Te Rūnanga o Toa Rangatira Incorporated Group

Financial Statements

For the year ended 30 June 2023

Te Rūnanga o Toa Rangatira Incorporated Group

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Te Rūnanga o Toa Rangatira Incorporated Group
Consolidated statement of comprehensive revenue and expense
For the year ended 30 June 2023

	Note	2023 $000's	2022 $000's
Trading income	6	25,786	26,538
Direct trading expenses		(17,781)	(18,746)
Surplus from trading activities		**8,005**	**7,792**
Health, medical and other social services income	6	48,535	39,328
Direct service delivery costs		(9,229)	(10,561)
Surplus from delivery of social services		**39,306**	**28,767**
Other income	6	60,217	41,081
Gain on interest rate swaps	7	13,521	225
Fair value adjustment on investment property	17	(50,804)	101,763
Other fair value gain	8	-	35,030
Gain from discount on purchase price	8	-	11,713
Total revenue from operations		**70,244**	**226,372**
Share in profit of joint ventures/associates	20	968	8,494
Expenses			
Administration expenses		(3,522)	(2,023)
Depreciation, amortisation and impairment expenses	16,18	(1,814)	(1,566)
Education, sports and marae distributions		(583)	(312)
Motor vehicle expenses		(1,481)	(839)
Other expenses	14	(26,697)	(6,492)
Personnel expenses	9	(41,333)	(33,106)
Property expenses		(21,974)	(18,781)
Net gain/(loss) on sale of property, plant and equipment		(21)	3
Total operating expenses		**(97,426)**	**(63,116)**
Surplus (loss) before net income on financial investments		**(26,214)**	**171,750**
(Loss)/gain on revaluation of financial assets at fair value through surplus and deficit	12	1,856	(3,800)
Interest income - financial assets at amortised cost	10	956	190
Interest expense - financial liabilities at amortised cost		(19,105)	(2,838)
Net interest and revaluation income		**(16,293)**	**(6,448)**
Surplus (loss) for the year before tax		**(42,507)**	**165,302**
Less tax expense	25	3,004	6,104
Surplus (loss) for the year		**(45,511)**	**159,198**
Surplus (loss) is attributable to:			
Equity holders of Te Rūnanga o Toa Rangatira (Group)		(45,514)	159,177
Non-controlling interest		3	21
		(45,511)	**159,198**

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

Te Rūnanga o Toa Rangatira Incorporated Group
Consolidated statement of comprehensive revenue and expense
For the year ended 30 June 2023

	Note	2023 $000's	2022 $000's
Other comprehensive revenue and expense			
Gains/(losses) recognised directly in equity			
Gain (loss) on revaluation of property, plant and equipment	16	1,963	2,805
Gain (loss) on revaluation of intangible assets	18	(5,094)	4,841
Total comprehensive revenue and expense for the year		**(48,642)**	**166,844**
Total comprehensive revenue and expense is attributable to:			
Equity holders of Te Rūnanga o Toa Rangatira (Group)		(48,645)	166,823
Non-controlling interest		3	21
		(48,642)	**166,844**

For and on behalf of the Board, who authorised the issue of these financial statements on xx October 2023:

Callum Kātene
Board Chairman - 25 October 2023

Caleb Ware
Board Member - 25 October 2023

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

Te Rūnanga o Toa Rangatira Incorporated Group
Consolidated statement of financial position
As at 30 June 2023

	Note	2023 $000's	2022 $000's
Assets			
Current assets			
Cash and cash equivalents	11	43,765	26,903
Short-term deposits	12	-	3,736
Managed funds at fair value through surplus and deficit	12	22,609	20,753
Trade and other receivables	13	19,127	15,908
Income tax receivable	25	3,000	6,106
Inventories	14	69,905	82,467
Prepayments and other assets	15	1,308	657
		159,714	**156,530**
Non-current assets			
Other receivables	13	609	1,229
Derivative financial instruments	7	13,746	225
Property, plant and equipment	16	44,489	40,548
Investment property	17	507,110	551,085
Intangible assets	18	20,007	16,668
Share investments	19	2,673	2,446
Investment in joint ventures and associates	20	46,174	41,559
Other investments	21	460	470
		635,268	**654,230**
Total assets		**794,983**	**810,760**
Liabilities			
Current liabilities			
Trade and other payables	22	13,201	12,929
Income in advance	23	37,211	11,245
Employee benefit liabilities	24	2,227	2,296
Income tax payable	25	552	1,432
Loans and borrowings	26	1,380	1,314
		54,570	**29,216**
Non-current liabilities			
Loans and borrowings	26	332,397	332,525
Redeemable Preference Shares	27	6,525	-
Deferred tax liability	25	7,792	6,130
		346,713	**338,655**
Total liabilities		**401,283**	**367,871**
Net assets		**393,698**	**442,889**
Equity			
Reserves	31	167,620	170,751
Accumulated comprehensive revenue and expense		225,935	271,997
Non-controlling interest		144	141
Total equity		**393,698**	**442,889**

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

Te Rūnanga o Toa Rangatira Incorporated Group

Consolidated statement of changes in equity

For the year ended 30 June 2023

	Treaty and fisheries settlement reserve (note 31) $000's	Asset revaluation reserves (note 31) $000's	Special purpose reserve (note 31) $000's	Accumulated comprehensive revenue and expense $000's	Total attributable to owners of controlling entity $000's	Non-controlling interest $000's	Total Equity $000's
At 1 July 2022	137,848	31,717	1,186	271,997	442,748	141	442,889
Comprehensive revenue and expense							
Surplus for the year	-	-	-	(45,514)	(45,514)	3	(45,511)
Other comprehensive revenue and expense for the year	-	(3,131)	-	-	(3,131)	-	(3,131)
Prior period adjustment	-	-	-	(548)	(548)	-	(548)
	-	(3,131)	-	(46,062)	(49,193)	3	(49,190)
Total equity at 30 June 2023	**137,848**	**28,586**	**1,186**	**225,935**	**393,554**	**144**	**393,698**
At 1 July 2021	137,848	24,071	1,186	112,820	275,925	-	275,925
Comprehensive revenue and expenses							
Surplus for the year	-	-	-	159,177	159,177	21	159,198
Other comprehensive revenue and expense for the year	-	7,646	-	-	7,646	-	7,646
	-	7,646	-	159,177	166,823	21	166,844
Transactions with owners							
Investment of capital by non-controlling interests	-	-	-	-	-	120	120
Total equity at 30 June 2022	**137,848**	**31,717**	**1,186**	**271,997**	**442,748**	**141**	**442,889**

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

Te Rūnanga o Toa Rangatira Incorporated Group
Consolidated statement of cash flows
For the year ended 30 June 2023

	Note	2023 $000's	2022 $000's
Cash flows from operating activities			
Proceeds from contract income and other income		70,927	73,146
Proceeds from trading income		27,180	10,897
Proceeds from rental income		55,682	14,291
Interest received		958	217
Interest paid		(16,396)	(2,838)
Net GST paid		(426)	(272)
Taxation received		6,106	1,147
Taxation paid		(3,043)	-
Payments made to suppliers and others		(70,214)	(79,212)
Payments made to employees		(41,403)	(32,014)
Net cash (outflow)/inflow from operating activities	34	**29,373**	**(14,638)**
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		20	3
Purchase of property, plant and equipment		(3,792)	(5,635)
Acquisition of intangible assets		(8,475)	-
Purchase of investment properties		(6,630)	(356,809)
Proceeds from the sale of redeemable preference shares		-	725
Purchase of shares and other investments		(218)	(48)
Transfer (to)/from short-term deposits		3,736	(42)
Proceeds from managed funds		-	30,000
Investment in joint venture or associate		(5,350)	(8,082)
Dividends received		31	122
Dividends received from joint venture		1,703	1,216
Net cash (outflow)/inflow from investing activities		**(18,975)**	**(338,551)**
Cash flows from financing activities			
Proceeds from loans and borrowings		1,254	333,839
Repayment of loans and borrowings		(1,315)	-
Issuance of redeemable preference shares		6,525	-
Investment of capital by non-controlling interests		-	120
Net cash inflows from financing activities	35	**6,464**	**333,959**
Net (decrease)/increase in cash and cash equivalents		**16,862**	**(19,230)**
Cash and cash equivalents at 1 July		26,903	46,133
Cash and cash equivalents at 30 June	11	**43,765**	**26,903**

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

1 Reporting entity

Te Rūnanga o Toa Rangatira Incorporated (the Rūnanga) is an incorporated society and a registered charity under the Charities Act 2005, registration number CC42382. The Rūnanga is domiciled in New Zealand and the registered office and principal place of business is 26 Ngati Toa Street, Takapuwahia, Porirua.

The primary activity of the Rūnanga is the provision of assistance by way of relief of poverty, promotion of health, and wellbeing and advancement of education for all members of Ngāti Toa Rangatira and the community.

The Rūnanga is the mandated iwi organisation and corporate trustee over the Ngati Toa Rangatira settlement assets. The subsidiary entities of the Group are primarily involved in managing the preservation of the settlement assets and to build capability of the investment assets.

2 Basis of preparation

a) Statement of compliance

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

These consolidated financial statements have been prepared in accordance in with the requirements of the Financial Reporting Act 2013, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The Group is a public benefit entity and these consolidated financial statements comply with the *PBE Accounting Standards* as appropriate for Tier 1 not-for-profit public benefit entities. As a registered charity, the Rūnanga is required to prepare financial statements in accordance with NZ GAAP as specified in standard XRB A1. The Group is a Tier 1 reporting entity as it has total expenditure greater than $30 million in the current and preceding reporting periods.

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

b) Measurement basis

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

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

c) Functional and presentation currency

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

d) Use of judgements and estimates

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

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

2 Basis of preparation (continued)

d) Use of judgements and estimates (continued)

(i) Judgements

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

- Note 6b revenue recognition - non-exchange revenue
- Note 16/17 reclassification of property, plant and equipment to/(from) investment property
- Note 18 intangible assets having finite or indefinite useful lives
- Note 4d/20 classification of the joint arrangement
- Note 4 consolidation
- Note 30 lease classification

(ii) Assumptions and estimation uncertainties

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

- Note 13 recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources
- Note 28 fair value measurement of assets and liabilities carried at fair value
- Note 29 impairment of non-financial assets

Measurement of fair values

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

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

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

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

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

- Note 17 investment property
- Note 20 acquisition of joint venture
- Note 28 financial instruments

e) Changes in accounting policies

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

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

PBE IPSAS 1 Going concern disclosures

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

2 Basis of preparation (continued)

e) Changes in accounting policies (continued)

PBE IPSAS 41 Financial instruments

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

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

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

(i) Classification and measurement of financial assets and liabilities

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

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

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

	Measurement category		Measurement category	
	PBE IPSAS 29	**PBE IPSAS 41**	**PBE IPSAS 29 $000's**	**PBE IPSAS 41 $000's**
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	26,903	26,903
Short-term deposits	Loans and receivables	Amortised cost	3,736	3,736
Trade and other receivables	Loans and receivables	Amortised cost	17,137	17,137
Managed funds	FVTSD	FVTSD	20,753	20,753
Share investments	Available-for-sale	FVTSD	2,446	2,446
Other investments	Loans and receivables	Amortised cost	470	470
Interest rate swaps	FVTSD	FVTSD	225	225
Financial liabilities				
Interest bearing bank borrowings	Amortised cost	Amortised cost	(333,839)	(333,839)
Accounts payable	Amortised cost	Amortised cost	(12,928)	(12,928)

FVTSD = Fair value through surplus or deficit
FVOCRE = Fair value through other comprehensive revenue and expense

2 Basis of preparation (continued)

f) Changes in accounting policies (continued)

PBE IPSAS 41 Financial instruments (continued)

(ii) Impairment

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

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

(iii) Hedge accounting

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

3 Significant accounting policies

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

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

4 Basis of consolidation and equity accounting

a) Controlled entities

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

b) Non-controlling interests

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

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

c) Loss of control

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

d) Interest in equity-accounted investees

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

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

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

4 Basis of consolidation and equity accounting (continued)

e) Joint operations

The Group recognises its direct right to the assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 20a.

f) Transactions eliminated on consolidation and equity accounting

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

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

Name	Balance Date	Nature of business	Ownership Interest Held 30 June 2023	30 June 2022
Controlled entities				
Arijit Residential Limited	30 June	Residential property	100%	100%
Harmo Investments Limited	30 June	Holding company	100%	100%
Ika Toa Limited	30 June	Fish quota leasing	100%	100%
Kapiti Tours Limited	30 June	Non-trading	100%	100%
Kenepuru Limited Partnership (Note 8)	30 June	Property development	100%	100%
Kimihia Number 1 Limited	30 June	Investment property leasing	100%	100%
Ngāti Toa Limited	30 June	Holiday park operations	100%	100%
Ora Toa PHO Limited	30 June	Primary health care	100%	100%
Paraparaumu Prenail 2016 Limited	30 June	Frame and truss manufacture	100%	100%
Parapine Timber Limited	30 June	Building materials supplier	100%	100%
Rangituhi Number 1 Limited	30 June	ESG funds management	100%	100%
Sheltered Haven Limited	30 June	Partner to Te Āhuru Mōwai	100%	100%
Te Āhuru Mōwai Limited Partnership	30 June	Social housing provider	100%	100%
Te Kāinga Ururua Limited	30 June	Management company	100%	-
Te Tumu Whakatupu Limited	30 June	Holding company	100%	100%
Tiaki Toa Limited	30 June	Non-trading	100%	-
Toa Building Supplies Limited	30 June	Building materials supplier	90%	90%
Toa Developments Limited	30 June	Property development	100%	100%
Toa Kenepuru Transition Limited	30 June	Property development	100%	100%
Toa Rangatira Investment Properties Ltd	30 June	Investment property leasing	100%	100%
Toa Rangatira Retirement Villages Ltd	30 June	Holding company	100%	100%
Toa Rangatira Trust	30 June	Post settlement governance	100%	100%
Toa Residential SP Limited	30 June	Non-trading	100%	100%
Whenua Toa Trust	30 June	Property development	100%	100%
Associates				
Armillary Limited	31 March	Investment banking services	30%	30%

4 Basis of consolidation and equity accounting (continued)

Name	Balance Date	Nature of business	Ownership Interest Held 30 June 2023	30 June 2022
Joint arrangements				
Aegis Group	31 March	Retirement village operations	67%	67%
Rāranga Limited	31 March	Labour hire operations	50%	50%
Switched On Group	30 June	Property management	50%	50%
Toa Kainga Limited	31 March	General partner to Toa Homes	50%	-
Toa Homes Limited Partnership	31 March	Property development	50%	-

The following companies were incorporated during the year:

Te Kāinga Ururua Limited	23 Sep 2022
Tiaki Toa Limited	15 March 2023

5 Business combinations

a) Acquisitions

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The acquisition method involves recognising at acquisition date the identifiable assets acquired, the liabilities assumed and any non-controlling interest, separate from goodwill. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in surplus or deficit immediately (see Note 8). Transactions costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

b) Amalgamations

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

6 Revenue

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

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

a) Revenue from exchange transactions

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

(i) Sale of goods

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

- sale of annual catch entitlements from quota share
- sale of building material supplies
- sale of developed property

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

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

- for sale of annual catch entitlement, it is when the cash is received or is receivable when the ACE for a particular fish stock is deemed to have been transferred to the customer.
- for sales of building material supplies, it is when the goods have been delivered to the customer
- for sale of developed property, it is when the contract for the sale has settled in full

(ii) Rendering of services

Services rendered revenue is recognised in surplus or deficit in proportion to the stage of completion of the transaction at reporting date. The stage of completion is assessed by reference to:

- a survey of the work completed for services under contract at reporting date
- proportion of time remaining under the original service agreement at reporting date for contracts spanning more than 12 months for health services, which are recognised on a straight line basis over the period of the contract
- the proportion of costs incurred to date relative to the total estimated costs of the transaction

Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

Income from services rendered (exchange revenue) included in trading income in the consolidated statement of comprehensive revenue and expense:

- holiday park revenue
- patient consultation and Puna Reo parent fees

6 Revenue (continued)

a) Revenue from exchange transactions (continued)

Trading revenue from exchange transactions	2023 $000's	2022 $000's
Services rendered		
Holiday park revenue	740	537
Patient consultation and Puna Reo parent fees	2,011	1,250
Other exchange revenue	-	1
	2,750	1,788
Sale of goods		
Annual catch entitlement sale	986	869
Building material supplies revenue	22,049	5,730
Sale of developed properties	-	18,151
	23,035	24,750
Total trading revenue from exchange transactions	**25,786**	**26,538**

(iii) Other income

Rental and licence fee income

Rental income on licenced forestry land, residential rental, commercial and other investment property lease fees are recognised in surplus or deficit on a straight line basis over the term of the lease (note 30).

Dividends

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

Sale of NZ Forestry Emission Units

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

Income-related Rent Subsidy

The income-related rent subsidy relates to management, ongoing maintenance and repairs and upgrade work for community housing through Te Āhuru Mōwai Limited Partnership (TAM). Revenue for these services is recognised by reference to the stage of completion of the services, measured by reference to labour hours incurred as a percentage of total estimated labour hours.

TAM has entered into a concession arrangement with the Ministry of Housing and Urban Development which includes the management of the properties owned by Kāinga Ora in Western Porirua, and the upgrade and redevelopment of those properties. During the period of the agreement, TAM will also undertake ongoing repairs and maintenance of the properties to ensure their compliance with relevant legislation. The concession arrangement sets out rights and obligations relative to the properties and the services to be provided. For fulfilling those obligations, TAM is entitled to receive cash from Kāinga Ora (the grantor), as well as collect payments from tenants on behalf of the grantor.

Other income from exchange transactions	2023 $000's	2022 $000's
Dividends received	31	122
Income-related rent subsidy	16,063	15,913
Māori Authority tax credits refund	3,000	6,106
Rental and licence fee income	34,040	14,291
Sundry income	5,094	3,440
Total other income from exchange transactions	**58,228**	**39,872**

6 Revenue (continued)

b) Revenue and other income from non-exchange transactions

Non-exchange transactions are those where the Group receives an inflow of resources (i.e. cash or other tangible or non-tangible items) but provides no (or nominal) direct consideration in return for the inflow. With the exception of services in kind, inflow of resources from non-exchange transactions are only recognised as assets where both:

- it is probable that the associated future economic benefit or service potential will flow to the entity; and
- fair value can be reliably measured.

(i) Government contracts, grants and koha

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

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

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

Government contracts

Funding is received to provide a range of health and wellbeing services to the community that are delivered by the Group. The primary source of funding is derived by contracts with the following providers:

- Capital Coast District Health Board
- Ministry of Education
- Ministry of Health
- other local and regional agencies

Contracts with the Ministry of Education and local and regional agencies are subject to restrictions, and revenue is recognised immediately. Contracts with the Ministry of Health and Capital Coast District Health Board are subject to a mixture of conditions and restrictions, and any funds unspent at reporting date are recognised as a liability (note 23).

(ii) Historical and fisheries settlement

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

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

	2023	2022
Revenue from non-exchange transactions	**$000's**	**$000's**
Health, medical and other social services income	48,535	39,328
Total revenue from non-exchange transactions	**48,535**	**39,328**

6 Revenue (continued)

Revenue from non-exchange transactions included in other income in the consolidated comprehensive revenue and expense includes:

	2023	2022
Other income from non-exchange transactions	**$000's**	**$000's**
Local and regional council grants	1,495	740
Rates reimbursement	494	460
COVID-19 wage subsidy	-	9
Coastline settlement of quota shares	-	-
Total other income from non-exchange transactions	**1,989**	**1,209**
Total other income from exchange and non-exchange transactions	**60,217**	**41,081**

7 Derivative financial assets at fair value through surplus/deficit-held for trading

See accounting policies in Note 28 Financial instruments.

	2023	2022
	$000's	**$000's**
Balance at 1 July	225	-
Interest rate swaps gain (loss)	13,521	225
Total derivative financial assets at fair value through surplus/deficit-held for trading	**13,746**	**225**

8 Other fair value gain and gain on business acquisition

a) Harmo Investments Limited business acquisition

On 1 October 2022, the Group acquired 100% shares in Harmo Investments Limited for $12.7m. Harmo Investments Limited is the holding company for Parapine Timber Limited (t/a Parapine ITM) and Paraparaumu Prenail 2016 Limited. These companies will complement the investments held in companies operating building materials supply.

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

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

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

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

The goodwill has been recognised in the consolidated statement of position as intangible asset (see Note 18) and is impairment tested. The goodwill is attributable mainly to the skills and industry experience of Parapine ITM and Paraparaumu Prenail work force and security of supply chain. In addition, the Group will gain from an established operations with loyal customers and the expected synergy to be achieved from integrating Harmo into the Group's existing building supplies business.

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

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

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

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

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

b) Carrus Kenepuru Limited business acquisition

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

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

Acquisition achieved in stages

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

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

The carrying value of the assets and liabilities in KLP and their fair values at the date of acquisition are as follows:

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

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

Special assumptions were used to derive the fair value:

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

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

Gain on acquisition

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

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

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

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

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

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

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

Acquisition achieved in stages (continued)

The gain from discounted purchase price has been recognised as a gain on business acquisition in the consolidated statement of comprehensive revenue and expense in 2022.

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

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

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

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

9 Personnel costs

Personnel expenses include all personnel, management, Board and payments for members for various committee duties. See note 24 for employee benefit liabilities at reporting date.

(a) Employer contribution to KiwiSaver

The Group contributes to the New Zealand KiwiSaver scheme for employees who are enrolled in the scheme. Personnel costs include:

	2023 $000's	2022 $000's
ACC levies	289	77
Staff payroll expenses	39,577	31,995
Board and committee expenses	408	357
Fringe benefits tax expense	21	-
Kiwisaver deductions	1,039	677
Total payroll expense	**41,333**	**33,106**

10 Interest income

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

Interest income	2023 $000's	2022 $000's
Interest from trading, at call, and term investments	956	187
Interest accrued but not yet received	-	3
Total interest income - financial assets at amortised cost	**956**	**190**

11 Cash and cash equivalents

Cash and cash equivalents are deposits held in trading accounts or deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Due to their short-term nature, the carrying value of cash and cash equivalents approximates their fair value.

	2023 $000's	2022 $000's
Cash at bank and on hand	43,765	26,903
Cash and cash equivalents in the consolidated statement of cash flows	**43,765**	**26,903**

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

	2023	2022
Bank deposits	0.30%-5.00%	0.05-0.55%
Call deposits	0.75%-5.50%	0.09-2.00%

The Group has no control over Kimihia Number 1 Limited's bank accounts which are managed by the security trustee, NZ Guardian Trust.

There are no other restrictions over any of the cash and cash equivalent balances held by the Group. As at 30 June 2023, Toa Building Supplies has an overdraft facility and the limit is $1m under debtor financing.

12 Short-term deposits and managed funds

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

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

As at reporting date, there are no short-term deposits held by the Group. During 2022, interest rates varied on the deposits between 0.05-0.55% and 0.09-2.00%.

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

13 Trade and other receivables

Trade and other receivables are non-interest bearing and receipts are normally on 30 day terms. Therefore, carrying value of accounts and other receivables (excluding GST) approximates its fair value.

As at 30 June 2023, all overdue receivables have been assessed for impairment and appropriate allowances made.

	2023	2022
Current	**$000's**	**$000's**
Trade and other receivables		
Trade receivables from exchange transactions	20,351	16,234
Allowances for doubtful debts	(1,308)	(394)
	19,043	15,840
Other receivables		
Accrued interest receivable	-	3
GST receivable	85	65
	85	68
Total current trade and other receivables	**19,127**	**15,908**
Non-current		
Other receivables		
Other receivables	609	1,229
Total non-current trade and other receivables	**609**	**1,229**

The Board have considered whether an allowance for doubtful debts is appropriate based on historical credit losses over the prior reporting periods to the period end. The historical credit losses are then adjusted for current and expected credit loss or future-looking factors affecting the customers. To measure expected credit losses, trade and other receivables are grouped on similar ageing. No impairment losses are recognised on government contracts.

The Board have reviewed the allowance as at 30 June and a further impairment allowance of $481,000 has been recorded for the 2023 year (2022: $48,000).

	2023 $000's	2022 $000's
Balance at 1 July	394	349
Bad debts written off	(481)	(48)
Impairment losses	1,395	93
Balance at 30 June	**1,308**	**394**

As at 30 June, the ageing analysis of trade and other receivables (excluding GST) is as follows:

			Past due but not impaired			
	Total $000's	Neither past due nor impaired $000's	< 30 days $000's	30-60 days $000's	61-90 days $000's	> 90 days $000's
2023	18,206	13,779	1,432	463	379	2,153
2022	16,234	6,021	6,668	1,973	503	1,069

13 Trade and other receivables (continued)

The expected credit loss for trade and other receivables are as follows:

	Total	Current	Days Past Due < 30 days	Days Past Due 30-60 days	Days Past Due 61-90 days	Days Past Due > 90 days
	$000's	$000's	$000's	$000's	$000's	$000's
Expected credit loss rate	7.2%	0.0%	0.3%	1.7%	43.0%	52.6%
Estimated total gross carrying amount	18,206	13,779	1,432	463	379	2,153
Expected credit loss	(1,308)	-	(4)	(8)	(163)	(1,133)

14 Inventories

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

Costs of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing each product to its present location and condition. $16.8m of inventories were recognised as an expense during the reporting period. Costs of inventories are accounted for as follows:

(i) Finished goods and work in progress:

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

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

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

	2023	2022
(ii) Inventory held for sale or provision of services at commercial terms	$000's	$000's
Work in progress - land development	66,988	81,058
Finished goods (at lower of cost or net realisable value)	2,917	1,409
	69,905	**82,467**

During the year ended 30 June 2023, $21.6m (2022: $nil) was recognised as an expense in relation to an inventory write-down to net realisable value (NRV). This write-down to NRV is recognised in other expenses in the consolidated statement of comprehensive revenue and expense.

15 Prepayments and other assets

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

	2023	2022
	$000's	$000's
Prepayments for goods and services not yet consumed	1,277	579
Other assets	31	78
	1,308	**657**

16 Property, plant and equipment

a) Recognition and measurement
Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

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

(i) Cost model
Cost less accumulated depreciation and impairment.

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

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

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

All of the Group's items of property, plant and equipment are subsequently measured in accordance with the cost model, except for land and buildings and marine farms which are subsequently measured in accordance with the revaluation model.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:
- purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment

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

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

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

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

16 Property, plant and equipment (continued)

The estimated useful lives are shown below:

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

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

Cost or valuation	Land, buildings and marine farm $000's	Plant, office equipment, and computers $000's	Fixtures and Fittings $000's	Motor vehicles, watercraft, tractors and trailers $000's	Work in Progress $000's	Total $000's
Balance at 1 July 2022	36,758	4,976	597	2,393	537	45,261
Additions (exchange)	1,245	900	276	784	848	4,053
Transfer from investment property						-
Revaluation	1,610	-	-	-	-	1,610
Capitalisation of WIP	554	7	4	-	(565)	-
Disposals		(43)	-	(209)	-	(252)
Balance at 30 June 2023	**40,167**	**5,840**	**877**	**2,968**	**820**	**50,672**
Accumulated depreciation and impairment						
Balance at 1 July 2022	-	3,281	215	1,217	-	4,713
Acquired accum. depn	37	179	102	230		548
Depreciation expense	740	714	59	317	-	1,830
Depreciation written back on disposal	-	(17)	-	(50)	-	(67)
Prior period adjustments	(424)	(67)	-	3	-	(488)
Revaluation	(353)	-	-		-	(353)
Impairment	-	-	-	-	-	-
Balance at 30 June 2023	**-**	**4,090**	**376**	**1,717**	**-**	**6,183**
Net book value at 30 June 2023	**40,167**	**1,750**	**501**	**1,251**	**820**	**44,489**
Cost or valuation						
Balance at 1 July 2021	30,905	3,844	455	1,719	499	37,422
Additions (exchange)	1,899	1,134	50	826	489	4,398
Transfer from investment propert	800	-	-	-	-	800
Revaluation	2,805	-	-	-	-	2,805
Capitalisation of WIP	359	-	92	-	(451)	-
Disposals	(10)	(2)	-	(152)	-	(164)
Balance at 30 June 2022	**36,758**	**4,976**	**597**	**2,393**	**537**	**45,261**

16 Property, plant and equipment (continued)

Accumulated depreciation and impairment						
Balance at 1 July 2021	-	2,502	268	1,104	-	3,874
Depreciation expense	602	780	(53)	179	-	1,508
Depreciation written back on disposal	-	(1)	-	(66)	-	(67)
Revaluation	(602)	-	-		-	(602)
Impairment	-	-	-	-	-	-
Balance at 30 June 2022	**-**	**3,281**	**215**	**1,217**	**-**	**4,713**
Net book value at 30 June 2022	**36,758**	**1,695**	**382**	**1,176**	**537**	**40,548**

Revaluation of land and buildings

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

As at the date of revaluation 30 June 2023, majority of the properties' fair values are based on valuations performed by CBRE Wellington, an accredited independent valuer with the NZ Institute of Valuers. One property (Moana Court) was revalued by Truebridge Partners using both investment approach and break-up approach.

Significant assumptions included in the valuations were that:

- there are no side agreements that would have an adverse effect on the market value of the property
- all buildings have a seismic strength at a "market acceptable level" for their class
- no significant capital expenditure is required in respect of any buildings or facilities contained therein

17 Investment properties

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

a) Recognition and measurement

Investment property is initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Investment properties are subsequently measured at fair value by an independent professional. Investment property valuations are reviewed annually.

Market source data has been used to determine the market value of the properties assessed by CBRE Limited and Darroch Limited. The valuer used a comparison approach using recent market transactions that had occurred on an arm's length basis. Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Darroch Limited used lessor's interest valuation to determine the fair value of 40 schools held by Kimihia Number 1 Limited. The main assumption used to determine fair value of the schools include rental amounts equivalent to 6.25% of the transfer value and annual growth rate of 4%.

17 Investment properties (continued)

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

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

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

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

	2023	2022
Investment Property	**$000's**	**$000's**
Balance at 1 July	551,085	92,513
Additions - from subsequent expenditure	2,876	1,270
Additions - from acquisitions	3,953	356,339
Revaluation	(50,804)	101,763
Transfer to fixed assets	-	(800)
Total fair value of investment property at 30 June	**507,110**	**551,085**

The amount recognised in surplus or deficit in relation to investment property:

	2023	2022
Rental income derived from investment property	26,173	7,882
Direct operating expenses generating rental income*	987	918
Direct operating expenses that did not generate rental income*	35	44

* including repairs and maintenance

Investment property includes:

- forestry land in Nelson and Marlborough currently planted in pine and operated as a forestry operation. The forestry operation is owned and controlled by unrelated parties, and the land is leased to the forester under the terms of the present Crown Forestry Licence.
- police stations in Richmond and central Wellington, that are subject to lease back arrangements with New Zealand Police. The lease back arrangements have initial terms to 2025 (Richmond) and 2036 (Wellington) with further perpetual terms of renewal.
- property at Benmore Crescent, for which the Group has entered into a 125 year renewable ground lease and development agreement with Building-Solutions Limited. The lease term commences once the property has been rezoned by Hutt City Council to Special Business or its equivalent.
- school grounds in Wellington and Porirua, that are subject to lease back arrangements with the Ministry of Education. The lease back arrangements have initial terms to 21 years with further perpetual terms of renewal.

Minimum future rental payments receivable are disclosed in note 30.

b) Reclassifications

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

18 Intangible assets

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

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

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

c) Amortisation
Amortisation is recognised in surplus or deficit on a straight line basis over the estimated useful life of each amortisable intangible asset. The estimated useful lives of each amortisable intangible asset are:

Website	5 years
Non-compete agreement	2 years
NZ Forestry Emissions Units (NZU)	Indefinite life
Quota shares	Indefinite life
Other intangibles	Indefinite life
Goodwill	Indefinite life

Cost or valuation	**NZU $000's**	**Non-compete agreements $000's**	**Quota shares $000's**	**Goodwill $000's**	**Other intangibles $000's**	**Total $000's**
Balance at 1 July 2022	11,304	250	5,122	-	732	17,408
Additions (exchange)	-	-	-	8,475	-	8,475
Additions (non-exchange)	-	-	-	-	-	-
Revaluation	(5,094)	-	-	-	-	(5,094)
Balance at 30 June 2023	**6,210**	**250**	**5,122**	**8,475**	**732**	**20,789**
Accumulated amortisation and impairment						
Balance at 1 July 2022	-	208	-	-	532	740
Amortisation or impairment	-	42	-	-	-	42
Balance at 30 June 2023	**-**	**250**	**-**	**-**	**532**	**782**
Net book value						
at 30 June 2023	**6,210**	**-**	**5,122**	**8,475**	**200**	**20,007**

18 Intangible assets (continued)

Cost or valuation						
Balance at 1 July 2021	6,463	250	5,122	-	732	12,567
Additions (exchange)	-	-	-	-	-	-
Additions (non-exchange)	-	-	-	-	-	-
Fair value gain	4,841	-	-	-	-	4,841
Balance at 30 June 2022	**11,304**	**250**	**5,122**	**-**	**732**	**17,408**
Accumulated amortisation and impairment						
Balance at 1 July 2021	-	83	-	-	532	615
Amortisation or impairment	-	125	-	-	-	125
Balance at 30 June 2022	**-**	**208**	**-**	**-**	**532**	**740**
Net book value						
at 30 June 2022	**11,304**	**42**	**5,122**	**-**	**200**	**16,668**

The non-compete agreement represents a restraint of trade clause which was included as part of the building supplies company business acquisition sale and purchase agreement where the previous owners are not able to run or establish another business with the same, or similar, business activities as Toa Building Supplies Limited for two years. The intangible asset is amortised over two years.

Other intangibles includes the acquisition of a right-of-way at 9 Chapel Street during the 2021 year. In October 2017, the Rūnanga purchased the systems and processes of Waitangirua Medical Centre for $480,000. This included access to the patient database, and continuing with essentially the same doctors and staff. No shares were acquired.

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

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

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

Quota shares have been assessed for impairment against a recoverable amount based upon fair value less costs to sell, with the fair value based upon market prices for fishing quota shares at 30 June 2021, with an assessment by management that the value has not decreased in the past year, reflected by steady cash flows receivable for annual catch entitlements.

Details on the goodwill on Harmo Investment Ltd acquisition are disclosed in Note 8.

19 Share investments

The Group owns 3,064 shares in Aotearoa Fisheries Limited (AFL). The shares were received as part of the Fisheries settlement in March 2010. The Group has no controlling or significant interest in AFL.

The Group owns 24,000 (2022: 12,000) ordinary shares and 267,913 (2022: 66,818) redeemable preference shares in Independent Timber Merchants Co-operative Limited (ITM). Fair value is considered to be equal to the issue price of $1 per share. The ordinary shares must be surrendered on exit from the ITM co-operative, and are paid out at their face value. The redeemable preference shares are non-voting, are only redeemable on exit from the co-operative, and are paid out over five years from exit date at the discretion of the ITM board. ITM determines annually in April whether members require additional redeemable preference shares to be issued or redeemed for compulsory acquisition or disposal based on annual company purchases from ITM. The Group also owns two (2022: nil) ordinary shares (out of 24 issued shares) in Harrier Holdings 2018 .

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

	2023 $000's	2022 $000's
Aotearoa Fisheries Limited	2,367	2,367
Independent Timber Merchants Co-operative Limited - ordinary shares	24	12
Independent Timber Merchants Co-operative Limited - redeemable preference shares	267	67
Harrier Holdings 2018	15	-
Total share investments	**2,673**	**2,446**

20 Joint arrangements and associates

a) Joint operation

The Group held a 50% share in a limited partnership, Kenepuru LP, and its general partner, Kenepuru Developments Limited until 31 March 2022. Kenepuru Developments Limited has control over Kenepuru LP. The Group obtained 100% control of Kenepuru Developments Limited and of Kenepuru LP in 31 March 2022 (note 8). Until 31 March 2022, Kenepuru LP and Kenepuru Developments Limited were recognised as a joint operation, and the Group's 50% share is included in the consolidated financial statements on a line by line basis and now are recognised as controlled entities.

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

b) Joint venture

During the 2023 year, the Group acquired 50% of Toa Homes Limited Partnership for $350,000. This entity will introduce modular home technology. The interest in Toa Homes is classified as a joint venture as the Group has rights to the net assets of the arrangement.

During the prior year 2022, the Group acquired 50% of the share capital of Switched On Group Ltd (SOG) for $6.6m. SOG is a building solutions company. The transaction includes both put and call options, which have fair value of nil as at 30 June 2023 as the exercise price is deemed to be the market price. During 2022, the Group also acquired 50% of the share capital of Rāranga Limited, which is a labour hire company. Both SOG and Rāranga Limited are classified as joint ventures.

20 Joint arrangements and associates (continued)

b) Joint venture (continued)

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

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

Aegis Group, Rāranga Limited, and Toa Homes Limited Partnership have a reporting date of 31 March. The consolidated financial statements include Aegis Group, Rāranga Limited, and Toa Homes Limited Partnership's management figures for the year ended 30 June. SOG's reporting date is 30 June. Summarised financial information for the Group's joint ventures is as follows:

2023	Rāranga Limited $000's	Switched On Group $000's	Aegis Retirement Living Limited $000's	Whitby Village (2009) Limited $000's	Aegis Projects Limited $000's
Percentage of ownership interest	50%	50%	66.67%	66.67%	66.67%
Cash and cash equivalents	610	4,433	381	13	63
Other current assets	160	7,244	41	1,712	232
Non-current assets	4	14,567	30,522	132,136	2
Current liabilities	(275)	(9,570)	(940)	(67,698)	123
Non-current liabilities	-	(593)	(398)	(29,214)	452

2023	Toa Homes LP $000's	Aegis Silverstream Limited $000's
Percentage of ownership interest	50%	66.67%
Cash and cash equivalents	345	8
Other current assets	35	469
Non-current assets	8	34,109
Current liabilities	(86)	(25,410)
Non-current liabilities	-	(8,000)

2023	Rāranga Limited $000's	Switched On Group $000's	Aegis Retirement Living Limited $000's	Whitby Village (2009) Limited $000's	Aegis Projects Limited $000's
Revenue	2,415	169,147	2	2,561	657
Depreciation expense	(81)	(1,102)	-	(3)	-
Interest expense	-	(182)	(198)	(1,853)	-
Tax expense	(3)	(1,563)	-	(62)	-
Other expenses	(2,247)	(162,282)	(510)	(2,698)	(290)
Dividends paid to the Group	-	964	681	-	-

20 Joint arrangements and associates (continued)

2023	Toa Homes LP $000's	Aegis Silverstream Limited $000's
Revenue	-	1,541
Depreciation expense	(0)	-
Interest expense	-	(365)
Tax expense	-	387
Other expenses	(397)	(387)
Dividends paid to the Group	-	-

2022	Rāranga Limited $000's	Switched On Group $000's	Aegis Retirement Living Limited $000's	Whitby Village (2009) Limited $000's	Aegis Projects Limited $000's
Percentage of ownership interest	50%	50%	66.67%	66.67%	66.67%
Cash and cash equivalents	411	2,633	10	8	52
Other current assets	27	7,020	41	1,527	73
Non-current assets	8	15,112	24,477	131,599	2
Current liabilities	(29)	(10,005)	(587)	(65,604)	117
Non-current liabilities	-	(723)	-	(29,024)	261
Revenue	50	96,585	-	14,750	567
Depreciation expense	-	-	-	(4)	-
Interest expense	-	(116)	-	(1,065)	-
Tax expense	-	(1,055)	-	47	-
Other expenses	(133)	(93,491)	(409)	(2,469)	(274)
Dividends paid to the Group	-	618	586	-	-

Summary of movements in investment in joint venture balance is as follows:

2023	Toa Homes LP $000's	Rāranga Limited $000's	Switched On Group $000's	Aegis Group $000's	Total $000's
Investment in joint venture movements					
Balance at 1 July 2022	-	208	6,998	33,040	40,247
New Investments	350	-	-	5,000	5,350
Transfer of redeemable preference shares	-	-	-	-	-
Share in profit (loss) of joint venture	(199)	42	1,986	(813)	1,017
Dividends received	-	-	(964)	(681)	(1,645)
Balance at 30 June 2023	**151**	**250**	**8,021**	**36,546**	**44,968**

2022	Rāranga Limited $000's	Switched On Group $000's	Aegis Group $000's	Total $000's
Investment in joint venture movements				
Balance at 1 July 2021	-	-	26,923	26,923
New Investments	250	6,647	-	6,897
Transfer of redeemable preference shares	-	-	(725)	(725)
Share in profit/(loss) of joint venture	(42)	969	7,428	8,355
Dividends received	-	(618)	(586)	(1,204)
Balance at 30 June 2022	**208**	**6,998**	**33,040**	**40,247**

20 Joint arrangements and associates (continued)

c) Associates

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

Summarised financial information for the Group's associates is as follows:

	2023 $000's	2022 $000's
Percentage of ownership interest	30%	30%
Current assets	402	1,678
Non-current assets	256	183
Current liabilities	(377)	(773)
Non-current liabilities	-	-
Revenue	3,697	1,677
Depreciation expense	(21)	(2)
Interest expense	(6)	(1)
Tax expense	-	-
Other expenses	(3,831)	(1,050)
Dividends paid to the Group	58	12

Summary of movements in investment in associate balance is as follows:

	2023 $000's	2022 $000's
Investment in Associate Movements		
Balance at 1 July	1,312	-
New Investments	-	1,186
Share in profit/(loss) of associate	(48)	139
Dividends received	(58)	(12)
Balance at 30 June	**1,206**	**1,312**

There were no contingent liabilities or assets relating to the Group's interest in the associate. There were no capital commitments relating to the Group's interest in the associate.

21 Other investments

Maara Moana GP Limited and Maara Moana Limited

The Group holds a 1/8 share in Maara Moana GP Limited, and a 1/7 share in Maara Moana Limited (incorporated November 2020). These companies, through Maara Moana Limited Partnership, provide services relating to the use and development of aquaculture assets in Golden Bay and Tasman Bay.

The Group has committed to contributing capital of $1,250,000 to the setup and development of Maara Moana's Limited's Partnership aquaculture assets. Of this, $460,000 had been advanced as of 30 June 2023 (2022: $470,000).

22 Trade and other payables

	2023 $000's	2022 $000's
Trade payables from exchange transactions	2,953	3,007
Other payables	445	417
Sundry accruals	8,856	8,273
GST payable	947	1,232
Total trade and other payables	**13,201**	**12,929**

Trade and other payables (excluding GST) are non-interest bearing and are normally settled within 30 days and are therefore reflected at their fair value. See note 28 for the accounting policy for trade and other payables.

23 Income in advance

Service contract income where the obligations attached to the receipt of the funds have not been fully met at reporting date are transferred to income in advance account. This includes government contract income for medical and health services, and for community housing management and upgrade services (note 6). These conditions and/or obligations are all expected to be met within three months of reporting date and are considered current liabilities.

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

24 Employee benefit liabilities

a) Short-term employee benefits

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

These mainly consist of accrued holiday entitlements at reporting date.

	2023 $000's	2022 $000's
Short-term employee entitlements	2,227	2,296
Total employee entitlements	**2,227**	**2,296**

b) Long-term employee benefits

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

25 Income tax

The Rūnanga, Ika Toa Limited, Kimihia Number 1 Limited, Ora Toa PHO Limited, Toa Kenepuru Transition Limited, Toa Developments Limited and Te Tumu Whakatupu Limited are registered charitable organisations and are therefore exempt from income tax under section CW 41 of the Income Tax Act 2007. Ngati Toa Limited became a registered charity on 27 September 2021 and from that date forth is exempt from income tax.

Various other entities within the Group have taxable earnings and pay tax at the following rates:

- Toa Rangatira Trust is taxed at the Māori Authority tax rate of 17.5%
- Whenua Toa Trust is taxed at the trust tax rate of 33%
- All other Group subsidiaries, not named above, are taxed at 28%

25 Income tax (continued)

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

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

	2023 $000's	2022 $000's
Opening tax -(receivable)/payable	(4,674)	312
Māori Authority tax credits available	(3,000)	(6,106)
Resident withholding tax paid	(6)	(13)
Tax payments made to Inland Revenue	(3,033)	(621)
Refunds received	6,120	-
Tax expense	3,004	6,104
Deferred tax adjustment	(1,661)	(6,130)
Adjustment in respect of previous years	(37)	-
Current tax payable	839	1,780
Closing balance - (refund)/liability	**(2,448)**	**(4,674)**

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

	2023 $000's	2022 $000's
Current income tax expense	972	(26)
Adjustments in respect of current income tax of previous year	371	-
Deferred tax expense	1,661	6,130
Income tax expense reported in surplus or deficit	**3,004**	**6,104**

25 Income tax (continued)

The deferred tax liabilities balance comprises temporary differences attributable to:

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

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

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

	2023 $000's	2022 $000's
Surplus for the year before tax	(42,507)	165,302
Share of profit from joint venture	(968)	(8,494)
	(43,475)	156,808
At statutory income tax rate of 28% (2022: 28%)	(12,173)	43,906
Effect of different tax rates	11,109	1,394
Effect of non-taxable charitable activities	(7,516)	(35,218)
Effect of non-taxable activities	3,473	(6,080)
Utilisation of previously unrecognised tax losses	-	-
Other non-deductible expenses	5,142	321
Effect of temporary timing difference	102	-
Adjustment in respect of previous years	375	-
Deferred tax adjustment	1,661	-
Purchased tax liability	830	1,780
Income tax expense in surplus or deficit	**3,004**	**6,103**

	2023	2022
Imputation credits available for use in subsequent reporting periods	$000's	$000's
Balance at 30 June	94	84

26 Loans and borrowings

See accounting policies in Note 28 Financial instruments.

	2023	2022
Current	**$000's**	**$000's**
Secured bank loans	1,380	1,314
Total current loans and borrowings	**1,380**	**1,314**
Non-current		
Secured bank loans	301,144	302,525
Secured bank loans	1,115	-
Secured bank loans	138	-
Other borrowings	30,000	30,000
	332,397	332,525
Total non-current loans and borrowings	**332,397**	**332,525**
Total current and non-current loans and borrowings	**333,777**	**333,839**

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

		2023		2022	
	Year of maturity	Face Value $000's	Carrying Amount $000's	Face Value $000's	Carrying Amount $000's
Secured bank loan	2037	95,480	94,287	95,895	94,696
Secured bank loan	2037	95,480	94,287	95,895	94,696
Secured bank loan	2037	95,480	94,287	95,895	94,696
Secured bank loan	2037	19,913	19,664	20,000	19,750
Secured bank loan	2027	1,115	1,115	-	-
Secured bank loan	2027	139	138	-	-
Other borrowings	2032	30,000	30,000	30,000	30,000
		337,607	**333,777**	**337,685**	**333,839**

All loans and other borrowings are in New Zealand dollars. The secured bank loans are secured over the following assets:
Secured bank loans maturing in 2037 are secured over land with a fair value of $422.8m.
Secured bank loan of $1.1m maturing in 2027 is secured over land with a fair value of $4.6m.
Secured bank loan of $0.14m maturing in 2027 is secured over motor vehicles with book value of $0.18m.

27 Redeemable Preference Shares

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

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

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

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

28 Financial instruments

Financial assets

2023	Financial instruments at amortised cost $000's	Fair value through surplus or deficit $000's	Current financial assets $000's	Non-current financial assets $000's	Total financial assets $000's
Cash and cash equivalents	43,765	-	43,765	-	43,765
Short-term deposits	-	-	-	-	-
Managed funds	-	22,609	22,609	-	22,609
Trade and other receivables	19,736	-	19,127	609	19,736
Share investments	-	2,673	-	2,673	2,673
Other investments	460	-	460	-	460
Interest rate swaps	-	13,746	-	13,746	13,746
	63,961	**39,028**	**85,962**	**17,028**	**102,990**

2022	Financial instruments at amortised cost $000's	Fair value through surplus or deficit $000's	Current financial assets $000's	Non-current financial assets $000's	Total financial assets $000's
Cash and cash equivalents	26,903	-	26,903	-	26,903
Short-term deposits	3,736	-	3,736	-	3,736
Managed funds	-	20,753	20,753	-	20,753
Trade and other receivables	17,137	-	15,908	1,229	17,137
Share investments	-	2,446	-	2,446	2,446
Other investments	470	-	470	-	470
Interest rate swaps	-	225	-	225	225
	48,246	**23,424**	**67,770**	**3,900**	**71,670**

a) Initial recognition and measurement

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

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

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

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

28 Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and measurement (continued)

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

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:
- financial assets at amortised cost (debt instruments)
- financial assets at FVOCRE with recycling of cumulative gains or losses (debt instruments)
- financial assets at fair value through surplus or deficit.

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

c) Financial assets at FVOCRE (debt instruments)

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

d) Financial assets at fair value through surplus or deficit

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

e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group’s statement of financial position) when:
- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

f) Impairment

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

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

28 Financial instruments (continued)

Financial assets (continued)

f) Impairment (continued)

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

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

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

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

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

Financial liabilities

2023	Financial liabilities at amortised cost $000's	Current financial liabilities $000's	Non-current financial liabilities $000's	Total financial liabilities $000's
Bank overdraft	-	-	-	-
Trade and other payables	12,254	12,254	-	12,254
Loans and borrowings	333,777	1,380	332,397	333,777
Redeemable preference shares	6,525		6,525	6,525
	346,030	**13,634**	**332,397**	**346,030**
2022				
Bank overdraft	-	-	-	-
Trade and other payables	12,929	12,929	-	12,929
Loans and borrowings	333,839	1,314	332,525	333,839
	346,768	**14,243**	**332,525**	**346,768**

a) Initial recognition and measurement

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

b) Subsequent measurement

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

28 Financial instruments (continued)

Financial liabilities (continued)

c) Derecognition

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

d) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as interest rate swaps, to manage its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. Our interest rate hedges are classified as fair value hedges and hedge accounting is not applied. Any changes in fair value is recognised through (loss)/gain on revaluation of financial assets at fair value through surplus and deficit.

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including market risk (interest rate risk, unit price risk and equity price risk), liquidity risk and credit risk. The Rūnanga's senior management oversees the management of these risks. The Rūnanga's senior management is supported by an Audit Risk and Investment Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Rūnanga also utilises, when necessary, other external parties to provide advice on financial investments and financial risk. The Audit Risk and Investment Committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Rūnanga's Board Members review and agree policies for managing each of these risks, which are summarised below.

a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short deposits with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate deposits. The Group's policy is to keep the majority of deposits at fixed rates of interest, other than funds required for operating activities. At 30 June 2023, the Group's deposits at a fixed rate of interest were nil (2022: 14%). The Group also manages fluctuations in variable interest rates of long-term loans and borrowings by entering into swap agreements. As at 30 June 2023, 91% of loans and borrowings are managed through fixed interests/swap rates (2022: 91%).

28 Financial instruments (continued)

Financial risk management objectives and policies (continued)

a) Market risk (continued)

(i) Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of deposits or loans and borrowings affected. With all other variables held constant, the Group's surplus before tax is affected through the impact on floating interest rate deposits or loans and borrowings, as follows:

2023	**Increase/ decrease in interest rate**	**Effect on surplus before tax $000's**	**Effect on net assets/ equity $000's**
Short-term deposits	+4%	-	-
Loans and borrowings	+4%	13,504	13,504
Short-term deposits	-4%	-	-
Loans and borrowings	-4%	(13,504)	(13,504)
2022			
Short-term deposits	+3%	112	112
Loans and borrowings	+3%	10,131	10,131
Short-term deposits	-3%	(112)	(112)
Loans and borrowings	-3%	(10,131)	(10,131)

(ii) Foreign currency risk

The Group is not exposed to foreign currency risk because there are no transactions undertaken in foreign currencies.

(iii) Equity price risk

The Group's unlisted equity securities are susceptible to market risk arising from uncertainties about its future value. These investment securities are held for strategic reasons and therefore the equity price risk associated with these securities are not managed. However, reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board reviews and approves all equity investment decisions.

The following table demonstrates the sensitivity to a reasonably possible change in the share prices of equity investments. With all other variables held constant, the Group's surplus before tax is affected through the impact on investment in shares, as follows:

2023	**Increase/ decrease in share price**	**Effect on surplus before tax $000's**	**Effect on net assets/ equity $000's**
Share investments	+11%	294	294
Share investments	-11%	(294)	(294)
2022			
Share investments	+10%	245	245
Share investments	-10%	(245)	(245)

28 Financial instruments (continued)

Financial risk management objectives and policies (continued)

a) Market risk (continued)

(iv) Unit price risk

The Group is exposed to unit price risk through its investments in unlisted unit funds. Unit price risk is moderated by diversification and by ensuring that all investment activities are transacted in accordance with the mandates, overall investment strategy and within approved limits.

The following table demonstrates the sensitivity to a reasonably possible change in the unit prices of the Group's investments in unlisted unit funds. With all other variables held constant, the Group's surplus before tax is affected through the impact on investment in the funds, as follows:

2023	Increase/ decrease in share price	Effect on surplus before tax $000's	Effect on net assets/ equity $000's
Managed Funds	+11%	2,487	2,487
Managed Funds	-11%	(2,487)	(2,487)
2022			
Managed Funds	+10%	2,075	2,075
Managed Funds	-10%	(2,075)	(2,075)

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including short-term deposits.

i) Trade receivables from exchange transactions

Customer credit risk in relation to trade receivables from exchange transactions is managed by the Parent and each controlled entity subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The Group is not subject to material credit concentration in relation to trade receivables.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at reporting date is the carrying value of trade receivables disclosed in note 13. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low.

(ii) Cash and cash equivalents, and short-term deposits

The Group held cash and cash equivalents of $43.8m at 30 June 2023 (2022: $26.9m) and short-term deposits of nil at 30 June 2023 (2022:$3.7m). The cash and cash equivalents, and short-term deposits are held with bank and financial institution counterparties, which are rated AA-, based on Standard and Poor's ratings.

Impairment on cash and cash equivalents, and short-term deposits has been measured on a 12-month expected loss basis and reflects the short maturities and exposures. The Group considers that its cash and a cash equivalent and short term deposits have low credit risk based on external credit ratings of the counterparties. The impairment allowance as at 30 June 2023 is $nil (2022: $nil).

28 Financial instruments (continued)

Financial risk management objectives and policies (continued)

b) Credit risk (continued)

(ii) Cash and cash equivalents, and short-term deposits (continued)

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Audit Risk and Investment Committee on an annual basis, and may be updated throughout the year subject to approval of the Group's Audit Risk and Investment Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

(iii) Derivatives

The derivatives are entered into with the bank and financial institution counterparties, which are rated AA-, based on Standard and Poor's ratings.

(iv) Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries' liabilities. At 30 June 2023, the Group had issued no guarantees to any banks in respect of credit facilities granted to subsidiaries (2022: nil).

c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting financial liabilities as they fall due. The Group's liquidity management policy is designed to ensure that the Group has the ability to generate sufficient cash in a timely manner to meet its financial commitments.

The Group is exposed to liquidity risk through its trade payables, loans and borrowings.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

2023	On Demand $000's	Less than 3 months $000's	3 to 12 months $000's	1 and 5 years $000's	Over 5 years $000's	Total $000's
Non-derivative financial liabilities						
Loans and borrowings	-	342	1,055	5,861	330,349	337,607
Trade and other payables (excluding accruals & GST)	123	3,275	-	-	-	3,398
	123	**3,617**	**1,055**	**5,861**	**330,349**	**341,005**

2022	On Demand $000's	Less than 3 months $000's	3 to 12 months $000's	1 and 5 years $000's	Over 5 years $000's	Total $000's
Non-derivative financial liabilities						
Loans and borrowings	-	326	1,005	6,024	330,330	337,685
Trade and other payables (excluding accruals & GST)	164	3,259	-	-	-	3,423
	164	**3,585**	**1,005**	**6,024**	**330,330**	**341,108**

29 Impairment of non-financial assets

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

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

29 Impairment of non-financial assets (continued)

The recoverable amount of the asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated cash flows (for CGU) or future remaining service potential (for non-cash generating units) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

30 Leases (as lessor and lessee)

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

a) Lease payments as lessee

Payments made under an operating lease are recognised in surplus or deficit on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease and are expensed over the lease term. Associated costs such as maintenance and insurances are expensed as incurred.

	2023 $000's	2022 $000's
Within one year	1,569	954
Between one and five years	3,172	1,986
More than five years	143	-
Total operating lease rentals payable	**4,884**	**2,940**

The Group leases various properties, equipment and vehicles. Property rental contracts are typically made for fixed periods of up to five years with renewal rights of two months to four years. Other lease contracts are typically made for fixed periods of six to 48 months. Lease terms are negotiated on an individual basis.

b) Rental lease revenue as lessor

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

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

c) Current rental revenue as lessor

The Rūnanga purchased the building in Rugby Street, Wellington in 2009 and is utilising the property for its Wellington based medical and health services. The property currently has multiple tenancies who lease remaining units under operating leases. The leases terms vary between two to three years.

The Rugby Street property is included in 'Land, buildings and marine farm' and is depreciated over the estimated useful life of the asset as determined by the Board for that asset class. Any expense relating to the revenue is expensed in the period it is incurred and included in administrative costs as shown in the consolidated statement of comprehensive revenue and expense. The rental income is recognised on a straight line basis over the term of the lease.

Toa Rangatira Investment Properties Limited manages the rental income of the Forestry lands that were purchased from the Crown on 1 August 2014. The current Crown Forestry Licence has a termination date of 30 years. The licence fees are reviewed every 3 years (periodic review) and can be reviewed every 9 years (general review). Toa Rangatira Investment Properties Limited also manages the rental income from the land leased to NZ Police.

Kimihia Number 1 Limited purchased the land of 40 schools in May 2022, which are leased to the Ministry of Education on perpetual leases.

Kimihia Number 2 Limited purchased the Waitangirua Farm in November 2022. The current farming licence has a termination date of 3 years ending 31 December 2023.

30 Leases (as lessor and lessee) (continued)

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

	2023 $000's	2022 $000's
Within one year	23,211	23,204
Between one and five years	91,927	91,897
More than five years	333,834	356,760
Total minimum future lease receivable	**448,972**	**471,861**

31 Capital management and reserves

The Group's capital is comprised of all the Group's equity (which includes accumulated comprehensive revenue and expense).

	2023 $000's	2022 $000's
Total equity	393,698	442,889
Total capital	**393,698**	**442,889**

The objective of managing the Group's capital is to ensure the Group effectively achieves its objectives and purpose for the benefit of the Group's beneficiaries whilst remaining a going concern and maintaining an optimal capital structure to reduce the cost of capital. In carrying out the objectives of the capital programme, the Group is subject to its Society Rules, Deed of Trust, the Charities Act 2005, and the Ngati Toa Rangatira Claims Settlement Act 2014.

The Board provides strategic direction and oversight of the Group's capital programme, and an Audit, Risk and Investments Sub-Committee of the Board and a management-run Investment Committee actively controls and monitors progress of plans and activities of the capital programme.

a) Treaty and fisheries settlement reserve

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

	2023 $000's	2022 $000's
Balance as at 1 July	137,848	137,848
Treaty settlement of quota shares	-	-
Balance at 30 June	**137,848**	**137,848**

b) Special purpose reserve

The special purpose reserve represents the funds from an historical disagreement within Iwi that has now been settled, which was transferred across from Ika Toa Limited to Te Rūnanga o Toa Rangatira Incorporated. The funds have been held separately to retain the identity.

	2023 $000's	2022 $000's
Balance as at 1 July	1,186	1,186
Other comprehensive revenue and expense	-	-
Balance at 30 June	**1,186**	**1,186**

31 Capital management and reserves (continued)

c) Asset revaluation reserves

(i) Asset revaluation reserve - land and buildings

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

(ii) Asset revaluation reserve - intangible assets

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

	2023 $000's	2022 $000's
Asset revaluation reserve - land and buildings		
Balance as at 1 July	20,511	17,706
Other comprehensive revenue and expense	1,963	2,805
Balance at 30 June	**22,474**	**20,511**
Asset revaluation reserve - intangible assets		
Balance as at 1 July	11,206	6,365
Other comprehensive revenue and expense	(5,094)	4,841
Balance at 30 June	**6,112**	**11,206**
Total asset revaluation reserves	**28,586**	**31,718**

32 Audit fees

	2023 $000's	2022 $000's
Audit of the Group's financial statements	263	210
	263	**210**

33 Related parties

The financial statements include the financial statements of the ultimate controlling entity, its subsidiaries and other controlled entities, as listed in note 4.

Key management personnel

The Group classifies its key management personnel into one of two classes:

- Members of the governing body (Board members and Company Directors). Members of the governing body are paid $11,500 per annum, the Chairperson of the Board is paid $46,441 per annum.
- Senior Executive Officer and senior management, responsible for reporting to the governing board.

A number of family members of key management personnel are employed by the Group on normal employment terms. Remuneration to close family members of key personnel is included below:

	2023 FTE	2022 FTE	2023 $000's	2022 $000's
Members of the governing body	32	30	421	398
Senior management and committees	22	21	2,972	2,635
Close family members	37	28	2,032	1,374
Key personnel remuneration	**91**	**79**	**5,424**	**4,407**

The manager of the holiday park is the spouse of the groundsman and housing accommodation is provided as part of the contract of service. A taxable allowance is paid for accommodation on a weekly basis (2023: $5,200, 2022: $5,200).

33 Related parties (continued)

Key management personnel (continued)

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

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

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

On 6 May 2022, the Crown sold land related to 40 schools to the Group as part of deferred selection property (DSP) under the 2012 Deed of Settlement of Historical Claims between the Crown and Ngati Toa Rangatira. At the completion of the settlement, a total fee of $1.02m was paid by the Group to Armillary Limited for the latter's provision of debt and financing advisory services.

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

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

During the reporting period, a total of $135,000 (2022: $275,000) was paid to Juice Contracting Limited. Jennie Smeaton, a member of the senior management, is a director of Juice Contracting Limited and owns 50% shares.

34 Reconciliation of net cash flows from operating activities to surplus for the year

	2023 $000's	2022 $000's
Surplus for the year	(45,511)	159,198
Adjustments for:		
Depreciation of property, plant, and equipment	1,774	1,441
Amortisation of intangible assets	42	125
(Gain)/loss on disposal of property, plant, and equipment	21	3
Fair value loss (gain) on investment property	50,804	(101,763)
Fair value gains on managed funds	(1,856)	3,800
Share of profits of joint ventures	(968)	(8,494)
Accrual for purchase of investment property	(200)	-
Coastline settlement of quota shares	-	-
Dividends received classified as investing activities	(31)	(122)
Changes in assets and liabilities:		
Increase in trade and other receivables	(2,599)	(10,516)
(Increase)/ decrease in tax receivable	3,106	(6,106)
(Increase)/ decrease in inventories	12,562	(67,175)
(Increase)/decrease in prepayments and other assets	(651)	(625)
Increase in other assets, including derivatives	(13,521)	(225)
Increase in trade and other payables	370	783
Increase in income received in advance	26,138	6,696
Increase/ (decrease) in employee benefit liability	(69)	1,093
Increase/(decrease) in income tax payable	(1,700)	1,120
Increase/(decrease) in deferred tax liability	1,662	6,130
Net cash flows from operating activities	**29,373**	**(14,637)**

35 Reconciliation of liabilities arising from financing activities

2023	Long term loans and borrowings $000's	Investment of capital by non-controlling interests $000's	Total liabilities from financing activities $000's
Balance at 1 July	333,839	120	333,959
Cash flows	1,254	-	1,254
Balance at 30 June	**335,093**	**120**	**335,213**
2022			
Balance at 1 July	-	-	-
Cash flows	333,839	120	333,959
Balance at 30 June	**333,839**	**120**	**333,959**

36 Contingencies and commitments

a) Contingent liabilities

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

b) Commitments

There is a commitment to Port Nicholson Fisheries Partnership to supply the Annual Catch Entitlement for Crayfish at the applicable market value.

36 Contingencies and commitments (continued)

b) Commitments (continued)

The Group has committed expenditure for maintenance and capital work on major housing remediation and development projects at 30 June 2023 of $6m (2022: $7.5m).

The Group has committed to provide $1,250,000 of capital funding to Maara Moana Limited Partnership (see note 21), of which $790,000 (2022: $780,000) remained outstanding at reporting date.

The Residential Tenancies (Healthy Homes Standards) Regulations 2019 has come into effect, requiring the housing stock managed by Te Āhuru Mowai Limited Partnership to meet Healthy Home standards. As at the 30th June 2023, 844 properties had been completed (2022 : 450 properties), the balance of the portfolio requiring attention is 79 properties. The estimated cost of the remaining work is $187,900.

37 Events subsequent to reporting date

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

38 Standards and interpretations issued but not yet effective

There are no standards, amendments, and interpretations issued, but not yet effective that have not been early adopted, and which are relevant to the Group, up to the date of issuance of the Group's financial statements.