,009
Investment deal expenditure				
Investment deal expenses		336	590	406
Surplus after direct expenses and deal expenditure		9,393	7,447	6,538
Other expenditure				
Personnel costs	4	1,794	2,021	1,578
Directors' fees	4	188	191	188
Other expenses	5	193	186	177
Depreciation and amortisation	10	25	16	16
Operating lease expenses	6	99	94	90
Accounting services	5	176	65	86
Travel expenses		164	220	149
Total other expenditure		2,639	2,793	2,284
Gains/(losses) and impairments				
Gain on acquisitions	-	-	-	400
Impairment of intangible assets	13	(787)	-	-
Revaluation gains (losses) on investment property	11	(254)	-	(717)
Revaluation gains (losses) on carbon credit inventory	12	307	-	(1,491)
Operating surplus		6,020	4,654	2,445
Disbursements		(630)	(905)	(459)
Net surplus		5,390	3,749	1,986
Other comprehensive income (expense)				
Revaluation gains on property, plant and equipment	10	1,513	-	1,967
Loss on financial assets classified at fair value	14	(761)	-	(1,535)
Total other comprehensive income		752	-	432
Total comprehensive revenue and expense		6,142	3,749	2,417

Explanations of major variances against budget are provided in Note 23.
The accompanying notes form an integral part of these financial statements.

2.4 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

		Actual 2024	Unaudited Budget 2024	Actual 2023
	Note	\$000	\$000	\$000
Assets				
Current assets				
Cash and cash equivalents	7	29,374	5,000	49,722
Receivables	9	1,313	1,851	710
Bank deposits		72,014	36,072	68,986
Carbon credits as inventory	12	1,651	2,011	1,344
Prepayments		31	-	19
Total current assets		104,383	44,934	120,781
Non-current assets				
Property, plant and equipment	10	17,088	9,920	16,033
Investment property	11	19,172	6,717	16,837
Intangible assets	13	5,145	4,914	5,325
Equity accounted investments	15	13,841	13,825	4,106
Forest assets		-	3,995	-
Share investments	14	2,639	2,971	3,400
Investments		-	73,000	-
Total non-current assets		57,885	115,342	45,701
Total assets		162,268	160,276	166,482
Liabilities				
Current liabilities				
Payables	16	235	108	10,602
Employee entitlements	17	49	71	38
Total current liabilities		284	179	10,640
Total liabilities		284	179	10,640
Net assets		161,984	160,097	155,842
Equity				
Contributed capital		150,000	150,000	150,000
Accumulated surplus		11,984	10,097	5,842
Total equity	19	161,984	160,097	155,842

Explanations of major variances against budget are provided in Note 23.
The accompanying notes form an integral part of these financial statements.

2.5 STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2024

	Actual 2024	Unaudited Budget 2024	Actual 2023
Note	\$000	\$000	\$000
Balance at beginning of the period	155,842	156,348	153,425
Total comprehensive revenue and expense for the period	6,142	3,749	2,417
Balance at 30 June	161,984	160,097	155,842

Explanations of major variances against budget are provided in Note 23.
The accompanying notes form an integral part of these financial statements.

2.6 STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2024

		Actual 2024	Unaudited Budget 2024	Actual 2023
Note	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Cash was provided from:				
Receipts from the Crown		1,900	1,900	2,050
Interest received		7,187	2,552	3,547
Rental income		1,012	396	357
Dividends received		493	468	599
Kiwifruit income		884	869	978
Distributions from equity accounted investments		90	240	-
Investment income		-	2,145	-
Cash was applied to:				
Payments to suppliers, employees and net GST		(3,417)	(4,158)	(3,188)
Disbursements		(630)	(905)	(459)
Net cash flow from operating activities		7,519	3,507	3,884
Cash flows from investing activities				
Cash was applied to:				
Purchase of property, plant and equipment	10	(17)	-	(8,595)
Purchase of share investments	14	-	-	(1,492)
Purchase of equity accounted investments	15	(9,750)	-	(4,020)
Purchase of intangible assets	13	(942)	-	(1,947)
Net (increase) decrease in bank deposits		(3,809)	44,245	34,230
Purchase of carbon credits as inventory	12	-	-	(2,835)
Purchase of investment property	11	(13,349)	-	(660)
Purchase of investments	-	-	(67,750)	-
Net cash flow from investing activities		(27,867)	(1,412)	14,681
Net (decrease)/increase in cash and cash equivalents		(20,348)	(20,000)	18,565
Cash and cash equivalents at the beginning of the period		49,722	25,000	31,157
Cash and cash equivalents at 30 June	7	29,374	5,000	49,722

Explanations of major variances against budget are provided in Note 23.
The accompanying notes form an integral part of these financial statements.

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 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 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 2024 and were approved by the Board on 30 October 2024.

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 FY2023/24 financial year.

Summary of significant accounting policies

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

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

Goods and Services Tax (GST)

Revenue, expenses, assets and liabilities are recognised in the financial statements exclusive of GST, with the exception of receivables (aside from kiwifruit receivables) and payables which are stated inclusive of GST where applicable. 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 PBE FRS, 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 where applicable as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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:

- Valuation of land (refer to Note 10).
- Receivables, including an estimated sale price for kiwifruit sold (refer to Note 2 & 9).
- Valuation of bearer plants (refer to Note 10).
- Valuation of forestry assets (refer to Note 10).
- Impairment assessment of intangible assets (refer to Note 13).
- Valuation of investment properties (refer to Note 11).
- Equity accounted investments (refer Note 15).

2. Revenue

Accounting Policy

The specific accounting policies for significant revenue items are set out 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.

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 for 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 inclusive of any outgoings recovered.

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 prior years' recognised income is recognised in surplus or deficit.

3. Direct expenses

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 licenses.

Investment property expenses

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

Forest expenses

Forestry expenses are recognised and expensed as incurred. Expenses include costs associated with managing the carbon forest.

	Actual 2024	Actual 2023
	\$000	\$000
Orchard expenses		
On-Orchard expenses	898	512
SunGold G3 kiwifruit license amortisation	331	207
Orchard structures and bearer plant depreciation	87	111
Total orchard expenses	1,316	830
Investment property expenses		
Recoverable service charges	225	67
Other investment property expenses	50	9
Total investment property expenses	275	76
Forest expenses		
Management expenses	74	103
Forest infrastructure depreciation	-	-
Total forest expenses	74	103
Total direct expenses	1,665	1,009

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 contributions and contributions are recognised in surplus and deficit.

	Actual 2024	Actual 2023
	\$000	\$000
Salaries, wages, and contractor costs	1,762	1,547
Defined contribution plan employer contributions	31	29
Increase/(decrease) in employee entitlements (refer note 17)	1	2
Total personnel costs	1,794	1,578

Employee remuneration

During the year ended 30 June 2024 five employees received total remuneration more than \$100,000 (2023: Three).

During the year ended 30 June 2024, no employees received compensation and other benefits in relation to cessation (2023: Nil).

Board member remuneration

The total value of remuneration paid or payable to each board member for the year ended 30 June 2024 was:

	Actual 2024	Actual 2023
	\$000	\$000
Ben Dalton (Chair from April 2024)	15	-
Sir Brian Roche (Chair from 1 July - March 2024)	45	60
Lindsay Faithfull (Deputy Chair from April 2024)	32	30
Ripeka Evans (Deputy Chair from 1 July - March 2024)	36	38
Sarah Petersen	30	30
Geoffrey Taylor	30	30
Total Board member remuneration	188	188

On 31 March 2024 Sir Brian Roche resigned as establishment chair of the board. On 5 April 2024 Ben Dalton was appointed chair of the board. Ripeka Evans, Lindsay Faithfull, Sarah Petersen and Geoff Taylor are and have been Directors throughout the financial year ended 30 June 2024.

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 with board members 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 board members and Officers.

No board members received compensation or other benefits in relation to cessation for the year ended 30 June 2024 (2023: Nil).

5. Other expenses and accounting services

	Actual 2024	Actual 2023
	\$000	\$000
Accounting services - Fees to auditor		
- fees to Deloitte for audit of financial statements	105	86
- fees to Deloitte for other services	-	-
Accounting and tax services	71	-
Total accounting services	176	86
Consultancy	55	54
Non-investment related insurance	28	34
IT expenses	46	34
Office supplies	23	15
Other expenses	41	40
Total other expenses	193	177

6. Operating leases

Accounting Policy

Operating leases as leasee

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 surplus or deficit as a reduction of rental expense over the lease term.

Tupu Tonu leases offices, office equipment and a vehicle for carrying out its business. The office lease expires on 30 April 2026 and the vehicle lease expires on 14 May 2025.

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

	Actual 2024	Actual 2023
	\$000	\$000
Not later than one year	96	88
Later than one year and not later than five years	167	152
Later than five years	-	-
Total non-cancellable operating leases	263	240

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 2024	Actual 2023
	\$000	\$000
Cash at bank and on hand	29,374	49,722
Bank deposits with original maturities less than three months	-	-
Total cash and cash equivalents	29,374	49,722

8. Bank deposits

Accounting Policy

Bank deposits recognised as current assets are deposits with banks where the original maturity is greater than three months and less than one year.

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.

All deposits mature within one year of 30 June 2024.

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 2024	Actual 2023
	\$000	\$000
Bank deposits with original maturities less than three months and less than one year	72,014	68,986
Total bank deposits with original maturities greater than three months and less than one year	72,014	68,986

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 2024	Actual 2023
	\$000	\$000
Trade receivables	125	4
Kiwifruit receivables	1,067	670
GST receivable	121	36
Total receivables	1,313	710

Trade receivables

Trade receivables represents service charges and outgoings recoverable from investment properties.

Kiwifruit receivables

The kiwifruit receivable is based on a forecast of proceeds to be received from Zespri Group Limited for the harvest of the 2024 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 surplus or deficit – refer to Note 2. Kiwifruit receivables are expected to be collected within 12 months of 30 June 2024.

As at 30 June 2024 there was no provision for credit losses (2023: Nil).

10. Property, plant and equipment

Accounting Policy

Property, plant and equipment (except tree crop) 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).

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.
- Tree crop, at fair value.
- Furniture & office equipment, at cost less accumulated depreciation and impairment losses.
- IT equipment, at cost less accumulated depreciation and impairment losses.
- Forest infrastructure, 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.

Bearer plants

Bearer plants are the investment in kiwifruit vines and avocado trees. 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 subsequent expenditure is recognised in the Statement of Comprehensive Revenue and Expense.

Tree crop

Tree crops are initially recognised at cost. Subsequent to initial recognition, tree crops are valued at fair value through other comprehensive income at each reporting period, in the statement of comprehensive revenue and expense.

The fair value of the tree crop has been determined by Forme Consulting Group Limited, an independent valuer, in accordance with the New Zealand Institute of Forestry standards, on the basis of the discounted future cash inflows from the carbon credits New Zealand emission units (NZUs) the tree crop is expected to generate as a permanent carbon sequestration asset as at 30 June 2024. The forest is maintained under a permanent carbon forest sequestration. The trees are not intended to be harvested so are treated as Property, Plant and Equipment (PPE).

Tree crop key assumptions

The key assumptions in determining the fair value were a discount rate of 7.5%, and the price growth path for the NZUs.

Due to domestic and international regulatory and policy settings there is a high degree of uncertainty with regards of the price growth path of NZUs and therefore the future financial performance of the forest.

Management has determined that a 100-basis point (bps) change in the discount rate or NZU price growth rate is reasonably possible based on the current interest rate environment and carbon credit secondary market volatility.

Key assumptions/inputs	2024 assumption	Possible change	Impact (\$000's)
Discount rate	7.50%	+/- 100 bps	(1,201) / 1,464
NZU price growth path	8.00%	-/+ 100 bps	(333) / 276

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 cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

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 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, with the exception of tree crops – which are depreciated on a units of production basis. Depreciation is applied at rates that will reduce the initial measured amount 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
Bearer plants	33 – 50 Years
Tree crop	23 – 50 Years
Furniture & office equipment	4 – 8 Years
IT equipment	4 Years
Forest infrastructure	22 – 50 Years

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.

Work in progress

Work in progress relates to the development costs associated with bringing bearer plants to a productive state where they can begin to bear kiwifruit. Such costs are capitalised against the cost of the asset as they are incurred. Once the asset has reached maturity and is capable of bearing kiwifruit, the balance is transferred to the Bearer plants asset class.

Finance leases

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

Capital commitments

There were no capital commitments as at 30 June 2024. (2023: Nil).

Breakdown of property, plant, and equipment

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

FY 2022/23	Land	Orchard Structures	Bearer Plants	Furniture & Office Equipment	IT Equipment	Forest Infrastructure	Tree Crop	Work in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or valuation									
Balance at 1 July 2022	1,789	500	2,583	47	25	-	-	-	4,944
Additions	2,027	357	-	1	15	61	5,947	892	9,300
Revaluation increase	-	-	-	-	-	-	1,967	-	1,967
Disposals	-	-	-	-	-	-	-	-	-
Balance at 30 June 2023	3,816	857	2,583	48	40	61	7,914	892	16,211
Accumulated depreciation or impairment losses									
Balance at 1 July 2022	-	18	26	1	6	-	-	-	51
Depreciation expense	-	35	76	7	9	-	-	-	127
Balance at 30 June 2023	-	53	102	8	15	-	-	-	178
Carrying amounts									
Balance at 1 July 2022	1,789	482	2,557	46	19	-	-	-	4,893
Balance at 30 June 2023	3,816	804	2,481	40	25	61	7,914	892	16,033

FY2023/24

Land	Orchard Structures	Bearer Plants	Furniture & Office Equipment	IT Equipment	Forest Infrastructure	Tree Crop	Work in progress	Total
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

Cost or valuation

Balance at 1 July 2023	3,816	857	2,583	48	40	61	7,914	892	16,211
Additions	-	-	447	19	6	-	-	-	472
Revaluation increase	-	-	-	-	-	-	1,513	-	1,513
Transfers	-	-	-	-	-	-	-	(757)	(757)
Disposals	-	-	-	(16)	(23)	-	-	-	(39)
Balance at 30 June 2024	3,816	857	3,030	51	23	61	9,427	135	17,400

Accumulated depreciation or impairment losses

Balance at 1 July 2023	-	53	102	8	15	-	-	-	178
Depreciation expense	-	48	87	8	11	1	-	-	155
Elimination on disposal	-	-	-	(5)	(16)	-	-	-	(21)
Impairment losses	-	-	-	-	-	-	-	-	-
Balance at 30 June 2024	-	101	189	11	10	1	-	-	312

Carrying amounts

Balance at 1 July 2023	3,816	804	2,481	40	25	61	7,914	892	16,033
Balance at 30 June 2024	3,816	756	2,841	40	13	60	9,427	135	17,088

Depreciation expense on orchard structures, bearer plants and forest infrastructure is included in direct expenses. Refer to Note 3: Direct expenses. Depreciation expense on furniture and office equipment and IT equipment is included in other operating expenditure in the Statement of Comprehensive Revenue and Expense.

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 surplus and deficit. 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. The 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 de-recognised 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 de-recognition.

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

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
The Meridian – 85 Kerikeri Road, Kerikeri	Income Capitalisation and Discounted Cashflow Analysis	Current use	Net market rent of \$347,943 per annum. Capitalisation rate 6.00%. Discount rate of 7.55%.
Paihia Maritime Building	Income Capitalisation and Discounted Cashflow Analysis	Current use	Net market rent of \$655,462 per annum. Capitalisation rate 6.07%. Discount rate of 7.41%.
Opononi Building	Income Capitalisation and Discounted Cashflow Analysis	Current use	Net market rent of \$161,152 per annum. Capitalisation rate 6.38%. Discount rate of 7.81%.

	Actual 2024	Actual 2023
	\$000	\$000
Movement in investment property		
Balance as at 1 July	16,837	6,650
Purchases of investment property	2,512	10,837
Capital improvements	77	67
Revaluation gains (loss) on investment property	(254)	(717)
Total investment property as at 30 June	19,172	16,837

Purchases of investment property consisted of the acquisition of the Opononi Building.

12. Carbon Credits as inventory

As the owner of a carbon forest, Tupu Tonu is allocated carbon emission credits (“NZUs”) through the Emissions Trading Scheme. Should these plantations be harvested and / or deforested, a liability would be incurred up to a maximum of the credits received. It is not the intention of Tupu Tonu to harvest or deforest.

NZUs issued to Tupu Tonu are acquired through non-exchange transactions (as Tupu Tonu generates NZUs from its carbon forest) and therefore recognised at their fair value as at the date of issuance. Tupu Tonu has considered their business model, the carbon units on hand are held for sale in the normal course of business. Tupu Tonu recognises carbon credits as inventory acquired through non-exchange transactions. Subsequent to initial recognition, inventory is held at the lower of cost and net realisable value. Where cost is assessed to be above net realisable value, inventories are written down to their net realisable value. Any write-down is recognised as an expense in surplus and deficit.

	Actual 2024	Actual 2023
	\$000	\$000
Movement in inventory		
Balance as at 1 July	1,344	-
Acquisition of carbon credits as inventory	-	2,835
Revaluation gains (losses)	307	(1,491)
Total carbon credits as inventory as at 30 June	1,651	1,344

Revaluation gains (losses) in the carbon credit inventory is derived by multiplying the number of units Tupu Tonu owns at 30 June 2024 by the current market price in the secondary carbon market for NZU’s and comparing the result to the value at acquisition. Where a revaluation of NZU’s to their net realisable value results in a loss, those losses can be reversed in subsequent financial reporting periods based on increases in the NZU price in the secondary carbon market. Tupu Tonu owned 32,775 NZU’s as at 30 June 2024 (2023: 32,775). During the year ended 30 June 2024 Tupu Tonu was not issued additional NZU’s and did not sell any NZU’s.

13. Intangible Assets and Goodwill

Accounting Policy

SunGold G3 kiwifruit licenses

SunGold G3 kiwifruit licenses are initially measured at cost and amortised on a straight-line basis over the estimated useful life.

Goodwill

Goodwill that arises upon the acquisition of investments is included in intangible assets. Goodwill is initially 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 re-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 the intangible asset 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.

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.

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.

	SunGold G3 Kiwifruit Licenses	Web Assets	Goodwill	Total
	\$000	\$000	\$000	\$000
Cost				
Balance as at 1 July 2023	5,351	-	300	5,651
Additions	927	15	-	942
Balance as at 30 June 2024	6,278	15	300	6,593
Accumulated amortisation and impairment				
Balance at 1 July 2023	325	-	-	325
Amortisation expense	331	5	-	336
Impairment	787	-	-	787
Balance as at 30 June 2024	1,443	5	-	1,448
Carrying amount				
Balance at 1 July 2023	5,026	-	300	5,325
Balance as at 30 June 2024	4,835	10	300	5,145

The Sungold G3 Kiwifruit license value has been determined as the average price of the latest auction conducted by Zespri, which was \$424,000 per hectare. The difference between the carrying value and the latest auction price has been recognised as an impairment in the current year.

14. 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 other comprehensive income.

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

	Actual 2024	Actual 2023
	\$000	\$000
Movement in share investments		
Balance as at 1 July	3,400	3,443
Acquisition of share investments	-	1,492
Revaluation gains on share investments	(761)	(1,535)
Total share investments as at 30 June 2024	2,639	3,400

The share investments are investments in Zespri Group Limited ordinary shares. Tupu Tonu is entitled to own shares in Zespri Group Limited in accordance with the Zespri Group constitution. 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 2024 Tupu Tonu held 586,356 shares in Zespri Group Limited.

15. Equity Accounted Investments

Accounting Policy

Equity accounted investments are initially recognised at cost, and their carrying value is adjusted to account for Tupu Tonu's portion of the investee's surplus or deficit after the acquisition date. Cash contributions to the investee increase the investment's carrying amount, while distributions received from the investee decrease it. If Tupu Tonu's share of losses surpasses its investment, a liability is recognised to the extent of Tupu Tonu's constructive or legal obligation. The carrying values of investments undergo annual reviews for indicators of impairment, and adjustments are made if necessary.

	Actual 2024	Actual 2023
	\$000	\$000
Movement in equity accounted investments		
Balance as at 1 July	4,106	-
Acquisition of interest in joint venture	9,750	4,050
Share of surplus	75	86
Less distributions to owners	(90)	(30)
Closing balance as at 30 June 2024	13,841	4,106

Equity accounted investments represent a joint venture where Tupu Tonu holds joint control and a 50% ownership interest.

On January 16, 2023, Tupu Tonu acquired a 50% stake in the newly established limited partnership, 450 Kamo Road Limited Partnership (LP). This partnership's principal business activity is the provision of community housing, in collaboration with Far North Holdings Limited (FNHL), which owns the remaining 50%.

On 25 June 2024, Tupu Tonu acquired a 50% stake in the newly established limited partnership, 158 Broadway Limited Partnership (LP). This partnership's principal business activity is the provision of community housing, in collaboration with Far North Holdings Limited (FNHL), which owns the remaining 50%.

16. Payables

Accounting Policy

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

Payable on investment property consists of the balance payable on the acquisition of the Paihia Maritime Building as an investment property.

	Actual 2024	Actual 2023
	\$000	\$000
Payables and income in advance under exchange transactions		
Payables to suppliers	136	210
Accrued expenses	99	148
Payable on investment property	-	10,244
Total payables under exchange transactions	235	10,602

17. 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 and are classified as a current liability. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

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.

18. Contingencies

Contingent liabilities

Tupu Tonu had no contingent liabilities as at 30 June 2024 (2023: Nil).

Contingent assets

Tupu Tonu had no contingent assets as at 30 June 2024 (2023: Nil).

19. 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).

	Actual 2024	Actual 2023
	\$000	\$000
Contributed capital		
Balance as at 1 July	150,000	150,000
Capital contribution	-	-
Balance at 30 June	150,000	150,000

	Actual 2024	Actual 2023
	\$000	\$000
Accumulated surplus		
Balance as at 1 July	5,842	3,425
Total Comprehensive Revenue and Expense	6,142	2,417
Balance at 30 June	11,984	5,842
Total equity	161,984	155,842

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.

20. 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:

- a. within a normal supplier or client/recipient relationship; and
- b. 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

Key management personnel compensation:

	Actual 2024	Actual 2023
	\$000	\$000
Total key management personnel remuneration	976	798

No Board members received compensation for services provided to Tupu Tonu other than Director fees (2023: Nil).

Total Chief Executive remuneration was \$351,522 in the financial year ended 30 June 2024 (2023: \$310,200). Chief Executive's did not receive any incentive payments (2023: Nil).

21. 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
- Those to be measured at fair value through other comprehensive income.

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 and unlisted fixed income bonds, collective investment funds. 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 IPSAS 41 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 has applied a simplified approach for calculating expected credit losses (ECLs) on receivables under PBE IPSAS 41 Financial Instruments. As a result, Tupu Tonu does not track changes in credit risk, but instead, recognises 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 2024	Actual 2023
	\$000	\$000
Financial assets measured at amortised cost		
Cash and cash equivalents	29,374	49,722
Receivables	1,313	710
Bank deposits with original maturities greater than three months	72,014	67,865
Total financial assets measured at amortised cost	102,701	118,297
Financial assets measured at fair value through profit and loss		
Share investments	2,639	3,400
Financial assets measured at fair value through profit and loss	2,639	3,400
Financial liabilities measured at amortised cost		
Payables	136	210
Payable on investment property	-	10,244
Total financial liabilities measured at amortised cost	136	10,454

22. Events After the Balance Date

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

In August 2024 Tupu Tonu invested in a solar energy development, Maungaturoto Solar Farm Project Limited Partnership (LP). The value of the investment was \$6.15 million.

There were no other significant events after balance date.

23. Explanation of Major Variances Against Budget

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

Statement of Comprehensive Revenue and Expense

Revenue

Interest revenue was higher than budget due to higher interest rates.

Kiwifruit income was lower than budget as kiwifruit production was lower than expected as the vines recovered from the previous seasons severe weather which included higher than expected rainfall in summer.

Emissions trading scheme income was nil as Tupu Tonu elected not to receive carbon credits from the forest during the year.

Rental income was higher than budget due to the acquisition of the Paihia Maritime and Opononi investment properties during the year, which were not budgeted.

Income from equity accounted investments was lower than budget due to the timing of settlement of the investment in the 158 Broadway Limited Partnership.

Direct expenses

Orchard operating expenses for the year were higher than budget due to higher than expected on-orchard cost inflation and logistics diversions as a result of the Brynderwyn closures.

Other items

Personnel costs

Personnel costs were lower as recruitment was deferred.

Gains (losses) and impairments

Impairment of intangible assets

Changes in the net realisable value of licenses to grow SunGold kiwifruit, which are issued by Zespri Group Limited are not budgeted.

Revaluation gains (losses) on Carbon Credit inventory

Changes in the value of carbon credit inventory are not forecasted.

Disbursements

The budget was based on the maximum disbursements provided under policy, however lower disbursements were made following discussion with Shareholding Ministers and given the overall economic and trading conditions.

Other comprehensive income (expense)

Revaluation gains on property plant and equipment and gains or losses on financial assets are not budgeted. Forest assets have been revalued as at 30 June 2024.

Statement of Financial Position

Cash and cash equivalents

Cash and cash equivalents were higher than budget due to the timing of the maturity of bank deposits.

Property, plant and equipment

Forest assets are included in property plant and equipment in accordance with financial reporting requirements.

Investment property

Investment property includes the acquisition of the Paihia Maritime and the Opononi investment properties. These acquisitions were not budgeted.

Investments

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

Accumulated surplus

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

Statement of Cash Flows

Interest received, rental income

Interest received and rental income were higher than budget due to higher interest rates and the additional two investment properties acquired during the year.

Purchase of equity accounted investments

At the time of budget setting the nature, size and timing of equity accounted investments was uncertain.

Purchase of investment property

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

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 2024

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 40 to 68, that comprise the statement of financial position as at 30 June 2024, 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 that include accounting policies and other explanatory information; and
- the performance information of the Fund on pages 37 to 39.

In our opinion:

- the financial statements of the Fund on pages 40 to 68:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2024; 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 pages 37 to 39:
 - presents fairly, in all material respects, the Fund's performance for the year ended 30 June 2024, 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; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 October 2024. 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 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 that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it 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 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 liquidate the Fund or to cease operations, or there is no realistic alternative but to do so.

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

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 and the performance information, 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 on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Fund's statement of performance expectations.

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

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 and the performance information, 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 evaluate the appropriateness of the reported performance information within the Fund's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Fund and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 and the performance information 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 Fund to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information 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.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 36, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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 (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Fund.

A handwritten signature in black ink that reads "Silvio Bruinsma".

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





In May Tupu Tonu acquired the Opononi i-Site building, located across the road from the Hokianga Harbour. Within the building is the local Four-Square, a Cafe, i-Site, Public toilet and an electric vehicle charging station.

