



Morikaunui Incorporation

2020 Annual Report



Morikaunui Incorporation

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Front cover:
Hamish Thompson, Station Manager

Morikaunui Incorporation

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the **Morikaunui Incorporation** will be held **ELECTRONICALLY** on Wednesday 25th November 2020 commencing at 10:00 am. [For details, please visit the website www.morikau.com/agm2020.]

AGENDA

1. Mihimihi (Turama Hawira)
2. Karakia (Turama Hawira)
3. Apologies (provided prior to the meeting) – “Accept apologies”
4. Minutes of the 2019 AGM: “That the Minutes as circulated are a true and correct record.”
5. Matters arising
6. Chairman’s Report: “That the Chairman’s report be received.”
7. Financial Report (Glenn Brown): “That the Financial report be received.”
8. Appointment of Auditor: There having been no other nomination for the position of auditor and in the absence of a notice in writing advising that they do not wish to be re-appointed, Spooner, Hood & Redpath Ltd are automatically re-appointed pursuant to s277 (2) of the Act.
9. Appointment of Share Valuer: Doyle & Associates Ltd have offered themselves for election.
“That pursuant to s278 of the Act, Doyle & Associates Ltd be appointed as Share Valuer.”
10. Dividend
“That the payment of a dividend of \$4.00 per share from Reserves accumulated prior to 30 June 2004 as recommended by the Committee of Management be approved pursuant to s259 (1c) of the Act.”
11. Charitable purposes payments
“That pursuant to s259(1d) of the Act it is hereby authorised that a payment being the greater of \$12,500 or 5% of reported profit be made to The Whanganui Trust to assist with the delivery of its charitable activities and sums totalling no more than \$13,000 be made on account of Education Scholarships.”

Note: Hari Benevides and Harvey Bell retired by rotation from the Committee and offered themselves for re-election. There being no other nominations, they are declared duly elected.

12. The Whanganui Trust

1. Chairman’s Report
2. Financial Report
3. Resolution: “That Te Aroha McDonnell be reappointed as a trustee.”

Harvey Bell
Secretary

Minutes of Morikaunui Incorporation (“Morikau”)

Minutes of the Annual General Meeting of the Morikau shareholders held at the Whanganui Racecourse on the 14th of November 2019.

Mihimihi/Karakia John Haami

The chairman welcomed everyone to the meeting and then ran through the location of the facilities and the emergency protocols relating to the building.

Apologies

Vera Wilson/Olive Hawira

Minutes of last year

"That the Minutes of the AGM held on the 7th of November 2018 as presented be approved as a true and correct record."

Agnes Tomlinson/Olive Hawira

Matter arising

None

Chairman's Report

- The investment in infrastructure over the last few years is now paying dividends.
- Profit has increased by over \$400k
- The prices for lamb and mutton in particular have been at unprecedented highs with lamb heading even higher this coming season.
- Unseasonal weather and related animal health remain to be issues on the station.
- In the office, Rehara Tamehana is settling in as our new “front” person.

"That the chairman's report be received."

John Maihi/ Phyllis Raxworthy

Financial Report

Glenn Brown presented the key components of the financial report graphically. This included:

- Average lamb and mutton prices have ranged from \$81 in 2015 to \$118 in 2019
- Beef from \$1,273 to 1,258 with a peak of \$1,462 in 2017
- Wool from \$3.24 to \$2.12, peaking in 2016 at \$4.14

Gross revenue was up slightly to \$2,863,174. This has risen by 66% since 2014

Costs were down to \$2,654,501 from \$2,948,086

Profit was up to \$350,407 from a Loss of \$66,133

Cash surplus from the station was \$710,312

Assets totalled \$16.95 m with Liabilities at \$3.65m leaving Equity at \$13.3m

The amount owing to the BNZ was reduced by \$400k to \$400k.

"That the financial report be received"

Hareruia Tana Tahau Whanau Trust/Te Urumanao Gardiner

Appointment of Auditor – There having been no other nomination for the position of auditor and in the absence of a notice in writing advising that they do not wish to be re-appointed, Spooner, Hood & Redpath Ltd are automatically re-appointed pursuant to s277 (2) of the Act.

Appointment of Share Valuer – Balance Chartered Accountants Ltd have offered themselves for re-election.

"That pursuant to s278 of the Act, Balance Chartered Accountants Ltd be re-appointed as Share Valuer."

Mariana Waitai/Parekawa Turoa Waeroa Whanau Trust

Dividend

"That the payment of a dividend of \$3.25 per share from Reserves accumulated prior to 30 June 2004 as recommended by the Committee of Management be approved pursuant to s259 (1c) of the Act."

Mariana Waitai /Olive Hawira

Kaumatua grant

"That pursuant to s259(1d) of the Act it is hereby authorised that a grant in the sum of \$50 towards travel costs be paid by direct credit to any shareholder or shareholding Trust beneficiary attending this meeting who was born on or before the 30th of November 1959."

Philip Rewiti/Patricia Mallett

Charitable purposes payments

"That pursuant to s259(1d) of the Act it is hereby authorised that a payment being the greater of \$12,500 or 5% of reported profit be made to The Whanganui Trust to assist with the delivery of its charitable activities and sums totalling no more than \$12,000 be made on account of Education Scholarships."

Debbie Te Riaki /Mariana Waitai

Note: Robert (Bobby) Gray, William Konui and Kataraina Millin retired by rotation from the Committee and offered themselves for re-election. There being no other nominations, they are declared duly elected.

The Whanganui Trust

Under its Trust Deed, the Trust is required to report to the Morikau shareholders at their AGM each year.

Report:

Review from the Chairman

- Extract from the financial report and names of education award recipients in the Morikau booklet for the first time
- The trust continues to have its MOU with Victoria University whereby it matches any award we make for students attending the university, thereby doubling the financial assistance
- Focus remains in education with few applications for the other categories
- Results are still in the top quartile which bodes very well for the future of our people

Finances

- Gross income was up \$2,000 to \$102,000
- Total expenditure was down by \$4,000 to \$67,000
- This increased to Surplus by nearly \$6,000 to \$34,481

The trust has gross assets of \$2,009,640 of which \$914,830 is its Equity and the balance Unclaimed Morikau dividends.

"That the trust report be received."

Hari Benevides/Debbie Te Riaki

Call for nominations for a floor elected Trustee.

Te Aroha McDonnell was nominated.

There being no further nominations, Te Aroha was declared duly elected.

The Chairman closed the meeting and invited everyone to lunch.

CHAIRMAN'S REPORT

ANNUAL GENERAL MEETING 2020

The first AGM was 65 years ago in 1956. Attendance numbers have steadily grown and our AGM has always been an opportunity to connect with friends and whanau.

In light of the uncertainty of COVID-19 restrictions, the Committee of Management has considered all the options and made the decision that it would be irresponsible to hold a "physical meeting".

Special legislation allows a meeting to be held using video conferencing and our annual gathering this year will be using the new technology available via the internet.

The CoM has determined that because everyone will have access to all the relevant information and be able to vote on resolutions by appointing a proxy to vote as directed, no one will be disadvantaged by this decision.

While the primary participation platform is Zoom Webinar with feedback and voting capabilities (this will require pre-registration, see below), there will also be the option of simply following proceedings via Facebook live-streaming. In addition, there is the option to dial-in to listen only but there may be a call cost involved in this, depending on individual landline call plans. The full details of all of this, including the link for pre-registration, are accessible on our website at morikau.com/agm2020.

The costs of not holding the AGM this year, which includes the "travel koha" will be distributed to all shareholders by way of an increased dividend of \$4.

FINANCIAL RESULTS

In this 65th annual report, I am pleased to advise of a record net profit of just under \$700,000, nearly double that reported last year. This is approximately \$300 per effective hectare (ie the farmable land), with gross farm income of nearly \$1,350, a remarkable result.

As commented last year that we are starting to see the benefits from the considerable investment we have made in the Station, ably managed by Hamish Thompson and assisted by his dedicated permanent staff and seasonal employees, the latter mostly local.

Our philosophy is to work on increasing daily weight gains of all our trading stock, ie lambs and beef cattle, so we are well placed to capitalise on whatever the market requires. As we head towards having to account for on-farm greenhouse gas (GHG) emissions, there is considerable benefit to be derived from finishing stock faster.

FARM CONSULTANT

In 2006 farm consultant Peter Bailey came to work with the CoM. Peter left us in 2009 to take up a contract in Australia. Three years ago, Peter re-joined us and played a valuable role working with Hamish and providing advice to the CoM. Sadly, Peter passed away in February this year. He is greatly missed by the CoM and Hamish and Katrina.

CHAIRMAN'S REPORT

OUTLOOK

With the general election behind us but with growing concern about second and third waves of the coronavirus around the world, the future for NZ farming is at best uncertain. Our strategy is to increase our production potential by further on-farm investment so we are well placed to continue supplying quality product into whatever market is yielding the best returns. We also remain focused on environmental considerations, including greenhouse gas emissions and their mitigation.

FARM VISIT

The Manager has recommended a Spring visit in November 2021. There is no fixed date as yet, registration information will be on the Morikau website.

ADMINISTRATION

During the year our accountant Glenn Brown moved from Balance Chartered Accountants to Doyle & Associates, taking some key personnel with him, including Rehara Tamehana who is our primary point of contact at the office at 32 Taupo Quay. Rehara is available between 9:00am and 1:00pm each day.

ACKNOWLEDGEMENTS

The running of a business with a turnover of over \$3.25m annually is only possible because of the dedication and skills of the people involved "at the coal face". This includes Hamish and Katrina Thompson and their dedicated team at the station as well as Glenn and his team at the DoYLES office. A big thank you on behalf of the CoM to all involved.

Also, my personal thanks to my fellow CoM members for their continued enthusiasm and support in our very important role of kaitiaki of our ancestral lands.



Hari Benevides (Ms)

Financial Statements

Morikaunui Incorporation
For the year ended 30 June 2020

Prepared by Doyle and Associates The Accountants Ltd

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Directory

Morikaunui Incorporation For the year ended 30 June 2020

Nature of Business

Sheep and Beef Farming

Registered Office

32 Taupo Quay
Whanganui 4501

IRD Number

022-330-322

Committee of Management

Hari Benevides (Ms) - Chairperson
Jimmy Edmonds
William (Bill) Konui
Turama Hawira
Robert (Bobby) Gray
Kataraina Millin
Harvey Bell

Secretary

Harvey Bell

Chartered Accountant

Doyle & Associates The Accountants Ltd
32 Taupo Quay
Whanganui

Auditor

Spooner, Hood & Redpath Limited
Chartered Accountants
162 Wicksteed Street
Whanganui

Bankers

Bank of New Zealand
Victoria Avenue
Whanganui

Solicitors

Tripe, Matthews & Feist
Level 2/38-42 Waring Taylor Street
Wellington

Approval of Financial Report

Morikaunui Incorporation

For the year ended 30 June 2020

The Committee of Management are pleased to present the approved financial report including the historical financial statements of Morikaunui Incorporation for the year ended 30 June 2020.

APPROVED

For and on behalf of the Committee of Management.



Chairperson

Date 29/10/2020



Member of Committee of Management

Date 29/10/2020

Statement of Profit or Loss

Morikaunui Incorporation

For the year ended 30 June 2020

	NOTES	2020	2019
Trading Income			
Beef Cattle Gross Surplus		1,047,912	813,562
Sheep Gross Surplus		2,051,306	1,802,246
Wool Gross Surplus		127,204	173,370
Total Trading Income		3,226,423	2,789,178
Other Income			
Dividends Received		25	71
Interest Received		16	129
PIE Income		20,602	20,467
Profit on Sale of Fixed Assets		122	486
Rebates		25,885	21,317
Sundry Farm Income		54,255	52,679
Total Other Income		100,905	95,149
Less Expenses			
Farm Working Expenses		988,609	1,076,544
Repairs and Maintenance		227,439	108,354
Vehicle Expenses		117,681	106,459
Personnel Expenses		488,572	417,106
Administration Expenses		191,490	217,147
Finance Expenses		91,440	120,467
Administration and Other		294,689	313,793
Non Cash Expenses	15	270,925	294,630
Total Expenses		2,670,845	2,654,500
Net Operating Surplus (Deficit)		656,483	229,826
Net Profit (Loss) Before Tax		656,483	229,826
Taxation and Adjustments			
Extraordinary Items			
Unrealised Gains on Listed Investments		(42,828)	(120,581)
Total Extraordinary Items		(42,828)	(120,581)
Total Taxation and Adjustments		(42,828)	(120,581)
Net Profit (Loss) For The Year		699,311	350,407

These financial statements are to be read in conjunction with the accompanying notes. These statements have been audited.

Balance Sheet

Morikaunui Incorporation As at 30 June 2020

	NOTES	30 JUN 2020	30 JUN 2019
Equity			
Capital	5	260,876	260,876
Retained Earnings	6	1,417,937	894,643
Reserves	7	13,710,489	12,149,636
Total Equity		15,389,302	13,305,155
Assets			
Current Assets			
Cash and Bank			
BNZ - Current Account		18,509	251
BNZ - Call Account		1	55,638
Total Cash and Bank		18,510	55,889
Trade and Other Receivables		171,482	269,934
Wool on Hand	8	-	21,931
Income Tax Receivable	4	-	5
Other Current Assets	9	-	15,000
Total Current Assets		189,992	362,759
Non-Current Assets			
Investment in Shares	11	763,009	721,279
Property, Plant and Equipment	10	11,097,732	9,510,860
Livestock on Hand	12	5,446,575	5,258,358
Whanganui Trust - Loan (Re Unclaimed Dividends)		1,137,900	1,094,810
Total Non-Current Assets		18,445,216	16,585,307
Total Assets		18,635,208	16,948,066
Liabilities			
Current Liabilities			
Trade and Other Payables		289,408	447,338
GST Payable		55,602	42,361
Employee Entitlements		71,906	30,602
Other Current Liabilities			
Current Liabilities			
Whanganui Trust - Current Account		-	12,500
Whanganui Trust - Unclaimed Dividends Due		43,090	42,299
Total Current Liabilities		43,090	54,799
Total Other Current Liabilities		43,090	54,799

These financial statements are to be read in conjunction with the accompanying notes. These statements have been audited.

	NOTES	30 JUN 2020	30 JUN 2019
Non-Current Liabilities			
Loans	13	1,648,000	1,973,000
Unclaimed Dividends (Due to Shareholders)		1,137,900	1,094,810
Total Non-Current Liabilities		2,785,900	3,067,810
Total Liabilities		3,245,906	3,642,911
Net Assets		15,389,302	13,305,155

These financial statements are to be read in conjunction with the accompanying notes. These statements have been audited.

Notes to the Financial Statements

Morikaunui Incorporation
For the year ended 30 June 2020

1. Reporting Entity

Morikaunui Incorporation is a Maori Incorporation under the Te Ture Whenua Maori Act 1993 and is a sheep and beef farm. The special purpose financial report was authorised for issue in accordance with a resolution of the Committee of Management dated 29 October 2020.

2. Statement of Accounting

Policies Basis of Preparation

The financial statements have been prepared in accordance with the *NZICA Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs)* published by the New Zealand Institute of Chartered Accountants.

The financial statements have been prepared for the purpose of the entity's income tax requirements and for internal use.

Unless otherwise stated, the accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on historical cost and going concern bases have been followed by the entity. All amounts are presented in NZ \$ rounded to the nearest dollar.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Combined Statement of Financial Performance and Statement of Financial Position have been applied:

(a) Revenue Recognition

Revenue is recognised when the obligation for payment has been created.

(b) Livestock

Livestock is recorded at Market Value. The annual change in numbers calculations is recorded in the Incorporation's Statement of Financial Performance by way of increasing or decreasing the Gross Profits from livestock trading while changes in market values is recorded directly into the Equity of the Incorporation. Herd Values have been used for taxation calculations.

(c) Accounts Receivable

Accounts receivables are recognised less an allowance for any uncollectible amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

(d) Property, Plant and Equipment and Investment Property

Property, plant and equipment and investment property are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

Depreciation is calculated on a straight line/diminishing value basis over the estimated useful life of the asset either using depreciation rates published by Inland Revenue or based on estimates by management. Assets' estimated useful life is reassessed annually. The following estimated depreciation rates/useful lives have been used:

These financial statements have been audited.

Account	Method	Rate
Freehold Land	Straight Line	0%
Property Improvements	Diminishing Value	0% - 15%
Development Expenditure	Straight Line	10%
Forestry	Straight Line	0%
Buildings	Diminishing Value	0% - 39.6%
Development Plans 2016	Diminishing Value	0% - 25%
Bridges	Straight Line	2.5%
Plant & Equipment	Diminishing Value	9.6% - 67%
Development Plans 2017-2018	Diminishing Value	0% - 25%
Furniture & Fittings - Station	Diminishing Value	10% - 30%
Furniture & Fittings - Incorporation	Diminishing Value	11.4% - 25%
Motor Vehicles	Diminishing Value	10% - 30%
Office Equipment	Diminishing Value	16% - 67%

Land

The Incorporation's land is designated Maori Freehold land and is subject to the selling limitations defined in Te Ture Whenua Act 1993 ("the Act").

Land, buildings and other improvements have been revalued to its Rateable Value dated 1 September 2019. The rateable values are assessed every three years.

Development Expenditure

Development Expenditure is capitalised and amortized over a period of 4 to 10 years. An adjustment is made for taxation purposes.

(e) Income Tax

Provision has been made for all known taxation liabilities. Income tax is accounted for using the taxes payable method.

(f) Investments

Investments held at trading banks are stated at cost. Shares are valued at market values. For listed investments the annual change in value is recorded in the Incorporation's Statement of Financial Performance as an unrealised gain.

(g) Financial Instruments

Financial instruments are recognised in the Statement of Financial Position when the incorporation becomes party to a financial contract. They include cash balances, deposits, bank overdraft, payables, receivables and intercompany balances.

All of the financial instruments of the Incorporation are initially recorded at cost and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (credit losses).

(h) Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST. The Incorporation is GST registered on an invoice basis.

(i) Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

These financial statements have been audited.

2020 2019

3. Tax Reconciliation

Net profit/(loss) before tax	699,311	350,407
Permanent Differences		
Changes in Livestock Numbers - Sheep	(25,436)	(102,861)
Changes in Livestock Numbers - Cattle	(394,930)	(146,843)
Increase/(Decrease) Tax Value of Sheep	29,173	111,929
Increase/(Decrease) Tax Value of Cattle	282,749	150,734
Non Deductible Expenditure	153,614	170,897
Non Assessable Income	(45,900)	(127,427)
Imputation Credits Assessable	6,829	5,325
Donation to Donee Organisation	(12,500)	(12,500)
Tax Losses approved by the IRD	(3,096,546)	(3,349,631)
Tax Losses Adjustment Prior Year	-	(117,479)
Losses from conversion of ICA Credits	(39,026)	(30,426)
Total Permanent Differences	(3,141,973)	(3,448,282)
Timing Differences		
Audit Fee Accrual	2,000	651
Holiday pay accrual movement	20,314	679
Total Timing Differences	22,314	1,330
Total adjustments	(3,119,659)	(3,446,952)
Total Loss	(2,420,348)	(3,096,545)
Taxable income (loss to carry forward)	(2,420,348)	(3,096,545)

2020 2019

4. Income Tax

Opening Balance	(5)	(9)
Plus - Tax Refunds	5	9
Less - RWT Paid	-	(5)
Income Tax (Receivable)	-	(5)

2020 2019

5. Capital

Issued Shares - 46620 Shares	260,876	260,876
Total Capital	260,876	260,876

These financial statements have been audited.

6. Retained Earnings	2020	2019
Retained Earnings		
Opening Balance	894,643	674,587
Plus		
Net Profit		
Net Profit	699,311	350,407
Transfer from Share Revaluation Reserve	-	34,008
Total Net Profit	699,311	384,415
Total Plus	699,311	384,415
Less		
Grants & Scholarships		
Grants & Scholarships	24,500	24,500
Dividend Paid	151,516	139,859
Total Grants & Scholarships	176,016	164,359
Total Less	176,016	164,359
Total Retained Earnings	1,417,938	894,643
	2020	2019

7. Reserves

Land Revaluation Reserve		
Opening Balance	6,077,134	6,077,134
Movements for the period	1,793,000	-
Total Land Revaluation Reserve	7,870,134	6,077,134
Realised Capital Reserve		
Opening Balance	499,777	499,777
Total Realised Capital Reserve	499,777	499,777
Share Revaluation Reserve		
Opening Balance	-	34,008
Movements for the period	-	(34,008)
Total Share Revaluation Reserve	-	-
Livestock Revaluation Reserve		
Opening Balance	5,572,725	5,498,721
Movements for the period	(232,147)	74,004
Total Livestock Revaluation Reserve	5,340,578	5,572,725
Total Reserves	13,710,489	12,149,636

8. Current Investments	2020	2019
Wool on Hand	-	21,931
Total Current Investments	-	21,931
	2020	2019

9. Other Current Assets		
Rent Paid in Advance (Grazing)	-	15,000
Total Other Current Assets	-	15,000

These financial statements have been audited.

Notes to the Financial Statements

Morikaunui Incorporation
For the year ended 30 June 2020

10. Property, Plant & Equipment

	COST	DEPRECIATION CHARGED	ACCUMULATED DEPRECIATION	CLOSING BOOK VALUE
Property, Plant & Equipment 2020				
Freehold Land	8,523,000	-	-	8,523,000
Property Improvements	204,818	2,938	86,367	118,451
Development Expenditure	1,193,711	75,852	1,088,980	104,731
Forestry	48,535	-	-	48,535
Buildings	960,185	3,756	206,347	753,838
Development Plans 2016	814,313	50,596	276,980	537,333
Bridges	260	-	260	-
Plant & Equipment	349,662	19,126	263,497	86,164
Development Plans 2017-2018	789,545	42,870	132,531	657,013
Furniture & Fittings - Station	45,872	965	40,947	4,926
Furniture & Fittings - Incorporation	5,736	135	5,098	638
Motor Vehicles	550,847	61,713	294,592	256,255
Office Equipment	17,668	2,270	10,821	6,847
Total Property, Plant & Equipment 2020	13,504,152	260,221	2,406,420	11,097,731

	COST	DEPRECIATION CHARGED	ACCUMULATED DEPRECIATION	CLOSING BOOK VALUE
Property, Plant & Equipment 2019				
Freehold Land	6,730,000	-	83,429	6,730,000
Property Improvements	204,818	3,267	1,013,128	121,389
Development Expenditure	1,193,711	86,172	-	180,583
Forestry	48,535	-	202,591	48,535
Buildings	960,185	3,771	-	757,594
Development Plans 2016	814,313	59,511	226,384	587,929
Bridges	260	-	260	-
Plant & Equipment	332,873	18,488	244,371	88,502
Development Plans 2017-2018	789,545	47,022	89,661	699,884
Furniture & Fittings - Station	45,872	1,203	39,982	5,890
Furniture & Fittings - Incorporation	5,736	169	4,963	773
Motor Vehicles	546,392	66,046	260,745	285,647
Office Equipment	12,685	1,258	8,551	4,134
Total Property, Plant & Equipment 2019	11,684,925	286,907	2,174,065	9,510,860

These financial statements have been audited.

Notes to the Financial Statements

Morikaunui Incorporation
For the year ended 30 June 2020

11. Investment in Shares	2020	2019
Ballance Agri-Nutrients Ltd - 15,150	122,715	122,715
Farmlands Co-Operative Society Ltd - 3,556	3,556	3,556
Innate Immunotherapeutics Ltd - 1,349	100	100
PGG Wrightson Ltd - 354	956	9,375
Property for Industry Ltd - 271,080	635,683	585,533
Total Investment in Shares	763,009	721,279
	2020	2019

12. Livestock on Hand	2020	2019
Beef Cattle on Hand	2,282,170	2,091,417
Horses on Hand	14,000	14,000
Sheep on Hand	3,150,406	3,152,941
Total Livestock on Hand	5,446,575	5,258,358
	2020	2019

13. Non-Current Loans	2020	2019
BNZ Carl Loan - Development	75,000	400,000
Whanganui Trust - Loan	1,573,000	1,573,000
Total Non-Current Loans	1,648,000	1,973,000
	2020	2019

14. Retained Earnings Prior to 2004	2020	2019
Opening Balance	2,438,406	2,578,265
Dividends	(151,516)	(139,859)
Total Retained Earnings Prior to 2004	2,286,890	2,438,406

Dividends distributed from Retained Earnings Prior to 2004 are free from Income Tax in the hands of Shareholders.

15. Non Cash Items	2020	2019
Depreciation	260,221	286,906
Loss on Sale of Fixed Assets	10,704	7,723
Total Non Cash Items	270,925	294,630
	2020	2019

16. Related Party Transactions with The Whanganui Trust	2020	2019
Donations Paid	12,500	12,500
Interest Paid	64,371	74,052
Total Related Party Transactions with The Whanganui Trust	76,871	86,552

These financial statements have been audited.

Notes to the Financial Statements

Morikaunui Incorporation
For the year ended 30 June 2020

17. Related Party Assets or (Liabilities)	2020	2019
Other Payables to The Whanganui Trust	(43,090)	(54,799)
Advances from The Whanganui Trust	(1,573,000)	(1,573,000)
The Whanganui Trust Loan - Unclaimed Dividends	1,137,900	1,094,810
Total Related Party Assets or (Liabilities)	(478,190)	(532,989)

18. Maori Authority Tax Credits

The balance of the Maori Authority Tax Credit Account at year end was \$100,978 (2019:\$93,851)

19. Taxation Losses

Accumulated Taxation losses of \$2,420,348 (2019:\$3,096,545) are available to offset against future Income.

20. Emissions Trading Scheme

The Incorporation has entered the NZ Emissions Trading Scheme ("ETS") in respect of 54.6 hectares of pre-1990 forested land. This entitles the Incorporation to receive emission units ("NZU") for carbon stored in the specified area.

The Incorporation has received its entitlement of 3,300 NZU units (i.e. 60 tonnes per ha). The dollar value of these units received has been recognised in the financial statements.

21. BNZ Credit Facilities

The Incorporation has a BNZ overdraft facility (limit \$300,000) secured over livestock.

The Incorporation has a BNZ term loan facility that is secured by way of a general security agreement over the Incorporation's assets but excluding land. The total owing at balance date is \$75,000.

22. Capital Commitments

The Incorporation has no capital commitments as at 30 June 2020 (2019:Nil).

23. Related Parties

Morikaunui Incorporation is the settlor of The Whanganui Trust ("the Trust") and appoints six of the seven Trustees (one is independently appointed). The results of the Trust have not been consolidated as the effect would be immaterial. Distributions are made to the Trust annually as per the Statement of Movements in Equity. The Incorporation's unclaimed dividends are held in trust by the Trust.

The Incorporation has current liabilities owing to the Trust as stated in the Statement of Financial Position.

All other related party transactions have been carried out on commercial terms and conditions and at market rates. No related party debts have been written off or forgiven during the period.

24. Contingent Liabilities

The Incorporation has no contingent liabilities and no guarantees as at 30 June 2020. (2019:Nil)

These financial statements have been audited.

25. Events Occurring After Balance Date

On March 11, 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on 26 March, New Zealand increased its' COVID-19 alert level to level 4 and a nationwide lockdown commenced. The lockdown has since ended and currently New Zealand has set its' COVID19 alert level to level 1. Entity operations have returned to normal.

At this time the full financial impact of the COVID-19 pandemic is not able to be determined, but Management and Trustees believe there will be no significant negative impact to the entity.

INDEPENDENT AUDITOR'S REPORT

To the Members of Morikaunui Incorporation

Opinion

We have audited the financial statements of Morikaunui Incorporation, which comprise the Balance sheet as at 30 June 2020, and the statement of profit or loss and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with Special Purpose Financial Reporting Framework for For-Profit Entities (SPFR for FPEs), issued by Chartered Accountants Australia & New Zealand.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Morikaunui Incorporation in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Emphasis of Matter – Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of the entity's income tax requirements and for internal use. As a result, the financial statements may not be suitable for another purpose.

Restriction on Responsibility

This report is made solely to the Members of the Incorporation. Our audit work has been undertaken so that we might state to the Committee of Management those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Committee of Management as a body, for our audit work, for this report, or for the opinions we have formed.

Committee of Management's Responsibility for the Financial Statements

The Committee of Management are responsible on behalf of the entity for determining that the SPFR for FPEs framework adopted is acceptable in Morikaunui Incorporation's circumstances, the preparation of financial statements, and for such internal control as the Committee of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/



Spooner Hood & Redpath Ltd
Whanganui
29 October 2020

SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED 30 JUNE 2020

2020 Livestock Summary

Sheep				Cattle			
		Nos			Nos		
Opening Stock		16,378		Opening Stock	1,835		
Natural Increase		16,815	137%	Natural Increase	832	90%	
Purchases		126		Purchases	50		
Sales	Per Head			Sales	Per Head		
Lambs	\$ 126	(13,027)	\$ 1,644,016	M A Cows	\$ 791	(93)	\$ 73,597
Ewes	\$ 158	(2,760)	\$ 436,142	2yr Heifers	\$ 1,175	(109)	\$ 128,068
Rams	\$ 83	(15)	\$ 1,242	Bulls	\$ 2,052	(4)	\$ 8,206
				1yr Bulls	\$ 1,546	(230)	\$ 355,542
				2yr Strs	\$ 1,657	(40)	\$ 66,284
				2yr Bulls	\$ 1,969	(51)	\$ 100,404
			\$ 2,081,400				\$ 732,101
		17,532			2,190		
Deaths & Missing		(1,049)	3%	Deaths & Missing	(37)	1%	
Closing Stock		16,483		Closing Stock	2,153		

Morikaunui Incorporation

SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED 30 JUNE 2020

Governance, Shareholder meetings & Admin details

	2020	2019	2018
Accounting Fee - Accounts, Consultancy & Shareholder Support	75,155	80,300	82,863
Audit Fee	10,300	13,462	14,000
Consultancy (HR)	7,526	9,042	19,023
Governance *	52,264	63,062	55,663
Governance Admin & Support	50,965	50,598	49,656
Office Expenses	40,348	33,070	30,938
Shareholder Meetings	40,787	41,821	38,025
Travel Reimbursement	17,344	22,438	22,608
		-	
	\$294,689	\$313,793	\$312,776

*includes Committee fees

Committee fees and travel for 2019

	Fees	Travel
	\$	\$
Hari Benevides	16,286	7,180
Bob Gray	5,429	1,475
Jim Edmonds	5,109	2,453
K Millin	4,471	1,168
Turama Hawira	3,803	215
William Konui	3,513	2,243
Harvey Bell	-	2,610
	\$38,610	\$17,344

Farm Performance Analysis

	2020	2019	2018	2017	2016
Net Sale Proceeds					
Sheep Per Head (Avge)	\$ 132	\$ 118	\$ 106	\$ 90	\$ 82
Cattle Per Head (Avge)	\$ 1,389	\$ 1,258	\$ 1,204	\$ 1,462	\$ 1,189
Wool Per Kilo (Avge)	\$ 1.49	\$ 2.12	\$ 2.13	\$ 2.50	\$ 4.14

Effective Farm Surplus

Effective Area Ha	2,447	2,447	2,590	2,376	2,376
Gross Farm Revenue Per Ha	\$1,157	\$1,149	\$ 1,052	\$ 1,026	\$ 978
Farm Operating Expenses Per Ha	\$823	\$787	\$ 808	\$ 757	\$ 683
Net Farm Surplus (after depreciation) per Ha	\$224	\$242	\$ 125	\$ 150	\$ 230
Gross Farm Revenue Per Stock Unit	\$117	\$121	\$ 108	\$ 100	\$ 112

Extract from The Whanganui Trust Annual Report

(the full report is available at www.whanganuitrust.com)

Statement of Financial Performance

The Whanganui Trust

For the year ended 30 June 2020

	NOTES	2020	2019
Revenue			
Donations, fundraising and other similar revenue	1	12,500	12,500
Interest, dividends and other investment revenue	2	73,897	89,608
Total Revenue		86,397	102,108
Expenses			
Costs related to providing goods or service	3	19,623	23,753
Grants and donations made	4	44,367	39,792
Other expenses	3	4,139	4,082
Total Expenses		68,129	67,627
Surplus/(Deficit) for the Year		18,267	34,481

Statement of Financial Position

The Whanganui Trust

As at 30 June 2020

'What the entity owns?' and 'What the entity owes?'

	NOTES	30 JUN 2020	30 JUN 2019
Assets			
Current Assets			
Bank accounts and cash	5	342,574	103,571
Accrued Interest Receivable		-	5,279
Other Current Assets			
Current assets	5	43,090	54,799
Investments (current)		-	155,640
Total Other Current Assets		43,090	210,439
Total Current Assets		385,664	319,289
Non-Current Assets			
Investments	5	117,351	117,351
Morikaunui Incorporation Advance		1,573,000	1,573,000
Total Non-Current Assets		1,690,351	1,690,351
Total Assets		2,076,016	2,009,640
Liabilities			
Current Liabilities			
Creditors and accrued expenses	6	5,018	-
Total Current Liabilities		5,018	-
Non-Current Liabilities			
Loans	6	1,137,900	1,094,810
Total Non-Current Liabilities		1,137,900	1,094,810
Total Liabilities		1,142,918	1,094,810
Total Assets less Total Liabilities (Net Assets)		933,098	914,830
Accumulated Funds			
Trust Capital	7	933,098	914,830
Total Accumulated Funds		933,098	914,830

Scholarships from Morikaunui

Dr Rangi Metekingi Post-Graduate Scholarship - \$5,000

Adam H Clark MA in Architecture at Victoria University

Hera Scott Under-graduate Scholarship

Hayley Robinson BA in Nursing at UCOL Whanganui

Francesca H Maslin BA in Māori at Te-Wananga o Raukawa

Vaieshaalee B Renata BA in Nursing at UCOL Whanganui

Raukurawaihoa Waitai BA Māori Visual Arts in Painting at Massey University

Hoe Marumaru Under-graduate Scholarship - \$1,000

Benjamin Ratana MBChB in Medical & Surgery at Otago University

Waimihia J Maniapoto-Love BA Arts in Māori at Auckland University

Roimata Blackburn BA in Medical Imaging Technology at UCOL Whanganui

The Whanganui Trust Scholarship - \$2,500

Agri-Business

Kayla M Waudby BA in Environment Planning - Te Ara Taio at Waikato University

Trade

Joshua Holster Certificate Electrical Engineering in Electrician at EIT-Napier

Education Grant - \$600

Brittany M Taylor BA in Medical & Surgery at Otago University

Puna W Maniapoto-Love BA & LLB in Law at Auckland University

Celine Selwyn MSc in Strength & Conditioning at Wintec Hamilton

Tamahina R Sheridan MA in Indigenous Studies at Victoria University

Sonny Vercoe BE (Hons) in Engineering at Auckland University

Haukapuanui Vercoe BE (Hons) in Engineering at Auckland University

Terina Lind PG Dip in Nursing at Victoria University

Olympia Fazakerley MA in Applied Management at Southern Institute of Technology

Noah H Blackburn BA in Law & Commerce at Otago University

Bailey Williams MSc - Thesis in Psychology at Canterbury University

Karanga Morgan MA in Applied Indigenous Knowledge at Te-Wananga o Aotearoa

Winsome Lee Sturgess MA in Māori and Indigenous Leadership at Canterbury University

Fiona Te Haara BN in Nursing at UCOL Whanganui

Paul T Baker BCA in Culinary Arts at Otago University

Suraya Goss BA Māori Knowledge in Te Reo Māori at Massey University

Tamahauiti Potaka BCom/BSc in Marketing & Geography at Auckland University

Education Grant - \$600

Brodie L Karaitiana

Te Awhina Plumridge

Arama Tuka

Jack R Potaka

Leila Blackburn

Hinemaia Uruamo-Taiaki

Karere Uruamo-Taiaki

Mikaya Teki

Danielle ER Rihia

Ashley Beard

Marilyn Tamakehu

Kura Ratana

Nova Elders

Paulette P LeGross

Tara Ngatai-Broughton

Oriwia Hohaia

Dakota Hall

Melissa Menehira - Spierling

Caleb Collins-Fore

Luke T Enoke

Daniel E Tauru

Tawhiao McMaster

Te Wainuiarua Poa

Te Miringa Parkes

Lynda Holster

Mikaere G Teki

Awhina Kingi

Elizabeth I Meremere

Rukuwai Te Weri

Tawera Puhotaua

Year 13 Awards - \$250

Paige Taiaroa

Atama Waitai-Ngatuere

Merena Ratana-Peina

BA/LLB in Law & Business at Waikato University

LLB/BA in Sociology & Law at Otago University

Dip & BA in Art & Design at UCOL Whanganui

LLB in Law at Auckland University

BA in Medical Imaging Technology at UCOL PN

BA Design Innovation in Animation & Visual Effects at Victoria University

BA in Indigenous Development & Māori Studies at Otago University

BA in Nursing at UCOL Whanganui

BA Education in Teaching at Waikato University

BA Law in Law & Māori Indigenous Studies at Waikato University

BA in Social Services at Te-Wananga o Raukawa

BA in Social Services - Biculturalism at Te-Wananga o Aotearoa

BA in Philosophy at Massey University

Dip. Construction in Quantity Surveying at Toi Ohomai Tauranga

PG. Dip. Nursing in Nursing Science at Victoria University

BA/LLB in Law & Māori Resource at Victoria University

BA in Nursing at UCOL Whanganui

BT Teaching in Primary at Waikato University

BA Teaching in Accounting at Massey University

Dip in Te Reo Māori at Te-Wananga o Raukawa

Certificate in Rongoa at Te-Wananga o Aotearoa

Certificate in Legal Practice at College of Law NZ

LLB/BA in Te Reo Māori - Māori Studies & Law at Victoria University

BA/Bcom Conjoint in Accounting at Auckland University

BA in Māori Social Work at Massey University

BA Applied Science in Physical Education at Otago University

BA in Nursing at UCOL Whanganui

BA in Early Childhood Education at Te Rita Maioha Palmerston North

BA in Sport Development at Waikato University

Certificate Electrical Engineering in Electrician at Skills NZ

Feilding High School

Tu Toa Palmerston North

Manukura Palmerston North



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