
Te Aute Trust Board

Financial Statements

For the Year Ended 31 December 2021

Te Aute Trust Board
Contents of Financial Statements
For the Year Ended 31 December 2021

	Page
Table of Contents	1
Directory	2
Statement of Comprehensive Revenue and Expenses	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-12
Independent Auditor's Report	13

Te Aute Trust Board

Directory

For the year ended 31 December 2021

Board of Trustees Mr Stephen Jacobi
 Reverend Numia Tomoana
 Archbishop Don Tamihere
 Mr Maui Tangohau
 The Most Reverend Philip Richardson
 Dr James Graham
 Mr Robin Hape

Registered Office Level 4
 123 Carlton Gore Road
 Newmarket
 Auckland

Charities Commission CC50280
Registration number

Independent Auditor BDO Auckland
 4 Graham Street
 Auckland

Te Aute Trust Board

Statement of Comprehensive Revenue and Expenses For the year ended 31 December 2021

	Notes	2021 \$'000	2020 \$'000
Revenue			
Fees Received		1,096	918
Farming Revenue	2	2,789	1,785
Lease Income		212	212
Grants		1,725	335
Other Income		437	476
Total Operating Revenue		6,259	3,726
Expenses			
Farming Expenses		1,505	1,465
Staff Costs		1,096	1,059
Property Costs		792	315
Legal and Professional Fees		274	238
Other Operating Expenses		778	716
Total Expenses		4,445	3,793
Operating Surplus/(Deficit) for the Year		1,814	(67)
Net Changes in Fair Value of Investment Property	5	100	140
Net Surplus for the Year		1,914	73
Net Changes in Fair Value of Land and Farm Improvements	6	5,036	899
Net Changes in Fair Value of Investments	4	(234)	61
Other Comprehensive Revenue and Expenses for the Year		4,802	960
Total Comprehensive Revenue and Expenses for the Year		6,716	1,033

These financial statements should be read in conjunction with the notes to the financial statements.

Te Aute Trust Board

**Statement of Changes in Net Assets
For the year ended 31 December 2021**

	Property Grants and Attendance Fees Special Funds \$'000	Property Revaluation Reserve \$'000	Investment Revaluation Reserve \$'000	Trust Capital \$'000	Total Equity \$'000
Equity as at 1 January 2020	1,017	4,393	0	10,476	15,886
Net Surplus/(Deficit) for the Year	-	-	-	73	73
Other Comprehensive Revenue and Expenses	-	899	61	-	960
Transfer to Special Funds	75	-	-	(75)	-
Equity at 31 December 2020	1,092	5,292	61	10,474	16,919
Equity as at 1 January 2021	1,092	5,292	61	10,474	16,919
Net Surplus/(Deficit) for the Year	-	-	-	1,914	1,914
Other Comprehensive Revenue and Expenses	-	5,036	(234)	-	4,802
Transfer to Special Funds	88	-	-	(88)	-
Equity at 31 December 2021	1,180	10,328	(173)	12,300	23,635

These financial statements should be read in conjunction with the notes to the financial statements.

Te Aute Trust Board

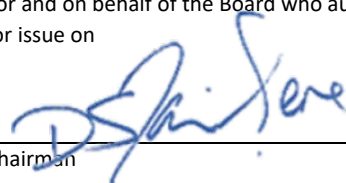
Statement of Financial Position As at 31 December 2021

	Notes	2021 \$'000	2020 \$'000
Current Assets			
Cash and Cash Equivalents		3,579	2,695
Livestock	3	3,023	2,715
Trade and Other Receivables		275	235
Total Current Assets		6,877	5,645
Non Current Assets			
Investments	4	489	723
Investment Properties	5	9,255	9,155
Property, Plant & Equipment	6	23,229	18,084
Total Non Current Assets		32,973	27,962
Total Assets		39,850	33,607
Current Liabilities			
Bank Overdraft		401	602
Trade and Other Payables		968	890
Related Party Loan	7	14,846	15,196
Total Current Liabilities		16,215	16,688
Equity			
Property Revaluation Reserve		10,328	5,292
Investment Revaluation Reserve		(173)	61
Property Grant and Attendance Fees Special Funds		1,180	1,092
Trust Capital		12,300	10,474
Total Equity		23,635	16,919
Total Funds Employed		39,850	33,607

These financial statements should be read in conjunction with the notes to the financial statements.

For and on behalf of the Board who authorise these Financial Statements
for issue on

Chairman



21 October 2022

Date

Te Aute Trust Board

Statement of Cash Flows For the year ended 31 December 2021

	2021 \$'000	2020 \$'000
Cash Flows From Operating Activities:		
<i>Cash was provided from:</i>		
Income from Farming Activities	2,463	763
Income from Fees Charged	1,014	1,017
Other Income	2,370	1,023
	5,847	2,803
<i>Cash was disbursed to:</i>		
Payments to Suppliers and Employees	(4,041)	(3,655)
Net Cash Outflows from Operating Activities	1,806	(852)
Cash Flows From Investing Activities:		
<i>Cash was applied to:</i>		
Purchase of Property, Plant and Equipment	(371)	(177)
	(371)	(177)
Net Cash used in Investing Activities	(371)	(177)
Cash Flows From Financing Activities:		
<i>Cash was provided to:</i>		
Repayment of loan	(350)	-
Cash used in Financing Activities	(350)	-
Net (Decrease)/Increase in Cash and Cash Equivalents	1,085	(1,029)
Add Cash and Cash Equivalents at the beginning of the financial year	2,093	3,122
Cash and Cash Equivalents at the end of the financial year	3,178	2,093
Represented by		
Cash at Bank on Call	3,579	2,695
Bank Overdraft	(401)	(602)
	3,178	2,093

These financial statements should be read in conjunction with the notes to the financial statements.

Te Aute Trust Board

Notes to the Financial Statements For the year ended 31 December 2021

1 Statement of Accounting Policies

Reporting Entity

The financial statements are in respect of the Te Aute Trust Board (the Trust). Te Aute Trust Board is the proprietor of Te Aute College and Hukarere Girl's College and associated board facilities. The endowment managed by the Trust is represented by the Te Aute Farm located adjacent to Te Aute College, lessors interest of farm land at and around Pukehou and a dairy farm at Ngawapurua in the Wairapa.

These financial statements have been approved and were authorised for issue by the Board of Trustees on the date on page 5.

Statement of Compliance

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) that have been authorised for use by the External Reporting Board (XRB).

The Trust is eligible to apply Tier 2 on the basis that it does not have public accountability and it is not defined as large. The Board of Trustees has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

Functional and presentational currency

These financial statements are presented in thousands of New Zealand dollars (\$'000), which is the Trust's functional currency. All financial information presented in New Zealand Dollars has been rounded to the nearest thousand dollar, except when otherwise indicated.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Trust, with the exception that livestock biological assets, investments, investment properties and land and farm improvements are stated at fair value.

Change in Accounting Policies

There has been no changes in accounting policies and all accounting policies have been applied on a consistent basis with the prior year.

Accounting Policies

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

Trade and Other Receivables

Trade and Other Receivables are stated at their estimated realisable value.

Te Aute Trust Board

Notes to the Financial Statements For the year ended 31 December 2021

1 Statement of Accounting Policies (Continued)

Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must be met before revenue is recognised.

Exchange revenue

Lease income is recognised in the Statement of Comprehensive Revenue and Expenses on a straight line basis over the term of the lease.

Livestock sales, and sales of other agricultural produce, are recognised upon receipt by the customer when the risks and rewards of ownership have been transferred.

Distribution income from investments is recognised when the Trust's right to receive payment has been established.

Fee revenue includes revenue from services and is recognised on a percentage of completion basis in the accounting period in which the services are rendered

Non-exchange revenue

Grant revenue includes grants given by charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant has been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled. If there are no conditions attached to the Grant, it is recognised when the money is received.

Cash and Cash Equivalents

Cash and cash equivalents includes cash at bank, other short-term, highly liquid investments 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 change in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents includes bank overdrafts.

Goods and Services Tax

All items in the Statement of Financial Position are stated exclusive of GST, with the exception of trade receivables and trade payables, which include GST. All items in the Statement of Comprehensive Revenue and Expenses are stated exclusive of GST.

Use of Estimates and Judgements

The preparation of the financial statements in conformity with PBE Standards RDR requires management to make judgement, estimates and assumptions that effect the application of 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. The significant estimates and judgements made in applying accounting policies and that affect amounts recognised in the financial statements are the following:

- (a) The estimation of useful lives and depreciation profiles for property, plant and equipment.
- (b) Investment Properties: estimate of fair value of investment properties.
- (c) Property valuations: estimate of fair value of land and farm improvements.
- (d) Livestock - estimate of fair value of livestock.

Income Taxation

The Trust is exempt from Income Tax due to its charitable nature. The Trust is registered with the Charities Commission and its registration number is CC50280.

Te Aute Trust Board

Notes to the Financial Statements For the year ended 31 December 2021

2 Farming Revenue

Sheep and beef cattle are primarily grown to produce meat. Dairy cattle are primarily held to produce milk.

	2021 \$'000	2020 \$'000
Sale of Livestock	1,180	1,257
Purchase of Livestock	(182)	(1,676)
Change in Value of Livestock	299	1,065
Dairy Produce	1,436	1,110
Other Income	56	29
Total Farming Revenue	2,789	1,785

3 Livestock Biological Assets

Livestock are recorded at fair value which is determined based on recent comparable sales. Value changes, including animal growth, changes in livestock numbers and general livestock price movements, are recognised in revenue within the statement of comprehensive revenue and expenses.

	Sheep and Cattle	Dairy	Total
	\$'000	\$'000	\$'000
Opening 1 January 2021	1,743	972	2,715
Purchases of livestock	104	78	182
Sales of livestock	(675)	(194)	(869)
Change in Fair Value of livestock	694	301	995
Closing 31 December 2021	1,866	1,157	3,023
Closing 31 December 2020	1,743	972	2,715

4 Investments

Investments are classified as available-for-sale financial assets. These assets are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, investments are measured at fair value.

Fair value is determined based on the quoted prices of the underlying investments at balance date. Changes in the fair value of investments, other than impairment losses, are recognised in other comprehensive revenue and expense and accumulated in the investment revaluation reserve in equity.

When investments are derecognised on sale, the gain or loss accumulated in equity is reclassified to surplus or deficit. This is presented as a realised gain or loss on sale of investments. Transactions are based on trade date where purchase or sale of an investment is under a contract.

	2021 \$'000	2020 \$'000
Investments in Shares in Fonterra		
Balance as at 1 January	723	662
Change in Fair Value	(234)	61
Balance as at 31 December	489	723

Te Aute Trust Board

Notes to the Financial Statements For the year ended 31 December 2021

5 Investment Property

Initially investment properties and properties held for sale are measured at cost including transaction costs. Subsequent to initial recognition investment properties and properties held for sale are stated at fair value. Gains and losses arising from changes in the fair values of investment properties and properties held for sale are included in the surplus or deficit the year in which they arise.

External, independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value the Trust's investment property portfolio every 12 months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In the absence of current prices in an active market, the valuations are prepared by discounting the aggregate of the estimated cash flows expected to be received from renting out the property at a discount rate specific to the Trust.

Investment properties and properties held for sale are derecognised when they have either been disposed of or when the investment property and property held for sale is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property or property held for sale are recognised in the surplus or deficit in the year of derecognition.

The following schedule discloses the revaluations of the Investment Properties as at 31 December 2021.

Ground Lease Interests, Pukehou, Hawkes Bay

	2021 \$'000	2020 \$'000
Balance as at 1 January	9,155	9,015
Change in Fair Value	100	140
Balance as at 31 December	9,255	9,155

Trustees have adopted what they believe to be a conservative assessment of fair value, noting that presently the February 2021 rent review is still being finalised and due to the unique nature of the leases, the outcome of this process will be a key determinant of the value of these properties. Therefore, there is a material valuation uncertainty in relation to these properties

6 Property, Plant and Equipment

Property, plant and equipment are initially recorded at cost. When property, plant and equipment are disposed of the difference between net disposal proceeds and the carrying amount is recognised as a gain, or loss, in the Statement of Comprehensive Revenue and Expenses. Depreciation is provided for on a straight line basis on all property, plant and equipment, other than freehold land, at depreciation rates calculated to allocate the asset's cost or valuation less estimated residual value, over their estimated useful lives.

Major depreciation periods are:

Hostel Buildings 50 years

Plant and Equipment 3 - 10 years

Property, plant and equipment consists of land and farm improvements, hostel buildings, plant, motor vehicles, furniture and equipment and computer equipment. Land and farm improvements are measured at fair value less accumulated depreciation and impairment losses. Hostel buildings and all other items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

- (a) Revaluations: Freehold land and farm improvements (including buildings) are valued annually on 31 December at fair value based on comparable sales by independent registered valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the assets revalued amount. Changes in valuation are taken to property revaluation reserve. Where an asset's downwards revaluation exceeds previous positive revaluations, the amount of the revaluation is reported within surplus or deficit in the Statement of Comprehensive Revenue and Expenses.
- (b) Additions: An item of property, plant and equipment is initially recognised at cost plus directly attributable costs of bringing the item to working condition for its intended use.

Te Aute Trust Board

Notes to the Financial Statements For the year ended 31 December 2021

6 Property, Plant and Equipment (continued)

- (c) Disposal: Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains or losses on disposal of land are recognised as profit or loss on sale of land and gains and losses on disposal of other items of property, plant and equipment are recognised as gain or loss on disposal of property, plant and equipment in the Statement of Comprehensive Revenue and Expenses. When revalued areas are sold, the revaluation reserve attributable to that item is transferred from the property revaluation reserve to other equity.
- (d) Depreciation: Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and land improvements. Depreciation rates are used to allocate the cost or revalued amount of the assets to their estimated residual values over their useful lives. The useful lives of buildings on freehold land have been estimated to be 50 years.
- (e) Impairment: If the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down to its estimated recoverable amount. For property, plant and equipment that are revalued annually, this difference is accounted for in the same manner as a downwards revaluation. For property, plant and equipment recorded at depreciated historical cost an impairment loss is recognised in the Statement of Comprehensive Revenue and Expenses. Recoverable amount is the greater of fair value less costs to sell and value in use.

	Land (Valuation)	Farm Improvements (Valuation)	Hostel Buildings (Cost)	Plant and Equipment (Cost)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost/Valuation as at 1 Jan 2021	13,439	3,090	1,433	122	18,084
Additions	-	196	120	55	371
Fair value changes	4,394	642	-	-	5,036
Transfer	-	(208)	-	-	(208)
Cost/Valuation as at 31 Dec 2021	17,833	3,720	1,553	177	23,283
Accumulated Depreciation as at 1 Jan 2021	-	-	118	25	143
Charge for the year	-	208	32	22	262
Transfer	-	(208)	-	-	(208)
Accumulated Depreciation as at 31 Dec 2021	-	-	150	47	197
Net Book Value as at 31 Dec 2021	17,833	3,720	1,521	155	23,229
Net Book Value as at 31 Dec 2020	13,439	3,090	1,433	122	18,084

Te Aute Trust Board

Notes to the Financial Statements For the year ended 31 December 2021

7 Loans

Loan owing to the St John's College Trust Board

Loan 1

Loan 2

Total Loan owing to the St John's College Trust Board

2021 \$'000	2020 \$'000
14,846	14,846
-	350
14,846	350

During the 2014 financial year, a funding facility was provided by the St John's College Trust Board to enable the repayment of debt facilities previously held with the Bank of New Zealand and to allow for investment in the Trust's hostel and farming operations.

The loan is secured over the land owned by the Trust and is repayable on demand. The interest rate is 0%. During the year there have been no repayments or interest charged.

The St John's College Trust Board approved the forgiveness of the loan subject to court approval in 2021 and it was approved by the High Court in March 2022.

The second loan of \$350,000 provided in the 2019 financial year was repaid in 2021.

8 Related Parties

Key Management Personnel of seven Trustees (2020: seven) did not receive any remuneration nor other benefits during the year (2020: \$nil).

On the 3rd December 2013, all Trustees of the St John's College Trust Board were appointed Trustees of the Te Aute Trust Board. During 2014, the St John's College Trust Board agreed the terms of a loan to the Te Aute Trust Board (refer to Note 7). As at 31 December 2021, Maui Tangohau and Philip Richardson remained Trustees of the Te Aute Trust Board.

Other income includes a distribution of \$1,725,025 received from the St John's College Trust Board (2020: \$335,000)

9 Contingent Liabilities

There were no contingent liabilities at 31 December 2021 (2020: \$nil).

10 Commitments

There were no capital commitments at 31 December 2021 (2020: Nil).

11 Subsequent Events

The St John's College Trust Board debt of \$14.845m was forgiven in March 2022 (2020: Nil).