



ROTOITI 15

Ngā Rawa E Tupu

ANNUAL
REPORT
2015



CONTENTS

	Tirohanga ā Tau Year at a glance	4
5	Kaupapataka Agenda	
	Ngā Mīneti Minutes	6
10	Ngā Kaitiaki Trustees	
	Te Rīpoata o te Tiamana Chairman's Report	12
14	Te Rīpoata o te Hunga Whakarite General Manager's Report	
	Te Pūtea Tautoko Distributions	16
20	Ngā Ngahere Forestry Reports	
	Ngā Paamu Dairy Reports	24
28	Te Huakiwi Kiwifruit Reports	
	Rīpoata ā Pūtea Financial Reports	29

11,971

REGISTERED SHAREHOLDERS



\$4.7m

GRANTS PAID SINCE
2008



4,083

SHAREHOLDERS WITH
CURRENT ADDRESSES



WEBSITE

WWW.ROTOITI15.COM



4% INCREASE



IN
ASSETS

18% increase in NET SURPLUS to \$1,065,598



Kaupapataka

Agenda

The Annual General Meeting of Owners

At Hinemihi Marae, Rotorua

Saturday 21 November 2015, 9.00am

1. Mihi/Karakia
2. Minutes and matters arising
3. Chairman's Report
4. General Manager's Report
5. Distributions Report
6. Business Reports
7. Financial Reports
8. Appointment of Auditor
9. General Business

Ngā Mīneti

Minutes

MINUTES OF THE ANNUAL GENERAL MEETING OF OWNERS HELD AT OTARAMARAE, OKERE FALLS ON SATURDAY 13 DECEMBER 2014 AT 10.00AM.

The meeting of 167 owners was chaired by Morris Meha and was opened with a mihi from Te Ariki Morehu.

PRESENT

See attached Attendance Register (167).

APOLOGIES

See attached Apologies Register (128).

OPENING

The Chairman, Morris Meha, welcomed everyone and spoke about the AGM agenda for this year's meeting. He then briefly discussed the key facts of the Trust as set out on page three of the annual report.

MINUTES

Owners were given time to read the minutes of the previous AGM held on 23 November 2014.

RESOLVED: *"To accept the AGM minutes of 23 November 2014 as a correct record of that meeting."*
(Tipene Marr/Luana Green) Carried

Te Ohu Wikingi thanked the trustees for getting the reports out early.

CHAIRMAN'S REPORT

Morris read his report which touched on the financial result, distributions for the last year, how the investments were performing, the forestry assets, performance of the dairy farms, the kiwifruit ventures and the current geothermal discussions that are happening.

Maru Tapsell asked about the record of liquid investments. Tipene Marr referred to the geothermal arrangement and asked whether there was an easement contract and if there was encumbrance, to which Tipene responded no.

Questions were also raised about the education grants and the investments and it was confirmed that distributions would be presented later in the hui.

RESOLVED: *"The Chairman's Report be accepted."*
(Morris Meha/Te Ohu Wikingi) Carried

FORESTRY REPORT

Morris discussed the Rotoiti Forest Report and also reviewed the Rerewhakaaitu Forest.

Susanne Mackay questioned whether Rotoiti 15 was an investment firm. Wilhelmina Mohi asked what the strategic plan is for what is being harvested, what is being allocated and what for – she also wanted to know what is being reinvested back in. Morris provided a response. Maru Tapsell asked whether the Trust should be keeping trees back to add value, he said there were opportunities to create a mill to cut the timber and build houses.

RESOLVED: *"The Forestry Report be accepted."*
(Morris Meha/Mary Staunton) Carried

DAIRY FARM REPORT

Peter Livingston from AgFirst introduced himself to the owners and discussed his report for the 2013/2014 season. He noted the financial result was for a 15 month period and referred to the change to a different farming system, whereby there is now a 50/50 sharemilkers. He discussed the health and safety performance and indicated the trust can make a profit at a milksolids price between \$5.00 and \$6.00 per kg.

Ellen Tamati questioned media reports that the payout was now \$4.70 and the report says \$5.30. Peter responded that he wrote the report last week when it was \$5.30.

Maru Tapsell talked about the global and long term security issues with farming. He noted that a lot of farms were losing money and there was potential for Chinese ownership. Peter responded saying most farms are being bought by New Zealanders, Land trusts and Maori entities.

Aroha Campbell acknowledged the reporting, particularly around environmental and health and safety. She said she hopes the trustees will not take shortcuts.

Otukawa:

Tina Ngatai then discussed the Otukawa Joint Venture. She said the Te Karangi Trust had been bankrolled to help get their land back. She discussed the arrangement with 12 other land blocks as part of a grazing dairy platform.

RESOLVED: *“The Dairy Farm Report be accepted.”*
(Barnett Vercoe/Ellen Tamati) Carried

KIWIFRUIT REPORT

Tina Ngatai discussed the kiwifruit reports. She talked about how the plants had been pulled out and replanted on the Maniatutu Farm, she also discussed the OTK investment.

RESOLVED: *“The Kiwifruit Report be accepted.”*
(Betty Vercoe/Huia Te Hau) Carried

Tony Wihapi expressed appreciation for the support provided to Tapuika’s two groups who have mana whenua. However, he was critical that it was a verbal report on Otukawa. He asked that in future years there be a written report.

Te Ohu Wikingi asked about the relationship with the whanau at Omaio and Tina responded.

FINANCIAL REPORT

Glenn Hawkins presented the financial reports, noting that the trustees had changed their balance date to 30 June and it was for a 15 month period.

Glenn referred to the audit by Cookson Forbes and Associates, noting that the trust had received an unmodified opinion. He did note two emphasis of matter items; livestock tallies and property valuations.

Glenn discussed the main major contributors to the income of the trust for the 15 months which were forestry, farming and investments along with a small contribution from kiwifruit. He then referred to specific expenses across those items and the administration costs. He noted that the overall profit for the 15 month period was \$1,850,459. Glenn then discussed the balance sheet which is looking extremely healthy with a strong cash position. He discussed the diversified portfolio and the makeup of the assets of the Trust and also referred to the various investment portfolios and what the returns were. Glenn then responded to questions.

DISTRIBUTIONS REPORT

Arapeta discussed the grants that had been paid in the last year and talked about the new distributions policy. Wena Kopae asked whether there are health grants and Arapeta responded that there are not. Scobie Tamati asked about Te Takinga Marae and discussion ensued. Arapeta said this would be discussed further in general business.

Arapeta noted that for the koeke/kaumatua grants there will be letters sent out next year asking for proof of address, bank accounts and proof of age. This is because their details haven’t been updated for a number of years.

Wendy Kahika said she was grateful for the grants that had been paid out. Whetumarama Thomas said the fifth and sixth form years were crucial for education so she would like to see support for that category.

Ngā Mīneti

Minutes continued..

Nellie Kennedy stood to thank the trustees for the marae capital grant paid to Waiotahi Marae.

Tony Wihapi asked if the policy has been approved, noting his concern was for those under 70 and over 20. He said the Trust is taking on social policy which is the responsibility of the government, asked about the vast majority of the owners. Further clarification was sought about which marae that were supported. Arapeta said it is based on marae that whakapapa to the original blocks. Tony said that given Makititi Dome is included, Tuhourangi should be included. Arapeta responded that they had adopted a tikanga based approach. Maru Tapsell said it was good to review the policy as the trustees needed to get their priorities right.

Raewyn Bennet spoke on behalf of Te Awhi Marae, she noted the policy was made when their marae wasn't ready and referred to the exclusion of Pikiāo from Western Bay of Plenty District Council. She wants Te Awhi Marae to be included.

Raukawa Manahi asked if there were any shareholder grants and Arapeta responded that there weren't.

Te Ohu Wikingi congratulated the trustees and said it was endorsement for marae that have been there from the start.

Te Ariki Morehu said he would like to tautoko the tono from Raewyn Bennet.

Andre Patterson spoke on behalf of Rangitihī Marae noting he was the former Chairman. He said Rere-whakaaitu was given to Pikiāo but owned by Ngati Rangitihī. He asked that Rangitihī Marae be part of this grants. Arapeta responded that it is a take for Ngati Rangitihī to take up with the Crown.

Whetu Whata said Te Takinga Marae were going through the process, noting it is a big issue they are dealing with.

RESOLVED: *"To approve the Distributions Policy."*
(Te Ohu Wikingi/Kuru Waaka) Carried

WEBSITE

Arapeta spoke to the website and provided a preview for the owners.

APPOINTMENT OF THE AUDITOR

RESOLVED: *"To appoint Cookson Forbes & Associates as Auditors."*
(Te Ariki Morehu/Wiremu Keepa) Carried

GENERAL BUSINESS

RESOLVED: *"To approve a \$10,000 grant for catering for the AGM."*
(Junior Grant/Betty Vercoe) Carried

Hinemihī Marae

Te Ohu Wikingi said that they would be making an application for the capital works grant in the coming year. He said that their last capital works grant was received in 2007. He said they would also like to host the AGM next year.

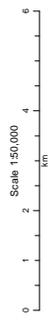
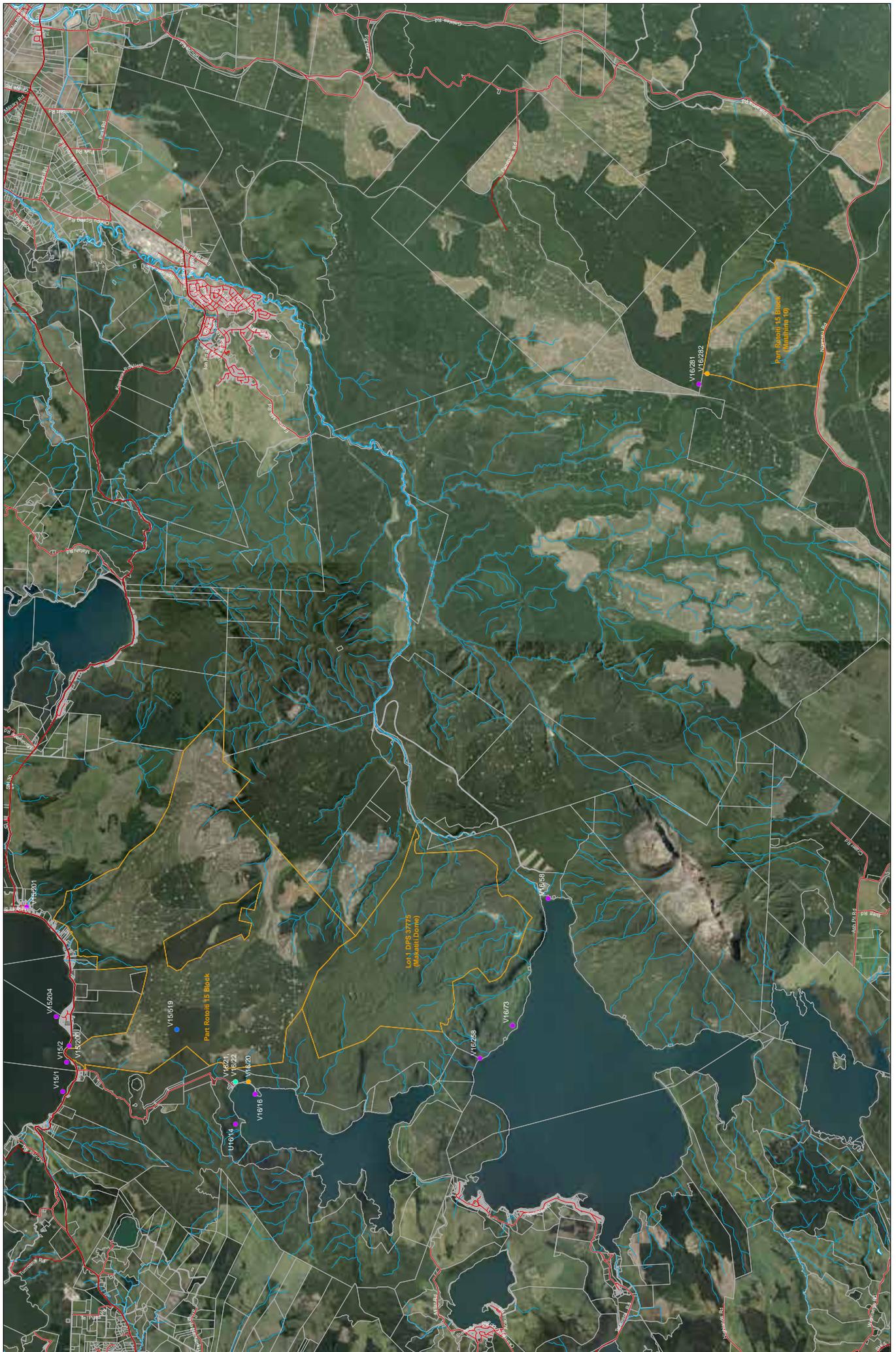
Te Arawa Partnership Model

Arapeta confirmed there would be a hui-a-iwi at Tangatarua Marae with respect a partnership with Rotorua District Council. He said there will be a presentation of the model on Thursday at 4.00pm.

There being no further business, the Chairman declared the meeting closed at 12.50pm.

Signed as a correct record

Morris Meha
Chairman



- ▬ River
- Block boundary
- ▬ Road
- Source site
- Artefact find
- Pa
- Piti/Terrace
- Cave/rock shelter
- Parcel boundary
- ▬ Stream
- ▬ State highway

Rotoiti 15, Matahina 10 and Makatiti Dome Blocks



Ngā Kaitiaki

Trustees



Arapeta Tahana Jnr **Chairman**

Ngāti Pikiao, Ngāti Makino, Tapuika

Trustee since 2010

Arapeta was raised at Tawhakarere Bay, Rotoiti amongst his Ngāti Pikiao whānau. 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 Māori 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.

Arapeta is currently a self-employed management consultant assisting Māori organisations with strategic and business planning, iwi engagement and governance advice. His other job is as a Councillor of Bay of Plenty Regional Council representing Māori in the Okurei ward (Rotorua/ South BOP district).



Morris Meha **Trustee**

Ngāti Pikiao, Ngāti Makino, Ngāti Kahungunu, Te Aitanga a Hauiti, Te Aitanga a Mahaki

Trustee since 2000

Raised in Tapuaeharuru, Rotoiti Morris affiliates to Ngāti Tamateatutahi-Kawiti and Ngāti Hinekura hapū of Ngāti Pikiao. Morris attended schools in Rotoiti, Kawerau and Rotorua. He studied at Victoria University gaining a Bachelor of Arts Degree.

Morris is passionate about helping his marae, whānau, hapū and iwi. He is the Chairman of the Tapuaharuru Marae committee and he sits on several Ahu Whenua trusts.

He stood as a trustee for Rotoiti 15 in 2000 because he believed he had the skillset to assist the trust.

Morris was a treaty negotiator for Ngāti Makino, the claim being settled in 2011. Morris has been a public servant, deputy principal and spent time working in Australia.

Morris is currently a committee member on the Rotorua District Licensing Committee.



William Newton **Trustee**

Ngāti Pikiao, Ngāti Awa

Trustee since 2000

Willie was born and raised in Mourea and has resided there for 69 years. He attended Whangamarino Primary School and Rotorua Boys High School. He is married to Maxine, has two children and five mokopuna.

For the majority of his professional career, Willie has worked in the Forest Industry.

As a logging contractor he currently employs 64 workers with 54 of these being of Ngāti Pikiao descent. His five crews are all currently operating in Ngāti Pikiao lands.

William has an intimate knowledge of the various land and forestry blocks within the Waiariki area and has a keen interest in the development and sustainability of these lands for future tribal employment.

William also has a strong sense of community and is a loyal supporter of local events and activities.



Tina Ngatai

Trustee

Tapuika, Ngāti Pīkiao, Ngāti Rangiwewehi, Ngāti Whakaue, Ngāti Porou

Trustee since 2007

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 Māori 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

Te Arawa, Ngāti Pīkiao

Trustee since 2012

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 of course culturally. He genuinely believes in Rotoiti 15 and he wants to continue to add value, contribute and move things forward.



Piki Thomas

Trustee

Ngāti Pīkiao, Ngāti Whakaue

Trustee since 2014

Piki was raised in Mourea and attended Whangamarino Primary School, Mokoia Intermediate & Hato Pētera 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 Hinemaua (Ngāti Ranginui /Ngāti Hako) together they have four 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 executing last Pīkiao 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 of 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.

Te Rīpoata o Te Tiamana

Chairman's Report

Te wehi ki te atua te tīmatanga o te whakaaro nui, nō reira he hōnore, he kōroria ki te atua he maungārongo ki runga ki te mata o te whenua. Tuarua, ka mihi ki a rātau kua hinga atu ki tūa o te ārai, haere atu ra, okioki atu. Ka mihi kau ake ki ō tātau tūpuna, rātau rā i tiaki ēnei whenua i tō rātau wā otirā, i tukuna mai te whenua hei tāonga mō ngā uri whakatupu, e ngā tūpuna ka mihi maioha, e kore nei koutou e warewaretia.

Tuatoru, ka mihi ki a koutou katoa e whakapapa mai nei ki ēnei whenua o te Rotoiti 15. Wā tātau koroua, kuia, whāea, mātua, tuakana, teina, tae noa ki ngā rangatahi tēnā rā koutou. Tēnā pānui mai i te rīpoata nei kua hangāia hei rauemi mā koutou kia mōhio ai ki ngā nekenekehanga ō tō tātau whenua me ōna rawa. Nei rā te mihi maioha ki a koutou mai i te tēpu kaitiaki, mauriora ki a tātau.

Kupu Whakataki

Introduction

On behalf of the Rotoiti 15 Trust I am pleased to present our annual report. The past year has seen the Trust undertake significant work to build stronger foundations for our future whilst improving the performance of current activities. This year's AGM will provide an update on key developments, our performance over the past year and our aspirations for the future.

The trustees believe we have exciting times ahead of us and that with the right leadership, commitment and willingness to work collaboratively we can contribute to a great future for our mokopuna, whānau, marae and hapū.

We are also striving to better connect with and inform our owners. We believe that everything we do, should benefit our owners and reflect your aspirations.

We've started that journey with the implementation of a new distributions policy, website and a revamped AGM report style.

We hope these efforts are useful to owners and we are committed to improving our engagement with owners into the future.

Ngā Nekenekēhanga Matua

Key developments over the past year

Over the past year the Trust has undertaken some key initiatives to develop a strong foundation for growth and improved performance into the future. These included:

- Appointment of a General Manager, Gareth Jones
- Establishment of a Rotoiti 15 website - www.rotoiti15.com
- Refreshing our Strategic Plan to ensure we have clarity on our future direction (more on that on page 11)
- Development of an Investment Strategy to ensure we invest wisely to provide sustainable cash flows into the future
- Stock take of asset performance to identify areas for improvement amongst existing investments.

Te Hanga Pūtea

Financials

The past year has seen the Trust achieve another year of solid financial results. The Trust achieved an operating profit of \$1.08m and an overall profit (operational plus investment revaluations) of \$1.07m. This represents an 18% increase in overall profit from the previous year. This result aligns with the Trusts forecasting and is in fact a better result than was originally budgeted. Furthermore, the Trust's asset base grew by \$1.05m and owner's equity by \$1.01m.

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

- Monthly re-forecasting of budgets
- Dashboard reporting to focus trustees on critical areas of financial performance,
- Annual stock takes of asset performance
- Improved budgeting and tracking of distributions,
- Increased mandate for GHA to play a more strategic advisory role regarding the Trust's financial management,
- A review of Trust expenditure to identify areas to reduce costs or improve the value of services received from service providers.

Te Pūtea Tautoko

Distributions

The past year has seen the Trust distribute \$97,060 which is significantly lower than in 2014. The reduction is due to 2014 distributions being paid in the same year as a result of the change of the balance date from March to June.

This was also the first year the Trust has operated under the new distribution policy (endorsed by owners at the 2014 AGM). As expected the new policy has created some challenges as the Trust and owners adapt to new processes. However, we believe this is providing more efficient and effective administration of distributions. A detailed report on distributions is provided on page 12.

Te Reo Whakakapi

Closing Remarks

In closing, I would like to thank my fellow Trustees for their time and hard work over the past year. In particular I would like to mihi to Piki who has resigned after two years on the board, your wisdom and positive nature has been appreciated. I would also like to thank our secretary, GHA and our advisors who have supported our efforts to build our capability and provide greater value to our people, culture and environment.

Finally I would like to acknowledge our owners. Everything we do must be focused on contributing to the aspirations of our owners. To this end, we believe we are heading in the right direction and always welcome your feedback to assist us all on creating a better future for our mokopuna, whānau, marae and hapū.

Mauriora ki a tātau katoa,

Arapeta Tahana

Chairman

Te Ripoata o te Hunga Whakarite

General Manager's Report

Introduction

The last six months has been a real pleasure for me to work within the Trust. The Chairman, the trustees and GHA are very professional, committed to growth and display real accountability in working on behalf of all our interests.

In my report I am going to talk about three key areas which will have a positive impact on the Trust in the short term and medium to long term:

- Cost management
- Growth & Income Focus
- Collaboration

Cost Management

We have reviewed our current costs and the way we engage with consultants, service suppliers and our business partners in working with our assets. In some areas we have been able to lower costs to the Trust by reducing reports which we do not need at the levels we have been receiving them over the last year. Additionally we have questioned and asked for clarification on charges which we have deemed excessive and not favourable to Rotoiti 15. Ongoing consolidation and monitoring is something we have built into our engagement with our suppliers and we are starting to get good results. GHA are also assisting in this review of costs and we have recently worked through the budgets with them looking for excess or unnecessary costs and have adjusted budgets to reflect this.

Growth & Income Focus

The trustees have mandated me in my capacity as General Manager to look at improving our returns on our growth and income initiatives.

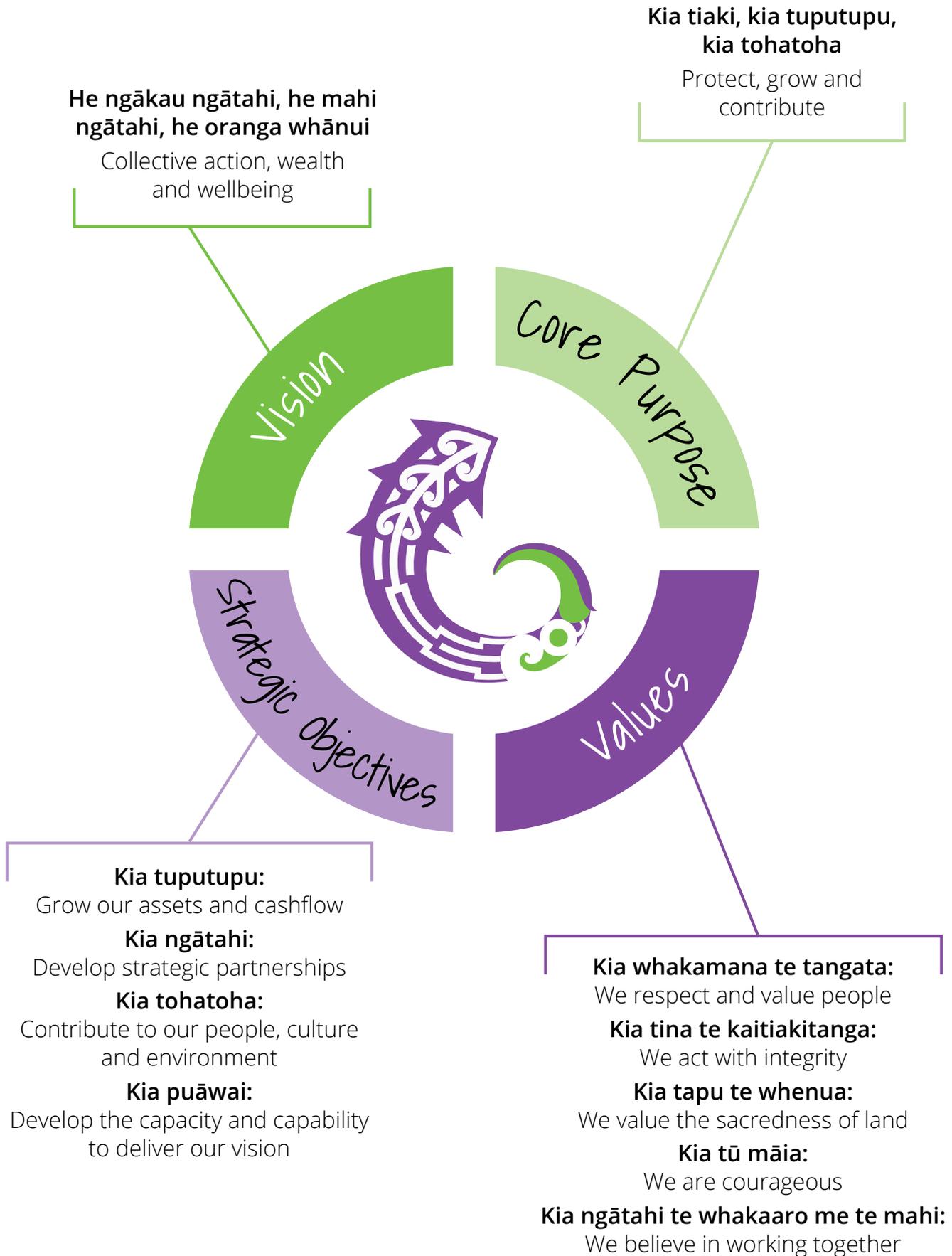
While we have primary assets which are impacted by commodity prices or global trends, we have continued to look at other initiatives which will allow us to generate more income via multi-use strategies for our lands. Manuka honey, Ginseng cultivation, moving our farming systems to organics for better returns are some of the opportunities being assessed. We have also recently looked at the opportunities that property development afford the Trust. We have also spent more time with our partners at the banks in ensuring we get the best interest rates for our term deposits, acknowledgment of GHA is also important as they help us with these relationships and in terms of our managed portfolio funds we have enjoyed a closer relationship with Tom Davies at Craigs Investments where we have increased our mandates on singular investments for opportunities which may give us better than normal returns.

Collaboration

The Chair and I as mandated by the Trustees have worked closely to create momentum around the Rotoiti15 collaborative strategies with other Pikiako entities and further afield Te Arawa. We have in some cases taken a lead with initiatives such as the Manuka honey collective in conjunction with DoC and begun to look at a special purpose vehicle which could provide many trusts with the ability to invest in a structure which allows us to use scale to our advantage for both investment and cost savings in a shared management cost structure. This is attractive because we have capability and capacity to do so. This strategy is very important in the long run as we believe that areas such as geothermal, agribusiness, property development, expanded investment portfolio's, cultural tourism and eco-tourism can benefit from the power that this scale and framework provides.

Gareth Jones
General Manager

Strategic Plan



Te Pūtea Tautoko

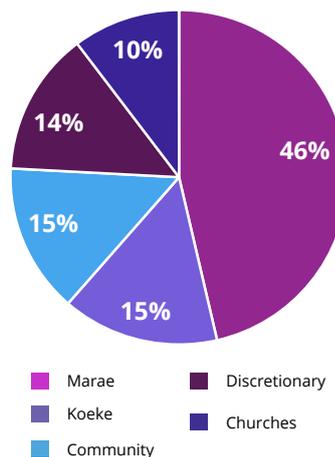
Distributions Report

2015 Summary

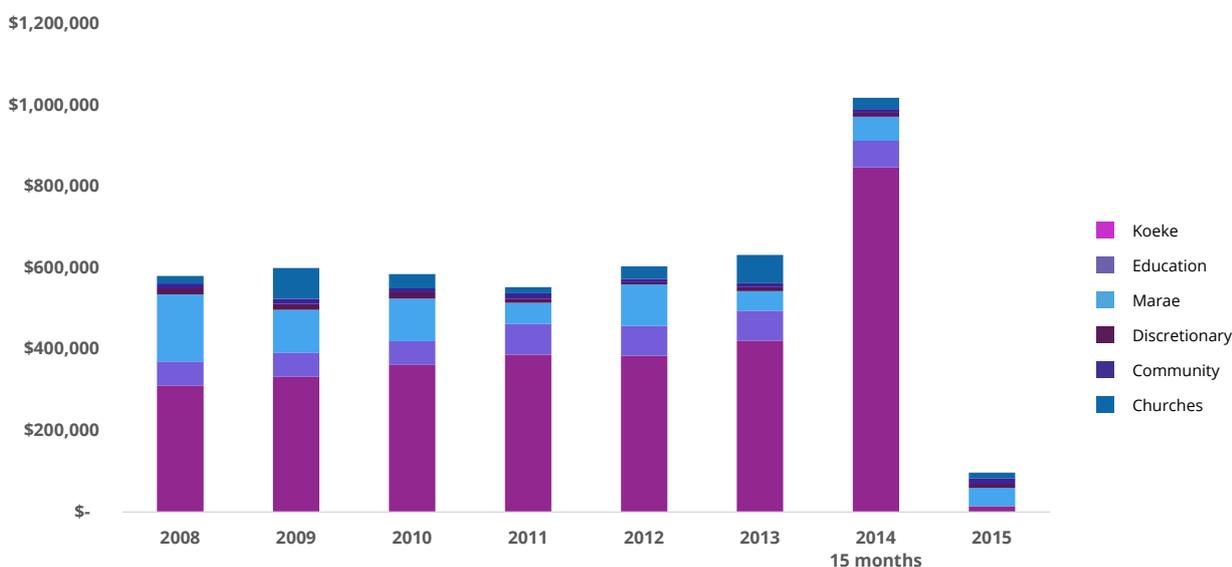
For the 12 months ended 30 June 2015, Rotoiti 15 Trust and Rotoiti 15 Charitable Trust collectively distributed \$97,060 to beneficiaries, marae and community organisations. In 2014 the Trust changed its balance date from March to June. However, the majority of 2014 distributions occurred prior to June 2014 resulting in two rounds of distributions being accounted for in the same financial year. Therefore \$97,060 distributed between July 2014 and June 2015 only accounts for a portion of the total 2014 distribution paid.

Since 2008 both Trusts distributed \$4,672,541. These distributions supported a variety of initiatives, community organisations and individuals. 2015 was no different. Rotoiti 15 received a number of applications and paid 40 discretionary grants, the majority of which were related to participation in various sports competitions. The Trusts also paid seven community organisation/church grants as well as supported nine marae.

2015 DISTRIBUTIONS BY TYPE



Your "Thank you" letters told us inspirational stories of your successes during the year and we are very proud of your achievements. We would like to thank you, our shareholders, for sharing your stories with us!



Distributions Policy update

Rotoiti 15 have a proud history of distributions to our owners with a total of more than \$4.7 million being distributed over the last 8 years, representing annual average distributions of \$584,000. The past two years have seen a revision to our Pūtea Tautoko (Distributions) policy which was endorsed by owners at the 2014 AGM. This new policy was implemented in this financial year and seeks to strengthen the positive impact of our distributions and ensure that our policy continues to align with our owner's aspirations.

The policy guides us to maintain a meaningful contribution to our beneficiaries, our culture and our environment. This acknowledges our commitment to ensuring the well-being of not only our people, but also the culture and environment that defines who we are and where we come from. Key aspects of the new policy include:

- a commitment from the Trust to distribute 40% of operating profits annually,
- provision of grants for kōeke, education (trades and tertiary), marae, community organisations, environmental and discretionary purposes,
- a commitment to explore collaborative initiatives that strengthen the impact of our distributions,
- reflecting tikanga as a central guide to our distribution activities.

Over the last year the Trust has undertaken a number of activities to operationalise the policy, improve our distribution systems and engagement with owners.

This work has included:

- establishment of the Rotoiti 15 website (www.rotoiti15.com) which contains information about the Pūtea Tautoko policy and grant application forms,
- the establishment of a Pūtea Tautoko committee charged with the task of assessing grant applications, recommending application outcomes to the full board and overseeing initiatives to improve owner engagement. This committee includes the Chair, Fred Whata and Morris Meha,

- letters to kōeke on our register and newspapers advertisements to encourage kōeke to update their contact details with the Trust (this is now a condition of receiving kōeke grants),
- reconfiguration of Rotoiti 15 Charitable Trust's investments to improve profits that support our grants that qualify for charitable status (marae and education),
- ongoing analysis of distributions to understand trends and maintain a master record of our contribution to our people, environment and culture.

Future Outlook

As noted at recent AGMs, the Trust anticipates a reduction in profits over the next decade as revenue from forestry harvesting declines. This will result in lower distributions over the next decade, however Trustees have initiated an investment strategy aimed at alleviating the impact of declining revenues on our profitability and subsequently the amount of cash distributed. Regardless of the challenges ahead, our Trust maintains a clear focus that our job is to deliver a meaningful contribution to our owners. We will continue to do this into the future and welcome feedback from our owners.

Arapeta Tahana

Chairman

SUMMARY OF DISTRIBUTIONS PAID

MARAE

	Amount	Number	Total Paid
Registered as a Charity	\$5,000	9	\$45,000
		Total Paid	\$45,000

CHURCH

	Amount	Number	Total Paid
Registered as a Charity	\$5,000	2	\$10,000
		Total Paid	\$10,000

COMMUNITY ORGANISATIONS

	Amount	Number	Total Paid
Registered as a Charity	\$5,000	1	\$5,000
Not registered as a Charity	var	4	\$9,000
		Total Paid	\$14,000

KOEKE GRANTS

Age Group	Amount	Number	Total Paid
60-69	\$100	58	\$5,800
70-79	\$300	11	\$3,300
80-89	\$500	7	\$3,500
90-99	\$1,000	1	\$1,000
Vouchers won by koeke			\$1,010
		Total Paid	\$14,610



DISCRETIONARY

Recipient	Purpose	Amount
Kingi Biddle	World Championship of Public Speaking in Kuala Lumpur	\$500
Tyla Black	Represent NZ in NZ Trampolineing	\$300
Bailey Gibson-Hood	NZU16 Basketball trip to Las Vegas	\$150
Lorne Green	Camp and trials for Rugby league	\$250
Karen Hanlen	Commonwealth Games in Glasgow	\$1,000
Karen Hanlen	NZ 2015 Oceania Mountain Bike Champs in Australia	\$500
Tayla Hauraki-Hudson	Eastern Bay of Plenty U15 Netball Team	\$150
Waiata Puarito Jennings	NZ U14 Basketball Australian Tour	\$300
Myra Kena	Piligrimage to Jerusalem	\$250
Ryshawn Kereama-Vercoe	School trip to Argentina & Chile	\$200
Draxson Kerr	Rafting World Championship	\$500
Kingita Kingi	NZ U15 Mixed Touch team to Australia	\$150
Teiwai Macpherson	Rafting World Championship	\$500
Leo Mitai-Wells	NZ Hockey	\$300
Leo Mitai-Wells	2014/15 NZ Future Black Sticks Mens Squad	\$500
Tiana Ormsby	Secondary Schools Kapa Haka Nationals in Gisborne	\$150
Mererangi Karen Paul	NZU19 Womens Touch Team 2014/15	\$300
Mahina Paul	NZU17/15 Touch Development Tour Australia	\$150
Mererangi Paul	NZU17/15 Touch Development Tour Australia	\$150
Shayla Shanice Ram	BOP U17 Mixed Touch Team in Auckland	\$200
Aritaku Robens	Rafting World Championship	\$500
Amy Scott	Rafting World Championship	\$500
Shaquille Stone	2015 Touch World Cup in Australia	\$1,000
Maurice Rawiri Stone	2015 Touch World Cup in Australia	\$1,000
Siobhan Taute-Collier	BOP U17 Mixed Touch Team in Auckland	\$200
Tristan Taute-Collier	BOP U17 Mixed Touch Team in Auckland	\$200
Tristan Taute-Collier	NZ U17 Touch Tournament in Australia	\$150
Kiana Tawa	Secondary Schools Kapa Haka Nationals in Gisborne	\$500
Anahera Teinakore-Curtis	BOP U17 Mixed Touch Team in Auckland	\$200
Sasha Temara	Represent NZ in NZ Trampolineing	\$150
Dubai Whata	NZ U14 Girls Basketball tour to Australia	\$300
Te Manawa Pa Whata	BOP UN17 Boys Touch Tournament in NZ	\$100
Te Ra Whata	BOP UN17 Boys Touch Tournament in NZ	\$100
Tamamutu Whata	BOP UN17 Boys Touch Tournament in NZ	\$100
Cain Te Whawhanga Williams	Trip to China	\$250
Ngati Rangiwewehi	Matatini 2015	\$500
Ngati Uri i Te Whanoa	Matatini 2015	\$500
Tuhourangi	Matatini 2015	\$500
Tohourangi	ANZAC	\$200
Total Paid:		\$13,450



Stella Maris (grant paid in 2014)

Kataraina Ormsby (grant paid in 2014)

Rotoiti Forest

Forestry Agreement

Rotoiti Forest is managed under a Forestry Right Agreement between the Rotoiti 15 Trust and OTPP New Zealand Forest Investments Limited (OTPP). OTPP has contracted the Hancock Natural Resource Group as manager of their forest investments, overseen by Hancock Forest Management NZ Limited (HFMNZ) in New Zealand.

HFMNZ is responsible for long term planning, sales and marketing and financial reporting.

PF Olsen Limited (PFO) has been contracted to carry out forest management, harvesting and distribution operations.

The majority of the forest is planted with fast growing Radiata Pine and is managed under both a clearwood and framing Regime.

- The Forestry Right is for a term of 55 years, expiring on 30 June 2044 or on completion of harvest and handback.
- 380.4 ha in total was surrendered from the FRA in July 2009. 171.4 ha of which was productive land.
- The total area remaining under agreement is 5,551 hectares, of which 4,567 hectares is productive as at 30 Sep 2015.
- The Trust receives a 9.6% share of stumpage from the harvest of the 1st rotation crop and an annual rental. The Trust holds no equity in the 2nd Rotation crop.
- The next Review is in July 2019
- The Rotoiti Recreational Club is responsible for administering all entry permits for registered members. The Club advises PFO of all permits issued and corresponding details.

Forest Description

As at 1 Sep 2015 192 hectares of the 1st rotation crop remains standing. The establishment of the 2nd rotation crop began in 2001 and as at 30 Sep 2015 the total planted area was 4,373 hectares.

Harvesting

Harvesting of the 1st rotation crop began in May 1999 and will continue through until around 2020.

Harvest to date has provided an income to the Trust of \$8.991 million from an area of 4,749 hectares.

Approximately 15 hectares will be harvested during 2016, the remaining area under 1st rotation (175 ha) will be harvested 2020-2021.

Forest Health

Both the annual aerial survey and ground forest health survey were completed in October 2014 by SPS Biosecurity Limited. The surveys are conducted in accordance with the Forest Owners Association specifications for zone 3. During the drive through survey at each stop foliage and wood debris are inspected and any significant damage, insects or fungi present are recorded. All diagnostic work is carried out by Scion, Rotorua. No new pests or diseases were found during the inspection.

Ecological Management

Several native forest condition plots were established in Rotoiti in 2007 to monitor the long-term health of the native forest patches. These plots were most recently reassessed in March 2015. There has been no significant change in forest health over the past eight years. The next re-measurement is due in 2018.

Pest Control

A possum eradication programme is undertaken prior to planting new areas and during times of high infestation.



1st ROTATION

Managed under a FRA with OTPP

FRA expires in 30 Jun 2044

9.6% ROTOITI 15 SHARE OF STUMPAGE



4,749ha

HARVESTED SINCE 1999



192ha

YET TO BE HARVESTED

2nd ROTATION

Rotoiti 15 has no equity in this crop

Establishment began in 2001



4,565ha

PRODUCTIVE FORESTRY PLANTED TO DATE

Total income **\$900,276**

Total expenses **\$2,141**

Profit **\$898,135**

Rerewhakaaitu Forest

Forestry Agreement

A small portion of Rerewhakaaitu Forest which is yet to be handed over to the Trust post harvest, is managed under a FRA between the Rotoiti 15 Trust and Tiaki Plantations Company (Tiaki).

Tiaki has appointed Hancock Forest Management New Zealand Limited (HFMNZ) to manage their forest operations in New Zealand.

The forest is planted with fast growing Radiata Pine and is managed under a clearwood Regime.

Forest Description

28 hectares of productive forest remains to be harvested. The area remaining under agreement is classified as follows:

Planted	28
Cutover	153
Reserves, roads, skids	12
Total remaining	193ha

The Trust receives a 9.6% share of stumpage from harvest returns and annual rental applicable to the remaining productive area.

Harvesting & Final Handback

Harvesting of Rerewhakaaitu Forest commenced with roadline harvest and roading construction/upgrading operations in January 2009. 2,272 hectares has been harvested to date.

Sales volumes totaling 1,272,216 m³ have provided a return to the Trust (9.6% stumpage share) of \$6,868,049.00 (\$5.40/m³, \$3,018/hectare).

The Newton logging crew using a Hauler (Swing Yarder) system has continued to operate within this forest over the past 12 months (Oct 2014 to Sept 2015).

The ground based harvesting was completed in mid-May 2014 leaving only steeper and more challenging terrain to harvest. Harvest of the forest is expected to be completed before 31 December 2015 or early in 2016 with final handback occurring 31 March 2016.



Forest Development Activity

The following table summarises activities carried out by New Zealand Forest Managers (NZFM) within the forest on behalf of the Trust:

Operation	Actual Ha
Land Preparation	226.8
Planting	365.3
Ancillary	365.3
	957.1

Land preparation activities were 208.2ha less than what was budgeted for due to some harvested areas being retained for future harvest access, and much less area requiring mechanical land preparation than anticipated.

A total of 365.3 hectares was planted in winter 2014. Planting expenditure was higher than budgeted for as deposits were paid to secure planting stock for the 2015 programme.

Post-plant release spraying was the main component of the 'Ancillary' activities with the entire 2014 planting area being released to reduce competition from weed species. Other ancillary activities included fertilising of trees planted on skid sites and blanking of small areas of 2013 plantings that had been damaged by frost. Foliage sampling was also conducted; with no nutrient deficiencies requiring intervention detected.

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

Forest Maintenance, Security & Protection

Forest maintenance and protection expenditure was \$23,000 less than what was budgeted. This is primarily due to no dothistroma treatment and animal pest control being required. Roadside weed spraying was carried out to prevent broom and gorse from encroaching on the roads.

No forest security or asset maintenance costs were incurred as security and road maintenance is primarily the responsibility of the forestry right holder.

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.

Health, Safety & Environmental

There were no lost time workplace accidents or environmental incidents associated with NZFM's forestry operations in Rerewhakaaitu forest in the 2014/2015 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.

Looking Ahead

Activity during 2015/2016 will be concentrated on:

- Ongoing forest restocking work, as the last of the first rotation is harvested and returned.
- Routine maintenance and protection activity, including plant pest control and road maintenance in areas not required by the forestry right holder.
- Ongoing forest health monitoring in the form of a dothistroma survey, foliage sampling and analysis, and a forest health surveillance inspection.

The harvesting of the first rotation is expected to be completed at the end of 2015, allowing for completion of the second rotation establishment during winter 2016. With the completion of the harvesting and the departure of the forestry right holder there is likely to be an increase in security and asset maintenance costs to the Trust.

The second rotation stocked area is expected to be 2,269ha.



1st ROTATION

Managed under a FRA with Tiaki

FRA expires in 30 Jun 2019

Planted with fast growing Radiata Pine

9.6% ROTOITI 15 SHARE OF STUMPAGE



2,272ha

HARVESTED SINCE 2009



28ha

YET TO BE HARVESTED

2nd ROTATION

100% OWNED BY ROTOITI 15

Managed by NZFM

To be completed in 2016



2,099ha

PLANTED TO DATE

Total income **\$468,633**

Total expenses **\$488,309**

Loss **\$19,686**

Maniatutu Road Farm

Key Points

The 2014 / 15 year has been a season of contrasts. Productively the outcome was highly rewarding with another milksolids record set for the farm. This was achieved against a background of declining returns and the prospect of a tough year (2015/2016) ahead. In the end however the focus was to ensure the farm finally achieved an acceptable level of profit. This involved much better production related cost management. The farm is 103 hectare in grass of which 43% is considered "hilly". The farm layout is not ideal for intensive dairying but a once-a-day milking system running around 280 – 285 cows has been designed to suit. The 50 / 50 sharemilkers Glen and Yvette Amoamo (own the cows and machinery) are into their third year under this arrangement and have led a drive to help improve farm performance.

Dairy Production

The farm achieved 96,177 kg milksolids in 2014 /2015 which was a farm record and up 1.25 % on the previous best (2013/2014). Steady growth in overall farm performance over the last three seasons reflects better management and pasture / crop growth. In the end the level of production is now averaging 925 kg MS / ha and 335 milksolids/cow. These levels compare favourably with similar types of farming systems in the region. The farm had a long term history of milk quality issues but over the last three years these issues have been addressed by better management and an improving herd.

Health & Safety

The effort to ensure both the sharemilkers, farm visitors, and industry service personnel are adequately covered has been set as a high priority. The farm has a Health and Safety plan and is operated under the premise that "Everyone Goes Home Safely Each Night" A strong effort into contractor / visitor induction, dealing to hazards, and ensuring reporting / action functions are timely is at the forefront of activity.

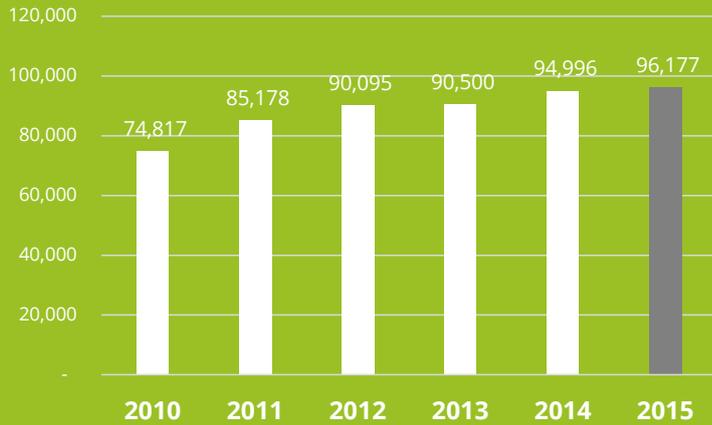
Environmental

The farm runs a moderate stocking rate in what is classed as a medium level of farming intensity. Nitrogen and phosphorus use are limited to levels in line with the approved nutrient budget. A significant investment in managing dairy effluent has been undertaken with a lined pond (eliminate storage pond leaching) and a "spray to pasture" system at low intensity rates. This will over time reduce the amount of fertiliser bought in for around 30% of the farm. A strong emphasis on Industry Compliance is being achieved within Health and Safety, Environmental and Animal Welfare Policies.

P. J. Livingston



MILKSOLIDS PRODUCTION KG/ANNUM



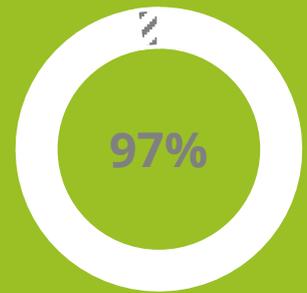
340 kg

MILKSOLIDS PER COW

934 kg

MILKSOLIDS PER HA

MILKSOLIDS PAYOUT \$/KG



MILKSOLIDS KG VS TARGET 2015

2015:

INCOME \$526,669

EXPENSES \$420,458

PROFIT \$106,211

FARM PROFIT/(LOSS)



Otukawa Whenua JV

Introduction

It is with great pleasure that I present a report on the Otukawa Whenua Joint Venture (JV) which we started on 1 June 2013 and is now in its 3rd year of production.

Otukawa Whenua JV is a Limited Partnership arrangement between Te Karangi A2 and Rotoiti 15, both Ahu Whenua Trusts established under Te Ture Whenua Māori Act 1993.

Board

The Otukawa Board comprises of two members from each trust and includes Willie Newton, John Fenwick and Reremanu Wihapi as well as myself as Chair.

Land

Te Karangi A2 Trust hold the mana whenua. Their Māori freehold block at Te Paamu (land at the back of Tuhourangi Marae, beside

the Kaituna River at Otukawa or Rangi-uru as it is now more commonly known) comprising approximately 70 hectares is the main platform of the Dairy Unit. We joined with them to buy the 35 hectare general land property which has established infrastructure being the cow shed, calf & implement sheds, houses and effluent systems.

Partnership

Rotoiti 15 Trust was approached by Te Karangi A2 Trust after they were unable to get finance from the banks. We decided that this fits our strategic plan which at that time was to partner and support our smaller trusts to get out of leasing and into business in their own right. The partnership is for 15 years and Rotoiti 15 Trust has a 60% share of the business and Te Karangi A2, a 40% share. Rotoiti 15 contributed \$0.75m to the Joint Venture.

Te Karangi A2 Trust have the right to purchase 10% within the first 7 years.

All partners can sell part of their equity to any of the leased Māori blocks if they wish to become part of the JV rather than receive lease only.

As loan rates offered by the banks were not attractive and Rotoiti 15 had the funds, the Trustees decided to issue a loan of \$2.5m to the JV. In order to ensure Rotoiti 15 received better returns than term deposits available, we set a lending interest rate 1% higher than bank rates.

This enabled us to setup a business relationship with Te Karangi A2 Trust which was advantageous to our owners but with regard to our close relationship and shared goals for our people.

KEY FACTS



60% ROTOITI 15

40% KAPARANGI A2

(\$295,775)
R15 SHARE OF 2015 LOSS

\$91,917
R15 SHARE OF 2014 PROFIT

MAORI LAND BLOCKS LEASED BY OTUKAWA

Pukaingataru B2B3A	Rangiuru 1A4B
Pukaingataru B2B3B	Rangiuru 1A15G
Pukaingataru B2B4	Rangiuru 1A15J
Pukaingataru B31	Te Karangi A3B
Pukaingataru B31B2C	Te Karangi A3C
Pukaingataru B32B2	Te Karangi A3D1
Pukaingataru B32C	Te Karangi A3D2A
Pukaingataru B32E	Te Karangi A3D2B
Pukaingataru B32F	
Pukaingataru B7A2	
Rangiuru 1A2	
Rangiuru 1A3B	





Operations

We setup with a Contract share milker in year one 2013/2014 season milking 440 cows. JV's production achieved 179,000 kgMS and with a \$8.30 payout we did very well achieving a net profit of \$154,000. This was a great result given that our highest expectation in the first three years of operation was to break even. However with the drop in milk payout in the 2014/2015 season we have not been able to maintain that momentum and, as the financial returns show, we have taken a large hit this year. This current season 2015/2016 with a payout currently predicted to be

\$4.60 JV is likely to make a loss of around \$130,000 but the Board remain certain that the dairy industry is strong and expect the 10 year average to be around \$6.25 kgMS. Therefore over time, we believe there will be a good return on our investment in a financial sense.

Recent Developments

In October 2015 the Board decided to look into refinancing our debt and buying Fonterra shares ahead of the deadline. This was completed in October 2015 with BNZ who came to the party with a very attractive deal. Consequently Rotoiti 15 Trust will be repaid their loan of \$2.5m and will remain a JV partner which will allow both trusts to operate on a more equal footing.

Future Outlook

This is a challenging year for the Directors of this venture, but we are strengthened by our parents Rotoiti 15 Trust and Te Karangi A2

Trust, and I acknowledge their continued support. The majority of owners who are in this partnership and whose lands we lease are owners in Rotoiti 15 Trust, so this venture represents a boost economically, socially and culturally not only to our Tuhourangi – Tapuika Whānau but to our own owners, who benefit from this. Medium to long term this is an exciting venture for us all.

Heoi anō,

Tina Ngatai
Chair, Otukawa Whenua JV

INVESTMENT IN FUTURE GENERATIONS

This venture is not all about a Return on Investment in the traditional western society sense. It is also about lifting our whānau and hapū to achieve self-determination – tino rangatiratanga.

Just our presence in the Te Puke area has lifted returns to other Māori land owners. The co-operation between Rotoiti 15 and Te Karangi A2 serves as a **role model** for other trusts to do likewise. It has also instilled pride and confidence within that community.

We have a strategy to bring in cadets from Te Puke High School and run other programs to encourage our tamariki to take up a **career in farming**.



Our contract milkers Dave & Delys Cram are very experienced operators who have similar values as the Trusts and fully support our cadet program.

Te Huakiwi

Kiwifruit Report

OTK Joint Venture

Rotoiti 15 Trust together with Haumingi 1A2 Incorporation, Paehinahina Mourea Trust and Kiwinui Trust became investors in this venture in 2007. We hold a combined shareholding of 660,000 (36.37%) in this venture (Rotoiti 15 holds 280,000 shares or 15.43%) which at the time allowed us to hold a Director's position on the board. Our collective is the 3rd biggest investor in this venture and we have approximately 40 hectares of Sun Gold (G3) Kiwifruit growing on our behalf. Hit by PSA about 3 years into the venture all Hort 16A Gold was removed and replaced with G3 over the last 4-5 years. In the 2015/16 growing season two of the six orchards will be in full production with a forecast of 14,000 trays per hectare and an OGR of \$8.00 per tray. Three others will produce a small crop this year with the last producing in 2017. Despite the problem of Psa the JV has been able to produce enough each year to get through without asking for the Investors to pay any more money.

They are expecting to make small returns to Investors in the 2015/16 year gradually increasing as more orchards hit full production.

I was able to visit the orchards in late October and it was evident that the vines are in good health and that the orchards are being very well managed.

The Māori land owners appear very happy with the state of their orchards whilst the Investors comprise some of the best Kiwifruit minds in the Industry.

Together this makes a very successful venture which shows great promise for the future.

Tina Ngatai
Director – OTK JV

Maniatutu Orchard

The orchard comprises two parts and a total of 6 hectares. It is in the middle of Maniatutu dairy farm and as reported last year the block has had its existing kiwifruit vines removed due to Psa infection. Irrigation was installed in February 2015 to provide water to the Bruno rootstock in order to give the plants the best chance to grow well in the first few years of growth. There was unfortunately some loss of Bruno seedlings due to irrigation issues. These will be replanted this coming winter. We expect the Bruno seedlings to grow well this season and be ready for grafting in July/August 2016. The variety to graft onto remains to be decided. Zespri are indicating that there will not be a release of any new varieties in 2016. That leaves Hayward as the only variety. Alternatively seedlings may be left for another year awaiting a possible new variety release in 2017.

Industry Outlook

The Industry is in a buoyant phase with orchards selling at record prices even though per tray returns are down on last year. Investors are confident that returns are sustainable for green in the medium term and beyond. Confidence in G3 continues to drive orchard values to higher prices not seen before. It is thought that long term, G3 will maintain a premium over Green kiwifruit.

Psa is still and is likely to be around for the foreseeable future. Its impact is varied, dependent on orchard location and management techniques.

Good management will reduce the negative impacts on most orchards.



Rīpoata ā Pūtea

Financial Report

Income

For the 12 months ended 30 June 2015, the Trust has generated total income of \$2,295,954 from its core activities being forestry, farming and investments. A total of \$1,368,900 or 60% was generated from forestry. \$526,669 from Maniatutu Road farm and \$400,385 from investments make up the remaining 40%.

Forestry

Stumpage revenues have been declining over the past four years due to extensive harvesting at Rotoiti forest which has now reached its final stages. Land rental has also decreased which is a result of handback of forest land at Rerewhakaaitu forest. This is expected to continue in 2016.

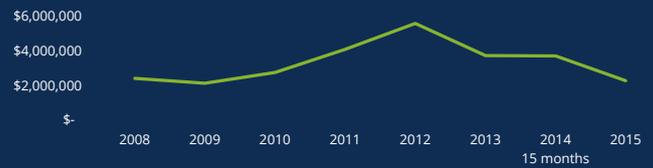
Dairy

Milk proceeds from the Maniatutu Road farm were impacted by a reduction in dairy pay out rates. However overall 2015 revenue from milk proceeds exceeded the 2014 annualised result by approximately \$3,000.

Investments

The Trust received \$400,385 from its investment portfolios, terms deposits and shares in listed companies. Investment income made up 17% of the total income in 2015 (11% in 2014) and increased by just over \$70,000 compared to the 2014 annualised total. However, the make-up of investment income remained similar to that in 2014 with interest being the largest contributor (\$301,051), followed by overseas income of \$63,254 and dividend income of \$36,080. It is worth noting that dividend income increased by 64% or \$14,098 compared to the prior year.

TOTAL INCOME \$2,295,954



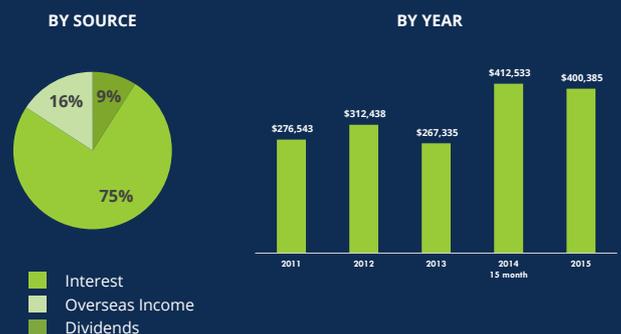
FORESTRY INCOME



DAIRY FARM INCOME



INVESTMENT INCOME



Expenses

Total operating expenses for the year were \$1,210,296.

Forestry

As replanting operations in Rerewhakaaitu forest continued throughout the year, forestry expenses made up 41% or \$490,450 of the total expenditure. This is consistent with the prior year. Reduced planting costs and pest or disease control not being required led to a considerable reduction in forestry costs compared to 2014.

Dairy

Rotoiti 15 dairy farm expenditure was the second highest contributor being 35% or \$420,458. The largest portion of this amount relates to the sharemilkers' portion of milk proceeds (\$256,081). Other large costs include purchases of fertiliser (\$23,243) and the Trust's share of palm kernel (\$46,860). Overall, the farm's costs have reduced by \$89,862 or 18% compared to the 2014 annualised expenditure.

Kiwifruit

Kiwifruit expenses of \$18,225 or 2% of the total expenses include various costs related to maintenance and ongoing costs of the orchard. The Trust made an investment in new plants and a new irrigation system. However these are treated as capital costs (refer to Balance Sheet section for details).

Administration

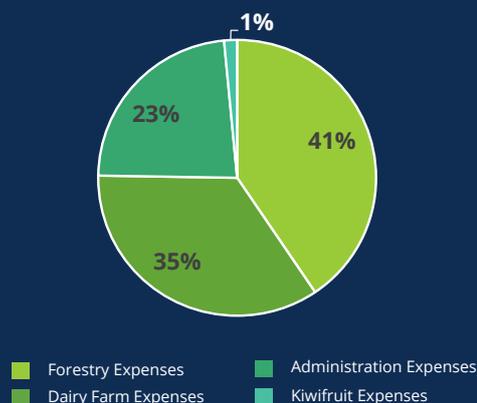
Administration expenses formed 23% of total expenses (20% in 2014). Administration expenses are made up of AGM expenses, accountancy and secretarial fees, insurance, investment management fees, consultancy, trustee fees, and other management costs. A decrease of \$26,843 on annualised basis is mainly due to reduction in Accountancy & Secretarial, Consultancy and Share Register expenses.

Net Surplus

The Net Operating Surplus for 2015 was \$1,079,291. Most of it was generated from forestry operations. A loss from kiwifruit, and comparatively small profits from farming and investments made up the balance.

TOTAL EXPENSES \$1,210,296

EXPENSES BY SOURCE



EXPENSES BY YEAR



NET SURPLUS
\$1,065,598

The Net Surplus after allowing for the non-operating items and provision for income tax was \$1,065,598 (Net Surplus of \$899,542 in 2014). The Trust's Net Surplus includes the net return from its core activities, overhead and administration expenses, revaluation gains and losses, and taxation.

The revaluation loss is a result of a reduction in the fair value of the trees due to harvesting operations (loss of \$609,280). An increase in the value of Emission Units of \$774,540 is the main contributor to revaluation gains of \$1,143,021.

The return on investments in joint ventures also impacted the Net Surplus. The Trust's net deficit from these investments was (\$313,526).

Balance Sheet

Assets

The Trust's Current Assets consist of bank funds, term deposits, receivables, and Income tax refund. Investments & Intangibles are made up of managed portfolio funds, shares in listed companies and investments in joint ventures (OTK Orchards Ltd and Otukawa Whenua Limited Partnership). Total Assets of the Trust increased by \$1,050,526 or 4% compared to 2014. A substantial increase in the value of the Emission Units (from \$3.90 per unit in 2014 to \$6.50 per unit in 2015) was the main contributing factor. In addition to that the Trust fully replanted its Kiwifruit orchard and also invested in a new irrigation system. The combined cost of these investments at 30 June 2015 was \$119,803.

Investment Portfolios

During the year, the Trust's investment portfolio underwent a full review. Its main purpose was to build a strategy which would maximise future returns. As a result the entire Iwi Investor portfolio was transferred to Craigs Investment Partners (Craigs). The total value of both portfolios at 30 June 2015 was \$3,536,428 which represents a 31% or a \$845,345 increase compared to 2014. \$405,400 of this increase relates to cash contributions. The balance of \$439,945 represents an increase in the market value of the portfolio.

Liabilities

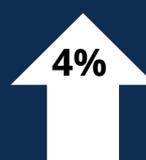
Current Liabilities include accounts payable, GST due for payment, and forestry rent received in advance.

Equity

The Trust's equity is the net difference between the Trust's assets and its liabilities. Closing Equity as at 30 June 2015 was \$27,031,103. It is important to note that distributions of \$950,675 in 2014 include two bulk payments of kaumatua grants as a result of extended reporting period. Distributions made in 2015 are explained in detail in the Distributions section of this report.

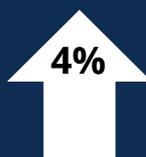
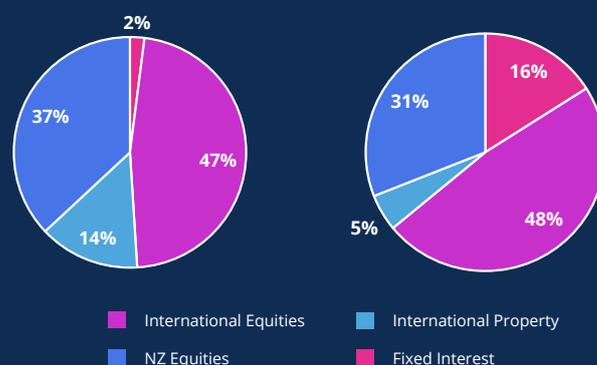
STATEMENT OF FINANCIAL POSITION

	2015	2014
Current Assets	3,642,637	3,455,242
Farm Land & Improvements	3,437,704	3,326,499
Orchard Land & Improvements	600,937	487,500
Other Land	10,283,000	10,283,000
Website	8,418	-
Trees	765,623	1,374,903
Investments & Intangibles	9,493,515	8,254,162
	\$28,231,833	\$27,181,307
Current Liabilities	1,113,362	1,076,085
Unclaimed Dividends	87,368	87,657
EQUITY	\$27,031,103	\$26,017,565



4%
TOTAL ASSETS UP
\$1,050,526

CRAIGS INVESTMENT PORTFOLIOS BY ASSET ALLOCATION



4%
OWNERS' EQUITY UP
\$1,013,538

STATEMENT OF MOVEMENTS IN EQUITY

	2015	2014
Opening Equity	26,017,565	26,398,962
Net Surplus/(Deficit)	1,065,598	899,542
Revaluation	-	(330,264)
Distributions	(52,060)	(950,675)
CLOSING EQUITY	\$27,031,103	\$26,017,565

Rotoiti 15 Charitable Trust

Income

During the year the Trust received \$108,611 from its investments. Interest income accounts for \$98,222 of the total investment income. Dividends and income from shares in overseas companies make up the balance. Reduction in term deposit rates offered by the banks impacted the Trust's returns and resulted in a 5% reduction of the total income compared to the 2014 annualised income. In order to improve this result in years to come a decision was made by the trustees to move away from using term deposits. Instead a managed portfolio was arranged with Craigs Investment Partners (Craigs) which is discussed in more detail further in the report.

Expenses

The Trust's total expenditure for the year was \$5,585. This is \$1,959 or 26% less compared to the 2014 annualised expenditure. The Trust's expenditure consists of accountancy and secretarial fees, audit fees and portfolio management fees.

Net Surplus

The Trust's Net Surplus for the year ended 30 June 2015 was \$56,408 (\$31,280 in 2014). It is a result of Net Income less grants paid less investment revaluations. During the year the Trust distributed \$45,000 as marae maintenance grants. No education grants were paid last year due to changes in the Distributions Policy. The next round of education grants is due to be paid in early 2016.

Balance Sheet

The Trust's Current Assets includes bank funds and interest to be received. A significant reduction compared to the prior year is due to cash and term deposits matured being transferred to the new managed portfolio fund. Investments consist of ANZ Bonds the Trust holds to maturity and a portfolio with Craigs. Overall the Trust's assets have increased in value by 8% or \$50,413 compared to 2014.

The Trust's Current Liabilities are creditors due for payment.

The Trust's Equity at 30 June 2015 was \$2,600,331 which represents a 4% increase compared to last year.

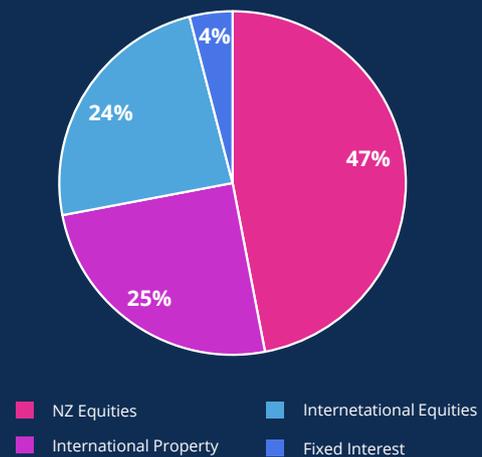
STATEMENT OF FINANCIAL POSITION

	2015	2014
Current Assets	84,966	1,548,629
Investments	2,516,576	1,002,500
	\$2,601,542	\$2,551,129
less:		
Current Liabilities	1,211	7,205
EQUITY	\$2,600,331	\$2,543,923

STATEMENT OF MOVEMENTS IN EQUITY

	2015	2014
Opening Equity	2,543,923	2,512,644
Net Surplus	56,408	31,280
CLOSING EQUITY	\$2,600,331	\$2,543,923

CRAIGS INVESTMENT PORTFOLIO BY ASSET ALLOCATION



Portfolio Investment

A new investment portfolio with Craigs was formed in December 2014 as part of a long-term strategy to increase future returns. With the help of Craigs the Trust invested \$1.5m in various New Zealand and international securities, and received a total revenue of \$16,698 from this investment.



Audited Financial Statements

Rotoiti 15 Trust **Financial Statements** **For the Year Ended 30 June 2015**

<u>Contents</u>	<u>Page</u>
Audit Report	1
Forestry Operations Account	3
Dairy Cattle Trading Account	4
Dairy Farm Working Account	5
Kiwifruit Orchard Working Account	7
Statement of Financial Performance	8
Statement of Movements in Equity	10
Statement of Financial Position	11
Notes to the Financial Statements	13

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the financial statements of Rotoiti 15 Trust on pages 3 to 22, which comprise the statement of financial position as at 30 June 2015, the forestry operations account, dairy livestock trading account, dairy farm working account, kiwifruit orchard working account, statement of financial performance and statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal controls as the Trustees determine are necessary to enable the preparation of financial statements to be 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 New Zealand Standards on Auditing. 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.

Basis of Opinion

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 judgement, 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 controls relevant to the entity's preparation and fair presentation of the financial statements 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. We did not examine every transaction but believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. We did not attend the livestock "tally" for the counting of livestock during the year and at year end.

Opinion

In our opinion, the financial statements for Rotoiti 15 Trust on pages 3 to 22

- Comply with generally accepted accounting practice in New Zealand;
- Give a true and fair view of the financial position of the Trust as at 30 June 2015, and of its financial performance for the year ended on that date;
- Have been audited in accordance with the Trust Deed.



COOKSON FORBES & ASSOCIATES

CHARTERED ACCOUNTANTS

Independence and Other Regulatory Matters

In conducting the audit and expressing our independent opinion we have complied with the Independence requirements of the New Zealand Institute of Chartered Accounts. Other than in our capacity as auditor we have no other relationship with or interest in the Trust.

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

Emphasis of matter – Livestock Tallies

Without modifying our opinion and as noted above we did not attend the physical livestock counts and cannot verify the stock numbers and class of stock as reported on page 4 of the financial statements. We accept the tallies provided based on the independent information and explanations obtained.

Emphasis of matter – Property Valued at Quotable Value

Without modifying our opinion the Trust land at Pt Rotoiti 15 and Makatiti Dome are valued at quotable value at 1 July 2014. This is a departure from financial reporting standard 3 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

15 October 2015

Rotoiti 15 Trust
Forestry Operations Account
For the Year Ended 30 June 2015

	2015 \$	2014 \$
INCOME		
Forestry Land Rentals	848,562	1,131,581
Stumpage Income	<u>520,338</u>	<u>1,449,870</u>
Total Income	<u>1,368,899</u>	<u>2,581,451</u>
LESS EXPENSES		
Consultancy	2,250	3,610
Forest Health	-	140,671
Insurance	3,876	7,007
Maintenance	2,793	906
Management	72,648	80,508
Rates	17,304	22,916
Rent - DoC	6,578	-
Seed & Planting	<u>385,001</u>	<u>552,468</u>
Total Expenses	<u>490,450</u>	<u>808,086</u>
NET SURPLUS	<u><u>\$878,449</u></u>	<u><u>\$1,773,364</u></u>

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

Rotoiti 15 Trust
Dairy Cattle Trading Account
For the Year Ended 30 June 2015

	2015 QTY	Average Price	2015 \$	2014 QTY	2014 \$
SALES					
Bobby Calves	-	-	-	-	178
Friesian Rising One Year Heifers	-	-	-	8	1,900
Friesian Rising Two Year Heifers	-	-	-	60	78,130
Friesian Mixed Age Cows	-	-	-	295	354,298
	-	-	-	363	434,506
TRADING SURPLUS			-		434,506
Stock Reconciliation					
Sales	-			(363)	
Natural Increase	-			1	
Closing Stock	-			(362)	
OPENING STOCK					
Current Market Value					
Friesian Rising One Year Heifers	-	-	-	66	45,435
Friesian Rising Two Year Heifers	-	-	-	64	87,591
Friesian Mixed Age Cows	-	-	-	232	364,968
	-	-	-	362	497,995
Change in Stock	-		-	(362)	(497,995)
TRADING SUMMARY					
Trading Surplus			-		434,506
Less Opening Stock			-		497,995
GROSS DEFICIT			-		(63,489)

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

Rotoiti 15 Trust
Farm Working Account
For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
FARM TRADING ACCOUNT			
Milk Proceeds		510,381	634,324
Dairy Cattle Trading Surplus/(Deficit)		-	(63,489)
FARM TRADING PROFIT/(LOSS)		510,381	570,835
SUNDRY INCOME			
Fonterra Dividends		14,025	35,180
Fertiliser Rebates		2,263	4,940
Sundry Income		-	2,030
		16,288	42,149
Total Income		526,669	612,985
LESS EXPENSES			
Farm Working Expenses			
Animal Health		-	5,375
Breeding Expenses		-	864
Calf Rearing Meal		-	181
Cropping & Cultivation		-	1,238
Dairy Shed Expenses		-	2,793
Electricity		-	3,185
Farm Stores		-	211
Farm Sundries		2,584	287
Fertiliser & Lime		23,243	63,362
Freight & Cartage		-	1,247
Grazing		15,725	28,808
Hay/Silage Contractors		3,650	-
Maize/PKE Purchases		46,860	67,051
Regrassing		5,510	4,548
Soil Testing		-	362
Sharemilker Payments		256,081	341,431
Supervision Fees		12,233	18,154
Weed & Pest		3,051	3,266
Wages		-	22,680
		368,938	565,045
Repairs & Maintenance			
Buildings		-	1,323
Drainage		9,775	386
Fencing, Gates & Yards		-	61
Plant & Machinery		1,974	10,693

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

Rotoiti 15 Trust
Farm Working Account
For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
Tracks,Roads & Bridges		1,865	1,040
Water Supply		<u>2,711</u>	<u>3,387</u>
		16,325	16,889
Vehicle Expenses			
Fuel & Oil		-	792
Repairs - Farm Bike		-	216
Repairs - Tractor		<u>-</u>	<u>2,427</u>
		-	3,436
Administration Expenses			
Insurance		7,375	-
Rates		7,615	7,052
Resource Consents		-	319
Valuation Fees		<u>2,500</u>	<u>150</u>
		17,490	7,521
Depreciation			
Depreciation		17,705	22,660
Loss on Sale		<u>-</u>	<u>22,349</u>
Net Depreciation Adjustment	8	17,705	45,009
Total Expenses		<u>420,458</u>	<u>637,900</u>
NET SURPLUS/(DEFICIT)		<u>\$106,211</u>	<u>(\$24,915)</u>

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

Rotoiti 15 Trust
Kiwifruit Orchard Working Account
For the Year Ended 30 June 2015

	2015 \$	2014 \$
INCOME		
Kiwifruit Sales	-	122,663
Total Income	-	122,663
 LESS EXPENSES		
Orchard Working Expenses		
Consultancy	-	1,500
Fertiliser	-	279
Irrigation	4,548	-
Mulching	4,109	-
Repairs and Maintenance	4,035	39,971
Vine Training	1,755	-
Weed, Pest and Bird Control Management	3,778	2,341
	-	4,086
	18,225	48,177
 Depreciation		
Depreciation	6,366	-
Total Expenses	24,591	48,177
 NET SURPLUS/(DEFICIT)	 <u>(\$24,591)</u>	 <u>\$74,486</u>

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

Rotoiti 15 Trust
Statement of Financial Performance
For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
INCOME			
Forestry Surplus		878,449	1,773,364
Dairy Farm Surplus/(Deficit)		106,211	(24,915)
Kiwifruit Orchard Surplus/(Deficit)		(24,591)	74,486
Total Income		960,069	1,822,935
OTHER INCOME			
Dividends Received		36,080	21,982
Interest Received		301,051	320,410
Overseas Income		51,032	41,086
PIE Income		12,222	29,055
Total Other Income		400,385	412,532
LESS EXPENSES			
Accident Compensation Levy		(383)	1,045
Accountancy Fees & Secretarial		72,902	103,722
Advertising		3,794	1,538
AGM Expenses		16,908	15,196
Audit Fees		4,782	7,500
Bank Charges		1,153	1,864
Conference Expenses		2,736	4,531
Consultancy		9,277	47,707
Entertainment		-	280
General Expenses		677	3,959
General Manager		13,602	-
Insurance		9,520	15,702
Investment Management Fees		23,803	23,834
Legal Expenses		-	5,715
Meeting Expenses		3,892	7,978
Printing, Stamps & Stationery		11,600	15,790
Professional Development		405	2,950
Recruitment		10,713	-
Shareholder Engagement		13,151	-
Share Register		15,000	41,779
Strategic Planning		4,788	-
Subscriptions		2,100	1,000
Trustee Fees & Expenses	23	58,529	82,918
Total Expenses		278,948	385,008
Less Depreciation			
Depreciation	8	2,215	-
NET OPERATING SURPLUS		1,079,291	1,850,459

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

Rotoiti 15 Trust
Statement of Financial Performance
For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
Investments Written Up/(Down)		368,481	28,049
Fonterra Shares Written Up/(Down)		(101,270)	139,742
Ballance Shares Written Up/(Down)		-	800
NZUs Written Up/(Down)	15	774,540	566,010
Change in Fair Value of Trees		(609,280)	(1,466,325)
Recoveries re Future Card Investment		1,200	1,700
Share of Tuara Matata Joint Venture Deficit	20	(17,751)	(43,936)
Share of Otukawa Whenua Limited P/Ship (Deficit)/Surplus	18	(295,775)	91,917
SURPLUS/(DEFICIT) BEFORE TAXATION		1,199,436	1,168,416
Less Taxation Provision	6	133,839	268,875
NET SURPLUS/(DEFICIT)		\$1,065,598	\$899,542

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

Rotoiti 15 Trust
Statement of Movements in Equity
For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
Opening Balance		26,017,565	26,398,962
Net Surplus/(Deficit)	13	1,065,598	899,542
Movements in Asset Revaluation Reserve	12	-	(330,264)
Distributions	19	52,060	950,675
Closing Balance		<u>27,031,103</u>	<u>26,017,565</u>

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

Rotoiti 15 Trust
Statement of Financial Position
As at 30 June 2015

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Westpac - Earner Account		3,280	981,538
Westpac - Savings Account		351,542	237,814
Westpac - Term Investments		1,997,309	1,708,679
ANZ - Term Investments		1,000,000	-
Taxation	6	113,289	201,636
Accounts Receivable		143,477	305,893
Tuara Matata Geothermal Account		9,050	6,847
Accrued Interest		<u>24,690</u>	<u>12,834</u>
Total Current Assets		3,642,637	3,455,242
LIVESTOCK ON HAND			
NON-CURRENT ASSETS			
Property, Plant & Equipment	8	14,330,057	14,096,999
Trees	14	765,623	1,374,903
Investments			
Craigs Investment Partners	1(h)	3,536,428	1,434,912
Iwi Investor		-	1,256,171
OTK Orchards Limited	17	280,000	280,000
Otukawa Whenua - Capital Investment	18	590,990	886,917
Otukawa Whenua - Loan	18	2,500,000	2,500,000
Shares - Ballance	1(h)	12,385	10,805
Shares - Fonterra Co-op	1(h)	467,400	568,670
Shares - LIC	1(h)	-	478
Shares - Mighty River Power	1(h)	25,947	20,384
Tuhono Whenua Horticulture	1(h)	<u>10,000</u>	<u>-</u>
		7,423,150	6,958,337
Intangibles			
Development Costs	21	134,015	134,015
NZ Units	15	<u>1,936,350</u>	<u>1,161,810</u>
		2,070,365	1,295,825
Total Non-Current Assets		24,589,196	23,726,065
TOTAL ASSETS		28,231,833	27,181,307

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

CF
Audit

Rotoiti 15 Trust
Statement of Financial Position
As at 30 June 2015

	Note	2015 \$	2014 \$
CURRENT LIABILITIES			
GST Due for payment	1(i)	112,276	158,120
Accounts Payable		160,890	50,218
Accrued Expenses		13,881	14,548
DWT Payable		-	3,798
NRWT Payable		-	15
PAYE Payable		1,798	825
Receipts in advance		<u>824,516</u>	<u>848,561</u>
Total Current Liabilities		1,113,362	1,076,085
NON-CURRENT LIABILITIES			
Unclaimed Dividends		<u>87,368</u>	<u>87,657</u>
TOTAL LIABILITIES		1,200,731	1,163,742
NET ASSETS		<u>\$27,031,103</u>	<u>\$26,017,565</u>
Represented by:			
EQUITY			
Funds Settled	10	1,331,805	1,331,805
Capital Reserve	11	3,233	3,233
Asset Revaluation Reserve	12	9,263,931	9,263,931
Retained Earnings	13	<u>16,432,134</u>	<u>15,418,596</u>
TOTAL EQUITY	9	<u>\$27,031,103</u>	<u>\$26,017,565</u>

For and on behalf of the Board of Trustees:

Trustee 

Trustee 

Date: 15th October 2015

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

Rotoiti 15 Trust

Notes to the Financial Statements

For the Year Ended 30 June 2015

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Rotoiti 15 Trust 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.

Measurement Base

The general accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis, modified by the revaluation of land and improvements (as described in the specific accounting policies section below), are followed by the Trust. Accrual accounting is used to recognise expenses and revenues when they occur.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the previous year.

Comparative Figures

In the prior year The Trust changed its balance date from 31 March to 30 June and as a result the comparative figures are for a period of 15 months.

Differential Reporting

Rotoiti 15 Trust qualifies for differential reporting as it is not publicly accountable and it is not large. The Trust has taken advantage of all available differential reporting exemptions.

Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

(a) Land & Buildings

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.

The ratings valuations are issued every three years and are used to ensure consistency with Section 276(4)(c) of Te Ture Whenua Act 1993. However, this is a departure from FRS-3 Accounting for Property, Plant and Equipment which requires the use of the latest market valuation.

CF
Audit

Rotoiti 15 Trust

Notes to the Financial Statements

For the Year Ended 30 June 2015

- (b) **Trees**
Tree crops are recorded at latest market valuation after deduction of point of sale costs, as assessed by an independent valuer at 30 June 2015.
- (c) **Plant & Equipment**
All plant & equipment is stated at cost less accumulated depreciation.
- (d) **Depreciation**
Depreciation has been calculated in accordance with rates permitted under the Income Tax Act 2007 apart from buildings with an estimated useful life of more than 50 years which have continued to be depreciated at 3% diminishing value. Depreciation is calculated on the cost price of the asset and not on any revalued basis. This is a departure from generally accepted accounting practice in relation to FRS 3 - Accounting for Property, Plant and Equipment.
- (e) **Biological Assets/Livestock**
Livestock are measured at latest fair value (which are values different to those for taxation purposes). Changes in the value of existing productive livestock and the numbers and/or composition of the livestock are treated as revenue items and recognised in the Statement of Financial Performance. The fair value of biological assets is based on the market price net of point of sale costs of biological assets of similar age, breed and genetic make up.
- (f) **Project Development Costs**
Project Development Costs are expenses incurred in project investigation. Upon commencement of the project, these expenses will be capitalised to the cost of land or stock on hand. If it is determined that the venture will not proceed, the costs will be written off in the Statement of Financial Performance.
- (g) **Accounts Receivable**
Accounts Receivable are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.
- (h) **Investments**
Craigs Investment Partners investment portfolios are recorded at market value at balance date as determined by the fund managers. Fonterra Co-op Group Limited shares are stated at cost and subsequently revalued to their ultimate redemption value. Shares in public listed Companies have been revalued to market value. All other investments are recorded at cost.

The changes in investment values are accounted for through the Statement of Financial Performance.

Rotoiti 15 Trust

Notes to the Financial Statements

For the Year Ended 30 June 2015

(i) **Goods & Services Tax**

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

(j) **Taxation**

The income tax expense recognised in the Statement of Financial Performance is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years.

(k) **New Zealand Units (NZU's)**

New Zealand Units (NZU's) are issued into the New Zealand Emission Unit Registry by the Government under the emissions trading scheme. NZU's can be traded within New Zealand. NZU's are received from the Ministry for the Environment at no cost and recorded at a nominal value determined by the Board of Trustees.

(l) **Financial Instruments**

The Trust includes all financial instrument arrangements in the Statement of Financial Position using the concepts of accrual accounting. These instruments arise as a result of every day operations and include Cash at Bank, Accounts Receivable and Payable, Provisions, Bank Overdraft and Term Liabilities. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

(m) **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Board of Trustees to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. **AUDIT**

These financial statements have been subject to audit as requested by the trustees in accordance with clause 7(c)(i) of the Trust Order. Please refer to the Auditor's Report.

3. **OVERDRAFT - WESTPAC**

The Trust has an overdraft limit of \$50,000 (2014: \$50,000). The interest rate for the overdraft is 10.45% p.a. as at 30 June 2015 (2014: 10.20%).

4. **CAPITAL COMMITMENTS**

At balance date there were no known capital commitments (2014: Nil).

5. **RELATED PARTIES**

Rotoiti 15 Trust established and settled Rotoiti 15 Charitable Trust.

No amounts were owed by or to Rotoiti 15 Charitable Trust at year end (2014: There were accounting fees owed to Rotoiti 15 Trust at year end for costs paid on behalf of the Rotoiti 15 Charitable Trust of \$7,205).

Rotoiti 15 Trust
Notes to the Financial Statements
For the Year Ended 30 June 2015

6. TAXATION

	2015	2014
	\$	\$
Net Surplus/(Deficit) before Taxation	1,199,436	1,168,416
Less		
Donations Paid to Charities	-	56,000
Investments and Shares Written Up to Market Value	267,211	168,591
Livestock Adjustments	-	123,281
Movement in Holiday Pay Accrual	-	3,199
NZUs Written Up to Market Value	774,540	566,010
Otukawa Whenua Limited P/Ship Non Taxable Income	7,849	131,379
PIE Adjustments	4,574	15,046
Recoveries re Future Card Investment	1,200	1,700
Add		
Change in Fair Value of Trees	609,280	1,466,325
Depreciation on Buildings	9,000	11,250
FIF Adjustments	17,264	3,938
Imputation Credits	10,514	10,276
Non-Deductible Expenses	-	150
Otukawa Whenua Limited P/Ship Non Deductible Expenses	34,751	-
Taxable Income	<u>824,871</u>	<u>1,595,149</u>
Tax Payable at 17.5%	144,352	279,151
Imputation Credits	(10,514)	(10,276)
Taxation Expense	<u>133,839</u>	<u>268,875</u>
Tax Payable		
Current year tax	133,839	268,875
Less		
RWT credits	63,862	76,680
Provisional tax paid	20,000	390,000
Overseas Tax Credits	5,096	3,911
Outstanding from prior years	158,170	(79)
Total Tax to be Refunded	<u>(113,289)</u>	<u>(201,636)</u>

7. MAORI AUTHORITY CREDIT ACCOUNT

	2015	2014
	\$	\$
Opening Balance	3,852,987	3,633,654
Provisional Tax Paid	170,000	260,000
Terminal Tax Paid/(Refunded)	(63,467)	(20,588)
RWT Paid on Investments	59,143	61,227
Imputation Credits on Investments	10,187	7,657
MAC Attached to Distributions	(93,312)	(88,964)
Closing Balance	<u>3,935,538</u>	<u>3,852,987</u>

The closing balance is available to be attached to taxable distributions issued by the Trust.

*CF
Audit*

Rotoiti 15 Trust
Notes to the Financial Statements
For the Year Ended 30 June 2015

8. FIXED ASSETS

	2015	2014
	\$	\$
Land		
At cost	<u>1,609,789</u>	<u>1,609,789</u>
	<u>1,609,789</u>	<u>1,609,789</u>
Dairy Farm & Kiwifruit Orchard Land & Improvements		
At cost	3,515,964	3,267,253
Less accumulated depreciation	<u>(101,786)</u>	<u>(82,074)</u>
	<u>3,414,178</u>	<u>3,185,179</u>
Office Equipment		
At cost	10,633	-
Less accumulated depreciation	<u>(2,215)</u>	<u>-</u>
	<u>8,418</u>	<u>-</u>
Plant & Equipment		
At cost	46,988	46,988
Less accumulated depreciation	<u>(13,247)</u>	<u>(8,888)</u>
	<u>33,741</u>	<u>38,100</u>
Revaluations		
Land	8,951,195	8,951,195
Dairy Farm & Kiwifruit Orchard Land & Improvements	312,736	312,736
Total	<u>9,263,931</u>	<u>9,263,931</u>
	<u>9,263,931</u>	<u>9,263,931</u>
Total	<u>\$14,330,057</u>	<u>\$14,096,999</u>

Depreciation

Depreciation charges are made up of:

	2015	2014
	\$	\$
Dairy Farm Land & Improvements	13,346	16,771
Dairy Farm Plant & Equipment	4,359	5,889
Kiwifruit Orchard Improvements	6,366	-
Office Equipment	2,215	-
Loss on Sale - Motor Vehicles	-	9,287
Loss on Sale - Plant & Equipment	<u>-</u>	<u>13,062</u>
	<u>26,286</u>	<u>45,009</u>

*CF
Audit*

Rotoiti 15 Trust
Notes to the Financial Statements
For the Year Ended 30 June 2015

9. EQUITY

	2015	2014
	\$	\$
Original Capital (Note 10)	1,331,805	1,331,805
Capital Reserve (Note 11)	3,233	3,233
Asset Revaluation Reserve (Note 12)	9,263,931	9,263,931
Retained Earnings (Note 13)	<u>16,432,134</u>	<u>15,418,596</u>
Closing Balance	<u><u>27,031,103</u></u>	<u><u>26,017,565</u></u>

10. CAPITAL

The Capital of the Trust \$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 the 3 March 1970, plus the Makatiti Dome value shown in the Statement of Financial Position.

11. CAPITAL RESERVE

	2015	2014
	\$	\$
Opening Balance	<u>3,233</u>	<u>3,233</u>
Closing Balance	<u><u>3,233</u></u>	<u><u>3,233</u></u>

12. ASSET REVALUATION RESERVE

	2015	2014
	\$	\$
Opening Balance	9,263,931	9,594,195
Land Revaluation	-	(330,264)
Transfer to Retained Earnings	<u>-</u>	<u>-</u>
Closing Balance	<u><u>9,263,931</u></u>	<u><u>9,263,931</u></u>

13. RETAINED EARNINGS

	2015	2014
	\$	\$
Opening balance	15,418,596	15,469,729
Net Surplus/(Deficit) After Tax	1,065,598	899,542
Less Grants Paid (Note 20)	<u>(52,060)</u>	<u>(950,675)</u>
Closing Balance	<u><u>16,432,134</u></u>	<u><u>15,418,596</u></u>

*CF
Audit*

Rotoiti 15 Trust
Notes to the Financial Statements
For the Year Ended 30 June 2015

14. TREE CROP VALUATIONS

The total tree valuation is \$1,358,882 at balance date (2014: \$1,374,903).

The trees owned 100% by the Trust are stated at their market value as assessed by PF Olsen Ltd by discounting projected future costs and revenues after tax at 7.0%.

All other trees (9.6% owned) by the Trust are recorded in the Statement of Financial Position as at 31 December 2014 (Rotoiti 15 Block) and as at 30 June 2015 (Rerewhakaaitu Block) at valuations supplied by Hancock Forest Management NZ Ltd using the discounted cashflow method and recognising the particular requirements of NZIAS41.

	2015	2014
	\$	\$
Trees (100% owned)	224,000	134,368
Trees (9.6% owned)	<u>541,623</u>	<u>1,240,535</u>
	<u>765,623</u>	<u>1,374,903</u>

15. NEW ZEALAND UNITS (NZU's)

114,195 NZU's under the New Zealand Emission Trading Scheme (NZ ETS) from the Ministry for the Environment were allocated on 25th September 2011 to the Trust. The fair value on receipt was \$1,655,827 which has initially been recognised as grant income and treated as an intangible asset. The units are provided by the Government to compensate the Trust for restrictions on future land use that may affect the forestry land value.

A further 183,705 NZU's were allocated in January 2013. The fair value on receipt was \$431,707 which has initially been recognised as grant income and treated as an intangible asset. As at 30 June 2015, the fair value of the 297,900 NZU's amounted to \$1,936,350 (2014: \$1,161,810). An increase in fair value of \$774,540 was recognised in the Statement of Financial Performance in the current year (2014: increase in value of 566,010).

16. CONTINGENT LIABILITIES

In December 2010 the bacterium *Pseudomonas syringae* pv *actinidiae* (Psa) was found to be present in several Kiwifruit orchards in the Western Bay of Plenty and has now spread to the Eastern Bay of Plenty. The long term effect of the spread of Psa on the value of the investments in OTK Orchards Limited cannot be determined, but the outcome may be adverse.

The Trust received New Zealand Units (NZUs) from the Ministry of Agriculture and Forestry for its pre 1990 forests under the Emissions Trading Scheme. The Trust is required to surrender the NZUs if they deforest and introduce a new land use. The financial effect of returning NZUs has not been quantified because the Trust has all intention of replanting the land and therefore anticipates no obligation to return NZUs in the future.

Other than the above there are no known contingent liabilities at the year end.

*CF
Audit*

Rotoiti 15 Trust
Notes to the Financial Statements
For the Year Ended 30 June 2015

17. OTK ORCHARDS LIMITED

On the 20 August 2007 the Trustees resolved to purchase 200,000 shares at \$1.00 each in OTK Orchards Ltd, a company formed to develop 20 hectares of leasehold land into gold kiwifruit orchards in the Omaio district. On 14 February 2011 the Trust accepted OTK Orchards Ltd Convertible Notes offer for the total number of 80,000 notes at \$1.00 each. The Trust paid \$40,000 upon application. The remaining \$40,000 was paid on the 31 July 2011 (\$24,000) and on the 31 January 2012 (\$16,000) upon Convertible Note Subscription Agreement. At the end of the 30 year lease the landowners purchase the interests of the investors.

18. OTUKAWA WHENUA LIMITED PARTNERSHIP

In May 2013 the Trust and two other parties invested in a limited partnership, Otukawa Whenua Limited Partnership, for the purchase of land and dairy farming. As at 30 June 2015 The Trust's share of the investment is 60% or \$3,090,989 which is made up of the initial investment of \$795,000, a loan of \$2,500,000, and the Trust's share of net loss of \$204,011 (2014: \$3,386,917 which is made up of the initial investment of \$795,000, a loan of \$2,500,000, and the Trust's share of net surplus of \$91,917).

19. GRANTS PAID

	2015	2014
	\$	\$
Koeke Grants	14,610	847,775
Discretionary Grants	14,450	24,900
Marae, Church and Community Grants	<u>23,000</u>	<u>78,000</u>
	<u>52,060</u>	<u>950,675</u>

20. GEOTHERMAL DEVELOPMENT PROJECT

On the 25th July 2012 the Trustees, along with Tautara Matawhaura Trust and Rotoma No 3 Incorporation, known as the Tuara Matata Collective, 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 MOU provides for payments to be made to the land owners on completion of the project agreements which will be recognised in the year they are received. These costs represent commercial advisor and legal costs associated with the establishment of a possible Geothermal Joint Venture development and are to be refunded by Mighty River Power pursuant to the Memorandum of Understanding signed on the 25 July 2012.

Share of Joint Venture Deficit

	2015	2014
	\$	\$
Share of Revenue	(136)	(644)
Share of Expenses	<u>17,887</u>	<u>44,580</u>
	<u>17,751</u>	<u>43,936</u>

*CF
Audit*

Rotoiti 15 Trust
Notes to the Financial Statements
For the Year Ended 30 June 2015

21. DEVELOPMENT COSTS

Costs incurred to date in assessing the feasibility of property development ventures and the geothermal project have been carried forward as intangible assets.

	2015	2014
	\$	\$
Opening Balance	<u>134,015</u>	<u>134,015</u>
Closing Balance	<u><u>134,015</u></u>	<u><u>134,015</u></u>

Represented by:

Property Development

	2015	2014
	\$	\$
Opening Balance	<u>103,188</u>	<u>103,188</u>
Closing Balance	<u><u>103,188</u></u>	<u><u>103,188</u></u>

Geothermal Project

	2015	2014
	\$	\$
Opening Balance	<u>30,827</u>	<u>30,827</u>
Closing Balance	<u><u>30,827</u></u>	<u><u>30,827</u></u>

22. EVENTS SUBSEQUENT TO BALANCE DATE

There are no known events subsequent to balance date that would impact on these financial statements.

Rotoiti 15 Trust

Notes to the Financial Statements For the Year Ended 30 June 2015

23. TRUSTEE FEES AND EXPENSES

The total amount of trustee meeting fees, honorarium, and travel expenses paid to the Trustees during the year was \$58,529 (2014: \$82,918). This was paid as follows:

Meeting Fees

	Meetings	2015 \$	2014 \$
Jackie Aratema - Fees	-	-	4,000
Jackie Aratema - Honorarium	-	-	3,000
Morris Meha - Fees	19	7,500	13,300
Morris Meha - Honorarium	-	-	4,500
Tina Ngatai	23	9,600	15,350
William Newton	16	7,300	9,600
Fred Whata	16	7,100	12,200
Arapeta Tahana Jnr	25	11,775	11,550
Arapeta Tahana Jnr - Honorarium	-	6,000	-
Piki Thomas	14	6,300	4,400
	113	55,575	77,900

Travel Expenses

Jackie Aratema	-	68
Morris Meha	554	1,241
Tina Ngatai	1,012	1,239
William Newton	389	872
Fred Whata	358	714
Arapeta Tahana Jnr	511	765
Piki Thomas	129	119
	2,954	5,018

Total

\$58,529 \$82,918

CF
Audit

Rotoiti 15 Charitable Trust

Financial Statements for the Year Ended 30 June 2015

<u>Contents</u>	<u>Page</u>
Audit Report	1
Statement of Financial Performance	3
Statement of Movements in Equity	4
Statement of Financial Position	5
Notes to the Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Rotoiti 15 Charitable Trust

Report on the Financial Statements

We have audited the financial statements of Rotoiti 15 Charitable Trust on pages 3 to 8. The financial statements comprise the statement of financial position as at 30 June 2015 and the statements of financial performance and movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation of these financial statements which comply with generally accepted accounting practice 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 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 judgement, 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.

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

Other than in our capacity as auditor we have no relationship with, or interests in, Rotoiti 15 Charitable Trust.



Opinion

In our opinion the financial statements of Rotoiti 15 Charitable Trust on pages 3 to 8:

- Comply with generally accepted accounting practice in New Zealand;
- Give a true and fair view of the financial position of the trust as at 30 June 2015 and of its financial performance for the year ended on that date.
- Have been audited in accordance with the clause 16.4 of the trust deed.



Chartered Accountants
96 Waioweka Road
OPOTIKI

15 October 2015

Rotoiti 15 Charitable Trust
Statement of Financial Performance
For the Year ended 30 June 2015

	Note	2015 \$	2014 \$
Income			
Dividends		5,276	-
Interest Received		98,222	142,830
Overseas Income		5,114	-
Total Income		<u>108,611</u>	<u>142,830</u>
Less Expenses			
Accounting & Secretarial		2,779	8,220
Audit Fees		489	1,110
Bank Charges		-	100
Management Fees - Craigs		2,215	-
Subscriptions		102	-
Total Expenses		<u>5,585</u>	<u>9,430</u>
Surplus Before Grants		<u>103,026</u>	<u>133,401</u>
GRANTS PAID			
Other Grants	8	-	1,000
Tertiary Education Grants		-	65,621
Marae Grants		45,000	-
		<u>45,000</u>	<u>66,621</u>
Investments Written Up/(Down)	6	(1,618)	(35,500)
NET SURPLUS		<u><u>\$56,408</u></u>	<u><u>\$31,280</u></u>

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

Rotoiti 15 Charitable Trust
Statement of Movements in Equity
For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
EQUITY AT START OF YEAR		2,543,923	2,512,644
Net Surplus	5	56,408	31,280
EQUITY AT END OF YEAR		<u>\$2,600,331</u>	<u>\$2,543,923</u>

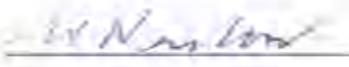
NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

*CF
Audit*

Rotoiti 15 Charitable Trust
Statement of Financial Position
As at 30 June 2015

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Westpac Current Account		171	6,902
Westpac Online Saver		73,660	927,206
Westpac Term Deposit		-	600,000
Taxation		430	430
Accounts Receivable		10,705	14,090
Total Current Assets		84,966	1,548,629
NON-CURRENT ASSETS			
Investments			
ANZ Bonds	6	1,017,100	1,002,500
Craigs Investment Partners	6	1,499,476	-
TOTAL ASSETS		2,601,542	2,551,129
CURRENT LIABILITIES			
Accounts Payable		1,211	7,205
TOTAL LIABILITIES		1,211	7,205
NET ASSETS		\$2,600,331	\$2,543,923
Represented by:			
EQUITY	3	\$2,600,331	\$2,543,923

For and on behalf of the Trustees:

Trustee  Trustee 

Date: 15th October 2015

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

Rotoiti 15 Charitable Trust

Notes to the Financial Statements

For the Year Ended 30 June 2015

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Rotoiti 15 Charitable Trust is a charitable trust established by trust deed dated 17 December 2007. The Trust is registered as a Charitable Entity under the Charitable Act 2005 - Registration Number CC29985. The trust is funded by the settlors for the advancement of the beneficiaries of Rotoiti 15 Trust, and the people of the Te Arawa Lakes District. The financial statements of the trust have been prepared in accordance with generally accepted accounting practice.

Measurement Base

The general accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis, are followed by the trust.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the previous year.

Comparative Figures

In prior year The Trust changed its balance date from 31 March to 30 June and as a result the comparative figures are for a period of 15 months.

Differential Reporting

Rotoiti 15 Charitable Trust qualifies for differential reporting as it is not publicly accountable and it is not large. The Trust has taken advantage of all available differential reporting exemptions.

Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

- (a) **Accounts Receivable**
Accounts Receivable are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.
- (b) **Investments**
ANZ Bond investments and Craigs Investment Partners Portfolio are shown at market value. The movements in market value are recorded in Statement of Financial Performance.
- (c) **Taxation**
No provision is made for Income Tax as the Trust has charitable status.

2. AUDIT

These financial statements have been subject to audit, please refer to Auditor's Report.

Rotoiti 15 Charitable Trust
Notes to the Financial Statements
For the Year Ended 30 June 2015

3. EQUITY

	2015	2014
	\$	\$
Original Capital (Note 4)	10	10
Retained Earnings (Note 5)	<u>2,600,321</u>	<u>2,543,913</u>
Closing Balance	<u><u>2,600,331</u></u>	<u><u>2,543,923</u></u>

4. CAPITAL

The Capital of the Trust \$10 represents the money transferred to the Original Trustees from the Settlers in accordance with Deed of Trust dated 17 December 2007.

5. RETAINED EARNINGS

	2015	2014
	\$	\$
Retained Earnings opening balance	2,543,913	2,512,634
Net Surplus	<u>56,408</u>	<u>31,280</u>
Closing Balance	<u><u>2,600,321</u></u>	<u><u>2,543,913</u></u>

6. INVESTMENTS

	2015	2014
	\$	\$
ANZ Bond		
Opening Balance	1,002,500	1,038,000
Investment Written Up/(Down)	<u>14,600</u>	<u>(35,500)</u>
Closing Balance	<u><u>1,017,100</u></u>	<u><u>1,002,500</u></u>
Craigs Investment Partners Portfolio		
Opening Balance	-	-
Funds Contributed	1,500,000	-
Plus Net Interest & Dividends	16,698	-
Less Management Fees	(1,004)	-
Investments Written Up/(Down)	<u>(16,218)</u>	<u>-</u>
Closing Balance	<u><u>1,499,476</u></u>	<u><u>-</u></u>
Total Investments Written Up/(Down)	<u><u>(1,618)</u></u>	<u><u>(35,500)</u></u>

7. CONTINGENT LIABILITIES

There were no known material contingent liabilities at year end. (2014: \$Nil).

8. GRANTS PAID

	2015	2014
	\$	\$
Other Grants	<u>-</u>	<u>1,000</u>
	<u><u>-</u></u>	<u><u>1,000</u></u>

*CF
Audit*

Rotoiti 15 Charitable Trust

Notes to the Financial Statements

For the Year Ended 30 June 2015

9. **CAPITAL COMMITMENTS**

At balance date there were no capital commitments. (2014: \$Nil)

10. **RELATED PARTIES**

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

Accounting fees owing to Rotoiti 15 Trust at prior year end for costs paid on behalf of the Rotoiti 15 Charitable Trust of \$7,205 were paid in full during the year.

11. **EVENTS SUBSEQUENT TO BALANCE DATE**

There are no known events subsequent to balance date that would impact on these financial statements.



ROTOITI 15
Ngā Rawa E Tūpu

ANNUAL REPORT 2015