Huakiwi Developments Limited Partnership

Annual Report and Financial Statements

For the year ended 31st March 2022

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Partners' declaration

In the opinion of the Partners of Huakiwi Developments Limited Partnership ('the Limited Partnership') the financial statements and notes, on pages 3 to 23:

- comply with New Zealand generally accepted accounting practice and present fairly the financial position of the Limited Partnership as at 31 March 2022 and the result of operations for the year ended on that date;
- have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Partners believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Limited Partnership and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Partners consider that they have taken adequate steps to safeguard the assets of the Limited Partnership, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Partners are pleased to present the annual report including the financial statements of Huakiwi Developments Limited Partnership for the year ended 31 March 2022.

Alexander Scott Hamilton Huakiwi Services Limited General Partner	Christopher Huia Rich Huakiwi Services Limited General Partner
Date: 7th July 2022	Date:

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Alexander Scott Hamilton
Huakiwi Services Limited
General Partner

Date:

Christopher Huia Rich
Huakiwi Services Limited
General Partner

Date: 07/07/2022

Directory

Incorporation number	2665431
Incorporation date	17 March 2017
Principal activities	Kiwifruit orchard development and producer of kiwifruit
IRD number	122-606-775
Registered office	18 Viaduct Harbour Avenue Auckland 1010 New Zealand
General Partner	Huakiwi Services Limited
Directors of General Partner	Alexander Scott Hamilton Bryan Francis Grafas Christopher Huia Rich Charlotte Marewa Severne
Limited Partners	The Māori Trustee Quayside Holdings Limited
Accountants	KPMG 10 Customhouse Quay Wellington 6011
Auditor	William Buck Audit (NZ) Ltd 145 Seventeenth Avenue Tauranga 3112

Statement of comprehensive income

For the year ended 31 March 2022
in New Zealand dollars

	Note	2022	2021 (Restated)
		$	$
Revenue	3	4,585,581	2,418,042
Cost of sales		(231,153)	(82,564)
Increase/(decrease) in fair value of biological assets		52,646	824,259
Gross profit		4,407,074	3,159,737
Operating expenses	5	(2,445,323)	(2,551,400)
Administrative expenses	6	(656,946)	(532,439)
Depreciation and amortisation	11,13	(1,601,683)	(1,115,763)
Operating loss before financing costs		(296,878)	(1,039,865)
Finance income		5,266	1,067
Finance expenses		(38,977)	(41,154)
Net financing costs	4	(33,711)	(40,087)
Net loss for the period		(330,589)	(1,079,952)
Other comprehensive income		-	-
Total comprehensive loss for the year		(330,589)	(1,079,952)
Total comprehensive income/(expense) attributable to the partners from operations		(330,589)	(1,079,952)

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Statement of financial position

As at 31 March 2022

in New Zealand dollars

	Note	2022 $	2021 (Restated) $
Assets			
Current assets			
Cash and cash equivalents	8	1,560,296	1,725,860
GST receivable		92,978	116,296
Prepayments		20,461	26,413
Accrued revenue	10	3,728,409	2,240,939
Biological assets	14	876,905	824,259
Total current assets		6,279,049	4,933,767
Non-current assets			
Property, plant and equipment	11	14,284,987	9,563,947
Intangible assets	13	9,719,086	6,057,846
Construction in progress	9	1,989,336	7,022,665
Total non-current assets		25,993,409	22,644,458
Total assets		**32,272,458**	**27,578,225**
Liabilities			
Current liabilities			
Lease liabilities	12	45,516	43,223
Trade and other payables	15	491,022	421,239
Total current liabilities		536,538	464,462
Non-current liabilities			
Lease liabilities	12	683,336	728,853
Total non-current liabilities		683,336	728,853
Total liabilities		**1,219,874**	**1,193,315**
Net assets attributable to the partners	18	31,052,583	26,384,910
Total liabilities and net assets attributable to the partners		**32,272,458**	**27,578,225**

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Statement of changes in net assets attributable to the partners

For the year ended 31 March 2022
in New Zealand dollars

	Note	Partnership units $	General Partner $	Limited Partners $	Total $
Net assets attributable to the Partners at 1 April 2021		-	-	26,384,910	26,384,910
Total comprehensive income/(expense) attributable to the partners from operations		-	-	(330,589)	(330,589)
Capital contributions	17	-	-	5,000,000	5,000,000
Tax credits allocated to partners	7	-	-	(1,738)	(1,738)
Net assets attributable to the Partners at 31 March 2022	18	-	-	31,052,583	31,052,583
Net assets attributable to the Partners at 1 April 2020 (Restated)		-	-	22,315,214	22,315,214
Total comprehensive income/(expense) attributable to the partners from operations		-	-	(1,079,952)	(1,079,952)
Capital contributions	17	-	-	5,150,000	5,150,000
Tax credits allocated to partners	7	-	-	(352)	(352)
Net assets attributable to the Partners at 31 March 2021 (Restated)	18	-	-	26,384,910	26,384,910

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Statement of cash flows

For the year ended 31 March 2022
in New Zealand dollars

	Note	2022 $	2021 $
Cash flows from operating activities			
Cash received from customers		3,098,111	177,103
Cash paid to suppliers and employees		(3,234,368)	(3,229,664)
Net cash (to) operating activities		(136,257)	(3,052,561)
Cash flows from investing activities			
Interest received		5,266	1,067
RWT paid		(1,738)	(352)
Acquisition of property, plant and equipment/construction in progress		(755,574)	(558,040)
Acquisition of intangible assets		(4,195,060)	(1,128,000)
Net cash (to) investing activities		(4,947,106)	(1,685,325)
Cash flows from financing activities			
Payment for the reduction in lease liabilities		(82,200)	(82,200)
Partner funds introduced		5,000,000	5,150,000
Net cash from financing activities		4,917,800	5,067,800
Net (decrease)/increase		(165,563)	329,914
Opening cash and cash equivalents 1 April		1,725,860	1,395,946
Closing cash and cash equivalents 31 March	8	1,560,296	1,725,860

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Notes to the financial statements

1 Reporting entity

Huakiwi Developments Limited Partnership (the "Limited Partnership") is a Limited Partnership established and domiciled in New Zealand and registered under the Limited Partnership Act 2008.

The Limited Partnership's principal activity is kiwifruit orchard development and producer of kiwifruit.

The financial statements presented are for Huakiwi Developments Limited Partnership as at and for the year ended 31 March 2022.

2 Basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with the New Zealand Equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ('NZ IFRS RDR') and other applicable Financial Reporting Standards, as appropriate for Tier 2 for-profit entities.

Huakiwi Developments Limited Partnership is eligible to report under Tier 2 For-Profit Accounting Standards on the basis that it does not have public accountability.

The financial statements were authorised for issue by the partners on the date included on page 1. The partners do not have authority to amend the financial statements after issue. The Limited Partnership is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

All accounting policies set out below have been consistently applied to all periods presented in these financial statements.

The financial statements have been prepared on the basis that the Limited Partnership is a going concern.

COVID 19

Since 2 December 2021, New Zealand has been subject to the COVID-19 protection framework. The duration of these settings are unknown at the date of signing this report. The Limited Partnership has considered the impacts of the COVID-19 pandemic on business operations and financial results, as there is uncertainty around its duration and broader impact. Based on actual results to date, and the likely potential impacts, Management does not believe any change is required to its basis of preparation or that any impairment is required to be recognised as a result of the virus. Management has assessed that the Limited Partnership is still able to maintain sufficient liquidity to enable the Limited Partnership to continue as a going concern for at least the next 12 months from the signing of the financial statements.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following which are measured at fair value:

- Biological assets

Determination of fair values

Certain accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

These include bioloigcal assets. Fair values have been determined for measurement purposes based on the methods outlined in the notes specific to that asset or liability.

Where applicable, further information about the assumptions made in determining fair value is also disclosed in the notes specific to that asset or liability.

These financial statements are presented in New Zealand dollars ($) which is the Limited Partnership's functional currency, rounded to the nearest dollar. They have been prepared on a GST exclusive basis except for receivables and payables that are stated inclusive of GST.

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Notes to the financial statements (continued)

2 Basis of preparation

Use of estimates and judgements

The preparation of the financial statements in conformity with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The principal areas of judgement in preparing these financial statements are set out below. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 16 Impairment of trade receivables
- Note 9 Impairment of construction in progress
- Note 11 Impairment of property, plant and equipment
- Note 12 Determining whether a contract contains a lease, the lease term and incremental borrowing rate
- Note 14 Fair value of biological assets
- Note 13 Impairment of intangibles
- Note 13 Estimated useful life of intangibles

Impairment

The carrying amounts of the Limited Partnership's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite-lived intangible assets are tested annually for impairment.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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Notes to the financial statements (continued)

Restatement of prior period financial statements

The Partnership determined after the preparation of the prior period financial statements that amounts had been capitalised to property, plant and equipment from construction in progress in the 2020 year in error. On discovering these errors, the Partnership has recorded entries to correct the prior period position by reflecting the correction of: opening property, plant and equipment and depreciation thereon; opening construction in progress and opening accounts payable accruals.

Comparative amounts have been restated and the impact of these corrections are detailed below:

Statement of financial position

31 March 2021

	As previously reported	Adjustments	As restated
	$	$	$
Property, plant and equipment	9,741,492	(177,545)	9,563,947
Construction in progress	6,881,757	140,908	7,022,665
Impact on total assets		(36,637)	
Trade and other payables	481,239	(60,000)	421,239
Impact on total liabilities		(60,000)	
Impact on net assets		23,363	

Statement of changes in net assets attributable to the Partners
31 March 2021

	As previously reported	Adjustments	As restated
	$	$	$
Net assets attributable to the Partners at 1 April 2020	22,305,419	9,795	22,315,214
Comprehensive income/(expense) attributable to the Partners	(1,093,520)	13,568	(1,079,952)
Impact on net assets attributable to the Partners at 31 March 2021		23,363	

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Notes to the financial statements (continued)

Statement of comprehensive income

31 March 2021

	As previously reported	Adjustments	As restated
	$	$	$
Depreciation and amortisation	(1,129,331)	13,568	(1,115,763)
Impact on comprehensive revenue and expense for the year		13,568	

3 Revenue

	2022	2021
	$	$
Sale of goods	4,585,581	2,418,042
	4,585,581	2,418,042

Revenue policy

Sale of goods

The Partnership's contracts with customers for the sale of kiwifruit generally include one performance obligation. The Partnership has concluded that revenue from sale of kiwifruit be recognised at the point in time when the kiwifruit is transferred to the customer, generally on delivery of the kiwifruit. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

4 Net financing costs

	2022	2021
	$	$
Interest income	5,266	1,067
Finance income	5,266	1,067
Interest on lease liabilities	(38,977)	(41,154)
Finance expense	(38,977)	(41,154)
Net financing costs	(33,711)	(40,087)

Finance income and expenses policy

Finance income comprises interest income on funds invested using the effective interest method.

Finance costs comprise interest on lease liabilities.

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Notes to the financial statements (continued)

5 Operating expenses

	2022	2021
	$	$
Canopy operating expenses	122,539	236,992
Disease control	263,158	82,040
Field nursery	-	28,334
Fertiliser	272,465	284,430
Foliar crop enhancement	37,201	254,574
Freight, vehicles and travel	170,332	185,517
Grafting and graft care	44,778	67,559
General	24,213	35,403
Girdling	16,805	-
Irrigation & frost protection	40,600	63,276
Leaders	21,982	66,619
Male pruning	42,290	43,963
Management fees	135,329	85,188
Monitoring	15,925	15,140
Mowing/mulching/trim	174,817	128,760
Ongoing resource consents	19,644	3,976
Pest control	18,070	940
Pollination	101,839	91,634
Repairs and maintenance	45,700	35,039
Replacement plants	38,583	51,150
Summer pruning	179,485	240,023
Thinning	195,335	115,364
Vine training	20,843	-
Weed control	75,318	72,919
Winter pruning	368,071	212,448
Write off of construction costs	-	150,114
	2,445,323	2,551,400

6 Administrative expenses

	2022	2021
	$	$
Advertising	595	-
Accounting fees	46,011	40,380
Administration fees	458,389	340,341
Audit fees	13,250	9,742
Bank charges	174	170
Computer expenses	600	-
Consulting fees	-	3,200
Directors fees	80,000	80,000
Electricity	35,898	35,964
General expenses	-	950
Insurance	9,873	4,819
Legal	-	1,093
Rates	11,884	11,401
Rent	(298)	1,541
Subscriptions	570	2,304
Travelling and accommodation	-	534
	656,946	532,439

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Notes to the financial statements (continued)

7 Income tax

Income tax policy

The Limited Partnership is a look-through entity for tax purposes. The income, expenses, tax credits, rebates, gains and losses flow through to the individual partners and are allocated to each partner in proportion to each partner's share in the Limited Partnership.

Look through allocations

	2022 $	2021 (Restated) $
Net profit/(loss) before adjustments	(330,589)	(1,079,952)
Temporary differences	(6,615)	(649,660)
Net profit/(loss) before allocation	(337,204)	(1,729,612)
Net profit/(loss) allocated to The Māori Trustee	(168,602)	(864,806)
Net profit/(loss) allocated to Quayside Holdings Limited	(168,602)	(864,806)
Total profit/(loss) allocated to Partners	(337,204)	(1,729,612)
Tax credit allocated to The Māori Trustee	869	176
Tax credit allocated to Quayside Holdings Limited	869	176
Total tax credits allocated to Partners	1,738	352

Notes to the financial statements (continued)

8 Cash and cash equivalents

	2022 $	2021 $
Current assets		
Cash at bank	1,560,296	1,725,860
Total cash and cash equivalents in the statement of cash flows	1,560,296	1,725,860

Cash and cash equivalents policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Credit risk is managed by ensuring cash and cash equivalents are held with banks and financial institutions with a minimum independent rating of 'A'.

9 Construction in progress

	2022 $	2021 (Restated) $
Matakana 11	-	2,798,864
Rangitaiki 60D5B	-	2,596,572
Waewaetutuki 7B2A	1,989,336	1,627,229
	1,989,336	7,022,665

The construction in progress balance relates to the construction of kiwifruit orchards. As at 31 March 2022 there is $1,989,336 of construction in progress representing costs to an orchard that is not yet ready for use as intended by management. Of the $1,989,336 recorded at 31 March 2022, no costs have been capitalised at 31 March 2022 as the orchard is still not yet ready for use as intended by management.

During 2018, it was identified that the bore drilled on Kaha 40 and Te Kaha 88 was not achieving the constant water flow it needs to support a high performing orchard, so development on this block has been paused whilst a decision will be made on the future course of action. Bearer plants purchased for this orchard were reallocated across the orchards that were complete as at 31 March 2019. No further costs were incurred in relation to this Orchard during the 2020 and 2021 years, therefore the expenditure incurred in the development of this orchard is $150,114. Development of this orchard has now ceased and was fully impaired at 31 March 2021. There has been no further cost or impairment recorded in relation to this Orchard in the 2022 year.

Impairment on construction in progress is assessed in accordance with the accounting policy in note 11.

10 Accrued revenue

	2022 $	2021 $
Accrued revenue	3,728,409	2,240,939
	3,728,409	2,240,939

Accrued revenue policy

Income is accrued on kiwifruit picked before year end that has not yet been invoiced and is measured at fair value, which is based on quotable market prices issued by Zespri (OGR per tray).

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Notes to the financial statements (continued)

11 Property, plant and equipment

	Land	Groundworks	Plant and Equipment	Bearer Plants	Total
	$	$	$	$	$
Cost					
Balance at 1 April 2021 (Restated)	855,526	2,479,424	6,848,796	1,070,733	11,254,479
Additions	-	1,192,899	3,806,869	812,613	5,812,381
Disposals	-	(23,478)	-	-	(23,478)
Balance at 31 March 2022	855,526	3,648,845	10,655,665	1,883,346	17,043,382
Depreciation and impairment losses					
Balance at 1 April 2021 (Restated)	(114,766)	(247,942)	(1,167,215)	(160,610)	(1,690,533)
Depreciation for the year	(57,383)	(160,213)	(729,330)	(120,936)	(1,067,862)
Balance at 31 March 2022	(172,149)	(408,155)	(1,896,545)	(281,546)	(2,758,395)
Carrying amount					
At 31 March 2022	683,377	3,240,690	8,759,120	1,601,800	14,284,987
At 31 March 2021 (Restated)	740,760	2,231,482	5,681,581	910,124	9,563,947

Right of use assets relating to leases where the Limited Partnership is a lessee are included within property, plant and equipment. For more information on leases, refer to note 12.

Property, plant and equipment policy

Recognition and measurement

All property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss within Other income or Administrative expense.

Depreciation

For property, plant and equipment, depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment with the exception of Groundworks and Bearer Plants which are recognised on a straight line basis. Depreciation on right of use assets is recognised on a straight line basis over the lesser of the underlying asset's useful life and the lease term.

The depreciation rates for significant items of property, plant and equipment are as follows:

Groundworks	5%	SL	
Plant and Equipment	5%	to	40% DV
Bearer Plants	7.5%	SL	

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment

The carrying amounts of property, plant and equipment are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of the assets and are recognised in profit or loss.

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Notes to the financial statements (continued)

12 Leases

Right-of-use asset as a component of property, plant and equipment
Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

	Note	2022	2021
		$	$
Property, plant and equipment owned		13,601,610	8,823,187
Right-of-use assets, except for investment property		683,377	740,760
	11	14,284,987	9,563,947

Reconciliation of movements in right-of-use asset	Land	Total
	$	$
Balance at 1 April 2021	740,760	740,760
Depreciation charge for the year	(57,383)	(57,383)
Balance at 31 March 2022	683,377	683,377

Right of use asset breakdown per orchard

	Matakana 5 Trust	Waihirere 4B2	Te Kaka 6B	Tunapahore 6	Rangitaiki 60D5B	Matakana 9 Trust	Matakana 11	Waewaetu-tuki 7B2A	Total
	$	$	$	$	$	$	$	$	$
Balance at 1 April 2021	132,154	116,755	43,006	89,074	116,627	39,840	113,112	90,192	740,760
Additions	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	(11,012)	(9,729)	(3,441)	(7,079)	(9,088)	(3,105)	(8,871)	(5,058)	(57,383)
Balance at 31 March 2022	121,142	107,026	39,565	81,995	107,539	36,735	104,241	85,134	683,377

Lease liabilities	2022	2021
	$	$
Current	45,516	43,223
Non-current	683,336	728,853
Total lease liabilities	728,852	772,076

Lease liability commitments breakdown per orchard

					2022				
	Matakana 5 Trust	Waihirere 4B2	Te Kaka 6B	Tunapahore 6	Rangitaiki 60D5B	Matakana 9 Trust	Matakana 11	Waewaetu-tuki 7B2A	Total
	$	$	$	$	$	$	$	$	$
Current portion	8,990	7,946	2,769	5,684	7,277	2,444	6,974	3,432	45,516
Non-current portion	120,776	106,750	39,620	82,153	108,433	36,421	102,872	86,311	683,336
Total	129,766	114,696	42,389	87,837	115,710	38,865	109,846	89,743	728,852

The Limited Partnership is exposed to future cash flows arising from variable payments, extension options and termination options, residual value guarantees and leases not yet commenced to which the Limited Partnership is committed to.

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Notes to the financial statements (continued)

12 Leases

	2022	2021
	$	$
Interest on lease liabilities	38,797	41,154

Cash outflows for leases totalled $82,200 during the year (2021: $82,200).

Leases policy

Recognition and measurement

The Limited Partnership recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Limited Partnership's incremental borrowing rate. Generally, the Limited Partnership uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Limited Partnership is reasonably certain to exercise, lease payments in an optional renewal period if the Limited Partnership is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Limited Partnership is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Limited Partnership's estimate of the amount expected to be payable under a residual value guarantee, or if the Limited Partnership changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Limited Partnership presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'lease liabilities' in the statement of financial position.

Extension options

Some leases of land contain extension options exercisable by the Limited Partnership up to one year before the end of the non-cancellable contract period. The Limited Partnership has elected to exclude the extension options as it is not reasonably certain these will be exercised. The extension options held are exercisable only by the Limited Partnership as the lessee and not by the lessors. The Limited Partnership assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Limited Partnership reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Impairment

The right-of-use asset is regularly assessed for impairment (see further detail in note 2).

Variable lease payments

On termination of the lease agreements, the business and assets will be sold back to the land block owner for an expected sale price of $1. It is expected that a variable lease payment will be recorded on termination, as it is expected the assets will still hold value at the eventual sale date. The resulting loss will therefore be recognised as a loss through profit or loss at the date the loss is realised. The amount is yet to be determined and the Limited Partnership is unable to accurately estimate the value of this variable lease payment at balance date.

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Notes to the financial statements (continued)

13 Intangible assets

	Licenses $	Website $	Total $
Cost			
Balance at 1 April 2021	7,167,761	15,000	7,182,761
Additions	4,195,060	-	4,195,060
Balance at 31 March 2022	11,362,821	15,000	11,377,821
Amortisation and impairment losses			
Balance at 1 April 2021	(1,117,915)	(7,000)	(1,124,915)
Amortisation for the year	(527,820)	(6,000)	(533,820)
Balance at 31 March 2022	(1,645,735)	(13,000)	(1,658,735)
Carrying amount			
Balance at 31 March 2022	9,717,086	2,000	9,719,086
Balance at 31 March 2021	6,049,846	8,000	6,057,846

Intangible assets policy

Recognition and measurement

Intangible assets comprise licenses purchased from Zespri Group Limited and a website. The licenses provide Huakiwi Developments Limited Partnership the right to grow the Zespri Gold (G3) and Zespri Red (R19) varieties of Kiwifruit. The licenses and website have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual value using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

Licenses	18 to 22 years
Website	2.5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

The carrying amounts of intangible assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of the assets and are recognised in profit or loss.

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Notes to the financial statements (continued)

14 Biological assets

	2022	2021
	$	$
Carrying amount at 1 April	**824,259**	-
Crop harvested during the period	(824,259)	-
Recognising fair value of fruit on vine at year end - Matakana 5	179,005	58,249
Recognising fair value of fruit on vine at year end - Waihirere 4B2	101,248	766,010
Recognising fair value of fruit on vine at year end - Rangitaiki 60D5B	94,082	-
Recognising fair value of fruit on vine at year end - Te Kaha 6B	502,570	-
Carrying value at 31 March	**876,905**	**824,259**

Biological assets consists of matured kiwifruit grown on the kiwifruit orchard of the Limited Partnership.

In 2022 the estimated harvest amounted to 46,233 Hayward trays and 51,022 Gold3 trays (2021: 8,666 Hayward and 76,220 Gold3 trays).

After discounting for the expected costs to sell, the fair value was estimated to be $876,905 at 31 March 2022 (2021: $824,259).

Gain or (loss) arising from changes in fair value less costs to sell was $52,646 (2021: 824,259).

Biological assets policy

Biological assets are the crops growing on bearer plants in the Limited Partnership's leased orchards. Biological assets are measured at their fair value which is based on quotable market prices issued by Zespri (OGR per tray), less costs to sell. Any change in fair value of the biological assets is recognised in profit or loss.

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Notes to the financial statements (continued)

15 Trade and other payables

	2022	2021 (Restated)
	$	$
Trade payables	436,721	361,224
Accruals	54,301	60,015
	491,022	421,239

Trade and other payables policy

Trade and other payables are initially measured at cost, being their fair value, and are subsequently measured at amortised cost.

16 Financial instruments classification

Financial instruments are recognised in the Statement of Financial Position when the Limited Partnership becomes party to a financial contract. They include cash and cash equivalents, trade and other receivables, trade and other payables and lease liabilities.

Financial assets (except for trade receivables without a significant financing component) and liabilities are initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price in accordance with NZ IFRS 15.

Financial assets and liabilities are classified into the following categories:

Financial assets held at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions, and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amounts outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets held at amortised cost comprise: cash and cash equivalents and trade and other receivables.

Financial liabilities held at amortised cost

Financial liabilities not designated as at FVTPL on initial recognition are classified as at amortised cost. Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities held at amortised cost comprise: trade and other payables and lease liabilities.

Impairment - financial assets

The Limited Partnership recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Limited Partnership expects to receive).

The gross carrying amount of a financial asset is written off when the Limited Partnership has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Trade receivables

Trade and other receivables are initially recognised at fair value, being their cost, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Limited Partnership will not be able to collect all amounts due according to the original terms of receivables. Impairment is calculated based on an expected credit loss (ECL) model under NZ IFRS 9.

The amount of the provision is recognised in profit or loss. Management have determined no provision is required for the 2022 year (2021: nil).

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Notes to the financial statements (continued)

17 Related parties

Key management personnel

Remuneration of key management personnel during the year amounted to $80,000 (2021: $80,000).

Ultimate controlling parties

The General Partner is Huakiwi Services Limited, which is 50% owned by The Māori Trustee, and 50% owned by Quayside Holdings Limited. The Māori Trustee is a Limited Partner and owns 50% of the Limited Partnership. Quayside Holdings Limited is a Limited Partner and owns 50% of the Limited Partnership. The Māori Trustee is also the Responsible Trustee of the Trusts below that the Limited Partnership holds operating lease agreements with, with the exception of Te Kaha 6B Trust where The Māori Trustee is Custodian Trustee.

Transactions involving related entities

The entities, the nature of the relationship and the types of transactions which the Limited Partnership entered into during the period are detailed below:

Related entity	Nature of relationship	Types of transactions
Huakiwi Services Limited	General partner	Receipt of services
The Māori Trustee	Limited Partner	Capital introduced and drawings
Quayside Holdings Limited	Limited Partner	Capital introduced and drawings
Tunapahore 6 Ahu Whenua Trust	Landlord	Lease land to the Partnership
Matakana 5 Trust	Landlord	Lease land to the Partnership
Matakana 9 Trust	Landlord	Lease land to the Partnership
Te Kaha 6B Trust	Landlord	Lease land to the Partnership
Rangitaiki 60D5B Land Trust	Landlord	Lease land to the Partnership
Matakana 11 Trust	Landlord	Lease land to the Partnership
Waewaetutuki 7B2A Trust	Landlord	Lease land to the Partnership
Waihirere 4B2 Trust	Landlord	Lease land to the Partnership

The following transactions between related parties occurred during the year:

	2022				
Related party	Sale of goods and services $	Purchase of goods and services $	Balances receivable $	Balances payable $	Capital introduced $
The Māori Trustee	-	-	-	-	2,500,000
Quayside Holdings Limited	-	-	-	-	2,500,000
Tunapahore 6 Ahu Whenua Trust	-	10,100	-	87,837	-
Matakana 5 Trust	-	15,500	-	129,766	-
Matakana 9 Trust	-	4,400	-	51,332	-
Te Kaha 6B Trust	-	4,900	-	42,389	-
Rangitaiki 60D5B Land Trust	-	13,100	-	115,711	-
Matakana 11 Trust	-	12,500	-	109,846	-
Waewaetutuki 7B2A Trust	-	8,000	-	99,076	-
Waihirere 4B2 Trust	-	13,700	-	114,696	-
	-	82,200	-	750,653	5,000,000

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Notes to the financial statements (continued)

17 Related parties

	2021 (Restated)				
Related party	Sale of goods and services	Purchase of goods and services	Balances receivable	Balances payable	Capital introduced
	$	$	$	$	$
The Māori Trustee	-	-	-	-	2,575,000
Quayside Holdings Limited	-	-	-	-	2,575,000
Tunapahore 6 Ahu Whenua Trust	-	10,100	-	93,234	-
Matakana 5 Trust	-	15,500	-	138,302	-
Matakana 9 Trust	-	4,400	-	50,553	-
Te Kaha 6B Trust	-	4,900	-	45,019	-
Rangitaiki 60D5B Land Trust	-	13,100	-	122,622	-
Matakana 11 Trust	-	12,500	-	143,592	-
Waewaetutuki 7B2A Trust	-	8,000	-	94,336	-
Waihirere 4B2 Trust	-	13,700	-	122,242	-
	-	82,200	-	809,900	5,150,000

The balances payable include the lease liability, as reflected in note 12. No related party debts have been written off or forgiven during the year. The other related party balances payable are included in trade and other payables.

During the years ended 31 March 2021 and 2022, The Māori Trustee and Quayside Holdings Limited advanced funds to Huakiwi Developments Limited Partnership.

18 Partner current accounts

	2022	2021 (Restated)
	$	$
The Māori Trustee		
Opening balance	13,192,455	11,157,607
Capital introduced	2,500,000	2,575,000
Tax credits allocated	(869)	(176)
Distribution of loss	(165,294)	(539,976)
Closing balance	15,526,291	13,192,455
Quayside Holdings Limited		
Opening balance	13,192,455	11,157,607
Capital introduced	2,500,000	2,575,000
Tax credits allocated	(869)	(176)
Distribution of loss	(165,294)	(539,976)
Closing balance	15,526,292	13,192,455
Total partners current accounts	31,052,583	26,384,910

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Notes to the financial statements (continued)

19 Capital commitments

There are no capital commitments at balance date (2021: nil).

20 Contingencies

There are no contingent liabilities at balance date (2021: nil).

21 Subsequent events

On 28 April 2022 the Limited Partnership was successful in its bid for the Red19 Variety Licence 0.98 hectares at $143,750 per hectare. (2021: On 1 May the Limited Partnership was successful in its bid for the Red19 Variety Licence as well as the Gold3 Variety Licence for 5 hectares at $70,150 per hectare and 7.06 hectares at $633,650 per hectare respectively).

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Independent Auditor's Report

To the readers of Huakiwi Developments Limited Partnership's Financial Statements for the year ended 31 March 2022

The Auditor-General is the auditor of Huakiwi Developments Limited Partnership (the limited partnership). The Auditor-General has appointed me, Richard Dey, using the staff and resources of William Buck Audit (NZ) Limited, to carry out the audit of the financial statements of Omiao 39 Limited Partnership on his behalf.

Opinion

We have audited the financial statements of Huakiwi Developments Limited Partnership on pages 3 to 22, that comprise the statement of financial position as at 31 March 2022, the statement of comprehensive income, statement of changes in net assets attributable to partners and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of Huakiwi Developments Limited Partnership on pages 3 to 22:

- present fairly, in all material respects:
  - its financial position as at 31 March 2022; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime (NZ IFRS RDR).

Our audit was completed on 8 July 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the General Partner and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

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William Buck Audit (NZ) Limited

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the General Partner for the financial statements

The General Partner is responsible on behalf of the limited partnership for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The General Partner is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Partner is responsible on behalf of the limited partnership for assessing the limited partnership's ability to continue as a going concern. The General Partner is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the limited partnership or to cease operations, or there is no realistic alternative but to do so.

The General Partner's responsibilities arise from the Limited Partnership Act 2008.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the limited partnership's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Partner.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the General Partner and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the limited partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the limited partnership to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the General Partner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The General Partner is responsible for the other information. The other information comprises the information included on pages 1 to 2, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the limited partnership in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the limited partnership.

Richard Dey
William Buck Audit (NZ) Limited

On behalf of the Auditor-General
Tauranga, New Zealand

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