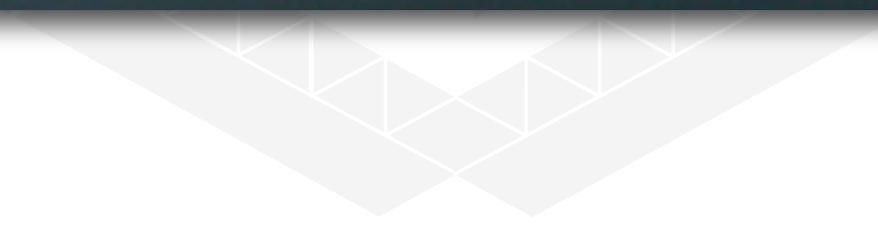




TE KOTAHITANGA O
TE ATAWA
TARANAKI

INAUGURAL ANNUAL
REPORT

1 April 2015- 30 June 2015





AGENDA

The Annual General Meeting of the Te Kotahitanga o Te Atiawa Trust is to be held at **10am on Sunday 27 September** 2015 at Muru Raupatu Marae, Te Arei Road West, Bell Block

- * Mihi Whakatau and Karakia
- * Apologies
- * Inaugural Report for 2014-2015
- * Financial Statements
- * Approval of Appointment of Auditor
- * Trustee Remuneration
- * 2015-2016 Annual Plan
- * Trustee Election Result / Introduction to new Trustees
- * General Business
- * Karakia



He Kupu Whakataki

A Message from the Chair



Kei ngā uri mokopuna o Tamarau te heke-tangā-a-rangi, o Rongoueroa o Te Atiawa nui tonu 'ko te toki tē tangatanga i te rā' ka mihi ka tangi. Ka tangi ki ērā kua ngaro atu i te tau kua hipa haere, haere e oki. Kei taku iti kei taku rahi ko mātou ngā māngai o te iwi e tungou ki mua i tō aroaro me te kī ānei ngā nekehanga o te tau, tēnā tātou.

On behalf of the interim trustees, we are pleased to present this inaugural annual report for Te Kotahitanga o Te Atiawa Trust ("**Te Kotahitanga**"). As Te Kotahitanga was formally established on 31 March 2014, this report covers the activities of Te Kotahitanga for a 15 month period to 30 June 2015.

The primary role of the interim trustees over the 15 month period for this report, has been to progress our Te Atiawa Treaty settlement through to its final legislative stage and to prepare Te Kotahitanga for the receipt of our Te Atiawa Treaty settlement assets. Significant progress has been made on both of these tasks and the readiness of Te Kotahitanga to receive our Treaty settlement assets. Included in this Annual Report are our Te Kotahitanga o Te Atiawa financial statements for the 15 month period ended 30 June 2015.

At the time of preparing this Annual Report, the inaugural full election of Te Kotahitanga trustees required under the Trust Deed was underway, with voting closing on Friday 11 September 2015. The

results of this election will be included at the conclusion of this report and formally announced at the AGM.

On behalf of the interim trustees of Te Kotahitanga, I would like to take the opportunity to thank our Te Atiawa members for your patience through the establishment phase of our post-settlement governance entity and look forward to your support as we set about working our way through the next phase of our development.

I also wish to acknowledge the work of the interim trustees in establishing Te Kotahitanga and look forward to working with the incoming board on all the exciting and challenging kaupapa that lie ahead.

Ngā manaakitanga me ngā mihi

Liana Poutu
Pouwhakarae/ Chairperson



Trust Annual Report

Establishment of Te Kotahitanga

You will be aware that the interim Te Kotahitanga trustees consisted of four Te Atiawa Iwi Authority (“**TAIA**”) appointees – Peter Moeahu, Keith Holswich, Maria Kingi and Liana Poutu, and four Te Atiawa (Taranaki) Settlements Trust (“**TATST**”) appointees – Wharehoka Wano, Kura Denness, Kim Skelton and Andrea Williams. We note that Maria Kingi formally ceased her role as a trustee in June 2015. Liana Poutu and Wharehoka Wano have held the office of Chairperson and Deputy Chairperson respectively during this establishment period.

Upon establishment, the trustees entered into an administration services contract with the Taranaki Iwi Trust for the first six months of operation, which provided initial administrative support to Te Kotahitanga to develop and implement an establishment work plan.

INSERT IMAGE



Establishment Work Plan

The development of the establishment work plan for Te Kotahitanga was the first key project for the Trustees to ensure the readiness of Te Kotahitanga to receive and manage settlement assets. Key establishment tasks completed during this establishment period include:

- * Establishment and Development of Office Systems;
- * Development of Governance Manual;
- * Development of Operations Manual;
- * Development of Communication Strategy;
- * Trust Logo / Brand Development;
- * Website Development;
- * Development of Te Atiawa Stakeholders Database;
- * Development of Compliance & Risk Register;
- * Preparation of Annual Plan;
- * Preparation of Annual Budget;
- * Appointment process for Te Kotahitanga Accountant;
- * Appointment process for Te Kotahitanga Auditor;
- * Development of Interim Investment Strategy;
- * Establishment of Board Sub-Committees and Terms of Reference; and
- * Appointment of Transition Manager.



Trust Annual Report cont..

Te Kotahitanga Management and Staff

As trustees, we determined early on that the appointment of a Transition Manager on a fixed term contract (for the establishment period) was critical to the successful implementation of the establishment work plan. An independent recruitment process was undertaken in the last quarter of 2014. Following that process, Hemi Sundgren was appointed as our Te Kotahitanga Transition Manager and officially commenced in this role in March 2015 on a two year fixed term contract. Hemi's role is to assist Te Kotahitanga with the ongoing implementation of our establishment work plan and ensuring the management/administrative readiness for the management of our Treaty settlement assets.

Although outside of this current reporting period, an additional recruitment process was undertaken in June of this year for an Office Manager. Sharyn Tamarapa was appointed into this role and officially began in August 2015. Again, this appointment is for a two year fixed term period.

As interim trustees we have been clear on our intention to consolidate our Te Atiawa entities, and this consolidation started by office sharing with the Te Atiawa Settlements Trust, as a means of bringing our Te Atiawa entities together under the same roof. This office is currently located on Fulford Street in New Plymouth. Consideration has been given to options for future office space and a decision will be made on this as we near the completion of the current office lease arrangements.

Transitional Matters

One of the key objectives throughout this initial establishment period for Te Kotahitanga, has been to work towards the consolidation of our Te Atiawa entities and assets. Two significant parts to this mahi has been the wind-up of TAIA and confirming arrangements for the transfer of TATST assets to Te Kotahitanga.

The wind-up of TAIA is well underway with the preparation of final financial statements and various asset transfer matters being worked through with the TAIA advisors. It is hoped that the completion of this wind up process will occur prior to the end of 2015. A report on the TAIA wind-up process will be provided to members of Te Atiawa in due course.

You will be aware of the TATST transfer proposal and recent vote seeking agreement from members of Te Atiawa to the transfer of our Te Atiawa fisheries assets to Te Kotahitanga. A Special General Meeting was also held on 9 May 2015 for this purpose. The key elements of the transfer proposal were:

- * Transfer of the Mandated Iwi Organisation ("**MIO**") status from TATST to Te Kotahitanga;
- * Recognition of Te Kotahitanga as MIO for Te Atiawa;
- * Amendment to Te Kotahitanga Trust Deed to allow it to become the MIO for Te Atiawa; and
- * Winding up of TATST.

96.38% supported resolution one to make amendments to the Trust Deed for Te Kotahitanga o Te Atiawa to allow it to become the MIO for Te Atiawa and **92.56%** supported resolution two to transfer the MIO status from TATST to Te Kotahitanga. A report on the MIO transfer proposal was prepared for Te Ohu Kai Moana ("**TOKM**") to consider and we have subsequently received approval from TOKM for this transfer to occur. We have also received approval from the Minister of Treaty of Waitangi Negotiations to include the necessary asset transfer provisions in our Te Atiawa Settlement Legislation.

It should be noted that the transfer of assets and the consolidation of all Te Atiawa assets into Te Kotahitanga will not be completed and finalised until after settlement legislation has been passed through parliament.



Trust Annual Report cont..

Te Atiawa Settlement Legislation

The final stage in the Treaty settlement process is the passage of settlement legislation through parliament. The draft Te Atiawa Settlement Bill was included as part of the Deed of Settlement ratification process undertaken in August 2014. The passage of settlement legislation through parliament essentially completes the settlement process and the transfer of assets and rights under the Deed of Settlement come into effect after this process and on Settlement Date. Our Te Atiawa Settlement Bill was due to be introduced into parliament in early September and we are awaiting advice on when the first reading of the Bill will take place.

Hapū Engagement

We have initiated hapū engagement at a number of levels and on a variety of matters to start building stronger relationships between our Te Atiawa hapū and Te Kotahitanga. This has been a major focus over the last 12 months since the initialling of our Deed of Settlement in August of 2014. This engagement has included:

- * Meetings with each individual hapū;
- * Engagement on specific kaupapa (e.g. consents/concessions);
- * Promoting the development of relationship agreements / memorandums of understanding with each hapū; and
- * Bi-monthly meetings with all Te Atiawa hapū leaders – (we have held two of these hui to date and have a third planned for Mon 5 October 2015).

While hapū engagement will continue to be a major focus for Te Kotahitanga, it is also proposed that we embark on broader engagement with our iwi members utilising a range of methods and media.

Taranaki Whānui Benefits

Throughout the period in review the Board has been involved in the development of a joint initiative between other Taranaki iwi and BNZ. This has led to the establishment of an initiative called Taranaki Whānui Benefits ('TWB'). TWB's primary role is to maximise our collective purchasing power to negotiate benefits for uri. Other iwi involved include Ngāruahine, Ngāti Ruanui and Ngāti Mutunga. Benefits available include reduced rates for banking and insurance with more to opportunities to come. In order to access benefits uri need to be registered with their iwi Post Settlement Governance Entity.

INSERT IMAGE



Trust Annual Report cont..

Return of the Motunui Epa

The story of these amazing pieces began shortly after their discovery in a swamp near Motunui in 1972, when they were illegally exported out of the country, without the knowledge of local iwi and the government. They were later sold with falsified provenance documents to private Bollivean collector George Ortiz. Ortiz then sought to sell them to cover the costs of a ransom held over his kidnapped daughter.

After the panels' consignment to London auction house, Sotheby's, the New Zealand Government was notified by Taranaki Museum Director Ron Lambert, who noticed the pieces in the Auction catalogue. The Government formally issued a writ claiming ownership of the Epa three days before the sale. In response, the panels were withdrawn from the auction as the sale of the other items within his collection fetched enough money to pay for his daughter's ransom. Ortiz then indicated that he no longer wanted to sell the panels.

In 1982 a case was brought before the House of Lords to determine several preliminary issues, the Lords ruled that New Zealand's Historic Articles Act of 1962 and the Customs Acts of 1913 and 1966 did not automatically vest the Crown with title to illegally exported artefacts.

New Zealand argued the matter but the House of Lords determined that the Crown only acquired title if the object was seized, not if it was only illegally exported. Further appeals by the Government failed on the grounds that to return the panels would constitute enforcing foreign law (NZ law) in the United Kingdom.

When Te Atiawa entered into historic Treaty negotiations with the Crown in 2012 iwi representative Keith Holswich asked the Crown to return the Motunui Epa to Te Atiawa. Following the death of George Ortiz in 2013 an opportunity arose to negotiate their return. The Government then began negotiations with the Ortiz family who agreed to sell the Epa to the New Zealand

government for \$4.5 million. In 2014, our fellow Trustee and negotiator Peter Moeahu alongside Toi Maori Aotearoa General Manager Garry Nicholas and Crown Officials escorted the Epa home from Geneva, Switzerland.

In a moving ceremony, the Epa were returned to Waitara and brought onto Manukorihi, Owae Marae. They were then escorted to Pukeariki and are currently held there in Trust. The Museum will soon erect a display of the panels for all to see.





FINANCIAL PERFORMANCE AT A GLANCE

As required by our Trust Deed, we are pleased to present our Te Kotahitanga financial statements for the 15 month period ended 30 June 2015. These accounts have been prepared by our accountants Ernst & Young Tahiti Ltd and they are currently being audited by our auditors BDO Taranaki.

Unfortunately due to circumstances beyond the control of the trustees, the audit process for these financial statements have not been completed in time for the AGM. Upon completion of the audit, copies of the audited financial statements can be provided to those who request them.



Financial Statements

TE KOTAHITANGA O TE ATIWA TRUST

Compilation Report

Compilation report to the trustees of Te Kotahitanga o Te Atiawa Trust.

Scope

On the basis of information you provided we have compiled, in accordance with Service Engagement Standard No. 2: Compilation of Financial Information, the financial statements of Te Kotahitanga o Te Atiawa Trust for the year ended 30 June 2015. These have been prepared on the basis disclosed in Note 1 to the financial statements.

Responsibilities

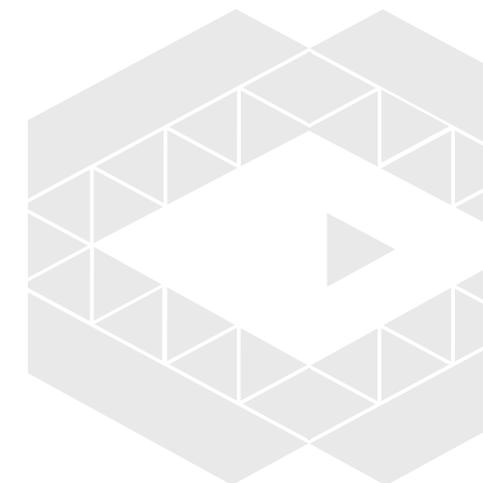
You have determined that the basis upon which the financial statements have been prepared is appropriate to meet your needs and for the purpose that the financial statements were prepared. The trustees are solely responsible for the information contained in the financial statements and for ensuring that the financial statements comply with the Trust Deed.

The financial statements have been prepared exclusively for your benefit. Neither we nor any of our employees accept any responsibility on any grounds whatsoever, including liability in negligence, for the contents of the financial statements to any other person.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from the information you provided. A compilation is limited primarily to the collection, classification, and summarisation of financial information. Our procedures do not include verification or validation of the information. No audit or review engagement has been performed and accordingly no assurance is expressed.

Ernst & Young Tahī Limited
Chartered Accountants
Wellington



Statement of Comprehensive Income

	Note	2015 \$	
Revenue			
Operating Revenue	5	92,436,162	Includes remaining settlement quantum payable by virtue of the Deed of Settlement, Koha of Trustee Honaraium back to the Trust
Less: Expenses			
Administrative Expenses	6	1,367,394	Trust Expenses for 15 month period to the Trust
Net Operating Profit		<u>91,068,768</u>	
Finance Income	7	766,162	Includes Interest Income
Net Profit before Tax		<u>91,834,930</u>	
Taxation	8	63,326	
Net Profit		<u>91,771,604</u>	
Other Comprehensive Income		-	Profit after Tax
Total Comprehensive Income transferred to Trust Capital		<u><u>\$ 91,771,604</u></u>	

Statement of Changes in Trust Capital

	Note	2015 \$
Trust Capital at beginning of the year		-
Total Comprehensive Income		91,771,604
Trust Capital at end of the year		<u><u>\$ 91,771,604</u></u>



Statement of Financial Position

	Note	2015 \$	
TRUST CAPITAL		<u>\$ 91,771,604</u>	
Represented by:			
Current Assets			
Cash and Cash Equivalents	9	16,173,158	Includes Initial On-Account Settlement Fund
Trade and Other Receivables	10	75,867,623	
Income Tax Receivable	8	68,859	
Total Current Assets		<u>92,109,640</u>	Relates to the Remaining Quantum to be received from the Crown, Claimant Funding, GST refund
Current Liabilities			
Trade and Other Payables	11	344,005	Relates to Trustee Payments, PAYE Payable, Audit and Accounting Fee Accruals
Total Current Liabilities		<u>344,005</u>	
WORKING CAPITAL		<u>91,765,635</u>	
Non-Current Assets			
Property, Plant & Equipment	12	5,444	Total Net worth of Te Atiawa as at 30 June 2015
Deferred Tax Asset	8	525	
Total Non-Current Assets		<u>5,969</u>	
TOTAL NET ASSETS		<u>\$ 91,771,604</u>	



Statement of Cash Flows

	Note	2015 \$
Operating activities		
Received from Customers		25,112,592
Paid to Suppliers		(3,604,440)
Interest Received	7	766,162
Taxation Paid	8	(132,710)
Net movement in GST		(5,962,246)
Net Cash Flows from Operating activities		<u>16,179,358</u>
Investing activities		
Purchase of property, plant and equipment	12	(6,200)
Net Cash Flows from Investing activities		<u>(6,200)</u>
Net movement in cash and cash equivalents		16,173,158
Cash and cash equivalents opening balance		.
Cash and cash equivalents closing balance		<u><u>\$ 16,173,158</u></u>



Notes to the Financial Statements

1. TRUST INFORMATION

Te Kotahitanga o Te Atiawa Trust (the "Trust") is a trust established by a trust deed on 31 March 2014 and is subject to the Trustees Act 1956.

The Trust is engaged in the business of investment. The nature of the Trust's business has not changed during the year under review.

On the 9th August 2014, the Trust signed a Deed of Settlement with the Crown to settle Te Atiawa Iwi's historical treaty claim.

The purpose and responsibilities of the Trust as outlined in the Trust Deed is to receive, hold, manage and administer the settlement assets received on behalf of the ngā uri o Te Atiawa.

The quantum for Te Atiawa's settlement package is as follows:

Financial Redress

The Crown will pay the Trust on settlement date \$69,876,000, which is the financial and commercial redress amount of \$87,000,000 less the following on-account payments:

- \$400,000 paid to the Te Atiawa Iwi Authority Board on 26 November 1999.
- \$16,724,000 paid to the Trust on 15 May 2014.

Commercial Redress

Landbanked Properties

Te Atiawa will have the option to purchase, within a deferred selection period of one to two years from settlement date, 51 Office of Treaty Settlement landbanked sites.

Sale and Leaseback

Te Atiawa has a deferred selection period of two years from settlement date to purchase and leaseback two non-surplus core Crown properties. These properties are the New Plymouth Court House and the New Plymouth Police Station.

Right of First Refusal

On settlement Te Atiawa will have an exclusive right of first refusal over specified core Crown land for a period of 172 years. Te Atiawa will also have a non-exclusive shared right of first refusal over core Crown land with Taranaki Iwi over a certain defined area.

Cultural Redress

The settlement also provides for a cultural fund of \$985,000.

Waitara Endowment Lands

The Waitara Endowment Lands are of historical and cultural importance to Te Atiawa. The Deed of Settlement and the settlement legislation provides a mechanism to allow the trust and the New Plymouth District Council to enter into agreement to purchase any of the Waitara Endowment Lands. If agreement is reached the endowment land will transfer free of all statutory restrictions. This process is voluntary and there is no obligation on the parties to enter into any agreement for the sale and purchase of the Waitara Endowment Lands.



2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS RDR") and other applicable Financial Reporting Standards, as appropriate for profit orientated entities.

These financial statements were authorised for issue by the Board on 25 September 2015.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP the entity is a for-profit entity.

The financial statements have been prepared for a fifteen month period.

b) Basis of Measurement

The measurement base adopted is historical cost, except as noted otherwise. The financial statements are presented in New Zealand (NZ\$) and all values are rounded to the nearest NZ\$, except where otherwise indicated.

c) Comparative Figures

There are no comparative figures as this is the first year of trading for the Trust.

d) Current versus Non-Current Classification

The Trust presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Trust classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



e) **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Settlement Income

The Trust has been established to receive the settlement income for the Te Atiawa Iwi and is recognised when the deed of settlement has been signed with the crown. This amount includes the quantum (as per note 1) and interested earned on the quantum.

Koha Received

Koha are funds received by the Trust to achieve its core activities. These funds are not restricted and can be used as designated by the board to achieve the Trust's objectives. Koha revenue is recognised as funds are received.

f) **Finance Income and Finance Costs**

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

Finance costs comprise of interest expense on any borrowings and losses on disposal of available-for-sale financial assets.

g) **Income Tax**

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

Current Income Tax

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

The Trust is registered with the Inland Revenue Department as a Maori Authority for tax purposes.

Deferred Tax

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

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



Notes

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

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

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

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

h) Goods and Services Tax

The financial statements have been prepared using GST exclusive figures except for accounts receivable and accounts payable which are shown inclusive of GST.

i) Property, Plant & Equipment

Property, plant & equipment is included at cost less aggregate depreciation. The depreciation is calculated on a diminishing value basis over the estimated useful lives of the assets, as follows:

Office Equipment	3 to 15 years
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The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

i) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Trust as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.



k) **Cash and short-term deposits**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

l) **Employee Benefits**

Short term employee benefits

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

m) **Financial Instruments**

Non-derivative financial assets

The Trust initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Trust becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Trust classifies non-derivative financial assets into the following categories: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note 3n).

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

n) **Impairment**

Non-derivative financial assets

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

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



Notes

value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Trust considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity investment securities) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities.

Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

o) Statement of Cash Flows

Definitions of the terms used in the Cash Flows:

- Cash includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash, used by TKONT and the group as part of its day-to-day cash management.
- Operating activities include all transactions and other events that are not investing or financing activities
- Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and other non-current assets.
- Financing activities are those activities relating to changes in the equity, including Treaty of Waitangi settlement receipts and those activities relating to the cost of servicing the Trust's equity capital.

p) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.



Notes

4. CHANGES IN ACCOUNTING POLICIES

Application of the Reduced Disclosure Regime

The Trust has implemented the New Zealand equivalent to International Financial Reporting Standards - Reduced Disclosure Requirement (NZ IFRS RDR). All accounting policies were applied consistently during the year.

At the date of authorisation of the financial statements of the Trust for the period ended 30 June 2015, the following Standards and Interpretations were in issue but not yet effective and not early adopted in the preparation of these financial statements. These will be effective and applied to the Trust's financial statements in future years as noted below;

NZ IFRS 9: Financial Instruments

NZ IFRS 9 will be adopted by the Trust for the first time for its financial reporting period ended 30 June 2018. The standard replaces part of NZ IAS 39 and establishes two primary measurement categories for financial assets: amortised cost and fair value, with classifications depending on an entity's business model and the contractual cash flow characteristics of the financial asset. The Trust is currently in the process of evaluating the potential impact of this standard on its financial assets. The adoption of NZ IFRS 9 will not affect the current classification and measurement requirements of financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated as at fair value through profit or loss and the Trust does not have any such liabilities. NZ IFRS 9 is not expected to have a significant impact on the Trust.

NZ IFRS 15: Revenue from Contracts with Customers

NZ IFRS 15 will be adopted by the Trust for the first time for its financial reporting period ended 30 June 2017. The adoption of NZ IFRS 15 will result in certain revenue streams being brought forward and others being delayed, depending on contractual terms and analysis of the five step approach to revenue recognition. The Trust has yet to assess the impact of this standard.

NZ IAS 19 (Amendment): Defined Benefit Plans: Employee Contributions

NZ IAS 19 prescribes the accounting and disclosure for employee benefits, the amendment to NZ IAS 19 requires the Trust to determine whether an employee benefit is short-term or long-term based on when payment is expected and not when payment can be demanded. In addition, where termination benefits include a future-service obligation, these cannot be treated as termination benefits under NZ IAS 19 going forward. The Trust has yet to assess the impact of this standard.

5. OPERATING REVENUE

	2015 \$
Settlement Income	92,373,067
Ministry of Justice	38,470
Koha Received	24,375
Sundry Income	250
Total Operating Revenue	<u>\$ 92,436,162</u>



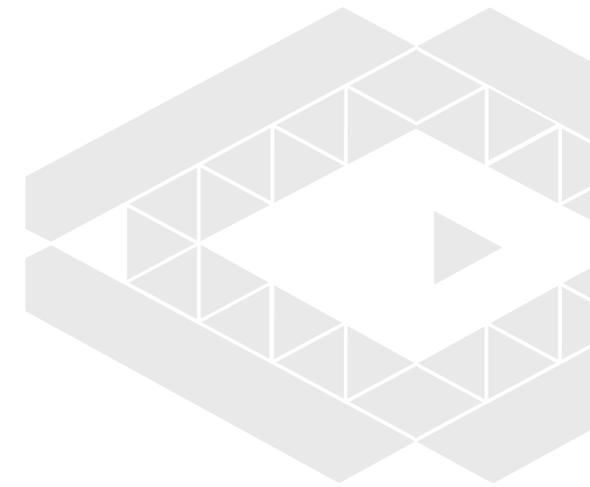
Notes

6. ADMINISTRATIVE EXPENSES

	Note	2015 \$
Accountancy Fees		6,623
Settlement and establishment costs	20	900,000
Advertising		3,691
Audit Fees	15	4,000
Catering		1,559
Consultancy		37,513
Depreciation	12	756
Insurance	19	3,250
Kiwisaver Employer Contributions		1,108
Legal Expenses		38,542
Management Fees		78,568
Operating Lease Payments		892
Recruitment Costs		23,756
Trustee Travel		11,896
Trustee Honorarium	18	206,198
Venue Hire		3,174
Wages & Salaries		40,154
Other Administrative Expenses		5,716
Total Administrative Expenses		<u>\$ 1,367,394</u>
Included in Administration Expenses:		
Wages & Salaries		40,154
Kiwisaver Employer Contributions		1,108
Total Employee Benefit Expenses		<u>\$ 41,262</u>

7. FINANCE INCOME

	2015 \$
Interest Received	766,162
Total Finance Income	<u>\$ 766,162</u>



Notes

8. INCOME TAX

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

	2015 \$
<i>Current income tax:</i>	
Current income tax charge	63,851
<i>Deferred tax:</i>	
Relating to origination and reversal of temporary differences	(525)
Total income tax expense reported in the Statement of Comprehensive Income	<u>\$ 63,326</u>

b) Reconciliation of income tax expense

	2015 \$
Accounting Profit before income tax expense	<u>91,834,930</u>
At Maori Authority tax rate of 17.5%	16,071,113
Add:	
Non-deductible expenses	157,500
Less:	
Non-assessable Income	(16,165,287)
Income Tax reported in the Statement of Comprehensive Income	<u>\$ 63,326</u>

c) Current tax

	2015 \$
Asset / (Liability) at 1 April 2014	-
Current year tax expense	(63,851)
Taxation paid	132,710
Asset / (Liability) at 30 June 2015	<u>\$ 68,859</u>

d) Deferred Tax

	2015 \$
Asset / (Liability) at 1 April 2014	-
Current year movement	525
Asset / (Liability) at 30 June 2015	<u>\$ 525</u>



Notes

Made up of:

Deferred tax asset	525
Deferred tax liability	-
Net balance as per above	<u>\$ 525</u>

The Trust offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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

Accruals	525
	<u>\$ 525</u>

9. CASH AND CASH EQUIVALENTS

	2015 \$
BNZ - cheque account	16,173,158
Total Cash and Cash Equivalents	<u>\$ 16,173,158</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Trust, and earn interest at the respective short-term deposit rates.

The interest rate as at 30 June 2015 is 3.9%.

10. TRADE AND OTHER RECEIVABLES

	2015 \$
Trade Receivables	38,770
Sundry Receivables	75,674,230
GST Refund	154,623
Total Trade and Other Receivables	<u>\$ 75,867,623</u>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Sundry receivables includes Settlement Quantum that has yet to be received at balance date and expected to be received within the next 12 months.



Notes

11. TRADE AND OTHER PAYABLES

	2015 \$
Trade Payables	136,337
Trustee Honorarium Payable	151,156
Accruals	7,000
Employee Benefit Payable	49,512
Total Trade and Other Payables	<u>\$ 344,005</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms.

PAYE payables are normally settled with Inland Revenue Department on the 20th of the following month.

12. PROPERTY, PLANT & EQUIPMENT

	Office Equipment \$	Total \$
Cost		
At 1 April 2014	-	-
Additions	6,200	6,200
At 30 June 2015	<u>\$ 6,200</u>	<u>\$ 6,200</u>
Depreciation		
At 1 April 2014	-	-
Depreciation charge for the year	756	756
At 30 June 2015	<u>\$ 756</u>	<u>\$ 756</u>
Net Book Value		
At 30 June 2015	<u>\$ 5,444</u>	<u>\$ 5,444</u>

The Trust has determined that the office equipment has not been impaired.

13. MAORI AUTHORITY TAX CREDIT ACCOUNT

	2015 \$
Maori Authority Tax Credit - opening balance	-
RWT credits attached to interest	132,710
Maori Authority Tax Credit - closing balance	<u>\$ 132,710</u>



Notes

14. OPERATING LEASE COMMITMENTS

The Trust entered into an operating lease with Ricoh New Zealand Limited for a photocopier on 31 March 2015 for 48 months.

Future minimum rental payables under non-cancellable operating leases as at 30 June are as follows:

	2015 \$
Within one year	3,567
After one year but not more than five years	9,808
More than five years	-
Total Operating Lease Commitments	<u>\$ 13,375</u>

15. AUDITORS' REMUNERATION

The auditor of the Trust is BDO Taranaki.

	2015 \$
Fees to BDO for: Audit or review of financial statements	4,000
Total fees paid to Auditors	<u>\$ 4,000</u>

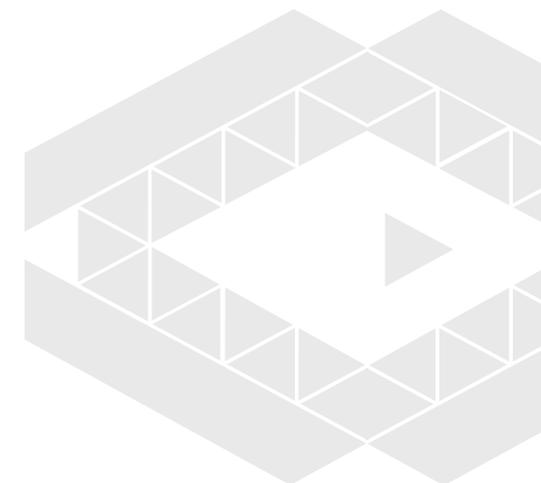
16. CAPITAL MANAGEMENT

The Trust's capital includes retained earnings.

The Trust's policy is to maintain a strong capital base to operate in a financially prudent manner which will enable market confidence and to sustain the future development for the people of Te Atiawa.

The Trust's policies in respect of capital management and allocation are reviewed regularly by the Board of Trustees.

The trust is not subject to any externally imposed capital requirements.



Notes

17. FINANCIAL INSTRUMENTS

The Trust's principal financial instruments are trade and other receivables, trade and other payables, cash and cash equivalents, and term deposits.

The main risks arising from the financial instruments are interest rate risk, liquidity risk, and credit risk. These are summarised below:

a) *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to market risk for changes in interest rates relates primarily to their short-term and term deposits.

	2015	Weighted-Average Interest
	\$	
Cash and short-term investments	16,173,158	4.39%

The current term deposits have a maturity date in September. All deposits within three months of balance date are classified as a current asset as well as any deposits which are able to be called upon with 30 days notice.

b) *Credit risk*

Credit risk is the risk that a third party will default on its obligation to the Trust, causing the Trust to incur a loss. Financial Instruments which could potentially subject the Trust to credit risk consist of cash and cash equivalents and trade and other receivables at this point in time. The Trust manages this risk by only trading with recognised, creditworthy third parties.

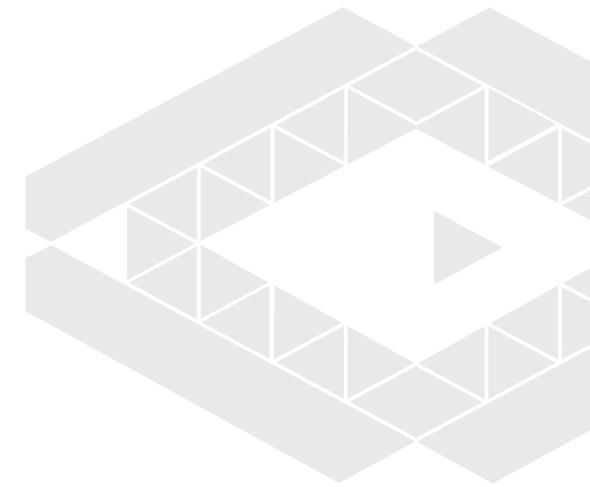
There has been no allowance for impairment in respect of trade and other payables for the year.

c) *Liquidity risk*

The Trust manages liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis

d) *Financial Assets & Liabilities*

	2015
	\$
Financial Assets	
Cash and cash equivalents	16,173,158
Trade and other receivables	75,713,000
	<u>\$ 91,886,158</u>
Financial Liabilities	
Trade and other payables	344,005
	<u>\$ 344,005</u>



18. TRUSTEE PAYMENTS

Trustee	Attended	Eligible	Amount	Notes
Kura Ann Denness	15	18	23,125	
Keith Raymond Holswich	17	18	23,125	
Maria Maraea Kingi	11	18	15,417	- removed on 19 June 2015
Peter Moeahu	15	18	23,125	
Liana Huia Poutu (Chair)	18	18	46,250	
Tanya Kim Skelton	16	18	23,125	- trustee fee donated back
Wharehoka Craig Wano	14	18	28,906	
Andrea Moana Williams	15	18	23,125	
Total Trustee Payments			<u>\$ 206,198</u>	

All trustees commenced on 31 March 2014 when the Trust was established.

The number of eligible meetings indicates the maximum number of meetings each person could have attended taking into account meetings of the full board in addition to any sub-committees that they are part of.

The board received a letter dated 15 July 2015 from Tanya Kim Skelton that she did not want to receive payment for her services as a trustee for the period and is included in Koha received.

19. DIRECTORS AND OFFICERS INSURANCE

The Trust paid \$3,250 for Directors and Officers Insurance in 2015.

20. RELATED PARTIES

Te Atiawa Iwi Authority ("TAIA") provided various services to the Trust, including treaty negotiation and settlement services, assistance with and advice on the establishment of the post settlement governance structure and other business advice, such as strategic management and planning.

In return for TAIA's services, the Trust paid, by way of forgiveness of a loan, \$900,000 plus GST to TAIA in June 2015 (refer note 6 - settlement and establishment costs).

21. CAPITAL COMMITMENTS

There are no capital commitments as at 30 June 2015.

22. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2015.

23. EVENTS OCCURRING AFTER THE BALANCE DATE

There were no events subsequent to balance date that would have a material effect on the presentation of the financial statements.



Strategic Plan

VISION, VALUES, STRATEGIC PRIORITIES

The interim trustees have spent considerable time holding wānanga to develop a strategic framework for Te Kotahitanga and Te Atiawa moving forward. We have taken the approach of reinvigorating some of our Te Atiawa historical kōrero to guide the future direction of our iwi.

It is proposed that this framework form the basis of our strategic plan and we are looking for feedback from iwi members on the key elements. These key elements are as follows:



The Board have held some hui ā-iwi and hui ā-hapū to present this strategic framework and will be holding another series of these to seek further feedback on whether we are heading in the right direction. The next phase in our strategic planning process will be to wānanga the specific objectives, aims and aspirations of our people under each of the three strategic priority areas.

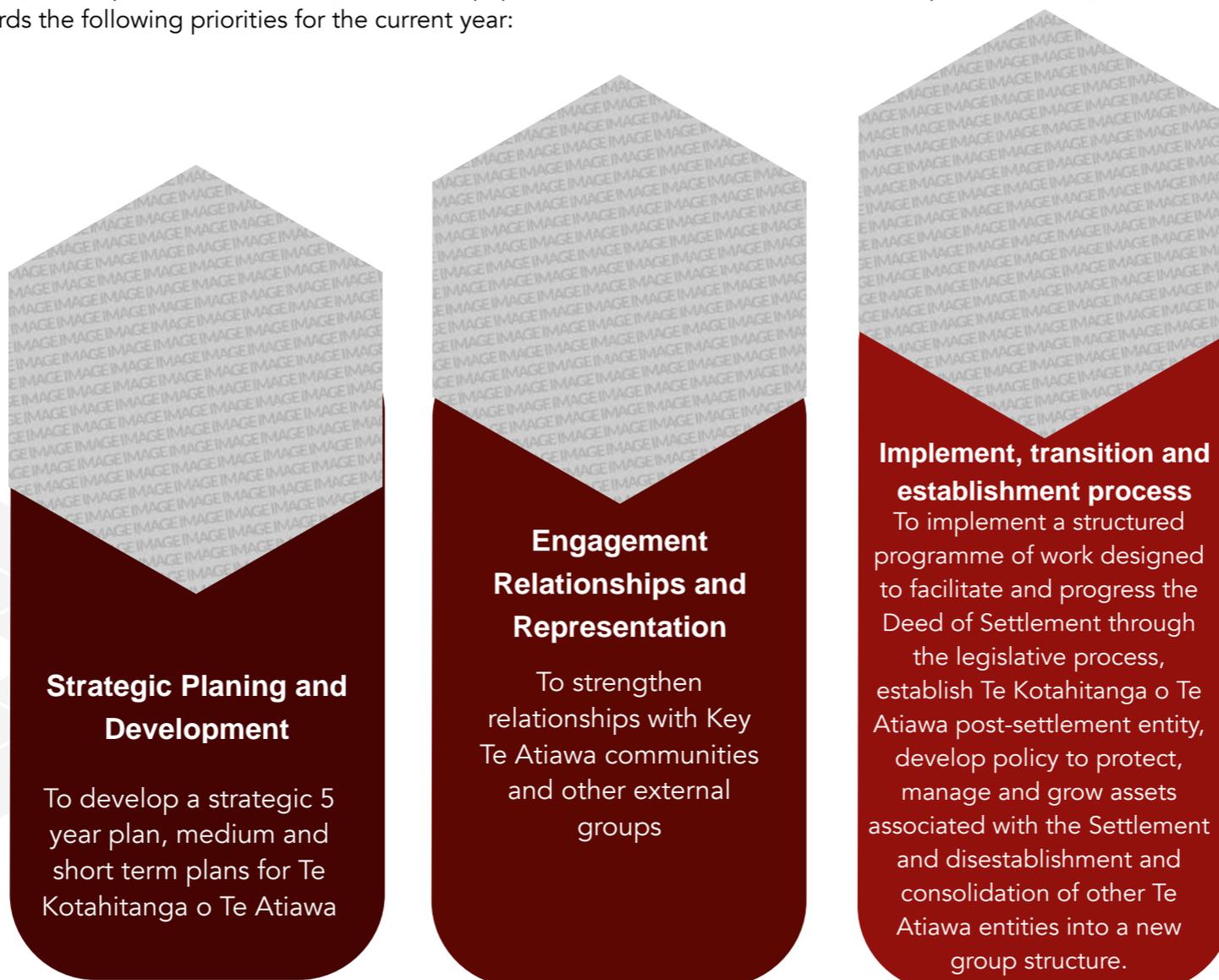


Annual Plan

In the knowledge that there would be a full election of trustees in 2015, the interim trustees were determined to have a clear direction during this interim period. From March last year right through to our most recent board meetings, Te Kotahitanga have been clarifying and re-defining our priorities and setting in place the strategic framework for our longer term vision, values and kaupapa. As mentioned, these will now form the basis for engagement and input with hapū and wider iwi membership.

Notwithstanding the importance of our longer term kaupapa, there have been some immediate priorities facing the Board and we have been working towards the following priorities for the current year: In the knowledge that there would be a full election of trustees in 2015, the interim trustees were determined to have a clear direction during this interim period. From March last year right through to our most recent board meetings, Te Kotahitanga have been clarifying and re-defining our priorities and setting in place the strategic framework for our longer term vision, values and kaupapa. As mentioned, these will now form the basis for engagement and input with hapū and wider iwi membership.

Notwithstanding the importance of our longer term kaupapa, there have been some immediate priorities facing the Board and we have been working towards the following priorities for the current year:



2015 Trustee Election

CONFIRMED RESULTS

The final result for the election of seven (7) Trustees for Te Kotahitanga o Te Atiawa Taranaki Trust that closed at 5pm on Friday 11 September 2015 is:

2015 Trustee Election (7 vacancies)

Votes Received

POUTU, Liana	905
WANO, Wharehoka	890
NICHOLAS, W Gary	719
KEENAN, Shaun	703
KOPU, Shelley	690
SKELTON, Kim	688
DENNESS, Kura	676
SKIPPER, Ngamata Kirsty	600
WILLIAMS, Andrea M	592
KEENAN, Chagn	529
PIHAMA, Leonie	523
MOEAHU, Dinnie	477
RITAI, Pamela Teurumairangi	430
MARSH, Toumairangi	339
INFORMAL	3
BLANK VOTING PAPERS	3

I therefore declare **Kura DENNESS, Shaun KEENAN, Shelley KOPU, W Gary NICHOLAS, Liana POUTU, Kim SKELTON** and **Wharehoka WANO** elected as Trustees for Te Kotahitanga o Te Atiawa Taranaki Trust.

The voter return was 21.67%, being 1,638 votes received from 7,560 eligible members, of which 64.84% voted by post and 35.16% voted on the internet.

Dated at Christchurch this 16th day of September 2015.

Anthony Morton

Returning Officer - Te Kotahitanga o Te Atiawa Taranaki Trust
0508 666 337

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