



**ROTOITI 15**  
Ngā Rawa E Tupu







# tirotiro

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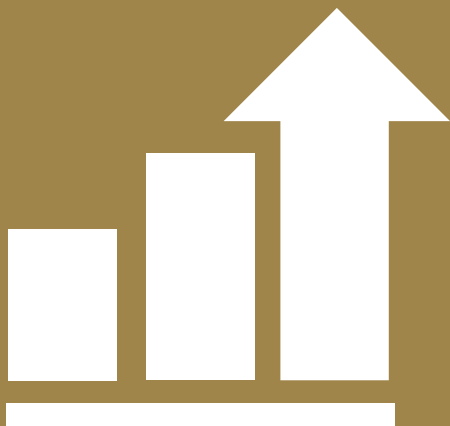
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**12,631**  
Registered  
Rotoiti 15  
Shareholders



**\$344,453**  
Grants paid  
for the year



**\$41,977,347**  
Total Asset  
Base



# kaupapataka agenda

## 2016 ANNUAL GENERAL MEETING

TAURUA MARAE, ROTOITI  
SATURDAY 26 NOVEMBER 2016 AT 10:00AM  
(Registrations commence at 9.00AM)

1. MINUTES
2. CHAIRMAN'S REPORT
3. STRATEGIC DIRECTIONS REPORT
4. BUSINESS REPORTS
5. FINANCIAL REPORT
6. DISTRIBUTIONS REPORT
7. APPOINTMENT OF AUDITOR
8. VARIATION OF TRUST DEED
9. GENERAL BUSINESS

# ngā mīneti minutes

## ANNUAL GENERAL MEETING OF OWNERS

HELD AT HINEMIHI MARAE

ROTORUA

ON SAT, 21 NOVEMBER 2015

AT 10:00AM

The meeting of 227 owners was chaired by Arapeta Tahana and was opened with a mihi from Tama Rikihana.

### present

See attached Attendance Register (227).

### apologies

See attached Apologies Register (133).

### opening

The Chairman, Arapeta Tahana, welcomed everyone and referred to the passing of trustee, Morris Meha and the value he had provided to the Trust over many years. He asked Piki Thomas to open the hui with a karakia.

### minutes

Owners were given time to read the minutes of the previous AGM held on 13 December 2014.

Mary Stanton asked that the spelling of her name to be corrected from Staunton to Stanton. Te Rakapurua Tipiwai Tamati asked that his name be corrected from Scobie Tamati to Te Rakapurua Tipiwai Tamati.

Whetu Whata asked about the distributions report and Arapeta said this would be discussed later on in the hui.

### RESOLVED:

*"To accept the AGM minutes of 13 December 2014 as a correct record of that meeting."*

*(Arapeta Tahana/Te Ohu Wikingi) Carried*

### chairman's report

Arapeta Tahana discussed the original amalgamation and talked about the recruitment of a General Manager. Arapeta referred to the investment strategy and noted that the forestry revenue is declining. He then outlined the new distributions policy and the timing of distributions in the past year and provided an overview of all the key developments.

### general manager's report

Arapeta went on to present the General Manager's report. He noted that Gareth Jones had been employed as the General Manager although he had recently left after six months in the role. He confirmed that one of the key developments was a collective investment vehicle which will involve the collaboration of a number of Te Arawa entities to identify any investment opportunities. He talked about Gareth's work around cost management, particularly with advisors over the past year.

### strategic plan

Arapeta went through the strategic plan discussing the vision, core purpose, values and strategic objectives. Tangihaere Dodd asked if individuals and whanau would be included. Arapeta said the trustees were keen to support any entrepreneurs within the whanau. An example was another Ngati Pikiao Trust giving out loans for businesses. He advised that the current policy was for three years and the trustees could look at other options at that time.

Waaka Vercoe said it was good to have a plan but wondered how the trustees intended to carry it out. Arapeta responded by saying that the Trust needs to have management capability in house, it will be all about building capacity and capability to deliver.

### RESOLVED:

*"The Chairman's Report be accepted."*

*(Carolyn Jones/Keita Emery) Carried*

### distributions

Arapeta discussed the distributions policy and talked about koeke grants. He said there had been timing differences with the change in balance date that had meant that the 2014/15 grants went through in the 2013/14 year, which is why the grants look minimal for the financial year being reported on. He then spoke about the new grant categories being environmental and the trade grants that form part of the education grants category.



Pare Aratema referred to the fact that there were no education grants last year and that under this criteria, first and second year students don't get grants. She feels it has been left to an elite few. Arapeta noted her concerns but confirmed that the trustees wanted to fund students who were committed and able to stick it out.

Tangihaere Dodd asked whether sponsoring outward bound participants (perhaps one per annum) is an option. Arapeta felt there needed to be more support for this type of applicant, however, he said the policy is set but will be reviewed in 2017.

Waaka Vercoe said the Trust should try to have scholarships with partners. Arapeta referred to the GHA accounting scholarship of \$10,000 per annum and also Perrin Ag Scholarships.

Arapeta said the distributions would be paid in the first week of December and confirmed the specific amounts payable to koeke for their grants. Arapeta noted that 60-70 year olds no longer receive grants. Angela Malcolm also asked about the timing of Marae grants and it was confirmed that they would be paid in December.

#### RESOLVED:

*"To approve the distributions."*

*(Bella Peeti/Bunny Ormsby) Carried*

### forestry report

Arapeta presented the Rotoiti forest which is managed under a forestry right agreement between the Trust and OTPP New Zealand Forest Investments Limited.

He then presented the Rerewhakaaitu forest report. The first rotation is managed under a forestry right agreement with Tiaki Plantation which fully expires in June 2019. As they harvest, the forest is returned to Rotoiti 15 to manage and NZFM are engaged to manage this on our behalf. Approximately 2/3rds of the forest has been re-planted and is 100% owned by Rotoiti 15.

Waaka Vercoe said the Trust owns the roads so perhaps should negotiate a royalty for the use of the roads. He said that this is what he has previously done with Maori Investments Limited and Putauaki Trust. Arapeta said the trustees would look into it.

Geoff Rice said the trustees should try to improve the equity base by using the Rotoiti rent reviews to negotiate an increase by capital or negotiate by capitalising the rentals to increase the overall asset base.

#### RESOLVED:

*"The Forestry Report be accepted."*

*(Anaru Rangiheuea/Bert Sargent) Carried*

### maniatutu farm report

Tina Ngatai presented the farm report for the Maniatutu farm, noting the record production in the past year. She said that health and safety is being well managed as well as any environmental issues. She then presented the Otukawa Joint Venture report.

### kiwifruit report

Tina Ngatai presented the Maniatutu orchard and the OTK joint venture reports. She said the industry outlook is very positive with orchards selling at record prices even though per tray returns are slightly down on last year. There is good confidence in gold (G3) which will remain at a price premium compared to green kiwifruit.

#### RESOLVED:

*"The Farm and Kiwifruit Reports be accepted."*

*(Carolyn Jones/Whetu Whata) Carried*

### financial report

Glenn Hawkins presented the financial reports noting the audit had been completed by Cookson Forbes & Associates and the trustees had received a clear audit opinion. Two emphasis of matter issues noted were the livestock tallies and the land being valued at Quotable Value valuations.

Glenn discussed the overall result which showed a net surplus of \$1,650,598 and asset growth of 4%. He noted that the balance sheet remains strong and the investments are well diversified.

Tangihaere Dodd asked how environmental concerns are being managed.

#### RESOLVED:

*"The Financial Report be accepted."*

*(Geoff Rice/Carolyn Jones) Carried*

Glenn presented the financial statements for the Charitable Trust for the year ended 30 June 2015. He noted the overall result was a surplus of \$56,408 and that assets are currently sitting at \$2.6m.

#### RESOLVED:

*"The Financial Report for the Charitable Trust be accepted."*

*(Bunny Ormsby/Carolyn Jones) Carried*

### return on assets

Arapeta discussed the return on assets graphs and noted the 7% target return on each of the assets that are held by the Trust. He showed the current performance across all of the different assets and noted where areas of improvement were required.

### appointment of auditor

#### RESOLVED:

*"To appoint Cookson Forbes & Associates as Auditors for the 2015/2016 year."*

*(Waaka Vercoe/Carolyn Jones) Carried*

### election process

Arapeta advised that they had received only one applicant for the vacancy left by Piki Thomas's retirement. That person was Joe Tahana who is therefore elected unopposed. Joe Tahana introduced himself and said he was excited to be in a position to serve the owners.



# ngā mīneti

## minutes continued...

Arapeta advised that the trustees are proposing that Piki Thomas remain as a trustee until the next elections in light of Morris' passing. The cost of running another election is not warranted and Piki Thomas has agreed to this.

### RESOLVED:

*"The appointment of Joe Tahana and reappointment of Piki Thomas as Trustees of Rotoiti 15 Trust is confirmed."*

*(Te Ohu Wikingi/Whetu Whata) Carried*

Arapeta thanked his fellow trustees for their commitment and leadership over the past year.

## general business

### Te Takinga Marae

Arapeta referred to the background to the request by Te Takinga Marae. Whetu Whata said the issue for Te Takinga was that they have been left out of Rotoiti 15 altogether. He said that the Marae had presented their findings and it was accepted by the Trust this year that they are entitled as one of the beneficiary Marae.

Whetu read out his report and noted that grants should have been paid since 2005 onwards. He has asked the Trust to backdate the Marae grant to that date and they asked that it be referred to the owners for consideration.

Tina outlined the process the Trust had taken in considering the request by Te Takinga Marae to be included in the recognised Marae of this trust. The trustees had taken this back to the Maori Land Court records as they had noted that as an Ahu Whenua Trust they could not look beyond a determination by that court. Whilst Te Takinga Marae made their claim through the Waione block this was not a right that the Trust could recognize as their land did not come into Rotoiti 15. However we invited the Te Takinga trustees to look at it from another angle and they found a link through the Haroharo lands and that is why they have now been included as one of the 12 Marae. The trustees' stance was that Te Takinga Marae have only now proved their case in the past

year and so they should not be entitled to a back-pay. However the trustees are happy to be guided by the owners.

Willie Emery said he was confused as to why they were left out in the first place as they are one of the brothers of Te Ranginora - he supported that they should be back-paid. Te Ohu Wikingi gave a mihi to the trustees and said he supported his whanaunga, Whetu and Te Takinga Marae. Pakitai Raharuhi from Ngati Hinekora offered his tautoko to the kaupapa.

### RESOLVED:

*"That Rotoiti 15 Trust pay the Marae grant backdated to 2005 to Te Takinga Marae."*

*(Pakitai Raharuhi/Willie Emery) Carried*

Whetu Whata thanked everyone for their support.

Hopihana Epiha discussed the land that had been taken from his whanau and acknowledged Whetu and his korero. Te Rakapurua Tamati responded.

### Haumingi 1A2

Maramena Vercoe, Chair of Haumingi 1A2, thanked Rotoiti 15 for the education grants and gave a mihi to the distribution policy. She said their take is about how the distributions policy can meet the needs of all the beneficiaries. She said the current policy doesn't enable shareholders such as Haumingi 1A2 to access grants. Arapeta responded by saying Haumingi 1A2 owns shares that were sold by an individual. He felt it was important to sit down and understand the commonality of ownership.

### Rotoiti Hunting Club

Dennis Waiti asked whether the trustees get any reports from the Rotoiti Hunting Club. Arapeta said they have met with Dennis Curtis recently and that they do want regular reports. Dennis said it was important that the trustees were informed that there were two firearms incidents recently, he said there is a lot happening that he is not happy with. Willie Emery said a valid point was being raised and there needs to be regular meetings with the Hunting Club. He said the pigs are

being released and they are playing havoc with the urupa. Arapeta thanked Dennis for raising this issue. He said the hunting club do issue permits and they report to Hancock Forest Management. Concerns have been raised but the first step is sitting down with the whole committee - he made a commitment to iron out these issues.

### Hinemihi Marae

Te Ohu Wikingi talked about a capital works grant for the next year and future years. As there was some confusion in obtaining this he felt it would be beneficial for a trustee to work with any Marae requesting the capital works grant to avoid confusion.

### Waiti Stream

Joe Tahana said as part of the information sharing, he wanted to note that at the Ngati Hinekura Waiti Stream there is no watercress because the Rotorua Lakes Council are extracting too much water out of the stream.

### Closing

Arapeta Tahana thanked all the owners for attending the meeting and for their input. He asked for a resolution for the koha to Hinemihi Marae for hosting the AGM.

### RESOLVED:

*"A koha to Hinemihi Marae of \$10,000 for the AGM be approved."*

*(Waaka Vercoe/Bella Peeti) Carried*

There being no further business, the meeting closed with a karakia from Te Ohu Wikingi at 12.50pm.

Signed as a correct record

**Arapeta Tahana**  
Chairman

# he maimai aroha remembrance to Morris & Willie



**MORRIS MEHA**

8 March 1960 -

20 Nov 2015



**WILLIE NEWTON**

2 February 1945 -

21 July 2016

E ngā tōtara haemata, ngā tōtara  
whakahihī o te wao tapu nui a Tāne  
Mahuta. E ngā tāngata hautū, ngā  
haumi, ngā whakatakere o te waka.  
Ngā toka tū moana ākina ā-tai,  
ākina ā-hau, ākina ā-ngaru tūātea.  
He parekura nui! He aitua! Nā reira,  
haere atu kōrua i te ia ō tō kōrua  
tira. Moe mai rā.

To you strong and lofty Tōtara of  
the great and sacred forest of Tāne  
Mahuta. Leaders in setting the  
direction and providing the  
strength to our waka. (You were)  
sentinel rocks in the ocean, defying  
the tides, defying the winds and  
the great ocean waves. A disaster!  
A calamity! Therefore follow the  
current of the pull of your  
companions. Rest in peace

# ngā kaitiaki trustees



**Arapeta Tahana jnr**  
chairman | trustee since 2010

#### iwi affiliations

Ngāti Pikiao, Ngāti Makino,  
Tapuika

Arapeta was raised at Tawhakarere Bay, Rotoiti amongst his Ngati Pikiao whanau. This upbringing gave him a strong sense of connection and understanding of Ngāti Pikiao lands. His role as Trustee follows in the footsteps of his koroua Te Atirangi Tahana who was an original trustee in 1971 and his late father, Arapeta Tahana Snr, who served as a trustee from 2000 to 2009.

Arapeta became a Trustee in 2010 as a way of contributing to the protection and development of ancestral lands and to continue the mahi of his father. He is passionate about Māori development from a grass roots perspective, with much of his career focusing on futures planning, economic development and leadership for Maori iwi and organisations.

He brings a wealth of experience as a business owner, consultant, community development advisor and governance roles across a range of sectors. He is currently a part time management consultant for GHA assisting Maori organisations with strategic and business planning, iwi engagement and governance advice. Arapeta's other job is as a Councillor of Bay of Plenty Regional Council representing Maori in the Okurei ward (Rotorua/ South BOP district).



**Tina Ngatai**  
trustee since 2007

#### iwi affiliations

Tapuika, Ngāti Pikiao, Ngāti Porou  
Ngāti Rangiwehewhi, Ngāti Whakaue

Tina was born in Rotorua and has four children and five mokopuna. She was raised in Koutu attending Western Heights High School and later completed a Post-Graduate Diploma at Auckland University.

She has held several senior management positions in Government and is currently self-employed providing management services to Māori Entities. In this capacity she serves as the General Manager (part-time) of Ngāti Whakaue Tribal Lands.

Tina has a particular interest in Māori Land Development and has established several agribusiness initiatives in Dairy farming and Kiwifruit. She is an experienced Governor particularly in the area of Maori Land and has been actively involved in dispute resolution and creating high performing team of trustees with a particular emphasis on improving the financial return from the trust assets in order to provide for the owners.



**Frederick Whata jnr**  
trustee since 2012

#### iwi affiliations

Te Arawa, Ngāti Pikiao

Fred was born and raised in Okere Falls. He attended Whangamarino Primary School, Mokoia Intermediate and Rotorua Lakes High School. Following school Fred graduated from Hamilton Teachers College and the University of Waikato.

Fred is happily married to Ngaro Moana with five beautiful children all of whom are realising their potential and following their dreams.

Fred is a friendly and approachable person who communicates and works well with a wide range of people. Fred is career orientated and will continue in a Senior Management position within secondary school education system. Fred has strong leadership skills, with the ability to provide unity and direction in implementing goals, just like his father. Rotoiti 15 is an organisation he is totally committed to intellectually, emotionally, spiritually and or course culturally. He genuinely believes in Rotoiti 15 and he wants to continue to add value, contribute and move things forward.





**Piki Thomas**  
trustee since 2014

#### iwi affiliations

Ngāti Pikiao, Ngāti Whakaue

Piki was raised in Mourea and attended Whangamarino Primary School, Mokoia Intermediate & Hato Petera College. After leaving school, Piki joined NZ Customs in Auckland for 4 years and then became a career firefighter based initially in Auckland then in the Bay of Plenty. He has served 27 years in the New Zealand Fire Service serving as an operational firefighter, fire safety officer / investigator, 111 call centre and currently leads kaupapa Māori for the organisation as part of the office of the chief executive.

Married to Hinemaui (Ngāti Ranginui / Ngāti Hako) together they have 4 tamariki who all play an active role in their iwi. Besides whānau, Piki's time is shared with marae / hapū & iwi commitments. He is particularly proud of his part to execute the last Pikiao ahurei at Taheke which came shortly after his role as the operations manager of Te Matatini 2013 ki Te Arawa. Piki has been an active member Okere Inc's geothermal development team across the Taheke geothermal field working with both iwi & commercial partners. He considers himself as an enabler that provides the right opportunities at the right time for people with the right attitude.



**Joseph Tahana**  
trustee since 2016

#### iwi affiliations

Ngāti Pikiao, Ngāti Makino, Tapuika

Joe was raised in Rotoiti and attended Rotoiti Primary School and Rotorua Lakes High School. After leaving school, Joe joined the NZ Army serving in various roles both in NZ and overseas before retiring in 2004 after 20 years service.

Returning home, Joe developed experience in environmental resource related policy development and planning at both local and regional level, other experiences include working with whānau and hapu governance to build capability that address development issues.

Married to Bybi Clarke (Ngāti Maniapoto/ Ngāi Tahu) with 3 children, Joe is an active member of Te Waiiti Marae and the Ngati Pikiao Environmental Society.



# te rīpoata o te tiamana

## chairman's report

Te wehi ki te atua te tīmatanga o te whakaaro nui, heoi anō, he hōnore he kororia ki te atua he maungārongo ki runga ki te mata o te whenua.

Tuarua, ka mihi ki a rātau kua hinga atu ki tua o te ārai, koutou kua whetūrangitia, moe mai rā. Ka whakaaro ake ki wā mātau rangatira kua ngaro atu i te tau kua pahure ake nei, me kī, wā mātau hoa katiaki, ā Willie Newton rāua ko Morris Meha. Kei te mōteatea tonu te iwi kia kōrua, moe mai rā i roto i ngā manaakitanga o te kaihangā. Otirā ki ngā tini aitua, kei tēnā, kei tēnā o wā tātau iwi, ka poroporoakihia, ka tangihia atu anō ki a rātau. Haere, haere, e oki. Kāti ake ki a rātau.

Ka mihi kau ana ki a koutou katoa e whakapapa mai nei ki ēnei whenua o te Rotoiti 15. Otirā me mihi ki ngā hapū, ngā iwi honohono o te whenua nei, ka tika. Nā wērā kāwai whakapapa ka tuku mai ēnei whenua ki a tatau. Nō reira, Ngāti Hinekura, Ngāti Te Rangiuuora, Ngāti Rongomai, Ngāti Tarāwhai, Tūhourangai-Ngāti Wāhiao, Ngāti Rangitihia, nei rā te mihi. Tēnā pānui mai i te rīpoata nei, kua hangaia hei rauemi mā koutou kia mōhio ai ki ngā nekenekēhanga o tō tātau whenua me ōna rawa. Nei rā te mihi maioha kia koutou mai i te tēpu kaitiaki, mauriora ki a tātau.

### Kupu Whakataki

#### Introduction

On behalf of Rotoiti 15 Trust I'm proud to present our annual report for 2016.

It is with sadness and appreciation that we remember the loss of our fellow trustees Willie Newton and Morris Meha over the past year. Their experience, knowledge and contribution to the Trust and wider development of Ngāti Pikiao will always be appreciated. Our aroha also goes out to their whānau, kia kaha rā.

The past year has been extremely busy for the Trust as we've built on the foundations we've set in recent years to strengthen the strategy, focus, performance and impact of the Trust's activities. Whilst it has been challenging and complex at times the Trust has achieved a solid financial result and made significant progress on key strategies.

The Chair's report aims to provide owners with a snapshot of key highlights, whilst the remainder of the annual report provides greater detail about the key activities of the Trust. We look forward to the AGM as an opportunity to get your feedback on our mahi over the past year.

### Ngā Nekenekēhanga Matua

#### Key Developments over the past year

Over the past year the Trust has continued to build upon key strategies by focusing on executing key initiatives that move us forward and build momentum.

##### The following outlines key highlights from the past year:

- Asset growth of \$13.8m (\$49) (Rerewhakaitu and NZUs)
- Set our 10 year targets – “\$1.8m distributions | \$60m assets by 2026 | \$4m operating ‘cash’ profit”
- Acquired a 25% equity stake in a high growth, innovative and Māori owned business farming premium whitebait
- Continued strong performance of equities portfolios
- Worked collectively with other Te Arawa entities with forestry interests to explore timber processing opportunity with a global leader in CLT construction products and research to build our understanding of forestry value chain opportunities
- Engaged a new orchard manager (EHC) and supervisor (Tuhono Whenua); combined they will assist us to rectify challenges with vine/root stock growth, improve monitoring of orchard management and provide better advice to the trust.
- Initiated discussion on environmental initiatives and governance protocols with Department of Conservation regarding Makatiti Dome
- Held a dawn karakia on the Rotoiti whenua performed by Tukiterangi Curtis

More recently the Trust has engaged a new General Manager, Brad Tatere. Brad brings a wealth of experience and will play an integral part in driving the growth of the Trust moving forward. Brad begins work with the Trust in November and will be introduced to owners at the AGM. This is a significant step that will help the Trust to progress faster and more sustainability towards our vision and delivering great value for our owners.

## Te Hanga Pūtea Financials

Over the past year, the Trust has achieved another solid financial result. The Trust achieved an operating profit of \$577,666 and an overall profit (including revaluations of investments and trees) of \$7,381,881. This represents a 30% decrease in operating profit and 618% increase in overall profit compared to the previous year. This operating result aligns with the Trust's forecasting and is in fact better than was originally budgeted for the year (\$468,025).

The Trust's asset base has had significant growth of \$13,785,838, which represents a 49% increase compared to the previous year. This is attributed largely to the revaluation to fair value of the Rerewhakaaitu forest trees (\$6.8m) being recorded on our books and the increased value of ETS units, from \$1.9m to \$5.3m.

On the back of this growth, owner's equity has grown from \$26.8m to \$36.1m. This is a record high for the Trust and will provide the Trust with greater financial opportunities from a strengthened balance sheet. The Trust is also in a strong cash position with over \$5m held in bank accounts and term deposits.

### **In addition to these results, the Trust has improved financial management practices in various ways including:**

- Continued implementation and refinement of practice improvements reported in 2015
- Broadened the use of specialist advisors, e.g. engaged tier one firm to provide due diligence information on whitebait investment, changed role of Glenn Hawkins to CFO advisory
- Engaged a GM with a strong financial background which will enable the Trust to establish more robust processes, tools and information for financial management. The next year will be focused on improving financial and investment management practices. We believe this will provide a strong platform for future growth by improving: due diligence practices, reducing financial risk, improving asset performance and forecasting future scenarios to aide decision making.

## Te Pūtea Tautoko Distributions

The past year has seen the Trust distribute \$344,453. This was only 86% of the \$402,550 made available for distributions. Trustees resolved to hold the balance for distributions in the 2017/18 financial year. We've done this to help counter the potentially lower profit we are expecting this financial year (which determines the 17/18 distribution value). The lower than expected uptake has highlighted the need to do further work around engaging and supporting owners/affiliated roopu to apply for funding and to inform policy development.

To this end, the Trust will be reviewing Te Pūtea Tautoko policy (distribution policy) in 2017 (as per the current policy) and this process will include hui and engagement with owners to get your whakaaro on the policy into the next 10 years. A snapshot of our distributions is provided in this report (page 18-19) and we look forward to korero on this kaupapa next year.

## Te Reo Whakakapi Closing Remarks

In closing, I would like to thank my fellow Trustees for their time, aroha and hard work over the past 18 months. I believe we have worked well together through some complex and challenging decisions and I appreciate the collective knowledge, experience and passion you all bring to the kaupapa.

### **I would also like to thank our many business partners, advisors and consultants. In particular, I'd like to thank:**

- Huiarau Stewart (GHA), for her dedication to the mahi and keeping the Trust ticking along
- Glenn Hawkins and his accounting team for the ongoing guidance and the GHA Centre for providing a beautiful 'Māori' whare for the Trust's mahi and hui
- Our sharemilkers Glenn and Yvette who have continued to operate a profitable farm despite a challenging milk payout and look after our whenua well
- Tom Davies from Craigs who manages our equities portfolios and achieved another solid year of growth across all our portfolios.

In closing, I would like to acknowledge our owners again. Everything we do must be focused on contributing to the aspirations of our owners and honour the aspirations of our tūpuna. We believe we are making good progress and will continue to work hard, learn and grow. To this end, we always welcome your whakaaro and awhi to assist us in creating a better future for our mokopuna, whānau, marae and hapū.

Mauriora ki a tātau katoa,  
Arapeta Tahana



# strategic directions report

## Kia Tuputupu Growing our Assets and Cashflow

### 2026 Target:

\$60m assets, \$4m annual 'operating' profit,

### 2016 Position:

\$38m assets, \$0.819m 'operating' profit

### Key Focus for 16/17 Year:

- Internal Investment and Financial Management Systems
- Income Portfolio
- High Growth Portfolio Development
- Strategic Portfolio Development
- Leverage Debt

## Kia Ngātahi Develop Strategic Partnerships

### 2026 Target:

To be confirmed

### 2016 Position:

100% of core services outsourced to external providers

### Key Focus for 16/17 Year:

- Strengthening existing and newly formed strategic partnerships

## Kia Tohatoha Contribute to our people, culture and environment

### 2026 Target:

\$1.8m distributions

### 2016 Position:

\$0.37m distributions

### Key Focus for 16/17 Year:

- Owner engagement
- Environmental Policy and Initiatives
- Communications Strategy

## Kia Puāwai Capacity and Capability to Deliver our Vision

### 2026 Year Target:

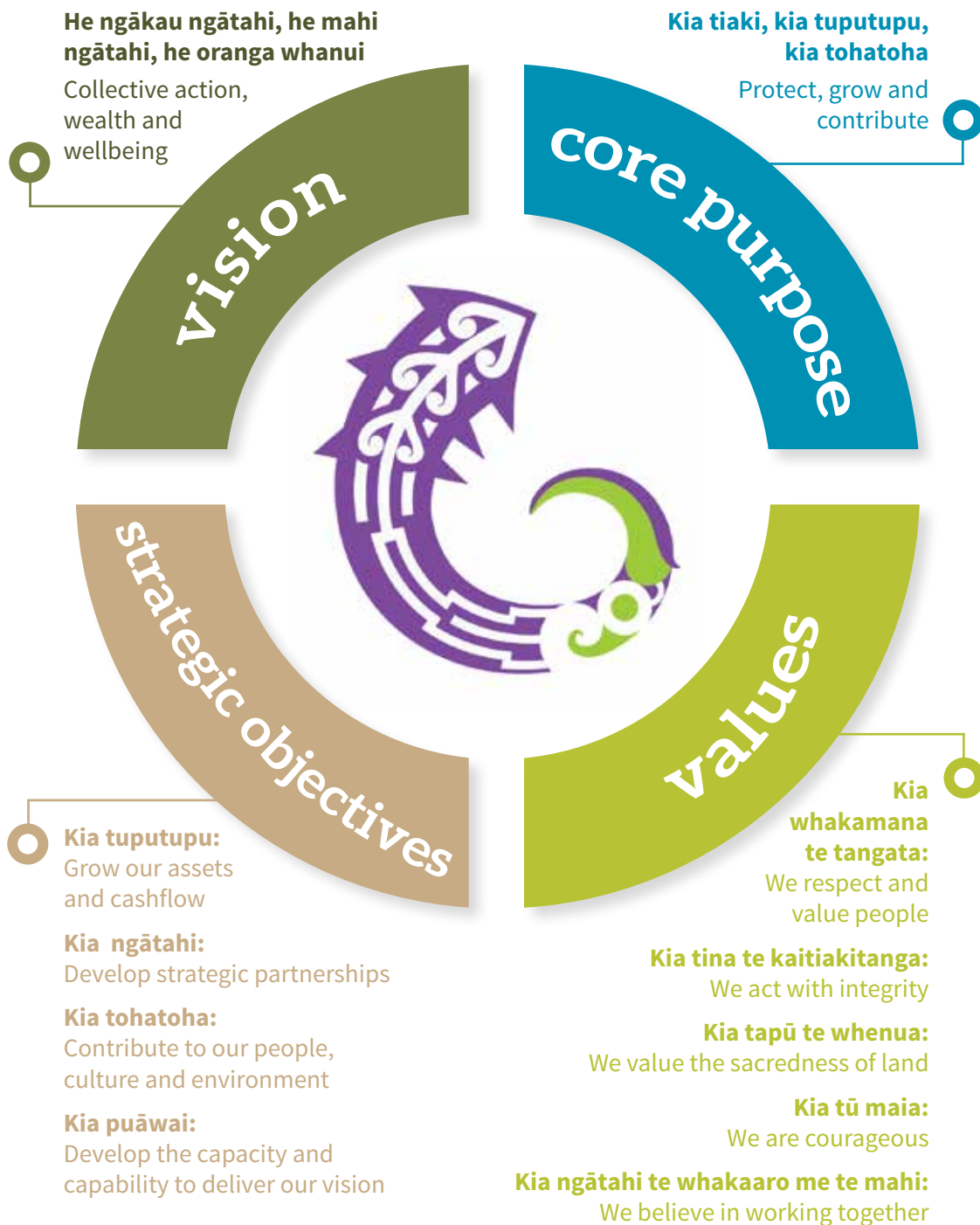
To be confirmed

### 2016 Position:

100% of service provision by external providers

### Key Focus for 16/17 Year:

- Trust Policies and Management Systems
- Establish Management Team
- Governance Performance Monitoring
- Risk Management





# te pūtea tautoko distributions report

## 2016 Summary

For the 12 months ended 30 June 2016, Rotoiti 15 Trust and Rotoiti 15 Charitable Trust collectively distributed \$344,453 to beneficiaries, marae and community organisations. Since 2008 both trusts have distributed over \$5 million to a variety of initiatives, community organisations and individuals. 2016 was no different, the Trust received and considered 89 applications over the last financial year. It is awesome to see the great accomplishments and hear of the positive outcomes our shareholders are involved with, we are very proud of you all and thank you for sharing your stories with us!



***George, Tyrin and Dale Thomas won five medals between them at the Waka Ama World Championships in Australia.***





## Distributions Policy

The trust is very proud of its distribution history with a total of over \$5 million being distributed over the last 9 years. This year was the first full year operating under the new Distributions Policy which was endorsed by owners at 2014 AGM, in an attempt to ensure that our distributions align with owner's aspirations. The policy guides the Trust to maintain a meaningful contribution to our owners and beneficiaries, our environment and our culture. This acknowledges our commitment to ensuring the holistic wellbeing of our people, by making provision for the environment and culture that supports our way of life.

### Key aspects of the policy are:

- Provision of grants for koeke, education (trades and tertiary), Marae, community organisations, environmental and discretionary purposes (that align with the aspirations of the Trust).
- A commitment from the trust to distribute 40% of operating profits annually.
- A commitment to explore collaborative initiatives that strengthen the impact of our distributions.
- Reflecting tikanga as a central guide to our distribution activities.

## Future Outlook

The Trust is committed to providing a meaningful contribution to our people, environment and culture. To this end we have a number of key initiatives underway to ensure our distributions have a positive impact and are financially sustainable.

### To this end, the Trust will undertake the following initiatives over the next year to improve distributions:

- Review of the Distribution Policy
- Analysis of historical distributions to better understand the impact of distributions and inform the review of the policy
- Hold an owner's whānau day to connect with owners, share information about the trust's activities, seek owners views on the distribution policy and encourage Whanaungatanga

The Trust distribution policy will be reviewed in 2017 and will provide an opportunity for owners to consider how we best support your aspirations into the future. The trustees are also focused on strategies to improve profitability and offset declining revenues in order to maintain meaningful contributions our people, environment and culture. We thank our owners for the ongoing feedback and support around our distributions and welcome your thoughts as we review the policy over the next year.

## summary of distributions paid



Koeke  
**\$176,216**



Community  
Organisations  
**\$12,628**



Education  
**\$17,000**



Trade  
**\$2,308**



Cultural  
**\$6,250**



Marae  
**\$108,000**



Discretionary  
**\$22,050**



Total distributions  
paid in 2015/2016  
**\$344,453**



# business report

## rerewhakaaitu forest

The following report is a summary of the activities carried out within Rerewhakaaitu Forest for the period 1 July 2015 to 30 June 2016 on behalf of the Rotoiti 15 Trust.

### 1 forest development activity

Operation	Actuals to 30 June		Full Year Budget	
	\$000	ha	\$000	ha
Land Preparation	30.2	276.6	86.9	201.0
Planting	156.3	226.5	159.6	224.0
Ancillary	50.7	226.5	74.0	300.0
Pruning	0.0	0.0	0.0	0.0
Thinning	0.0	0.0	0.0	0.0
Crop Measurement	0.0	0.0	0.0	0.0
<b>Total</b>	<b>237.2</b>	<b>729.6</b>	<b>320.5</b>	<b>725.0</b>

Land preparation activities were less than what was budgeted for due to planned skid ripping for the 2016 planting programme not taking place in June, and no mechanical landprep being carried out in the stands scheduled for planting in 2016.

A total of 226.5 hectares was planted in winter 2015, bringing the net stocked area as at 30 June 2016 to 2,107.4 hectares.

Post-plant release spraying was the main component of the 'Ancillary' activities with the entire 2015 planting area being released to reduce competition from weed species.

Other ancillary activities included fertilising trees planted on skid sites and blanking of small areas young plantings that had been damaged by frost. Foliage sampling was also conducted; with no nutrient deficiencies requiring intervention detected. There is however a downward trend in boron levels of some stands, which may require treatment in the coming years to prevent damage to the crop.

No stands are old enough to have required any tending yet, and no crop measurement work has been necessary.

### 2 forest maintenance, security and protection

Operation	Actuals to 30 June		Full Year Budget	
	\$000	ha	\$000	ha
Forest Maintenance and Protection <sup>1</sup>	9.0	-	26.5	-
Asset Maintenance <sup>2</sup>	0.0	-	4.0	-
Miscellaneous <sup>3</sup>	46.0	-	48.1	-
<b>Total</b>	<b>55.0</b>	<b>-</b>	<b>78.6</b>	<b>-</b>

<sup>1</sup> Forest Maintenance and Protection includes fire prevention and suppression, weed and disease control and forest security

<sup>2</sup> Asset maintenance includes road maintenance, fence and gate maintenance.

<sup>3</sup> Miscellaneous expenditure includes aerial photography, mapping and overhead charges.

Forest maintenance and protection expenditure was less than what was budgeted. This is primarily due to no dothistroma treatment, fertiliser or animal pest control being required. Roadside weed spraying was carried out to prevent broom and gorse from encroaching on the roads.

The miscellaneous costs relate to overhead and administration costs, and to aerial photography required for remapping of handed back areas for remapping prior to replanting.

### 3 health and safety, and environmental

There were no lost time workplace accidents or environmental incidents associated with NZFM's forestry operations in Rerewhakaaitu forest in the 2015/16 year.

No workplace or public accidents/injuries as a consequence of their own activities were reported to NZFM by the authorised third party forest users.

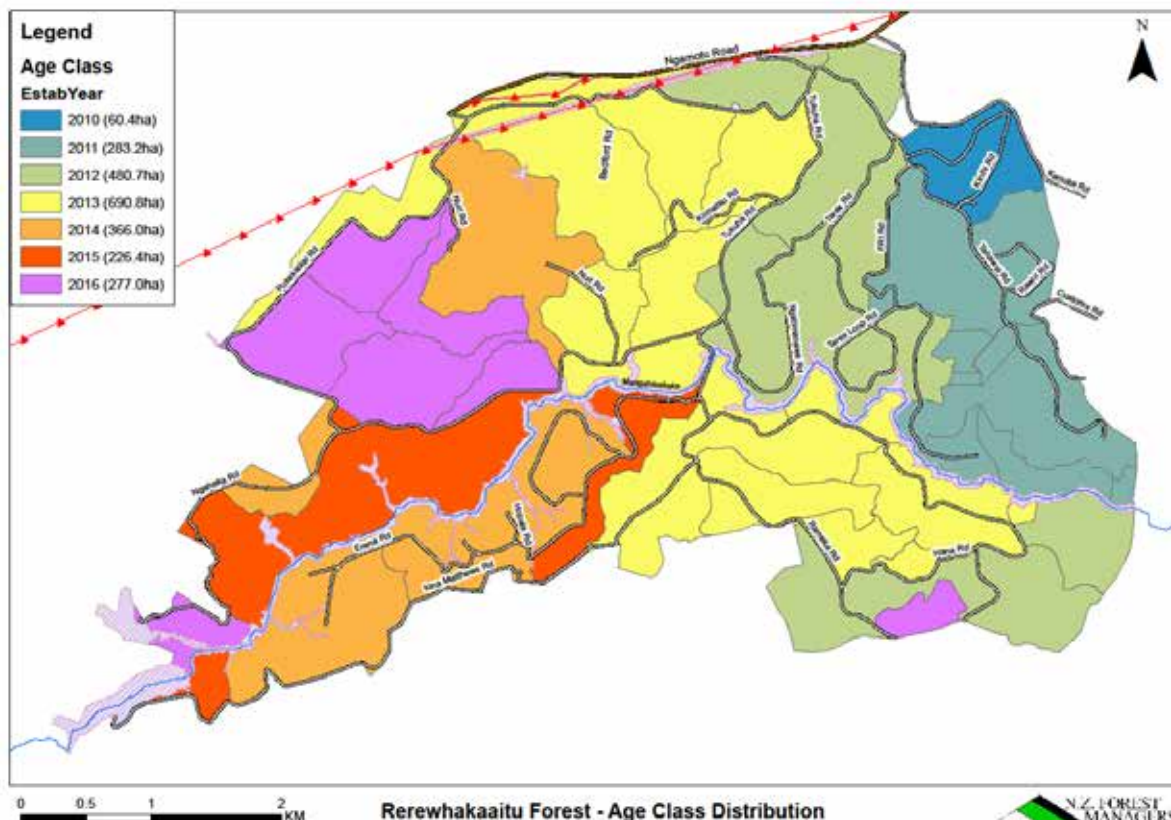
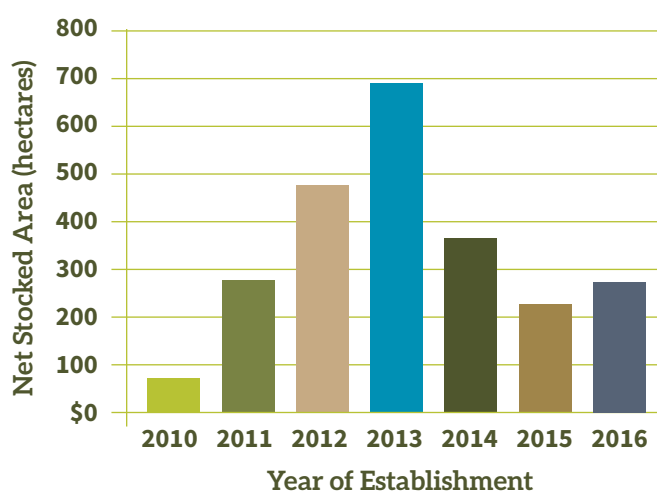


## 4 looking ahead

### Activity in the 2016/17 year will be concentrated on:

1. Ongoing forest restocking work, with the planting of 277 hectares in winter 2016 completing the restocking of the second rotation.
2. Routine maintenance and protection activity, including plant pest control and road maintenance. This includes some security work, which was previously to the account of the forestry right holder.
3. Ongoing forest health monitoring in the form of a dothistroma survey, foliage sampling and analysis, and a forest health surveillance inspection.
4. NZFM has provided the Trust with an analysis of their options with regard to tending regimes for the forest. If a decision is made to undertake any pruning this will commence in the 2016/17 year.

The second rotation net stocked area is 2,384 hectares, with the age class distribution shown by the graph below.



# business report

## maniatutu farm

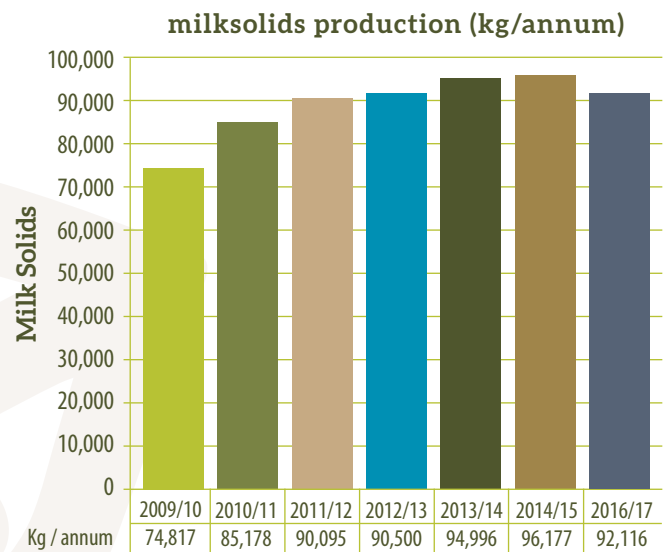
### key point summary

- The 2015 / 16 season was one of “two halves”. From July to December the on farm situation was made difficult with a less than favourable winter / early spring but January brought good warm, moist conditions which set the second half of the season up nicely.
- Productively the farm achieved a reasonable outcome but financially dairy returns were at their lowest point in around a decade. Like many other farmers the focus quickly shifted to trying to minimize the impact of a low dairy payout.
- Costs of operating were reviewed early with a policy of less purchased feed, fewer cows grazing off and lower fertiliser inputs quickly implemented to try and breakeven financially.
- As reported previously the farm is a small (103 ha effective) hill country unit with a limited scope for business growth within existing boundaries.
- Glen Amoamo and Yvette Daley are the 50 / 50 sharemilkers on the property (they own the cows and machinery), running 280 cows milking on a once-a-day regime. They have just begun their second term of a three year contract.



### dairy production

After the record year in 2014 / 15, boosted by a higher level of brought in feed, the 2015 / 16 production of 92,116 kg milksolids was achieved in a much more difficult season. i.e. poor grass growth in late winter / spring and inputs cut back due to lower forecasted returns.



A production level of 92,116 kg MS is still close to the five year average of around 92,775 kg MS. The longer term output is still focused on achieving 98,700 kg MS on a consistent basis but not at any cost! The farm system must continually focus on profit, sustainable land, and using “industry best practice” techniques, and compliance with industry standards.

Glen and Yvette are experienced operators who have a solid philosophy of “getting the basics right” and working to improve productivity in an economic manner.







## industry compliance

As reported previously the farm runs a medium stocking rate aiming to keep in harmony with the capability of the land and not overstock it or degrade it's soil / water.

All water courses and wetland areas are fenced, the steepest hill areas are not grazed intensively and fertiliser use in a strategic, modest fashion. The implementation of a Dairy Effluent Management System that allows for storage of waste and dispersal to pasture in a controlled fashion is an investment made by the trust in 2014 / 15 that is already providing a return.

The farm has a policy in place for Health and Safety and is developing further its template / policy for **LONG TERM SUSTAINABLE OPERATION**. In particular this policy document covers factors such as:

- **Productivity / Profitability**
- **Human Resources**
- **Environmental**
- **Animal Welfare**
- **Health & Safety**
- **Quality of Productivity**

## farm KPI summary

These are laid out in the annual Farm Management Plan.

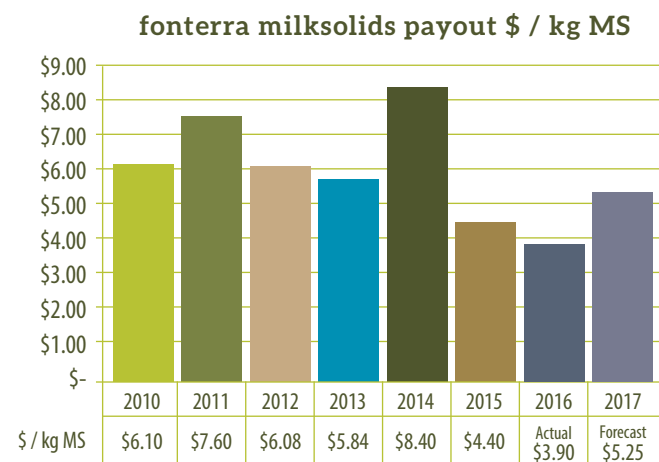
	2013 / 14	2014 / 15	2015 / 16	Target
<b>Production</b>				
Milksolids (kg)	94,996 kg	96,177 kg	92,116 kg	98,700 kg
Per cow	333 kg	340 kg	332 kg	346 kg
Per hectare	922 kg	934 kg	894 kg	958 kg
<b>*Reproductive performance</b>				
Cow in-calf rate (6 weeks)	73%	76%	74%	75%
% cows not in-calf	6.5%	7.2%	6.6%	< 8%
<b>Milk quality</b>				
No grades	Achieved in all seasons			
Somatic cell count	220,000	249,000	172,000	< 200,000

**Peter Livingston**  
B.Ag.Sc. (Hons)  
Farm Management  
Consultant  
AgFirst Central  
ROTORUA

\* **NB:** Subsequent to mating result being assessed the sharemilkers herd had a larger than normal number of cows lose their pregnancy due to Neospora outbreak. The sharemilkers replaced the affected cows ready for the current 2016 / 17 season.

## industry returns

The five year average for payment to farmers for milksolids is now running at \$5.73 / kg MS, having reduced from an average of \$6.46 / kg MS as calculated a year ago. More importantly we can see that whilst the returns from dairying have declined in the last five years, it is the variability that is becoming the key challenge.



Industry reports suggest that the long awaited recovery is underway but it is important we tread with caution as there are a number of factors outside of our control as individual farmers that will ultimately influence the final result.

# business report

## kiwifruit and otukawa

### OTK joint venture – te kaha/omaio

Rotoiti 15, Kiwinui, Haumingi 1A2 and Paehinahina Mourea trusts collectively are the 3rd biggest investor in this venture and we therefore became entitled to a Director's position, which I currently hold. Rotoiti 15 have traditionally held the position because we invested the most funds.

The OTK investment is now in its 10th year and has not given returns due to the disease PSA which hit the orchards around 4 years ago. The orchards were just reaching production when this occurred and funds from those first crops were held over to pay for the recovery of the orchards. In approximately 2012 all Investors were asked to contribute a further \$40,000. Since then they have managed to successfully overcome the PSA problem including changing all the orchards from Hort 16A Gold kiwifruit to the new G3 Sungold variety.

The 2015/16 results revealed that 171,002 trays were harvested (5,923 trays per hectare) being their 3rd crop of G3 across 28.87 hectares. Two of the seven orchards are now in full production achieving very good results from Kiwistart and excellent taste results achieving between \$9-\$10 per tray.



One of the OTK orchards at Te Kaha

The 31 March 2016 results showed a deficit of \$22,394 but the previous year was substantially more than this and a substantial surplus is expected the following year.

The forecast expected for 2017 year is 305,740 trays and 2018 371,920 trays when all orchards will be in full production.

The Joint Venture is also expecting to make its first dividend payment before 31 March 2017 with consistent dividends paid every year after that.

### maniatutu road orchard

The 6 hectares orchard that sits in the middle of our farm on Maniatutu Road continued to cause problems for the Trustees and it was decided that we needed to treat this investment with diligence.

The orchard was a Green orchard that was planted on Hort 16A rootstock. The rootstock succumbed to PSA and two years ago it was agreed that we pull out all plants and replant Bruno rootstock.

The planting has been variable and the Rotoiti 15 Trustees realized earlier this year that we needed to dedicate a lot of resources if it was to be successful. After several reports on the viability of the orchard and the strength of the Kiwifruit Industry it was agreed that we continue to bring this orchard back to a productive orchard. At the very least this will add considerable value to the farm/orchard as a whole as this asset is an investment which eventually, when the time is right, will be sold. We have therefore employed Hingatu Marsh, of Tuhono Whenua Horticulture to oversee the orchard and its recovery. We are confident that with a dedicated expert we will be able to have this orchard producing well within 4 years.







## otukawa whenua limited partnership

Three years ago we invested in the Otukawa Dairy farm with Te Karangi A2 Trust. Four Directors from each trust Govern this venture and Mana Newton, Partner at Deloitte's Rotorua act as our Accountants.



Willie Newton and Mana Newton at the farm

Willie Newton held this position for our Trust along with myself and his passing is a great loss to our partnership. Willie along with Rereamanu Wihapi for Te Karangi A2 acted as our Kaumatua within the Partnership and Willie was committed to seeing this venture work.

It has been a tough couple of years due to the low payout and we have had to challenge all aspects of the business in order to keep costs as low as possible. John Fenwick for Te Karangi A2 is the current Chairman of the Partnership and is doing a very effective job managing our agents.

We were able to refinance our loan with Rotoiti 15 Trust during the year which means we are simply a Joint Venture partner owning 60% shares with Te Karangi holding 40% shares. All our debt sits with BNZ bank and we have established a very close working relationship with them.

Since we were refinancing the debt and to increase our equity, we also borrowed sufficient to purchase the majority of the Fonterra shares that had been deferred until year 4 of the venture. The 2015-16 season ended in our best result since we began achieving 196,477 kilos of Milksolids which exceeded the Te Puke coast District



Average by more than 13%. Expenditure was reduced by around the 13.4% from the previous season through prudent management. This is significant as it has lowered our cost of production to \$5.32 per kg/MS as opposed to \$6.41 per kg/MS in the previous season. These results are telling us that we need the Fonterra payout to give us at least \$5.32 in order to break even. This is achievable with the dividend from the Fonterra share purchase and their announcement of a \$5.25 payout for 2017 season. We remain extremely positive about this venture which is likely to do at least break-even from next year.

However this wasn't all about money, it was about whakawhanaungatanga. And in this was have exceeded our expectations!



TL Ngatai  
Trustee for Rotoiti 15 Trust



# business report

## whitebait - te īnanga

New Zealand Premium Whitebait Limited is the world's first sustainable producer of fresh New Zealand whitebait.

We all know whitebait is one of Aotearoa's most iconic foods. But did you also know that it is also one of our most threatened? New Zealand Premium Whitebait is able to sustainably produce fresh NZ whitebait. And even better news is we are not limited to producing whitebait during the season.

### a little bit of history...

- NZ Premium Whitebait purchased IP and 8,000 2 year old fish from Manukau Institute of Technology in April 2014.
- Developing tank based farming of whitebait (focused on Giant Kokopu as the most commercial species but able to breed all 5 whitebait species).
- Breeding stock in excess of 50,000 fish at various ages.

Our story starts with an aspiration to restore and enhance the native species that make up the whitebait catch. In 2006 Paul Decker, Dr Tagried Kurwie and the team at Mahurangi Technical Institute in Warkworth were successfully able to hatch some of the whitebait species for reintroduction into local streams affected by the development of the Northern Motorway extension. Over the next 8 years the team successfully developed their ability to breed all of the whitebait species.

In 2014, with the environmental aspirations successfully achieved, New Zealand Premium Whitebait was formed to undertake the commercial development of whitebait farming. Now after 2 years of further development New Zealand Premium Whitebait is able to produce 100% sustainable, 100% natural whitebait year round.



Our breeding facility



some of our giant kokopu

### who's involved

New Zealand Premium Whitebait Limited was formed by Ka Ora Limited which is a group of individual investors and Maori land based trusts.

Recently Rotoiti 15 and Ruahine & Kuharua Limited Partnership took on a 25% stake in the company.

### advantages

- High value low wastage premium food product.
- Significant lead to market over other possible competitors (5+ years).
- Ability to produce fresh whitebait up to 12 months of the year by 2018 (initially 6 months and then extending each year).
- No impact on the environment as all breeding fish are tank based (declining whitebait numbers are affecting the wild catch).
- Fish can live for 15+ years in the hatchery and produce eggs once per year. A four year old fish will produce between 7-8kgs of whitebait per year.
- Experienced management and operations team.

### progress

- Whitebait being marketed to premium restaurants across New Zealand under the Manaki brand.
- Target of 50+ tons produced by 2018.



# financial report

## rīpoata ā pūtea

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# financial report

## rīpoata ā pūtea

### New reporting standards

In 2016, Rotoiti 15 Trust transitioned to new financial reporting standards which became compulsory this year. As the Trust now prepares its financial statements using NZ IFRS RDR, the financial reports presented in this report look quite different to previous years. To ensure consistency, 2015 comparative numbers that were reported last year have also been restated to match the new requirements. Some items are now presented in a different section of the annual financial statements. There is also a mandatory requirement to include a Statement of Cash Flows, which from now on will form part of these financial statements. Although the layout of the financial statements looks different, every effort has been made to ensure that high quality information is being presented, whilst meeting compliance requirements.

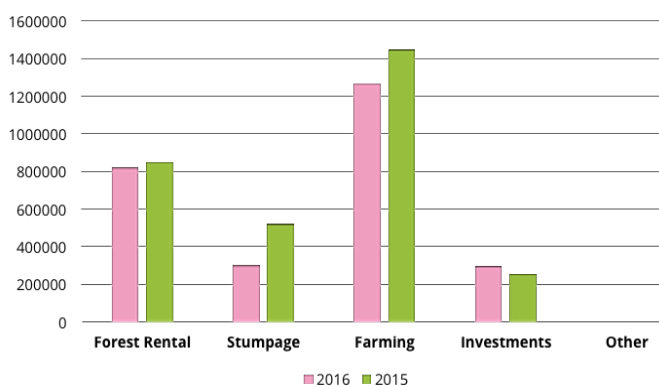
### Consolidated financial statements

Adoption of NZ IFRS RDR also resulted a requirement to present financial statements in a consolidated format. As the Trust owns 60% of the Otukawa Whenua Ltd Partnership, the partnership's financial statements were consolidated with those of the Trust. Both the Parent and the Group information have been included to ensure that fully transparent information is being presented.

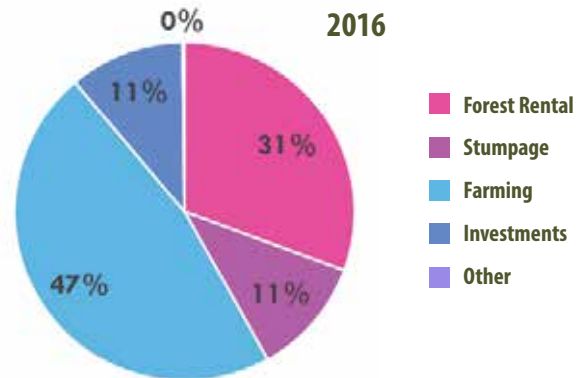
### Income

For the 12 months ended 30 June 2016, the Group has generated total income of \$2,695,011 from its core activities being forestry, farming and investments. This is \$383,067 less than last year.

A total of \$1,127,415 or 42% was generated from forestry. \$1,266,479 from Maniatutu Road and Otukawa Whenua farms, and \$295,983 from investments and other income of \$5,134 making up the remaining 58%.



### Income by source



### Forestry

Stumpage revenues have been declining over the past four years due to extensive harvesting at Rotoiti forest which was completed in early 2016. Land rental has also decreased as a result of the handback of forest land at Rerewhakaaitu forest.

### Dairy

Milk proceeds from both Maniatutu Road and the Otukawa Whenua LP continued to decline, due to a reduction in the dairy pay this past year. Revenue from milk proceeds was \$323,262 or 24% less than the previous year.

### Investments

The Group received \$295,983 from its investment portfolios, terms deposits and shares in listed companies. Investment income made up 11% of the total income in 2016 (8% in 2015) and increased by just under \$40,000 compared to 2015. This year, dividends earned from the investment portfolios became the largest contributor (\$154,395), followed by interest income of \$141,588.

### Expenses

Total operating expenses for the year were \$2,117,345 which was \$207,316 or 9% less than last year.

**Forestry expenses** made up 16% or \$332,276 of the total expenditure. This was \$158,174 lower, compared to 2015 which is mainly a result of reduction in planting at Rerewhakaaitu.

**Dairy expenditure** was the highest contributor being 53% or \$1,112,984. The largest portion of this amount relates

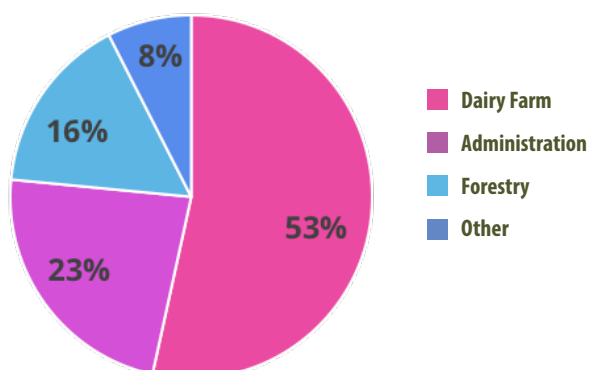


to the sharemilkers' portion of milk proceeds (\$316,894). Other large costs include purchases of feed (\$160,511) and lease expenses (\$146,558). Overall, dairy expenditure has reduced by \$293,746 or 21% compared to 2015.

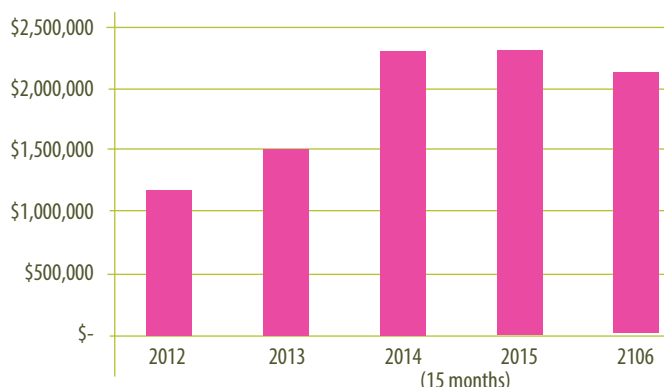
**Kiwifruit expenses** of \$34,780 or 2% of the total expenses include various costs related to maintenance and ongoing costs of the Maniatutu Road orchard.

**Administration expenses** formed 23% of total expenses. This is made up of AGM expenses, accountancy and secretarial fees, insurance, investment management fees, consultancy, trustee fees and other management costs. The increase of \$143,896 is mainly due to the costs of due diligence, grants and some increases in office costs. There were also increases in AGM expenses, consultancy & planning, General Manager costs, legal fees, share register maintenance and governance fees which reflect the increased activity over the past year.

## Expenses by source



## Expenses by year



## Profit

The Net Profit for the year after allowing for an increase in Craigs portfolio values, an increase in forestry values, a decrease in livestock values and allowance for tax was \$6,154,874 (2015 \$885,156). This is an increase of \$5,269,718 with a substantial change in the value of the trees, being the major contributing factor.

A new income classification called Other Comprehensive Income (OCI) was introduced this year in line with the requirements of the new financial reporting standards. An increase in value of the New Zealand Units (carbon credits), an increase in the value of shares held and income tax related to these items were included in this section. Therefore, total comprehensive income for 2016 was \$9,533,369 (\$1,579,742 in 2015), with a loss of (\$137,189) attributable to Te Karangi A2 Trust being a non-controlling shareholder in the Otukawa Whenua Ltd Partnership.

## balance sheet

### Assets

The Group's Current Assets consist of bank funds, term deposits, receivables, prepayments and an Income tax refund due. Non-current assets include property, plant and equipment, forestry and livestock holdings, carbon credits and other financial assets. Other financial assets is made up of managed portfolio funds, shares in listed companies and unlisted shares. Total Assets of the Trust increased by \$13,785,835 or 49% compared to 2015. A substantial increase in the value of the carbon credits (from \$6.50 per unit to \$17.72 per unit in 2016) and an increase in the value of trees by \$6,560,000 were the main contributing factors..

### Investment Portfolios

The total value of the Trust's investment portfolios with Craigs Investment Partners at 30 June 2016 was \$5,232,033 which represents a 48% or a \$1,695,605 increase compared to 2015. \$1,280,190 of this increase relates to additional cash investments. The balance of \$415,415 represents an increase in the market value of the portfolios.

# financial report

## rīpoata ā pūtea

### Liabilities

Current Liabilities include the Otukawa bank overdraft, accounts payable, GST due for payment, and forestry rent received in advance. Borrowings relate to the BNZ loan taken out by Otukawa.

Other non-current liabilities include unclaimed dividends and deferred tax liabilities.

### Equity

The Group's equity is the net difference between the Group's assets and its liabilities. Closing Equity as at 30 June 2016 was \$36,085,981 with \$256,334 representing Te Karangi A2 Trust's share in the closing equity of Otukawa Whenua Ltd Partnership.

Distributions made in 2016 are explained in detail in the Distributions section of this report.

	2016	2015
Current assets	5,245,731	3,852,016
Property, plant and equipment	16,689,709	16,695,786
Other financial assets	7,002,633	4,328,741
Carbon credits	5,278,788	1,936,350
Livestock and forestry	7,624,354	1,235,554
Other non-current assets	134,015	134,015
	<b>\$41,977,347</b>	<b>\$28,191,512</b>
Current liabilities	1,092,986	1,216,309
Borrowings	3,425,500	-
Other non-current liabilities	1,372,880	217,603
	<b>\$5,891,366</b>	<b>\$1,433,912</b>
<b>EQUITY</b>	<b>\$36,085,981</b>	<b>\$26,757,600</b>
<b>Statement of changes in equity</b>		
	<b>2016</b>	<b>2015</b>
Opening balance	26,757,600	25,230,029
Net Profit for the year	6,154,874	885,156
Other comprehensive income	3,378,495	694,586
Distributions	(204,517)	(52,060)
Other	(470)	(112)
<b>CLOSING EQUITY</b>	<b>\$36,085,981</b>	<b>\$26,757,600</b>

**TOTAL  
ASSETS  
UP  
\$13,785,835  
(49%)**

**OWNERS'  
EQUITY  
UP  
\$9,466,040  
(35%)**

# Rotoiti 15 Charitable Trust

## financial report

### New reporting standards

Rotoiti 15 Charitable Trust was also impacted by the change in reporting standards. Being a registered charity, the Charitable Trust transitioned to PBE Tier 3 reporting. To ensure consistency, 2015 comparative numbers as reported last year have been restated with some items now presented in a different section of the annual financial statements. A Statement of Cash Flows was also added to meet the new requirements.

### Income

Total revenue for the year was \$339,314.

The Trust received \$118,296 from its investments which is \$9,685 higher than the year before. Interest income accounts for \$55,070 of the total investment income. Dividends and income from shares in overseas companies make up the balance.

The Trust also received a donation of \$28,000 from Rotoiti 15 Trust.

Other revenue of \$193,018 represents an increase in market value of the Trust's investments. Almost all of this gain is a result of 12% growth in the value of the Craigs Investment Portfolio.

### Expenses

The Trust's total expenditure for the year was \$147,194. This is higher than in 2015 (\$52,265) due to an increase in grants paid (from \$45,000 in 2015 to \$119,309 in 2016), an increase in investment management expenses and a small loss on the sale of non-performing investments.

Grants paid in 2016 are explained in detail in the Distributions section of this Annual Report.

### Net Surplus

The Trust's Net Surplus for the year ended 30 June 2016 was \$192,120 (\$56,408 in 2015).

### Balance Sheet

The Trust's Current Assets includes bank funds, interest to be received and income tax refund due. Investments consist of ANZ Bonds the Trust holds to maturity and the Craigs Investment portfolio. Overall, the Trust's assets have increased in value by 7% or \$194,573 in the past year.

The Trust's only liability are a small amount of creditors. The Trust's Equity at 30 June 2016 was \$2,792,451 which represents 7% growth since last year.

#### Statement of Financial Position

	2016	2015
Current Assets	46,689	84,966
Investments	2,749,426	2,516,576
	<b>\$2,796,115</b>	<b>\$2,601,542</b>
Current Liabilities	3,664	1,211
	<b>\$3,664</b>	<b>\$1,211</b>
<b>EQUITY</b>	<b>\$2,792,451</b>	<b>\$2,600,331</b>







An aerial photograph of a large herd of cattle, including black, brown, and white speckled breeds, grazing in a lush green field. Several trees are scattered throughout the landscape, and the scene is captured from a high angle, showing the density of the herd and the surrounding environment.

# Annual Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016



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39	Statement of Financial Position
41	Statement of Changes in Equity
43	Statement of Cash Flows
44	Notes to the Financial Statements



# **COOKSON FORBES & ASSOCIATES**

## **CHARTERED ACCOUNTANTS**

### **INDEPENDENT AUDITOR'S REPORT**

#### **To the Trustees & Owners of Rotoiti 15 Trust Group**

##### **Report on the Financial Statements**

We have audited the financial statements of Rotoiti 15 Trust on pages 6 to 28. The financial statements comprise the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

##### **Subsidiary Entity**

Otukawa Whenua Limited Partnership – 60% ownership

The Group is made up of the Trust and the subsidiary. The Trust has a 60% controlling interest in the Otukawa Whenua Limited Partnership and this interest has been “equity” accounted for in these group financial statements.

##### **Trustee's Responsibility for the Financial Statements**

The Trustee's are responsible for the preparation of these financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards under the Reduced-Disclosure-Regime reporting framework (NZIFRS-RDR) and that give a true and fair view of the matters to which they relate, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.



**Auditor's Responsibility - Continued**

We did not attend the livestock stock take used as the basis for reporting the closing livestock cattle tallies at balance date. We have, however, obtained the information and explanations we required to provide sufficient assurance in forming our opinion.

**Opinion**

In our opinion the financial statements of Rotoiti 15 Trust for the year ended 30 June 2016 on pages 6 to 28:

- Comply with the NZIFRS-RDR accounting standards and reporting framework;
- Give a true and fair view of the financial position of the Incorporation as at 30 June 2016 and of its financial performance and cash flows for the year ended on that date.
- Have been audited in accordance with the Trust Deed

**Independence and Other Regulatory Matters**

We have complied with the independence requirements of Chartered Accountants Australia and New Zealand in conducting the audit. Other than in our capacity as auditor we have no other relationship with or interests in Rotoiti 15 Trust.

The audit has been conducted in accordance with the requirements of the Trust Deed and Te Ture Whenua Maori Land Act 1993.

**Other matter – Property Valued at Quotable Value**

Without modifying our opinion the Trust land at Pt Rotoiti 15, Blk XII and Makatiti Dome are valued at quotable value at 1 July 2014. This is a departure from financial reporting standards which requires a "fair value" basis of valuation. We accept the trustees approach to use quotable value as adequate for the purposes of reporting to the owners.



Chartered Accountants  
96 Waioweka Road  
OPOTIKI

16 November 2016

# Entity Information

## Rotoiti 15 Trust and Subsidiary

As at 30 June 2016

### Nature of business

Forestry, Dairy Farming, Kiwifruit, Investments

### Postal address

PO Box 1712, Rotorua

### Trustees

Arapeta Tahana Jnr (Chairman)

Fred Whata

Piki Thomas

Tina Ngatai

Joe Tahana

William Newton (deceased July 2016)

### Accountants

GHA Ltd

Chartered Accountants

PO Box 1712, Rotorua

### Auditors

Cookson Forbes & Associates

Chartered Accountants

96 Waioeka Rd, Opotiki

### Solicitors

Kahui Legal

32 Waring Taylor Street

Wellington

### Subsidiary

Otukawa Whenua Limited Partnership

Rotoiti 15 Trust - 60%

Te Karangi A2 Trust - 40%

### Board Members of Subsidiary

J Fenwick, representing Te Karangi A2 Trust

M Wihapi, representing Te Karangi A2 Trust

T Ngatai, representing Rotoiti 15 Trust

W Newton, representing Rotoiti 15 Trust (deceased July 2016)



# Statement of Profit or Loss and Other Comprehensive Income

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

	Notes	Group		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>Revenue</b>			(restated)		(restated)
Forestry income	5	1,127,415	1,368,900	1,127,415	1,368,900
Farm income	6	1,266,479	1,451,277	361,172	526,669
Investment income	7	295,983	256,701	370,902	400,367
Other income		5,134	1,200	5,134	1,200
<b>Total Revenue</b>		<b>2,695,011</b>	<b>3,078,078</b>	<b>1,864,623</b>	<b>2,297,136</b>
<b>Expenses</b>					
Forestry expenses	5	332,276	490,450	332,276	490,450
Farm expenses	6	1,112,984	1,406,730	290,313	400,252
Kiwifruit orchard working expenses		34,780	18,225	34,780	18,225
Administration expenses	8	480,565	336,669	427,710	281,449
Interest paid		85,519	11,014	-	-
Depreciation of property, plant and equipment	10	54,325	43,822	34,947	21,924
Share of loss in joint venture	14	16,896	17,751	16,896	17,751
Share of loss in subsidiary	24	-	-	192,742	295,090
<b>Total Expenses</b>		<b>2,117,345</b>	<b>2,324,661</b>	<b>1,329,664</b>	<b>1,525,141</b>
<b>Operating Profit/(loss)</b>		<b>577,666</b>	<b>753,417</b>	<b>534,959</b>	<b>771,995</b>
<b>Other Items</b>					
Changes in fair value of managed portfolio funds		415,415	362,918	415,415	362,918
Changes in fair value of biological assets	16	6,388,800	(88,518)	6,560,000	89,632
<b>Profit/(loss) before tax</b>		<b>7,381,881</b>	<b>1,027,817</b>	<b>7,510,374</b>	<b>1,224,545</b>
Income tax expense	9	(1,227,007)	(142,661)	(1,227,007)	(142,661)
<b>Profit/(loss) for the year</b>		<b>6,154,874</b>	<b>885,156</b>	<b>6,283,367</b>	<b>1,081,884</b>
<b>Other comprehensive income, net of income tax</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Changes in fair value of available-for-sale financial assets		45,550	(96,819)	54,245	(96,374)
Changes in fair value of intangible assets	15	3,342,438	774,540	3,342,438	774,540
Income tax relating to these items		(9,493)	16,865	(9,493)	16,865
		<b>3,378,495</b>	<b>694,586</b>	<b>3,387,190</b>	<b>695,031</b>
<b>Total Other comprehensive income for the year</b>		<b>3,378,495</b>	<b>694,586</b>	<b>3,387,190</b>	<b>695,031</b>
<b>Profit/(loss) for the year attributable to:</b>					
Owners of the Trust		6,283,368	1,081,883	6,283,367	1,081,884
Non-controlling interests	22	(128,494)	(196,727)	-	-
		<b>6,154,874</b>	<b>885,156</b>	<b>6,283,367</b>	<b>1,081,884</b>
<b>Total comprehensive income for the year attributable to:</b>					
Owners of the Trust		9,670,558	1,776,914	9,670,557	1,776,915
Non-controlling interests	22	(137,189)	(197,172)	-	-
		<b>9,533,369</b>	<b>1,579,742</b>	<b>9,670,557</b>	<b>1,776,915</b>

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This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

# Statement of Financial Position

## Rotoiti 15 Trust and Subsidiary

As at 30 June 2016

		Group		Parent	
	Notes	2016	2015	2016	2015
		\$	\$	\$	\$
Assets		(restated)		(restated)	
<b>Current assets</b>					
Cash and cash equivalents	11	5,025,966	3,408,999	5,025,547	3,352,131
Trade and other receivables	12	92,643	203,728	54,264	178,167
Prepayments		84,000	126,000	-	-
Income tax refund due		43,122	113,289	43,122	113,289
<b>Total Current assets</b>		<b>5,245,731</b>	<b>3,852,016</b>	<b>5,122,933</b>	<b>3,643,587</b>
<b>Non-current assets</b>					
Property, plant and equipment	10	16,689,709	16,695,786	14,267,466	14,276,265
Other financial assets	13	7,002,633	4,328,741	6,085,052	4,322,160
Investments in subsidiaries	24	-	-	384,501	590,990
Loans to subsidiaries	24	-	-	-	2,500,000
Investments in joint venture	14	2,117	9,050	2,117	9,050
Intangible assets	15	5,278,788	1,936,350	5,278,788	1,936,350
Biological assets	16	7,624,354	1,235,554	6,842,154	282,154
Other non-current assets		134,015	134,015	134,015	134,015
<b>Total Non-current assets</b>		<b>36,731,616</b>	<b>24,339,496</b>	<b>32,994,093</b>	<b>24,050,984</b>
<b>Total Assets</b>		<b>41,977,347</b>	<b>28,191,512</b>	<b>38,117,026</b>	<b>27,694,571</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Cash and cash equivalents	11	50,552	-	-	-
Trade and other payables	17	165,208	285,264	35,013	176,569
Deferred revenue	18	779,335	824,516	779,335	824,516
Goods and services tax		97,891	106,529	100,150	112,276
<b>Total Current liabilities</b>		<b>1,092,986</b>	<b>1,216,309</b>	<b>914,498</b>	<b>1,113,361</b>
<b>Non-current liabilities</b>					
Borrowings	19	3,425,500	-	-	-
Unclaimed dividends		87,260	87,368	87,260	87,368
Deferred tax liabilities	25	1,285,620	130,235	1,285,620	130,235
<b>Total Non-current liabilities</b>		<b>4,798,380</b>	<b>217,603</b>	<b>1,372,880</b>	<b>217,603</b>
<b>Total Liabilities</b>		<b>5,891,366</b>	<b>1,433,912</b>	<b>2,287,378</b>	<b>1,330,964</b>
<b>Net assets</b>		<b>36,085,981</b>	<b>26,757,600</b>	<b>35,829,648</b>	<b>26,363,607</b>

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This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

# Statement of Financial Position (CONTINUED)

## Rotoiti 15 Trust and Subsidiary

As at 30 June 2016

	Notes	Group		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>Equity</b>					
Capital	20	1,331,805	1,331,805	1,331,805	1,331,805
Reserves	21	14,562,938	11,175,748	14,562,938	11,175,748
Retained earnings		19,934,904	13,856,054	19,934,905	13,856,054
<b>Equity attributable to owners of the Trust</b>		<b>35,829,647</b>	<b>26,363,607</b>	<b>35,829,648</b>	<b>26,363,607</b>
Non-controlling interests	22	256,334	393,993	-	-
<b>Total Equity</b>		<b>36,085,981</b>	<b>26,757,600</b>	<b>35,829,648</b>	<b>26,363,607</b>

For and on behalf of the Board of Trustees:

  
Chairman

  
Trustee

Date

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Audit

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.



# Statement of Changes in Equity

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

Group	Note	Contributed Share Capital	Reserves	Retained Earnings	Non- controlling interests	Total Equity
		\$	\$	\$	\$	\$
<b>Opening balance 1 July 2015</b>		<b>1,331,805</b>	<b>11,175,748</b>	<b>13,856,054</b>	<b>393,993</b>	<b>26,757,600</b>
Net Profit for the year		-	-	6,283,368	(128,494)	6,154,874
Other comprehensive income		-	3,387,190	-	(8,695)	3,378,495
<b>Transactions with owners in their capacity as owners</b>						
Grants paid		-	-	(204,517)	-	(204,517)
Other	22	-	-	-	(470)	(470)
<b>Closing equity 30 June 2016</b>		<b>1,331,805</b>	<b>14,562,938</b>	<b>19,934,904</b>	<b>256,334</b>	<b>36,085,981</b>
<b>Opening balance 1 July 2014</b>		<b>1,331,805</b>	<b>9,267,164</b>	<b>15,418,596</b>	<b>591,277</b>	<b>26,608,842</b>
<i>Transitional adjustments</i>						
Recognition of intangible assets revaluation reserve	2 (e)	-	1,161,810	(1,161,810)	-	-
Recognition of AFS assets revaluation reserve	2 (e)	-	137,704	(137,704)	-	-
Deferred tax expense	2 (e)	-	(85,961)	(52,317)	-	(138,278)
Derecognition of biological assets	2 (e)	-	-	(1,240,535)	-	(1,240,535)
<b>Opening balance 1 July 2014 (restated)</b>		<b>1,331,805</b>	<b>10,480,717</b>	<b>12,826,230</b>	<b>591,277</b>	<b>25,230,029</b>
Net Profit for the year		-	-	1,081,883	(196,727)	885,156
Other comprehensive income		-	695,031	-	(445)	694,586
<b>Transactions with owners in their capacity as owners</b>						
Grants paid		-	-	(52,060)	-	(52,060)
Other	22	-	-	-	(112)	(112)
<b>Closing equity 30 June 2015</b>		<b>1,331,805</b>	<b>11,175,748</b>	<b>13,856,054</b>	<b>393,993</b>	<b>26,757,600</b>

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Audit

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

# Statement of Changes in Equity (CONTINUED)

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

Parent	Note	Contributed Share Capital	Reserves	Retained Earnings	Non- controlling interests	Total Equity
		\$	\$	\$	\$	\$
Opening balance 1 July 2015		1,331,805	11,175,748	13,856,054	-	26,363,607
Net Profit for the year		-	-	6,283,367	-	6,283,367
Other comprehensive income		-	3,387,190	-	-	3,387,190
<b>Transactions with owners in their capacity as owners</b>						
Grants paid		-	-	(204,516)	-	(204,516)
Closing equity 30 June 2016		1,331,805	14,562,938	19,934,905	-	35,829,648
Opening balance 1 July 2014		1,331,805	9,267,164	15,418,596	-	26,017,565
<i>Transitional adjustments</i>						
Recognition of intangible assets revaluation reserve	2 (e)	-	1,161,810	(1,161,810)	-	-
Recognition of AFS assets revaluation reserve	2 (e)	-	137,704	(137,704)	-	-
Deferred tax expense	2 (e)	-	(85,961)	(52,317)	-	(138,278)
Derecognition of biological assets	2 (e)	-	-	(1,240,535)	-	(1,240,535)
Opening balance 1 July 2014 (restated)		1,331,805	10,480,717	12,826,230	-	24,638,752
Net Profit for the year		-	-	1,081,884	-	1,081,884
Other comprehensive income		-	695,031	-	-	695,031
<b>Transactions with owners in their capacity as owners</b>						
Grants paid		-	-	(52,060)	-	(52,060)
Closing equity 30 June 2015		1,331,805	11,175,748	13,856,054	-	26,363,607

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This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

# Consolidated Statement of Cash Flows

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

	Notes	Group		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Receipts from customers		2,226,870	2,813,428	1,560,147	2,003,664
Payments to suppliers and employees		(1,809,788)	(1,918,586)	(1,154,693)	(1,092,205)
Investment income		438,065	385,852	364,830	385,097
Interest paid		(161,352)	(11,014)	-	-
Grants paid		(225,144)	(55,873)	(225,144)	(55,873)
Donations paid	27	(28,000)	-	(28,000)	-
Income tax		(12,093)	(45,575)	(10,918)	(45,294)
Net GST		(13,177)	(10,605)	(13,177)	(10,605)
<b>Total Cash flows from operating activities</b>		<b>415,381</b>	<b>1,157,627</b>	<b>493,045</b>	<b>1,184,784</b>
<b>Cash flows from investing activities</b>					
Payments to acquire property, plant and equipment		(48,248)	(201,190)	(26,148)	(201,190)
Payments to acquire biological assets		-	(58,154)	-	(58,154)
Net payments to acquire investments		(2,214,475)	(483,025)	(1,281,738)	(481,051)
Advances to related parties	27	(1,635)	-	(1,635)	-
Payments for investment in joint venture		(10,000)	(20,000)	(10,000)	(20,000)
<b>Total Cash flows from investing activities</b>		<b>(2,274,358)</b>	<b>(762,369)</b>	<b>(1,319,521)</b>	<b>(760,395)</b>
<b>Cash flows from financing activities</b>					
Dividends paid		(108)	(289)	(108)	(289)
Proceeds from borrowings	19	3,425,500	-	2,500,000	-
<b>Total Cash flows from financing activities</b>		<b>3,425,392</b>	<b>(289)</b>	<b>2,499,892</b>	<b>(289)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>		<b>1,566,415</b>	<b>394,969</b>	<b>1,673,416</b>	<b>424,100</b>
<b>Cash Balances</b>					
Cash and cash equivalents at beginning of the year		3,408,999	3,014,030	3,352,131	2,928,031
Cash and cash equivalents at end of the year	11	4,975,414	3,408,999	5,025,547	3,352,131
<b>Net change in cash for the year</b>		<b>1,566,415</b>	<b>394,969</b>	<b>1,673,416</b>	<b>424,100</b>

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This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.



# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

### 1 Reporting entity

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Rotoiti 15 Trust is a Trust that is a trust originally vested under s438 of the Maori Affairs Act 1953, and continues under Section 215 of Te Ture Whenua Maori Act 1993 as an Ahu Whenua Trust. The financial statements of the Trust have been prepared in accordance with generally accepted accounting practice and the requirements of Te Ture Whenua Maori Act 1993.

These consolidated financial statements for the year ended 30 June 2016 comprise Rotoiti 15 Trust ("the Parent") and its subsidiary Otukawa Whenua Limited Partnership (together referred to as the "Group").

These financial statements were authorised for issue by the Board of Trustees on 16 November 2016.

### 2 Basis of preparation

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#### (a) Statement of compliance

The group has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities and Public Sector Public Benefit Entities Update) (XRB A1). The Group qualifies for NZ IFRS (RDR) as it does not have public accountability and it is not a large for-profit public sector entity.

#### (b) Measurement basis

The consolidated financial statements have been prepared on the historical cost basis except for assets and liabilities that have been measured at fair value.

#### (c) Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the Group's functional currency. There has been no change in the functional currency of the Group during the year.

#### (d) Comparatives

The comparative financial period is 12 months. Comparatives have been reclassified from that reported in the 30 June 2015 financial statements where appropriate to ensure consistency with the presentation of the current year's position and performance. The net asset position and net profit reported in comparatives is consistent with previously authorised financial statements except as detailed in Note 2 (e).

#### (e) Changes in accounting policies

This is the Group's first set of financial statements presented in accordance with NZ IFRS RDR. The transition to NZ IFRS RDR had the following impact on the Group's consolidated financial statements.

A deferred tax liability of \$138,278 was recognised on transition to NZ IFRS RDR in accordance with NZ IAS 12 *Income Taxes*, resulting in a decrease in retained earnings of \$52,317 and a decrease in reserves of \$85,961.

Prior to adopting NZ IFRS RDR the Group recognised changes in fair value of intangible assets through profit or loss. NZ IAS 38 *Intangible Assets* requires that movements in the fair value of intangible assets is recognised through other comprehensive income. The requirement was adopted in these financial statements and resulted in a recognition of the intangible assets revaluation reserve and a decrease in retained earnings of \$1,161,810.

Prior to adopting NZ IFRS RDR the Group recognised changes in fair value of investments in listed and unlisted securities through profit or loss. NZ IAS 39 *Financial Instruments: Recognition and Measurement* requires that movements in the fair value of investments in listed and unlisted securities is recognised through other comprehensive income. The requirement was adopted in these financial statements and resulted in a recognition of the available for sale assets revaluation reserve and a decrease in retained earnings of \$137,704.

Prior to adopting NZ IFRS RDR the Group recognised its share of future stumpage in lieu of rent as part of biological assets. As this assets no longer meets recognition requirements under NZ IAS 41 *Agriculture*, an adjustment was made resulting in a decrease in biological assets and a decrease in retained earnings of \$1,240,535.

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

### 3 Use of judgements and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### (a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the consolidated financial statements include the following:

- Revenue recognition
- Classification of lease arrangements
- Recognition of deferred tax assets

### 4 Significant accounting policies

---

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

#### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent and subsidiary controlled by the Parent.

Control is achieved when the Parent:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Parent obtains control over the subsidiary and ceases when the Parent loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent gains control until the date when the Parent ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

In the Parent's financial statements Investments in subsidiaries is stated at cost less any impairment losses.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### (i) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by a binding agreement and requiring unanimous consent for strategic financial and operating decisions.

#### (b) Revenue

Revenue is recognised when the amount of revenue can be measure reliably and it is probable that economic benefits will flow to the Group, and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Group's revenue streams must also be met before revenue is recognised.

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

### Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

### Dividends

Income from dividends is recognised when the Group's right to receive payment is established, and the amount can be clearly measured.

### *(c) Operating expenses*

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

### *(c) Borrowing costs*

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 or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### *(d) Financial instruments*

Financial instruments are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement is dependent of classification of the financial instrument, and is specifically detailed in the accounting policies below.

### **Financial assets**

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets.

### Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments or a derivative that is a financial guarantee contract.

Financial assets at fair value through profit or loss are subsequently measured at fair value with gains or losses being recognised in profit or loss.

The Group has elected to designate investments in managed portfolio funds as fair value through profit or loss.

### Available-for-sale financial assets (AFS)

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include investments in listed and unlisted securities.

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest is calculated using the effective interest method and dividends are recognised in profit or loss within investment income.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Group's cash and cash equivalents and debtors fall into this category.

### **Financial liabilities**

The Group's financial liabilities include trade and other creditors, and bank loans.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through profit or loss) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through profit or loss.

### **(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

### **(f) Property, plant and equipment**

#### *(i) Recognition and measurement*

Land held for use by the Parent, except for land used for dairy farming and kiwifruit orchard, is valued at the ratings valuations prepared by Landmass Technology Ltd. The ratings valuations are issued every three years. Whilst this valuation method is in compliance with section 276A(4) of Te Ture Whenua Maori Act 1993, it is a departure from NZ IAS 16 *Property, Plant and Equipment*, which requires land and buildings to be valued at either cost or fair value (as determined by an independent valuer).

Land and buildings held for use by the Parent for the purposes of dairy farming and kiwifruit orchard, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Land held for use by the Subsidiary is stated in the consolidated statement of financial position at cost.

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.

Land improvements, plant and equipment, motor vehicles and office equipment are stated at cost less accumulated depreciation and impairment losses.

#### *(ii) 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.

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. 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. The depreciation rates are:

Buildings	3% SL; 6% DV
Plant and Equipment	10 - 40% DV
Motor Vehicles	13% DV
Office Equipment	50% DV
Land is not depreciated	

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

### (g) Intangible assets

Intangible assets are initially measured at cost, except for intangible assets acquired through non-exchange transactions (measured at fair value). All of the Group's intangible assets are subsequently measured in accordance with the cost model, being cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment.

### (h) Operating leases

Operating leases are not recognised in the statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### (i) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

### (j) Income tax

The Parent has been granted Maori Authority status.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive revenue and expense or directly in equity.

#### (i) Current income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, Inland Revenue and relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

#### (ii) Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Incorporation has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

### ***(k) Biological assets***

Biological assets are measured at fair value less cost to sell.

Changes in fair value of biological assets are recognised in the statement of profit or loss.

Farming costs such as feeding, labour costs, pasture maintenance, veterinary services and sheering are expensed as incurred.

### ***(l) Goods and Services Tax (GST)***

The Group is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

	Notes	Group		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>5 Forestry income</b>					
<i>Revenue</i>					
Forestry land rentals		824,516	848,562	824,516	848,562
Stumpage income		302,899	520,338	302,899	520,338
		<b>1,127,415</b>	<b>1,368,900</b>	<b>1,127,415</b>	<b>1,368,900</b>
<i>Expenses</i>					
Forest health and maintenance		22,285	23,525	22,285	23,525
Management		44,301	51,915	44,301	51,915
Planting		225,710	385,001	225,710	385,001
Rates		14,591	17,304	14,591	17,304
Rent		16,271	6,578	16,271	6,578
Other expenses		9,119	6,126	9,119	6,126
		<b>332,276</b>	<b>490,450</b>	<b>332,276</b>	<b>490,450</b>
<b>Net Forestry income</b>		<b>795,139</b>	<b>878,450</b>	<b>795,139</b>	<b>878,450</b>
<b>6 Farm income</b>					
<i>Revenue</i>					
Milk proceeds		1,030,862	1,354,124	317,829	510,381
Livestock sales		109,633	80,502	-	-
Rebates		10,320	2,476	-	2,263
Fonterra dividends		115,664	14,175	43,343	14,025
		<b>1,266,479</b>	<b>1,451,277</b>	<b>361,172</b>	<b>526,669</b>
<i>Expenses</i>					
Animal health		45,137	51,032	-	-
Breeding		15,128	32,907	-	-
Feed		160,511	184,135	-	-
Fertiliser & lime		45,561	64,884	19,113	23,243
Grazing		58,549	90,881	10,517	15,725
Lease expenses	23	146,558	160,789	-	-
Livestock purchases		30,840	-	-	-
Maize/PKE purchases		29,780	46,860	29,780	46,860
Rates		73,435	68,161	7,504	7,615
Repairs & maintenance		78,722	150,357	25,531	16,325
Sharemilker payments		316,894	432,043	159,555	256,081
Supervision fees		46,184	54,852	10,604	12,233
Other farm expenses		65,685	69,829	27,709	22,170
		<b>1,112,984</b>	<b>1,406,730</b>	<b>290,313</b>	<b>400,252</b>
<b>Net Farm income</b>		<b>153,495</b>	<b>44,547</b>	<b>70,859</b>	<b>126,417</b>
<b>7 Investment income</b>					
Interest income		141,588	157,285	216,511	301,051
Dividends received		154,395	99,416	154,391	99,316
<b>Total Investment income</b>		<b>295,983</b>	<b>256,701</b>	<b>370,902</b>	<b>400,367</b>

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

	Notes	Group		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>8 Administration expenses</b>					
Accountancy & secretarial fees		84,047	101,243	63,909	72,902
AGM expenses		31,304	20,702	31,304	20,702
Audit fees		6,536	7,777	4,561	4,782
Consultancy		15,677	9,277	15,677	9,277
Due diligence		34,160	-	34,160	-
General manager		29,547	13,602	29,547	13,602
Grants and donations		48,628	-	48,628	-
Insurance		20,421	20,753	9,520	9,520
Investment management fees		20,832	23,803	20,832	23,803
Legal fees		25,028	150	16,203	-
Office rent		13,900	-	13,900	-
Printing, stamps & stationery		7,836	12,412	6,413	11,600
Recruitment		-	16,339	-	10,713
Shareholder engagement		-	13,151	-	13,151
Share register		30,000	15,000	30,000	15,000
Strategic planning		13,320	4,788	13,320	4,788
Trustee and director fees	27	77,855	60,225	72,755	55,575
Other administration expenses		21,474	17,447	16,981	16,034
<b>Total administration expenses</b>		<b>480,565</b>	<b>336,669</b>	<b>427,710</b>	<b>281,449</b>
<b>9 Income tax expense</b>					
<b>Profit/(Loss) before income tax</b>		<b>7,381,881</b>	<b>1,027,817</b>	<b>7,510,374</b>	<b>1,224,545</b>
<b>Income tax using Maori Authority tax rate of 17.5%</b>		<b>1,291,829</b>	<b>179,868</b>	<b>1,314,315</b>	<b>214,295</b>
Tax effect of amounts which are not deductible (claimable) in calculating taxable income:					
Unused losses brought forward					
Change in fair value of biological assets		(1,239)	(6,052)	(1,239)	(6,052)
Non-taxable income		(80,086)	(66,010)	(73,454)	(63,721)
Non-deductible expenses		3,610	-	3,610	-
Difference between accounting and tax depreciation of PP&E		-	-	-	-
Other adjustments		8,449	14,080	3,563	8,653
Tax attributable to non-controlling interests		24,232	31,289	-	-
		<b>(45,034)</b>	<b>(26,693)</b>	<b>(67,520)</b>	<b>(61,120)</b>
Imputation tax credits		(19,788)	(10,514)	(19,788)	(10,514)
<b>Tax expense (income)</b>		<b>1,227,007</b>	<b>142,661</b>	<b>1,227,007</b>	<b>142,661</b>
<b>Represented by:</b>					
Current tax		81,115	133,839	81,115	133,839
Deferred tax		1,145,892	8,822	1,145,892	8,822
<b>Total income tax expense (income)</b>		<b>1,227,007</b>	<b>142,661</b>	<b>1,227,007</b>	<b>142,661</b>

Maori Authority Tax Credits available to the shareholders of the Parent were \$3,930,137 (2015: \$3,935,539).

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

### 10 Property, plant and equipment

Group	Land & improvements	Buildings	Plant & equipment	Motor vehicles	Office equipment	Total
Cost	\$	\$	\$	\$	\$	\$
Balance at 1 Jul 2014	15,668,000	747,175	119,622	115,260	-	16,650,057
Balance at 30 Jun 2015	15,796,908	747,175	181,271	115,260	10,633	16,851,247
Additions	25,118	-	23,129	-	-	48,247
Balance at 30 Jun 2016	15,822,026	747,175	204,400	115,260	10,633	16,899,494
Accumulated depreciation						
Balance at 1 Jul 2014	-	86,059	8,948	12,482	-	107,489
Balance at 30 Jun 2015	-	95,052	32,349	25,843	2,215	155,459
Depreciation expense	6,161	12,799	19,532	11,624	4,209	54,325
Balance at 30 Jun 2016	6,161	107,851	51,881	37,467	6,424	209,784
Net book value:						
At 30 June 2015	15,796,908	652,123	148,922	89,417	8,418	16,695,786
At 30 June 2016	15,815,865	639,324	152,519	77,793	4,209	16,689,709
Parent						
Cost	\$	\$	\$	\$	\$	\$
Balance at 1 Jul 2014	13,393,000	747,175	47,787	-	-	14,187,962
Balance at 30 Jun 2015	13,521,908	747,175	109,436	-	10,633	14,389,152
Additions	25,118	-	1,029	-	-	26,147
Balance at 30 Jun 2016	13,547,026	747,175	110,465	-	10,633	14,415,299
Accumulated depreciation						
Balance at 1 Jul 2014	-	86,059	8,948	-	-	95,007
Balance at 30 Jun 2015	-	95,052	15,618	-	2,215	112,885
Depreciation expense	6,161	12,799	11,778	-	4,209	34,947
Balance at 30 Jun 2016	6,161	107,851	27,396	-	6,424	147,832
Net book value:						
At 30 June 2015	13,521,908	652,123	93,818	-	8,418	14,276,265
At 30 June 2016	13,540,865	639,324	83,069	-	4,209	14,267,466

Land and improvements at 1050 Maniatutu Road have been valued at market valuation as assessed by an independent registered valuer Telfer Young (Rotorua) on 30 June 2014. These assets are on a three yearly revaluation cycle. The next valuation is due on 30 June 2017.

Land at Pt Rotoiti 15, (4803.0114 Ha) and Makatiti Dome have been valued at the most recently available ratings valuation prepared by Quotable Value Ltd dated 1 July 2014.

Land at Rotoiti 15 Blk XII, (1131.5011 Ha) is shown at the most recently available ratings valuation prepared by Quotable Value Ltd dated 1 July 2014.

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

	Notes	Group		Parent	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>11 Cash and cash equivalents</b>					
Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:					
Cash at bank		2,359,221	411,690	2,358,802	354,822
Short-term deposits		2,666,745	2,997,309	2,666,745	2,997,309
		<b>5,025,966</b>	<b>3,408,999</b>	<b>5,025,547</b>	<b>3,352,131</b>
Bank overdraft (Subsidiary)	19	(50,552)	-	-	-
<b>Total cash and cash equivalents</b>		<b>4,975,414</b>	<b>3,408,999</b>	<b>5,025,547</b>	<b>3,352,131</b>
<b>12 Trade and other receivables</b>					
Trade receivables		49,025	169,038	10,646	143,477
<b>Other receivables</b>					
Accrued interest		43,618	24,690	43,618	24,690
Other receivables		-	10,000	-	10,000
<b>Total Other receivables</b>		<b>43,618</b>	<b>34,690</b>	<b>43,618</b>	<b>34,690</b>
<b>Total Trade and other receivables</b>		<b>92,643</b>	<b>203,728</b>	<b>54,264</b>	<b>178,167</b>
<b>13 Other financial assets</b>					
<b>Listed shares</b>					
Ballance Agri Nutrients		19,845	12,628	12,385	12,385
Fonterra Co-op		1,441,551	472,240	532,641	467,400
LIC		1,211	1,498	-	-
Mighty River Power		27,993	25,947	27,993	25,947
<b>Total Listed shares</b>		<b>1,490,600</b>	<b>512,313</b>	<b>573,019</b>	<b>505,732</b>
<b>Unlisted shares</b>					
OTK Orchards		280,000	280,000	280,000	280,000
<b>Total Available-for-sale financial assets</b>		<b>1,770,600</b>	<b>792,313</b>	<b>853,019</b>	<b>785,732</b>
<b>Financial assets at fair value through profit or loss</b>					
Managed portfolio funds - Craigs Investment Partners		5,232,033	3,536,428	5,232,033	3,536,428
<b>Total Other financial assets</b>		<b>7,002,633</b>	<b>4,328,741</b>	<b>6,085,052</b>	<b>4,322,160</b>

### Fair value measurement - listed shares and managed portfolio funds

The fair value of investments in equity securities accounted for as available for sale financial assets is determined by reference to the published market prices at the reporting date.

### Fair value measurement - unlisted shares

The above unlisted shares are not traded in an active market but are classified as available-for sale financial assets and stated at cost at the end of each reporting period. The Trustees have reviewed the value of the above shares and believe it represents the fair value of the shares.

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

Notes	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>14 Investment in joint venture</b>				
<b>Tuara Matata Geothermal Joint Venture</b>				
Balance at beginning of year	9,050	6,847	9,050	6,847
Capital introduced	10,000	20,000	10,000	20,000
RWT Paid	(37)	(46)	(37)	(46)
Share of loss for the year	(16,896)	(17,751)	(16,896)	(17,751)
<b>Balance at end of year</b>	<b>2,117</b>	<b>9,050</b>	<b>2,117</b>	<b>9,050</b>

On the 25th July 2012 the Parent, along with Tautara Matawhaura Trust and Rotoma No 1 Incorporation, known as the Tuara Matata Joint Venture, entered into a Memorandum of Understanding (MOU) with Mighty River Power regarding a proposed development of the geothermal field located beneath the Trust's land and the adjoining land. The Parent has a 33.33% (2015:33.33%) share of the revenue earned and expenditure incurred.

### 15 New Zealand Units

#### Pre-1990 units

#### 297,900 New Zealand units

Balance at beginning of year	1,936,350	1,161,810	1,936,350	1,161,810
Change in fair value	3,342,438	774,540	3,342,438	774,540
<b>Balance at end of year</b>	<b>5,278,788</b>	<b>1,936,350</b>	<b>5,278,788</b>	<b>1,936,350</b>

During the 2011 year the Parent received 114,195 NZUs under the New Zealand Emission Trading Scheme from the Ministry of Agriculture and Forestry. Further 183,705 NZUs were allocated in 2013. The receipt of the NZUs was provided to compensate the Parent for restrictions on future land use that may affect the forestry land value.

### 16 Biological assets

#### Livestock

Livestock comprises dairy cattle. As at 30 June 2016 Subsidiary had 657 dairy cattle (2015: 674 dairy cattle).

Opening balance	953,400	1,131,550	-	-
Changes in fair value due to price	(61,567)	(97,648)	-	-
Changes in fair value due to sales and deaths	(109,633)	(80,502)	-	-
<b>Closing balance</b>	<b>782,200</b>	<b>953,400</b>	<b>-</b>	<b>-</b>

The fair value of livestock is determined by independent valuations as at 30 June 2016. The independent livestock valuations were performed by PGG Wrightsons, independent livestock agents. The independent valuation uses the quoted price in an active market as the appropriate basis for determining fair value. Where there is more than one active market that the company has access to, the most relevant market has been used.

#### Trees - pinus radiata

The Parent grows pinus radiata for harvest and sale. The Parent holds approximately 2,130 plantable hectares of pinus radiata as at 30 June 2016 (2015: 2,099 ha).

Carrying amount at beginning of the year	224,000	134,368	224,000	134,368
Increase in fair value due to planting	6,560,000	89,632	6,560,000	89,632
<b>Carrying amount at end of the year</b>	<b>6,784,000</b>	<b>224,000</b>	<b>6,784,000</b>	<b>224,000</b>

The value of the trees excludes the value of land and any improvements thereon.

The valuation is based on a valuation report prepared by Chandler Fraser Keating Limited. Fair value movement is recognised in the profit or loss for the year. The forest valuation used methodology approved by the New Zealand Institute of Forestry, involving liquidation values for the mature stands to determine what the value of the forest would be if it were to be fully harvested in one day and compounded costs for the recently replanted stands. The valuation is based on the costs and revenues associated with the current crop.

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

Notes	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>16 Biological assets - continued</b>				
<u>Trees - kiwifruit</u>				
Carrying amount at beginning of the year	58,154	-	58,154	-
Increase due to purchases	-	58,154	-	58,154
Carrying amount at end of the year	58,154	58,154	58,154	58,154
<b>17 Trade and other payables</b>				
Trade payables	78,170	212,933	32,132	160,890
Accrued expenses	84,157	70,533	-	13,881
PAYE payable	2,881	1,798	2,881	1,798
<b>Total Trade and other payables</b>	<b>165,208</b>	<b>285,264</b>	<b>35,013</b>	<b>176,569</b>

Trade payables are unsecured and are usually paid within 30 days of recognition.

<b>18 Deferred revenue</b>				
Arising from lease income	779,335	824,516	779,335	824,516
<b>Total Deferred revenue</b>	<b>779,335</b>	<b>824,516</b>	<b>779,335</b>	<b>824,516</b>

The deferred revenue arises as a result of land leases recognised in accordance with NZ IFRS RDR

<b>19 Borrowings</b>				
<b>Secured - at amortised cost</b>				
Bank overdraft	50,552	-	-	-
Bank loans	3,425,500	-	-	-
<b>Total Secured - at amortised cost</b>	<b>3,476,052</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Borrowings</b>	<b>3,476,052</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Summary of borrowing arrangements

#### Parent

The Parent has an unsecured overdraft facility with Westpac New Zealand up to a maximum of \$50,000 (2015: \$50,000). The interest for the overdraft is 9.95% (2015: 10.45%).

#### Subsidiary

At balance date, the Subsidiary had an overdraft facility with Westpac up to a maximum of \$175,000 (2015: \$Nil).

At balance date, the Subsidiary also had a \$3,425,000 (2015: \$Nil) debt facility with BNZ Limited. Debt facility is interest only and is repayable at maturity.

The loan of \$3,425,000 at 30 June 2016 comprises:

\$925,000 at 4.68% maturing on 20 September 2025

\$2,500,000 at 4.68% maturing on 20 September 2030

Both debt facilities of the Subsidiary are secured by a General Security Agreement over livestock and investment securities and an unlimited Guarantee and Indemnity by the General Partner.

<b>20 Capital</b>				
The Capital of the Parent of \$1,331,805 is represented by the Special Government Valuations of the Land at Pt Rotoiti 15 on 1 July 1972 and on Land at Matahina on 3 March 1970, plus the Makatiti Dome value (also included as part of Property, Plant and Equipment).				

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

Notes	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>21 Reserves</b>				
Capital reserve	3,233	3,233	3,233	3,233
Property revaluation reserve	9,202,068	9,202,068	9,202,068	9,202,068
Intangible assets revaluation reserve	5,278,788	1,936,350	5,278,788	1,936,350
AFS assets revaluation reserve	78,849	34,097	78,849	34,097
<b>Total Reserves</b>	<b>14,562,938</b>	<b>11,175,748</b>	<b>14,562,938</b>	<b>11,175,748</b>
<u>Capital reserve</u>				
Balance at beginning of the year	3,233	3,233	3,233	3,233
<b>Balance at end of the year</b>	<b>3,233</b>	<b>3,233</b>	<b>3,233</b>	<b>3,233</b>
<u>Property revaluation reserve</u>				
Balance at beginning of the year	9,202,068	9,202,068	9,202,068	9,202,068
Deferred tax	-	-	-	-
<b>Balance at end of the year</b>	<b>9,202,068</b>	<b>9,202,068</b>	<b>9,202,068</b>	<b>9,202,068</b>
<u>Intangible assets revaluation reserve</u>				
Balance at beginning of the year	1,936,350	1,161,810	1,936,350	1,161,810
Increase due to changes in fair value	3,342,438	774,540	3,342,438	774,540
<b>Balance at end of the year</b>	<b>5,278,788</b>	<b>1,936,350</b>	<b>5,278,788</b>	<b>1,936,350</b>
<u>AFS assets revaluation reserve</u>				
Balance at beginning of the year	34,097	113,606	34,097	113,606
Increase/(decrease) due to changes in fair value	54,245	(96,374)	54,245	(96,374)
Deferred tax	(9,493)	16,865	(9,493)	16,865
<b>Balance at end of the year</b>	<b>78,849</b>	<b>34,097</b>	<b>78,849</b>	<b>34,097</b>

### 22 Non-controlling interest

Balance at beginning of the year	393,993	591,277	-	-
Share of loss for the year	(128,494)	(196,727)	-	-
Share of Other Comprehensive Income for the year	(8,695)	(445)	-	-
Other movements	(470)	(112)	-	-
<b>Balance at end of year</b>	<b>256,334</b>	<b>393,993</b>	<b>-</b>	<b>-</b>

Non-controlling interests relate to Te Karangi A2 40% share in the Subsidiary.

### 23 Operating lease arrangements

#### The Group as a lessee

##### Operating leases relate to:

1. Lease of Rerewhakaaitu from Department of Conservation commencing 1 November 1983 and expiring on 31 October 2070.
2. Leases of 20 land blocks used for farming by Subsidiary with lease terms of 15 years.

##### Non-cancellable operating lease commitments

Not later than 1 year	91,091	91,091	17,000	17,000
Later than 1 year and not later than 5 years	455,453	455,453	85,000	85,000
Later than 5 years	1,277,543	1,368,634	833,000	850,000
	<b>1,824,086</b>	<b>1,915,177</b>	<b>935,000</b>	<b>952,000</b>

#### The Group as a lessor

Operating lease relates to forestry land lease (Rerewhakaaitu forest) from Department of Conservation commencing 1 November 1983 and expiring on 31 October 2070.

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

### 24 Significant subsidiaries

The Parent has the following significant subsidiaries:

	Country of Incorporation	Ownership interest	
		2016	2015
Otukawa Whenua Limited Partnership	New Zealand	60%	60%

Te Karangi A2 owns 40% in the Subsidiary (refer to Note 23).

	Parent	
	2016	2015
	\$	\$
Balance at beginning of year	590,990	886,917
Taxation paid	(704)	(171)
Share of loss for the year	(192,742)	(295,090)
Share of other comprehensive income for the year	(13,042)	(667)
<b>Balance at end of year</b>	<b>384,501</b>	<b>590,990</b>

The Parent extended a loan of \$2,500,000 to the Subsidiary in May 2013. The loan was interest only and repayable on maturity being 30 May 2028. The loan was repaid in full in January 2016.

Financial statements of the Subsidiary were prepared by Deloitte Rotorua and audited by Cookson Forbes & Associates.

### 25 Deferred tax assets and liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2016	Assets 2015	Liabilities 2016	Liabilities 2015	Net 2016	Net 2015
	\$	\$	\$	\$	\$	\$
PP&E	-	-	(101,894)	(103,469)	(101,894)	(103,469)
Biological assets	-	-	(1,167,000)	(19,533)	(1,167,000)	(19,533)
AFS assets	-	-	(16,726)	(7,233)	(16,726)	(7,233)
<b>Total tax assets/(liabilities)</b>	<b>-</b>	<b>-</b>	<b>(1,285,620)</b>	<b>(130,235)</b>	<b>(1,285,620)</b>	<b>(130,235)</b>

#### Movement in temporary differences during the year

Deferred tax assets and liabilities are attributable to the following:

	PP&E	Biological assets	AFS assets	Total
	\$	\$	\$	\$
Opening balance 1 July 2015	(103,469)	(19,533)	(7,233)	(130,235)
Recognised in surplus or deficit	1,575	(1,147,467)	-	(1,145,892)
Recognised in other comprehensive income	-	-	(9,493)	(9,493)
<b>Closing balance 30 June 2016</b>	<b>(101,894)</b>	<b>(1,167,000)</b>	<b>(16,726)</b>	<b>(1,285,620)</b>

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

### 25 Deferred tax assets and liabilities - continued

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Parent	Assets 2016	Assets 2015	Liabilities 2016	Liabilities 2015	Net 2016	Net 2015
	\$	\$	\$	\$	\$	\$
PP&E	-	-	(101,894)	(103,469)	(101,894)	(103,469)
Biological assets	-	-	(1,167,000)	(19,533)	(1,167,000)	(19,533)
AFS assets	-	-	(16,726)	(7,233)	(16,726)	(7,233)
<b>Total tax assets/(liabilities)</b>	-	-	<b>(1,285,620)</b>	<b>(130,235)</b>	<b>(1,285,620)</b>	<b>(130,235)</b>

#### Movement in temporary differences during the year

Deferred tax assets and liabilities are attributable to the following:

	PP&E	Biological assets	AFS assets	Total
	\$	\$	\$	\$
Opening balance 1 July 2015	(103,469)	(19,533)	(7,233)	(130,235)
Recognised in surplus or deficit	1,575	(1,147,467)	-	(1,145,892)
Recognised in other comprehensive income	-	-	(9,493)	(9,493)
<b>Closing balance 30 June 2016</b>	<b>(101,894)</b>	<b>(1,167,000)</b>	<b>(16,726)</b>	<b>(1,285,620)</b>

### 26 Financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows.

Group	Loans and receivables	Available for sale	FVTPL	Other financial liabilities	Total carrying amount	Fair value
2016	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	4,975,414	-	-	-	4,975,414	4,975,414
Trade and other receivables	92,643	-	-	-	92,643	92,643
Managed portfolio funds	-	-	5,232,033	-	5,232,033	5,232,033
Equity securities	-	1,770,600	-	-	1,770,600	1,770,600
	5,068,057	1,770,600	5,232,033	-	12,070,690	12,070,690
Borrowings	-	-	-	3,476,052	3,476,052	3,476,052
Trade and other payables	-	-	-	165,208	165,208	165,208
	-	-	-	3,641,260	3,641,260	3,641,260

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

### 26 Financial assets and liabilities - continued

Group	Loans and receivables	Available for sale	FVTPL	Other financial liabilities	Total carrying amount	Fair value
2015	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	3,408,999	-	-	-	3,408,999	3,408,999
Trade and other receivables	193,728	-	-	-	193,728	193,728
Managed portfolio funds	-	-	3,536,428	-	3,536,428	3,536,428
Equity securities	-	792,313	-	-	792,313	792,313
	3,602,727	792,313	3,536,428	-	7,931,468	7,931,468
Borrowings	-	-	-	-	-	-
Trade and other payables	-	-	-	285,264	285,264	285,264
	-	-	-	285,264	285,264	285,264

### 27 Related party transactions

Transactions with related parties were as follows.

#### Trustee fees paid by the Parent

	2016	2015	2016	2015
	Attendance		\$	\$
<u>Board meetings</u>				
Arapeta Tahana Jnr	11	12	5,500	6,000
Morris Meha	2	11	1,000	5,500
Tina Ngatai	11	11	5,500	5,500
William Newton	11	12	5,500	6,000
Fred Whata	11	10	5,500	5,000
Piki Thomas	11	11	5,500	5,500
Joe Tahana	7	-	3,500	-
Arapeta Tahana Jnr - honorarium	-	-	6,000	6,000
			<b>38,000</b>	<b>39,500</b>

#### Other meetings and board representation

Arapeta Tahana Jnr	16,455	5,775
Morris Meha	350	2,000
Tina Ngatai	6,400	4,100
William Newton	2,100	1,300
Fred Whata	3,825	2,100
Piki Thomas	3,250	800
Joe Tahana	2,375	-
	<b>34,755</b>	<b>16,075</b>

#### Director fees paid by Subsidiary

John Fenwick	1,500	1,200
Tina Ngatai	900	1,200
Manu Wihapi	1,650	1,200
William Newton	1,050	1,050
	<b>5,100</b>	<b>4,650</b>

#### Total Trustee and director fees

77,855 60,225

# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2016

### 27 Related party transactions - continued

#### Rotoiti 15 Charitable Trust

Rotoiti 15 Charitable Trust was established to facilitate charitable donations of Rotoiti 15 Trust. The Parent is the settlor of the Charitable Trust. Trustees of the Parent are also trustees of the Charitable Trust. During the year the Parent paid a donation of \$28,000 to the Charitable Trust (2015: \$Nil).

#### Rotoiti 15 Holdings Limited

Rotoiti 15 Holdings Limited was established to facilitate commercial operations of Rotoiti 15 Trust. Two of the trustees of the Parent are also the shareholder and the directors of the Company.

	Group		Parent	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Amounts owed by related parties</b>				
Rotoiti 15 Charitable Trust	1,000	-	1,000	-
Rotoiti 15 Holdings Limited	635	-	635	-
<b>Total Amounts owed by related parties</b>	<b>1,635</b>	<b>-</b>	<b>1,635</b>	<b>-</b>

### 28 Contingent liabilities

#### New Zealand Units

The Parent has a future obligation to return the NZUs (refer to Note 16) if there is a change in land use and/or if the area is not replanted within four years of harvest. The financial effect of this obligation is not able to be quantified.

Other than the above, there are no other known material contingent liabilities.

### 29 Events after the balance date

There have been no events subsequent to balance date that would have material impact on these financial statements.

### 30 Events after the balance date

In June 2016 the trust entered a subscription agreement to purchase 28,692 shares in New Zealand Premium Whitebait Limited at \$50 per share. The settlement date for the agreement was 30 June 2016 but this did not go ahead until 4 July 2016 (2015: \$Nil).

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# **Performance Report**

## **Rotoiti 15 Charitable Trust**

**For the year ended 30 June 2016**

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**INDEPENDENT AUDITOR'S REPORT**

**To the Trustees and Beneficiaries of Rotoiti 15 Charitable Trust**

**Report on the Financial Statements**

We have audited the financial statements of Rotoiti 15 Charitable Trust for the year ended 30 June 2016 on pages 7 to 14. The financial statements comprise the statement of financial position as at 30 June 2016 and the statement of financial performance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Committees' Responsibility for the Financial Statements**

The committee is responsible for the preparation of these financial statements in accordance with "Public benefit entity simple format - accrual (not for profit) reporting" in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

The audit evidence, information and explanations we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



# COOKSON FORBES & ASSOCIATES

## CHARTERED ACCOUNTANTS

### Independence

Other than in our capacity as auditor we have no other relationship with, or interests in the association.

### Opinion

In our opinion the financial statements for the year ended 30 June 2016 of Rotoiti Charitable Trust on pages 7 to 14:

- Comply with public benefit simple format reporting requirements in New Zealand;
- Give a true and fair view of the financial position of the association as at 30 June 2016 and of its financial performance for the year ended on that date.
- Have been audited in accordance with clause 16.4 of the trust deed.



Chartered Accountants  
96 Waioweka Road  
OPOTIKI

16 November 2016

# Entity Information

Rotoiti 15 Charitable Trust

For the year ended 30 June 2016

**Legal name of the entity**

Rotoiti 15 Charitable Trust

**Registration number**

CC29985

**Postal address**

PO Box 1712

Rotorua 3040

**Entity type and legal basis**

Rotoiti 15 Charitable Trust is a charitable trust registered as a Charitable Entity under the Charities Act 2005. The Trust was established by a Trust Deed on 17 December 2007.

**Entity's purpose**

The Trust's purpose is to receive, administer and distribute funds on behalf of the beneficiaries of the Trust.

**Entity structure**

The Trust is governed by the Board of Trustees. The current trustees are as follows:

Arapeta Tahana

Piki Thomas

Tina Ngatai

Joe Tahana

Fred Whata

**Main sources of the entity's cash and resources**

Investment activities.

**Main methods used by the entity to raise funds**

The Trust does not raise any funds apart from revenue from its investment activities.

**Entity's reliance on volunteers and donated goods or services**

The Trust does not rely on volunteers, nor did it receive any donated goods or services.

**Accountants**

GHA Ltd

Chartered Accountants

PO Box 1712, Rotorua

**Auditors**

Cookson Forbes & Associates

Chartered Accountants

PO Box 541

Opotiki

# Statement of Service Performance

Rotoiti 15 Charitable Trust

For the year ended 30 June 2016

Rotoiti 15 Charitable Trust was set up as a means to support the wellbeing of the Trust's shareholders, their whanau and community. Each year the trustees set aside a fixed amount of funds to contribute to areas that align with the Trust's strategic direction as set out by the owners. Those areas are:

1. Tertiary education
2. Trade training
3. Marae annual support
4. Marae capital works

Based on the above areas, the outcomes for the year ended 30 June 2016 were as follows.

## **Tertiary education**

Amount: \$20,000 per annum, considered once a year.

Applications under this category are considered in the areas of Agribusiness, Business Management including Finance and Economics, Forestry, Iwi Environmental Management and Tikanga Maori. These areas are considered to be those related to the trust's business and the iwi/hapu needs.

Seven successful applicants received this grant in 2016.

## **Trade training**

Amount: \$20,000 per annum, considered quarterly.

Applications under this category are considered for Agribusiness (lower than degree level), certification that enables entry into employment, Resources required to enter or maintain employment such as Health and Safety equipment, Forestry Industry, Apprentice type fees and subsidy support via government programmes or education authority. The goal of this category is to support the owners to attain trades that lead to employment and upskill the areas that support the Trust's business and hapu/iwi needs.

Five successful applicants received this grant in 2016.

## **Marae annual support**

Amount: \$60,000 per annum (\$5,000 per Marae).

The purpose of this grant is to promote the retention and enhancement of our culture, acknowledge the special role that our marae play in our communities and support affiliated marae to meet their operational costs. There are currently 12 affiliate marae which must maintain a charitable status in order to be eligible to receive their grant.

Nine marae were paid this grant during the year.

## **Marae capital works**

Amount: \$50,000 per annum.

The purpose of this grant is similar to that of the annual grant, although this is awarded on a rotational basis by assessing the level of need and readiness of the marae to undertake capital works.

One marae was paid this grant during the year.



# Statement of Financial Performance

Rotoiti 15 Charitable Trust

For the year ended 30 June 2016

	Notes	2016	2015
		\$	\$
<b>Revenue</b>			(restated)
Interest, dividends and other investment revenue	1	118,296	108,611
Donations received	11	28,000	-
Other revenue	2	193,018	62
<b>Total Revenue</b>		<b>339,314</b>	<b>108,673</b>
<b>Expenses</b>			
Administration expenses	3	1,660	3,370
Grants paid	4	119,309	45,000
Investment expenses		11,669	2,215
Other expenses	5	14,556	1,680
<b>Total Expenses</b>		<b>147,194</b>	<b>52,265</b>
<b>Surplus for the year</b>		<b>192,120</b>	<b>56,408</b>

This Statement is to be read in conjunction with the Notes to the Performance Report, and the accompanying Audit Report.

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# Statement of Financial Position

Rotoiti 15 Charitable Trust

As at 30 June 2016

	Notes	2016	2015
		\$	\$
<b>Assets</b>			(restated)
<b>Current assets</b>			
Bank accounts and cash	6	121,676	130,744
Debtors	7	11,135	11,135
<b>Total Current assets</b>		<b>132,811</b>	<b>141,879</b>
<b>Non-current assets</b>			
Investments	8	2,663,304	2,459,663
<b>Total non-current assets</b>		<b>2,663,304</b>	<b>2,459,663</b>
<b>Total assets</b>		<b>2,796,115</b>	<b>2,601,542</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors and accrued expenses	9	3,664	1,211
<b>Total current liabilities</b>		<b>3,664</b>	<b>1,211</b>
<b>Total liabilities</b>		<b>3,664</b>	<b>1,211</b>
<b>Total assets less total liabilities</b>		<b>2,792,451</b>	<b>2,600,331</b>
<b>Accumulated funds</b>			
Funds Settled	10	10	10
Accumulated surpluses	10	2,792,441	2,600,321
<b>Total Accumulated funds</b>		<b>2,792,451</b>	<b>2,600,331</b>

For and on behalf of the Trustees:

Trustee



Trustee



Date: 16 November 2016

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This Statement is to be read in conjunction with the Notes to the Performance Report, and the accompanying Audit Report.

# Statement of Cash Flows

Rotoiti 15 Charitable Trust

For the year ended 30 June 2016

	Note	2016	2015
		\$	\$
<b>Cash flows from operating activities</b>			
<b>Cash receipts</b>			
Interest, dividends and other investment receipts		118,296	111,996
Donations received		28,000	-
<b>Total Cash receipts</b>		<b>146,296</b>	<b>111,996</b>
<b>Cash payments</b>			
Payments to suppliers and employees		(11,876)	(11,579)
Grants and sponsorship paid		(118,309)	(45,000)
<b>Total Cash payments</b>		<b>(130,185)</b>	<b>(56,579)</b>
<b>Net Cash flows from operating activities</b>		<b>16,111</b>	<b>55,417</b>
<b>Cash flows from investing activities</b>			
<b>Cash payments</b>			
Payments to purchase investments		(25,179)	(1,458,781)
<b>Total Cash payments</b>		<b>(25,179)</b>	<b>(1,458,781)</b>
<b>Net Cash flows from investing activities</b>		<b>(25,179)</b>	<b>(1,458,781)</b>
<b>Net Increase/ (decrease) in cash for the year</b>		<b>(9,068)</b>	<b>(1,403,364)</b>
<b>Cash balances</b>			
Cash and cash equivalents at beginning of period	6	130,744	1,534,108
Cash and cash equivalents at end of period	6	121,676	130,744
<b>Net change in cash for period</b>		<b>(9,068)</b>	<b>(1,403,364)</b>

This Statement is to be read in conjunction with the Notes to the Performance Report, and the accompanying Audit Report.

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# Statement of Accounting Policies

Rotoiti 15 Charitable Trust

For the year ended 30 June 2016

## Basis of Preparation

The Trust has elected to apply Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) (PBE SFR-A (NFP)) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

## Tier 2 PBE accounting standards applied

The Trust elected to apply the following Tier 2 PBE accounting standards:

- PBE IPSAS 29 Financial Instruments: Recognition and Measurement
- PBE IPSAS 30 Financial Instruments: Disclosures
- PBE IPSAS 4 The Effects of Changes in Foreign Exchange Rates

## Changes in accounting policies and transition to the new PBE SFR-A (NFP) standard

This is the first set of financial statements prepared using the new PBE SFR-A (NFP) standard, and comparative information for the year ended 30 June 2016 has been restated to comply with the new standard. The accounting policies adopted are consistent with those of the previous financial year, the impact of new and amended standards and interpretations applied in the year was limited to additional note disclosures.

## Comparatives

The comparative financial period is 12 months. Comparatives have been reclassified from that reported in the 30 June 2015 financial statements where appropriate to ensure consistency with the presentation of the current year's position and performance. The net asset position and net surplus or deficit reported in comparatives is consistent with previously authorised financial statements.

## Goods and Services Tax (GST)

The Trust is not registered for GST. All amounts are inclusive of goods and services tax (GST).

## Foreign currency transactions

These financial statements are presented in New Zealand dollars (\$) which is the Trust's functional and presentation currency. All numbers presented have been rounded to the nearest dollar.

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in surplus or deficit.

## Revenue

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

### Interest and dividend revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Dividend revenue is recognised when the dividend is declared.

## Bank accounts and cash

Bank accounts and cash in the Statement of Cash Flows comprise cash on hand, cheque or savings accounts, and deposits held at call with banks, as well as call accounts held by managed portfolio funds.

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# Statement of Accounting Policies

Rotoiti 15 Charitable Trust

For the year ended 30 June 2016

## Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

## Financial instruments

Financial instruments are initially recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent of classification of the financial instrument, and is specifically detailed in the accounting policies below.

### Financial assets

Financial assets within the scope of PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

#### Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments or a derivative that is a financial guarantee contract.

Financial assets at fair value through surplus or deficit are subsequently measured at fair value with gains or losses being recognised in surplus or deficit.

The Trust has designated its investment in Craigs Investment Partners managed portfolio as FVTSD.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Trust's cash and cash equivalents and debtors fall into this category.

#### Held-to-maturity investments

If the Trust has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. The ANZ Perpetual Bond has been designated as a held-to-maturity investment.

#### Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Available-for-sale financial assets are subsequently measured at fair value with gains or losses (other than foreign exchange gains or losses) recognised and presented in the available-for-sale financial assets fair value reserve within net assets/equity, less impairment.

The Trust did not designate any financial assets as AFS.

## Financial liabilities

The Trust's financial liabilities include trade and other creditors, and loans.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

## Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

## Income Tax

Rotoiti 15 Charitable Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

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# Notes to the Performance Report

Rotoiti 15 Charitable Trust

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
<b>1 Interest, dividends and other investment revenue</b>			
Dividends received - Craigs		30,980	5,276
Interest received - bank and term deposits		892	39,113
Interest received - investments		54,178	59,109
Overseas income		32,247	5,114
<b>Total Interest, dividends and other investment revenue</b>		<b>118,296</b>	<b>108,611</b>
	Note	2016 \$	2015 \$
<b>2 Other revenue</b>			
Gain on sale of investments	8	-	62
Change in fair value of investments	8	193,018	-
<b>Total Other revenue</b>		<b>193,018</b>	<b>62</b>
		2016 \$	2015 \$
<b>3 Administration expenses</b>			
Accountancy fees		1,120	2,779
Audit fees		489	489
Subscriptions		51	102
<b>Total Administration expenses</b>		<b>1,660</b>	<b>3,370</b>
		2016 \$	2015 \$
<b>4 Grants paid</b>			
Marae Grants		100,000	45,000
Other Grants		2,309	-
Tertiary Education Grants		17,000	-
<b>Total Grants paid</b>		<b>119,309</b>	<b>45,000</b>
		2016 \$	2015 \$
<b>5 Other expenses</b>			
Loss on sale of investments	8	14,556	-
Change in fair value of investments	8	-	1,680
<b>Total Other expenses</b>		<b>14,556</b>	<b>1,680</b>

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# Notes to the Performance Report

Rotoiti 15 Charitable Trust

For the year ended 30 June 2016

	Note	2016	2015
		\$	\$
<b>6 Bank accounts and cash</b>			
Cash at Westpac bank accounts - NZD		35,554	73,831
Cash in managed portfolio fund	8	86,122	56,913
<b>Total Bank accounts and cash</b>		<b>121,676</b>	<b>130,744</b>
		<b>2016</b>	<b>2015</b>
		\$	\$
<b>7 Debtors</b>			
Accrued interest		10,705	10,705
Taxation refund due		430	430
<b>Total Debtors</b>		<b>11,135</b>	<b>11,135</b>
		<b>2016</b>	<b>2015</b>
		\$	\$
<b>8 Investments</b>			
<b>Financial assets at fair value through surplus or deficit</b>			
<i>Craigs Investment Partners</i>			
Balance at the beginning of the year		1,499,476	-
Contributions/(withdrawals)		-	1,500,000
Net investment revenue received		54,388	15,694
Realised capital gains/(losses)		(14,556)	62
Change in fair value		190,118	(16,280)
<b>Balance at the end of the year</b>		<b>1,729,426</b>	<b>1,499,476</b>
Less cash held in call accounts		(86,122)	(56,913)
<b>Total Craigs Investment Partners</b>		<b>1,643,304</b>	<b>1,442,563</b>
<b>Held-to-maturity investments</b>			
<i>ANZ Perpetual Bond</i>			
Balance at the beginning of the year		1,017,100	1,002,500
Change in fair value		2,900	14,600
<b>Balance at the end of the year</b>		<b>1,020,000</b>	<b>1,017,100</b>
<b>Total Investments</b>		<b>2,663,304</b>	<b>2,459,663</b>

The Trust has 1,000,000 units of ANZ Perpetual Bond at a coupon rate of 5.28% that matures on 18 September 2017.

Fair value of the ANZ Perpetual Bond was determined by reference to published price quotations in an active market.

	Note	2016	2015
		\$	\$
<b>9 Creditors and accrued expenses</b>			
Creditors		3,664	1,211
<b>Total Creditors and accrued expenses</b>		<b>3,664</b>	<b>1,211</b>

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# Notes to the Performance Report

Rotoiti 15 Charitable Trust

For the year ended 30 June 2016

## 10 Accumulated funds

	Contributed capital	Accumulated surpluses or (deficits)	Total
	\$	\$	\$
Opening balance 1 July 2015	10	2,600,321	2,600,331
Surplus for the year	-	192,120	192,120
Closing balance 30 June 2016	10	2,792,441	2,792,451
Opening balance 1 July 2014	10	2,543,913	2,543,923
Surplus for the year	-	56,408	56,408
Closing balance 30 June 2015	10	2,600,321	2,600,331

2016	2015
\$	\$

## 11 Related party transactions

Rotoiti 15 Charitable Trust was established and settled by Rotoiti 15 Trust, a related party.

Rotoiti 15 Charitable Trust received a donation of \$28,000 from Rotoiti 15 Trust during the year.

Amounts owed to related parties at year end were as follows:

	2016	2015
	\$	\$
Rotoiti 15 Trust	1,000	-
Total amounts owed	1,000	-

## 12 Contingent liabilities and guarantees

There are no contingent liabilities or guarantees as at 30 June 2016 (2015: \$Nil).

## 13 Commitments

There were no further commitments at balances date (2015: \$Nil).

## 14 Events after the balance date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (2015: Nil).

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# our tohu

The Trust had a tohu (logo) developed in 2013. The tohu was designed by Ngāti Pikiao artist, Richard Francis. Below is an explanation of the meaning of various elements that make up our tohu.

## 3 Tapatoru Represents The Brand Promise

Preserving Our Past  
Enabling Our Present  
Ensuring Our Future

## 3 Mango Head Taniwha Represents The Rotoiti 15 Brand Values

Tikanga Tūturu  
Te Arawa  
Tikanga Tiaki Tangata  
Tikanga Tiaki Rawa

## Te Ara Poutama Design Represents Tikanga Tiaki Taiao Brand Value

## Brand Strapline Ngā Rawa E Tupu

Ngā Rawa E Tupu  
Accentuates the Trust's Commitment to nurture & grow Rotoiti 15 Tāonga, Resources, Pūtea and People.



## Te Mana Kaitiaki Represents Te Mana Kaitiaka

Reflective of the Rotoiti 15 Board of Governors and their role as Kaitiaki on behalf of Trust Landowners

## Maunga Design Represents the Maunga of the Rotoiti 15 Hapu

Haroharo; Makatiti  
Pukerima; Tuahu  
Whakakana; Rangitoto  
Hingarae; Matawhaura

## Roto Design Represents the Moana of the Rotoiti 15 Hapu

Rotoiti; Okataina;  
Rotongata; Rotoahua



