



**ROTOITI 15**  
Ngā Rawa E Tupu





# tirotiro

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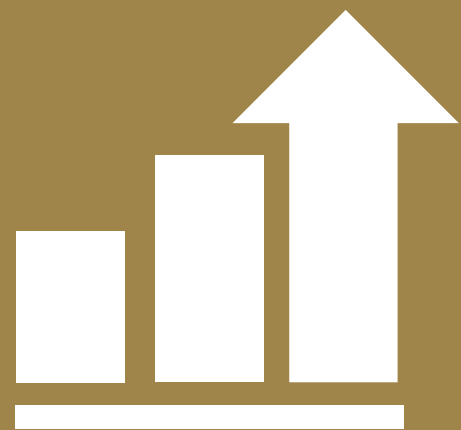
# 14,748

Registered  
Rotoiti 15  
Shareholders



# \$221,837

Grants paid  
for the year



# \$44,373,006

Total Asset Base

## kaupapataka agenda

### 2017 ANNUAL GENERAL MEETING

WAIKOHATU MARAE, ROTOITI  
SATURDAY 25 NOVEMBER 2017 at 10.00am  
Registrations commence at 9.00am

1. MINUTES
2. CHAIRMAN'S REPORT
3. STRATEGIC DIRECTIONS REPORT
4. BUSINESS REPORTS
5. FINANCIAL REPORT
6. DISTRIBUTIONS REPORT
7. GENERAL BUSINESS



# ngā mīneti minutes

## ANNUAL GENERAL MEETING OF OWNERS

HELD AT TAURUA MARAE

ROTOITI

ON SAT, 26 NOVEMBER 2016

AT 10:00AM

The meeting of 174 owners was chaired by Arapeta Tahana Jnr and was opened with a mihi and karakia from Kaiawhiti Tahana.

### present

See attached Attendance Register (174)

### apologies

See attached Apologies Register (68)

#### RESOLVED

*“To accept the apologies”*

*(Arapeta Tahana/ John Fenwick) Carried*

### opening

The Chairman, Arapeta Tahana, extended a mihi to everyone and thanked the owners for their attendance.

### minutes

Owners were given time to read the minutes of the previous AGM held on 21 November 2015. Merehira Savage questioned the election process undertaken. Arapeta advised that initially there was one vacancy but due to the sudden death of Morris, the owners passed a resolution to re-appoint Piki Thomas to fill Morris’ position until that position is up for re-election.

#### RESOLVED

*“To accept the AGM minutes of 21*

*November 2015 as a correct record of that meeting.”*

*(Arapeta Tahana/Huhana Church) Carried*

Arapeta Tahana acknowledged past trustees Morris Meha and Willie Newton for their contribution to the trust and extended a mihi to their whanau for their loss.

### chairman’s report

Arapeta gave the key highlights of his report for the last year. He explained how the Trustees made different investments to manage risk and that the increase in assets was due to the return of Rerewhakaaitu.

Arapeta introduced the Trust’s new General Manager Brad Tatere. Brad introduced himself and acknowledged whakapapa links to Te Rangiunuora,

Tamateatutahi Kawiti and the Hoete whanau from Ngati Pikiao.

#### RESOLVED

*“The Chairman’s Report be accepted.”*

*(Dennis Waiti/John Fenwick) Carried*

### strategic directions

Arapeta explained the strategy and said it was intended to enable the trust to collaborate with other entities to create better opportunities for the owners. He mentioned that this year the trust is looking at building its own capabilities, skills and creating employment opportunities. Allan Richie asked about the use of 1080 poison. Tame Malcolm asked if the Trust gave any consideration to the environment/kaitiaki side of things.

Arapeta said that the trust was looking into implementing a new policy in particular for its farms. He also referred to Makatiti Dome and explained the trust is looking to strengthen the kaitiakitanga side of its operation.

#### RESOLVED

*“The Strategic Directions Report be accepted.”*

*(Merehira Savage/John Treanor) Carried*

### business reports:

#### distributions

Pare Aratema expressed her disappointment that she missed out due to not providing the required documentation. Arapeta explained the reasons behind the process and asked for feedback to enable better efficiency.

#### rerewhakaaitu

Tina Ngatai provided the annual report for Rerewhakaaitu. She mentioned a recent visit to both Rerewhakaaitu and Rotoiti Forests alongside forestry expert Rob Tiopira. She acknowledged the planting undertaken by Newton Logging and discussed some observations she had made.

### maniatutu farm

Piki Thomas provided the annual report for Maniatutu Farm. He acknowledged the dedicated work of the trust’s two sharemilkers Glenn and Yvette Amoamo. Piki congratulated Glenn and Yvette further for receiving a certificate from Fonterra for the 100% quality of their milk.

### kiwifruit

Tina Ngatai provided the OTK report. She was pleased to report that the orchard is in outstanding condition. Rotoiti 15 is expecting to receive its first dividend before Christmas.

### maniatutu road orchard

Tina turned to the Maniatutu Road orchard. She mentioned that the orchard was severely damaged by PSA. The trustees have since made the decision to engage the expertise of Hingatu Marsh.

### otukawa joint venture

Tina continued on to the Otukawa joint venture report for the year. She explained that there was a loss for the year, however it was a significantly smaller loss than what was forecasted. She thanked all those involved for their hard work to reach this outcome.

### whitebait

Arapeta introduced Jeremy Gardiner from New Zealand Premium Whitebait Limited to deliver his report. Jeremy introduced himself and explained the Whitebait concept. He mentioned the first dividend was planned for 2018 and the Trust had invested \$1.6M into the company. Arapeta said that the Trust has set up a limited partnership agreement which allows smaller entities to collaborate if they wish.

#### RESOLVED

*“That the Business Reports be received”*

*(Merehira Savage/ Willie Emery) Carried*

### financial report

Glenn Hawkins presented the financial reports. He referenced the new accounting standards and explained how to read the new reports. Glenn referred to the clear audit opinion provided by the

auditor Cookson Forbes. Glenn discussed the forestry, investment and kiwifruit income which were the main sources of income for the Trust. He referred to specific expenses across those items, administration costs and answered questions about distributions.

Arapeta mentioned that there was \$108,000 remaining in the budget from distributions. It was decided to allocate it to this year’s distributions in the proportions already set out in the distributions policy.

#### RESOLVED

*“To accept the financial reports and*

*appoint Cookson Forbes as the Auditor”*

*(Tawhiri Morehu/Mary Stainton) Carried*

### doc pest management

Arapeta gave the background to the issue and explained the intent was to re-establish the trust’s role of kaitiakitanga. He explained that the Trust have not committed to the use of 1080 and are currently investigating all options. Discussion ensued, Tane Lawless said he would like the Trust to give the opportunity to the owners to undertake pest management.

Tame Malcolm introduced himself and provided his credentials as an auditor for 1080. He explained that the pest situation in Okataina is urgent. Further discussion ensued, it was suggested that hunters and trappers be involved and a committee be set up. It was decided that aerial 1080 not be utilized.

#### RESOLVED

*“That Rotoiti 15 will not implement the use*

*of aerial 1080 for pest control”*

*(Colleen Skerret-White/Allan Richie) Carried*

Fred Whata mentioned that prior to the AGM there was a hui set up with concerned shareholders and the like. At the hui it was decided that a committee be formed and further consultation hui be held with the owners. This is scheduled for April 2017.

### hunting club

Arapeta explained there has been complaints to the trustees by shareholders and hunters who have been refused access by the Rotoiti 15 Hunting Club for no apparent reason. Dennis Waiti said that he himself has been refused and put forward the motion.

#### RESOLVED

*“To dissolve the hunting club committee*

*and a new election take place with one*

*trustee on board”*

*(Dennis Waiti/ Ana Kingi) Carried*

### trust deed variations

Arapeta referred the owners to copies of the proposed trust deed. He explained that copies were available at the office of GHA from the date advertisements commenced. He outlined the main changes and explained the logic behind each one. There were no questions from the floor so he invited Glenn Hawkins to speak to the proposed increase in trustee fees.

Glenn mentioned that the trust engaged the services of Strategic Pay and explained their services. He explained the recommendation to move away from the meeting fee structure to a provide a salary each without allowances for extra time. The proposed changes are \$13,000 gross per annum per trustee and \$26,800 for the Chairman.

Discussion ensued on the floor, Merehira Savage commended the trustees on their work but agreed that some performance measures need to be put in place.

#### RESOLVED

*“To adopt the Trust Order Amendments as*

*proposed”*

*(Barnett Vercoe/Merehira Savage) Carried*

### tuara matata geothermal

Arapeta explained that the trustees resolved by majority to enter into the partnership however Tina and Fred opted to decline. He mentioned they had major concerns with encumbrances over the land. Glenn Sergeant asked what would happen to assets that need removing.



# ngā mīneti minutes continued...

Arapeta replied that those would be compensated for. With no further questions, Arapeta put forward the motion that the owners move to sign the Tuara Matata Agreement on behalf of Rotoiti 15 Trust.

## RESOLVED

*“That the Trust sign and enter into the Tuara Matata Geothermal Agreement with Mercury Energy”  
(Arapeta Tahana/John Lawless) Carried*

## general business

John Lawless asked if the Trust had considered investing in Saw Milling? Arapeta mentioned that the Trust is currently in discussions with RedStag and it is definitely something that it is looking into.

The Nikora whanau expressed their thanks for the koha at their mother's tangi.

Junior Grant asked if the Trust would consider paying out dividends. Arapeta explained that there are simply too many owners hence the reasoning behind providing grants.

Merehira Savage commended the Trustees on their work this year and said that if the trust was open to it, that Ngati Rongomai Iwi Trust would like to develop a relationship.

There being no further business, the Chairman declared the meeting closed at 1.02pm.

Signed as a correct record

**Arapeta Tahana**  
Chairman



# ngā kaitiaki trustees



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

#### iwi affiliations

Ngāti Pikiao, Ngāti Makino,  
Tapuika

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

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

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



**Tina Ngatai**  
trustee since 2007

#### iwi affiliations

Ngāti Pikiao, Ngāti Rangiwewehi, Ngāti Porou Ngāti Whakaue, Tapuika

Tina was born and raised in Koutu, Rotorua and has 4 children and 7 mokopuna. She holds an MBA through Waikato University and a Post Graduate Diploma in Business – Maori Development from Auckland University. She has held several senior positions within the Maori Land Court and the Maori Trustee.

Tina has been a trustee of Rotoiti 15 Trust for 11 years and is now the longest serving trustee. The Trust has grown extensively in this time and it remains a challenge to meet the needs of a shareholder base that is very large and very diverse. Good economic growth has meant that the Trustees are now able to turn their attention to delivering more social benefits for the owners such as supporting employment through grants that recognize both trades and tertiary study and focus on the whenua, the environment and sustainability. She believes she offers not only gender balance to the Trust but also diversity of thought and opinion.

For her it's about creating wealth in order to deliver services to the people – social benefits such as Health, Employment and support to our culture & marae. Looking after the people now and establishing a great legacy for future generations. She is currently self-employed providing management services to Māori Entities and is currently working with Trusts in Te Whanau-A-Apanui and Ngāti Pukenga and the Te Arawa rohe. She sits as Chair of Manaaki Ora Trust (Te Utuhina Manaakitanga and Tipu Ora) in order to give back to the vulnerable people in the community. She also holds a trustee role on Pukeroa Oruawhata Group and Onuku Maori lands trust. He Tangata: He Whenua.



**Frederick Whata jnr**  
trustee since 2012

#### iwi affiliations

Te Arawa, Ngāti Pikiao

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

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

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



**Piki Thomas**  
trustee since 2014

#### iwi affiliations

Ngāti Pikiao, Ngāti Whakaue

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

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



**Joseph Tahana**  
trustee since 2016

#### iwi affiliations

Ngāti Pikiao, Ngāti Makino,  
Tapuika

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

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

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



**Brad Tatere**  
General Manager

#### iwi affiliations

Ngāti Kahungunu, Rangitāne,  
Te Arawa, Ngāti Whakaue

Brad was born and raised in Hawkes Bay and is of Ngāti Pikiao decent and, whakapa's through his tipuna wahine, Te Muri Ahipene, daughter of Ahipene Hoete. Brad also whakapapa's to Ngāti Whakaue, Ngāti Kahungunu and Rangitane iwi. He is married to Kirsty and has four primary school aged tamariki.

Brad was appointed General Manager in November 2016 after having spent nearly a decade in Agri Commercial banking and investment management. Brad brings a wealth of commercial expertise which will assist Rotoiti 15 Trust to achieve its strategic objectives for the ultimate benefit of beneficial owners.

Brad is committed to a best practice management approach and performance at the highest possible level. He approaches life as an endless continuum of learning. He is a member of the New Zealand Institute of Directors, an alumni of the Kellogg Rural Leadership Programme, and is a current participant in Fonterra's Governance Development Programme.

# te rīpoata o te tiamana

## chairman's report

Te wehi ki te atua te timatanga o te whakaaro nui, heoi anō, he hōnore he kororia ki te atua he maungārongo ki runga ki te mata o te whenua, he whakaaro pai ki a tātau katoa.

Tuarua, ka mihi ki a rātau kua hinga atu ki tua o te ārai, koutou kua whetūrangitia, moe mai rā. Ki ngā tini aitua o te wa, kei tēnā, kei tēnā o wā tātau iwi, ka poroporoakihia, ka tangihia atu anō ki a rātau. Haere, haere, e oki. Kāti ake ki a rātau.

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

## Kupu Whakataki

### Introduction

On behalf of Rotoiti 15 Trust I'm proud to present our annual report for 2017.

The past year has been yet another busy one for the trust. We continue to build on the foundations we've set in recent years to strengthen the strategy, focus, performance and impact of the trusts activities. This year has been one of the more challenging as the breadth of the trusts activities continues to grow and has required special attention to provide greater support to new investments and refocus energy into the conservation of Makatiti Dome and the importance of our whenua as a kapata kai for our whanau and marae.

The Chair's report aims to provide owners with a snapshot of key highlights, whilst the remainder of the annual report provides



greater detail about the key activities of the trust. We look forward to the AGM as an opportunity to get your feedback on our mahi over the past year.

## Nga nekenekēhanga Matua

### Key developments over the past year

Over the past year the trust has continued to build upon key strategies including investment management, building the internal capability of the Trust, incorporating tikanga and kawa into our practises, and, strengthening our focus on the conservation of our whenua tupuna.

The following outlines key highlights from the past year:

## Tupu Rawa

### Asset Growth

This year has seen further growth in our assets of \$2.4m, bringing our total assets to over \$40m. Over the past year the Trust has focused largely on monitoring and reconfiguring existing investments. This has included a decision to prune 50% of the Rerewhakaitu forest in order to diversify future revenues and create employment opportunities for Maori in the short term. In addition we have been monitoring the recent investment in NZ Premium Whitebait Ltd which has experienced some challenges over the past year, we believe there is still a great opportunity here which will be discussed in more detail at this year's AGM. We have committed \$250,000 to one new investment over the past year, this being new Dairy processing plant in Kawerau, majority owned by Maori investors. Beyond these developments our existing investments are performing in line with our forecast and we are confident we will achieve our 2026 target of \$60m in assets.

## Kaitiakitanga

The Trust has strengthened its relationship with the Department of Conservation entering into an MoU that will see us more involved in the conservation management of Makatiti Dome. This work has included further discussions around pest management strategies that avoid use of aerial 1080 applications and leverage the involvement and knowledge of the Trust's beneficiaries. We hope to have a firm strategy in action by 2018. In addition we have worked closely with our hunting club to improve permitting processes to ensure fair access to our whenua and strengthen health and safety. The Trust acknowledges the importance of the hunting club as a means to enable beneficiaries to connect with their whenua and to provide kai for our whanau and marae.

## Tikanga and Kawa

The Trust continues to strengthen the use of tikanga and kawa into the management of our whenua and the Trust's activities. This included the practise of an annual dawn karakia (which we started in 2016). The annual dawn karakia provides an opportunity for us to mihi to our whenua, upuna and nga atua for the benefits we receive from our whenua. It also aims to remind

trustees and owners of our obligations to our whenua and assist us in carrying out these duties. This year's karakia was performed at the base of Makatiti dome by tohunga and beneficiary Anaha Hiini.

## Te Ihu Oneone

### Management Capability

The Trust has continued to build our management capability as a core aspect of our long term strategy. The Trust believes in the importance of building our own management team to deliver more efficient and effective support to the Trust and assist us to achieve sustainable results. In the past year we engaged Huiaarau Stewart as an Executive Administrator. Huiaarau was previously employed by GHA as a secretary for several Maori organisations, including Rotoiti 15. Engaging Huiaarau has enabled the Trust to take full advantage of her organisational skills and passion for kaupapa Maori. Huiaarau is supported by Brad Tatere, our general manager who was engaged last year and introduced to owners at the 2016 AGM. Brad brings a strong financial background which will enable the Trust to establish more robust processes, tools and information for financial management. We have also engaged Holly Wharewera for 18 months to support the Trust who is currently covering Huiaarau whilst on maternity leave. We are also proud that both Huiaarau and Holly are beneficiaries of the Trust, as such their engagement supports the Trust's aims to provide employment opportunities to our beneficiaries.

## Te Hanga Putea

### Financials

Over the past year, the Trust has achieved another solid financial result. The Trust achieved an operating profit of \$156,829 and an overall profit of \$2,276,132 (including the revaluations of the investments and trees). This represents a 74% decrease in operating profit and 69% decrease in overall profit compared to the previous year. This operating result aligns with the Trust's forecasting and is in fact better than was originally budgeted for the 2016/17 year.

The Trust's asset base has had significant growth of \$2,395,659 which represents a 6% increase compared to the previous year. This is largely attributable to the revaluation of \$3,266,000 in the fair value of the Rerewhakaitu Forest trees, bringing the total value to \$10,050,000.

On the back of this growth, owner's equity has grown from \$36.1m to \$37.8m. This is a record high for the trust and will provide the Trust with greater financial opportunities from a strengthened balance sheet. The Trust is also in a strong cash position with over \$2m held back in accounts and term deposits.

## Te Putea Tautoko

### Distributions

The past year has seen the Trust distribute \$221,837. This was only 50.4% of the \$439,944 made available for distributions.

The lower than expected uptake has highlighted the need to do further work around engaging and supporting owners/affiliated roopu to apply for funding and to inform policy development. To this end, the Trust will be reviewing Te Putea Tautoko Policy (distribution policy) in 2018. This has been extended from 2017-2018 to allow for hui and engagement with owners to take place. To get your whakaaro on the policy into the next 10 years. A snapshot of our distributions is provided in this report and we look forward to korero on this kaupapa next year.

## Te Reo Whakakapi

### Closing remarks

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

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

- Brad Tatere for his management expertise and support, particular in terms of strengthening financial focus and disciplines
- Huiaarau Stewart and Holly Wharewera for their dedication to the mahi and keeping the trust ticking along
- Glenn Hawkins and his accounting team for the ongoing guidance and the GHA Centre for providing a beautiful 'Maori' whare for the Trusts mahi and hui
- Our Share milkers Glenn and Yvette who have continued to operate a profitable farm despite a challenging milk pay out and look after our whenua well.
- Tom Davies from Craigs who manages our equities portfolios and achieved another year of growth across all our portfolios.
- Hinga Marsh, for his continued support in revitalising and overseeing our Kiwifruit orchards
- Chas Huton and Thomas Crosse from NZ Forest Managers for their work in managing Rerewhakaitu Forest

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

Mauriora ki a tatau katoa.

Arapeta Tahana



# strategic directions report

## Kia Tuputupu Growing our Assets and Cashflow

**2026 Target:**  
\$60m assets, \$4m annual ‘operating’ profit,

**2017 Position:**  
\$44m assets, \$0.834m ‘operating’ profit (excluding forestry and kiwifruit investment costs)

### Key Focus for 17/18 Year:

- Strengthen underperforming assets
- Investment monitoring streamlined
- Consolidate 5year asset management and performance plan

## Kia Ngātahi Develop Strategic Partnerships

**2026 Target:**  
Strategic Partnerships are Rotoiti 15 Trust Culture

- 2017/18 Position:**
- Committed to investment partnership in Kawerau Dairy Plant and New Zealand Premium Whitebait
  - Develop Associate Trustee Strategy aimed at Partnering with other Ngāti Pikiao Trusts

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

**2026 Target:**  
\$1.8m distributions

**2017 Position:**  
\$456,871 for distribution

### Key Focus for 17/18 Year:

- Establish a pest management and conservation plan in partnership with DoC
- Engage with owners to review and implement new approach
- Communications Strategy
- Associate Trustee

## Kia Puāwai Capacity and Capability to Deliver our Vision

**2026 Year Target:**  
70% of capability delivered inhouse

### Key Focus for 17/18 Year:

- Identify further trust activities that can be brought in house
- Improvements to the Owner Registry
- Governance Performance Development





# te pūtea tautoko distributions report

## distributions report

This financial year Rotoiti 15 Trust and Rotoiti 15 Charitable Trust have collectively distributed \$221,837.00 to beneficiaries, Marae and Community Organisations. As part of this process, the trust considered 84 applications from beneficiaries. We are incredibly proud of the achievements that our owners and beneficiaries have achieved this year. We thank you for sharing your stories and journeys with the trust and appreciate the positive impact you continue to make in the wider community.

## distributions policy

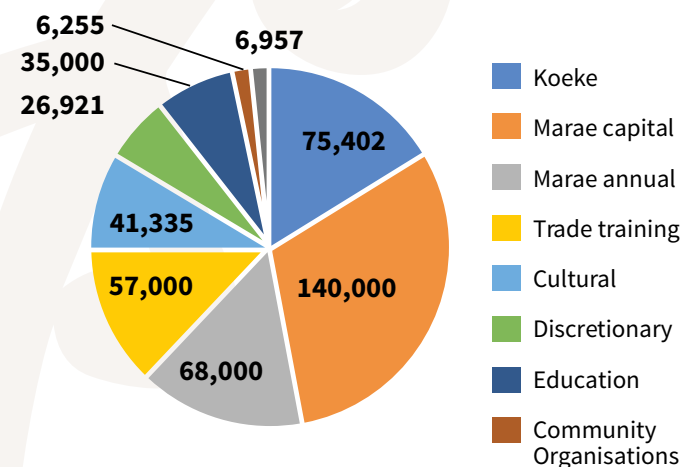
The trust remains proud of its distribution history having distributed \$6,381,725 million to its beneficiaries since 2005. In alignment with the goals set out in 2016, we are in the process of reviewing the distributions policy and engaging with owners to better understand where we can make more of a positive impact.

We want to make sure that we are meeting the needs of our owners to the best of our ability, so we invite you all to provide feedback and share with us your aspirations for the future. At this year's AGM we will be holding a workshop with owners to review this policy with the aim of identifying improvements to ensure the Trust's distributions are making a positive impact towards our people, culture and environment.

## 2017 position

The total funds for distribution in 2017/18 year is \$456,871. In alignment with the current distributions policy, the allocation is made up of 40% of the Trusts net profit of \$88,764 plus \$150,000 from Rotoiti 15 Charitable Trust and finally, the carry over from 2016/17 year of \$218,107.

### Allocation of grants for 2016/2017



Dawson Smith captained the NZ U16 Touch development team in their tour to the Gold Coast.



Rotoiti Hunt and Hack Club.



Te Arawa Elite Team competing in the INBA Body Building Competition



summary of  
distributions paid





# business report

## rerewhakaaitu forest

The following report is a summary of the activities carried out by NZ Forest Managers within Rerewhakaaitu Forest for the period 1 July 2016 to 30 June 2017 on behalf of the Rotoiti 15 Trust.



### 1 forest development activity

Operation	Actuals to 30 June		Full Year Budget	
	\$000	ha	\$000	ha
Land Preparation	5.8	17.0	0.0	0.0
Planting	188.8	276.4	217.0	277.0
Ancillary	69.0	335.8	69.0	350.0
Pruning	0.0	0.0	0.0	0.0
Thinning	0.0	0.0	0.0	0.0
Crop Measurement	0.0	0.0	0.0	0.0
<b>Total</b>	<b>263.6</b>	<b>629.2</b>	<b>286.0</b>	<b>627.0</b>

The planting of 276.4 hectares in winter 2016 completed the restocking of the second rotation of the forest. The total stocked area is now 2,384 hectares, planted across seven age classes.

The ‘Ancillary’ operations expenditure consisted mainly of fertilising trees planted on skidsites to improve growth and vigour, and release spraying of recently planted areas to prevent competition from weed species.

No silvicultural operations (pruning and thinning) were undertaken in the 2016\_17 year.

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

### 2 forest maintenance, security and protection

Operation	Actuals to 30 June		Full Year Budget	
	\$000	ha	\$000	ha
Forest Maintenance and Protection <sup>1</sup>	36.5	449.0	38.5	-
Asset Maintenance <sup>2</sup>	20.7	-	6.0	-
Miscellaneous <sup>3</sup>	1.4	-	4.0	-
<b>Total</b>	<b>58.6</b>	<b>-</b>	<b>48.5</b>	<b>-</b>

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

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

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

Forest maintenance and protection expenditure consisted mainly of spraying stands with cuprous oxide to treat for dothistroma and fertilising stands to correct a boron nutrient deficiency.

Asset maintenance expenditure was significantly higher than budgeted due to several heavy rainfall events occurring throughout the year. Each of these required road maintenance work, predominantly the clearing of slips off roads and opening of watertables to prevent further damage to the roads.

The miscellaneous expenditure relates to overhead and administration costs, and to aerial photography required for remapping of areas for remapping prior to tending operations beginning.

### 3 health and safety, and environmental

There were no lost time workplace accidents or environmental incidents associated with NZFM’s forestry operations in Rerewhakaaitu forest in the 2016\_17 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.

managed under a pruned regime. Two pruning crews with links to the land have been engaged and will start work in October 2017.

2. Routine maintenance and protection activity, including plant pest control and road maintenance.

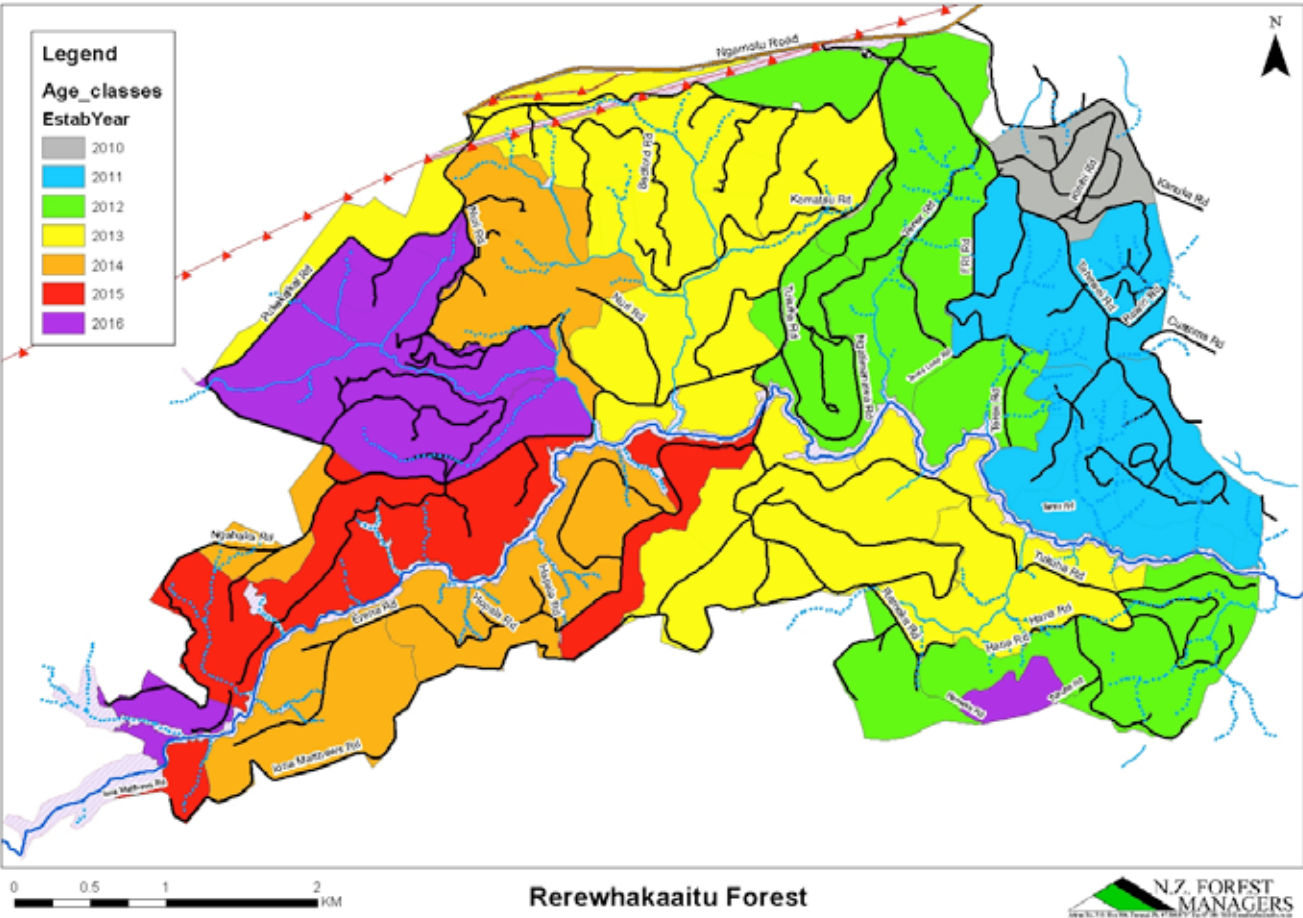
3. Installation of a 300,000 litre fire dam within the forest.  
4. Ongoing forest health monitoring in the form of a dothistroma survey, foliage sampling and analysis, and a forest health surveillance inspection.

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

### 4 looking ahead

Activity in the 2017/18 year will be concentrated on:

1. The commencement of pruning operations. Approximately 50% of the second rotation area will be





# business report

## kiwifruit and otukawa

### maniatutu road orchard

In September 2016, Rotoiti 15 Trust signed a one year contract for service with both Tuhono Whenua Horticulture Limited (TWHL) and Edward Heeney Consulting Limited (EHC) for the re-establishment of its Hayward orchard.

This report will inform the Trust on how the work program is tracking against the budgets and targets, and what is proposed for the next 12 months.

Rotoiti 15 orchard is a PSA recovering orchard comprising 5.61 ha across two KPINS 4362 & 7572. Currently, there are around 2,500 x 3 year old Bruno and 1,000 x 1 year old Bruno rootstocks grafted to Hayward and Chieftain in August 2017. These grafts already have between 2.5 -5 cm shoot growth on some buds.

**FIGURE 1:**  
PSA recovery process has three phases for returning the orchard to full production.

Recovery	<ul style="list-style-type: none"> <li>Rotoiti 15 orchard is under a PSA recovery process, involving re-planting of Bruno rootstocks, copper spraying for PSA, improving soil health and nutrients. Fast-track &amp; natural shelter installed to protect new grafts.</li> </ul>
Establishment	<ul style="list-style-type: none"> <li>Hayward grafts were completed in <b>winter 2017</b>, (graftwood was sourced from a low reject rate and high production orchard). Grafts will be trained and cared for during the next 3-4 years to establish a strong fruiting canopy and the necessary Chieftain strip males needed to meet the 10-12,000 TE/ha target.</li> </ul>
Production	<ul style="list-style-type: none"> <li>By 2021, we expect the first significant year of fruit production with the maximum target production of 12,500 TE/ha by 2024. The current model is based on Hayward (green) kiwifruit only, with no Gold3 projections included.</li> </ul>

- Current status:**  
The current work plan is up to date with the following key tasks completed.
- Re-planting of 1000 Bruno rootstocks across both orchards
  - Grafting of Hayward (green) and Chieftain (male) varieties completed
  - Interplanting of casuarina plants in the willow boundary perimeter
  - Dripper irrigation system fully operational (especially for summer)
  - Fast-track (undervine) shelter erected every fourth (male) row.



### Otukawa Limited 2016/17 Dairy season

The 2016/17 season was the most challenging to date for Otukawa. A wet, overcast spring 2016 resulted in poor feed utilisation, lower pasture growth rates but most critically low dry matter (“DM”) and energy levels in the pasture during spring.

The effects of the low pasture quality and quantity were primarily felt during September and October, a time when animal energy requirements are at a maximum with peak milk production and mating.

**National /Global effects:**  
Bay of Plenty was not the only region to feel the effects of the weather, national milk production was down -8% in October 2016 with August to October 2016 production down -5% compared to the previous season. While lower NZ milk production was one of many contributing factors resulting in a rebalancing of global milk supply and demand, decreased NZ milk exports was a significant contributor to increased global milk prices which ultimately led to an increase in NZ farmgate returns for the 2016/17 season.

As a result, the 2016/17 farmgate milk price increased from an opening forecast of \$4.25/kg MS to a final farmgate milk price of \$6.12/ kg MS announced in September 2017.

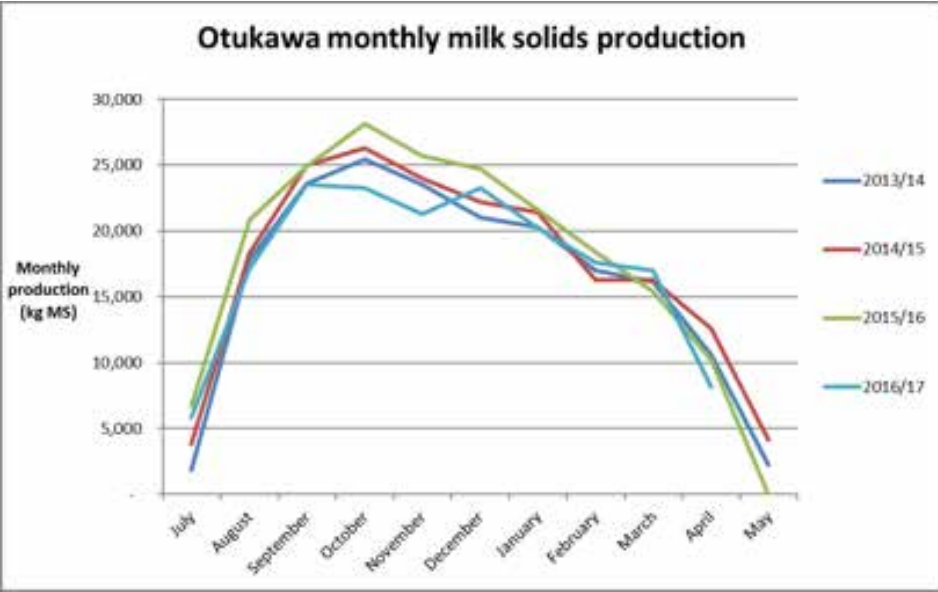
The medium-term outlook for global dairy prices remains positive with milk-fat prices remaining at record levels due to strong global demand. However the USD:NZD exchange rate is putting pressure on NZ farm gate returns, currently at \$0.7206 which is \$0.02 higher

than initial projections. For every \$0.01 increase in the exchange rate farmgate returns are decreased by approximately \$0.10/kg MS.

The 2017/18 Fonterra milk price forecast remains at \$6.75/kg MS.

**Otukawa 2016/17 results:**  
Otukawa’s effective milking platform consists of 157 hectares with an additional 29 hectares used as part of the run off area. At peak Otukawa milked 524 cows achieving 338 kgs per cow or 1,129 kg MS/ha. This was lower than targets however given the weather restrictions as noted above and lower than expected pasture production this was expected. Pasture production was 22.1% lower than the annual pasture production in 2015/16 and maize yield was also down on targets due to the wet conditions.

A total of 177,298kgs MS was produced against a target of 195,000kgs MS. With higher feed reserves carried through





# business report

## maniatutu farm

from the previous season, feed quantity was not the primary cause of the production decrease. Low dry matter and energy content of the pasture due to low sunlight hours was the primary driver. Additionally, difficulty feeding out supplement in the wet conditions increased feed wastage through spring.

Given the challenges presented, the management team did exceptionally well to produce 1,129kg MS/ha for the season. Otukawa's low lying contour relative to the natural water table and heavy peat soils make wet conditions much more challenging than the average dairy farm. For the 4 years to June 2017 the graph below shows results to date.

### Otukawa underwater following April 2017 floods

The April floods are estimated to have cost \$16,000 as 8 hectares of new grass, which had already been planted had to be replaced.



### Infrastructure:

A new effluent sump upgrade was carried out during the year as the existing system was too small. This clean water diversion sump along with a new solids storage pit and pumps ensures that our farm is managing this aspect of the farm well.



### Summary:

A challenging year with the Directors – John Fenwick (Chairman), Reremanu Wihapi, Tina Ngatai and Piki Thomas working very hard with their Farm Advisor, Duncan Walker of PerrinAg Consultants to keep expenses as low as possible. A critical decision to improve the effluent system in order to minimise our impact on waterways on the farm and to purchase Fonterra shares 2 years before deadline has enabled us to receive Fonterra dividends which are currently returning around 6.6% so provided well needed revenue. We are tied into Fonterra for another season 2017/18 and will review whether to stay with this company or move to another milk processing unit as we consider whether the funds associated with the shares could be better utilised in reducing debt.

This venture between the two trusts, Rotoiti 15 and Te Karangi A2, continues to meet our expectations in terms of collaboration and partnerships. Our relationship is very strong and both remain committed to making a success of this venture. However, when global demands and climate and weather decide to challenge the farming operation we can do now more than hunker down and hang on to ensure that we enter the next Dairy season stronger.

**Nga mihi, Tina Ngatai**

### market

The 2017 season was a marked improvement on the season before, based on the increased milk price, which rose by \$2.22 per kg milk solid (MS), from \$3.90 to \$6.12. Looking ahead, Fonterra has announced a forecast milk price for the 2018 season of \$6.75 with milk futures trading at \$6.25 for the 2019 season (at the time of this report). This indicates some form of stability in the market which is desirable, however milk is a globally traded commodity and the situation can change with little notice.

### industry returns

The 5-year average payment to farmers for milk solids is now \$5.73, unchanged from that calculated last season. Fonterra's opening forecast was subdued, but improved substantially as the season progressed, resulting in a final milk price of \$6.12 per kgMS.

While the milk price appears to have steadied for now, volatility in New Zealand's global market place remains our greatest challenge. It is therefore important that the Trust builds an asset portfolio that counters the cyclical nature of commodity returns.

### dairy production

The Maniatutu dairy farm is operated under a 50:50 share milking arrangement. The share milker owns all the livestock and farm machinery. Rotoiti 15 Trust receives 50% of the income from the milk produced and pays all the costs associated with the farmland i.e. fertiliser and repairs and maintenance, as well as a share of the grazing and feed costs. This works out to approximately 55% of all farm expenses.

Unfortunately, last season our share milkers Jersey herd contracted Neospirosis which affected cow reproduction and milk production. This resulted in last season's production being 80,049kg, 10,700kg off the 5-year average of 90,757kg's. This had a significant financial

impact through the loss in milk income, not to mention the added cost to Yvette and Glen of additional cows and animal health expenses.

We are pleased to note that the burden of last season's operational issues are behind us and this season is looking promising so far with healthy calves on the ground and production ahead of this time last year.

For the 2018 season, the Trust has forecast milk production of 95,000 kgMS at a milk price of \$6.30 excluding shareholder dividend, noting that the production is split 50:50 between the Trust and share milkers. Operating expenses for the Trust of \$1.49 per KGMS, up slightly on the previous season to allow for fencing and track maintenance.

### people

Rotoiti 15 Trust is fortunate to be in partnership with a very capable and conscientious couple, Yvette and Glen who share milk the Mainiatutu Rd property with the Trust. Last season they were recognised for their hard work and attention to detail by receiving Fonterra's Certificate of Merit for Milk Quality. This award reflects their dedication to improving their business and in turn Rotoiti 15 business.

### industry compliance

Outside operational efficiency improvements, health & safety, environment and animal welfare imperatives remain the key areas of focus for our business. These critical risk areas are being actively controlled through a range of internal systems and processes under the management of both the Trust and our share milkers.

Rotoiti 15 Trust is in the process of developing an Environmental Policy to assist in the governance and management of the natural resources under Trust ownership. The Trustees acknowledge their kaitiaki responsibilities and in doing so want to ensure the intergenerational legacy of taonga tuku iho in particular.





# business report whitebait - te inanga

## NZPWL Update

As presented at last year's AGM, Rotoiti 15 Trust and Ruahine Kuharua Incorporation formed a Limited Partnership to invest \$1.5m in to New Zealand Premium Whitebait Ltd (of which Rotoiti 15 Trust owns 90%). The Trust invested in this business on the basis that it believed it: presented a significant commercial opportunity, enabled the Trust to be involved in an innovative company alongside other Maori investors and had the potential to contribute to the sustainability of a taonga kai for Maori. In addition this investment aligns with our investment strategy that allows the trust to invest up to 15% of assets into higher risk opportunities, this is an important part of broadening the opportunities and capability of our trust.

Over the past year the company has proven its ability to breed whitebait for the domestic market, however the key challenges for the business have been the need for cash to maintain operations whilst planning and implementing an

expansion of its production facilities in order to produce profitable volumes of whitebait. Over the past year our LLP has invested a further \$1.1m to assist the business, bringing our total investment to \$2.6m. Due to the current capacity of the production facility and the associated costs the company has made a loss (as forecasted) over the recent year, resulting in an impairment to the book value of the investment of \$1,090,355 which has carried through to the Rotoiti 15 Statement of Financial Performance for 2016/17.

The company is currently in the process of raising \$8m of new capital to enable this expansion, however this is currently proving challenging. As such, the Trust has made a commitment to work more closely with company directors and other shareholders to assist the business to trade through to a profitable position. We believe there is significant value in this business if the expansion can be managed effectively. The Trust will be presenting more detail at the AGM about the current situation of the business and plans being considered to help it succeed.



# financial report rīpoata ā pūtea





# financial report

## rīpoata ā pūtea

### Annual Audit

The consolidated financial statements presented are for the year ended 30 June 2017. Cookson Forbes & Associates continue with their process and have issued a clear audit opinion for this financial year. These consolidated financial statements include the Trust itself and the following subsidiaries:

- Otukawa Whenua Limited Partnership
- Rotoiti 15 and Ruahine & Kuharua Limited Partnership

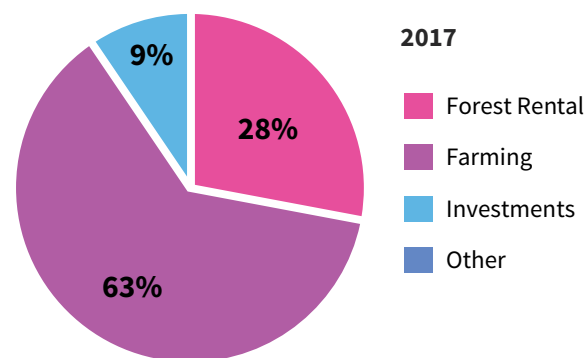
Both the Parent and the Group information is included to enhance understanding of the financial results.

### Income

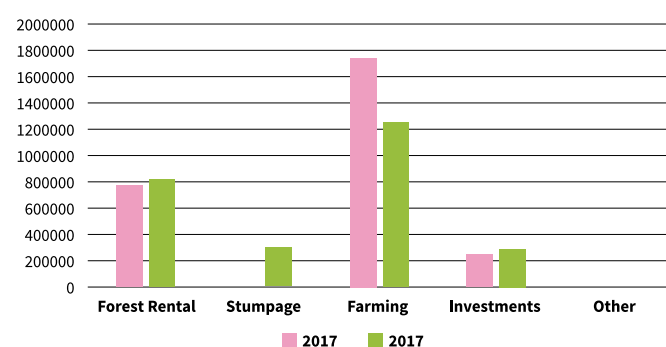
For the year ended 30 June 2017, the Group has generated total income of \$2,797,295 from its core activities being forestry, farming and investments. This is an increase of \$102,284 (4%) compared to last year.

A total of \$1,754,621 (63%) from the Maniatutu Road and Otukawa Whenua farms, \$779,335 (28%) was generated from forestry and \$258,959 (9%) from investments with other income amounting to \$4,379.

### Income by source



### Income Comparison



### Forestry

As expected, no stumpage revenue was received in the 2016/17 year. Land rental has also had a small decrease as a result of handback of forest land at Rerewhakaaitu forest.

### Dairy farming

Milk proceeds from both the Maniatutu Road farm and Otukawa Whenua Limited Partnership increased in the 2016/17 year due to the improving dairy pay-out. Revenue from milk proceeds was \$1,597,292 or 55% more than the year before.

### Investments

The Group received \$258,959 from its investment portfolios, terms deposits and shares in listed companies. Investment income made up 9% of the total income in 2017 (11% in 2016) and decreased by just over \$37,000 compared to 2016. This reflects a realignment of the investment strategy, shifting funds out of lower yielding term deposits to other direct investments. The drop in interest income has been partially offset by an increase in dividend income.

### Expenses

Total operating expenses for the year were \$2,640,466 (\$540,017 more than last year).

**Forestry expenses** made up 16% or \$410,076 of the total expenditure. This was \$77,800 more compared to 2016 which is mainly a result of an increase in planting at Rerewhakaaitu, forest health & maintenance expenditure and rates.

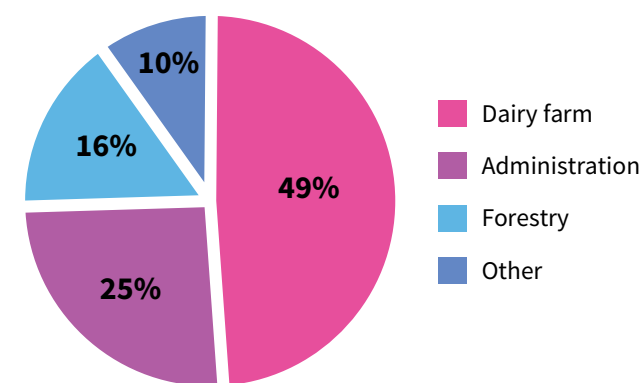
**Dairy farm expenditure** was the highest contributor being 48% or \$1,264,710 of total expenditure. The largest portion of this amount relates to the sharemilkers' portion of milk proceeds (\$487,613). Other larger costs included the purchases of feed (\$151,091) and lease expenses (\$173,228). Overall, dairy expenditure has increased by \$151,726 or 14% compared to the 2015/16 year.

**Kiwifruit expenses** of \$49,387 or 2% of the total expenses include various costs related to the maintenance and ongoing upkeep of the orchard.

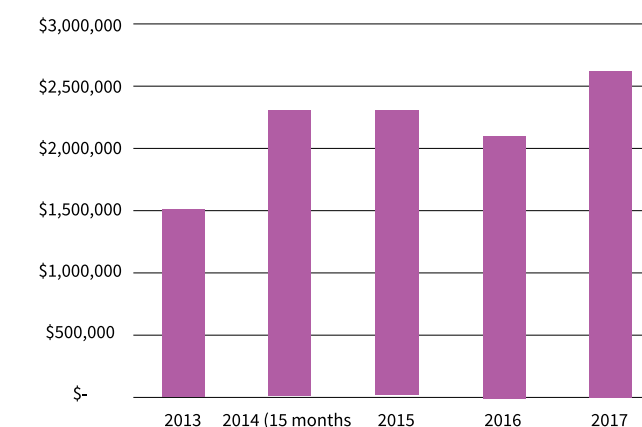
**Administration expenses** represented 25% of total expenses (23% in 2016). Administration expenses are

made up of AGM expenses, accountancy and secretarial fees, insurance, investment management fees, consultancy, trustee fees, and other management costs. An increase of \$184,109 is mainly due to a significant increase in due diligence costs and the introduction of internal staff including a General Manager and secretary.

### Expenses by source



### Expenses by year



### Profit

The Net Profit (after tax) for the year, after allowing for an increase in the Craigs portfolio values, an increase in the value of the forests and an increase in livestock values is \$1,727,622 (2016 \$6,154,874). This is a decrease of \$4,427,525 with a substantial change in the fair value of trees being the major contributing factor (a significantly lower increase than 2016). There is also an impairment adjustment of \$1,090,355 on the NZ Premium Whitebait Limited investment.

Other Comprehensive Income (OCI) was introduced last year in line with the requirements of new financial reporting standards. This includes a decrease in value of the New Zealand Units (carbon credits), an increase in the value of shares held and income tax related to these items were included in this section. Therefore, total comprehensive income for 2017 was \$1,735,595 (\$9,533,369 in 2016), with a loss of (\$6,613) attributable to other non-controlling shareholders in the two subsidiaries.

### Balance Sheet

(Statement of Financial Position)

### Assets

The Group's Current Assets consist of bank funds, term deposits, receivables, prepayments and an Income tax refund. Non-current assets include property, plant and equipment, forestry and livestock holdings, carbon credits and other financial assets. Other financial assets is made up of managed portfolio funds, shares in listed companies and unlisted shares. Total Assets of the Trust increased by \$2,395,659 or 6% compared to 2016. The major reason for this lift is the increase in the value of trees of \$3,266,000.

### Investment Portfolios

The total value of the Group's two portfolios with Craigs Investment Partners at 30 June 2017 was \$5,518,433 which represents a \$286,400 (6%) increase compared to 2016. This represents the net increases in the market value of the portfolios over the past year. During what has been another good year for sharemarkets across the world, the returns from the sharemarket have exceeded 7%.

### Liabilities

Current Liabilities include the Otukawa bank overdraft, accounts payable, GST due for payment, and forestry rent received in advance. They total \$1,136,785 which is similar to last year's figure of \$1,092,986.

Borrowings relate to the BNZ loan held by the Otukawa Whenua Limited Partnership.

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



# financial report

## rīpoata ā pūtea

### Equity

The Group's equity is the net difference between the Group's assets and its liabilities. Closing Equity as at 30 June 2017 was \$37,839,233 with \$256,334 representing Te Karangi A2 Trust's share in closing equity of Otukawa Whenua Limited Partnership.

Distributions made in 2017 are explained in detail in the Distributions section of this report.

	2017	2016
Current assets	2,755,311	5,245,731
Property, plant and equipment	16,713,464	16,689,709
Other financial assets	7,403,929	7,002,633
Investments in joint venture	1,809	2,117
Investments in associates	1,261,849	-
Carbon credits	5,168,565	5,278,788
Livestock and forestry	11,068,079	7,624,354
Other non-current assets	-	134,015
	<b>\$44,373,006</b>	<b>\$41,977,347</b>
Current liabilities	1,136,785	1,092,986
Borrowings	3,451,383	3,425,500
Other non-current liabilities	1,945,604	1,372,880
	<b>\$6,533,772</b>	<b>\$5,891,366</b>
<b>EQUITY</b>	<b>\$37,839,234</b>	<b>\$36,085,981</b>
<b>Statement of changes in equity</b>		
	2017	2016
Opening balance	36,085,981	26,757,600
Net Profit for the year	1,727,622	6,154,874
Other comprehensive income	7,974	3,378,495
Share Capital	159,400	-
Distributions	(141,577)	(204,517)
Other	(166)	(470)
<b>CLOSING EQUITY</b>	<b>\$37,839,234</b>	<b>\$36,085,981</b>

**TOTAL  
ASSETS  
UP  
\$2,395,659  
(6%)**

**OWNERS'  
EQUITY  
UP  
\$1,753,253  
(5%)**

# Rotoiti 15 Charitable Trust

## financial report

### Income

Total revenue for the year was \$219,128.

The Trust received \$127,965 from its investments which is \$9,669 higher than the previous year. Interest income accounts for \$54,227 of the total investment income. Dividends and income from shares in overseas companies make up the balance of \$73,738.

Other revenue of \$91,163 represents the growth in market value of the Trust's investments over the past year.

### Expenses

The Trust's total expenditure for the year was \$89,261.

This is lower than in 2016 (\$147,194) due to a decrease in grants paid (from \$119,309 in 2016 to \$44,000 in 2017) and the loss in value of some of the non-performing investments.

Grants paid in the 2016/17 year are explained in detail in the Distributions section of this report.

### Net Surplus

The Trust's Net Surplus for the year ended 30 June 2017 was \$129,867 (\$192,120 in 2016).

### Balance Sheet

The Trust's Current Assets includes bank funds and a small amount of interest owing. Investments consist of ANZ Bonds the Trust holds to maturity and an investment portfolio held with Craigs Investment Partners. Overall the Trust's assets have increased in value by 5% or \$129,032 compared to 2016.

The Trust's only liabilities are a small amount of creditors due for payment.

The Trust's Equity at 30 June 2017 was \$2,922,319 which also represents a 5% increase compared to last year.

### Statement of Financial Performance

	2017	2016
Investment Income	127,965	118,296
Donations received	-	28,000
Other revenue	91,163	193,018
	<b>\$219,128</b>	<b>\$339,314</b>
Administration	4,014	1,660
Grants paid	44,000	119,309
Investment expenses	10,989	11,669
Other expenses	30,259	14,556
	<b>\$89,261</b>	<b>\$147,194</b>
<b>Surplus</b>	<b>\$129,867</b>	<b>\$192,120</b>

### Statement of Financial Position

	2017	2016
Current Assets	139,902	46,966
Investments	2,785,245	2,516,576
	<b>\$2,925,147</b>	<b>\$2,601,542</b>
Current Liabilities	2,828	1,211
	<b>\$2,828</b>	<b>\$1,211</b>
<b>EQUITY</b>	<b>\$2,922,319</b>	<b>\$2,600,331</b>





# Annual Financial Statements

## Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017



## Contents

3	Independent Auditor's Report
5	Entity Information
6	Statement of Profit or Loss and Other Comprehensive Income
7	Statement of Financial Position
9	Statement of Changes in Equity
10	Statement of Cash Flows
11	Notes to the Financial Statements

## INDEPENDENT AUDITOR'S REPORT

### To the Trustees of Rotoit 15 Charitable Trust

#### **Opinion**

We have audited the accompanying performance report of Rotoit 15 Charitable Trust on pages 7 to 13, which comprises the statement of financial position as at 30 June 2017, the statement of financial performance and statement of cash flows for the year then ended, the statement of accounting policies and other explanatory information.

In our opinion, the accompanying performance report presents fairly, in all material respects, the financial position of Rotoit 15 Charitable Trust as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with the requirements of Public Benefit Entity Simple Format Reporting Accrual (Not-For-Profit), issued in New Zealand by the New Zealand Accounting Standards Board, relevant to reporting financial position, financial performance and cash flows.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Performance Report section of our report. We are independent of Rotoit 15 Charitable Trust in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

#### **Other Information**

The Executive Committee are responsible for the other information. The other information comprises the entity information and statement of service performance but does not include the performance report and our auditors report thereon.

Our opinion on the performance report does not cover the other information and we do not express any form of assurance conclusion thereon.

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



### Auditors Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Executive Committee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

Chartered Accountants  
96 Waioweka Road  
OPOTIKI

8<sup>th</sup> November 2017

## Entity Information

### Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017

#### Nature of business

Forestry, Dairy Farming, Kiwifruit, Investments

#### Postal address

PO Box 1712, Rotorua

#### Trustees

Arapeta Tahana Jnr (Chairman)  
Fred Whata  
Piki Thomas  
Tina Ngatai  
Joe Tahana

#### Accountants

GHA Ltd  
Chartered Accountants  
PO Box 1712, Rotorua

#### Auditors

Cookson Forbes & Associates  
Chartered Accountants  
96 Waioeka Rd, Opotiki

#### Solicitors

Kahui Legal  
32 Waring Taylor Street  
Wellington

#### Subsidiaries

Otukawa Whenua Limited Partnershi  
Rotoiti 15 Trust - 60%  
Te Karangi A2 Trust - 40%

#### Board Members:

J Fenwick, representing Te Karangi A2 Trust  
M Wihapi, representing Te Karangi A2 Trust  
T Ngatai, representing Rotoiti 15 Trust  
Piki Thomas, representing Rotoiti 15 Trust

Rotoiti 15 and Ruahine & Kuharua Limited Partnershi  
Rotoiti 15 Trust - 90%  
Ruahine and Kuharua Incorporated - 10%

#### Board Members:

Fred Whata  
Tina Ngatai



# Statement of Profit or Loss and Other Comprehensive Income

## Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017

		Group		Parent	
	Note	2017	2016	2017	2016
		\$	\$	\$	\$
<b>Revenue</b>					
Forestry income	5	779,335	1,127,415	779,335	1,127,415
Farm income	6	1,754,621	1,266,479	484,815	361,172
Investment income	7	258,959	295,983	258,910	370,902
Other income		4,379	5,134	3,573	5,134
<b>Total Revenue</b>		<b>2,797,295</b>	<b>2,695,011</b>	<b>1,526,634</b>	<b>1,864,623</b>
<b>Expenses</b>					
Forestry expenses	5	410,076	332,276	410,076	332,276
Farm expenses	6	1,264,710	1,112,984	325,620	290,313
Kiwifruit orchard working expenses		49,387	34,780	49,387	34,780
Administration expenses	8	664,674	480,565	616,078	427,710
Interest paid		173,795	85,519	-	-
Depreciation of property, plant and equipment	10	77,824	54,325	51,747	34,947
<b>Total Expenses</b>		<b>2,640,466</b>	<b>2,100,449</b>	<b>1,452,908</b>	<b>1,120,026</b>
<b>Operating Profit</b>		<b>156,829</b>	<b>594,562</b>	<b>73,726</b>	<b>744,597</b>
<b>Other items</b>					
Changes in fair value of managed portfolio funds		148,475	415,415	148,475	415,415
Changes in fair value of biological assets	19	3,443,725	6,388,800	3,266,000	6,560,000
Share of loss in joint venture	14	(15,296)	(16,896)	(15,296)	(16,896)
Share of profit/(loss) in associate	15	(367,246)	-	-	-
Share of loss in subsidiary	16	-	-	156,497	(192,742)
Impairment loss	15, 16	(1,090,355)	-	(1,384,616)	-
<b>Profit before tax</b>		<b>2,276,132</b>	<b>7,381,881</b>	<b>2,244,786</b>	<b>7,510,374</b>
Income tax expense	9	(548,511)	(1,227,007)	(548,511)	(1,227,007)
<b>Profit for the year</b>		<b>1,727,622</b>	<b>6,154,874</b>	<b>1,696,275</b>	<b>6,283,367</b>
<b>Other comprehensive income, net of income tax</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Changes in fair value of available-for-sale financial assets		135,884	45,550	48,845	67,287
Share of movement in reserves of equity accounted associates		-	-	52,223	(13,042)
Changes in fair value of intangible assets	18	(110,223)	3,342,438	(110,223)	3,342,438
Income tax relating to these items		(17,687)	(9,493)	(17,687)	(9,493)
<b>Total Other comprehensive income for the year</b>		<b>7,974</b>	<b>3,378,495</b>	<b>(26,842)</b>	<b>3,387,190</b>
<b>Profit for the year attributable to:</b>					
Owners of the Trust		1,769,050	6,283,368	1,696,275	6,283,367
Non-controlling interests	17	(41,429)	(128,494)	-	-
		<b>1,727,622</b>	<b>6,154,874</b>	<b>1,696,275</b>	<b>6,283,367</b>
<b>Total comprehensive income for the year attributable to:</b>					
Owners of the Trust		1,742,208	9,670,558	1,669,433	9,670,557
Non-controlling interests	17	(6,613)	(137,189)	-	-
		<b>1,735,595</b>	<b>9,533,369</b>	<b>1,669,433</b>	<b>9,670,557</b>

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

# Statement of Financial Position

## Rotoiti 15 Trust and Subsidiaries

As at 30 June 2017

	Note	Group		Parent	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	2,465,460	5,025,966	2,465,035	5,025,547
Trade and other receivables	12	211,705	176,643	16,198	54,264
Related party advances	27	10,785	-	10,785	-
Income tax refund due	9	67,362	43,122	67,362	43,122
<b>Total Current assets</b>		<b>2,755,311</b>	<b>5,245,731</b>	<b>2,559,379</b>	<b>5,122,933</b>
<b>Non-current assets</b>					
Property, plant and equipment	10	16,713,464	16,689,709	14,258,016	14,267,466
Other financial assets	13	7,403,929	7,002,633	6,397,547	6,085,052
Investments in subsidiaries	16	-	-	1,768,408	384,501
Investments in joint ventures	14	1,809	2,117	1,809	2,117
Investments in associates	15	1,261,849	-	-	-
Intangible assets	18	5,168,565	5,278,788	5,168,565	5,278,788
Biological assets	19	11,068,079	7,624,354	10,108,154	6,842,154
Other non-current assets		-	134,015	-	134,015
<b>Total Non-current assets</b>		<b>41,617,695</b>	<b>36,731,616</b>	<b>37,702,499</b>	<b>32,994,093</b>
<b>Total Assets</b>		<b>44,373,006</b>	<b>41,977,347</b>	<b>40,261,877</b>	<b>38,117,027</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Cash and cash equivalents	11	16,619	50,552	-	-
Trade and other payables	20	233,159	165,208	72,085	35,013
Deferred revenue	21	779,335	779,335	779,335	779,335
Employee entitlements		1,951	-	1,951	-
Goods and services tax		105,720	97,891	105,398	100,151
<b>Total Current liabilities</b>		<b>1,136,785</b>	<b>1,092,986</b>	<b>958,770</b>	<b>914,499</b>
<b>Non-current liabilities</b>					
Borrowings	22	3,451,383	3,425,500	-	-
Unclaimed dividends		86,804	87,260	86,804	87,260
Deferred tax liabilities	26	1,858,800	1,285,620	1,858,800	1,285,620
<b>Total Non-current liabilities</b>		<b>5,396,987</b>	<b>4,798,380</b>	<b>1,945,604</b>	<b>1,372,880</b>
<b>Total Liabilities</b>		<b>6,533,772</b>	<b>5,891,366</b>	<b>2,904,374</b>	<b>2,287,379</b>
<b>Net assets</b>		<b>37,839,234</b>	<b>36,085,981</b>	<b>37,357,504</b>	<b>35,829,648</b>

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



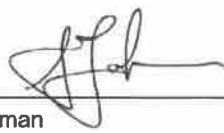
## Statement of Financial Position (CONTINUED)

### Rotoiti 15 Trust and Subsidiaries

As at 30 June 2017

	Note	Group		Parent	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>Equity</b>					
Capital	23	1,331,805	1,331,805	1,331,805	1,331,805
Reserves	24	14,536,096	14,562,938	14,536,096	14,562,938
Retained earnings		21,562,377	19,934,904	21,489,603	19,934,905
<b>Equity attributable to owners of the Trust</b>		<b>37,430,278</b>	<b>35,829,647</b>	<b>37,357,504</b>	<b>35,829,648</b>
Non-controlling interests	17	408,955	256,334	-	-
<b>Total Equity</b>		<b>37,839,234</b>	<b>36,085,981</b>	<b>37,357,504</b>	<b>35,829,648</b>

For and on behalf of the Board of Trustees:

  
Chairman

  
Trustee

Date 8 November 2017

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

## Statement of Changes in Equity

### Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017

Group	Note	Contributed	Reserves	Retained	Non-	Total Equity
		Share Capital		Earnings	controlling interests	
		\$	\$	\$	\$	\$
<b>Opening balance 1 July 2016</b>		<b>1,331,805</b>	<b>14,562,938</b>	<b>19,934,904</b>	<b>256,334</b>	<b>36,085,981</b>
Net Profit for the year		-	-	1,769,050	(41,429)	1,727,622
Other comprehensive income		-	(26,842)	-	34,816	7,974
Share capital		-	-	-	159,400	159,400
Shareholder grants paid		-	-	(141,577)	-	(141,577)
Other	17	-	-	-	(166)	(166)
<b>Closing equity 30 June 2017</b>		<b>1,331,805</b>	<b>14,536,096</b>	<b>21,562,377</b>	<b>408,955</b>	<b>37,839,233</b>

<b>Opening balance 1 July 2015</b>		<b>1,331,805</b>	<b>11,175,748</b>	<b>13,856,054</b>	<b>393,993</b>	<b>26,757,600</b>
Net Profit for the year		-	-	6,283,368	(128,494)	6,154,874
Other comprehensive income		-	3,387,190	-	(8,695)	3,378,495
Shareholder grants paid		-	-	(204,517)	-	(204,517)
Other	17	-	-	-	(470)	(470)
<b>Closing equity 30 June 2016</b>		<b>1,331,805</b>	<b>14,562,938</b>	<b>19,934,904</b>	<b>256,334</b>	<b>36,085,981</b>

<b>Parent</b>						
<b>Opening balance 1 July 2016</b>		<b>1,331,805</b>	<b>14,562,938</b>	<b>19,934,905</b>	-	<b>35,829,648</b>
Net Profit for the year		-	-	1,696,275	-	1,696,275
Other comprehensive income		-	(26,842)	-	-	(26,842)
Shareholder grants paid		-	-	(141,577)	-	(141,577)
<b>Closing equity 30 June 2017</b>		<b>1,331,805</b>	<b>14,536,096</b>	<b>21,489,603</b>	-	<b>37,357,504</b>

<b>Opening balance 1 July 2015</b>		<b>1,331,805</b>	<b>11,175,748</b>	<b>13,856,054</b>	-	<b>26,363,607</b>
Net Profit for the year		-	-	6,283,367	-	6,283,367
Other comprehensive income		-	3,387,190	-	-	3,387,190
Shareholder grants paid		-	-	(204,516)	-	(204,516)
<b>Closing equity 30 June 2016</b>		<b>1,331,805</b>	<b>14,562,938</b>	<b>19,934,905</b>	-	<b>35,829,648</b>

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



# Consolidated Statement of Cash Flows

## Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017

Note	Group		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Receipts from customers	2,144,777	2,226,870	1,038,343	1,560,147
Payments to suppliers and employees	(957,309)	(1,809,788)	(1,002,013)	(1,154,693)
Investment income	343,356	438,065	293,367	364,830
Interest paid	(173,795)	(161,352)	-	-
Grants paid	(141,577)	(225,144)	(141,577)	(225,144)
Donations paid	27	-	-	(28,000)
Income tax	(17,408)	(12,093)	(16,997)	(10,918)
Net GST	12,835	(13,177)	10,253	(13,177)
<b>Total Cash flows from operating activities</b>	<b>1,210,879</b>	<b>415,381</b>	<b>181,376</b>	<b>493,045</b>
<b>Cash flows from investing activities</b>				
Payments to acquire property, plant and equipment	(1,061,504)	(48,248)	(42,297)	(26,148)
Net payments to acquire investments	(2,675,590)	(2,214,475)	(2,673,350)	(1,281,738)
Advances to related parties	27	(10,785)	(10,785)	(1,635)
Payments for investment in joint venture	(15,000)	(10,000)	(15,000)	(10,000)
<b>Total Cash flows from investing activities</b>	<b>(3,762,879)</b>	<b>(2,274,358)</b>	<b>(2,741,432)</b>	<b>(1,319,521)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	(456)	(108)	(456)	(108)
Proceeds from borrowings	22	25,883	-	2,500,000
<b>Total Cash flows from financing activities</b>	<b>25,427</b>	<b>3,425,392</b>	<b>(456)</b>	<b>2,499,892</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(2,526,573)</b>	<b>1,566,415</b>	<b>(2,560,512)</b>	<b>1,673,416</b>
<b>Cash Balances</b>				
Cash and cash equivalents at beginning of the year	4,975,414	3,408,999	5,025,547	3,352,131
Cash and cash equivalents at end of the year	11	2,448,841	2,465,035	5,025,547
<b>Net change in cash for the year</b>	<b>(2,526,573)</b>	<b>1,566,415</b>	<b>(2,560,512)</b>	<b>1,673,416</b>

# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017

### 1 Reporting entity

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

These consolidated financial statements for the year ended 30 June 2017 comprise Rotoiti 15 Trust ("the Parent") and its subsidiaries Otukawa Whenua Limited Partnership and Rotoiti 15 Trust and Ruahine & Kuharua Limited Partnership (together referred to as the "Group").

These financial statements were authorised for issue by the Board of Trustees on 8 November 2017.

### 2 Basis of preparation

#### (a) Statement of compliance

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

#### (b) Measurement basis

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

#### (c) Functional and presentation currency

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

#### (d) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

### 3 Use of judgements and estimates

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

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

#### (a) Judgements

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

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

### 4 Significant accounting policies

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

#### (a) Basis of consolidation

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

Control is achieved when the Parent:

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

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



# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017

### 4 Significant accounting policies - continued

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

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

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

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

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

#### (i) Joint ventures

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

#### (b) Revenue

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

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

#### Sale of goods

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

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

#### Interest revenue

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

#### Dividends

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

#### (c) Operating expenses

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

#### (c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017

### 4 Significant accounting policies - continued

#### (d) Financial instruments

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

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

#### Financial assets

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

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

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

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

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

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

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

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

#### Loans and receivables

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

#### Financial liabilities

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

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

#### (e) Cash and cash equivalents

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

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

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017

### 4 Significant accounting policies - continued

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

##### (i) Recognition and measurement

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

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

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

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

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

##### (ii) Subsequent expenditure

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

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a over the estimated useful lives of each component of an item of property, plant and equipment. The depreciation rates are:

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

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

#### (g) Intangible assets

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

#### (h) Operating leases

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

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

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017

### 4 Significant accounting policies - continued

#### (i) Impairment

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

#### (j) Income tax

The Parent has been granted Maori Authority status.

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

##### (i) Current income tax

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

##### (ii) Deferred tax

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

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

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

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

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

#### (k) Biological assets

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

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

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

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

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

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## Notes to the Financial Statements

### Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017

Note	Group		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>5 Forestry income</b>				
<i>Revenue</i>				
Forestry land rentals	779,335	824,516	779,335	824,516
Stumpage income	-	302,899	-	302,899
	<b>779,335</b>	<b>1,127,415</b>	<b>779,335</b>	<b>1,127,415</b>
<i>Expenses</i>				
Forest health and maintenance	54,250	22,285	54,250	22,283
Management	53,488	44,301	53,488	44,301
Planting	283,074	225,710	283,074	225,710
Rates	24,070	14,591	24,070	14,591
Rent	(8,500)	16,271	(8,500)	16,271
Other expenses	3,695	9,119	3,695	9,119
	<b>410,076</b>	<b>332,278</b>	<b>410,076</b>	<b>332,276</b>
<b>Net Forestry income</b>	<b>369,259</b>	<b>795,137</b>	<b>369,259</b>	<b>795,139</b>
<b>6 Farm income</b>				
<i>Revenue</i>				
Milk proceeds	1,597,292	1,030,862	455,989	317,829
Livestock sales	75,635	109,633	-	-
Rebates	2,928	10,320	-	-
Fonterra dividends	78,766	115,664	28,826	43,343
	<b>1,754,621</b>	<b>1,266,479</b>	<b>484,815</b>	<b>361,172</b>
<i>Expenses</i>				
Animal health	42,254	45,137	-	-
Breeding	33,766	15,128	-	-
Feed	151,091	160,511	-	-
Fertiliser & lime	52,039	45,561	23,750	19,113
Grazing	57,740	58,549	13,151	10,517
Lease expenses	25 173,228	146,558	-	-
Livestock purchases	17,452	30,840	-	-
Maize/PKE purchases	17,100	29,780	17,100	29,780
Rates	73,898	73,435	7,886	7,504
Repairs & maintenance	56,508	78,722	159	25,531
Sharemilker payments	487,613	316,894	229,820	159,555
Supervision fees	29,363	46,184	7,322	10,604
Other farm expenses	72,658	65,685	26,432	27,709
	<b>1,264,710</b>	<b>1,112,984</b>	<b>325,620</b>	<b>290,313</b>
<b>Net Farm income</b>	<b>489,911</b>	<b>153,495</b>	<b>159,195</b>	<b>70,859</b>
<b>7 Investment income</b>				
Interest income	91,919	141,588	91,870	216,511
Dividends received	167,040	154,395	167,040	154,391
<b>Total Investment income</b>	<b>258,959</b>	<b>295,983</b>	<b>258,910</b>	<b>370,902</b>

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## Notes to the Financial Statements

### Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017

Note	Group		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>8 Administration expenses</b>				
Accountancy & secretarial fees	91,337	84,047	66,264	63,909
AGM expenses	33,557	31,304	33,557	31,304
Audit fees	6,225	6,536	4,250	4,561
Consultancy	3,860	15,677	3,861	15,677
Due diligence	180,515	34,160	180,515	34,160
General manager	84,822	29,547	84,822	29,547
Grants and donations	31,260	48,628	31,260	48,628
Insurance	18,803	20,421	8,400	9,520
Investment management fees	29,920	20,832	29,920	20,832
Legal fees	18,661	25,028	13,753	16,203
Office rent	16,680	13,900	16,680	13,900
Printing, stamps & stationery	5,754	7,836	5,544	6,413
Salaries & wages	27,629	-	27,629	-
Share register	26,303	30,000	26,303	30,000
Trustee and director fees	27 63,186	77,855	59,412	72,755
Other administration expenses	26,162	34,794	23,908	30,301
<b>Total administration expenses</b>	<b>664,674</b>	<b>480,565</b>	<b>616,078</b>	<b>427,710</b>
<b>9 Income tax expense</b>				
<b>Profit/(Loss) before income tax</b>	<b>2,276,132</b>	<b>7,381,881</b>	<b>2,244,786</b>	<b>7,510,374</b>
<i>Plus/(less) adjustments</i>				
Non-assessable income	(242,284)	(457,634)	(150,475)	(419,737)
Non-deductible expenses	1,166,259	20,629	1,418,404	20,629
Other adjustments	68,486	41,200	(254,074)	13,280
Attributable to non-controlling interests	(9,953)	138,470	-	-
<b>Taxable income</b>	<b>3,258,641</b>	<b>7,124,545</b>	<b>3,258,640</b>	<b>7,124,545</b>
Income tax using Maori Authority tax rate of 17.5%	570,262	1,246,795	570,262	1,246,795
Less Imputation tax credits	(22,980)	(19,788)	(22,980)	(19,788)
Plus Imputation tax credits converted to loss	1,229	-	1,229	-
<b>Tax expense</b>	<b>548,511</b>	<b>1,227,007</b>	<b>548,511</b>	<b>1,227,007</b>
Less deferred tax	26 (555,493)	(1,145,892)	(555,493)	(1,145,892)
Plus opening balance	(43,122)	(113,289)	(43,122)	(113,289)
Less withholding tax paid	(43,732)	(50,636)	(43,732)	(50,636)
Less terminal tax (paid)/refunded	31,963	45,241	31,963	45,241
Less other tax credits	(5,489)	(5,554)	(5,489)	(5,554)
<b>Total tax to be paid/(refunded)</b>	<b>(67,362)</b>	<b>(43,121)</b>	<b>(67,362)</b>	<b>(43,122)</b>

Maori Authority Tax Credits available to the shareholders of the Parent were \$3,940,297 (2016: \$3,930,137).

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## Notes to the Financial Statements

### Rotoiti 15 Trust and Subsidiaries

For the year ended 30 June 2017

#### 10 Property, plant and equipment

Group	Land & improvements	Buildings	Plant & equipment	Motor vehicles	Office equipment	Total
Cost or valuation	\$	\$	\$	\$	\$	\$
Balance at 1 Jul 2015	15,796,908	747,175	181,271	115,260	10,633	16,851,247
Additions	25,118	-	23,129	-	-	48,247
Balance at 30 Jun 2016	15,822,026	747,175	204,400	115,260	10,633	16,899,494
Balance at 1 Jul 2016	15,822,026	747,175	204,400	115,260	10,633	16,899,494
Additions	39,507	-	59,282	-	2,790	101,579
Balance at 30 Jun 2017	15,861,533	747,175	263,682	115,260	13,423	17,001,073
Accumulated depreciation						
Balance at 1 Jul 2015	-	95,052	32,349	25,843	2,215	155,459
Depreciation expense	6,161	12,799	19,532	11,624	4,209	54,325
Balance at 30 Jun 2016	6,161	107,851	51,881	37,467	6,424	209,784
Balance at 1 Jul 2016	6,161	107,851	51,881	37,467	6,424	209,784
Depreciation expense	33,142	12,556	19,443	10,113	2,570	77,824
Balance at 30 Jun 2017	39,303	120,407	71,324	47,580	8,994	287,608
At 30 June 2016	15,815,865	639,324	152,519	77,793	4,209	16,689,709
At 30 June 2017	15,822,230	626,768	192,358	67,680	4,429	16,713,464
Parent	Land & improvements	Buildings	Plant & equipment	Motor vehicles	Office equipment	Total
Cost or valuation	\$	\$	\$	\$	\$	\$
Balance at 1 Jul 2015	13,521,908	747,175	109,436	-	10,633	14,389,152
Additions	25,118	-	1,029	-	-	26,147
Balance at 30 Jun 2016	13,547,026	747,175	110,465	-	10,633	14,415,299
Balance at 1 Jul 2016	13,547,026	747,175	110,465	-	10,633	14,415,299
Additions	39,507	-	-	-	2,790	42,297
Balance at 30 Jun 2017	13,586,533	747,175	110,465	-	13,423	14,457,596
Accumulated depreciation						
Balance at 1 Jul 2015	-	95,052	15,618	-	2,215	112,885
Depreciation expense	6,161	12,799	11,778	-	4,209	34,947
Balance at 30 Jun 2016	6,161	107,851	27,396	-	6,424	147,832
Balance at 1 Jul 2016	6,161	107,851	27,396	-	6,424	147,832
Depreciation expense	33,142	12,556	3,479	-	2,570	51,747
Balance at 30 Jun 2017	39,303	120,407	30,875	-	8,994	199,579
At 30 June 2016	13,540,865	639,324	83,069	-	4,209	14,267,466
At 30 June 2017	13,547,230	626,768	79,590	-	4,429	14,258,016

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## Notes to the Financial Statements

### Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2017

Note	Group		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>11 Cash and cash equivalents</b>				
Cash at bank - NZD	1,065,460	2,359,221	1,065,035	2,358,802
Short-term deposits	1,400,000	2,666,745	1,400,000	2,666,745
	<b>2,465,460</b>	<b>5,025,966</b>	<b>2,465,035</b>	<b>5,025,547</b>
Bank overdraft (Subsidiary)	(16,619)	(50,552)	-	-
<b>Total cash and cash equivalents</b>	<b>2,448,841</b>	<b>4,975,414</b>	<b>2,465,035</b>	<b>5,025,547</b>
<b>12 Trade and other receivables</b>				
Trade receivables	162,412	49,025	8,905	10,646
Accrued interest	7,293	43,618	7,293	43,618
Prepayments	42,000	84,000	-	-
<b>Total Trade and other receivables</b>	<b>211,705</b>	<b>176,643</b>	<b>16,198</b>	<b>54,264</b>
<b>13 Other financial assets</b>				
<b>Available-for-sale financial assets</b>				
<b>Listed shares</b>				
Ballance Agri Nutrients	24,373	19,845	14,864	12,385
Fonterra Co-op	1,579,722	1,441,551	584,250	532,641
LIC	1,401	1,211	-	-
Mighty River Power	-	27,993	-	27,993
<b>Total Listed shares</b>	<b>1,605,496</b>	<b>1,490,600</b>	<b>599,114</b>	<b>573,019</b>
<b>Unlisted shares</b>				
OTK Orchards	280,000	280,000	280,000	280,000
<b>Total Available-for-sale financial assets</b>	<b>1,885,496</b>	<b>1,770,600</b>	<b>879,114</b>	<b>853,019</b>
<b>Financial assets at fair value through profit or loss</b>				
Managed portfolio funds - Craigs Investment Partners	5,518,433	5,232,033	5,518,433	5,232,033
<b>Total Financial assets at FVTPL</b>	<b>5,518,433</b>	<b>5,232,033</b>	<b>5,518,433</b>	<b>5,232,033</b>
<b>Total Other financial assets</b>	<b>7,403,929</b>	<b>7,002,633</b>	<b>6,397,547</b>	<b>6,085,052</b>
<b>Fair value measurement - listed shares and managed portfolio funds</b>				
The fair value of these investments is determined by reference to the published market prices at the reporting date.				
<b>Fair value measurement - unlisted shares</b>				
The above unlisted shares are not traded in an active market but are classified as available-for sale financial assets and stated at cost at the end of each reporting period. The Trustees have reviewed the value of the above shares and believe it represents the fair value of the shares.				
<b>14 Investments in joint ventures</b>				
<b>Tuara Matata Geothermal Joint Venture</b>				
Balance at beginning of year	2,117	9,050	2,117	9,050
Capital introduced	15,000	10,000	15,000	10,000
RWT Paid	(12)	(37)	(12)	(37)
Share of loss for the year	(15,296)	(16,896)	(15,296)	(16,896)
<b>Balance at end of year</b>	<b>1,809</b>	<b>2,117</b>	<b>1,809</b>	<b>2,117</b>

In July 2012 the Parent, along with Tautara Matawhaura Trust and Rotoma No 1 Incorporation, known as the Tuara Matata Joint Venture, entered into a Memorandum of Understanding (MOU) with Mighty River Power regarding a proposed development of the geothermal field located beneath the Trust's land and the adjoining land. The Parent has a 33.33% (2016: 33.33%) share of the revenue earned and expenditure incurred.

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## Notes to the Financial Statements

### Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2017

Note	Group		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>15 Investments in associates</b>				
<b>New Zealand Premium Whitebait Limited (NZ PWL)</b>				
Capital investment	2,719,450	-	-	-
Share of loss	(367,246)	-	-	-
Impairment loss	(1,090,355)	-	-	-
<b>Balance at end of year</b>	<b>1,261,849</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Parent holds a 90% share in Rotoiti 15 and Ruahine & Kuharua Limited Partnership. During the year, the LP purchased 25.01% or 54,387 shares in New Zealand Premium Whitebait Limited.

The Group's and Parent's investment in NZ PWL and the Ruahine & Kuharua Limited Partnership has been recognised at deemed fair value based on the investors share of the investees net assets. As a result, an impairment adjustment has been recognised within the Group and the Parent for \$1,090,355 and \$1,384,616 respectively. This impairment adjustment has been determined based on the net asset value of NZ PWL as reported within its unaudited 31 March 2017 financial statements. More recent financial data relating to NZ PWL could not be obtained by the date of signing of these financial statements.

### 16 Significant subsidiaries

The Parent has the following significant subsidiaries:

	Country of Incorporation	Ownership interest	
		2017	2016
Otukawa Whenua Limited Partnership	New Zealand	60%	60%
Rotoiti 15 and Ruahine & Kuharua Limited Partnership	New Zealand	90%	-

	Group		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Otukawa Whenua Limited Partnership</b>				
Balance at beginning of year	-	-	384,501	590,990
Taxation paid	-	-	(248)	(704)
Share of profit/(loss) for the year	-	-	156,497	(192,742)
Share of other comprehensive income for the year	-	-	52,223	(13,042)
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>	<b>592,973</b>	<b>384,501</b>

#### Rotoiti 15 and Ruahine & Kuharua Limited Partnership

	2017	2016	2017	2016
	\$	\$	\$	\$
Capital investment	-	-	1,434,600	-
Funds advanced	-	-	1,125,450	-
Impairment loss	-	-	(1,384,616)	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>	<b>1,175,434</b>	<b>-</b>

### 17 Non-controlling interests

<b>Te Karangi A2 (40% in Otukawa Whenua LP)</b>				
Balance at beginning of the year	256,334	393,993	-	-
Share of loss for the year	104,331	(128,494)	-	-
Share of Other Comprehensive Income for the year	34,816	(8,695)	-	-
Other movements	(166)	(470)	-	-
<b>Balance at end of year</b>	<b>395,315</b>	<b>256,334</b>	<b>-</b>	<b>-</b>

#### Ruahine & Kuharua Incorporation (10% in Rotoiti 15 and Ruahine & Kuharua LP)

	2017	2016	2017	2016
	\$	\$	\$	\$
Capital investment	159,400	-	-	-
Share of loss for the year	(145,760)	-	-	-
<b>Balance at end of year</b>	<b>13,640</b>	<b>-</b>	<b>-</b>	<b>-</b>

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## Notes to the Financial Statements

### Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2017

Note	Group		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>18 New Zealand Units</b>				
<b>Pre-1990 units</b>				
<u>297,900 New Zealand units</u>				
Balance at beginning of year	5,278,788	1,936,350	5,278,788	1,936,350
Change in fair value	(110,223)	3,342,438	(110,223)	3,342,438
<b>Balance at end of year</b>	<b>5,168,565</b>	<b>5,278,788</b>	<b>5,168,565</b>	<b>5,278,788</b>

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

### 19 Biological assets

#### Livestock

Livestock comprises dairy cattle. As at 30 June 2017 Subsidiary had 653 dairy cattle (2016: 657 dairy cattle).

Opening balance	782,200	953,400	-	-
Changes in fair value due to price	177,725	(61,567)	-	-
Changes in fair value due to sales and deaths	-	(109,633)	-	-
<b>Closing balance</b>	<b>959,925</b>	<b>782,200</b>	<b>-</b>	<b>-</b>

The fair value of livestock is determined by independent valuations as at 30 June 2017. The independent livestock valuations were performed by an independent livestock agent. The independent valuation uses the quoted price in an active market as the appropriate basis for determining fair value. Where there is more than one active market that the company has access to, the most relevant market has been used.

#### Trees - pinus radiata

The Parent grows pinus radiata for harvest and sale. The Parent holds approximately 2,406 plantable hectares of pinus radiata as at 30 June 2017 (2016: 2,130 ha).

Note	Group		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Carrying amount at beginning of the year</b>	<b>6,784,000</b>	<b>224,000</b>	<b>6,784,000</b>	<b>224,000</b>
Increase in fair value due to price	3,266,000	6,560,000	3,266,000	6,560,000
<b>Carrying amount at end of the year</b>	<b>10,050,000</b>	<b>6,784,000</b>	<b>10,050,000</b>	<b>6,784,000</b>

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

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

#### Trees - kiwifruit

<b>Carrying amount at beginning of the year</b>	<b>58,154</b>	<b>58,154</b>	<b>58,154</b>	<b>58,154</b>
<b>Carrying amount at end of the year</b>	<b>58,154</b>	<b>58,154</b>	<b>58,154</b>	<b>58,154</b>

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## Notes to the Financial Statements

### Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2017

Note	Group		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>20 Trade and other payables</b>				
Trade payables	98,622	78,170	50,759	32,132
Accrued expenses	131,218	84,157	18,007	-
PAYE payable	3,320	2,881	3,320	2,881
<b>Total Trade and other payables</b>	<b>233,159</b>	<b>165,208</b>	<b>72,085</b>	<b>35,013</b>

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

#### 21 Deferred revenue

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

#### 22 Borrowings

<b>Secured - at amortised cost</b>				
Bank overdraft	16,619	50,552	-	-
Bank loans	3,451,383	3,425,500	-	-
<b>Total Borrowings</b>	<b>3,451,383</b>	<b>3,425,500</b>	<b>-</b>	<b>-</b>

#### Summary of borrowing arrangements

##### Parent

The Parent has an unsecured overdraft facility with Westpac New Zealand up to a maximum of \$50,000 (2016: \$50,000). The interest for the overdraft is 10.10% (2016: 9.95%).

##### Subsidiary

At balance date, the Subsidiary had an overdraft facility with BNZ up to a maximum of \$175,000 (2016: \$175,000).

At balance date, the Subsidiary also had a \$3,451,383 (2016: \$3,425,000) debt facility with BNZ Limited. Debt facility is interest only and is repayable at maturity.

The loan of \$3,451,383 at 30 June 2017 comprises:

- \$925,500 at 4.92% maturing on 22 September 2025
- \$2,5000,000 at 4.92% maturing on 20 September 2030
- \$25,883 at 4.92% maturing on 21 January 2021

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

#### 23 Capital

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

## Notes to the Financial Statements

### Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2017

Note	Group		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>24 Reserves</b>				
<u>Capital reserve</u>				
Balance at beginning of the year	3,233	3,233	3,233	3,233
<b>Balance at end of the year</b>	<b>3,233</b>	<b>3,233</b>	<b>3,233</b>	<b>3,233</b>
<u>Property revaluation reserve</u>				
Balance at beginning of the year	9,202,068	9,202,068	9,202,068	9,202,068
<b>Balance at end of the year</b>	<b>9,202,068</b>	<b>9,202,068</b>	<b>9,202,068</b>	<b>9,202,068</b>
<u>Intangible assets revaluation reserve</u>				
Balance at beginning of the year	5,278,788	1,936,350	5,278,788	1,936,350
Increase due to changes in fair value	(110,223)	3,342,438	(110,223)	3,342,438
<b>Balance at end of the year</b>	<b>5,168,565</b>	<b>5,278,788</b>	<b>5,168,565</b>	<b>5,278,788</b>
<u>AFS assets revaluation reserve</u>				
Balance at beginning of the year	78,849	34,097	89,726	34,764
Increase/(decrease) due to changes in fair value	101,068	54,245	48,845	66,620
Deferred tax	(17,687)	(9,493)	(8,548)	(11,659)
<b>Balance at end of the year</b>	<b>162,230</b>	<b>78,849</b>	<b>130,023</b>	<b>89,726</b>
<u>Investment in subsidiaries</u>				
Balance at beginning of the year	-	-	(10,876)	(667)
Increase/(decrease) due to changes in fair value	-	-	52,223	(12,375)
Deferred tax	-	-	(9,139)	2,166
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>	<b>32,208</b>	<b>(10,876)</b>
<u>Investment in associates</u>				
Balance at beginning of the year	-	-	-	-
Increase/(decrease) due to changes in fair value	-	-	-	-
Deferred tax	-	-	-	-
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Reserves at beginning of the year</b>	<b>14,562,938</b>	<b>11,175,748</b>	<b>14,562,938</b>	<b>11,175,748</b>
<b>Total Reserves at end of the year</b>	<b>14,536,096</b>	<b>14,562,938</b>	<b>14,536,096</b>	<b>14,562,939</b>

#### 25 Operating lease commitments

##### The Group as a lessee

##### Operating leases relate to:

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

##### Non-cancellable operating lease commitments

Not later than 1 year	91,091	91,091	17,000	17,000
Later than 1 year and not later than 5 years	455,453	455,453	85,000	85,000
Later than 5 years	1,186,453	1,277,543	816,000	833,000
	<b>1,732,996</b>	<b>1,824,086</b>	<b>918,000</b>	<b>935,000</b>

##### The Group as a lessor

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

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# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2017

### 26 Deferred tax assets and liabilities

Group	01 July 2016	Recognised in Profit	Recognised in Equity	30 June 2017
Property, plant & equipment	(101,894)	1,575	-	(100,319)
Biological assets	(1,167,000)	(557,068)	-	(1,724,068)
AFS assets	(16,726)	-	(17,687)	(34,413)
<b>Total deferred tax assets/ (liabilities)</b>	<b>(1,285,620)</b>	<b>(555,493)</b>	<b>(17,687)</b>	<b>(1,858,800)</b>
	01 July 2015	Recognised in Profit	Recognised in Equity	30 June 2016
Property, plant & equipment	(103,469)	1,575	-	(101,894)
Biological assets	(19,533)	(1,147,467)	-	(1,167,000)
AFS assets	(7,233)	-	(9,493)	(16,726)
<b>Total deferred tax assets/ (liabilities)</b>	<b>(130,235)</b>	<b>(1,145,892)</b>	<b>(9,493)</b>	<b>(1,285,620)</b>
Parent	01 July 2016	Recognised in Profit	Recognised in Equity	30 June 2017
Property, plant & equipment	(101,894)	1,575	-	(100,319)
Biological assets	(1,167,000)	(557,068)	-	(1,724,068)
AFS assets	(16,726)	-	(17,687)	(34,413)
<b>Total deferred tax assets/ (liabilities)</b>	<b>(1,285,620)</b>	<b>(555,493)</b>	<b>(17,687)</b>	<b>(1,858,800)</b>
	01 July 2015	Recognised in Profit	Recognised in Equity	30 June 2016
Property, plant & equipment	(103,469)	1,575	-	(101,894)
Biological assets	(19,533)	(1,147,467)	-	(1,167,000)
AFS assets	(7,233)	-	(9,493)	(16,726)
<b>Total deferred tax assets/ (liabilities)</b>	<b>(130,235)</b>	<b>(1,145,892)</b>	<b>(9,493)</b>	<b>(1,285,620)</b>

### 27 Related party transactions

	2017		2016	
	Revenue/ (Expense)	Receivable/ (Payable)	Revenue/ (Expense)	Receivable/ (Payable)
<u>Group and Parent</u>				
<b>Rotoiti 15 Charitable Trust</b>				
Donation	-	-	(28,000)	-
Related party advance	-	-	-	(1,000)
<b>Rotoiti 15 Holdings Limited</b>				
Related party advance	-	10,785	-	(635)

#### Rotoiti 15 Charitable Trust

Rotoiti 15 Charitable Trust was established to facilitate charitable donations of Rotoiti 15 Trust. The Parent is the settlor of the Charitable Trust. Trustees of the Parent are also trustees of the Charitable Trust.

#### Rotoiti 15 Holdings Limited

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

# Notes to the Financial Statements

## Rotoiti 15 Trust and Subsidiary

For the year ended 30 June 2017

### 27 Related party transactions - continued

	2017		2016	
	Revenue/ (Expense)	Receivable/ (Payable)	Revenue/ (Expense)	Receivable/ (Payable)
<u>Trustee and director fees - Group and Parent</u>				
<i>Trustee fees - Parent only</i>				
Arapeta Tahana Jnr	(20,945)	-	(27,955)	-
Morris Meha	-	-	(1,350)	-
Tina Ngatai	(12,067)	-	(11,900)	-
William Newton	-	-	(7,600)	-
Fred Whata	(8,517)	-	(9,325)	-
Piki Thomas	(10,317)	-	(8,750)	-
Joe Tahana	(7,567)	-	(5,875)	-
<i>Director fees - subsidiary only</i>	(3,774)	-	(5,110)	-
<b>Total Trustee and Director fees paid</b>	<b>(63,186)</b>	<b>-</b>	<b>(77,865)</b>	<b>-</b>

### 28 Contingent liabilities

#### New Zealand Units

The Parent has a future obligation to return the NZUs (refer to Note 18) if there is a change in land use and/or if the area is not replanted within four years of harvest. The financial effect of this obligation is not able to be quantified.

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

### 29 Events after the balance date

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

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# Performance Report

## Rotoiti 15 Charitable Trust

For the year ended 30 June 2017

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Trustees of Rotoit 15 Charitable Trust**

#### **Opinion**

We have audited the accompanying performance report of Rotoit 15 Charitable Trust on pages 7 to 13, which comprises the statement of financial position as at 30 June 2017, the statement of financial performance and statement of cash flows for the year then ended, the statement of accounting policies and other explanatory information.

In our opinion, the accompanying performance report presents fairly, in all material respects, the financial position of Rotoit 15 Charitable Trust as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with the requirements of Public Benefit Entity Simple Format Reporting Accrual (Not-For-Profit), issued in New Zealand by the New Zealand Accounting Standards Board, relevant to reporting financial position, financial performance and cash flows.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Performance Report section of our report. We are independent of Rotoit 15 Charitable Trust in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

#### **Other Information**

The Executive Committee are responsible for the other information. The other information comprises the entity information and statement of service performance but does not include the performance report and our auditors report thereon.

Our opinion on the performance report does not cover the other information and we do not express any form of assurance conclusion thereon.

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


### **Auditors Responsibilities for the Audit of the Performance Report**

Our objectives are to obtain reasonable assurance about whether the performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Executive Committee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

  
Chartered Accountants  
96 Waioweka Road  
OPOTIKI

8<sup>th</sup> November 2017



# Entity Information

## Rotoiti 15 Charitable Trust

For the year ended 30 June 2017

**Legal name of the entity**  
Rotoiti 15 Charitable Trust

**Registration number**  
CC29985

**Postal address**  
PO Box 1712  
Rotorua 3040

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

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

**Entity structure**  
The Trust is governed by the Board of Trustees. The current trustees are as follows:  
Arapeta Tahana Jnr  
Piki Thomas  
Tina Ngatai  
Joe Tahana  
Fred Whata

**Main sources of the entity's cash and resources**  
Investment activities.

**Main methods used by the entity to raise funds**  
The Trust does not raise any funds apart from revenue from it's investment activities.

**Entity's reliance on volunteers and donated goods or services**  
The Trust does not rely on volunteers, nor did it receive any donated goods or services.

**Accountants**  
GHA Ltd  
Chartered Accountants  
PO Box 1712  
Rotorua

**Auditors**  
Cookson Forbes & Associates  
Chartered Accountants  
PO Box 541  
Opotiki

# Statement of Service Performance

## Rotoiti 15 Charitable Trust

For the year ended 30 June 2017

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

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

Based on the above areas, the outcomes for the year ended 30 June 2017 were as follows.

**Tertiary education**  
Amount: \$20,000 per annum, considered once a year.  
Applications under this category are considered in the areas of Agribusiness, Business Management including Finance and Economics, Forestry, Iwi Environmental Management and Tikanga Maori. These areas are considered to be those related to the trust's business and the iwi/hapu needs.

	2017	2016
Number of succesful applicants	5	7

**Trade training**  
Amount: \$20,000 per annum, considered quarterly.  
Applications under this category are considered for Agribusiness (lower than degree level), certification that enables entry into employment, Resources required to enter or maintain employment such as Health and Safety equipment, Forestry Industry, Apprentice type fees and subsidy support via government programmes or education authority. The goal of this category is to support the owners to attain trades that lead to employment and upskill the areas that support the Trust's business and hapu/iwi needs.

	2017	2016
Number of succesful applicants	4	5

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

	2017	2016
Number of marae paid	7	9

**Marae capital works**  
Amount: \$50,000 per annum.

	2017	2016
Number of marae paid	-	1

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# Statement of Financial Performance

## Rotoiti 15 Charitable Trust

For the year ended 30 June 2017

	Notes	2017	2016
		\$	\$
<b>Revenue</b>			
Interest, dividends and other investment revenue	1	127,965	118,296
Donations received	11	-	28,000
Other revenue	2	91,163	193,018
<b>Total Revenue</b>		<b>219,128</b>	<b>339,314</b>
<b>Expenses</b>			
Administration expenses	3	4,014	1,660
Grants paid	4	44,000	119,309
Investment expenses		10,988	11,669
Other expenses	5	30,259	14,556
<b>Total Expenses</b>		<b>89,261</b>	<b>147,194</b>
<b>Surplus for the year</b>		<b>129,867</b>	<b>192,120</b>

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

# Statement of Financial Position


## Rotoiti 15 Charitable Trust

For the year ended 30 June 2017

	Notes	2017	2016
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Bank accounts and cash	6	128,767	121,676
Debtors	7	11,135	11,135
<b>Total Current assets</b>		<b>139,902</b>	<b>132,811</b>
<b>Non-current assets</b>			
Investments	8	2,785,245	2,663,304
<b>Total non-current assets</b>		<b>2,785,245</b>	<b>2,663,304</b>
<b>Total assets</b>		<b>2,925,147</b>	<b>2,796,115</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors and accrued expenses	9	2,828	3,664
<b>Total current liabilities</b>		<b>2,828</b>	<b>3,664</b>
<b>Total liabilities</b>		<b>2,828</b>	<b>3,664</b>
<b>Total assets less total liabilities</b>		<b>2,922,319</b>	<b>2,792,451</b>
<b>Accumulated funds</b>			
Funds settled	10	10	10
Accumulated surpluses	10	2,922,309	2,792,441
<b>Total Accumulated funds</b>		<b>2,922,319</b>	<b>2,792,451</b>

For and on behalf of the Trustees:

Trustee 

Trustee 

Date: 08 November 2017

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

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# Statement of Cash Flows

## Rotoiti 15 Charitable Trust

For the year ended 30 June 2017

	Notes	2017	2016
		\$	\$
<b>Cash flows from operating activities</b>			
<b>Cash receipts</b>			
Interest, dividends and other investment receipts		127,965	118,296
Donations received		500	28,000
<b>Total Cash receipts</b>		<b>128,465</b>	<b>146,296</b>
<b>Cash payments</b>			
Payments to suppliers and employees		(15,838)	(11,876)
Grants and sponsorship paid		(44,000)	(118,309)
<b>Total Cash payments</b>		<b>(59,838)</b>	<b>(130,185)</b>
<b>Net Cash flows from operating activities</b>		<b>68,627</b>	<b>16,111</b>
<b>Cash flows from investing activities</b>			
<b>Cash payments</b>			
Payments to purchase investments		(61,536)	(25,179)
<b>Total Cash payments</b>		<b>(61,536)</b>	<b>(25,179)</b>
<b>Net Cash flows from investing activities</b>		<b>(61,536)</b>	<b>(25,179)</b>
<b>Net Increase/ (decrease) in cash for the year</b>		<b>7,091</b>	<b>(9,068)</b>
<b>Cash balances</b>			
Cash and cash equivalents at beginning of period	6	121,676	130,744
Cash and cash equivalents at end of period	6	128,767	121,676
<b>Net change in cash for period</b>		<b>7,091</b>	<b>(9,068)</b>

# Statement of Accounting Policies

## Rotoiti 15 Charitable Trust

For the year ended 30 June 2017

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

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

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

**Changes in accounting policies**  
 There have been no changes in accounting policies of the Trust.

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

**Foreign currency transactions**  
 These financial statements are presented in New Zealand dollars (\$) which is the Trust's functional and presentation currency. All numbers presented have been rounded to the nearest dollar.  
 Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.  
 Foreign currency differences arising on retranslation are recognised in surplus or deficit.

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

Interest and dividend revenue  
 Interest revenue is recognised as it accrues, using the effective interest method.  
 Dividend revenue is recognised when the dividend is declared.

**Bank accounts and cash**  
 Bank accounts and cash in the Statement of Cash Flows comprise cash on hand, cheque or savings accounts, and deposits

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

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

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

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

Financial assets at fair value through surplus or deficitare subsequently measured at fair value with gains or losses being recognised in surplus or deficit. The Trust has designated it's investment in Craigs Investment Partners managed portfolio as FVTSD.

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

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# Statement of Accounting Policies

## Rotoiti 15 Charitable Trust

For the year ended 30 June 2017

### Loans and receivables

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

### Held-to-maturity investments

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

### Financial liabilities

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

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

### Income Tax

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

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# Notes to the Performance Report

## Rotoiti 15 Charitable Trust

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
<b>1 Interest, dividends and other investment revenue</b>			
Dividends received - Craigs		34,417	30,980
Interest received - bank and term deposits		1,427	892
Interest received - investments		52,800	54,178
Overseas income		39,321	32,247
<b>Total Interest, dividends and other investment revenue</b>		<b>127,965</b>	<b>118,296</b>
<b>2 Other revenue</b>			
Change in fair value of investments	8	90,663	193,018
Other revenue		500	-
<b>Total Other revenue</b>		<b>91,163</b>	<b>193,018</b>
<b>3 Administration expenses</b>			
Accountancy fees		3,405	1,120
Audit fees		489	489
Other expenses		121	51
<b>Total Administration expenses</b>		<b>4,014</b>	<b>1,660</b>
<b>4 Grants paid</b>			
Marae Grants		35,000	100,000
Other Grants		7,000	2,309
Tertiary Education Grants		2,000	17,000
<b>Total Grants paid</b>		<b>44,000</b>	<b>119,309</b>
<b>5 Other expenses</b>			
Loss on sale of investments	8	27,259	14,556
Change in fair value of investments	8	3,000	-
<b>Total Other expenses</b>		<b>30,259</b>	<b>14,556</b>
<b>6 Bank accounts and cash</b>			
Cash at Westpac bank accounts - NZD		39,954	35,554
Cash in managed portfolio fund	8	88,813	86,122
<b>Total Bank accounts and cash</b>		<b>128,767</b>	<b>121,676</b>
<b>7 Debtors</b>			
Accrued interest		10,705	10,705
Taxation refund due		430	430
<b>Total Debtors</b>		<b>11,135</b>	<b>11,135</b>
<b>8 Investments</b>			
<b>Financial assets at fair value through surplus or deficit</b>			
<i>Craigs Investment Partners</i>			
Balance at the beginning of the year		1,729,426	1,499,476
Net investment revenue received		64,228	54,388
Realised capital gains/(losses)		(27,259)	(14,556)
Change in fair value		90,663	190,118
<b>Balance at the end of the year</b>		<b>1,857,058</b>	<b>1,729,426</b>
Less cash held in call accounts		(88,813)	(86,122)
<b>Total Craigs Investment Partners</b>		<b>1,768,245</b>	<b>1,643,304</b>

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**Notes to the Performance Report**  
**Rotoiti 15 Charitable Trust**  
For the year ended 30 June 2017

	Note	2017	2016
		\$	\$
<b>Held-to-maturity investments</b>			
<i>ANZ Perpetual Bond</i>			
Balance at the beginning of the year		1,020,000	1,017,100
Change in fair value		(3,000)	2,900
<b>Balance at the end of the year</b>		<b>1,017,000</b>	<b>1,020,000</b>
<b>Total Investments</b>		<b>2,785,245</b>	<b>2,663,304</b>

The Trust has 1,000,000 units of ANZ Perpetual Bond at a coupon rate of 5.28% that matures on 18 September 2017. Fair value of the ANZ Perpetual Bond was determined by reference to published price quotations in an active market.

<b>9 Creditors and accrued expenses</b>			
Creditors		2,828	3,664
<b>Total Creditors and accrued expenses</b>		<b>2,828</b>	<b>3,664</b>

<b>10 Accumulated funds</b>				
	Contributed capital	Accumulated surpluses or (deficits)	Total	
	\$	\$	\$	
<b>Opening balance 1 July 2016</b>	10	2,792,441	2,792,451	
Surplus for the year		129,867	129,867	
<b>Closing balance 30 June 2017</b>	<b>10</b>	<b>2,922,309</b>	<b>2,922,319</b>	
<b>Opening balance 1 July 2015</b>	10	2,600,321	2,600,331	
Surplus for the year	-	192,120	192,120	
<b>Closing balance 30 June 2016</b>	<b>10</b>	<b>2,792,441</b>	<b>2,792,451</b>	

<b>11 Related party transactions</b>	
Rotoiti 15 Charitable Trust was established and settled by Rotoiti 15 Trust, a related party.	
Rotoiti 15 Charitable Trust did not receive any donations from Rotoiti 15 Trust during the year (2016: \$28,000).	

<b>Amounts owed to related parties at year end were as follows:</b>	2017	2016
	\$	\$
Rotoiti 15 Trust	-	1,000
<b>Total amounts owed</b>	<b>-</b>	<b>1,000</b>

<b>12 Contingent liabilities and guarantees</b>	
There are no contingent liabilities or guarantees as at 30 June 2017 (2016: \$Nil).	

<b>13 Commitments</b>	
There were no further commitments at balances date (2016: \$Nil).	

<b>14 Events after the balance date</b>	
There were no events that have occurred after the balance date that would have a material impact on the Performance Report (2016: Nil).	

CF  
Audit

# our tohu

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

3 Tapatoru  
Represents  
The Brand  
Promise

Preserving Our Past  
Enabling Our Present  
Ensuring Our Future

3 Mango Head  
Taniwha  
Represents  
The Rotoiti 15  
Brand Values

Tikanga Tūturu  
Te Arawa  
Tikanga Tiaki Tangata  
Tikanga Tiaki Rawa

Te Ara Poutama  
Design Represents  
Tikanga Tiaki  
Taiao Brand  
Value

Te Mana Kaitiaki  
Represents  
Te Mana Kaitiaka

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

Maunga Design  
Represents  
the Maunga of the  
Rotoiti 15 Hapu

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

Roto Design  
Represents  
the Moana of the  
Rotoiti 15 Hapu

Rotoiti; Okataina;  
Rotongata; Rotoahua



ROTOITI 15  
Ngā Rawa E Tupu



