



2015
ANNUAL REPORT



Rangitane

Te Runanga a Rangitane o Wairau



A large, smooth, moss-covered rock sits in the middle of a river. The water is clear and greenish-blue, with white foam from rapids visible in the background. The rock is the central focus of the image.

HE WHAKAARO RANGATIRA

Na konei te wero – kua e hangai he ture i
pera i te kupenga ika he here hopo
Engari, i pera mea te nekeneke tai he arahi

*(Beware of creating rules that like the fishing net snare and strangle; but
rather those that like the surging tide uplift and carry forward.)*

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Rangitane

Te Runanga a Rangitane o Wairau





CHAIRPERSON'S REPORT



E nga mana, e nga reo, e nga
karangamaha mauriora tatou.
He mihi aroha hoki ki nga aitua
maha nga mate huhua kei runga ki
a matou ki tenei wa. Kati ra, ratou
ki a ratou e moe e moe okioki ra.
Kia matou nga waihotanga Tena
koutou katoa.

It gives me immense pleasure to present the 2015 Annual Report for Te Runanga a Rangitane o Wairau to members. The past year has ushered in some of the most far reaching changes in the modern day history of our South Island branch of the wider Rangitane Iwi.

The first and most significant of these was the passage last April of the Rangitane o Wairau Claims Settlement Act 2014 by Parliament. This piece of legislation formally settles over a century of land grievances against the Crown, and confirms by statute the cultural identity of Rangitane across the Te Tau Ihu region. The legislation also empowered the Rangitane o Wairau Claims Settlement Trust to protect and enhance the Settlement with the Crown, comprising elements of both Cultural and commercial redress.

After nearly 40 years of disputes, the majority of our Fisheries settlement assets were finally transferred from Te Ohu Kaimoana. Valued at \$1.9 Million it is only a small portfolio in comparison with other Iwi, but as you will see later in this report, has been managed efficiently and effectively. Coupled with the settlement of the regional Aquaculture compensation currently underway, there are positive times ahead for us in the seafood sector.

Unlike anything we have previously experienced, the legislative change has resulted in the accumulation of a substantial portfolio of Crown lease properties to manage for the benefit of present and future generations of our people. We have invested some of our developmental funds reviewing our governance and management structures to ensure that they are appropriate for the future. The changes to our commercial operation are designed to ensure that we are compliant with the current regulations and statutes, while providing the flexibility to take opportunities as they arise.

However the year hasn't been without its challenges to the best pathway forward and while it is healthy to have debate, continuing dissention amongst our leadership can only serve to undo much of the positive work that has been achieved in past years. It is time to move on from the distractions of the paper delivered at our last AGM as we have much to look forward to.

Despite the changes we have had to respond to I am pleased to see that we have managed to return a profit of \$5.014 million which is a 12% return on our asset portfolio. We have also managed to provide just over \$21,800 to support the aspirations of our members which is a positive outcome.

Finally I would like to thank those members who have continued to support us over the past 12 months. These are the people who have continued to support the Wananga, discrete hui and represent us at regional events and national sporting and cultural events. It is these people who provide tangible evidence that Rangitane o Wairau is a living entity and an Iwi of Mana in Te Waipounamu.

No reira, ma te Atua koutou e manaaki e tiaki,

A handwritten signature in blue ink, appearing to be 'J. MacDonald', written over a large, faint, stylized Maori koru design.

Judith MacDonald
Chairperson



2015 PERFORMANCE

Given that this has been a year of significant change for Rangitane o Wairau, our core values have continued to underpin our activities. Being such a diverse Iwi coming with a wide range of expectations of the Runanga amongst members, monitoring performance can be challenging. This year we have used our Strategic planning document Te Pae Tawhiti as the framework for commentary on the 5 key strategic goals and objectives.

LEADERSHIP DEVELOPMENT

(Where current and future leaders are nurtured to ensure we have the right people, cultural and professional skills and experiences to lead us in the future)

The Trustees are enrolled in the New Zealand Institute of Directors to enable them to develop their knowledge and skills in the 5 pillars of governance. Some Trustees have attended the wananga and events that have occurred over the past 12 months and developed a keen sense of where Rangitane should be heading in the future.

Rangitane have continued to provide tertiary level Education Scholarship to those of our members embarking on study in the fields of business, law, medicine and Maori studies. Those competing in sporting and cultural activities have also been assisted to compete in regional and national events and competitions

The provision of Wananga have been held for Rangitane Iwi members in the area of customary food gathering practices, and also in conjunction with the other Kurahaupo Iwi.

EFFECTIVE ASSET MANAGEMENT

(Where governance structures contribute to effective representation, focussing on professional and competent management of assets)

The past year has been characterised by a number of structural and performance reviews. One of the improvements planned for the future will be targeted governance training that enables Trustees to focus on their role and the performance of the group.

A review of our tax compliance was undertaken in 2013, and within the context of a substantial property portfolio being transferred to Rangitane on passage of the settlement legislation. In order to improve our tax efficiency, the recommendation for the Trustees to create a new commercial entity to manage the property assets was implemented. Rangitane Investments was established in April 2014.

Arising from a performance review in early 2014 (Robert Mann) the Trustees advertised out in the market place and appointed three new independent Directors to the boards of Rangitane Holdings Ltd and Rangitane Investments Ltd The new Directors were appointed on the basis of their knowledge and experience of the investment and financial planning sector. To maintain management consistency across the group an Audit and Risk Compliance Committee was established comprised of Directors, Trustees, and Auditor.

Issues raised in 2014 regarding non-compliance with the Trust Deed have been reviewed by both Deloitte and BDO. The findings and recommendations in their final report for implementation has been accepted by the Trustees.

A review of existing Insurance cover resulted in some liabilities for Trustees and Directors. Following an open tender process our new provider has provided more comprehensive cover for the entire group of entities.



WELLBEING

(Investment within the Rohe provides Rangitane individuals with opportunities to participate in the economy)

Unlike previous years with the refurbishment of Rangitane House and the construction of the Rangitane Cultural centre at Grovetown, the past year has been consumed with reviews analysing our structures and organisational performance. Local contractors or employers of our people were involved in our commercial property development. The structural and performance reviews (though valuable) have been undertaken by firms outside of our rohe.

The exercise does give us an insight into the importance of having legal, financial and property management experience, or investment experience available within the membership. Understanding the value of that portfolio and working within the parameters of the SIPO will ensure that financial benefits continue to be available to members irrespective of where the actual investment takes place. The range of advisors we have engaged with have agreed to provide internships to graduates that are studying in their field.

Continuing to develop and maintain partnerships with other Iwi and community leadership forums will ensure that business leaders are aware that Rangitane are now a contributor to the health and wellbeing of our community.

REPRESENTATION AND ADVOCACY

(Effective external relationships within local community government and industry are established and maintained)

The enactment of the Rangitane o Wairau Claims Settlement Act in 2014 has made a significant change to the way in which local and central government interact with Rangitane. The act now provides for recognition in the Nelson, Tasman and Golden Bay regions. Over the past 12 months we have not had the chance to capitalise on the gains of previous years. In this respect we have been overtaken by other Iwi and will need to devote some time regaining lost ground.

However some positive changes have occurred, and Rangitane have become more visible at civic and community events in the Nelson city region. The development of an Iwi Forum in Nelson has provided a new opportunity for Rangitane to participate in regional leadership discussions. The importance of wananga takes on some urgency here as it is important that our representatives and leaders have a consistent view of Rangitane tikanga and perspective on matters affecting our members.

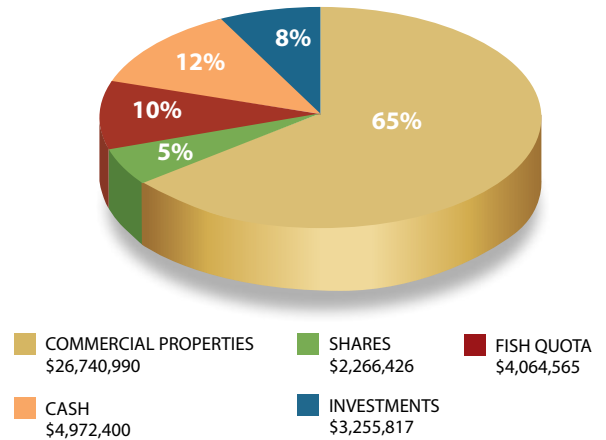
WEALTH CREATION

(Rangitane settlement assets and resources are managed to ensure that social, cultural and economic benefits are maximised)

One of the outcomes of the reviews that have been undertaken has been to review progress on investment strategies that will provide consistent benefits for present and future generations of Rangitane. Work has commenced on Strategic Investment Policy Objectives that includes an ambitious 50 year cash flow projections across the group of entities.

FIGURE 1.

RANGITANE GROUP ASSETS



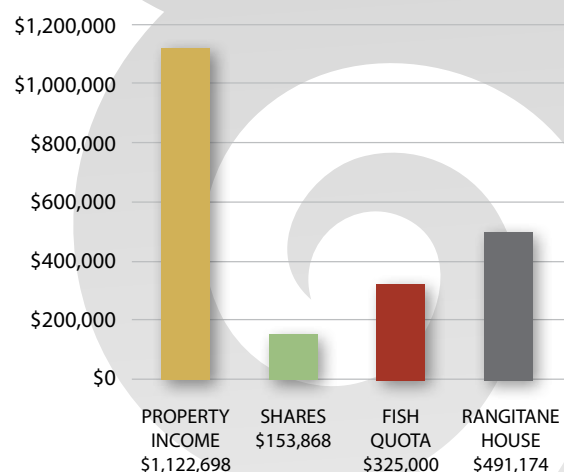
The SIPO also includes a distribution strategy, and as we have seen with other post settlement Iwi, if followed will deliver an increased financial return in a relatively short time. This return of investment can be incrementally applied to social, cultural and economic wellbeing imperatives.

Members will be pleased to see an overall increase in the value of our Assets Register due primarily to the Commercial Fisheries Assets and the GSO (Power Company) shares now held by Rangitane. Rangitane House has been re-categorised from "plant" to the more appropriate "investment property" and despite an increase in the valuation of the land, written down in value for the 2015 financial year. This has enabled it to be transferred to the newly established property entity.

As a hangover from the Kurahaupo Settlement Trust days, we will continue to have economic associations with Ngati Kuia and Ngati Apa. There has been some discussions on the shared services model which given that many of our members are common to all three entities. There would be clear benefits across our administration governance training and services to member's expenditure.

FIGURE 2.

PERFORMANCE OF GROUP ASSET RETURNS 2014/2015 YEAR



PERFORMANCE OF RANGITANE'S FISHING BUSINESS IN 2014-2015 & PROSPECTS FOR 2015-2016

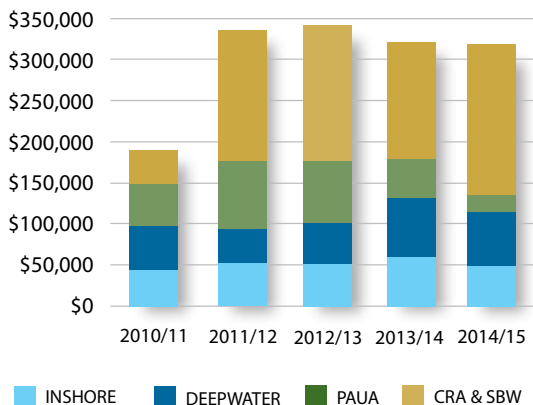
In this section of the 2015 Annual Report, we report on the returns achieved from marketing Rangitane's annual catch entitlements (ACE) in 2014-15 and prospects for the next 12 months.

Rangitane's ACE comprises fish stocks for both the April and October fishing years. The main April 1 fishstocks are southern blue whiting (SBW) and rock lobster (CRA5). October 1 fishstocks include a wide range of inshore and deepwater wetfish stocks plus paua (PAU7). There are a number of valuable stocks in the deepwater parcel however there are also many stocks that are of little commercial value and hence attract little interest from the industry.

As in previous years, Rangitane's ACE for both April and October fishing years was sold on the open-market using a competitive tender process in order to achieve the highest possible returns. A wide range of fishing companies and individuals fishers including Maori-owned fishing companies and Rangitane fishers were provided with opportunities to participate in the tenders.

Figure 3 below shows the sales revenue and the contribution of the different categories of ACE in 2014-15 along with the trend in total ACE returns over the last five years.

FIGURE 3.
ANNUAL RETURNS FROM ACE SALES
(Before Te Ohu charges)



Total ACE sales returns in 2014-15 were just under \$325,000 (excl GST), a drop of 2% compared to the previous year. Much of the decrease in the return was due to significantly lower prices for paua ACE where sales revenue fell by more than half compared to last year. This was mostly offset by a much better return for rock lobster (CRA) which accounted for 55% of Rangitane's total ACE revenue in 2014-15 with deepwater contributing 20%, inshore 18% and paua 7%.

FIGURE 4.
CONTRIBUTION OF EACH SECTOR OVER
LAST 5 YEARS OF ACE SALES

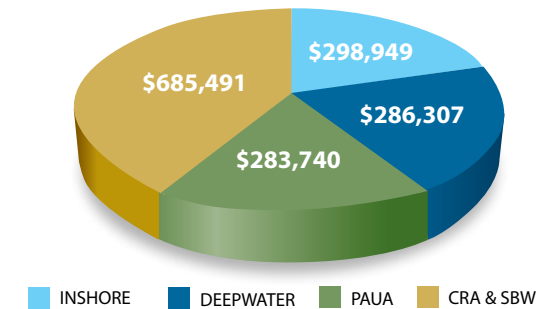


Figure 4 shows the contribution of different sectors to total returns from the sale of Rangitane quota/ACE over the last five years.

Over the past five years total revenue from the sale of Rangitane's ACE has totalled more than \$1.55 million. Figure 4 shows that rock lobster & southern blue whiting (CRA & SBW) have been by far the largest contributor to total ACE sales revenue (44%) followed by inshore (19%), deepwater (18%) and paua (18%).

The pattern of revenue growth over the past five years has been variable with returns for all four categories fluctuating from year to year depending on the strength of seafood markets. This is particularly true for rock lobster and paua which are strongly influenced by both the exchange rate and the health of the Chinese economy.

OUTLOOK

ACE returns in 2015-16 will depend significantly on global seafood market conditions. Global seafood market trading conditions in the last 12 months have been a little mixed reflecting the fact that economic activity in some markets was subdued whereas in others it was much stronger. However, most markets for NZ seafood producers are currently reasonably stable and continue to provide good opportunities for sales of NZ seafood product. Some seafood producers have reported difficulties in specific markets where sales have been challenging and where prices have softened.

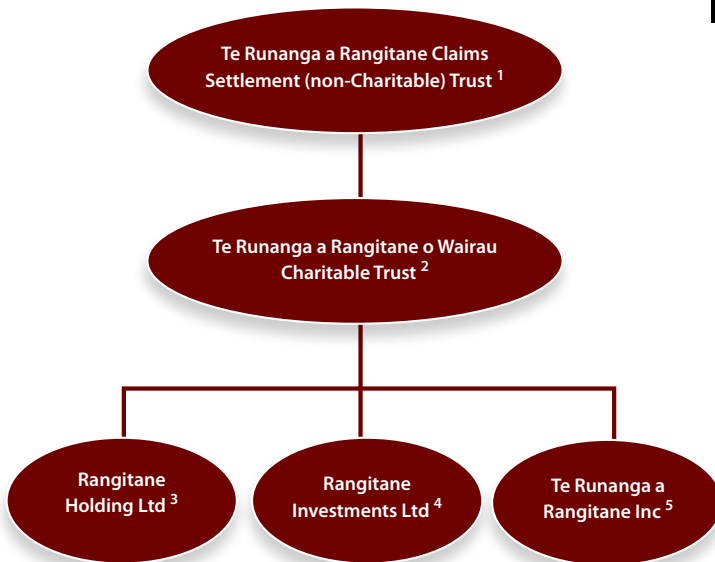
We expect market conditions for inshore wetfish stocks overall to remain steady over the next 12 months. We see strong trading values for rock lobster ACE being maintained. Market conditions for NZ-sourced paua product are currently very soft due mainly to market issues that now appear as if they may persist into the future. We expect ACE prices for paua to stay very soft in the next 12 months. Markets for NZ deepwater product are predicted to be reasonably steady in the year ahead. However, the market for deepwater ACE has softened in the past two years due to the Government's decision to phase out the use of foreign chartered vessels. This has reduced competition for deepwater ACE with lower returns from the sale of Rangitane's hoki ACE in particular. This means Rangitane may face reduced demand for its deepwater ACE in 2015-16 even though markets for deepwater product remain steady. Overall, we expect Rangitane's ACE revenue in 2015-16 to be similar to the result for 2014-15.

CHANGES TO RANGITANE STRUCTURE

Like many Iwi entities Rangitane o Wairau has gone through a number of changes since it was first established as an Incorporated Society in 1987. Rangitane has subsequently evolved into a more complex legal status and some of the functions evolved into separate entities. The purpose of this new group been sharpened simply “to protect and enhance the benefits of the settlement for future generations”.

To move from a simple Maori community action group to a legislative asset holding post settlement governance group requires some thought about efficient and effective asset management. The efficiency aspect needs to have a strong focus on compliance with regulations and statutes. Rangitane o Wairau is now comprised of a mix of charitable and non-charitable entities, the structure designed to take advantage of the tax regulations and benefits available to Iwi such as ours.

Provision has been made in the Trust Deed for the appointment of common trustees to both Trust Boards. Similarly, there are five Directors common to both commercial entities appointed by the Trustees who are the sole shareholders to the respective companies. It should be noted however that the Directors are responsible for the governance of the commercial entities.



PLANNING FOR THE FUTURE

As already mentioned in this report the past 12 months has been spent on reviews of structural change and organisational performance. In most cases the changes required to our operational structure have been minimal suggesting that the constant calls for change have actually distracted us from moving forward.

Rangitane o Wairau are now recognised in statute as an Iwi of mana with substantial commercial and cultural assets to protect and enhance for future generations. That will not happen without a coherent and committed plan. The Trustees and the Directors have jointly prepared a strategic investment plan that also makes provision for distributions to present and future generations of members.

That plan will be released at the AGM and will provide a guide for members to monitor our investment performance in coming years. Copies of this report and the SIPO presentation will be available for member's information on the website prior to the meeting.

No reira oku Rangitira, me ki naku te rourou nau te rourou ka ora ai to tatou nei Iwi o Rangitane o Wairau,

Judith MacDonald
Chairperson

1. *The Rangitane Settlement Trust* is established as the post settlement governance entity (PSGE) that receives the settlement assets from the Crown, retains the cultural redress properties and monitors the performance of the Crown.
2. *The Rangitane Charitable Trust* is established pursuant to the Maori Commercial Fisheries Settlement Act 2004 be Mandated Iwi organisation (MIO) and Iwi Aquaculture Organisation (IAO) responsible for receiving the fisheries settlement assets. This Trust is the shareholder entity for Holdings and Rangitane Investments.
3. *Rangitane Holdings Ltd* is the asset holding entity for the MIO and IAO Charitable Trust. It is also registered as a Maori Authority with the Inland Revenue. This entity also holds shares and other JV interests.
4. *Rangitane Investments Ltd* is a charitable company and holds/manages all of the commercial property owned by Rangitane o Wairau
5. *The Incorporated Society* is a beneficiary of the charitable trust and delivers programs for the development of social cultural and general wellbeing of the membership

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TE RUNANGA A RANGITANE O WAIRAU TRUST

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Te Runanga a Rangitane o Wairau Trust Group ('the Group') on pages 9 to 19, which comprise the statement of financial position as at 31 March 2015, and the statement of financial performance, statement of movements in members equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Members, as a body, in accordance with the Trust Deed. Our audit has been undertaken so that we might state to the Members those matters 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 Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these consolidated financial statements, in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

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

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Group. These services have not impaired our independence as auditor of the Group.

Opinion

In our opinion, the consolidated financial statements on pages 9 to 19 present fairly, in all material respects, the financial position of Te Runanga a Rangitane o Wairau Trust Group as at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with generally accepted accounting practice in New Zealand.



Chartered Accountants
4 October 2015
Wellington, New Zealand

TE RUNANGA A RANGITANE O WAIRAU TRUST GROUP

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2015

| | Note | Group 2015 \$ | Group 2014 \$ |
|---|------|---------------------|---------------------|
| REVENUE | | | |
| Fish Quota Revenue | | 324,352 | 332,622 |
| Rental Income | | 1,464,553 | 511,849 |
| Interest Received | | 412,535 | 1,589,307 |
| Dividend Income | | 153,869 | 41,333 |
| Change in Fair Value of Listed Shares | | 800,404 | 16,178 |
| Change in Fair Value of Fish Quota | 5 | 1,739,986 | - |
| Other Revenue | | 100,269 | 182,264 |
| Total Revenue | | 4,995,968 | 2,673,553 |
| EXPENSES | | | |
| Distributions to Beneficiaries | | 16,898 | 26,879 |
| Change in Fair Value of Fish Quota | | - | 59,181 |
| Fish and Quota Expenses | | 76,769 | 74,588 |
| Property Management Fees | | 68,615 | - |
| Rental Operating Expenses | | 272,545 | 279,491 |
| Social Services | | 3,823 | 3,603 |
| Tua Matene | | 4,739 | 5,390 |
| Salaries, Wages & Contractors | | 294,279 | 384,077 |
| Depreciation | 3 | 175,580 | 178,210 |
| Honoraria and Fees | | 209,895 | 160,446 |
| Legal Fees | | 27,616 | 17,998 |
| Occupancy Expenses | | 38,641 | 62,290 |
| Audit Fees - financial statements | | 30,500 | 15,876 |
| - taxation services | | 95,000 | - |
| - other internal audit | | 6,700 | - |
| Other Expenses | | 360,219 | 334,446 |
| Impairment Expense | 3 | 1,504,061 | - |
| Total Expenses | | 3,185,880 | 1,602,475 |
| Operating Surplus for the Period | | 1,810,088 | 1,071,078 |
| Other Comprehensive Income | | | |
| Treaty Settlement proceeds | 5 | 3,544,731 | 1,241,519 |
| Taxation Expense | | (340,500) | (17,007) |
| Surplus For the Period after Tax | | 5,014,319 | 2,295,590 |

These financial statements should be read in conjunction with the notes to the financial statements on pages 12 to 19.

TE RUNANGA A RANGITANE O WAIRAU TRUST GROUP

STATEMENT OF MOVEMENTS IN MEMBERS EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

| | Note | Group 2015 \$ | Group 2014 \$ |
|---------------------------------|------|---------------------|---------------------|
| Opening Balance 1 April | | 35,801,134 | 33,505,544 |
| Net Surplus for the Year | | 5,014,319 | 2,295,590 |
| Closing Balance 31 March | | 40,815,453 | 35,801,134 |

TE RUNANGA A RANGITANE O WAIRAU TRUST GROUP

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

| | Note | Group 2015 \$ | Group 2014 \$ |
|---------------------------------|------|---------------------|---------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 4,972,400 | 24,952,773 |
| Accounts receivable | | 80,229 | 186,871 |
| Total Current Assets | | 5,052,629 | 25,139,644 |
| NON CURRENT ASSETS | | | |
| Investment Properties | 4 | 26,740,990 | - |
| Investments | 5 | 6,669,341 | 2,561,636 |
| Property, Plant and Equipment | 3 | 2,837,238 | 8,161,992 |
| Total Non-Current Assets | | 36,247,569 | 10,723,629 |
| TOTAL ASSETS | | 41,300,198 | 35,863,273 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | | 85,522 | 59,275 |
| GST payable | | 34,340 | 2,864 |
| Revenue Received in Advance | | 24,383 | - |
| Deferred Tax | | 340,500 | - |
| TOTAL LIABILITIES | | 484,745 | 62,139 |
| NET ASSETS | | 40,815,453 | 35,801,134 |
| TRUST FUNDS | | | |
| Funds Settled | | 2,082,139 | 2,082,139 |
| Retained Earnings | | 38,733,314 | 33,718,995 |
| TOTAL TRUST FUNDS | | 40,815,453 | 35,801,134 |

These financial statements should be read in conjunction with the notes to the financial statements on pages 12 to 19.

The financial statements were approved for issue by:



Trust Chair - Judith MacDonald
Dated 4 October 2015



Trustee – Lawrence MacDonald

TE RUNANGA A RANGITANE O WAIRAU TRUST GROUP

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

| Note | Group 2015 \$ | Group 2014 \$ |
|---|---------------------|---------------------|
| CASHFLOWS FROM GENERATING ACTIVITIES | | |
| Fish Quota revenue | 324,351 | 332,622 |
| Rental income | 1,488,936 | 511,851 |
| Interest received | 408,511 | 896,643 |
| Other income | 360,776 | 275,944 |
| Proceeds from Crown Settlement | 1,338,488 | 1,798,328 |
| | 3,921,062 | 3,805,388 |
| Cash was applied to: | | |
| Payments to suppliers and employees | (1,371,357) | (1,457,628) |
| | 2,549,705 | 2,347,760 |
| CASHFLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | - | 72,828 |
| Cash was paid to: | | |
| Purchase of shares | - | (1,027,666) |
| Purchase of investment properties | (22,478,240) | - |
| Purchase of property, plant and equipment | (26,838) | (776,752) |
| Advance to Rahotia Marine Farms | (25,000) | - |
| | (22,530,078) | (1,731,390) |
| | (19,980,373) | 616,370 |
| Cash at the beginning of the year | 24,952,773 | 24,336,403 |
| CASH AT THE END OF THE YEAR | 4,972,400 | 24,952,773 |

These financial statements should be read in conjunction with the notes to the financial statements on pages 12 to 19.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entities

Te Runanga a Rangitane o Wairau Trust Group (the Group) is a Mandated Iwi Organisation. The Trust is a charitable organisation responsible for the cultural and social aspects of iwi related matters. The Trust has wholly owned subsidiaries, Rangitane Holdings Limited and Rangitane Investments Limited that are responsible for the commercial development and investment of iwi assets.

The Rangitane o Wairau Settlement Trust is a holding Trust for the Iwi settlement from the Crown.

The consolidated financial statements presented here comprise of all of the operations of these entities as part of the overall Iwi stewardship.

Basis for Preparation

The Group is a not for profit collection of entities who have no public accountability. Given the size of activities the Group has applied differential reporting in preparing these financial statements. All reporting exemptions have been applied except for the reporting of cashflows and recognition of deferred tax.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Financial Performance and Statement of Financial Position on a historical cost basis are followed by the Group, unless otherwise stated in the Specific Accounting Policies. The information is presented in New Zealand dollars. All values are rounded to the nearest \$.

Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Outcomes in the next financial period may be different to the assumptions made. It is impracticable to quantify the impact should assumptions be materially different to actual outcomes, which may result in material adjustments to the carrying amounts of investments, investment properties, plant and equipment reported in these financial statements.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that

have the most significant effect on the amount recognized in the financial statements are described below.

1.1 Valuation of Investment Assets

Management have estimated the fair value of investment assets including investment properties and fish quota based on valuation models that use observable market inputs.

2. SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

2.1 Consolidation Accounting Policy

The Group financial statements are prepared by combining the financial statements of all the entities that comprise the Group, on a line by line basis. In preparing the Group financial statements, all inter-entity balances and transactions are eliminated in full.

2.2 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and short term deposits with an original maturity of less than three months that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.3 Investments

Fish Quota

Fish Quota is initially recorded at assessed fair value. The annual valuation is independently performed based upon assessed net realisable value using current market information. Changes to the fair value annually are taken to Profit and Loss through the Statement of Financial Performance.

Listed Investments

Listed investments are held at fair market value. Changes to the fair value annually are taken to Profit and Loss through the Statement of Financial Performance.

Other Non-listed Investments

Other investments which include non-listed shares and advances are valued at the lower of cost or net realisable value. Where the carrying amount of an investment exceeds its recoverable amount it is written down to its recoverable amount to Profit and Loss through the Statement of Financial Performance.

2.4 Foreign Currencies

Transactions in foreign currencies are recorded in New Zealand dollars by applying the exchange rates ruling at the date of the transaction. Balance sheet amounts are revealed annually to the current rate and all differences taken to the statement of financial performance.

2.5 Property Plant and Equipment

All items of Property Plant and Equipment are shown at cost less accumulated depreciation and impairment to date. Cost includes the value of consideration exchanged, or fair value in the case of donated or subsidised assets, and the costs directly attributable to bringing the item to working condition for its intended use.

Subsequent expenditure relating to an item of Property Plant and Equipment is capitalised to the initial costs of the item when the expenditure increases the economic life of the item or where expenditure was necessarily incurred to enable future economic benefits to be obtained. All other subsequent expenditure is expensed in the period in which it is incurred.

2.6 Depreciation

The annual rates of depreciation applicable are based on the estimated useful lives as follows:

- Buildings 33 - 50 years
- Plant, equipment & furniture 2 - 8 years
- Motor Vehicles 4 - 5 years

Land and capital work in progress is not depreciated.

2.7 Accounts Receivable

Accounts receivable are recognised at the original invoice amount less any doubtful debts that are not considered recoverable. Bad debts are written off in the period in which they are identified.

2.8 Taxation

The Trust and Rangitane Investments Limited are registered Charities and therefore are exempt from income taxation. Rangitane Holdings Limited is taxable as a Maori Authority and taxed at the rate of 17.5%. The Rangitane O Wairau Settlement Trust is taxable as a normal qualifying trust at the rate of 33%.

Income tax expense is made up of current and deferred tax. Income tax expense is recognised in the Statement of Financial Performance except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, which provides for 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 the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.
- Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. 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.

2.9 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use the production or supply of goods or services or for administrative purposes. Investment property is measured at cost.

When the use of a property changes from owner-occupied to investment property, the property is revalued to fair value and reclassified as investment property. Any gain arising on revaluation is recognised directly in equity. Any loss is recognised immediately in the Statement of Financial Performance.

2.10 Goods and Services Tax (GST)

These financial statements have been prepared on a GST exclusive basis except that accounts receivable, accounts payable and accrued expenses where applicable include GST.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2.11 Accounts Payable

Trade and other payables represent the liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. These amounts are usually settled within 30 days.

2.12 Employee Entitlements

All employee benefits of the Group are expected to be settled within 12 months of balance date and are measured at values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, plus annual leave earned and accrued to, but not taken at balance date.

2.13 Revenue Recognition

Revenue is recognised on the following bases:

(i) Treaty Settlements

Treaty settlements and all amounts relating thereto are normally accounted for on a cash basis as the amounts are received to iwi.

(ii) Contractual and Lease Revenues

Contract revenue is recognised by reference to the stage of completion of service by the Group. Amounts received in advance of the service being provided are deferred and recognised as Income in Advance.

Operating lease revenue is recognised evenly over the expected period of benefit to the Group.

(iii) Interest Income

Interest income is recognised in the period in which the interest is earned on an effective interest rate basis.

2.14 Financial Instruments

The Group does not have any off-balance sheet financial instruments. Financial instruments purchased with the intention of being held for longer than one year or until maturity are recorded at cost which is adjusted for the amortisation of premiums and accretion of discounts to maturity.

2.15 Changes in Accounting Policies

The accounting policies have been applied on a consistent basis with those of the previous year.

2.16 New Standards and Interpretations not yet adopted

The Group will adopt International Public Sector Standards next year which may impact some disclosures, none of these are expected to have a material effect on financial statements of the Group.

3. PROPERTY, PLANT AND EQUIPMENT

| | Group 2015 \$ Cost | Group 2015 \$ Depreciation | Group 2015 \$ Accumulated Depreciation & Impairment | Group 2015 \$ Book Value |
|-------------------------------|-----------------------------|-------------------------------------|--|-----------------------------------|
| Group 2015 | | | | |
| Land | 413,000 | - | - | 413,000 |
| Buildings | 2,335,863 | 141,127 | 118,728 | 2,217,135 |
| Property, Plant and Equipment | 304,029 | 31,355 | 104,153 | 199,876 |
| Motor Vehicles | 35,416 | 3,098 | 28,189 | 7,227 |
| Total Fixed Assets | 3,088,308 | 175,580 | 251,070 | 2,837,238 |

| | Group 2014 Cost \$ | Group 2014 Depreciation Expense \$ | Group 2014 Accumulated Depreciation \$ | Group 2014 Book Value \$ |
|-------------------------------|--------------------------|--|--|--------------------------------|
| Group 2014 | | | | |
| Land | 2,189,950 | - | - | 2,189,950 |
| Buildings | 6,019,584 | 133,612 | 280,536 | 5,739,048 |
| Property, Plant and Equipment | 295,468 | 40,173 | 72,798 | 222,670 |
| Motor Vehicles | 35,416 | 4,425 | 25,091 | 10,325 |
| Total Fixed Assets | 8,540,416 | 178,210 | 378,425 | 8,161,992 |

During the year the Trustees have reclassified the nature of Rangitane House from Property, Plant and Equipment to Investment Property. At balance date an independently assessed valuation totaling \$3,411,950 has resulted in an impairment of \$1,504,061 to the building.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

4. INVESTMENT PROPERTIES

| | 2015 \$ | 2014 \$ |
|---|-------------------|----------------|
| Opening balance | 260,000 | - |
| Acquired during the year | 23,069,040 | 260,000 |
| Reclassified from property, plant & equipment | 3,411,950 | - |
| Closing balance | 26,740,990 | 260,000 |

During the year the Group acquired properties as part of the Crown Treaty Settlement Deed. The investment properties portfolio includes:

| LEASEHOLD LAND | \$ |
|---|-------------------|
| Henley St, Waimea College & Waimea Intermediate | 8,464,194 |
| Auckland Point School | 579,046 |
| Salisbury School | 3,880,000 |
| Marlborough Boys College | 2,800,000 |
| Redwoodtown School | 1,160,000 |
| Hampden St School | 1,160,000 |
| Blenheim Court House | 1,045,000 |
| Richmond School | 960,000 |
| Mayfield School | 830,000 |
| Lake Rotoiti School | 400,000 |
| Ranzau School | 320,000 |
| 11 Kinross St Car Park | 250,000 |
| Upper Moutere School | 280,000 |
| Lower Moutere School | 240,000 |
| Ministry Store, Aerodrome Road, Omaka | 110,000 |
| | 22,478,240 |
| COMMERCIAL LAND & BUILDINGS | |
| Rangitane House | 3,411,950 |
| OTHER LAND HELD | |
| 2 Horton Street | 60,000 |
| 14 Horton Street | 200,000 |
| Grove Road, Section 18 SO 7431 | 360,000 |
| 4A Nicholson Street, Havelock | 120,000 |
| Grovetown Hall, 3 Fell Street Govetown | 7,500 |
| Kaituna School Hall/Waikakaho School | 103,300 |
| Total Investment Properties | 26,740,990 |

5. INVESTMENTS & ADVANCES

| | Group 2015 \$ | Group 2014 \$ |
|--|---------------------|---------------------|
| LISTED INVESTMENTS | | |
| Shares- Meridian Energy Limited | 1,081,995 | 496,093 |
| Shares- Aotearoa Fisheries Limited | 425,394 | 425,394 |
| Shares- Foley Family Wines Limited | 15,037 | 18,935 |
| Shares- Mighty River Power Limited | 744,000 | 525,000 |
| | 2,266,426 | 1,466,022 |
| NON LISTED INVESTMENTS & ADVANCES | | |
| Rahotia Marine Advances & Shares | 338,349 | 313,949 |
| Fish Quota | 4,064,565 | 709,136 |
| KTPO Shares | 1 | 1 |
| Other Investments | - | 73,128 |
| | 4,402,915 | 1,096,215 |
| Total Investments | 6,669,341 | 2,561,636 |

During this year and as part of the Crown Deed of Settlement amounts were received from Crown Forestry Rental Trust of \$1,189,388 along with further interest of \$739,900.

Fish quota assets were also transferred to Rangitane Holdings Limited at a value of \$1,615,443. This transfer was made subject to certain restrictions to quota for disputed coastline and is subject to finalisation of these claims.

Subsequent to the transfer of the settlement quota from TOKM the quota was revalued at year end by Supremelink Limited. This independent revaluation based upon comparable current market values resulted in an uplift of \$1,739,986 at year end which is shown in the Statement of Financial Performance.

6. FINANCIAL INSTRUMENTS

Credit Risk

Financial instruments which potentially subject the Group to credit risk consist of bank balances, short term bank deposits and accounts receivable. The Group does not require collateral or security to support financial instruments. The Group's bank and short term deposit accounts are with the BNZ and ASB.

Interest Rate Risk

Financial instruments which potentially subject the Group to interest rate risk consist of bank balances and short term bank deposits. Interest rates received are the rates prevailing on the money market at the time of investment.

Fair Value

The carrying value of the Group's financial assets and liabilities are equivalent to their fair value, except for the unlisted investments shown in note 5.

7. CONTINGENCIES & CAPITAL COMMITMENTS

The Group has no contingent liabilities as at 31 March 2015 (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

8. RELATED PARTIES

Te Runanga a Rangitane o Wairau Trust undertakes various administrative tasks for Rangitane Holdings Limited, in exchange for these services Rangitane Holdings has paid management fees of \$42,000 (2014: \$42,000). Of this amount, \$4,500 is owing at balance date (2014: \$4,500)

Te Runanga a Rangitane o Wairau Trust paid rent of \$50,328 (2014: \$44,335) to Rangitane Holdings Limited.

Te Runanga a Rangitane o Wairau Trust has advanced \$7,075,899 (2014: \$6,300,648) to Rangitane Holdings Limited, which is interest bearing. The Trust has credited \$804,428 in interest on the loans in the current year.

Te Runanga a Rangitane o Wairau Trust has advanced \$70,990 (2014: nil) to Rangitane Investments Limited which was used in the settlement of 14 properties in the 2015 Financial Year.

Te Runanga a Rangitane o Wairau Trust holds \$21,835,100 (2014: nil) of Rangitane Investments Limited share capital which was issued in exchange for the 14 properties that were settled during the current year. The amount has no fixed terms and is not interest bearing.

Te Runanga a Rangitane o Wairau Trust holds \$500,000 (2014: \$500,000) of Rangitane Holdings Limited share capital. Te Runanga a Rangitane o Wairau Trust holds \$21,835,100 (2014: nil) of Rangitane Investments Limited share capital.

Te Runanga a Rangitane o Wairau Trust has an advance

owing to Rangitane o Wairau Settlement Trust of \$25,374,408 (2014: \$24,672,261) which has been used for the acquisition of the transfer of properties under the Deed of Settlement.

Rangitane Holdings Limited has also paid Rangitane Investments Limited \$20,000 (2014: nil) in relation to Carpark rent at 11 Kinross Street covering the year to 30 June 2015.

Rangitane Holdings Limited owns 2,000 shares (\$2,000) representing a 50% ownership interest in Rahotia Marine Farms (2011) Limited. Rangitane Holdings Limited has advanced \$330,900 to Rahotia Marine Farms (2011) Limited.

No related party amounts were written off in the year.

9. SUBSEQUENT EVENTS

In May 2015 Rangitane Holdings Limited paid a further \$253,000 for the instalment due on Meridian Energy shares.

There were no material subsequent events after balance date that require adjustment to these financial statements.

10. SUMMARY OF GROUP ASSET HOLDING ENTITIES

To assist readers the Group operates and holds its assets in the following of its holding entities:

| 2015 | Wairau Trust \$ | Settlement Trust \$ | RHL \$ | RIL \$ | Total \$ |
|-----------------------------|--------------------|------------------------|-------------------|-------------------|-------------------|
| Cash | 3,674,666 | 57,085 | 224,886 | 1,015,763 | 4,972,400 |
| Accounts Receivable | 32,709 | - | 47,520 | - | 80,229 |
| Investment Properties | - | 1,429,846 | 3,411,950 | 21,899,194 | 26,740,990 |
| Fish Quota | 155,580 | - | 3,908,985 | - | 4,065,565 |
| Listed Shares | - | - | 2,266,426 | - | 2,266,426 |
| Rahotia Marine Investment | - | - | 338,350 | - | 338,350 |
| Property, Plant & Equipment | 2,828,352 | - | 8,886 | - | 2,837,238 |
| Total Assets | 6,691,307 | 1,486,931 | 10,207,003 | 22,914,957 | 41,300,198 |

11. RECONCILIATION OF OPERATING SURPLUS TO OPERATING CASHFLOWS

| | 2015 \$ | 2014 \$ |
|---|--------------------|------------------|
| Surplus for the period after tax | 5,014,319 | 2,295,590 |
| Non cash items: | | |
| Change in fair value of fish quota | (1,739,956) | 42,153 |
| Change in fair value of listed shares | (800,404) | 850 |
| Depreciation expense | 175,580 | 178,210 |
| Building impairment expense | 1,504,061 | - |
| Capitalised costs written off | 73,125 | 4 |
| Taxation expense | 340,500 | 17,007 |
| Treaty Settlement proceeds | (2,206,243) | (145,862) |
| | (2,653,367) | 2,387,952 |
| Change in working capital items | 188,753 | (40,192) |
| Operating cash flows from the year | 2,549,705 | 2,347,760 |

During the year a review of previously capitalised costs in relation to the Horton Street property (\$54,382) were written off, along with the balance being recovered from J Bird (\$18,743). The J Bird recovery continues to be received on a regular but very small basis.

DIRECTORY

Patron: Taane MacDonald

TE RUNANGA A RANGITANE O WAIRAU TRUST

Chairperson: Judith MacDonald

Trustees: Richard Andrell
David Proctor
Tarina MacDonald
Lawrence MacDonald
Viveyan Tuhimata-Weke
Wendy Hynes

Accountants: Peters Doig - Blenheim

Auditor: Deloitte - Wellington

Bankers: ASB and BNZ

Solicitors: Hardy, Jones & Clark - Blenheim

TE RUNANGA A RANGITANE O WAIRAU INCORPORATED

Chairperson: Lawrence MacDonald

Komiti Members: Wendy Hynes
Judith MacDonald
Jeffrey Hynes
Tarina MacDonald
Jeanine Sadd

RANGITANE HOLDINGS LIMITED

Chairperson: Deepak Gupta

Directors: Brett Sutton
Ross Butler
Richard Bradley
Judith MacDonald



Rangitane

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