





TABLE OF CONTENTS

Te Kotahitanga o Ngāti Whakaue Assets Trust

Annual Report 2017 – 2018

CHAIR'S REPORT	7
HIGHLIGHTS	6
INVESTMENT REPORT	11
CELEBRATING NGĀTI WHAKAUE IDENTITY	13
MINUTES OF THE AGM	3
FINANCIAL REPORT	10
GOVERNANCE	9
DISTRIBUTION REPORT	12
AUDITED ACCOUNTS	16
AGENDA	2

AGENDA

2018 ANNUAL GENERAL MEETING

TAMATEKAPUA
TE PAPAIOURU MARAE,
ŌHINEMUTU, ROTORUA
SUNDAY 14 OCTOBER 2018
AT 2PM

- 1. MIHI/KARAKIA**
- 2. APOLOGIES**
- 3. MINUTES OF THE LAST AGM**
- 4. CHAIR'S REPORT**
- 5. FINANCIAL REPORT**
- 6. DISTRIBUTION REPORT**
- 7. APPOINTMENT OF AUDITOR**
- 8. GENERAL BUSINESS**
- 9. MEETING CLOSED**



MINUTES OF THE AGM



ANNUAL GENERAL MEETING

HELD AT TE PAPAIOURU MARAE

ON 29 OCTOBER 2017

AT 2.30PM

MIHI & KARAKIA

The Chair opened the hui at 2.32pm.
Karakia by Wiremu Keepa.

PRESENT

Trustees:

Katie Paul Tapsell (Chair), Jason Rogers,
Hemi Rolleston and Ana Morrison.

Ngāti Whakaue Members:

Bridgette Tapsell, Wikitoria Kake-Flavell,
Brook Grant, James Marley, Maria Horne,
Lorraine Inia, Kingi Biddle, Michael Staite,
Lauren James, Jody Paul, Alex Wilson,
David Herewini, Heston Potaka, Jack
Butcher, Carol Butcher, Kararaina Beckett,
Tania Butcher, Margaret Herbert, Grace
Hoete, Te Wakaunua Eden-Phillips, Jane
Porter, Dean James, Josephine Scott,
Delme Porter, Patangata Te Aranga, Agnes
Paul, Sonia Cooper, Tamara Mutu, Awhina
Coffey, Teresa Pou Poasa, Geoff Rice,
Pouariki Ngatai, Puawai Winiata, Lorraine
Hall, Irihapeti Wineera, Tracey Te Kowhai,
Malcolm Short, Aroha Hicks, Ray Pou
Poasa, Lorraine Power, Miriama Searancke,
Adrian Moke, Moea Porter-Wiringi, Ngaire
Khan, Iris Thomas, Putiputi Tawhai, Lance
Palmer, Anahera Wilson, Tina Ngatai,
Veronica Butterworth, Timi Peri, John
Richards, Denise Paul, John Waaka, Manu
Pene, Pauline Tangohau, M Robb, Katarina
Pohe Palmer, Maureen Jehly, Andrew
Te Amo, Tony Wihapi, Sheiree Agate,
Diane Haronga, Josie Rolleston, Rukingi
Haupapa, Kiriwaitingi Rei, Tony Pecotic,
Peter Staite, Ataraita Heretaunga, Rawiri
Bhana, Melissa Brown, Erena Heretaunga,
Robert Corbett, Merehira Savage,
Tamati Coffey, Agnes Amotawa, Carol
Leonard, Tanya Morrison, Richard Martin,
Simon Barakat, Tanewa Rota, Ngahana
Savage, Cyrus Hingston, Te Konui III,
Hinemoa Heretaunga, Tarati Kinita, Airini
Heretaunga, Rawiri Waru, Vicki Bhana

In attendance:

Glenn Hawkins (Accountant – GHA),
Glenn Cash (Board Secretary – GHA)

APOLOGIES

Te Wano Walters, Moerangi Petiki,
Audrey Herewini, Polly Herewini, Ngahu
Potaka, Manawa Baker, Maxine Rennie,
Marie Waaka, Matiu Rei, Ngaire, Hiria
Witaahu Whānau Trust, Marie Lyme,
Rangi Muller, Rangi Coffey, Blanche Kiriona,
Petera Tapsell.

PREVIOUS AGM MINUTES

The minutes of the Annual General Meeting
held 25 September 2016 were taken as
read, approved and correct.

RESOLVED: “To accept the Annual
General Meeting minutes of 25 September
2016 as a true and accurate record of
that meeting”. (Josie Scott/Tony Wihapi)
Carried

MATTERS ARISING

No matters arising.

CHAIRPERSON’S REPORT

Katie presented her Chair’s report.

Katie noted the settlement fund received
in 2009 had doubled to \$18.3 million. The
short-term goal for the Trust is to surpass
\$20 million by 2020. The Trust distributed
\$225,549 in grants. Since 2009, this brings
the total number of grants distributed
to \$1.75m. The Whakanuia was a real
highlight. She thanked Monty Morrison and
the volunteers who made the event seem
effortless. The Trust looked forward to
hosting the Kōeke celebration dinner and
the Maketū Whānau day in February 2018.

The distributions workshop/ survey
confirmed the current distributions policy
is ‘about right’. There is strong support for
marae grants, cultural activities and the
Whakaue Whakanuia. Housing is a key
priority for grants.

RESOLVED: “That the Chairperson’s
report be accepted”.
(Alex Wilson / Iris Thomas) **Carried**

CHAIRPERSON'S REPORT cont.

Manu Pene thanked the Trust for Whakaue marae grant. He queried whether funding should go to the marae trustees rather than the committee to administer. He asked if Trust could fund housing on Hinemoa Point land. Ana noted marae entities must fulfil criteria before given grants. All housing options are being considered. Inez White may be someone to talk to.

Maria Horne raised relationship between Te Komiti Nui and Assets Trust, noting the mandate of Veronica Butterworth and Hoki Kahukiwa.

Tony Wihapi raised the Waikuta marae grant – noting it was not in use. In contrast, Owhata and Te Roro o Te Rangī were ineligible, but serviced many Whakaue people. Ana noted Waikuta is listed under our Deed as a beneficial marae. But the policy requires marae to be active in order to receive grant funding.

FINANCIAL REPORT

Glenn Hawkins presented the financial statements for the year ended 31 March 2017 and audited by BDO. Glenn noted the increased income for the 2017 year, mainly due to astute investments and the CNI income from Te Komiti Nui of \$664,435. Expenses decreased on some share market investments. The contracted General Manager position added some costs to administration. A surplus for the year before grants was paid of \$847,214 compared to \$307,469 in 2016. The 2017 distribution is \$225,549. The Trust reported income for the year of \$1.5m against \$518,000 in 2016. Total Assets equate to \$18m, being a \$1.5m increase from 2016.

Melissa Brown asked whether the Trust would revisit Taurus Mining investment. She asked the Trust to look closer to home e.g. hemp crops. Tony Wihapi also asked about Taurus. Jason confirmed the Trust invested capital of \$500,000 nine years ago. The Trust is scheduled to get back its capital plus a return (between 3-10%). Ana added the Trust will not undertake any further mining investments.

Peter Staite asked about the loan to the 3 hapū of Ngāti Whakaue. Ana advised that the Trust loaned \$200,000 to the 3 hapū with security over rental funds from Te Puia. This has been paid back in full with all legal agreements released.

Geoff Rice noted the positive forest investment results. He suggested the Trust build Ngāti Whakaue property portfolio, returning both cash and capital growth.

Miriama Searancke asked about the Te Komiti Nui distribution of \$664,435 from CNI income. Glenn said it was on page 35 of the AGM report.

RESOLVED: “To accept the financial report for the year ended 31 March 2017”.
(Tony Wihapi/Peter Staite) **Carried**

APPOINTMENT OF AUDITOR

RESOLVED: “To appoint the auditors – BDO”. (Josie Scott / Miriama Searancke)
Carried

INVESTMENT UPDATE

Hemi Rolleston presented the Investment Report. Jason presented the New Investments slides outlining:

- ▲ The acquisition of the TARIT shares in Kākano
- ▲ The Nui Investment in Pāpāmoa
- ▲ DGH Property Fund

Tony Wihapi asked whether the Trust invested in Whakaue projects. Jason confirmed that Trust investment policy allows 33% of assets to be placed into Ngāti Whakaue strategic investments, which must meet certain criteria and undergo due diligence.

Maria Horne asked about Te Tumu Kaituna developments. Jason confirmed the structural planning is going through Council. The Trust will keep in contact with Malcolm Short.

Pauline Tangohau asked if the Trust engaged with Ngāti Whatua social housing unit. Ana said the Trust has a direct line with the Ngāti Whatua Whai Rawa company board.

Melissa Brown asked for the Trust's position on pesticides use. Jason noted that there is a Kaingaroa Timberlands observer and the iwi have a collective voice to try and influence leadership e.g. Katie is on the CNI Access committee for hunting access and health and safety.

Timi Peri thanked the Trust for the honey koha at last year's AGM.

RESOLVED: “To accept the Investments Report for the year ended 31 March 2017”.
(Tony Wihapi/Michael Staite) **Carried**

DISTRIBUTIONS REPORT

Ana Morrison presented the distributions report for year ended 31 March 2017.

Ana noted that Whakaue Whakanuia is an exemplar of Pukeroa Oruawhata, Te Komiti Nui, Assets Trust and the Ngāti Whakaue Education Endowment Trust all working together. She discussed the survey results and thanked those who completed the survey.

The Trust will complete the Marae Tautoko Grants review before the marae distributions are to be paid. Hoki Kahukiwa queried why Owhata and Te Roro o te Rangī don't receive the distributions but Waikuta does. Ana noted the first two marae receive funding under the Te Pūmāutanga o Te Arawa Settlement. Waikuta is listed as a beneficial marae under the Assets Deed but does not qualify for funding as it is currently inactive.

Maria Horne asked for an update on the Maketū Whānau Day, and whether Assets Trust would like Te Komiti Nui to repay the loan or contribute to distributions. Ana confirmed the Whānau Day will be held on the first Saturday in February and that it will be a fun day consisting of games, mirimiri, historical kōrero, entertainment and food stalls, and a lot of Whakaue involvement. Ana noted that the loan will be dealt with in General Business.

Tony Wihapi asked whether under the Tikanga Fund the Trust could hire a bigger vehicle for tangihanga. He also suggested the Wāhi Tūpuna fund be increased to \$10,000 and to include Te Ao Mārama, Muriuika and Wāhi Tūpuna. Kingi Biddle suggested kōeke be taken out e.g. at Matatini there is a kaumatua area. Vicky Bhana agreed with the idea. She also noted that Whakaue is Maketū and Ngapuna too, not just Ōhinemutu.

Josie Scott asked whether the Wāhi tūpuna funding is only for St Faiths. Ana confirmed that St Faiths qualifies, as does other spiritual sites. Josie thanked the Trust.

Tamati Coffey queried what the leadership/succession planning fund is for. Ana said its to grow the next generation of leaders. Hemi added that it is aimed at the Whakaue future-makers and the concept is to bring the young Whakaue talent home. Tony Wihapi discussed succession planning for the paepae.

RESOLVED: “To accept the Distributions Report for the year ended 31 March 2017”.
(Ana Morrison/Tony Wihapi) **Carried**

GENERAL BUSINESS

Tony Pecotic asked if the Trust could support the purchase of a boat to carry people to Mokoia Island. Ana encouraged Tony to apply under the sports and recreation fund.

Greg Allen and Lani Kereopa are part of Te Kōmiro o Te Utuhina. He thanked the Trust for funding two wānanga. So far 44 bags of rubbish had been collected from Utuhina.

Merehira Savage asked about the distribution allocation. Katie confirmed the Trust will distribute \$460,000 for the next year.

Katie discussed the loan to Te Komiti Nui, noting that Assets Trust loaned the money in 2015 for the purpose of claims negotiations. The loan terms state that if the Crown withdraws or there are no negotiations for five months, then the loan has lapsed. The Trust is obliged to recover the loan, but is willing to work with Te Komiti Nui on this matter.

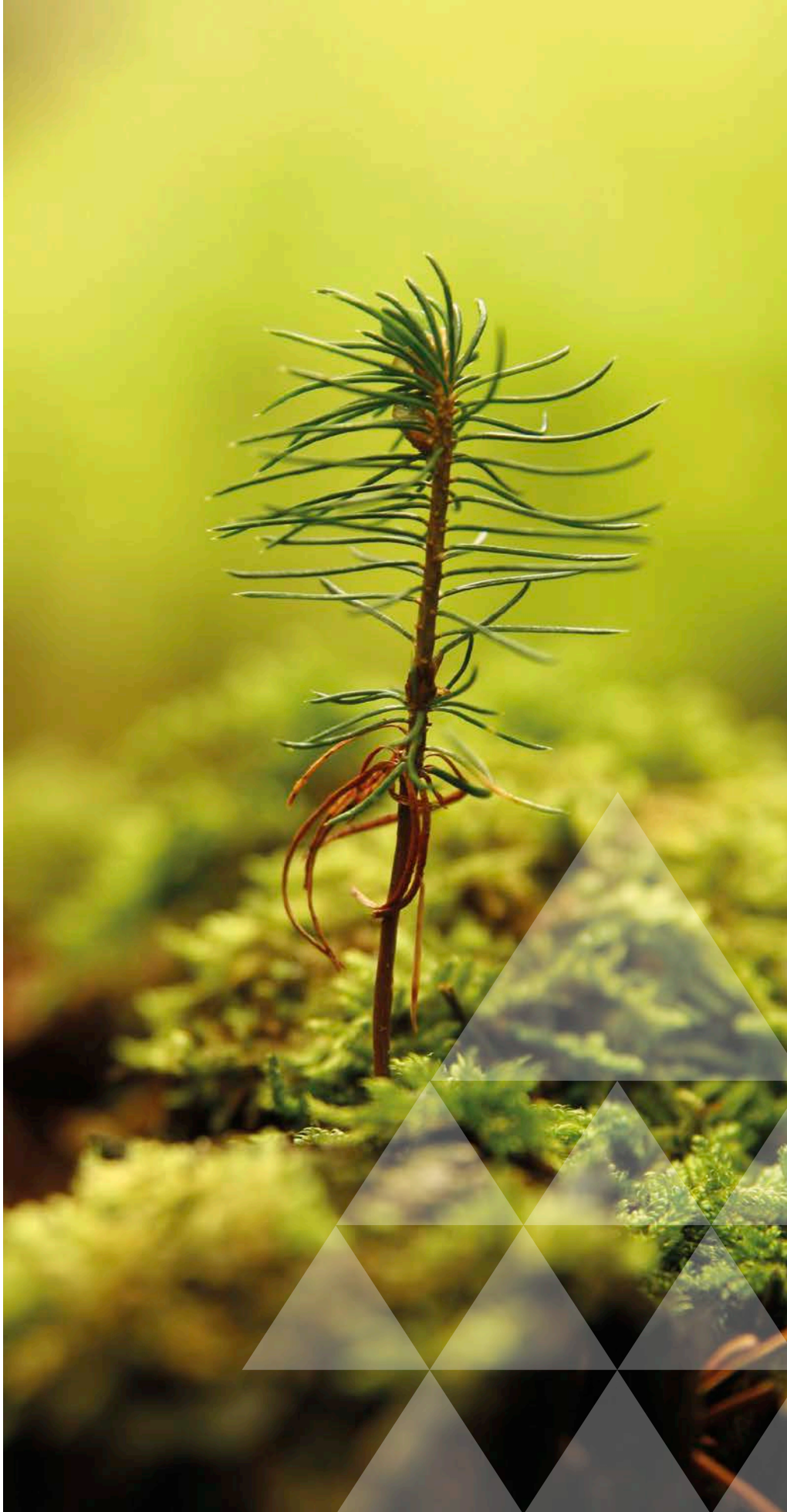
Katie provided an overview of the timeline of events for the appointment of the 3 hapū representatives, noting that the power to appoint sits within the Whakarewarewa Joint Trust (WJT) deed. Katie confirmed the Trust had made two appointment decisions, having sought legal advice. As a result of those appointments, the Trust is now being sued by four Ngāti Whakaue members. Katie said the Trust was both surprised and disappointed by the court action as the litigation costs would reduce the funds available for future distributions. Katie confirmed that so far \$30,000 had been spent on legal advice and by 5 December it will be \$50,000. The Trust will report on the litigation costs at next year's AGM. Any questions relating to how and who should represent and fund the 3 hapū would need to be addressed at the WJT AGM. She noted it is important, where possible, for the parties to resolve the matter out of court.

WHAKAKAPI

Close of AGM is 5.07pm following the karakia whakamutunga by Tony Wihapi.



Katie Paul Tapsell
Chair



HIGHLIGHTS



Total Assets = \$20.1m

a 112% increase in value since 2010



Surplus 2018 = \$430,410



Total Distributions = \$2,051,841

to Ngāti Whakaue since 2009

CHAIR'S REPORT



It is my pleasure to present the 2018 Annual Report on behalf of the Trustees of the Ngāti Whakaue Assets Trust. Our goal this year was to exceed the \$20 million asset base mark, and we have achieved this huge financial milestone, earning a \$430,410 profit that will be distributed to tribal members. We have now proudly doubled a modest base of \$9.2m in 2009 to an asset base of \$20.1 million. This is huge news for the tribe!

2018 marks our 9th year. It has been a year of quiet achievements. A year of careful steps forward. A year of getting ourselves known within the wider community and beyond. The focus has been on building partnerships and improved communications.

At a tribal leadership level, the Trust is building partnerships with Ngāti Whakaue Tribal Lands, Pukeroa Oruawhata Trust and the Ngāti Whakaue Endowment Fund. Together our entities have been able to share in the costs of hosting major tribal events such as:

- ▲ the Maketū Whānau day and Koeke dinner in February
- ▲ sponsorship for Ngāti Whakaue to compete in the Te Arawa kapa haka competitions in March, and
- ▲ the World Indigenous Business Conference and the annual Whakaue Whakanuia in October

In March, the Ngāti Whakaue Chairs met with the Minister of Maori Development to discuss the potential for joint Crown/Maori projects. In April, we took the President of Kualoa ranch, a giant in Hawaii's indigenous tourism industry, to Te Puia. We were thrilled to host the annual Whakaue Whakanuia over the weekend. At the end of October 2018, we look forward to welcoming two special Royal guests to Tamatekapua.

Last year, the Trust engaged Bridgette Tapsell and her team to help us better communicate the Trust's work. As a result, we launched a new website and Facebook profile. We've also been able to share the Trust stories in the Rotorua Daily Post, the Bay of Plenty Times, the New Zealand

Herald, the National Business Review and on Te Karere and Maori Television. These positive profiles give the general public more information about the Assets Trust and Ngāti Whakaue, allowing them to see who we are, why we are here, and what we do.

What we do is invest

"By pooling their capital and capability, these six iwi have been able to access a sizeable, highly strategic investment opportunity that will benefit future generations,"...

"This is an exciting and ground-breaking step forward for New Zealand and for the Maori economy." – Adrian Orr, CEO of NZ Super Fund (2014) on Te Kākano.

Four years ago, the Trust partnered with six iwi on Central North Island Iwi Holdings Ltd (CNIHL) to form Te Kākano - the biggest ever iwi collective investment in Kaingaroa Timberlands. For the year ending 31 March 2018, the Trust received \$708,934 in cash distributions from the Te Kākano forestry shares. The Trust's original investment of \$6.5 million in Te Kākano is now valued at \$9.1 million.

Forestry is currently the Trust's single largest and most profitable investment. This growth is set to continue with record log export prices and even stronger demand for sustainable wood products and green carbon credits. New government incentives such as the One Billion Trees programme will also bolster the sector.

As your CNIHL Board Director since 2010, I cannot overstate how important partnerships are in this unique collective. Last month, the CNIHL Board together with the Rotorua District Council and the Crown secured multi-million dollar funding for the infrastructure development of the

Whakarewarewa Forest. This collaboration will generate more growth in Rotorua's tourism sector, creating hundreds of new jobs.

The property market has been another profitable sector. Last year, we partnered with Ngāti Manawa Developments Ltd to fund Nui – a new housing development on prime beachfront land in Pāpāmoa. Strong sales from Nui have resulted in excellent returns. We are also reaping rewards from property investments in Auckland, Hamilton and Tauranga.

From boutique hotels, retirement villages to medical cannabis facilities; many investment opportunities come across the table. The challenge is to choose the 'right one'. To help, the Trust contracted Brook Grant to provide due diligence advice and guidance on a diversified portfolio. He has done a great job and we've achieved great returns from the current mix of direct investments and listed equities, listed managed funds, fixed interest bonds and term deposits.

What we do is give

For the 2017/2018 financial year, a total of \$460,000 was allocated for distribution. Of this, a total of \$304,831 was distributed on a range of tribal events, marae projects, and community and sports grants. The highlights of these distributions are reported on in more detail later in this report.

Tribal members asked us to focus on their housing needs. We spent months scoping an affordable housing project on land available in Bennetts Road, Rotorua. This involved building 26 warm, sustainable and modern homes for families. Unfortunately, the rapid rise in Rotorua property values made it difficult to move forward on our own. We are now seeking project partners to deliver a Whakaue Whare initiative.



CHAIR'S REPORT (CONTINUED)

For the 2018/2019 year, the Trust has allocated a total of \$500,000 for distribution. Giving out funds in a fair and transparent manner is not easy. We'd like to thank Rachel Hoffman, Grants Manager who has helped the Trust to liaise with marae committees and tribal members. She will continue to be your go-to person for grants.

Trust challenges

2018 has not been without its challenges. Last year, four Ngāti Whakaue tribal members sued the Trust claiming that we had breached our fiduciary duties as an Appointor to the Whakarewarewa Joint Trust. Our position is that we have always acted lawfully, reasonably and in the best interests of the three hapū. We are disappointed that, we have had to spend \$242,000 on lawyer's fees to defend the Trust's decisions. The WJT appointment role is not our core business, but it has been costly and time-consuming.

The second challenge has been to recover a substantial debt owed to the Trust. Last year, we agreed to work with Te Komiti to repay its loan of \$307,000. We were not able to agree on a repayment plan and the Trust has put the matter before the High Court. This has caused tension between the two entities. The Trust Deed does not allow us to gift iwi funds. Our obligation is to protect Trust funds and the Trustees

have resolved that once the funds are repaid, we will make this immediately available for grants.

This brings us to the issue of Trust Deed Review. The Deed was written a decade ago in the context of the claims negotiations. A Deed Review was meant to occur between 2011 and 2012. However, as the claims process has taken so long and to date been unsuccessful, the Trustees would like to seek your direction. It is our desire to avoid further litigation. Put simply, we want to become a stand-alone entity, decoupled from Te Komiti to ensure appropriate independence. We also aim to future-proof the Trust by updating the Deed language and clauses.

What's next?

Next year is looking positive as new investment opportunities are explored. We have been heartened by the positive results achieved on the investments nationally, across the Central North Island, and in Pāpāmoa. Our aim is to actively seek strategic investment opportunities in Rotorua, particularly in the lakefront developments, Whakarewarewa forest and in the Rotorua property and tourism sectors.

We will put effort into partnerships to build a prosperous future for Rotorua and the tribe. A priority will be finding affordable

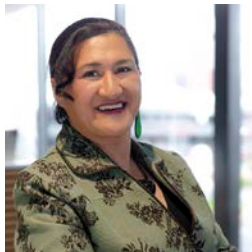
housing solutions and the focus will stay on supporting marae and tikanga related projects. We will also work to improve Trust communications, especially online with the website and Facebook. Raising our profile is the best way we can attract partners.

The successes of the year have happened due to the work done by a great team. The Trust's ability to respond to tribal needs and support partnerships do not come without significant effort of people – Bridgette, Brook, Rachel, Monty Morrison, Tony Pecotic and GHA accountants. Thank you to our investment and legal advisors for ensuring the Trust continues to operate effectively.

Finally, a huge mihi to my fellow Trustees for their expertise. We bring all our energy and passion to the boardroom table and our discussions are robust – no idea goes unchallenged! It is this hot-house of rigorous kōrero, combined with tika, pono and mana, that our decision making is enriched – ultimately contributing to the success of the Trust and for the people who we serve.

No reira
Katie Paul Tapsell
Chair

GOVERNANCE



KATIE PAUL TAPSELL

Katie is from the Tapsell whānau of Ngāti Whakaue (Ngāti Pukaki koromatua hapū) and Ngāti Pūkiao.

Katie's great great grandparents are Retireti Tapihana and Ngatai Tohi Te Ururangi, both of whom played a leading role in the affairs of Ngāti Whakaue and the establishment of the Rotorua township in the 1880s. A century later, Katie continues

their legacy as the Chair of the Ngāti Whakaue Assets Trust.

Katie has completed her bar exams and is currently awaiting admission to practice as a barrister/solicitor. She has double degrees in law and arts from Victoria University of Wellington in the late 90s. From then, she spent nearly two decades travelling the world as a Government advisor and New Zealand diplomat. She is also a Fellow of the Asia Pacific Centre for Security Studies,

Honolulu (2012) and a graduate of the Kellogg's Rural Leadership Course, Lincoln University (2007), a Board Director on CNI Iwi Holdings Limited, and a Trustee on Tuatara Matawhaura Farm, Taheke Paengaroa Forest and Te Takinga Marae. Katie is a full-time professional Director and on her way to becoming a Chartered Member of the New Zealand Institute of Directors.



HEMI ROLLESTON

Hemi Rolleston is Ngāti Whakaue through his father Mitai Rolleston and his mother Josephine Macfarlane.

Hemi has a Bachelor of Management Studies and a Postgraduate Diploma in Arts – Te Reo, from the University of Waikato. Hemi is a graduate of the Stanford University Business Leaders Bootcamp (2013 and 2015) and is the 2012 recipient of the Institute of Director's Aspiring

Director Award (BOP Branch). Hemi is General Manager Sectors at Callaghan Innovation. His technical skills are in complex commercial transactions in the primary and property sectors, and international markets.



ANA MORRISON

Ana is from the Kingi and Morrison whānau of Ngāti Whakaue (Ngāti Tunohopu, Ngāti Pukaki koromatua hapū) and Ngāti Tuwharetoa. She is married to Greg Allen (Ngāti Te Roro o te Rangī) and has two children Taokahu and Reone.

A qualified commercial lawyer (BSc/LLB) with international experience; her technical skills are in the areas of risk and compliance, and strategy. Ana is also an advisory board member of Sprout Agritech and a member of Te Tatau o Te Arawa and a Lakes DHB Board appointee. Ana is a graduate of the Stanford University Business Leaders Bootcamp 2016,

Global Women Breakthrough Leaders Programme 2014 and the US Department of State's International Visitor Leadership Programme 2017. Ana is the Executive Director – Strategic Partnerships and Māori Success at Toi Ohomai Institute of Technology.



JASON ROGERS

Jason's father is Graham Rogers and he is from the Rogers whānau of Ngāti Whakaue (Ngāti Te Roro o te Rangī koromatua hapū) and the Leonard whānau of Ngāti Rangīwewehi.

Jason has a Bachelor of Management Studies (BMS with Honours) from Waikato University and is a qualified CA. He is Head of Land Acquisition for Generation Homes NZ – the sixth-largest group builder in NZ.

He has a wide range of experience in governance, land development, property investment, property syndication, partnerships, strategy, business development, key account management, direct investment and private equity. Jason also Chairs and sits on a number of Boards and Land Trusts.

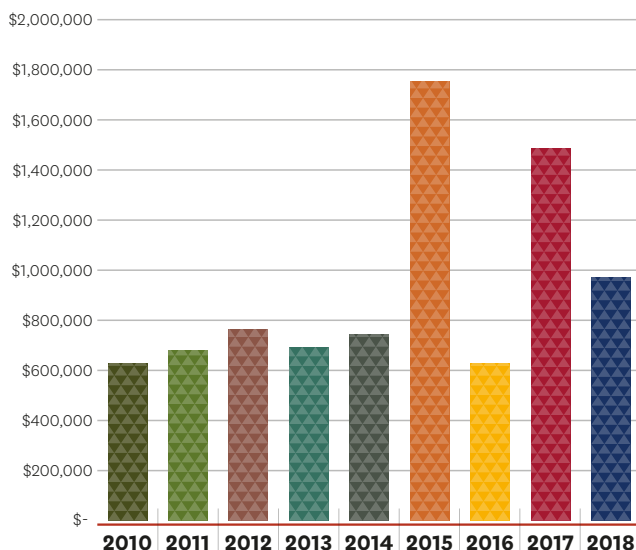
FINANCIAL REPORT



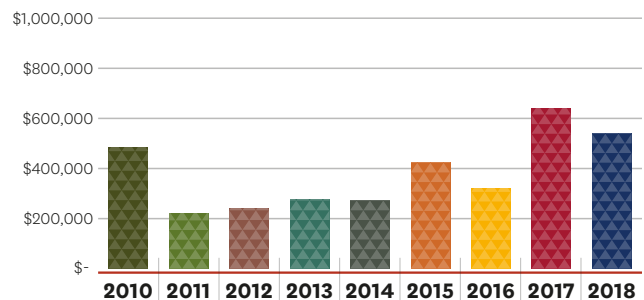
The Trust has received a clear audit opinion for the year ended 31 March 2018. The net surplus before grants and donations for the year is \$430,410 in comparison to \$847,214 in 2017. The Trust has minimal liabilities and all investments were made in accordance with the 2017/2018 investment policy, as approved by the Trustees.

Key financial figures and comparisons are identified in the graphs following:

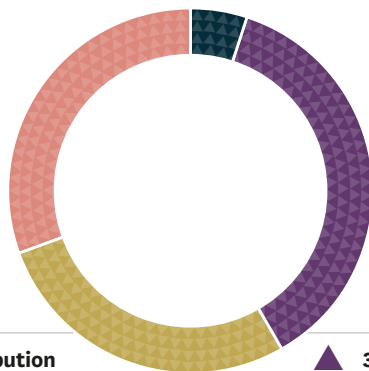
INCOME (2010 - 2018)



EXPENSES (2010 - 2018)

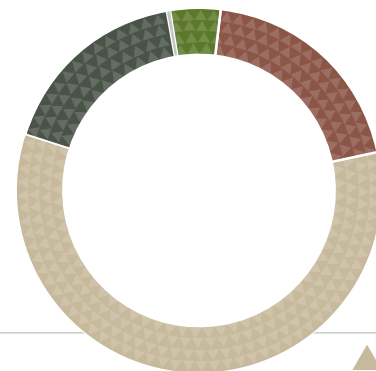


INCOME STREAMS 2018



Te Komiti Nui Distribution	▲	36.6%
Share of Profit in Associates	▲	30.4%
Interest, Dividends & Investment Revenue	▲	27.8%
Grants & Donations	▲	5.1%
Commemorative Book Sales	▲	0.1%

EXPENSES 2018



Administration	▲	58.1%
Governance	▲	19.8%
Interest	▲	17.2%
Investment Expenses	▲	4.5%
Depreciation	▲	0.4%

The Trust has continued to contract secretarial services from GHA and has resisted establishing a management infrastructure. In total, governance and administration costs account for approximately 77.9% of the total operating expenses or 2% of the equity.

INVESTMENT REPORT

Overall, it's been a pleasing year with solid growth coming through in the portfolio with a \$1.8 million or 9.8% lift in the total asset value to \$20.15 million. We ended the financial year with our asset base-weighted to 55% of income producing assets (March 2017 it was 56% income) and 45% of growth assets (in March 2017 it was 44%).

Last year we undertook a rebalancing exercise and shifted our portfolio mix to a higher weighting in income producing assets, while maintaining our position with growth assets. This was undertaken by increasing our investment in Te Kākano and committing to fund the Nui development in Pāpāmoa, as a joint investment with Ngāti Manawa Developments. This strategy has started to pay dividends for the Trust and for the year ending 31 March 2018, we received \$708,934 in cash distributions from Te Kākano. Further, the physical development works were completed for Nui by year end and titles issued for the 23 lot development in September 2018.

Te Kākano has proved to be a very solid income producing asset. Kaingaroa Timberlands is a best in class forestry business that has performed well in the last year. We were beneficiaries of a \$1.3 million valuation uplift for the year ended 31 March 2018. This was due to good construction activity in the New Zealand market, strong log prices and lower discount rates applied in the valuation. Last year we acquired Te Arawa River Iwi Trust's 4.75% shareholding in Te Kākano for \$3.9 million and this is now sitting in the books at \$4.58 million, which represents a \$688,000 uplift in value. As a reminder, we have invested \$6.5 million in the Te Kākano asset and with it now sitting at \$9.1 million, this has given us the favourable problem of this asset now representing 45% of the Trust's overall total assets. Early indications are the valuations for the March 2019 financial year end will result in another increase in the carrying value of Te Kākano.

Some other key highlights are set out as follows:

Nui development

The physical works were completed for this 23 lot subdivision located on Pāpāmoa Beach Road. This was one of the last coastal blocks available in central Pāpāmoa. The titles have been issued subsequent to balance date for this development in September 2018. Key points to note include:

- ▲ The block is 9,567m² in size and there are now 23 lots in the subdivision
- ▲ The Trust owns a 50% share of the project with Ngāti Manawa Developments owning the other 50%
- ▲ The project is being marketed by ZB Homes and house and land packages range from \$695,000 to \$1.2 million
- ▲ Distributions have started coming from this investment in September 2018 with the first four house and land packages settling
- ▲ Expected to be completed by the March 2019 financial year-end

Managed portfolio funds

There is \$3.88 million held as a mix of fixed interest bonds and listed equities. The funds have for a long period of time been managed by Craigs Investment Partners and First NZ Capital. The funds are represented by:

- ▲ First NZ Capital manages \$1.63 million for the Trust in fixed interest bonds
- ▲ Craigs Investment Partners manages \$2.25 million for the Trust in listed equities



Kaingaroa Processing Plant

Taurus resources fund No 2

This is an Australian based mining fund, which commenced in March 2011. The fund terminates and will be at an end in March 2019. There has been a good turnaround with the Taurus mining investment fund and we will receive our capital back with a nominal return. A \$101,768 distribution was received from Taurus during the year and there was an \$182,193 valuation uplift.



Artist impression of a completed home in the Nui Development

DGH property fund

This is a land acquisition and property underwrite fund where the Trust is a 10% shareholder. The Fund was established in January 2015 and will be wound down in December 2018. The fund is in wind down with property held in Rotokauri, Hamilton, Pāpāmoa and Tauranga. Our investment in the DGH Property Fund has shown good returns during the year with a projected annual return on investment of 14%.

DISTRIBUTION REPORT



For the 2017/2018 financial year, a total of \$460,000 was allocated for distribution. Of this sum, a total of \$304,831 was distributed throughout the year on a range of activities. The current underspend is largely due to the rollover of the Whakaue Whare initiative to the 2018/19 year. In addition, the Trust was unable to release grant funding until Te Komiti approved the Trust's Distribution Policy. By May 2019, neither Trust was able to come to an agreement on the Policy.

A summary of the 2017/2018 distributions are as follows:



MARAE TAUTOKO GRANTS

\$150,000

▲ Whakaue Marae	\$30,000
▲ Koutu-Tumahaurangi Marae	\$30,000
▲ Tunohopu	\$30,000
▲ Te Papaouru	\$30,000
▲ Hurungaterangi	\$30,000

Marae Tautoko

Marae are at the heart of our tribal identity. They are the places where we gather to debate the issues, learn our tikanga, celebrate the living and mourn our loved ones. Accordingly, we provide marae grants to:

- ▲ Enhance Ngāti Whakaue tanga within the hapū
- ▲ Enhance engagement and active participation by hapū/marae members with marae activities
- ▲ Support capital works to maintain or rejuvenate places of cultural or spiritual significance

Under our Trust Deed, five marae qualify for marae grants. Waikuta did not qualify for funding this year as it is currently inactive. All marae are required to provide an outcomes report on the use of grant funds. Both Tunohopu and Te Papaouru marae have reported that they have used the funds for capital repairs. In addition, both marae have installed LED lighting under the marae sustainability project. The Trust will look to see Whakaue marae wi-fi enabled in the period ahead.



WHAKAUE WHAKANUIA

\$63,754



SUSTAINABLE MARAE COLLECTIVE

\$16,763



TIKANGA FUND

\$10,325



WAHI TUPUNA

\$5,000



TŪPUNA WHARE KOHA

\$10,000



SPORTS, COMMUNITY & RECREATION FUND

\$24,876



SPORTS, COMMUNITY & RECREATION GRANTS

The funds were distributed to the following groups:

▲ Te Kapa Haka o Ngāti Whakaue	\$5,000
▲ Ōhinemutu Kapa Haka	\$5,000
▲ HT Community Health & Fitness	\$5,000
▲ St Faiths Church	\$4,876
▲ Rangitawake Urupa Trust	\$2,500
▲ Te Kōmiro o te Utuhina	\$2,500

CELEBRATING NGĀTI WHAKAUE IDENTITY



Ngāti Whakaue octogenarians and nonagenarians honoured at special celebration dinner

In February 2018, more than 35 octogenarians were honoured at Te Papaouru Marae, the fourth of the tribe's special annual dinners. The highlight of the evening was hearing the rich stories of their lives.

Each of the elders received a taonga (gift) and framed photograph of the group at the event. It was wonderful to be able to read and hear their stories and they all absolutely enjoyed the night.



“A critical factor moving forward is to maintain unity and respect for all of our people, and in particular for our kaumātua who have given so much.”



CELEBRATING NGĀTI WHAKAUE IDENTITY

(CONTINUED)

Kapa Haka

The Trust gets great satisfaction supporting a multitude of community, sports and recreational groups. In March, the Trust, together with the Endowment Fund, provided grants to two Ngāti Whakaue kapa haka teams to take part in the Te Arawa Regional kapa haka competition.

The Trust will support Te Kapa Haka o Ngāti Whakaue as they take the stage to represent the tribe at Te Matatini 2019 for the first time in 35 years.



Rangatahi Fitness

In 2018, the Trust funded HT Community Health and Fitness who come under the mana of Te Tahuhu o Ngāti Whakaue. The club promotes te reo māori, tikanga māori, and pakiwaitara Māori o Ngāti Whakaue, and assists whānau and iwi in their journey of building confidence and resilience, working with many Ngāti Whakaue rangatahi and descendants. Earlier this year 18 of the club's tamariki competed at the NZ Grappler Nationals with 15 winning medals.

Ngā Kaitiaki o Te Utuhina

In 2017 and 2018, the Trust funded Te Kōmiro o te Utuhina to continue to work on improving the health of the tūpuna awa Te Utuhina. Works to be completed include further planting along the Utuhina banks, removing aquatic weed, an industrial pollution management plan, installing boulders to prevent erosion, working with the local community and collecting and archiving stories from the people about their relationship to their tūpuna awa.



CELEBRATING NGĀTI WHAKAUE IDENTITY

(CONTINUED)



Hawaiian tourism leader shares advice with Ngāti Whakaue
 From left: Katera Maihi – Te Puia, Carrie Morgan – Kualoa, Tim Cossar – Te Puia, John Keone Morgan – Kualoa, Katie Paul Tapsell – Ngāti Whakaue Asset Trust, Steve Hutana – Maori Initiatives, Denny Hansen, and Carrie Li.



Provincial Growth Fund approved for development of Whakarewarewa Forest
 Waiariki MP Tamati Coffey, Katie Paul Tapsell and Regional Economic Development Under-Secretary, Fletcher Tabuteau at Whakarewarewa forest.



Whānau Day huge success at Maketū

In February 2018, the Whānau Day at Maketū was a huge success with over 500 attending. It was themed to connect to the water and the land, and for people to be good guardians of the environment. Young families gathered for singing competitions, races, waka ama, and a local fashion show.





REPORT ON THE PERFORMANCE REPORT

Opinion

We have audited the performance report of Te Kotahitanga o Ngāti Whakaue Assets Trust ("the Trust"), which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 March 2018, the statement of financial position as at 31 March 2018, and 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 the Trust as at 31 March 2018, and its financial performance, and cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

Other Information

The trustees are responsible for the other information. The other information includes the entity information and statement of service performance obtained at the date of this auditor's report and our opinion on the performance report does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the 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 on the other information obtained prior to the date of this auditor's report, 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.

Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of the 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, the Trust.

Emphasis of Matter

We draw attention to Note 9 of the performance report, which notes that the value of the investments in DGH Property Fund Limited Partnership and Te Whaihanga Limited Partnership are based on draft unaudited financial statements provided. Our opinion is not modified in respect of this matter.

We also draw attention to Note 9 of the performance report, which notes that the balance of the Ngāti Whakaue Investments Limited Partnership investment is based on interim unaudited financial statements of Te Kākano Whakatipu Limited. Our opinion is not modified in respect of this matter.

Responsibilities of the Trustees for the Performance Report

The Trustees are responsible for:

- a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- b) the preparation and fair presentation of the performance report on behalf of the Trust which comprises:
 - ▲ the entity information;
 - ▲ the statement of service performance; and
 - ▲ the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report;

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board; and



- c) for such internal control as the Trustees determine necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 economic 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 Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- ▲ Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▲ Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the Trustees 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.

Who we Report to

This report is made solely to the Trust's Trustees, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Rotorua Limited

BDO Rotorua Limited

Rotorua
New Zealand
3 October 2018

Audited Financial Statements

ENTITY INFORMATION

For the year ended 31 March 2018

LEGAL NAME OF THE ENTITY

Te Kotahitanga o Ngāti Whakaue Assets Trust

REGISTRATION NUMBER

CC41055

POSTAL ADDRESS

PO Box 1712, Rotorua

ENTITY TYPE AND LEGAL BASIS

Te Kotahitanga o Ngāti Whakaue Assets Trust is a Trust that is registered with the Charities Commission on 26 June 2009 in accordance with the Charities Act 2005.

ENTITY'S PURPOSE

The Trust's purpose is to support Ngāti Whakaue whether it relates to the relief of poverty, the advancement of education, their socio-economic position, or religion or to any other purposes beneficial to Ngāti Whakaue.

ENTITY STRUCTURE

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

- ▲ Katie Paul Tapsell (chairperson)
- ▲ Ana Morrison
- ▲ Hemi Rolleston
- ▲ Jason Rogers

MAIN SOURCES OF THE ENTITY'S CASH AND RESOURCES

The Trust's main source of revenue is its investments in managed portfolio funds and business ventures. The Trust is a beneficiary of Te Komiti Nui o Ngāti Whakaue Trust and receives beneficiary distributions.

MAIN METHODS USED BY THE ENTITY TO RAISE FUNDS

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

BDO Rotorua Limited
Chartered Accountants
1130 Pukaki Street, Rotorua

SOLICITORS

Tuia Group
Level 2/202 Thorndon Quay, Pipitea
Wellington

STATEMENT OF SERVICE PERFORMANCE

For the year ended 31 March 2018

The Trust achieved the following objectives in line with the purposes of the Trust:

OUTCOME	DESCRIPTION	Output (amount distributed) 2018 \$	Output (amount distributed) 2017 \$
Marae Tautoko Grant	<p>The purpose of the grant is to support the advancement of cultural connectedness and participation within Ngāti Whakaue marae and hapū by providing a grant to Ngāti Whakaue marae for specific project(s) that:</p> <ul style="list-style-type: none"> ▲ Enhance Ngāti Whakaue tanga within the hapū; and/or ▲ Enhance engagement and active participation by hapū/marae members with marae activities; and/or ▲ Support capital works to maintain or rejuvenate places of cultural or spiritual significance to Ngāti Whakaue. 	150,000	75,000
Community, Sports & Recreation Fund	<p>The activity or event that is funded must meet at least two of the following areas:</p> <ul style="list-style-type: none"> ▲ Maintenance and rejuvenation of places of cultural or spiritual significance to Ngāti Whakaue; ▲ Advancing and promoting cultural education such as Ngāti Whakaue reo and tikanga; ▲ Charitable purposes (being the relief of poverty, the advancement of education and socio-economic position, or religion) that are beneficial to Ngāti Whakaue; ▲ Other purposes beneficial to Ngāti Whakaue; ▲ Ngāti Whakaue Iho Ake: Growing, supporting and revitalizing our tribal capacity; ▲ Collective Benefits: Ahi kaa, mana whenua and ūkaipō; and/or ▲ Kotahitanga: Collaboration amongst iwi, hapū and whānau. 	24,876	21,500
Socio-Economic Projects Grant	<p>Advancing the socio-economic position of Ngāti Whakaue where there is an opportunity.</p>	24,113	-
Tamatekapua Grant	<p>Support for the main tūpuna whare with ongoing maintenance costs.</p>	10,000	10,000
Whakanuia Grant	<ul style="list-style-type: none"> ▲ To showcase Ngāti Whakaue and celebrate our successes. ▲ To successfully nurture leadership, inspiration and empowerment in our rangatahi. ▲ Creating lifelong professional networks and reestablishing whānau connections. ▲ To help grow connectivity between the individuals, whānau, hapū, marae and iwi of Ngāti Whakaue. ▲ To encourage and motivate our people to come back to and learn more about, places of cultural or spiritual significance to Ngāti Whakaue. 	63,754	108,088
Sustainable Marae Collective Grant	<ul style="list-style-type: none"> ▲ The current project involves the instalment of and training around solar lighting and equipment at eligible Ngāti Whakaue marae. 	16,763	-
Wāhi Tūpuna	<ul style="list-style-type: none"> ▲ Enhance Whakaue places of spiritual and religious. ▲ Enhance spiritual growth amongst Whakaue. 	5,000	-
Tikanga Fund	<p>To support te paepae tapu o Ngāti Whakaue through contributions to travel, koha and other reasonable actual expenses that they incur in discharging cultural responsibilities for Ngāti Whakaue.</p>	10,325	10,961
TOTAL DISTRIBUTIONS		304,831	225,549

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

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2018

	Notes	2018 \$	2017 \$
REVENUE			
Grants and donations received	1	50,000	60,150
Interest, dividends and other investment revenue	2	252,368	324,525
Revenue from providing goods or services		30	210
Other revenue	3	374,055	710,678
Share of equity accounted investees surplus for the year	9	294,889	392,984
Total Revenue		971,342	1,488,547
EXPENSES			
Administration expenses	4	187,940	132,819
Depreciation		1,792	208
General manager		-	59,800
Governance	14	106,875	105,975
Interest paid		93,258	121,586
Legal Expenses		124,364	12,354
Management expenses		24,587	27,401
Other expenses	5	2,116	181,190
Total Expenses		540,932	641,333
Surplus/(Deficit) before grants and donations		430,410	847,214
Less Grants paid	1	(304,831)	(225,549)
Surplus/(Deficit) for the year		125,579	621,665
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available-for-sale financial assets	9	240,464	239,430
Share of equity accounted associates other comprehensive revenue and expense	9	1,301,347	689,032
Total Other comprehensive income		1,541,811	928,462
Total comprehensive income for the year		1,667,388	1,550,127

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

Audited Financial Statements

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018



	Notes	2018 \$	2017 \$
ASSETS			
Current assets			
Bank accounts and cash	6	2,534,766	2,512,379
Debtors	7	229,769	130,512
Stock on hand	8	170,775	170,773
Other current assets	14	354,173	352,458
Total Current assets		3,289,483	3,166,122
Non-current assets			
Investments	9	16,856,886	15,189,173
Property, plant and equipment	10	1,311	229
Total non-current assets		16,858,197	15,189,402
Total assets		20,147,680	18,355,524
LIABILITIES			
Current liabilities			
Creditors and accrued expenses	11	278,539	33,776
Other current liabilities	12	2,000,000	-
Total current liabilities		2,278,539	33,776
Non-current liabilities			
Other non-current liabilities	12	-	2,000,000
Total non-current liabilities		-	2,000,000
Total liabilities		2,278,539	2,033,776
Total assets less total liabilities		17,869,139	16,321,748
ACCUMULATED FUNDS			
Contributed capital	13	9,233,304	9,233,304
Investment revaluation reserve	13	3,861,579	2,319,768
Accumulated surpluses	13	4,774,255	4,768,676
Total Accumulated funds		17,869,139	16,321,748

For and on behalf of the Board of Trustees:

Trustee

Trustee

3 October 2018

Date

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

STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts			
Donations, fundraising and other similar receipts		30,000	60,150
Interest, dividends and other investment receipts		142,957	357,122
Distribution received – Te Komiti Nui o Ngāti Whakaue		400,948	503,201
Receipts from providing goods or services		30	210
Total Cash receipts		573,935	920,683
Cash payments			
Payments to suppliers and employees		(393,177)	(512,263)
Grants paid		(128,647)	(213,460)
Interest paid		(88,162)	(118,574)
Total Cash payments		(609,986)	(844,297)
Net GST		-	-
Net Cash flows from operating activities		(36,051)	76,386
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES			
Cash receipts			
Receipts from sale of investments		842,055	2,234,101
Total Cash receipts		842,055	2,234,101
Cash payments			
Payments to purchase investments		(783,617)	(6,671,147)
Total Cash payments		(783,617)	(6,671,147)
Net Cash flows from investing activities		58,438	(4,437,046)
Net Increase/ (decrease) in cash for the year		22,387	(4,360,660)
CASH BALANCES			
Cash and cash equivalents at beginning of period	6	2,512,379	6,873,039
Cash and cash equivalents at end of period	6	2,534,766	2,512,379
Net change in cash for period		22,387	(4,360,660)

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



BASIS OF PREPARATION

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

TIER 2 PBE ACCOUNTING STANDARDS APPLIED

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

- ▲ PBE IPSAS 29 Financial Instruments: Recognition and Measurement
- ▲ PBE IPSAS 30 Financial Instruments: Disclosures
- ▲ PBE IPSAS 4 The Effects of Changes in Foreign Exchange Rates
- ▲ PBE IPSAS 7 Investments in Associates
- ▲ PBE IPSAS 8 Interests in Joint Ventures

CHANGES IN ACCOUNTING POLICIES

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

PRIOR PERIOD ERRORS

In the previous year, \$120,000 was received from DGH Property Fund Limited Partnership and included within the share of surplus rather than as a repayable amount. This amount has been returned to DGH Property Fund Limited Partnership in the current year and the accumulated surpluses amended to correctly reflect the transaction.

GOODS AND SERVICES TAX (GST)

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

FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

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

REVENUE

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

Donations, fundraising and other similar revenue

Donations are recognised as revenue upon receipt.

Grant revenue includes grants given by other charitable organisations and businesses. Grant revenue is recognised when the conditions attached to the grant has been compiled with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to income as the conditions are fulfilled.

Revenue from providing goods and services

Revenue from the sale of goods is recognised when the goods are sold to the customer.

Revenue from the sale of services is recognised by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

Interest and dividend revenue

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

Dividend revenue is recognised when the dividend is declared.

BANK ACCOUNTS AND CASH

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

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.

STOCK ON HAND

Stock on hand is initially recorded at cost. Goods held for sale are subsequently measured at the lower of cost and their selling price.

FINANCIAL INSTRUMENTS

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

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

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



Financial assets

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

Financial assets at fair value through surplus or deficit

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

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

The Trust has not designated any assets as fair value through surplus or deficit.

Loans and receivables

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

Held-to-maturity investments

If the Trust has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. The Trust has not designated any assets as held-to-maturity investments.

Available for sale financial assets

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

Available-for-sale financial assets comprise investments in portfolio funds managed by Craigs Investment Partners, First NZ Capital, Ord Minnett Management and Taurus Resources Fund.

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

Financial liabilities

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

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

ASSOCIATES

Associates are those entities in which the Trust has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Trust holds between 20% and 50% of the voting power of another entity. Investments in are accounted for using the equity method and are recognised initially at cost, including directly attributable transaction costs.

The financial statements include the Trust's share of the surplus or deficit and other comprehensive revenue and expense of its equity accounted associates and jointly-controlled-entities, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

The Trust's investment in Ngāti Whakaue Investments Limited Partnership has been classed as an investment in an associate.

JOINT VENTURES

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

Joint ventures that are structured in a separate vehicle are classified jointly-controlled-entities and are accounted for using the equity method (as detailed above for associates). The Trust's investment in DGH Property Fund Limited Partnership and Te Whaihanga Limited Partnership has been designated as jointly-controlled-entities.

PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses. The depreciation rates of major classes of assets have been estimated as follows:

Office equipment 40-50% DV

CREDITORS AND ACCRUED EXPENSES

Creditors and accrued expenses are measured at the amount owed.

INCOME TAX

Te Kotahitanga o Ngāti Whakaue Assets Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

LOANS

Loans are recognised at the amount borrowed from the lender. Loan balances include any interest accrued at year-end that has not yet been paid.



	Note	2018 \$	2017 \$
1. GRANTS AND DONATIONS			
Whakaue Whakanuia			
<u>Grants and donations received</u>			
Donations received		-	150
Grants received		30,000	50,000
Sponsorship received		20,000	10,000
Total Grants and donations received		50,000	60,150
<i>Less Whakaue Whakanuia expenses</i>			
Accounting & secretarial fees		643	2,243
Catering Expenses		16,317	-
Commemorative book		-	5,269
Contingency Fees		-	2,645
Entertainment		3,597	-
Hireage – Plant & Equipment		2,100	18,409
Other expenses		13,787	8,391
Project Co-ordinator		17,250	26,500
Promotional Expenses		1,000	-
Security		259	5,463
Stage Expenses		7,866	12,335
Venue Costs		935	1,500
Total Whakaue Whakanuia expenses		63,754	82,755
Grants paid			
Marae Tautoko grant		150,000	75,000
Ngāti Whakaue Sports & Recreation fund		24,876	21,500
Socio-Economic Projects grant		24,113	-
Sustainable Marae Collective		16,763	-
Tamatekapua grant		10,000	10,000
Wāhi Tūpuna		5,000	-
Whakaue Tikanga fund		10,325	10,961
Whakaue Whakanuia expenses (as detailed above)		63,754	108,088
Total Grants paid		304,831	225,549
2. INTEREST, DIVIDENDS AND OTHER INVESTMENT REVENUE			
Dividends received – investments		70,201	151,427
Interest received – bank & term deposits		100,410	71,808
Interest received – investments		81,758	101,290
Total Interest, dividends and other investment revenue		252,368	324,525

NOTES TO THE PERFORMANCE REPORT

For the year ended 31 March 2018

	Note	2018 \$	2017 \$
3. OTHER REVENUE			
Realised gain on sale of available-for-sale financial assets	9	12,266	-
Final distribution received – Whakaue Capital LP		-	46,243
Distribution received – Te Komiti Nui o Ngāti Whakaue		355,990	664,435
MBIE funding		5,371	-
Other revenue		428	-
Total Other revenue		374,055	710,678
4. ADMINISTRATION EXPENSES			
Accountancy fees		34,823	36,895
AGM/SGM expenses		17,111	8,078
Audit fees		8,625	8,338
Communication		20,871	-
Consultancy		19,064	10,252
Due diligence		-	1,661
Insurance		8,888	8,671
Other expenses		7,387	6,719
Secretarial services		47,097	40,531
Trustee travel and other expenses		24,075	11,674
Total Administration expenses		187,940	132,819
5. OTHER EXPENSES			
Realised loss on sale of available-for-sale financial assets	9	-	181,190
Audit fees – Whakaue Capital LP		2,116	-
Total Investment expenses		2,116	181,190
6. BANK ACCOUNTS AND CASH			
Cash at bank – NZD		176,835	125,941
Cash in managed portfolio funds – NZD	9	67,617	447,076
Cash in managed portfolio funds – AUD	9	14,658	16,362
Cash in managed portfolio funds – International	9	5,656	-
Short-term deposits		2,270,000	1,923,000
Total Bank accounts and cash		2,534,766	2,512,379
7. DEBTORS			
Accrued interest		8,557	7,243
Receivables		25,371	503
Payments in advance		10,778	-
Income tax refund due		185,064	122,766
Total Debtors		229,769	130,512



	Note	2018 \$	2017 \$
8. STOCK ON HAND			
Honey held for sale		170,775	170,773
Total Stock on hand		170,775	170,773
9. INVESTMENTS			
Available-for-sale financial assets			
Managed portfolio funds		4,448,105	4,106,341
Total Available-for-sale financial assets		4,448,105	4,106,341
Equity accounted investees			
Associates			
Ngāti Whakaue Investments Limited Partnership		9,176,587	8,333,265
Jointly controlled ventures			
DGH Property Fund Limited Partnership		472,979	445,938
Te Whaihanga Limited Partnership		2,759,215	2,303,629
Total equity accounted investees		12,408,781	11,082,832
Total Investments		16,856,886	15,189,173
Available-for-sale financial assets			
Managed portfolio funds			
<i>Craig's Investment Partners</i>			
Balance at the beginning of the year		2,125,815	3,026,814
Contributions/(withdrawals)		-	(988,187)
Net investment revenue received		58,988	120,681
Realised capital gains/(losses)		8,977	(66,703)
Change in fair value		60,077	33,210
Balance at the end of the year		2,253,857	2,125,815
<i>Represented by:</i>			
Cash in call accounts		47,177	87,055
Listed securities		2,206,680	2,038,760
<i>First NZ Capital</i>			
Balance at the beginning of the year		1,859,980	1,799,695
Contributions/(withdrawals)		(300,000)	-
Net investment revenue received		68,341	76,409
Realised capital gains/(losses)		3,028	(3,653)
Change in fair value		(1,487)	(12,471)
Balance at the end of the year		1,629,862	1,859,980
<i>Represented by:</i>			
Cash in call accounts		40,754	364,291
Listed securities		1,589,109	1,495,689

NOTES TO THE PERFORMANCE REPORT

For the year ended 31 March 2018

	Note	2018 \$	2017 \$
9. INVESTMENTS (CONTINUED)			
<i>Ord Minnett</i>			
Balance at the beginning of the year		12,092	2,101,355
Contributions/(withdrawals)		(12,033)	(2,018,965)
Net investment revenue received		-	25,485
Realised capital gains/(losses)		261	(110,834)
Change in fair value		(320)	15,051
Balance at the end of the year		-	12,092
<i>Represented by:</i>			
Cash in call accounts		-	12,092
Listed securities		-	-
The investment in Ord Minnett Management Limited managed fund was sold in May 2016.			
<i>Taurus Resources Fund No. 2</i>			
Balance at the beginning of the year		571,891	296,440
Contributions/(withdrawals)		(101,768)	71,811
Change in fair value		182,193	203,640
Balance at the end of the year		652,316	571,891
<i>Represented by:</i>			
Cash in call accounts		-	-
Listed securities		652,316	571,891
Total Managed portfolio funds		4,536,035	4,569,778
<i>Represented by:</i>			
Cash in call accounts	6	87,931	463,439
Listed securities		4,448,105	4,106,341
Total Realised gain on sale of available-for-sale financial assets		12,266	-
Total Loss on sale of available-for-sale financial assets		-	(181,190)
Total Changes in fair value of available-for-sale financial assets		240,464	239,430
<i>Equity accounted investees</i>			
Associates			
Ngāti Whakaue Investments Limited Partnership			
Balance at the beginning of the year		8,333,266	3,925,019
Purchase of 50% share from Te Arawa River Iwi Trust		-	3,900,000
Funds introduced		-	21,563
Share of surplus		250,942	195,736
Profit distributions		(251,003)	(217,759)
Capital distributions		(457,965)	(180,326)
Change in fair value		1,301,347	689,032
Balance at the end of the year		9,176,587	8,333,266



Note	2018 \$	2017 \$
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9. INVESTMENTS (CONTINUED)

The Trust established a partnership with Te Arawa River Iwi Trust and purchased a 9.5% share in Te Kākano Whakatipu Ltd, a company created by six North Island iwi to buy 2.5% stake in Kaingaroa Timberlands, New Zealand's largest forestry business. Te Kākano Whakatipu Ltd has a 30 June financial year end.

In June 2016, the Trust purchased Te Arawa River Iwi Trust's share in Whakaue Assets and Te Arawa River Iwi LP Ltd. The partnership was subsequently renamed to Ngāti Whakaue Investments Limited Partnership.

Movements within the Limited Partnership balance are calculated and included based on interim unaudited financial statements of Te Kākano Whakatipu Ltd, prepared for the period ended 31 March 2018.

Joint ventures

DGH Property Fund Limited Partnership

Balance at the beginning of the year	445,938	194,734
Contributions/(withdrawals)	-	190,000
Capital distribution	-	(120,000)
Profit distributions	(31,320)	(27,520)
Share of surplus	58,361	208,724
Balance at the end of the year	472,979	445,938

The Trust has entered into a partnership with Ngāti Manawa Development Ltd and four other private individuals, to finance and purchase land sections for the purpose of development. The partnership does not engage in any of the building development.

The Trust owns a 10% share in DGH Property Fund Limited Partnership. The Trust's total commitment is \$500,000 of which \$391,500 has been paid to 31 March 2018 (2017: \$391,500). The value of the investment in DGH is based on a draft set of unaudited financial statements.

Te Whaihanga Limited Partnership

Balance at the beginning of the year	2,303,629	-
Contributions	470,000	2,315,105
Share of deficit	(14,414)	(11,476)
Balance at the end of the year	2,759,215	2,303,629

In May 2016, the Trust entered into a limited partnership agreement with Ngāti Manawa Development Limited to develop property in Pāpāmoa with the anticipated investment commitment of \$2,700,000. The Limited partnership is called Te Whaihanga Limited Partnership. The Trust holds 50% shares in the partnership. The value of the investment in Te Whaihanga is based on a draft set of unaudited financial statements.

Total Share of equity accounted investees surplus for the year	294,889	392,984
Total Share of equity accounted associates other comprehensive revenue and expense	1,301,347	689,032

10. PROPERTY, PLANT AND EQUIPMENT

	Office equipment \$	Total \$
Carrying amount at 1 April 2017	229	229
Purchases	2,874	2,874
Depreciation expense	(1,792)	(1,792)
Carrying amount at 31 March 2018	1,311	1,311
Carrying amount at 1 April 2016	437	437
Depreciation expense	(208)	(208)
Carrying amount at 31 March 2017	229	229

	Note	2018 \$	2017 \$
11. CREDITORS AND ACCRUED EXPENSES			
Creditors		102,355	18,776
Grants accrued		176,184	15,000
Total Creditors and accrued expenses		278,539	33,776

12. LOANS

Current portion

BNZ Loan	2,000,000	-
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Non-current portion

BNZ Loan	-	2,000,000
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Total Loans	2,000,000	2,000,000
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During the 2014 year, the Trust entered into a loan agreement with the Bank of New Zealand to purchase shares in Te Kākano Whakatipu Limited. The loan matured on 27 February 2017. On 20 March 2017, the Trust entered into a new loan agreement with the Bank of New Zealand. The term of the loan is two years, maturing on 11 March 2019. The loan is secured by a perfected security interest in all present and future acquired property. As at 31 March 2018, the average interest rate was 4.65% (2017: 4.58%).



13. ACCUMULATED FUNDS

	Contributed capital \$	Accumulated surpluses or (deficits) \$	Investment revaluation reserve \$	Total \$
Opening balance 1 April 2017	9,233,304	4,768,676	2,319,768	16,321,748
Prior period adjustments	-	(120,000)	-	(120,000)
Restated opening balance	9,233,304	4,648,676	2,319,768	16,201,748
Surplus for the year	-	125,579	-	125,579
Other comprehensive income	-	-	1,541,811	1,541,811
Closing balance 31 March 2018	9,233,304	4,774,255	3,861,579	17,869,139
Opening balance 1 April 2016	9,233,304	4,147,011	1,391,306	14,771,621
Surplus for the year	-	621,665	-	621,665
Other comprehensive income	-	-	928,462	928,462
Closing balance 31 March 2017	9,233,304	4,768,676	2,319,768	16,321,748

CNI Iwi Collective (eight iwi from the central North Island) signed a final settlement with the Crown in June 2008. On 1 July 2009, the whenua, accumulated rentals and other settlement assets were transferred back for the benefit of all collective members. Te Komiti Nui o Ngāti Whakaue for Ngāti Whakaue Me Ona Hapū directed that Ngāti Whakaue's percentage of the accumulated rentals of \$9,233,304 be directed to Te Kotahitanga o Ngāti Whakaue Assets Trust.

	Note	2018 \$	2017 \$
14. RELATED PARTY TRANSACTIONS			
Amounts owed by related parties			
Te Komiti Nui o Ngāti Whakaue loan – current		354,173	307,500
Te Komiti Nui o Ngāti Whakaue – distribution receivable		-	44,958
Total Amounts owed by related parties		354,173	352,458

Te Komiti Nui o Ngāti Whakaue Loan

The Trust entered into a Loan Agreement with Te Komiti Nui o Ngāti Whakaue dated 27 October 2009, for \$100,000, and an additional Loan Agreement dated 20 March 2015, for \$307,500. The loan was to be repaid in full, or in part, when settlement proceeds were received from the Crown. The loan was interest free unless interest is demanded in accordance with the deed. \$100,000 was repaid in October 2015. On 18 September 2017 the remaining principal sum of \$307,500 and interest of \$46,673, was demanded. At balance date the loan remains unpaid.

Governance

The total amount of trustees fees for the year ended 31 March 2018 was \$106,875 (2017: \$105,975). Other fees were fees paid to the trustees for representing the Trust at external committees.

	2018 \$	2017 \$
14. RELATED PARTY TRANSACTIONS (CONTINUED)		
Trustee fees		
Jason Rogers	23,000	22,750
Ana Morrison	23,000	21,750
Katie Paul Tapsell	32,250	30,000
James Rolleston	20,000	20,000
Total Trustee fees	98,250	94,500
Other fees		
Jason Rogers	3,450	4,025
Katie Paul Tapsell	5,175	4,000
Ana Morrison		3,450
Total Other fees	8,625	11,475
Total fees paid	106,875	105,975
Trustee fees outstanding		
Ana Morrison	-	1,150
Total Trustee fees outstanding	-	1,150

Other related party transactions

\$17,250 (incl. GST) was paid to CMM Management Limited for project management services (2017: \$26,500). CMM Management Limited is owned by parents of trustee, A Morrison.

15. CONTINGENT LIABILITIES AND GUARANTEES

The Trust has a contingent liability in regard to the DGH Property Fund Limited Partnership. At balance date DGH had underwritten sections to the value of \$1,494,368 (2017: \$7,568,965). If these sections are not sold prior to their respective settlement dates, DGH will be required to settle on the sections. As the Trust owns a 10% share in DGH, a contingent liability exists of \$149,436 (2017: \$756,896).

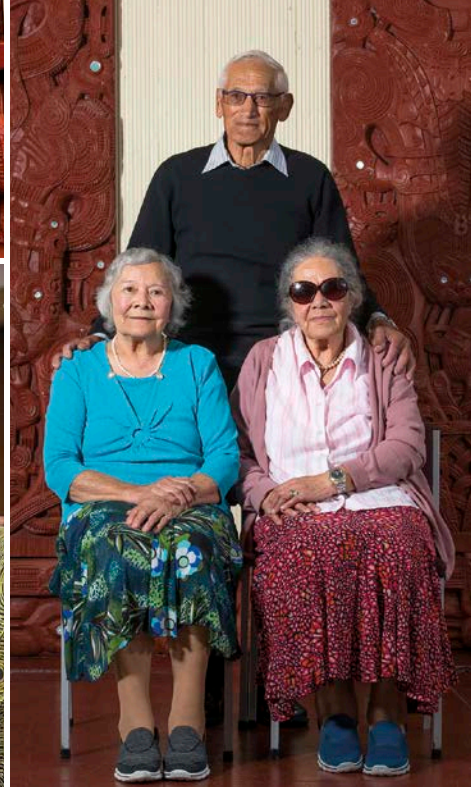
At balance date court proceedings were pending in regards to a claim against Te Kotahitanga o Ngāti Whakaue Assets Trust for unspecified damages. The amount of potential debt is unable to be quantified until proceedings are concluded.

16. COMMITMENTS

At balance date, there is a further commitment of USD 56,028 (2017: USD 16,927) for Taurus Resources No 2 Fund Ltd.

17. EVENTS AFTER THE BALANCE DATE

There were no events that have occurred after the balance date that would have a material impact on the Performance Report.





**Te Kotahitanga
o Ngāti Whakaue Assets Trust**

c/o GHA
Level 1, GHA Centre
1108 Fenton Street
PO Box 1712
Rotorua 3040
AOTEAROA NEW ZEALAND

P: 07 348 3599
F: 07 347 3596
E: rachel@gha.co.nz

www.whakaue.com

