

ANNUAL REPORT 2022/23



FAR NORTH HOLDINGS LIMITED

ANNUAL REPORT 2023

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**FAR NORTH HOLDINGS LIMITED
COMPANY DIRECTORY
AS AT 30 JUNE 2023**

Nature of Business	Property and infrastructural investment, management, development, operations and services
Registered Office	5449a State Highway 12 Kaikohe
Directors	William Birnie CNZM LLB (Chair) (resigned 31 October 2023) Hon Murray McCully CNZM CF LLB (appointed Chair 7 November 2023) Sarah Petersen BMS, Hons, FCA Nicole Anderson CMIInstD Kevin Drinkwater BCom, CA Jane Frances (appointed 1 November 2023)
Independent Auditor	Deloitte
Bankers	Bank of New Zealand
Business Locations	Opuā, Kerikeri, Kaitiāia, Kaikohe and wider Northland area
Shareholders	Far North District Council
Share Capital	\$18,000,000

CHAIRMAN'S REPORT

For the 12 months ended 30 June 2023

E ngā mana, e ngā reo, e ngā karangatanga maha puta noa i Te Tai Tokerau, tēnā koutou katoa.

E rere ana ngā whakaaro ki a rātou mā kua riro ki te pō, haere, haere, haere atu rā. Ko te pō ki a rātou, ko te ao mārama ki a tātou, hoinō tēnā tātou katoa.

Mea nei te rīpoata a te heamana hei whakaaraara i te hinengaro.

In accordance with Part 5, Section 67 of the Local Government Act 2002 and Far North Holdings Limited's ("FNHL") Statement of Intent for the three years to June 2023, the Directors hereby report on the activities of the company for the 12 months from 1 July 2022 to the 30 June 2023. Following are FNHL's Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, and Statement of Cash Flows for the year ended 30 June 2023.

The year has been one that has seen economic conditions not witnessed for a decade or more, with high inflation and a rapid increase in interest rates over a relatively short period. These financial pressures across the business, in terms of both staff costs and material costs on the large number of projects underway and general R&M work, has meant the management team have worked hard to mitigate the impact where the company can and ensure tight fiscal measures are maintained across the business.

Combined with this, we have seen weather events that have exacerbated the economic conditions the company was experiencing. Cyclone events and nine months of wet weather had a significant impact on the tourism industry across the Far North District, including the cancellation of nearly 75% of the cruise ships that had planned to visit the Bay of Islands. The airport over the same period was also impacted by a number of cancellations not just for the Bay of Islands Airport but also throughout New Zealand. In addition, it has impacted civil work on our projects across the district.

Despite such strong headwinds, the company has still managed to meet its obligations under the SOI with Council and meet the dividend forecast of \$251k from a trading profit of \$503k.

Total comprehensive income was \$9.05m (2022 \$17.48m) and includes the revaluation of assets and investments with an increase of \$8.67m (2022 \$17.56m).

Shareholder's equity in the year increased to \$99.2m from \$90.2m in 2022. FNHL's overdraft and borrowings have increased by \$9.54m, whilst FNHL's assets increased by \$18.8m to \$186.4m. This was assisted by \$2.75m of PGF funding and the capital expenditure on Ngawha Innovation and Enterprise Park development.

The growth in asset value reflects completion of the Ngawha Innovation and Enterprise Park and the Merlin Labs hangar at the Kerikeri Bay of Islands Airport.

On the 31st of December 2022, FNHL reduced its 24% shareholding in Kaikohe Berryfruit Limited Partnership (KBLP) to 12%, with Ngāpuhi Asset Holding Company Limited acquiring the additional 12% ownership. This reduction reflected the requirement for additional operating capital that NAHC contributed to with FNHL diluting its shareholding to reflect this.

The positive news was despite the difficult economic conditions faced the Ngawha Innovation and Enterprise Park was formally opened by Kahika Moko Tepania following a dawn blessing by mana whenua Ngāti Rangī on the 13th of June.

Whilst work is ongoing, as at the year end the skills-based trades training centres built for both Regent and Te Pūkenga opened, offering a combined eight classrooms and seven trades training workshops that can cater for up to 240 students, delivering transferable skills qualifications that can be used throughout New Zealand. The facilities provide our community with a learning environment that is second to none.

Kaikohe Berry Fruit Ltd planted out 3ha of the 10ha of tunnels built in strawberries. Not only 30 FTE's created, but also strawberries of the highest quality. Next year will see the partnership plant out the full 10ha and employ a further 50 FTE's. Ngawha Innovation and Enterprise Park was about employment, and this investment speaks to it with the local jobs created and more to come.

The Innovation Centre also opened with FNHL moving its offices into the building to support the 5-10 years of work ahead in developing the Park and in supporting the Te Hau Ora O Ngāpuhi (THOON) community housing development on the old RSA site in Kaikohe that started on site in October 2022.

The partnership between FNHL and THOON will see the construction of 60 one, two and three bedroom homes. This is being carried out by Far North Housing Ltd, set up as a wholly owned subsidiary to help address the critical housing shortage in our District but doing so within the commercial parameters established by the SOI.

Innovation, being a key focus this year, is reflected in the March opening of the Merlin Labs hangar at the Bay of Islands Airport, a multi-million-dollar investment in the development and certification of autonomous flight. The potential this has should not be under-estimated; the company not only has the ability to build on this and establish the Bay of Islands Airport as a centre of excellence, but the investment will become a catalyst for similar activity or associated industry.

FNHL also completed the re-development of several maritime projects during the year which included the Mangonui boardwalk, pontoons and the construction of Awanui's Unahi Wharf.

The company successfully navigated a challenging year, delivering the \$42 million Ngawha Innovation & Enterprise Park, its largest project to date, on time and within budget - a major achievement. The coming year includes some exciting projects due to be completed at the Innovation Park with the Corrections house building facility at the Park opening in December of 2023.

The Board is now looking forward to the 2024 financial year. Future profit is set to rise as developments complete and become income generating, and we are looking forward to a good summer with strong cruise ship bookings and the continued increase in overseas visitors to our District. We remain cautiously optimistic for a strong few years ahead, notwithstanding the high interest rate and inflationary environment.

Ka waiho ake i konei.

Ka nui te mihi ki a koutou katoa.

A handwritten signature in blue ink, appearing to read 'Murray McCully', is positioned above the printed name.

Hon Murray McCully CNZM CF LLB

CHAIRMAN



Independent Auditor's Report to the Readers of Far North Holdings Limited's Group Financial Statements and Performance Information for the Year Ended 30 June 2023

The Auditor-General is the auditor of Far North Holdings Limited and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Bennie Greyling, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and the performance information of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 10 to 38, that comprise the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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; and
- the performance information of the Group on pages 39 to 46.

In our opinion:

- the financial statements of the Group on pages 10 to 38:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; 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 New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the Group on pages 39 to 46 presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2023.

Our audit was completed on 7 December 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by the Local Government Act 2002. This was due to resourcing constraints experienced by the Group.

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

Basis for our 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 Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 and the performance information.

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

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 and the performance information, 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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 and the performance information 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 Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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 in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 9 and 47 to 49 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information 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 the fact. We have nothing to report in this regard.

Independence

We are independent of the Group 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 New Zealand Auditing and Assurance Standards Board.

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



Bennie Greyling,
Partner
For Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand



**FAR NORTH HOLDINGS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 June 2023**

The Board of Directors present their annual report including the financial statements of the Company for the year ended 30 June 2023 and the independent auditor's report thereon.

Approved for and on behalf of the Board of Directors.



Director



Director

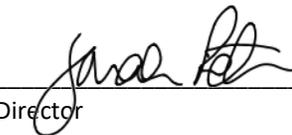
7 December 2023
Date

**STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 June 2023**

The Board of Directors of Far North Holdings Limited hereby confirm they are responsible for ensuring, and has in place appropriate systems and mechanisms to ensure, that all applicable aspects of legislative, regulatory and contractual requirements which impact on the activities and functions of Far North Holdings Limited have been complied with. To the best of its knowledge the Board of Directors has complied with all legislative, regular and contractual requirements for the year.



Director



Director

FAR NORTH HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2023



	Note	2023 \$	2022 \$
Revenue from contracts with customers	4	18,748,129	14,881,018
Other income	5	204,912	433,694
		18,953,041	15,314,712
Employee benefits expenses	6	4,062,452	4,136,157
Depreciation and amortisation expenses	8	1,016,415	959,036
Other expenses	7	10,350,548	8,238,390
Operating profit before net financing costs		3,523,626	1,981,129
Finance income		9,463	497
Finance expenses		2,853,192	1,598,392
Net finance costs	9	2,843,729	1,597,895
Profit prior to movements in investment properties, share of associates and other non operating movements		679,897	383,234
Share of post-tax profits/(losses) of equity accounted associates	14	(261,106)	(142,043)
Gain on sale of share in associate	14	676,600	-
Devaluation of property intended for sale		(278,659)	-
Devaluation of biological assets	17	(52,750)	(873,900)
Revaluation of investment property	12	8,539,892	15,285,017
Profit/(loss) before income tax		9,303,874	14,652,308
Income tax expense	10	(790,735)	(177,699)
Profit/(loss) for the period		8,513,139	14,474,609
Other comprehensive income items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	11	469,923	3,151,095
Share of associates other comprehensive income	14	(110,307)	265,320
Revaluation/(devaluation) of equity investments	15	56,461	(131,234)
Tax on items that will not be reclassified to profit or loss	10	116,547	(273,957)
Other comprehensive income for the year, net of tax		532,624	3,011,224
Total comprehensive income for the year		9,045,763	17,485,833

The above statements should be read in conjunction with the notes to and forming part of the financial statements

FAR NORTH HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2023

	Share Capital	Property Revaluation Reserve	Equity Investment Reserve	Building & Maintenance Reserves	Capital Reserve	Retained Earnings	Total Equity
	\$	\$		\$	\$	\$	\$
Balance at 1 July 2021	18,000,000	9,576,368	(156,072)	539,891	71,804	45,214,023	73,246,014
Profit for the year	-	-	-	-	-	14,474,609	14,474,609
Other comprehensive income for the year						265,320	265,320
Revaluation of property, plant and equipment	-	2,877,138	(131,234)	-	-	-	2,745,904
Total comprehensive income for the year	-	2,877,138	(131,234)	-	-	14,739,929	17,485,833
Transfers	-	-	-	(439,957)	-	439,957	-
Transactions with owners of the company in their capacity as owners							
Additional share capital				-			-
Dividends paid	-	-	-	-	-	(483,063)	(483,063)
Total transactions with owners of the company	-	-	-	-	-	(483,063)	(483,063)
Balance at 30 June 2022	18,000,000	12,453,506	(287,306)	99,934	71,804	59,910,846	90,248,784
Balance at 1 July 2022	18,000,000	12,453,506	(287,306)	99,934	71,804	59,910,846	90,248,784
Profit for the year	-	-	-	-	-	8,513,139	8,513,139
Other comprehensive income for the year						(110,307)	(110,307)
Revaluation of property, plant and equipment	-	586,470	56,461	-	-	-	642,931
Total comprehensive income for the year	-	586,470	56,461	-	-	8,402,832	9,045,763
Transfers	-	-	-	274,941	-	(274,941)	-
Transactions with owners of the company in their capacity as owners							
Additional share capital				-			-
Dividends paid	-	-	-	-	-	(124,593)	(124,593)
Total transactions with owners of the company	-	-	-	-	-	(124,593)	(124,593)
Balance at 30 June 2023	18,000,000	13,039,976	(230,845)	374,875	71,804	67,914,144	99,169,954

The above statements should be read in conjunction with the notes to and forming part of the financial statements

FAR NORTH HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2023

	Note	2023 \$	2022 \$
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20	18,000,000	18,000,000
Reserves	21	13,255,810	12,337,938
Retained earnings		67,914,144	59,910,846
Total Equity		<u>99,169,954</u>	<u>90,248,784</u>
LIABILITIES			
Non - Current Liabilities			
Interest-bearing loans and borrowings	22	48,568,202	38,659,962
Income in advance	25	15,273,529	12,239,161
Deferred tax liability	10	4,553,976	3,879,788
Total Non - Current Liabilities		<u>68,395,707</u>	<u>54,778,911</u>
Current Liabilities			
Bank overdraft	19	754,898	-
Trade and other payables	24	6,571,068	6,832,584
Employee benefits	23	556,006	360,341
Interest-bearing loans and borrowings	22	10,383,000	11,500,000
Income in advance	25	573,130	668,731
Government grants not yet spent		-	3,233,075
Total Current Liabilities		<u>18,838,102</u>	<u>22,594,731</u>
Total Liabilities		<u>87,233,809</u>	<u>77,373,642</u>
Total Equity and Liabilities		<u>186,403,763</u>	<u>167,622,426</u>

The above statements should be read in conjunction with the notes to and forming part of the financial statements



FAR NORTH HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
Non - Current Assets			
Property, plant and equipment	11	31,363,217	29,744,351
Investment property	12	128,136,815	128,777,304
Other investments/loans	15	665,000	665,000
Biological assets	17	257,500	310,250
Intangible assets	13	105,827	100,000
Investments in equity accounted associates	14	5,639,991	1,355,242
Total Non - Current Assets		166,168,350	160,952,147
Current Assets			
Inventories	16	1,513,414	1,597,028
Properties intended for sale	26	17,072,800	1,360,042
Other investments/loans	15	498,995	442,534
Trade and other receivables and prepayments	18	938,887	2,976,094
Cash and cash equivalents	19	211,317	294,581
Total Current Assets		20,235,413	6,670,279
Total Assets		186,403,763	167,622,426

Approved for and on behalf of the Board of Directors



Director

7 December 2023

Date



Director

7 December 2023

Date

The above statements should be read in conjunction with the notes to and forming part of the financial statements

**FAR NORTH HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2023**

	Note	2023	2022
		\$	\$
Cash flows from operating activities			
Cash receipts from customers		23,585,615	17,664,760
Cash paid to suppliers and employees		(15,598,375)	(11,093,043)
GST received/(paid)		383,782	(16,741)
Interest received		9,463	497
Interest paid		(2,201,360)	(1,598,392)
Income tax received/(paid)		238	144,787
Net cash inflow/(outflow) from operating activities		6,179,363	5,101,868
Cash flows from investing activities			
Purchase of property, plant and equipment and investment property, and biological assets		(19,782,076)	(17,262,766)
(Purchase)/sale of investments		-	(665,000)
Purchase of share in associate		(3,980,000)	-
Proceeds from sale of property, plant and equipment and investment property		8,379,575	2,152,530
Net cash inflow/(outflow) from investing activities		(15,382,501)	(15,775,236)
Cash flows from financing activities			
Loan advance/(repayment)		8,489,569	11,363,730
Dividends paid		(124,593)	(483,063)
Net cash inflow/(outflow) from financing activities		8,364,976	10,880,667
Net increase/(decrease) in cash and cash equivalents		(838,162)	207,299
Cash and cash equivalents at beginning of year		294,581	87,282
Cash and cash equivalents at end of year	19	(543,581)	294,581

The above statements should be read in conjunction with the notes to and forming part of the financial statements

1. REPORTING ENTITY

Far North Holdings Limited (the “Company”) is a company registered under the Companies Act 1993.

It is a Council Controlled Trading Organisation (CCTO) as defined in the Local Government Act 2002. The Company is wholly owned by the Far North District Council.

The consolidated financial statements comprise the results of Far North Holdings Limited (FNHL) and its subsidiaries (together the Group) and the results of the Group’s equity accounted associates.

2. BASIS OF PREPARATION

The company owns 100% of the shares in Bay of Islands Marina Limited and Far North Housing Limited. Far North Holdings Limited owns 12% of Kaikohe Berryfruit Limited Partnership (2022 24%), and Far North Housing Limited owns 50% of 450 Kamo Road Limited Partnership. These have been accounted for as a share in associates using the equity method.

The financial statements have been prepared on a going concern basis. This is supported by:

- FNHL has the potential to defer capital expenditure, should it be required
- Continued support from FNHL’s banking partners - refer note 22 for further details
- FNHL is expected to be solvent and able to meet cashflow obligations whilst remaining within banking covenants.

The accounting policies have been applied consistently throughout the period.

(a) Statement of compliance

The financial statements of the Group have been prepared in accordance with the requirements of the Local Government Act 2002, Part 5, Section 67 which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (“NZ IFRS (RDR)”).

The Group is a Tier 2 For-profit entity and has elected to report in accordance with Tier 2 For-profit Accounting Standards as issued by the New Zealand External Reporting Board (XRB). The Group is eligible to report in accordance with Tier 2 For-profit Accounting Standards on the basis that it does not have public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR the company has applied a number of disclosure concessions.

Breach of Statutory Reporting Deadline

FNHL was required under the Local Government Act to complete its audited financial statements and service performance information by 30 September 2023. This timeframe was not met due to staff shortages.

(b) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Group’s functional presentation currency, rounded to the nearest dollar.

(c) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value.

- Investment property
- Land and buildings, wharves and runways
- Financial instruments - fair value through other comprehensive income.

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements

The Group makes certain estimates regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Property, plant and equipment useful lives and residual values

At each balance date the Group reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the Statement of Profit or Loss and Other Comprehensive Income, and carrying amount of the asset in the Statement of Financial Position. The Group minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programmes;
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

The Group has not made significant changes to past assumptions concerning useful lives and residual values.

Fair value measurement

A number of assets and liabilities in the Group's financial statements require measurement at, and/or disclosure of fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy").

Level 1: Quoted prices in an active market for identical items

Level 2: Observable direct or indirect inputs other than level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

The Group measures a number of items at fair value - revalued property, plant and equipment, investment property, equity investments, and biological assets. For more detailed information on the fair value measurement of these items please refer to the applicable notes.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue

(i) Goods Sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Commissions

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Company.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(b) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

(c) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short Term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date. The Company recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

(i) Recognition and measurement

Land, runways, wharves and buildings are measured at fair value, less accumulated depreciation (except for land) and accumulated impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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 revaluation surplus arising on the revaluation of an asset is credited to other comprehensive income and shown in the asset revaluation reserve in the Statement of Financial Position. A revaluation deficit in excess of the asset revaluation reserve balance for an asset is recognised in the profit or loss in the period it arises. Revaluation surpluses which reverse previous revaluation deficits recognised in the profit or loss are recognised in the profit or loss.

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. Any revaluation surplus on disposal of an item of property, plant and equipment is recognised in retained earnings.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iv) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value, and for runways, wharves and buildings is based on the revalued amount less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated. Assets under construction are not subject to depreciation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Depreciation (continued)

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings and structures - 33 years
Plant, fittings and office equipment - 3-20 years
Wharves - 33 years
Ramps and moorings - 33 years
Motor vehicles, boat transporters - 5-15 years
Runways, including all airport infrastructure / civil works assets - 25 years
Leasehold improvements - 29 years

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate. (see note 11).

(f) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of a business is presented with intangible assets.

(ii) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) 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, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Except for goodwill and intangible assets that have indefinite lives or are not yet available for use, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

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

Computer software - 3 years

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

(g) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Associates

Where the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Company's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income.

Profits and losses arising on transactions between the Company and its associate are recognised only to the extent of unrelated investors' interest in the associate.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value with due allowance for any damaged and obsolete stock items. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of items transferred from biological assets is their fair value less point-of-sale costs at the date of transfer.

(j) Biological assets

Biological assets are measured at fair value less point-of-sale costs, with any changes therein recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets. Agricultural produce from biological assets are transferred to inventory at its fair value, by reference to market prices for honey, less estimated point-of-sale costs at the date of harvest.

(k) Share capital

The Group has ordinary shares and convertible non participating redeemable shares. Refer note 20 for details.

(l) Properties intended for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, and the sale is highly probable, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, the Group's intangible assets and property, plant and equipment are no longer amortised or depreciated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity. Financial instruments are comprised of trade and other receivables, cash and cash equivalents, debt securities, other financial assets, trade and other payables, borrowings and other financial liabilities.

Financial assets and financial liabilities are offset only when the entity has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis, or to realise the asset and liability simultaneously. The right of set off must not be contingent on a future event, and must be legally enforceable in the normal course of business, and in the event of default and in the event of insolvency or bankruptcy of the entity and all of the counterparties.

The Group initially recognises financial instruments on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group has the following categories of financial assets;

Amortised cost

Financial assets with fixed or determinable payments that are not quoted in an active market, are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less and impairment losses (see note 3 (q)). These comprise of cash and cash equivalents, trade and other receivables and short term loans.

Fair value through Other Comprehensive Income

Equity investments are recognised initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition they are measured at fair value, with all gains and losses recognised in other comprehensive income. Changes to fair value are not subsequently recycled to profit and loss. Dividends are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial liabilities

The Group initially recognises debt securities on the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies financial liabilities into the amortised cost category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(o) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(ii) Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment (continued)

(iii) Non-financial assets

The carrying amounts of the Group's property, plant and equipment held at cost and inventories, 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. Goodwill and indefinite life 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. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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 (Company of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (Company of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

(p) Income in advance

Income in advance represents rental income received for future periods calculated on a straight line basis over the term of the lease. Car parks and marina berths lease income is spread to 2033 or 2049 if an extension has been granted.

(q) Government Grants

Government Grants received for assets have been deducted in arriving at the carrying amount of the assets. Where retention of a government grant is dependent on the Group satisfying certain criteria it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the carrying amount of the asset.

FAR NORTH HOLDINGS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2023

4. REVENUE FROM CONTRACTS WITH CUSTOMERS	2023	2022
	\$	\$
Goods sold	3,114,543	2,472,796
Services	8,935,125	7,807,627
Commission	33,855	52,174
Rental income	6,664,606	4,548,421
Total revenue from contracts with customers	18,748,129	14,881,018

5. OTHER INCOME	2023	2022
	\$	\$
Government wage subsidy	-	111,836
Gain on sale of investment property	197,350	295,203
Depreciation recovered	7,562	26,655
Total other income	204,912	433,694

6. EMPLOYEE BENEFIT EXPENSES	2023	2022
	\$	\$
Salaries and wages	3,921,785	3,932,932
Contributions to Kiwisaver	122,466	105,058
Increase/(decrease) in employee benefit liabilities	18,201	98,167
Total employee benefit expenses	4,062,452	4,136,157

7. OTHER EXPENSES	2023	2022
	\$	\$
Fees to principal auditor		
Audit fees for current year	121,983	84,914
Directors' compensation:		
Directors fees	333,960	212,268
Donations	3,147	96,710
Inventories	2,714,186	2,040,606
Impairment of receivables	93,738	(79,031)
Loss on disposal of property, plant and equipment	294	-
Minimum lease payments under operating leases	115,581	61,065
Direct expenses from investment property generating income	2,771,184	1,362,153
Other operating expenses	4,196,475	4,459,705
Total other expenses	10,350,548	8,238,390

8. DEPRECIATION AND AMORTISATION	Note	2023	2022
		\$	\$
Depreciation property, plant & equipment	11	1,014,472	959,036
Amortisation Intangible assets		1,943	-
Total depreciation and amortisation		1,016,415	959,036

FAR NORTH HOLDINGS LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 June 2023

9. NET FINANCE COSTS

<i>Recognised in profit or loss:</i>	2023	2022
	\$	\$
Finance Income		
Interest income on loans and receivables	9,463	497
Finance Expense		
Interest expenses on financial liabilities measured at amortised cost (including finance leases)	2,853,192	1,598,392
Net Finance Costs	<u>2,843,729</u>	<u>1,597,895</u>

10. INCOME TAX

a) Income tax recognised in profit or loss and other comprehensive income

Income tax recognised in profit or loss:	2023	2022
	\$	\$
Current tax	-	-
Deferred tax expense	790,735	177,699
Total income tax expense	<u>790,735</u>	<u>177,699</u>
Income tax recognised in other comprehensive income:	<u>(116,547)</u>	<u>273,957</u>
Aggregate current and deferred tax relating to items in other comprehensive income	(116,547)	273,957

b) Reconciliation of income tax expense

Profit / (loss) before income tax expense	9,303,874	14,652,308
Tax expense at 28%	2,605,085	4,102,646
Permanent differences	(514,301)	(141,415)
Other movements	(1,300,049)	(3,783,532)
Tax expense	<u>790,735</u>	<u>177,699</u>

c) Deferred tax

	2023	2022
	\$	\$
Balance at the beginning of the year	3,879,788	3,428,132
Current year movement	674,188	451,656
Deferred tax asset/(liability)	<u>4,553,976</u>	<u>3,879,788</u>



FAR NORTH HOLDINGS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2023

10. INCOME TAX (continued)

Deferred tax assets/(liabilities) are attributable to the following:

	2023	2022
	\$	\$
Property, plant and equipment other	788,157	873,394
Property, plant and equipment buildings	157,593	60,908
Investment property	3,962,635	3,307,279
Biological assets	(195,132)	(231,263)
Employee benefits	(91,513)	(86,416)
Other items	(67,764)	(44,114)
	<u>4,553,976</u>	<u>3,879,788</u>

FAR NORTH HOLDINGS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2023

10. INCOME TAX (continued)

d) Movement in deferred income tax assets and liabilities

The movement in deferred income tax assets and liabilities during the year is as follows:

	Balance at 30 June 2021	Recognised in Profit or loss	Recognised in other comprehensive income	Balance at 30 June 2022	Recognised in Profit or loss	Recognised in other comprehensive income	Balance at 30 June 2023
	\$	\$	\$	\$	\$	\$	\$
Property, plant and equipment other	642,242	(7,477)	238,629	873,394	(23,159)	(62,078)	788,157
Property, plant and equipment buildings	245,966	(220,386)	35,328	60,908	151,154	(54,469)	157,593
Investment property	2,714,375	592,904	-	3,307,279	655,356	-	3,962,635
Biological assets	(47,169)	(184,094)	-	(231,263)	36,131	-	(195,132)
Employee benefits	(58,930)	(27,486)	-	(86,416)	(5,097)	-	(91,513)
Other items	(68,352)	24,238	-	(44,114)	(23,650)	-	(67,764)
	<u>3,428,132</u>	<u>177,699</u>	<u>273,957</u>	<u>3,879,788</u>	<u>790,735</u>	<u>(116,547)</u>	<u>4,553,976</u>

From 1 July 2007 FNHL formed a consolidated group for tax purposes with Far North District Council. FNHL's subsidiaries joined the consolidated tax group from the date FNHL took ownership of the shares.

The tax profits in the Group are automatically offset against tax losses in Far North District Council.

FNHL and its subsidiaries do not maintain their own imputation credit accounts as they are part of a consolidated group.

FAR NORTH HOLDINGS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2023

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Runways	Wharves	Ramps & moorings	Plant, fittings and office furniture	Motor vehicles, boat transporters	Leasehold improvements	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost or Valuation										
Balance at 1 July 2022	10,604,271	11,149,289	3,913,345	2,180,483	87,264	3,245,770	1,686,051	163,923	192,198	33,222,594
Additions	-	1,703,262	-	-	-	283,007	429,677	-	44,525	2,460,471
Disposals	-	-	-	-	-	(16,294)	(22,872)	-	(135,093)	(174,259)
Transfer to/from investment property	(156,698)	33,901	-	-	-	-	-	-	-	(122,797)
Revaluations	886,163	(583,814)	(612,587)	216,648	-	-	-	-	-	(93,590)
Balance at 30 June 2023	11,333,736	12,302,638	3,300,758	2,397,131	87,264	3,512,483	2,092,856	163,923	101,630	35,292,419
Accumulated depreciation and impairment										
Balance at 1 July 2022	-	-	-	-	27,541	2,509,533	903,802	37,367	-	3,478,243
Depreciation	-	340,904	156,534	66,075	2,634	292,311	149,805	6,209	-	1,014,472
Elimination on revaluation	-	(340,904)	(156,534)	(66,075)	-	-	-	-	-	(563,513)
Balance at 30 June 2023	-	-	-	-	30,175	2,801,844	1,053,607	43,576	-	3,929,202
Net book value										
At 30 June 2022	10,604,271	11,149,289	3,913,345	2,180,483	59,723	736,237	782,249	126,556	192,198	29,744,351
At 30 June 2023	11,333,736	12,302,638	3,300,758	2,397,131	57,089	710,639	1,039,249	120,347	101,630	31,363,217

The fair value of land and buildings is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Group, and to market based yields for comparable properties.

The fair value of runways and wharves is determined using depreciated replacement cost.

The most recent valuation of land, buildings, runways and wharves was performed by Brad Sworn, ANZIV of the firm Telfer Young (Northland) Limited, and the valuation is effective at 30 June 2023.



11. PROPERTY, PLANT AND EQUIPMENT (continued)

Security

At 30 June 2023, certain land and buildings, with a carrying amount of \$112,719,000 (2022: \$102,919,000) are subject to a first mortgage to secure bank loans. There is also a General Security Agreement over all property, plant and equipment.

12. INVESTMENT PROPERTY

	2023	2022
	\$	\$
Balance at 1 July	128,777,304	100,409,919
Acquisitions	14,837,984	13,467,368
Disposals	(8,150,000)	(385,000)
Transfer to properties intended for sale	(15,991,162)	-
Reclassification from property plant & equipment	122,797	-
Change in fair value	8,539,892	15,285,017
Balance at 30 June	<u>128,136,815</u>	<u>128,777,304</u>

Investment property comprises a number of commercial properties that are leased to third parties. The leases all have variable terms. Subsequent renewals are negotiated with the lessee.

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually. 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.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

The most recent valuation was performed by Brad Sworn, ANZIV of the firm Telfer Young (Northland) Limited, and the valuation is effective at 30 June 2023. The prior valuation was completed 30 June 2022. Valuations are completed every year for all investment properties.



13. INTANGIBLE ASSETS

Cost	Goodwill	Software	Total
	\$	\$	\$
Balance at 1 July 2022	301,287	179,959	481,246
Additions	-	7,770	7,770
Balance at 30 June 2023	301,287	187,729	489,016
Accumulated amortisation and impairment			
	Goodwill	Software	Total
	\$	\$	\$
Balance at 1 July 2022	201,287	179,959	381,246
Amortisation charge for the year	-	1,943	1,943
Balance at 30 June 2023	201,287	181,902	383,189
Net book value			
At 30 June 2022	100,000	-	100,000
At 30 June 2023	100,000	5,827	105,827

14. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

The following entities have been included in these consolidated financial statements:

	Country of incorporation and place of business	Proportion of ownership interest held as at 30 June	
		2023	2022
Associate			
Kaikohe Berryfruit Limited Partnership	New Zealand	12%	24%
450 Kamo Road Limited Partnership	New Zealand	50%	0%
Joint venture			
Far North Skincare Limited (wound up 27 January 2023)	New Zealand	0%	50%
Subsidiaries			
Far North Housing Limited	New Zealand	100%	100%
Bay of Islands Marina Limited	New Zealand	100%	100%

The Directors of the Company consider it has the power to exercise significant influence over the Associate Kaikohe Berryfruit Limited Partnership even though it only owns 12% of the shares. This is because of the position it holds on the Board of Directors.

During the 2023 year a new entity was formed 450 Kamo Road Limited Partnership. FNHL was initially the sole limited partner and it transferred an investment property to this entity. Subsequent to this FNHL sold a 50% share to its subsidiary Far North Housing Limited, and a 50% share to an unrelated party.



15. OTHER INVESTMENTS/LOANS

	2023	2022
	\$	\$
Loan Manea	665,000	665,000
Shares Fonterra	498,995	442,534
Total other investments	<u>1,163,995</u>	<u>1,107,534</u>

Shares Fonterra

Opening value	442,534	573,768
Change in fair value	56,461	(131,234)
Closing value	<u>498,995</u>	<u>442,534</u>

The fair value of quoted securities is based on published market prices.

16. INVENTORIES

	2023	2022
	\$	\$
Honey	1,443,366	1,464,230
Fuel	55,108	111,860
Chandlery and boatyard	14,940	20,938
Total inventories	<u>1,513,414</u>	<u>1,597,028</u>

Some chandlery and boatyard inventories are subject to retention of title clauses.

17. BIOLOGICAL ASSETS

	2023	2022
	\$	\$
Balance at beginning of year	310,250	1,184,150
Increase/(decrease) in fair value of queens and hives	(52,750)	(873,900)
Balance at end of year	<u>257,500</u>	<u>310,250</u>

Biological assets have been valued at fair value by reference to the Ministry of Primary Industries published prices.



18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2023	2022
	\$	\$
Far North District Council	12,580	291,105
Trade and other receivables	694,964	2,490,368
Tax receivable	438	238
Prepayments	230,905	194,383
Total trade and other receivables and prepayments	938,887	2,976,094

Impairment losses are recognised in other expenses in profit or loss - see note 7. Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted.

Reconciliation of the allowance for impairment in respect of trade and other receivables:

	2023	2022
	\$	\$
Balance at 1 July	64,055	143,515
Receivables written off during the year	18,738	12,675
Additional provisions made during the year	(7,793)	(92,135)
Balance at 30 June	75,000	64,055

The allowance accounts in respect of loans and receivables are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

19. CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash at bank and in hand	211,317	294,581
Bank overdrafts	(754,898)	-
Total cash and cash equivalents and bank overdrafts for the purpose of the statement of cash flows	(543,581)	294,581

Bank overdraft facilities are provided by the Bank and secured by the first charge debenture. The interest rate on the bank overdraft was 8.89% (2022: 5.6%). The maximum overdraft facility available to the Group was \$2,000,000 (2022: \$2,000,000).

Interest rates applying to bank balances was 0.0% (2022: 0.0%). Bank balances are on call.

20. EQUITY

	2023	2022
	\$	\$
Ordinary shares - fully paid	7,000,000	7,000,000
Redeemable shares - fully paid	11,000,000	11,000,000
Total share capital	<u>18,000,000</u>	<u>18,000,000</u>

The holders of the convertible non-participating redeemable shares have no rights to participate in the profits or assets of the Group, other than by the discretion of the Directors, to vote at any General Meeting of the Group or to subscribe for or be offered or allotted any present or future issues of shares in the capital of the Group. Since 30 May 2004, FNHL is entitled to redeem half of the convertible non-participating redeemable shares at the available subscribed capital per share.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group, and rank equally with regard to the Group's residual assets.

21. RESERVES

	2023	2022
	\$	\$
Balances		
Asset revaluation reserve	13,039,976	12,453,506
Equity investment reserve	(230,845)	(287,306)
Maintenance reserve - Opuia Marina	252,038	(6,661)
Maintenance reserve - Opuia Wharf	99,837	85,895
MAF Building reserve	23,000	20,700
Capital reserve	71,804	71,804
	<u>13,255,810</u>	<u>12,337,938</u>
Movements		
Asset Revaluation Reserve		
Opening balance	12,453,506	9,576,368
Revaluation - fixed and intangible assets	469,923	3,151,095
Less deferred tax	116,547	(273,957)
Closing balance	<u>13,039,976</u>	<u>12,453,506</u>
Equity Investment Reserve		
Opening balance	(287,306)	(156,072)
Revaluation Fonterra shares	56,461	(131,234)
Closing balance	<u>(230,845)</u>	<u>(287,306)</u>
Maintenance Reserve Opuia Marina		
Opening balance	(6,661)	448,365
Transferred from/(to) retained earnings	258,699	(455,026)
Closing balance	<u>252,038</u>	<u>(6,661)</u>
Maintenance Reserve Opuia Wharf		
Opening balance	85,895	73,126
Transferred from/(to) retained earnings	13,942	12,769
Closing balance	<u>99,837</u>	<u>85,895</u>



21. RESERVES(Continued)

MAF Building Reserve

Opening balance	20,700	18,400
Transferred from retained earnings	2,300	2,300
Closing balance	<u>23,000</u>	<u>20,700</u>

Capital Reserve

Opening balance	71,804	71,804
Closing balance	<u>71,804</u>	<u>71,804</u>

22. INTEREST-BEARING LOANS AND BORROWINGS

Secured Bank Loans

	2023	2022
	\$	\$
Current	10,383,000	11,500,000
Non-current	48,568,202	38,659,962
Total interest-bearing loans & borrowings	<u>58,951,202</u>	<u>50,159,962</u>

The terms and conditions of outstanding loans are as follows:

In New Zealand Dollars	Nominal Interest rate	Year of Maturity	2023		2022	
			Face value	Carrying amount	Face value	Carrying amount
Secured bank loan	8.44%	2023-2024	1,241,000	1,241,000	2,500,000	2,500,000
Secured bank loan	8.72%	2023-2024	2,890,000	2,890,000	4,000,000	4,000,000
Secured bank loan	8.58%	2023-2024	3,180,000	3,180,000	3,000,000	3,000,000
Secured bank loan	8.57%	2023-2024	3,072,000	3,072,000	2,000,000	2,000,000
Secured bank loan	8.05%	2024-2025	2,787,192	2,787,192	2,844,692	2,844,692
Secured bank loan	7.08%	2024-2025	44,225,000	44,225,000	34,225,000	34,225,000
Secured bank loan	8.20%	2028-2029	1,556,010	1,556,010	1,590,270	1,590,270
Total interest-bearing liabilities			<u>58,951,202</u>	<u>58,951,202</u>	<u>50,159,962</u>	<u>50,159,962</u>

The bank loans are secured over certain land and buildings with a carrying amount of \$112,719,000 (2022: \$102,919,000), and a general security agreement over all company assets. Subsequent to Reporting Date \$11,000,000 of current loans have been repaid. Interest rates on the loans at 30 June 2023 varied from 4.21% to 7.49% (2022 5.06% to 7.49%).

23. EMPLOYEE BENEFITS

	2023	2022
	\$	\$
Salaries payable	229,175	51,711
Liability for annual leave - current	326,831	308,630
Total employee benefits	<u>556,006</u>	<u>360,341</u>

24. TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Far North District Council	1,844,869	2,093,657
Trade and other payables	4,726,199	4,738,927
	<u>6,571,068</u>	<u>6,832,584</u>

Trade payables generally have terms of 30 days and are interest free. Trade payable of a short-term duration are not discounted.



25. INCOME IN ADVANCE

	2023	2022
	\$	\$
Non current portion		
Income received in advance - long term	15,273,529	12,239,161
Total non current portion	<u>15,273,529</u>	<u>12,239,161</u>
Current portion		
Income received in advance - current	64,976	306,045
Marina Stage 2 berth sales	508,154	362,686
Total current portion	<u>573,130</u>	<u>668,731</u>
Total Income in advance	<u>15,846,659</u>	<u>12,907,892</u>

Income in advance relates to marina berth licences income which has been spread over the period of the licences.

26. PROPERTIES INTENDED FOR SALE

FNHL has ten properties with a registered value of \$22,750,000 (2022 two properties \$2,270,000) intended for sale. Properties intended for sale are recorded at the market value in the Statement of Financial Position at the point in time these properties were classified as properties intended for sale, and as such are not revalued thereafter.

27. RELATED PARTIES

Identity of related parties

The Group has a related party relationship with its key management personnel being the executive officers, and the Directors.

The Group also has a related party relationship with its parent Far North District Council.

Key management personnel

Total key management personnel being the Chief Executive and General Management compensation for the year ended 30 June 2023 was \$801,175 (2022: \$788,000). Directors fees for the year were \$333,960 (2022: \$212,268).

Transactions with related parties

Transactions with related parties are to be settled in cash. None of these balances are secured. There have been no impairments of related party balances during the year (2022: nil) and there have been no write-offs of related party balances during the year (2022: nil).

Mr R Blackman was a director of Bay of Islands Marina Limited at the beginning of the financial year and rented a berth in the marina and used the boatyard facility to the value of \$5,407 (2022: \$344).

Mr K Drinkwater is a director of Far North Holdings Limited and Bay of Islands Marina Limited, he is a berth holder at Bay of Islands Marina and used the marina and boatyard facilities to the value of \$7,321. (2022: \$7,019).

27. RELATED PARTIES (Continued)

Ms S Petersen is a Director of Far North Holdings Limited, Far North Housing Limited and Bay of Islands Marina Limited. SODA Group Limited, a company in which Ms Petersen is a director and 50% shareholder, was paid \$29,500 (2022: \$55,000) for provision of short-term CFO services provided by Ms Petersen under a contract for services. These services were made on normal commercial terms and at market rates.

Mr W Birnie CNZM is a director of Far North Holdings Limited and Bay of Islands Marina Limited (until his resignation on 1 May 2023). During the year, Far North Housing Limited provided services to Go Bloodstock New Zealand Limited, a company in which Mr Birnie CNZM is a Director, under a Property Management and Development Agreement and invoiced Go Bloodstock Limited \$165,000 (2022: \$165,000). These charges were negotiated on an arms length basis and represent the value as if undertaken by independent third parties.

Inter-group transactions and balances	2023	2022
	\$	\$
Receivables from Far North District Council (excluding agency transactions)	12,580	34,699
Sales to Far North District Council	316,443	332,203
Purchases from Far North District Council	670,827	636,671
Payables to Far North District Council	17,355	12,469

During the year FNHL also carried out capital works on behalf of Far North District Council to the value of \$3,393,913 (2022: \$6,162,313).

28. OPERATING LEASES

Non-cancellable operating leases as lessor	2023	2022
	\$	\$
Not later than one year old	2,239,976	2,138,871
Later than one and not later than five	5,382,905	5,309,499
Later than five years	4,597,058	6,267,498
Total Non-cancellable operating leases	<u>12,219,939</u>	<u>13,715,868</u>

29. COMMITMENTS

During the year FNHL entered into new contracts for the Department of Corrections building and civil works at Ngawha Innovation & Enterprise Park, totalling \$7.5m and community housing project Te Hau Ora O Ngapuhi Limited for \$9.2m (2022: \$14.714m). At 30 June 2023 \$5.5m (2022: \$9.06m) remained to be paid on contracts.

30. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to Reporting Date FNHL has entered into contracts to sell 2 properties. The Group has also entered into a Development Agreement and Agreement to Lease for a community housing development, which will be funded through a new loan facility with the BNZ.

31. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities that require disclosure in these financial statements.



32. GOVERNMENT GRANTS RECEIVED

FNHL received \$2.75 million in 2023 (2022: \$9.28 million) in grants from the Ministry of Business, Innovation and Employment. This amount has been deducted from the carrying amount of the assets.

Government grants received in 2023 were for the following projects:

	2023	2022
	\$	\$
Far North wharves	-	2,366,000
Hokianga maritime upgrades	-	19,000
Mangonui waterfront	-	1,575,000
Ngawha Innovation & Enterprise Park	2,752,000	5,320,000
	<u>2,752,000</u>	<u>9,280,000</u>



Far North Holdings Limited

Statement of Service Performance

For the Year Ended 30 June 2023

Far North Holdings Limited (the "Company") was originally established by the Far North District Council ("Council") as a Local Authority Trading Enterprise (LATE) pursuant to Part XXXIVA of the Local Government Act 1974 (the "Act"). The Company is now a Council Controlled Trading Organisation (CCTO) under the Local Government Act 2002.

The Council's Long-Term Plan for 2021-23 provides general guidance on the strategic direction of the Company in the following areas as per the following extracts:

Far North Holdings Limited (FNHL) is a Council Controlled Trading Organisation (CCTO) that manages assets and commercial trading on behalf of Council. Council maintains a shareholding in FNHL, which manages a diverse range of district assets to boost investment and employment for the benefit of our communities. Council's return on its investment in FNHL is by way of annual dividends.

Key Activities

- The provision of maritime, airport, property and car parking facilities;
- The management of maritime and aviation assets under contract to Council;
- Investment in any commercial opportunity that arises including any proposed by its shareholder; and
- Development and management of community housing assets.

Objectives

As FNDC's commercial vehicle, FNHL will grow the value of shareholder funds, the return to FNDC over time and actively manage, develop and maintain regional infrastructure and assets and contribute to well-being in the communities in which we operate.

Performance measures

Financial: Achieve sustainable commercial returns

Performance Objective 1:

Create value for ratepayers by increasing shareholder funds.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Grow shareholders' fund	\$5 million	Achieved \$8.9 million	Achieved \$17.3 million	Achieved \$10.9 million	Achieved \$1.1 million
Narrative We continue to see growth in shareholder funds as developments are completed, including those that received funding from Kānoa Regional Economic Development and Investment Unit.					

Performance Objective 2:

Ratio of consolidated shareholder funds to total assets.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
The ratio must exceed 50%	>50%	Achieved	Achieved	Achieved	Achieved
Narrative We continue to see growth in shareholder funds as developments are completed, including those that received funding from Kānoa Regional Economic Development and Investment Unit.					

Performance Objective 3:

Effective financial management to deliver profitability.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Operating profit	>\$500,000	Achieved \$503,411	Not Achieved \$249,186	Achieved \$1,146,519	Achieved \$1,131,167
Narrative Operating profit is calculated as profit prior to movements in investment properties, share of associates and other non operating movements, excluding cost of honey sold and gain on sale of investment properties.					



Performance Objective 4:

Return profit to FNDC by way of dividend, in line with dividend policy.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Dividend to FNDC	Dividend payable >\$250,000	Achieved \$251,706	Not Achieved \$124,593	Achieved \$483,063	Not Achieved \$422,795
Narrative FNHL are also looking to pay an extra-ordinary dividend the amount to be confirmed once the final accounts are agreed.					

Performance Objective 5:

Regular risk assessments undertaken and reported to FNDC, identifying key organisational risks and mitigants.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
6 monthly report submitted	Achieved	Achieved	N/A new measure	N/A new measure	N/A new measure
Narrative Required risk assessment reporting to FNDC has been completed at least 6 monthly.					

Performance Objective 6:

Comply with banking covenants.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Comply with bank covenants	To achieve	Achieved	Achieved	Achieved	Achieved
Narrative The Company's banking covenants in place for the period 2022/23 were complied with throughout.					



People: Be a good employer

Performance Objective 1:

To make safety our priority to ensure health, safety and wellbeing of all employees and contractors in the Group.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Establish key metrics and implement 6-month reporting to FNDC	To achieve	Achieved	N/A new measure	N/A new measure	N/A new measure
Narrative Health, safety, and wellbeing (HSW) policies and procedures in place and being monitored and measured. HSW reporting to FNDC has been completed at least 6 monthly.					

Performance Objective 2:

Comply with our living wage policy for all permanent employees.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Comply with living wage policy for all permanent employees	To achieve	Achieved	N/A new measure	N/A new measure	N/A new measure
Narrative All permanent employees were paid the living wage during 2022/23.					

Performance Objective 3:

Directors to make an effective contribution to the Board, with conduct in accordance with generally accepted standard.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Board self - evaluation and report to FNDC	To achieve	Achieved	N/A new measure	N/A new measure	N/A new measure
Narrative Self-evaluation completed and reported to FNDC. All Company Directors, including of subsidiary Companies, are considered to have fully met or exceeded requirements as Director.					



Sustainability: Undertake sustainable investment and management for the benefit of future generations.

Performance Objective 1:

Commit to tangible action to measure climate impact and target reductions based on best practice.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Prepare a sustainability Roadmap identifying ways to minimise climate impact	To achieve	Achieved	N/A new measure	N/A new measure	N/A new measure
Narrative The Company In 2022/23 commenced developing a sustainability strategy through a workshop facilitated by thinkstep-anz based on the UN Sustainable Development Goals (SDGs).					

Performance Objective 2:

Ngawha Innovation & Enterprise Park to achieve best practice environmental standards.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Greenstar Rating achieved	To achieve	Not Achieved	N/A new measure	N/A new measure	N/A new measure
Narrative Greenstar application to be submitted by December 2023.					

Performance Objective 3:

Achieve and maintain Clean Marina certification.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Achieve and maintain Clean Marina certification	To achieve	Achieved	Achieved	Achieved	Achieved
Narrative Clean Marina certification held throughout the period.					



Performance Objective 4:

Meet or exceed all environmental obligations required under resource consents issued to the company, and promptly address any notices received from environmental regulators promptly or within specified timeframes.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Meet or exceed all environmental obligations required under resource consents issued to the company, and address any notices received from environmental regulators promptly or within specified timeframes	To achieve	Achieved	N/A new measure	N/A new measure	N/A new measure
<p>Narrative FNHL is party to a number of resource consents, including consents with ongoing monitoring requirements. Consent monitoring for compliance purposes is undertaken by third party agencies, and accordingly, the company considers the most reliable way to determine compliance is through observation of any third-party breach or compliance notifications. While the company did receive one infringement notice during the year, upon enquiry and clarification by the company, this was withdrawn by the third-party regulator (NRC) and one abatement notice which is also under review hence no infringement notice was subsequently received. The Board have relied on the absence of any breach or infringement notices in FY23 to conclude that the company has met all legislative environmental obligations.</p>					



Community: Create economic & housing opportunities, with improving engagement and communication.

Performance Objective 1:

Encourage positive relationships with the community by having transparent engagement policies and monitoring key stakeholder perceptions.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Significance & Engagement Policy in place	To achieve	Achieved	N/A new measure	N/A new measure	N/A new measure
Narrative The Company holds and has implemented a Significance & Engagement Policy. Curia Group was engaged in the year to carry out a stakeholder survey.					

Performance Objective 2:

Ngawha Innovation & Enterprise Park developed to grow economic and employment opportunities in the Far North.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Open Stage 1	Open Stage 1	To achieved	N/A new measure	N/A new measure	N/A new measure
Narrative Stage 1 formally opened in June 2023 with Kaikohe Berries Ltd, Te Pūkenga, Regent and the Innovation Centre.					

Performance Objective 3:

Encourage positive and meaningful relationships with Māori by supporting project delivery or building long-term relationships if suitable opportunities or commercial ventures arise.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
2 + projects / relationships	To achieve	Achieved	N/A new measure	N/A new measure	N/A new measure
Narrative We continue to be committed to developing long-term, meaningful relationships with Māori. We partner with Ngāpuhi Asset Holding Co in Kaikohe Berries Ltd by way of shareholding in this operation, and Te Hau Ora o Ngāpuhi to develop community housing being built in Kaikohe.					



Performance Objective 4

Identify opportunities to deliver social housing to meet local needs in partnership with Community Housing Providers (CHP's).

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
Analysis of 2 social housing opportunities	To achieve	Achieved	N/A new measure	N/A new measure	N/A new measure
<p>Narrative There continues to be considerable need for social and community housing within the wider Northland region.</p> <p>We were pleased to complete our first housing development in 2023 of 18 units in Kamo, in partnership with the Ministry of Housing and Urban Development and Kāhui Tū Kaha. During 2023, we also completed analysis regarding social housing development opportunities in Kaikohe and commenced building and development activity in partnership with Te Hau Ora o Ngāpuhi in Kaikohe.</p> <p>We are actively investigating two further opportunities in Dargaville and Kaitaia.</p>					

Performance Objective 5:

Ensure that the Bay of Islands Airport operates within regulatory requirements.

Measure	Target 2022/23	Actual 2022/23	2021/22	2020/21	2019/20
CAA Certification	To achieve	Achieved	Achieved	Achieved	Achieved
<p>Narrative Bay of Islands Airport continued to hold a current CAA Part 139 Aerodrome Operating Certificate through 2022/23, thereby conforming with CAA regulatory requirements.</p>					



FAR NORTH HOLDINGS LIMITED SHAREHOLDERS INFORMATION For the Year Ended 30 June 2023

1. Interest Registers

The following entries were recorded in the Directors' Interest Registers of the Company during the year:

Share Dealings

No Director acquired or disposed of any interest in shares in the Company during the year.

Loans to Directors

There were no loans to Directors authorised during the year.

Directors' interests

Directors' interests have been updated regularly and recorded to manage perceived and potential conflicts. In accordance with good practice, individual Directors are excluded from decision-making processes where there is a perceived or potential conflict of interest.

2. Directors'

Directors of the Company and wholly owned subsidiaries during the year were as follows:

Far North Holdings Limited

W Birnie	Full Year Term
M McCully	Full Year Term
S Petersen	Full Year Term
K Drinkwater	Full Year Term
N Anderson.....	Full Year Term

Far North Housing Limited

M McCully	Full Year Term
S Petersen	Full Year Term
W Birnie	Term Began March 2023
B Donnelly.....	Term Began April 2023



FAR NORTH HOLDINGS LIMITED SHAREHOLDERS INFORMATION For the Year Ended 30 June 2023

Bay of Islands Marina Limited

W Birnie	Term ended March 2023
S Petersen.....	Full Year Term
Blackman	Full Year Term
P Wardale	Full Year Term
K Drinkwater	Term began May 2023

3. Employees' remuneration

Number of staff with salaries and benefits more than \$100,000:

	2023	2022
\$100,000 – \$149,999	3	3
\$150,000 – \$199,999	3	2
\$200,000 – \$249,999	2	
\$250,000 – \$299,999		
\$300,000 – \$349,999		
\$350,000 – \$399,999	1	1

4. Indemnification and Insurance of Executive Employees' and Directors'

All Directors and Executive Officers of the Company have been insured against liabilities to other parties that may arise from their office.

5. Auditor

Deloitte New Zealand on behalf of the Auditor-General has been appointed as the Company's auditors.



FAR NORTH HOLDINGS LIMITED SHAREHOLDERS INFORMATION For the Year Ended 30 June 2023

6. Donations

The Company made donations in kind to the Bay of Islands Coastguard of \$3,077 (2022 \$6,154). This was by way of charging them lower than market rent.

The Company made other cash donations to:

The Company made other cash donations to:	2023 Amount excl GST	2022 Amount excl GST
Autism New Zealand	\$55.00	\$55.00
Caring Families Aotearoa	\$180.00	\$180.00
Going Bananas Kids Show	\$52.17	\$43.48
Heart Kids	\$0.00	\$60.00
Honey Pai Ltd – beekeeping scholarship	\$0.00	\$1,014.70
Kids Day Out	\$60.00	\$0.00
Ngāti Rangī	\$0.00	\$400.00
Police Managers Guild Trust	\$260.87	\$260.87
R Tucker Thompson Sailing Trust	\$21,730.43	\$42,000.00
Russell Radio	\$688.00	\$300.00
Te Tiriti o Waitangi Marae	\$0.00	\$750.00
The Company made “in kind” donations to	2023 Amount excl GST	2022 Amount excl GST
Opua Business Assn – Bula fundraiser	\$0.00	\$474.11
Opua Cruising Club & Annual Membership Prize	\$634.63	\$521.82