
Te Aute Trust Board

Financial Statements

For the Year Ended 31 December 2019

Te Aute Trust Board
Contents of Financial Statements
For the Year Ended 31 December 2019

	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 2019

Board of Trustees	Mr Stephen Jacobi Reverend Numia Tomoana Archbishop Don Tamihere Mr Maui Tangohau The Most Reverend Philip Richardson
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Registered Office	Level 4 123 Carlton Gore Road Newmarket Auckland
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Charities Commission Registration number	CC50280
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Independent Auditor	KPMG 18 Viaduct Harbour Avenue Auckland
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Te Aute Trust Board

Statement of Comprehensive Revenue and Expenses For the year ended 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Revenue			
Fees Received		1,416	1,463
Farming Income	2	2,324	1,958
Lease Income		218	221
Other Income		479	553
Total Operating Revenue		4,437	4,195
Expenses			
Farming Expenses		1,243	1,321
Staff Costs		1,168	1,269
Property Costs		415	459
Legal and Professional Fees		451	214
Other Operating Expenses		895	834
Total Expenses		(4,172)	(4,097)
Operating Surplus/(Deficit) for the Year		265	98
Net Changes in Fair Value of Investment Property	5	2,120	145
Investment Revaluation Reserve Transfer to Net Surplus		(236)	-
Net Surplus/(Deficit) for the Year		2,149	243
Net Changes in Fair Value of Land and Improvements	6	906	167
Net Changes in Fair Value of Investments	4	(102)	(292)
Other Comprehensive Revenue and Expenses for the Year		804	(125)
Total Comprehensive Revenue and Expenses for the Year		2,953	118

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 2019**

	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 2018	516	3,320	158	8,585	12,579
Net Surplus/(Deficit) for the Year	-	-	-	243	243
Other Comprehensive Revenue and Expenses	-	167	(292)	-	(125)
Transfer to Special Funds	270	-	-	(270)	-
Equity at 31 December 2018	786	3,487	(134)	8,558	12,697
Equity as at 1 January 2019	786	3,487	(134)	8,558	12,697
Net Surplus/(Deficit) for the Year	-	-	236	2,149	2,385
Other Comprehensive Revenue and Expenses	-	906	(102)	-	804
Transfer to Special Funds	231	-	-	(231)	-
Equity at 31 December 2019	1,017	4,393	-	10,476	15,886

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 2019

	Notes	2019 \$'000	2018 \$'000
Current Assets			
Cash and Cash Equivalent		3,411	1,746
Livestock	3	1,656	2,170
Trade and Other Receivables		424	218
Total Current Assets		5,491	4,134
Non Current Assets			
Investments	4	662	765
Investment Properties	5	9,015	7,145
Property, Plant & Equipment	6	17,255	15,860
Total Non Current Assets		26,932	23,770
Total Assets		32,423	27,904
Current Liabilities			
Bank Overdraft		289	2
Trade and Other Payables		1,052	739
Total Current Liabilities		1,341	741
Non Current Liabilities			
Related Party Loan	7	15,196	14,466
Total Non Current Liabilities		15,196	14,466
Equity			
Property Revaluation Reserve		4,393	3,487
Investment Revaluation Reserve		-	(134)
Property Grant and Attendance Fees Special Funds		1,017	786
Trust Capital		10,476	8,558
Total Equity		15,886	12,697
Total Funds Employed		32,423	27,904

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

Date

Te Aute Trust Board

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 December 2019**

	2019 \$'000	2018 \$'000
Cash Flows From Operating Activities:		
<i>Cash was provided from:</i>		
Income from Farming Activities	2,740	1,719
Income from Fees Charged	1,210	1,517
Other Income	683	798
	4,633	4,034
<i>Cash was disbursed to:</i>		
Payments to Suppliers and Employees	(3,514)	(4,093)
Net Cash Outflows from Operating Activities	1,119	(59)
Cash Flows From Investing Activities:		
<i>Cash was applied to:</i>		
Purchase of Property, Plant and Equipment	(471)	(221)
	(471)	(221)
<i>Cash was provided from :</i>		
Sale of Property, Plant and Equipment	-	-
Net Cash used in Investing Activities	(471)	(221)
Cash Flows From Financing Activities:		
<i>Cash was provided from:</i>		
Proceeds from Loan	730	-
Cash used in Financing Activities	730	-
Net Increase/(Decrease) in Cash Held	1,378	(280)
Add Cash at the beginning of the financial year	1,744	2,024
Cash at the end of the financial year	3,122	1,744
Represented by		
Cash	3,411	1,746
Bank Overdraft	(289)	(2)
	3,122	1,744

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 2019

1 Statement of Accounting Policies

Reporting Entity

The financial statements are in respect of the Te Aute Trust Board (the Trust).

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 (Not-For-Profit) 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 are 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 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.

Te Aute Trust Board

Notes to the Financial Statements For the year ended 31 December 2019

1 Statement of Accounting Policies (Continued)

Accounting Policies

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

Accounts Receivable

Accounts receivable are stated at their estimated realisable value.

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. The following specific recognition criteria must be met before revenue is recognised.

Rental 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.

Cash and Cash Equivalents

Cash and cash equivalents includes 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.

Goods and Services Tax

All items in the Statement of Financial Position are stated exclusive of GST, with the exception of accounts receivable and accounts payable, 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 IPSAS 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 improvements.

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 CC28728.

Te Aute Trust Board

Notes to the Financial Statements For the year ended 31 December 2019

2 Farming Revenue

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

	2019 \$'000	2018 \$'000
Sale of Livestock	2,782	1,618
Purchase of Livestock	(1,242)	(1,150)
Change in Value of Livestock	(544)	333
Dairy Produce	1,161	1,076
Other Income	167	81
Total Farming Revenue	2,324	1,958

3 Livestock Biological Assets

Livestock are recorded at fair value. Changes in the value of livestock are recognised in the surplus or deficit for the year. Value changes, including animal growth, changes in livestock numbers and general livestock price movements, are recognised in the Statement of Comprehensive Income within revenue.

	2019 \$'000	2018 \$'000
Dairy Herd	930	1,026
Sheep and Cattle	696	1,144
Feed on Hand	30	-
Total Livestock	1,656	2,170

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.

	2019 \$'000	2018 \$'000
Investments in Shares in Fonterra	662	765

Te Aute Trust Board

Notes to the Financial Statements For the year ended 31 December 2019

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 considering the aggregate of the estimated cash flows expected to be received from renting out the property.

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 2019. The Olsen lease interest was acquired during the year and transferred to Property, Plant and Equipment.

Ground Lease Interests, Pukehou, Hawkes Bay

	2019 \$'000	2018 \$'000
Balance as at 1 January	7,145	7,000
Transfer to Property, Plant and Equipment	(250)	-
Change in Fair Value	2,120	145
Balance as at 31 December	9,015	7,145

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 Financial Performance. 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:

Motor Vehicles 5 years
Furniture and Fittings 10 years
Hostel Buildings and Building Improvements 50 years
Computer Equipment 3 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 improvements (including buildings) are valued annually on 31 December at fair value 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 the freehold land and improvements revaluation reserve using the net revaluation method. Where an asset's downwards revaluation exceeds previous positive revaluations, the amount of the revaluation is reported within profit or loss in the Statement of Comprehensive Income.
- (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.

**Notes to the Financial Statements
For the year ended 31 December 2019**

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 Income. When revalued areas are sold, the revaluation reserve attributable to that item is transferred from the asset 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 Income. Recoverable amount is the greater of fair value less costs to sell and value in use.

2019

	Land (Valuation)	Farm Improvements (Valuation)	Hostel Buildings (Cost)	Plant and Equipment (Cost)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost/Valuation as at 1 Jan 2019	11,465	3,440	1,493	18	16,416
Work in Progress	-	-	-	-	-
Additions	350	82	19	20	471
Fair value changes	692	214	-	-	906
Transfer from Investment Properties	250	-	-	-	250
Cost/Valuation as at 31 Dec 2019	12,757	3,736	1,512	38	18,043
Depreciation as at 1 Jan 2019	-	496	57	3	556
Charge for the year	-	196	30	6	232
Depreciation as at 31 Dec 2019	-	692	87	9	788
Net Book Value as at 1 Jan 2019	11,465	2,944	1,436	15	15,860
Net Book Value as at 31 Dec 2019	12,757	3,044	1,425	29	17,255

2018

	Land (Valuation)	Farm Improvements (Valuation)	Hostel Buildings (Cost)	Plant and Equipment (Cost)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost/Valuation as at 1 Jan 2018	11,503	3,350	1,173	2	16,028
Work in Progress	-	-	39	-	39
Additions	-	34	132	16	182
Fair value changes	(38)	205	-	-	167
Transfer	-	(149)	149	-	-
Cost/Valuation as at 31 Dec 2018	11,465	3,440	1,493	18	16,416
Depreciation as at 1 Jan 2018	-	308	33	1	342
Charge for the year	-	188	24	2	214
Depreciation as at 31 Dec 2018	-	496	57	3	556
Net Book Value as at 1 Jan 2018	11,503	3,042	1,140	1	15,686
Net Book Value as at 31 Dec 2018	11,465	2,944	1,436	15	15,860

Te Aute Trust Board

Notes to the Financial Statements For the year ended 31 December 2019

7 Loans

Loan owing to the St John's College Trust Board

2019 \$'000	2018 \$'000
15,196	14,466

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 (\$14.845m) is secured over the land owned by the Trust and is repayable on demand. The St John's College Trust Board may, at any time after 27 May 2024, give a minimum of one year's written notice to the Borrower specifying the date on which the loan is to be repaid. The interest rate is 0%. During the year there have been no repayments or interest charged.

A second loan for \$350,000 was provided in the 2019 financial year. The interest rate is the current ANZ CIR plus 1.25% and repayable at the earlier of 31 July 2021 or sale of property located at 80922 State Highway 2 Mangatainoka.

8 Related Parties

Key Management Personnel of five Trustees (2018: five) did not receive any remuneration nor other benefits during the year (2018: \$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 2019, Maui Tangohau and Philip Richardson remained Trustees of the Te Aute Trust Board.

Other income includes a distribution of \$300,000 received from the St John's College Trust Board (2018: \$265,000)

9 Contingent Liabilities

There were no contingent liabilities at 31 December 2019 (2018: \$nil).

10 Commitments

There were no capital commitments at 31 December 2019 (2018: Nil).

11 Subsequent Events

In January 2020, the Board decided to market the sale of the Ngawapurua farm. At the date of signing of these financial statements, the farm remains for sale.

On 23rd March 2020, the New Zealand Government declared a national state of emergency as the number of cases of COVID-19, the disease associated with the coronavirus, surged. The government has imposed self-isolation for everyone, with all non-essential services, schools and offices to be shut for a month. Both Te Aute College and Hukarere College closed on 24 March 2020. The disruptions are expected to have a deep impact on businesses and on the economy.