Huakiwi Developments Limited Partnership

Annual report for the year ended 31 March 2023

General Partner's Declaration

Huakiwi Developments Limited Partnership
For the year ended 31 March 2023

In the opinion of the General Partner of Huakiwi Developments Limited Partnership ('the Limited Partnership') the financial statements:

• comply with New Zealand generally accepted accounting practice and present fairly the financial position of the Limited Partnership as at 31 March 2023 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 General Partner believes 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 General Partner considers 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 General Partner is pleased to present the annual report including the financial statements of Huakiwi Developments Limited Partnership for the year ended 31 March 2023.

Andre Lyndon Settle

Huakiwi Services Limited
General Partner

Dated: 12th July 2023

Christopher Huia Rich

Huakiwi Services Limited
General Partner

Dated: 12/07/2023

Directory

Huakiwi Developments Limited Partnership
For the year ended 31 March 2023

Nature of Business
Kiwifruit orchard development and producer of kiwifruit

Registered Office
Level 2, 41 The Strand, Tauranga 3110

Registration Number
2665431

Registration Date
17 March 2017

New Zealand Business Number
9429046022110

IRD Number
122-606-775

General Partner
Huakiwi Services Limited

Limited Partners
Te Tumu Paeroa Maori Trustee
Quayside Holdings Limited

Directors of General Partner
Andre Lyndon Settle
Christopher Rich
Samuel Jury
Bryan Grafas

Bankers
Westpac

Auditors
William Buck Audit (NZ) Ltd
145 Seventeenth Avenue
Tauranga 3112

Statement of Comprehensive Income

Huakiwi Developments Limited Partnership
For the year ended 31 March 2023

Account	Notes	2023	2022
		$	$
Trading Income			
Revenue	3	1,459,874	4,585,581
Cost of Sales		(138,197)	(231,153)
Fair value adjustment for Biological assets	14	3,877,101	52,646
Gross Profit		**5,198,778**	**4,407,074**
Expenses			
Operating Expenses	5	3,576,219	2,445,325
Administrative Expenses	6	417,265	656,946
Total Expenses		**3,993,483**	**3,102,271**
Earnings (EBITDA)		**1,205,294**	**1,304,803**
Depreciation, Impairment & Amortisation			
Depreciation - Property, Plant & Equipment	11	1,097,460	1,016,478
Depreciation - Right of Use Asset	12	57,383	57,383
Amortisation	13	572,177	527,820
Impairment - Property, Plant & Equipment	11	2,133,724	-
Total Depreciation, Impairment & Amortisation		**3,860,743**	**1,601,681**
Earnings (EBIT)		**(2,655,448)**	**(296,878)**
Financing			
Finance Income	4	50,306	5,266
Finance Expenses	12	(36,684)	(38,977)
Total Financing	4	**13,622**	**(33,711)**
Net Profit (Loss) for the Year		**(2,641,826)**	**(330,589)**
Other Comprehensive Income		-	-
Total Comprehensive Profit (Loss) for the Year		**(2,641,826)**	**(330,589)**
Partnership Distributions			
Total Comprehensive Income/(Expenses) attributable to the partners from operations	7	(2,641,826)	(330,589)
Total Partnership Distributions		**$ (2,641,826)**	**$ (330,589)**

EBITDA, a non-GAAP measure, is earnings before interest, depreciation, amortisation, impairments and revaluations

EBIT, a non-GAAP measure, is earnings before interest.

Statement of Financial Position

Huakiwi Developments Limited Partnership
As at 31 March 2023

Account	Notes	31 Mar 2023	31 Mar 2022
		$	$
Equity			
Partners Funds	18	28,394,156	31,052,583
Total Equity		**28,394,156**	**31,052,583**
Assets			
Current Assets			
Cash and Bank	8	1,164,856	1,560,296
GST Receivable		67,755	92,976
Biological Assets	14	4,754,006	876,905
Prepayments		16,486	20,461
Accrued income	10	1,085,268	3,728,409
Total Current Assets		**7,088,371**	**6,279,047**
Non-Current Assets			
Property, Plant and Equipment	11	10,370,427	13,601,611
Right of Use Asset	12	625,994	683,377
Construction In Progress	9	2,032,698	1,989,336
Intangibles	13	9,269,411	9,719,088
Total Non-Current Assets		**22,298,531**	**25,993,411**
Total Assets		**29,386,902**	**32,272,458**
Liabilities			
Current Liabilities			
Trade and Other Payables	15	309,409	491,021
Lease Liabilities	12	47,931	45,516
Total Current Liabilities		**357,339**	**536,537**
Non-Current Liabilities			
Non-current Lease Liabilities	12	635,407	683,337
Total Non-Current Liabilities		**635,407**	**683,337**
Total Liabilities		**992,746**	**1,219,874**
Net Assets		**28,394,156**	**31,052,583**

Statement of Changes in Net Assets Attributable to the Partners

Huakiwi Developments Limited Partnership
For the year ended 31 March 2023

Account	Notes	2023	2022
		$	$
Equity			
Quayside Holdings Limited			
Opening Balance		15,526,292	13,192,455
Increases		(1,320,913)	2,334,706
Decreases		(8,301)	(869)
Total Quayside Holdings Limited		**14,197,078**	**15,526,292**
Te Tumu Paeroa Maori Trustee			
Opening Balance		15,526,292	13,192,455
Increases		(1,320,913)	2,334,706
Decreases		(8,301)	(869)
Total Te Tumu Paeroa Maori Trustee		**14,197,078**	**15,526,292**
Partners' Equity	18	**28,394,156**	**31,052,583**

Statement of Cash Flows

Huakiwi Developments Limited Partnership
For the year ended 31 March 2023

Account	2023	2022
	$	$
Cash Flows from Operating Activities		
Cash received from Customers	4,514,495	3,098,111
Interest portion of the reduction in Lease Liabilities	(36,684)	(38,797)
RWT Paid	(16,601)	(1,738)
Payments to suppliers and employees	(4,695,577)	(3,234,368)
Net Cash Flows from Operating Activities	**(234,367)**	**(176,792)**
Investing Activities		
Payment for property, plant and equipment	(43,363)	(755,574)
Payment for intangibles	(122,500)	(4,195,060)
Interest income	50,306	5,266
Net Cash Flows from Investing Activities	**(115,556)**	**(4,945,368)**
Financing Activities		
Principal portion of the reduction in Lease Liabilities	(45,516)	(43,403)
Partner Funds Introduced	-	5,000,000
Net Cash Flows from Financing Activities	**(45,516)**	**4,956,597**
Net Cash Flows	**(395,440)**	**(165,563)**
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	1,560,296	1,725,860
Cash and cash equivalents at end of period	1,164,856	1,560,296

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 2023.

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 2. 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, aside from the following changes that have been implemented in the 2023 financial year:

- In the 2022 financial year the Right-of-use assets were included in Note 11 (Property, Plant & Equipment) as Land, and Note 12 (Leases) as Right-of-use assets. This year they have been removed from Note 11 and are only included in Note 12 as Right-of-use assets.

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

Notes to the financial statements (continued)

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

1. 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 biological 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.

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

Notes to the financial statements (continued)

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've been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Restatement of prior period financial statements

There is no requirement to restate prior period financial statements for the annual report for the year ending 31 March 2023.

Notes to the financial statements (continued)

3 Revenue

	2023 $	2022 $
Sale of goods	1,459,874	4,585,581
	1,459,874	4,585,581

Revenue policy

Sale of goods

The Partnership contracts with one customer (Zespri Growing Limited) for the sale of kiwifruit which generally includes 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

	2023 $	2022 $
Interest income	50,306	5,266
Finance income	50,306	5,266
Interest on lease liabilities	(36,684)	(38,977)
Finance expense	(36,684)	(38,977)
Net financing costs	13,622	(33,711)

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.

Notes to the financial statements (continued)

5 Operating expenses

	2023	2022
	$	$
Canopy operating expenses	44,036	122,539
Disease control	302,778	263,158
Fertiliser	284,480	272,465
Foliar crop enhancement	3,144	37,201
Freight, vehicles and travel	229,712	170,332
General	84,725	24,213
Girdling	75,608	16,805
Grafting	22,048	44,778
Irrigation & frost protection	46,743	40,600
Leaders	73,157	21,982
Male pruning	112,681	42,290
Management fees	187,158	135,329
Monitoring	52,604	15,925
Mowing/mulching/trim	109,185	174,817
Ongoing resource consents	15,646	19,644
Pest control	29,660	18,070
Pollination	179,980	101,839
Repairs and maintenance	25,128	45,700
Replacement plants	20,882	38,583
Stringing & Poles	132,585	-
Summer pruning	340,003	179,485
Thinning	395,030	195,335
Vine training	14,001	20,843
Weed control	102,892	75,318
Winter pruning	692,352	368,071
	3,576,219	2,445,322

Notes to the financial statements (continued)

6 Administrative expenses	2023	2022
	$	$
Accounting fees	11,135	46,011
Administration fees	81,700	458,389
Advertising	-	595
Audit fees	13,254	13,250
Bank charges	149	174
Computer expenses	7,504	600
Office expenses	1,451	-
Directors fees	80,000	80,000
Electricity	27,660	35,898
General expenses	80	-
Insurance	16,692	9,873
Rates	19,073	11,884
Rent	(1,209)	(298)
Subscriptions	2,057	570
Travelling and accommodation	3,937	-
Wages	153,780	-
	417,265	656,946

Notes to the financial statements (continued)

7 Income tax

Look through allocations	2023 $	2022 $
Net profit/(loss) before adjustments	(2,641,826)	(330,589)
Temporary differences	(1,735,516)	(6,615)
Net profit/(loss) before allocation	(4,377,342)	(337,204)
Net profit/(loss) allocated to The Māori Trustee	(2,188,671)	(168,602)
Net profit/(loss) allocated to Quayside Holdings Limited	(2,188,671)	(168,602)
Total profit/(loss) allocated to Partners	(4,377,342)	(337,204)
Tax credit allocated to The Māori Trustee	8,301	869
Tax credit allocated to Quayside Holdings Limited	8,301	869
Total tax credits allocated to Partners	16,601	1,738

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 their share in the Limited Partnership.

8 Cash and cash equivalents

	2023 $	2022 $
Current assets		
Cash at bank	1,164,856	1,560,296
Total cash and cash equivalents in the statement of cash flows	1,164,856	1,560,296

Cash and cash equivalents policy

Cash and cash equivalents includes cash held in a Westpac bank account. Westpac New Zealand Limited has a credit rating from Fitch Ratings of A+.

Notes to the financial statements (continued)

9 Construction in progress

	2023 $	2022 $
Waewaetutuki 7B2A	2,032,698	1,989,336
	2,032,698	1,989,336

The construction in progress balance relates to the construction of kiwifruit orchards. As at 31 March 2023 there is $2,032,698 of construction in progress representing costs to an orchard that is not yet ready for use as intended by management. Of the $2,032,698 recorded at 31 March 2023, no costs have been capitalised at 31 March 2023 as the orchard is still not yet ready for use as intended by management.

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

10 Accrued revenue

	2023 $	2022 $
Accrued revenue	1,085,268	3,728,409
	1,085,268	3,728,409

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). The market price has then been reduced by 5% to allow for time value of money, and by 5% to allow for any potential future decrease in the OGR per tray.

Notes to the financial statements (continued)

11 Property, plant and equipment

	Groundworks	Plant & Equipment	Bearer Plants	Total
	$	$	$	$
Cost				
Balance at 1 April 2022	3,648,845	10,655,665	1,883,346	16,187,856
Depreciation and impairments losses				
Balance at 1 April 2022	(408,155)	(1,896,545)	(281,546)	(2,586,246)
Impairment for the year	(404,685)	(1,500,818)	(228,220)	(2,133,724)
Depreciation for the year	(182,442)	(773,766)	(141,251)	(1,097,460)
Balance at 31 March 2023	(995,282)	(4,171,130)	(651,017)	(5,817,429)
Carrying amount				
At 31 March 2022	3,240,690	8,759,120	1,601,800	13,601,610
At 31 March 2023	2,653,563	6,484,535	1,232,329	10,370,427

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 Expenses.

Notes to the financial statements (continued)

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.

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 the carrying amount is recoverable. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are seperately identifiable cash inflows which are largely independent of the cash inflows from other groups of assets (cash-generating units (CGUs)). An impairment loss is recognised whenever the carrying amount of a CGU exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of the assets and are recognised in profit or loss.

During the financial year an indication of potential impairment became evident to management. A valuation of the future cash flows of the CGU's was undertaken, using a discount rate of 12%. As a result, a total impairment of $2,133,724 was found. This was allocated to Property, Plant & Equipment.

Notes to the financial statements (continued)

12 Leases

Reconciliation of movements in right-of-use asset	Land	Total
	$	$
Balance at 1 April 2022	683,377	683,377
Depreciation charge for the year	(57,383)	(57,383)
Balance at 31 March 2023	625,994	625,994

Right of use asset breakdown per orchard	Balance at 01-Apr-22	Additions	Depreciation	Balance at 31-Mar-23
Matakana 5 Trust	121,142	-	11,013	110,129
Waihirere 4B2	107,026	-	9,730	97,296
Te Kaha 6B	39,565	-	3,441	36,124
Tunapahore 6	81,995	-	7,079	74,916
Rangitaiki 60D5B	107,539	-	9,088	98,451
Matakana 9 Trust	36,735	-	3,105	33,630
Matakana 11	104,241	-	8,871	95,370
Waewaetutuki 7B2A	85,134	-	5,058	80,076
Total	683,377	-	57,383	625,994

Lease liabilities	2023	2022
	$	$
Current	47,931	45,516
Non-current	635,407	683,336
Total lease liabilities	683,337	728,852

Notes to the financial statements (continued)

Lease liability commitments breakdown per orchard

	2023		
	Current Portion	Non-current Portion	Total
	$	$	$
Matakana 5 Trust	9,466	111,310	120,776
Waihirere 4B2	8,367	98,383	106,750
Te Kaha 6B	2,916	36,703	39,620
Tunapahore 6	5,985	76,168	82,153
Rangitaiki 60D5B	7,663	100,770	108,433
Matakana 9 Trust	2,574	33,847	36,421
Matakana 11	7,344	95,528	102,872
Waewaetutuki 7B2A	3,614	82,697	86,311
Total	47,931	635,407	683,337

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.

	2023	2022
	$	$
Interest on lease liabilities	36,684	38,797

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

Notes to the financial statements (continued)

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 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.

Notes to the financial statements (continued)

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 in 'Right-Of-Use Assets' 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. When this occurs, a loss may arise if the assets continue to hold a book value. Any such resulting loss will be recognised through profit or loss as a variable lease payment at the date the loss is realised. The amount of any loss is yet to be determined and the Limited Partnership is therefore unable to accurately estimate the value of any potential variable lease payment at balance date.

Notes to the financial statements (continued)

13 Intangible assets

	Licenses	Website	Total
	$	$	$
Cost			
Balance at 1 April 2022	11,362,821	15,000	11,377,821
Additions	122,500	-	122,500
Balance at 31 March 2023	11,485,321	15,000	11,500,321
Amortisation and impairment losses			
Balance at 1 April 2022	(1,645,735)	(13,000)	(1,658,735)
Amortisation for the year	(570,177)	(2,000)	(572,177)
Balance at 31 March 2023	(2,215,912)	(15,000)	(2,230,912)
Carrying amount			
Balance at 31 March 2022	9,717,086	2,000	9,719,086
Balance at 31 March 2023	9,269,410	-	9,269,410

Intangible assets policy

Recognition and measurement

Intangible assets comprise licenses purchased from Zespri Group Limited and a website. The licenses provide the 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.

Notes to the financial statements (continued)

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.

14 Biological assets

	2023	2022
	$	$
Carrying amount at 1 April	876,905	824,259
Crop harvested during the period	(876,905)	(824,259)
Fair value of fruit on vine at year end - Matakana 5	1,542,387	179,005
Fair value of fruit on vine at year end - Matakana 9	699,075	-
Fair value of fruit on vine at year end - Matakana 11	125,796	-
Fair value of fruit on vine at year end - Tunapahore 6	320,913	-
Fair value of fruit on vine at year end - Waihirere 4B2	1,177,630	101,248
Fair value of fruit on vine at year end - Rangitaiki 60D5B	404,537	94,082
Fair value of fruit on vine at year end - Te Kaha 6B	483,668	502,570
Carrying value at 31 March	4,754,006	876,905

Biological assets consist of matured kiwifruit grown on the kiwifruit orchards of the Limited Partnership.

The value of the crop on vine at balance date is based on 146,709 Hayward trays and 399,317 Gold G3 trays (2022: 46,233 Hayward and 51,022 Gold G3 trays), along with an OGR range per tray of $5.58 - $7.91 for Hayward and $10.93 - $12.16 for Gold G3 (2022: $8.07 - $8.16 for Hayward and $9.85 - $13.28 for Gold G3).

After discounting for expected costs to sell, the fair value was estimated to be $4,754,006 as at 31 March 2023 (2022: $876,905).

Gain or (loss) arising from changes in fair value less costs to sell was $3,877,101 (2022: $52,646).

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.

Notes to the financial statements (continued)

15 Trade and other payables

	2023 $	2022 $
Trade payables	258,570	436,721
Accruals	50,839	54,301
	309,409	491,022

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 leases.

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.

Notes to the financial statements (continued)

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.

Notes to the financial statements (continued)

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 current financial year (prior year: nil).

17 Related parties

Key management personnel

Remuneration of key management personnel during the year amounted to $80,000 (prior year: $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 Maori Trustee is the Responsible Trustee of Tunapahore 6 Ahu Whenua Trust, Matakana 5 Trust, Matakana 9 Trust and Rangitaiki 60D5B Land Trust. The Maori Trustee is also Custodian Trustee of Te Kaha 6B Trust, and Agent for Waihirere 4B2 Trust. The Maori Trustee does not represent Matakana 11 Trust or Waewaetutuki 7B2A Trust.

Notes to the financial statements (continued)

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	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:

Related party	2023				
	Sale of services	Purchase of services	Balances receivables	Balances payable	Capital introduced
The Māori Trustee	-	40,000	-	-	-
Quayside Holdings Limited	-	20,000	-	-	-
Tunapahore 6 Ahu Whenua Trust	-	10,100	-	81,295	-
Matakana 5 Trust	-	15,500	-	120,309	-
Matakana 9 Trust	-	4,400	-	35,734	-
Te Kaha 6B Trust	-	4,900	-	39,566	-
Rangitaiki 60D5B Land Trust	-	13,100	-	103,588	-
Matakana 11 Trust	-	12,500	-	112,461	-
Waewaetutuki 7B2A Trust	-	8,000	-	95,605	-
Waihirere 4B2 Trust	-	13,700	-	106,338	-
	-	142,200	-	694,896	-

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.

Notes to the financial statements (continued)

18 Partner current accounts

	2023 $	2022 $
The Māori Trustee		
Opening balance	15,526,292	13,192,455
Capital introduced	-	2,500,000
Tax credits allocated	(8,301)	(869)
Distribution of loss	(1,320,913)	(165,295)
Closing balance	14,197,078	15,526,292
Quayside Holdings Limited		
Opening balance	15,526,292	13,192,455
Capital introduced	-	2,500,000
Tax credits allocated	(8,301)	(869)
Distribution of loss	(1,320,913)	(165,295)
Closing balance	14,197,078	15,526,292
Total partners current accounts	28,394,156	31,052,583

19 Capital commitments

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

20 Contingencies

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

21 Subsequent events

The entity registered five orchards (Matakana 5, Matakana 11 Horokawa, Waihirere 4B2, Rangitaiki 60D and Tunapahore 6) for one hectare each of G3 Licence in the May 2023 Zespri auction. An unsuccessful bid was placed for Tunapahore 6. (2022: On 28 April 2022 the Limited Partnership was successful in its bid for the Red19 Variety Licence 0.98 ha at $143,750 per hectare).

During the year ending 31 March 2024 management will review progress on development of the Waewaetutuki 7B2A orchard with the expectation that the orchard will be producing in the 2024 harvest season. If management is satisfied the construction phase is complete then the Construction in Progress amount identified in Note 9 will be capitalised as PPE and depreciated at the appropriate depreciation rate.