



# Ngāti Kahungunu Iwi

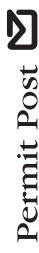
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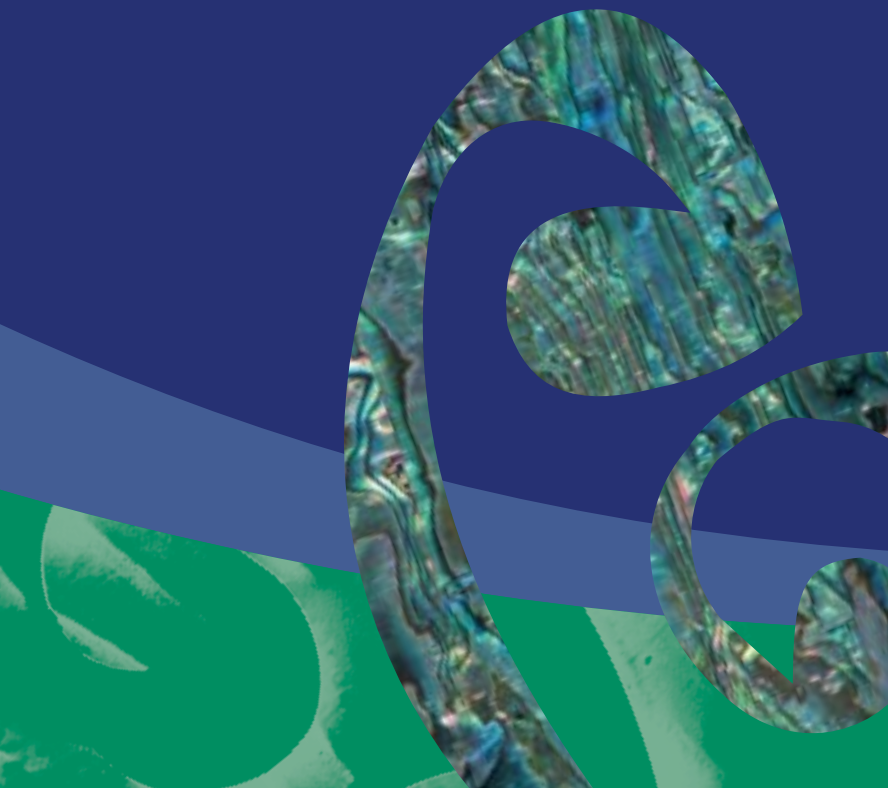
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# Hoea ra

Ngāti Kahungunu Iwi  
INCORPORATED

*Annual Report 2002 - 2003*

Published 2003



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## Board 2003



From Left to Right:

**Top Row:** J Nepe Apatu - Tamatea, R Ropiha - Tamatea, H Hilton - Heretaunga, L Rautahi - Tamaki Nui A Rua, O Purcell - Kirikiriroa, B Taylor - Whanganui A Orotu, A Holes - Te Upoko O Te Ika

**Bottom Row:** A Hopa - Heretaunga, S Keefe - Kaumatua, C Teariki - Deputy Chair, N Tomoana - Chairperson, W Blake - Kaumatua, M Namana - Wairarapa, A Hudson - Tamaki Makaurau



D Karauria  
Wairoa



E Perry  
Wairarapa



P Ropiha  
Murihiku



A Walker Jr  
Wairoa



T Tareha  
Whanganui A Orotu



G Mason  
Tamaki Nui A Rua

# Chairperson's Report



## “Whaia Te Tuhonohono”

Mate atu he tetekura

Mate atu he toa

Tangihia kia koutou kua mene atu ki te po o nga marae iwa tekau o Ngāti Kahungunu.

Haere atu ra, moe mai ra, oki oki.

Ara mai ra he tete kura

Ara mai ra he toa

Tihe mauri ora.

E nga toa takitini

Nga wahine purotu, nga tane purotu

Whaia te Kotahitanga i whakato mai ra

Na Te Huki ki tona kupenga

Tui tui tuia ra

Hui hui huia ra

Haumi e, Hui e, Taiki e.

Having been ritually tested and strengthened by our marae hikoi, we have consolidated and focussed our activities during this period, homing in on some of the ambitions of Te Waka, our 25 Year Vision.

Some of the key issues we have faced have been our decentralisation policy keeping a small office hub to a large iwi network, separation of political and corporate affairs, creating strategic commercial alliances with Hawke's Bay Seafoods and Sealord, collectivising whanau and hapu treaty claims under a single legal desk and persistent pursuit of fisheries allocation.

This last issue has not been without pressure from some hapu to try to split up the fisheries resource or on a wider front by government to try to deny us natural justice on the foreshore and seabed issue and to deny us any further access to the Privy Council.

We have ceased some activities such as Tu Kahu, our building company, and quit investments in Te Kupenga, our shareholder in Moana Pacific. There will always be tensions between whanau, hapu and iwi. There must always be tension between iwi and the Crown. These tensions are like the rise and fall of the tide – they are inevitable.

Our duty is to ensure that we have the appropriate waka, to meet these challenges. I believe we do for this time and so present this Annual Report for 2003.

Ngahiwi Tomoana  
Chairman

## *General Manager's Statement*



**Ruia taitea, kia tu ko taitaka anake**

### ***Concentrate on the essential***

The focus for the 2002/03-year was **Consolidation**. The whakatauki "Ruia taitea, kia tu ko taitaka anake" continues to be relevant as Ngāti Kahungunu Iwi Inc. works to strengthen the organisation in preparation for the challenges ahead.

The organisation structure, policies and systems were reviewed to determine and build the foundation and relationships necessary to deliver the strategies for the benefit of the whanau, hapu and iwi of Ngāti Kahungunu.

The commercial management structure has been developed in preparation for receiving allocation of fisheries assets from Te Ohu Kai Moana. The structure was also approved at the Hui a Tau in December 2002 as were a number of changes to strengthen the constitution.

There has been strong growth in membership numbers and the communication strategy has seen information reaching more and more people.

It has been a positive and constructive year, consolidating our activities and building a strong base for growth. We report a surplus and an increase in equity of \$373,501.

## *Ngāti Kahungunu Iwi Incorporated Staff*



*From Left to Right:*

*Top Row: Sonia Paul, Ruth Wong, Lisa O'Connor,*

*Bottom Row: Aramanu Ropitini, Ngahiwi Tomoana, Danielle Keil-Lambert*

**Objective:**

***Provide quality leadership to drive the political, cultural, economic and social development of Ngāti Kahungunu Iwi.***

A series of training sessions organised and attended by the Board included governance, trustee and director responsibilities, problem solving and decision making and team building. The Board has a commitment to the continuous pursuit of excellence through ongoing training and up-skilling to provide sound leadership for Ngāti Kahungunu.

The Chairman and the General Manager spent 4 months visiting marae, Taiwhenua and Taura Here to seek opinion on the draft 25-year vision supported by Board members in each rohe. There was resounding support for the vision and challenging questions at every hui. The iwi is fit and well and as diverse and beautiful as the colours of the paua depicted in the Ngāti Kahungunu Iwi Inc. logo.

**Objective:**

***Develop opportunities for economic success of the Iwi's businesses.***

## **Commercial fisheries**

The wetfish season has produced improved financial returns over previous years but additional gains have been through developing relationships with Sealords and Hawke's Bay Seafoods. Through these relationships we have seen 3.5 tonnes of fish and mussels on tables at hui and tangi throughout the rohe. This is the forerunner to establishing pataka in each Taiwhenua.

The market for Crayfish has seen a downturn due mainly to SARS and the strong New Zealand dollar. Compounded by reduced stocks in the CRA3 area NKII has not returned as good a result as in previous years. Distribution of funds to Taiwhenua are reduced as a result so the Board is looking for other ways to support Taiwhenua governance structures in 2003/04.

## **Eel management plan**

Year two of the research into glass eel recruitment was completed and we await Stella August's thesis with anticipation. The eel management plan has progressed and drawn interest from major commercial interests in the country and internationally.

## **Mussel farm**

Despite all the obstacles, our application for a marine farming permit is now being processed by the Ministry of Fisheries. Napier Mussels Ltd has secured support from Industry NZ for research and development of its leading technology.

The Board is promoting Ngāti Kahungunu by branding with the promotion of the NKII logo through advertising, flags, clothing and other merchandise. The logo brand is integrated with Sealords and Hawke's Bay Seafoods on every box of fish marketed through national and international networks taking Ngāti Kahungunu product to the world.

## **Tu Kahu**

The Iwi has ceased all activity in the building industry. All staff are now employed in private business using the steel framing technology.

## Treaty claims

NKII's policy of supporting hapu treaty claims with a central legal desk continues and the strategy has raised the profile of Ngāti Kahungunu's claims. We are battling the Government on a number of fronts and have seen the Crown move quickly to counter recommendations by the Waitangi Tribunal and Courts that are favourable to Maori. Oil and Gas and the foreshore and seabed are two such incidents. NKII will continue to resource treaty claims in this manner to establish a strong economic base for hapu.

### *Whanautanga*

**Objective:**  
***Strong vibrant healthy whanau***

The focus of social services has shifted from delivery to research and long term planning. The Board, supported by external funding, engaged qualified and specialist research and advice to facilitate development of the Ngāti Kahungunu Matauranga Plan - Ko te Amorangi ki Mua and the Maori Health Plan for Hawkes Bay. A demographic profile of housing in the Ngāti Kahungunu rohe was completed and will form the basis for a strategic plan for housing.

NKII will work with Government and its agents to promote the living standards and social opportunities for the iwi according to our 25-year vision and strategies. We are currently working with the Ministry of Education, Hawke's Bay District Health Board and Housing New Zealand Corporation to advance these strategies. The strategies will be operationalised by and through Taiwhenua and providers throughout the rohe. We acknowledge the assistance of Taiwhenua and provider groups and their contribution to the planning process.

**Objective:**  
***Provide information and opportunity for participation in the affairs of Ngāti Kahungunu Iwi to Ngāti Kahungunu whanau and hapu.***

There has been strong growth in membership with registered members exceeding 13,000. The communication strategy has seen information reaching more and more people through the publication and distribution of Hōea Ra, the Ngāti Kahungunu Website, 'Panui ki te Iwi' email network, weekly radio sessions and hui.

### *Kahungunutanga*

**Objective:**  
***To strengthen the heart and foundation of the iwi by promoting and supporting cultural and sporting development.***

Ngāti Kahungunu was one of three Iwi who participated in the inaugural Iwi sports challenge hosted by Te Arawa in Rotorua. Ngāti Kahungunu fielded 12 teams across 5 codes achieving overall runner up of the tournament.

This was a huge success with Rangatahi. Ngāti Kahungunu, with the assistance of Sport Hawkes Bay, will host the next tournament in January 2005. Preliminary inter hapu or Taiwhenua/Taura Here games are being organised to promote and maintain interest in the event.

Nga Taumata is a special and limited edition publication containing the essays and portraits from the Kahungunu, Ka Moe ... Ka Puta... exhibition. The book, produced jointly with the National Library, will be launched in November or December 2003.

Waitangi Day celebrations, Matariki, Kahungunu Sports Awards and the Regional Kapa Haka Festival were the major events sponsored this year. The Waitangi and the Matariki events are now part of the regional calendar of events and able to attract other funding however the Board remains committed to supporting these festivities. Regional school Maori Culture Festivals and speech competitions and participants at National Festivals were also supported.

## *Sponsorship*

Group sponsorship was by way of branded merchandise, mainly T-shirts and caps for representative sporting teams. Individual sponsorship was awarded to:

P Winitana	NZ Tall Blacks – World Champs
D Johnson-Bartlett	Oratory Festival – MWL Hui a Tau 2003
I Birch	Art Exhibition
R Maniapoto	HB U13 Rugby Team
G Jackson	International Global Conference, Malaysia
K Bentson	NZ Boxing Champs
C August	NZ Kickboxing Champs – Title Fight
J Hill	World U25 Bowls
J Wilkes	Swimming with a Disability Nationals
T Buchanan	NZ School of Dance
B Dunn	National Rowing Champs
J Hamilton	National Golf Tournament
B Wakefield	Photograph Exhibition
S Tuhakaraina	Culture Sporting Exchange, Thailand
K Karena	World K1 Kickboxing - Japan
S Maaka	World K1 Kickboxing - Japan
L Maratana	NZ U19 Softball World Series, China
K Bentson	NZ Boxing Team, Oceania Games – Tahiti
P Edwards	NZ Men's Touch, World Cup – Japan
N Bartlett	NZ Men's Touch, World Cup – Japan
T Edwards	NZ Athletics Team, Oceania Cup – Samoa
K Hesketh	High Schools Rugby – Argentina Tour

It is our practice to profile the recipients of sponsorship in Hoesa Ra.

44 education scholarships valued at \$18,000 were awarded to students in the last year of their degree or doing postgraduate study. The recipients of scholarships were profiled in the June 2003 edition of Hoesa Ra.

# Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated		Parent	
		2003	2002	2003	2002
		\$	\$	\$	\$
<b>INCOME</b>					
Investment Income	6	157023	219570	111319	133360
Hi Ika Income	7	1942092	2086082	1942092	2086082
Iwi Social Services	8	-	168651	-	168651
Matauranga	10	38485	-	38485	-
Hauora	11	70836	4164	70836	4164
Mana Lending	12	188	6469	188	409
Mauri Ora	13	44798	118400	44798	118400
Housing Income	14	56199	549495	-	-
Merchandising	15	12589	-	12589	-
Governance	16	16341	-	16341	-
		2338551	3152831	2236648	2511066
<b>LESS EXPENDITURE</b>					
Administration	6	137625	521572	103122	443294
Hi Ika	7	991579	1103776	991579	1103776
Communications	8	98699	54898	98076	50560
Iwi Social Services	9	-	76683	-	76683
Matauranga	10	38485	3029	38485	3029
Hauora	11	59876	-	59876	-
Mana Lending	12	100	-	100	-
Mauri Ora	13	128666	232307	128666	232307
Housing Expenses	14	158050	923908	-	-
Merchandising	15	10513	311	10513	-
Governance	16	341397	337502	524438	712536
		1964990	3253986	1954855	2622185
Net Surplus (Deficit) for year		373561	(101155)	281793	(111119)

## Statement of Movements In Equity

Opening Balance as at 1st July 2002	1200068	1301222	1396286	1507405
Net Surplus/ (deficit) for year	373561	(101154)	281793	(111119)
Closing balance as at 30th June 2003	1573629	1200068	1678079	1396286

These financial statements must be read in conjunction with the accompanying Notes.

# Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated		Parent	
		2003	2002	2003	2002
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>NON CURRENT ASSETS</b>					
Property	17	285141	291439	285141	226043
Motor Vehicles and Plant	18	82085	141380	82085	91762
Investments	21	402509	418504	399208	493243
<b>Total Non Current Assets</b>		<b>769735</b>	<b>851323</b>	<b>766434</b>	<b>811048</b>
<b>CURRENT ASSETS</b>					
Bank of New Zealand	19	1450951	1424121	1443260	1423534
Debtors		473598	151983	442465	69111
Work in Progress		-	450	-	-
Petty Cash		100	100	100	100
Petrol Vouchers on Hand		1000	-	1000	-
Prepayments		2522	4333	2522	4333
Stock on Hand	20	7503	2121	7503	2121
Accrued Income		34315	67864	34315	67864
<b>Total Current Assets</b>		<b>1969989</b>	<b>1650972</b>	<b>1931165</b>	<b>1567063</b>
<b>TOTAL ASSETS</b>		<b>2739724</b>	<b>2502295</b>	<b>2697599</b>	<b>2378111</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Creditors		267564	209085	260164	122738
Current Portion of Finance Lease		-	19569	-	-
Provision for Reparation Costs		17640	22000	12640	22000
Funds Held in Trust		649024	649024	649024	649024
Housing Corporation Loan		116188	137142	-	-
D Smith		-	37376	-	-
Spiers Finance		-	33954	-	-
Charges not yet Due		-	(7537)	-	-
GST Due		37765	74821	19778	61270
Income in Advance		77914	26793	77914	26793
Taiwhenua Grants Payable - Within 1 Year		-	100000	-	100000
<b>Total Current Liabilities</b>		<b>1166095</b>	<b>1302227</b>	<b>1019520</b>	<b>981825</b>
<b>NET EQUITY</b>		<b>1573629</b>	<b>1200068</b>	<b>1678079</b>	<b>1396286</b>

These financial statements were authorised for issue by the Board of Trustees on 7 November 2003



Chairman



Trustee

These financial statements must be read in conjunction with the accompanying Notes.

# Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2003

## 1 STATEMENT OF ACCOUNTING POLICIES

### Entity

Ngāti Kahungunu Iwi Incorporated (the society) is an incorporated society established in 1988 under the Incorporated Societies Act 1908.

Ngāti Kahungunu Iwi Incorporated has several subsidiary companies.

The reporting entity comprises the society and consolidated group of the society and its subsidiaries.

### Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed.

### Differential Reporting

The society qualifies for differential reporting as the business is not publicly accountable and is not large in size. The society has taken advantage of all available differential reporting exemptions.

### Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

**Operating Revenue** - represents revenue earned from the sale of the society's products and services, net of any credits allowed. Revenue from the Tangaroa joint venture is proportionately accrued on the basis of estimated profits for the season to 30 September.

**Fixed Assets** - Property, vehicles and plant are stated at cost less accumulated depreciation.

**Depreciation** - has been calculated using rates permitted by the Income Tax Act 1994.

Vehicles	20-32% DV
Buildings	2% SL
Computer Equipment and Plant	10-50% DV

**Investments** and advances are recorded at cost or estimated net realisable value if there has been a permanent diminution in value.

**Income Tax** - The society is not subject to taxation as it has attained charitable status for income tax purposes.

**Inventory and Work in Progress** - Construction work in progress and assorted inventories are valued at the lower of cost and net realisable value.

**Sundry Debtors** - Accounts receivable are stated at their estimated net realisable value. Bad debts are written off during the year as they are identified, with appropriate provision being made at balance date for any doubtful debts.

**Advances and Provisions** - Loan advances are recorded net of any specific provision for doubtful amounts. There are no general provisions for doubtful debts. Loans considered non recoverable are written off.

These financial statements must be read in conjunction with the accompanying Notes.

# *Notes to and Forming Part of the Financial Statements*

FOR THE YEAR ENDED 30 JUNE 2003

**Consolidation** - The purchase method of consolidation has been applied in preparing the consolidated financial statements. All inter entity transactions and balances have been eliminated on consolidation.

**Comparative Figures** - The current year financial statements report operating accounts by significant activity. This is a change on the prior year disclosure which reported by expenditure type. This change has necessitated some reclassification of prior year comparatives in the statement of financial performance.

## **Changes in Accounting Policies**

There have been no changes in the accounting policies during the year. All policies have been consistently applied.

## **2 CONTINGENT LIABILITIES**

The society is guarantor of a Housing Corporation of New Zealand loan drawn down to \$116,188. The society has also entered into a loan agreement with Housing Corporation of New Zealand for a further \$2,200,000 in respect of the Tu Kahu housing project (this is not drawn down). The society is currently negotiating to have this agreement restructured.

A portion of the wetfish income from the past two years is subject to dispute. The society has won initial court hearings but the matter is being appealed. If the claimants are successful a portion of these funds would become payable. The board considers the possibility remote.

## **3 CONTINGENT ASSETS**

At balance date there was an unsettled dispute regarding crayfish quota allocation to tribes. Te Ohu Kai Moana (TOKM) is holding back funds until the dispute has been resolved. No recognition has been made in the financial statements of these assets as there is still ongoing uncertainty as to the method of distribution of these assets and the ultimate beneficiaries.

## **4 SECURITIES AND GUARANTEES**

Bank borrowings are secured by a registered first mortgage over the property.

## **5 CAPITAL COMMITMENTS**

There are no commitments for capital expenditure at balance date.

These financial statements must be read in conjunction with the accompanying Notes.

# Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated		Parent	
		2003 \$	2002 \$	2003 \$	2002 \$
<b>6 ADMINISTRATION INCOME</b>					
Administration Fee ( External)		2630	2383	2630	2383
Interest on Investments		85008	64222	81008	64222
Building Rental		4200	3100	4200	9600
Depreciation Recovered		24206	-	-	-
Sundry Income		40979	107670	23481	33155
TPK		-	42195	-	24000
		<u>157023</u>	<u>219570</u>	<u>111319</u>	<u>133360</u>
<b>ADMINISTRATION EXPENSES</b>					
A C C Levies		15674	9375	2956	-
Accountancy Fees		12924	8916	4396	3468
Audit Fees		19701	24558	11451	15200
Small Asset Replacements		1317	1778	1317	1778
Bank Fees		1912	3329	1205	1138
Building Costs		25337	14674	24636	14674
Consultancy		395	32441	395	32441
Depreciation Buildings		3872	3249	3872	3249
Depreciation and Loss on Sale Motor Vehicles		29799	25063	28630	24261
Depreciation and Loss on sale Plant		17577	46463	16836	26808
Equipment Lease		7480	8888	7480	8888
Equipment Repairs and Maintenance		3891	5773	3891	5277
General Office Expenses		1492	3761	1185	1290
Housing Activity		683	-	683	-
Insurance		4648	8397	3265	2848
IT Services		3788	11372	3788	11080
IRD Penalties		-	14197	-	-
Power		2380	2605	2380	2605
Salaries		177941	358971	177941	358971
Stationery		3440	8348	3440	8348
Subscriptions		1894	1198	1894	1198
Telephone/Communications		10325	15408	10325	15408
Travel/Accommodation		4761	49858	4761	41415
Training/Conferences		4545	9704	4545	9704
Vehicle Expenses		6184	22124	6184	22124
Recharges		(224334)	(168879)	(224334)	(168879)
		<u>137626</u>	<u>521571</u>	<u>103122</u>	<u>443294</u>
<b>7 HI IKA INCOME</b>					
Quota Lease Wetfish		986096	809444	986096	809444
Quota Profit Share Wetfish		677030	573511	677030	573511
Rock Lobster Profit Share		-	112841	-	112841
Rock Lobster Lease		262956	508286	262956	508286
Other Income		1059	-	1059	-
Research/Eels		14951	-	14951	-
MOF Customary Fisheries		-	82000	-	82000
		<u>1942092</u>	<u>2086082</u>	<u>1942092</u>	<u>2086082</u>

# Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated		Parent	
		2003 \$	2002 \$	2003 \$	2002 \$
<b>HI IKA EXPENSES</b>					
Administration fee - Recharge		219621	168879	219621	168879
Committee Expenses		8757	-	8757	-
Consultancy		42874	23	42874	23
Eel Research		16634	9951	16634	9951
Hui Costs		1005	6589	1005	6589
Legal Fees		4311	67130	4311	67130
Quota		416762	338249	416762	338249
Eel Research		4410	-	4410	-
Taiwhenua/ Taurahere					
Distributions		217400	425565	217400	425565
Telephone/Communications		440	-	440	-
Travel/Accommodation		12988	-	12988	-
Treaty Tribes		46377	87390	46377	87390
		<u>991579</u>	<u>1103776</u>	<u>991579</u>	<u>1103776</u>
<b>8 COMMUNICATION EXPENSES</b>					
Advertising		9959	10839	9959	9900
Consultancy		25556	-	25556	-
Newsletter and Production		34712	23782	34089	23782
Research and Development		3800	827	3800	827
Postage/Courier		4978	4093	4978	4093
Registration		13840	4300	13840	4300
Stationery		1433	3398	1433	-
Telephone 0800		1984	746	1984	746
Website Expenses		2437	6912	2437	6912
		<u>98699</u>	<u>54897</u>	<u>98076</u>	<u>50560</u>
<b>9 IWI SOCIAL SERVICES</b>					
Income		-	168651	-	168651
<b>EXPENSES</b>					
Education ISS		-	31239	-	31239
ISS Special Costs Expenses		-	45444	-	45444
		<u>-</u>	<u>76683</u>	<u>-</u>	<u>76683</u>
<b>10 MATAURANGA INCOME</b>					
MOE Contracts		<u>38485</u>	<u>-</u>	<u>38485</u>	<u>-</u>
<b>MATAURANGA EXPENSES</b>					
Administrative Costs		3647	3029	3647	3029
Committee Expenses		7530	-	7530	-
Consultancy		22660	-	22660	-
Hui Costs		2753	-	2753	-
Travel/Accommodation		1895	-	1895	-
		<u>38485</u>	<u>3029</u>	<u>38485</u>	<u>3029</u>

# Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2003

Notes	Consolidated		Parent	
	2003 \$	2002 \$	2003 \$	2002 \$
<b>11 HAUORA INCOME</b>				
DHB Contracts	70836	4164	70836	4164
<b>HAUORA EXPENSES</b>				
Admin Fee - Recharge	4500	-	4500	-
Committee Expenses	10331	-	10331	-
Consultancy	44238	-	44238	-
Hui Costs	717	-	717	-
Travel/Accommodation	90	-	90	-
	<u>59876</u>	<u>-</u>	<u>59876</u>	<u>-</u>
<b>12 MANA LENDING</b>				
Dividends Received	46	-	46	-
Interest Received - Mana	142	6469	142	409
	188	6469	188	409
Legal Fees	100	-	100	-
	<u>88</u>	<u>-</u>	<u>88</u>	<u>-</u>
<b>13 MAURI ORA</b>				
Art and Culture	533	-	533	-
Ka Moe....Ka Puta....Exhibition	18889	118400	18889	118400
Sports	1100	-	1100	-
Te Manu Tipi	24276	-	24276	-
	<u>44798</u>	<u>118400</u>	<u>44798</u>	<u>118400</u>
<b>MAURI ORA EXPENSES</b>				
A&C - Events	22943	29106	22943	29106
A&C - Mau rakau	-	26667	-	26667
A&C - Wananga	742	2000	742	2000
Ka Moe....Ka Puta....Expenses	22107	126054	22107	126054
Kaumataua Expenses	7514	13334	7514	13334
Scholarships	18040	18000	18040	18000
Sponsorship	25198	17146	25198	17146
Sports	7886	-	7886	-
Te Manu Tipi	24236	-	24236	-
	<u>128666</u>	<u>232307</u>	<u>128666</u>	<u>232307</u>

# Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated		Parent	
		2003 \$	2002 \$	2003 \$	2002 \$
<b>14 HOUSING INCOME</b>					
Sales Tu Kahu		56199	549495	-	-
<b>HOUSING EXPENSES</b>					
Opening Work in Progress		450	34532	-	-
Opening Stock		-	11243	-	-
Purchases		40818	278780	-	-
Sub Contractors		27797	148782	-	-
Closing Work in Progress		-	(450)	-	-
Apprentice Costs		-	3350	-	-
Entertainment		-	655	-	-
Freight		-	1131	-	-
Lease Interst		4790	11029	-	-
Bank Interest		2	14	-	-
Plant Hire		3323	11182	-	-
Protective Clothing		-	(1835)	-	-
Permits		-	5059	-	-
Telephone and Tolls		4584	11188	-	-
Vehicle Expenses		4693	31373	-	-
Wages		71593	377874	-	-
		158050	923907	-	-
<b>15 MERCHANDISING</b>					
<b>Sales</b>					
Clothing		10015	-	10015	-
Diaries		201	-	201	-
Flags		862	-	862	-
Ka Moe Ka Puta CD		1511	-	1511	-
		12589	-	12589	-
<b>Less: Cost of Sales</b>					
<b>Opening Stock</b>		2121	-	2121	-
<b>Purchases</b>					
Clothing		8458	311	8458	-
Diaries		280	-	280	-
Flags		7053	-	7053	-
Paua Logo		103	-	103	-
<b>Less: Closing Stock</b>					
Closing Stock - Clothing		943	-	943	-
Closing Stock - Flags		6559	-	6559	-
		10513	311	10513	-
		2076	(311)	2076	-

# Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated		Parent	
		2003 \$	2002 \$	2003 \$	2002 \$
<b>16 GOVERNANCE</b>					
Sundry Income		16341	-	16341	-
<b>GOVERNANCE EXPENSES</b>					
Committee Fees and Expenses		41615	31997	41615	31997
Consultancy Fees		9907	3741	9907	3741
Hui Expenses		15654	29952	15654	29952
Koha		12683	5646	12683	5646
Legal Expenses		68915	42370	68915	41564
Board Salary and Honoraria		71720	60518	71720	60518
Executive Expenses		48926	59612	48926	59612
Training/Conferences		16091	8322	16091	8322
Vehicle Expenses		9886	14156	9886	14156
Reparation Costs		5000	22000	-	22000
Write off of Tu Kahu Loan		-	-	144773	435028
Write Down value of Te					
Runanganui O Ngāti Kahungunu Ltd		6000	59188	84268	-
Write off Investment		140	-	-	-
Bad Debts Written Off		34860	-	-	-
		<u>341397</u>	<u>337502</u>	<u>524438</u>	<u>712536</u>

## 17 PROPERTY (Parent and Consolidated)

509 Orchard Road, Hastings

Sections at Flaxmere

	Original Cost	Current Year Depn	Accum Depn	Closing Value	2002 Closing (Parent)	2002 Closing (Consolidated)
Land and Buildings - Original Cost	<u>320808</u>	<u>3872</u>	<u>35667</u>	<u>285141</u>	<u>226043</u>	<u>291439</u>

## 18 MOTOR VEHICLES AND PLANT (Parent and Consolidated)

Vehicles - Original Cost	63653	28630	10955	52698	53499	55267
Plant and Machinery - Original Cost	<u>92629</u>	<u>16836</u>	<u>63242</u>	<u>29387</u>	<u>38263</u>	<u>86114</u>
	<u>\$156282</u>	<u>\$45466</u>	<u>\$74197</u>	<u>\$82085</u>	<u>\$91762</u>	<u>\$432820</u>

# Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated		Parent	
		2003 \$	2002 \$	2003 \$	2002 \$
<b>19 BANK ACCOUNTS</b>					
Bank of New Zealand					
Cheque Account	102302	383378	94611	382791	
Mana Account	2199	-	2199	-	
Call Account	142019	67062	142019	67062	
	246520	450440	238829	449853	
Term Deposit	-	152668	-	152668	
Term Deposit @ 5.21%	124127	116195	124127	116195	
Term Deposit @ 5.22%	61286	57643	61286	57643	
Term Deposit @ 5.22%	215948	202908	215948	202908	
Term Deposit @ 5.22%	138967	130705	138967	130705	
Term Deposit @ 5.23%	248761	234794	248761	234794	
Term Deposit @ 5.22%	103341	78768	103341	78768	
Term Deposit @ 5.25%	191745	-	191745	-	
Term Deposit @ 5.21%	120256	-	120256	-	
	1204431	973681	1204431	973681	
	1450951	1424121	1443260	1423534	

The term deposits totalling \$1012686 arise from fishing receipts and are being held subject to resolution of disputes regarding allocation.

## 20 STOCKS ON HAND

Clothing, Caps and Flags	7503	2121	7503	2121
	7503	2121	7503	2121

## 21 INVESTMENTS

### Investments in Subsidiaries

Shares - TRONK (100%)	-	-	15732	100000
Shares - Tu Kahu Limited (100%)	-	-	100	100
	-	-	15832	100100

### Shares

Shares - Napier Mussels Limited (40%)	80000	80000	80000	80000
The Flyaway Bird Co.	-	140	-	-
	80000	80140	80000	80000

### Advances

Mana Debtors	995	3014	19822	21841
Tu Kupenga Limited	54000	60000	-	-
Moteo Vineyards Ltd	20000	40000	-	-
Tamaki nui a Rua Taiwhenua	54820	54693	54820	54693
Tamatea Taiwhenua	47760	51250	47760	51250
Wairarapa Taiwhenua	(658)	-	(658)	-
	176917	208957	121744	127784

### Amounts Due From Subsidiaries and Associates

Napier Mussels Limited	145592	129407	145592	129407
TRONK - Loan	-	-	36040	55952
	145592	129407	181632	185359
	402509	418504	399208	493243

# *Notes to and Forming Part of the Financial Statements*

FOR THE YEAR ENDED 30 JUNE 2003

Advances include an amount funded to Napier Mussells Limited for ongoing development of the mussel farming venture.

The balance receivable from Te Runganganui O Ngāti Kahungunu Iwi Limited is repayable on demand and is secured by a registered debenture over the company's assets. The loan agreement requires interest to be paid at a margin of 3% over the commercial lending rate of Ngāti Kahungunu Iwi Incorporated's bank. The Ngāti Kahungunu Iwi Incorporated Board have waived the interest charge until the financial position of Te Runganganui O Ngāti Kahungunu Limited improves. No demand has been made for repayment. The advance to Tu Kahu Limited is considered non collectable.(see note 22)

## **22 WRITE DOWN IN SUBSIDIARIES**

The Board have written off the Current Account in Tu Kahu Limited totalling \$ 144,773 as it is estimated that this amount is not recoverable. The Te Runganganui O Ngāti Kahungunu Limited investment in Tu Kupenga Limited has been written down to estimated recoverable value.

## **23 RELATED PARTY TRANSACTIONS**

The society enters into transactions with and on behalf of it's subsidiaries Te Runanganui Kahungunu Ltd and Tu Kahu Ltd. Advances to both these parties also exist.

The society collects and distributes funds on behalf of and to constituent Taiwhenua organisations. There are common board members between the society and the Taiwhenua organisations.

## **24 SUBSEQUENT EVENTS**

Subsequent to balance date, the society have taken over the Tu Kahu Limited liability to the Housing Corporation. There have been no other events subsequent to balance date that have an effect on these financial statements.

## **25 PROVISIONS**

In 2002 the Ngāti Kahungunu Board resolved to meet \$22,000 of Tu Kahu Limited house remedial work. During the year \$9,360 was expended leaving a balance of \$12,640 in the provision account. During 2003 another \$5,000 has been provided.

## *Audit Report*

### **To the Members of Ngāti Kahungunu Iwi Inc**

We have audited the financial report on pages 6 to 16. The financial report provides information about the past financial performance and financial position of Ngāti Kahungunu Iwi Inc (the society) and group as at 30 June 2003. This information is stated in accordance with the accounting policies set out on page 8 and 9.

### **Board's Responsibilities**

The Board is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of a financial report which fairly reflects the financial position of the society and group as at 30 June 2003 and of the results of operations for the year ended 30 June 2003.

### **Auditors' Responsibilities**

It is our responsibility to express an independent opinion on the financial report presented by the Board and report our opinion to you.

### **Basis of Opinion**

An audit includes examining on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial report, and
- whether the accounting policies are appropriate to the society and group circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary except that our work was limited as explained below. We obtained sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than in our capacity as auditors we have no other relationship with or interests in the society or its subsidiary companies.

### **Qualified Opinion**

The 2002 financial statements were qualified due to insufficient evidence to determine that the year end work in progress was fully accounted for. Any understatement of work in progress at 30 June 2002 would have an adverse effect on the reported result for 2003.

In this respect alone we have not obtained all the information and explanations that we have required.

In our opinion except for adjustments that might have been found necessary had we been able to obtain sufficient evidence concerning opening work in progress of the Tu Kahu Limited subsidiary company, the financial report on pages 6 to 16 fairly reflects the financial position of the society and group as at 30 June 2003 and the results of operations for the year ended on that date.

Our audit was completed on 7 November 2003 and our qualified opinion is expressed as at that date.



Dent Robertson & Partners  
Chartered Accountants  
Hastings, New Zealand