



# Ngāti Mutunga o Wharekauri Iwi Trust

## ANNUAL REPORT 2012

Ngāti Mutunga o Wharekauri Iwi  
Ngāti Mutunga o Wharekauri Iwi





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## NA TE KAIWHAKAHAERE – ANNUAL REPORT 2011-12

On behalf of my fellow trustees I am pleased to present the 2011 – 2012 Annual Report of Ngāti Mutunga o Wharekauri Iwi Trust.

You will recall the 2009 a review of the Iwi Trust was undertaken and resulted in a new strategic direction. The strategic direction also known as ‘the pathway forward’ is underpinned by tino rangatiratanga and the kaupapa of aspiring to achieving Iwi self determination, ‘a strong Iwi, a strong Island’. The review highlighted unsustainable expenditure as the key risk to the Trust’s ability to provide the foundation for Iwi growth and development. In response, the strategic direction proposed:

- Improving in distributions to our beneficiaries through the whanaungatanga fund and cultural revival
- Improving the beneficiary registration process
- Engaging with our people through effective communications
- Fiscal discipline
- Growing our tribal assets and strengthening our fishing industry
- Reducing overheads
- No debt on 100% owned settlement assets

The year in review is the third year running our strategic direction and adherence to fiscal discipline and restraint.

I am pleased to report that for the second year running we have exceeded our financial goals with a group net surplus of \$1,488,594. This is a combination of:

- Reduced Iwi Trust overheads
- Increased AHC net income
- Increased Iwi Trust net income in light of the transfer of funds arising of liquidation of the old Iwi Trust entities

This is a phenomenal result for the Iwi Trust. This is double the 2010-11 result and more than justifies the course of action taken by the Trustees (and ultimately approved by beneficiaries) in 2009.

	<b>2011-12</b>	<b>Budget</b>	<b>2010-11</b>	<b>2009-10</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>AHC Net Income</b>	<b>1,215,325</b>	<b>1,065,484</b>	<b>1,135,383</b>	<b>981,489</b>
<b>Iwi Trust Net Income</b>	<b>652,554</b>	<b>0</b>	<b>0</b>	<b>0</b>
Less Iwi Trust Governance & Operating Expenses	357,805	327,000	341,341	645,248
Less Iwi Trust Distributions & Pānui Expenses	21,480	70,000	22,689	31,168
<b>Total</b>	<b>379,285</b>	<b>397,000</b>	<b>364,030</b>	<b>676,416</b>
<b>Iwi Trust Group Net Surplus</b>	<b>1,488,594</b>	<b>668,484</b>	<b>771,353</b>	<b>305,073</b>

The challenge for the Iwi Trust has been to convert the financial gains we have made into measurable outcomes for Ngāti Mutunga o Wharekauri. We have made significant progress in our endeavours in this respect.

Over the last six months of the financial year saw the output of the Iwi Trust increase significantly as a result of:

- The 'ruia kākano' cultural focus programme (a measurable and welcome outcome for the year in review )
- The bi-monthly reo wānanga utilising the expertise of our Taranaki whānaunga.
- The pūtea whanāungatanga continuing to be accessed by our whānau
- Engaging with our people through improvements to our panui, website and committee participation
- Kaumatua hui

The Trusts' Asset Holding Company continued to maintain a strong and disciplined approach to asset management and development. The work undertaken by the AHC resulted in two successful outcomes for the Iwi. The on-Island housing project was completed and has resulted in two of our whanau returning home to live. Equally, the project has provided affordable, warm, and secure housing for two on-Island whānau. The Port Nicholson Fisheries acquisition, through the diligent mahi of our AHC directors, has resulted in positioning us further along the value chain allowing margins to be generated right through to the market from our crayfish quota. This investment clearly aligns with growing our tribal assets in so far as strengthening our fishing industry and will deliver a greater level of income back to Wharekauri

The year under review has at times been difficult and not without controversy. Trustees continued efforts to build capability and capacity in order to secure a sound and effective operation to support and alleviate the growing pressures on Trustees as we strive towards good governance, effective management of tribal assets and achieving the aspirations of our people. The beginning of the financial year was without adequate management cover and whilst this was less than desirable, the management and financial disciplines installed by the Trustees in the previous financial year enabled the Trust to run in an efficient manner until management cover was reinstated in October 2011.

Trustees throughout the year undertook a review of some of its governance and management policies. The introduction of a Policy on Beneficiary Registrations was implemented as a matter of good practice to coincide with election and voting processes and overall improving our beneficiary registration process as earlier mentioned.

Towards the later part of the year, a strategy of embracing our people and encouraging new registrations was undertaken with a specific panui being circulated via the use of the Tuhono lists. Over 1,000 pānui were circulated resulting in a large jump in registrations in the new financial year.

Significant changes to Trustee representation occurred as a result of the 2011 Trustee elections. Paula Page was re-elected back onto the Iwi Trust as was Jack Daymond. Trudee Thomas and Jack Daymond subsequently departed from the Iwi Trust. I take the opportunity to mihi to Alan Harvey for his valuable contribution to the Iwi Trust during his time on the Board.

Another of our very successful outcomes was the conclusion of the longstanding liquidation of the old Ngāti Mutunga o Wharekauri entities. Beneficiaries are well aware of the amount of resource that had to be committed to this issue and were rightly concerned that such a straight forward liquidation was taking far longer than necessary to conclude. However, and with some relief, the end result justifies the course of action Trustees were forced to take. Cash funds totally \$720,000 will be transferred resulting in an increase in net income for the Iwi Trust.

Trustees and management continued to keep a firm focus on reaching our Ngāti Mutunga o



Wharekauri treaty settlement goal. Significant and ongoing discussions occurred both with the Crown and with the various facets of our Iwi throughout the year. Tino Rangatiratanga remains at the forefront of our Treaty of Waitangi Settlement Claim and is what we as Ngāti Mutunga o Wharekauri continue to aspire to:

*Tino Rangatiratanga is a core outcome of the key platforms of whakapapa, tikanga, and turangawaewae. Whakapapa recognises the inherent whanaungatanga that binds us as an Iwi; tikanga being the tribal arrangements we have as people that is an inheritance from our tupuna; and our turangawaewae is where our identity as a people stems from. All elements together affirms our mana and allow us the ability to assert our Tino Rangatiratanga.*

It can be all too easy for Maori entities, governors and managers to be caught up in the day to day running of our operations. Without specific reference to the core elements of what make us Maori, and what makes us Ngāti Mutunga o Wharekauri, our actions lack purpose. That focus on Tino Rangatiratanga – that ability for us to determine a future that can be anything we as Maori and as Ngāti Mutunga o Wharekauri want it to be - underpins all that we endeavour to achieve as a Trust.

It is with these words in mind that I take the opportunity to mihi to my fellow Trustees and Directors for their passion and commitment to Pathway Forward that is ultimately about the achievement of Tino Rangatiratanga for Ngāti Mutunga o Wharekauri.

Lastly, I urge you as tangata whēnua and tangata iwi, to continue in your efforts to ensure the Iwi Trust achieves what you want it to achieve for you. Your willingness to express your views, provide input and feedback, and to hold us to account where appropriate, and fundamental to the achievement of our united Iwi dream of tino rangatiratanga.

Mā te kotahi o te waihoe ka tae to tātou waka ki uta.

Deborah Goomes  
Chair



## IWI TRUST REPORT – 2011/12

### 1 Overview

The primary focus for the Iwi Trust through the financial year ending 31 March 2012 was to continue its programme of fiscal discipline and programme delivery. The Iwi Trust continued to meet that commitment with an operating expenditure only 4% above the 31 March 2011 result.

Consequently, the foundation laid in 2010/11 has enabled the Iwi Trust to capitalise on investment opportunities including:

- The provision of 3 family and two Kaumātua homes at Te One; and
- The acquisition of Port Nicholson Fisheries.

The meeting of all objectives was hampered by the lack of management cover in the first six months of the financial year. That was rectified in October 2011 with the return of the Trust Secretary. This has resulted in a measurable surge in Iwi Trust activity with the running of the reo and mau rākau programmes.

Further progress has also been made on the establishment of a Ngāti Mutunga whare tipuna and marae. Of equal note has been the completion of the liquidation of the old Ngāti Mutunga o Wharekauri Trust. This has resulted in a substantial financial boost with the repatriation of Iwi funds to Iwi Trust management and control.

Progress on resolving our longstanding treaty claim has been slower than expected. The establishment of Ngāti Mutunga entities to contest the Iwi Trust's progress to mandate has been disappointing. With over 800 beneficiaries, the Iwi Trust has been active in progressing, at the request of its beneficiary base, the Ngāti Mutunga o Wharekauri treaty claim. Significant and positive progress has been achieved with both the Crown and the administrators of Te Rūnanga o Wharekauri. The Iwi Trust remains confident it can play a significant role in bringing the Ngāti Mutunga o Wharekauri claim to a successful settlement with the Crown.

### 2 Financial Performance

The Iwi Trust expenditure increased a modest 4% from 2010/11. The Iwi Trust continued to effectively manage its operating expenditure to ensure financial commitments to its beneficiary base were met.

#### Financial Performance Compared to Budget

As previously reported, the statement of Investment Strategy & Policies set a short-term cap on the AHC annual dividend to the Iwi Trust of \$400,000 per annum. The budgeted and actual dividend of \$395,000 was 2.25% below the policy parameter.

The total Iwi Trust expenditure for the year was \$20,715 lower than budget. However, this was generated on the back of an underspend for distributions and pānui. The pūtea whanāungatanga continues to remain underspent and the Iwi Trust will be reviewing the policy in the new financial year.

### 3 Financial Position

The following table summarises the Iwi Trust's financial as at 2011-12 year end.

	2011-12	2010-11	Variance
	\$	\$	\$
Working Capital	698,571	27,359	671,212
Non-Current Assets	41,357	44,300	-2,943
<b><i>Iwi Trust Equity (Net Assets)</i></b>	<b>739,928</b>	<b>71,659</b>	<b>668,269</b>

The separation of commercial assets (managed by the Asset Holding Company) would normally see a modest Iwi Trust balance sheet. The Iwi Trust holds a small amount of assets by way of an ageing vehicle and some office equipment. However, the successful completion of the liquidation sees the Iwi Trust carry significant equity into the 2012/13 financial year. The general policy is for the balance of net assets, apart from office equipment, to be made over to the Asset Holding Company to be commercially managed. The 2012/13 result will likely see a return to a more modest equity figure.





#### 4 Performance Against Annual Objectives

The table summarises the Iwi Trust's key objectives for the 2011/12 financial year and progress against those objectives.

Sector	Objective	Measures	Progress
<b>Ensure Robust Registration Processes are in Place</b>	1. Review requirements for registration database and processes	<ul style="list-style-type: none"> <li>a. Role of registrar formalised</li> <li>b. Secure database and procedures in place</li> <li>c. Registered with Tūhono</li> <li>d. Carry out further research for Tīpuna List</li> <li>e. Develop and implement a project plan to complete research of Maori Land Court Records</li> </ul>	<ul style="list-style-type: none"> <li>✓ Role of registrar currently under consideration</li> <li>✓ Secure data base currently under review</li> <li>✓ Tūhono registration completed</li> <li>➤ Research for Tīpuna lists not currently started</li> <li>➤ Project plan not started</li> </ul>
<b>Election (and meeting) procedures</b>	2. To document Election (and Meeting) procedures to ensure Trust Deed Compliance	<ul style="list-style-type: none"> <li>a. Checklists, flowcharts, and templates completed with legal sign off as compliant with Trust Deed</li> </ul>	<ul style="list-style-type: none"> <li>➤ Not started</li> </ul>
<b>Treaty of Waitangi Claim</b>	3. Work with Ngāti Mutunga o Wharekauri whānau to establish a unified and singular voice.	<ul style="list-style-type: none"> <li>a. Wind up status of the Rūnanga and old Trust agreed with each of the entities</li> <li>b. Individual treaty claimants agree with the mandate strategy</li> <li>c. Prepare a mandate strategy and achieve mandate in a form acceptable by Crown and Ngāti Mutunga o Wharekauri</li> <li>d. Negotiators appointed and or elected</li> <li>e. Strategise a foreshore and seabed approach which includes Te Whanga Lagoon as a component of the overall treaty settlement</li> <li>f. Strategy in place</li> </ul>	<ul style="list-style-type: none"> <li>✓ Trustees have successfully completed the liquidation and received the funds from the old Trust</li> <li>✓ Ongoing discussions with key individuals of Rūnanga to seek one unified voice</li> <li>✓ Discussions underway with TPK/OTS to agree mandate strategy</li> <li>➤ Negotiators appointed and or elected will not occur at this stage</li> <li>➤ F&amp;S strategy a component of overall settlement process</li> </ul>

<b>Portfolio Approach</b>	4. Establish a portfolio to facilitate and enhance internal and external communications that will assist in Representation activities	a. Representation portfolio in place and operational	➤ Further discussion with Trustees required as resourcing of the committees will remain an ongoing issue
<b>Direct benefit distributions developed</b>		<ul style="list-style-type: none"> <li>Establish secondary and tertiary education grants</li> <li>Secondary and tertiary education grants available</li> <li>Review Trust Deed charitable purposes to determine other requirements for distributions</li> <li>Strategy for finalising benefit distribution policy completed for consultation purposes</li> </ul>	➤ On Hold
<b>Identity of Ngāti Mutunga o Wharekauri</b>		<ul style="list-style-type: none"> <li>Identify and document sites and matters of cultural significance for relationship purposes</li> <li>Regular communication with Kaunihera on matters of cultural significance</li> <li>Ongoing communication with Crown agencies</li> </ul>	✓ Not started ✓ Kaumātua consulted on Tohora (Aroha o Waitangi), Weka feathers ✓ Kaumātua regular attendees at reo and taiaha wānanga
<b>Ngāti Mutunga o Wharekauri Marae</b>		<ul style="list-style-type: none"> <li>Developing Marae concept plan for consultation through working group to work alongside Kaunihera Kaumātua</li> <li>Marae concept plans completed</li> </ul>	✓ Informal discussions with Kaumātua and Ngāti Mutunga underway ✓ Successful initial discussions with Maori Committee

In addition to the above annual objectives, the Iwi Trust remained focused on increasing Iwi registrations. The registration process has been streamlined with Iwi members now able to utilise an online form to register as beneficiaries. This can be accessed on [www.nmow.co.nz/register/form](http://www.nmow.co.nz/register/form). Total registrations for 2011/12 are detailed in the table below:

Adult Voting Beneficiaries				Total Adult	Under 18	TOTAL
Wharekauri	South Island	North Island	Tawahi			
170	109	210	29	518	287	805

## **5 Statutory / Constitutional Compliance Report**

### Constitutional Amendments

No amendments were made in 2011/12

### Proposed Amendments to Constitution for the 2012-2013 Financial Year

No amendments are proposed for the 2012-2013 financial year.

### Iwi Trust Group Annual Report

This Annual Report will be available to beneficiaries in August 2012. Given the Iwi Trust is still finalising its AGM date and electoral process, the provision of this Annual Report is to ensure that the Trust remains accountable and transparent to its beneficiaries.

This Annual Report includes all information required pursuant to Section 13 of the Iwi Trust Deed for both the Iwi Trust and the AHC.

### Benefit Distribution Policy

Prior to the start of the 2010-11 financial year the Trust Board approved the Pathway Forward /Strategic Direction, after consultation with Iwi members, which included:

- priorities for funding;
- policies in respect to the method of distribution of benefits
- policies on how Beneficiaries who live outside Wharekauri may reasonably access to the benefits of the Trust

A summary of this was distributed to Iwi members and is also available on the website. Three distribution policies were proposed and the Whanāungatanga Fund was implemented after support from beneficiaries. The two remaining distribution policies received less support and it was agreed these policies needed to be reviewed. These distribution policies have been replaced with:

- Ruia Kākano – Cultural revival programme (reo, mau rākau focus)
- Kaumātua support – quarterly hui of the Kaumātua on-island including golden oldies and senior citizens group
- Iwi Mara – Iwi garden to support Kaumātua and residents of Te One

The Trust Deed requires a full review of the benefit distribution policy every two years with the next review now due. The Iwi Trust will undertake this review in the current financial year and will discuss and obtain feedback on this upcoming review at the AGM.

### Iwi Trust Annual Plan

The Annual Plan for the 2012/13 year has been prepared and approved by the Trustees. A copy of this has been published on the website and delivered by e-mail.

### Policy Development

The Iwi Trust and its subsidiaries maintained and where required established appropriate and transparent policies and procedures for its Trustees, Directors, Employees, and advisors during its various recruitment, engagement, and appointment processes. Policies enacted and updated to support the successful functioning of the Trust included:

- Code of Conduct



- Beneficiary Registration Policy
- Conflicts of Interest
- Trustee Remuneration
- Trust Expenses Policy

### 5 Year Commercial Plan

The Iwi Trust is required to establish a 5-year medium term plan of its commercial activities which shall include:

- Core commercial activities of the Trust, the AHC, and any other Corporate Entities;
- A Dividend policy in respect of the level of distribution or re-investment of income;
- A policy in respect of the acceptable Debt/equity ratios of its investments;
- A policy in respect of restrictions on alienation of assets.

The Trust Deed requires a full review of this 5-year plan every two years.

A Statement of Investment Strategy and Policy to support the 3 year Strategic Direction was established in June 2010 for the AHC and to ensure guidelines were in place for the AHC board. The Commercial Plan which will flow on from the SIPO in terms of timing. The SIPO was subsequently updated for the 2011/12 and for the 2012/13 financial years.

The 2012/13 year will see the three year pathway forward strategic direction reviewed and updated in consultation with the beneficiary base.



# Ngati Mutunga O Wharekauri Asset Holding Company Limited “AHC”

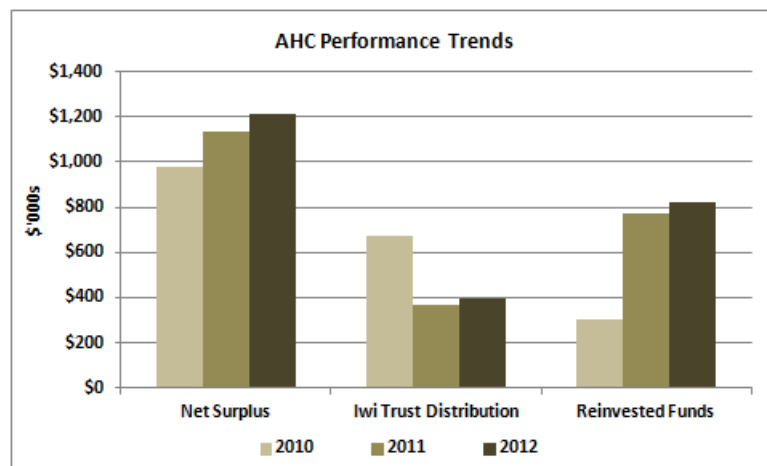
## Annual Report Section

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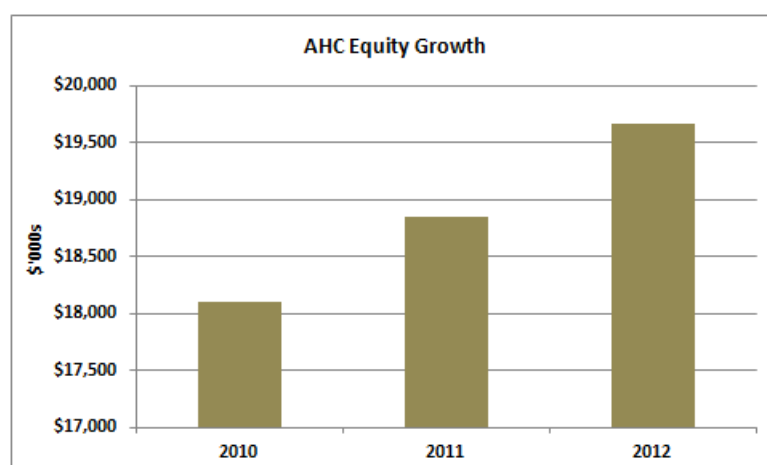
### 1. OVERVIEW

AHC continued to implement its key investment strategies through 2011-12 leading to ongoing financial performance improvement in what remains a testing macro economic environment. The AHC Board is pleased to report an operating profit before distributions of \$1.215m, an increase of \$80k (7%) against the 2010-11 financial year, resulting in a Return on Equity of 6.3% up from 6.2% the previous year. After accounting for distributions to the NMOW Iwi Trust, AHC’s equity increased by \$820k (4.4%) through 2011-12.

The performance improvement trend over the last three years is illustrated in the tables below, the first showing the growth in AHC Net Surplus, change in distributions to the Iwi Trust and the residual funds available for reinvestment.



The second graph highlights the strong growth in AHC equity.



Delivery of the Te One housing strategy has been a key focus for AHC over the past year after a many years of planning by the Iwi Trust. AHC’s successful funding application to Housing New Zealand resulted in a non-repayable grant of \$407k and a 10 year interest free loan of \$433k being provided to AHC as part funding for the development. Construction was completed at the

end of June and the three 3 bedroom houses and two 1 bedroom units are now fully tenanted. AHC would like to express its thanks to all those NMOW members who have contributed to this project and, in particular, the NMOW Housing Committee of Paula Page, Hariroa Daymond, Eileen Cameron, Eddie Fraser and Lois Croon. Whilst there are inevitably unavoidable issues that arise with such developments, the input and direction provided by the Housing Committee has enabled the project to be completed successfully.

In terms of AHC's earnings, crayfish has again been the stellar performer. Significant time and resource was committed to crayfish through 2011-12 and this has resulted in returns that are approximately 50% higher than the industry market ACE price. This premium return has been derived on the back of an agreement with Port Nicholson Fisheries (PNF) that enabled AHC to share in profits derived at the market end of the value chain. Ordinarily these returns would have been retained by the off-Island exporter however, under the PNF arrangement, these profits are now returned to NMOW.

The PNF relationship led to the opportunity for AHC to co-invest into the PNF business alongside other key Maori entities Paranihi ki Waitotara (PKW) and Iwi Collective Partnership (ICP). PKW is a Maori land incorporation with approximately 8,500 shareholders, the vast majority of whom are descendants of Taranaki Maori, including Ngati Mutunga. ICP is a grouping of 12 North Island iwi, namely:

- Ngai Te Rangi
- Nga Rauru
- Ngati Awa
- Ngati Manawa
- Ngati Porou
- Ngati Ruanui
- Taranaki Iwi
- Ngaitai
- Te Rarawa
- Ngati Tuwharetoa
- Whakatohea
- Te Arawa

The PNF investment was completed during the latter part of April 2012 which for NMOW includes the purchase of 5mt of CRA6 quota and a 1/3<sup>rd</sup> share of the PNF factory and operation. Returns from this acquisition will begin to flow through to NMOW during 2012-13.

The PNF initiative fundamentally aligns with the objectives of the AHC investment strategy and will, importantly, deliver a greater level of income back to Wharekauri and position NMOW well for future growth in the crayfish sector.

Paua also continues to be a strong performer and AHC is well positioned through its relationship with Aotearoa Fisheries Ltd (AFL) and its subsidiaries Ocean Ranch and Prepared Foods. This development and evolution of this relationship will continue to be a focus for AHC.

AHC's paua returns increased moderately through 2011-12 hampered by a stronger NZD-USD cross rate. As it did last year, the Wharekauri paua industry agreed to shelve 20% of its quota through 2011-12 resulting in income being generated from only 12mt of AHC's 15mt of quota.



Wetfish ACE returns continue to trend downwards, principally on the back of further substantial cuts in orange roughy (area 3B) quota. Together with hoki, orange roughy has historically contributed around 70% of the ACE revenue derived against AHC's deep water ACE parcel, hence any sizeable reduction in this quota has a material impact to AHC's income.

The year ahead for AHC will continue to focus on delivering its investment strategy. Essentially, this involves reinvesting NMOW's cash into better performing assets and continuing to identify and develop relationships with long term strategic partners that allow AHC to take a position further along the value chain and generate returns not just from its ACE but through to the market as well, very much aligned to the recent PNF investment. A key criteria in any relationship for AHC remains the protection of the NMOW fisher base and ensuring additional ACE volumes are made available for these fishers to support their businesses. Having the ability to share in wider value chain returns will generate increased margins back to AHC which it will use to acquire further core quota species. Again, the recent PNF investment is the first example of AHC delivering on this objective. Increasing quota volumes will enable AHC to better support the NMOW fisher businesses as well as improving the overall income to the wider NMOW beneficiaries.

## 2. FINANCIAL PERFORMANCE

The following table summarises AHC's financial performance for the 2011-12 financial year against the previous two years.

	2011-12	2010-11	2009-10
	\$	\$	\$
Seafood Income	1,217,488	1,155,393	1,111,687
Investment Income	199,160	210,113	127,097
Rental Income	19,181	14,133	13,000
<b>AHC Gross Income</b>	<b>1,435,829</b>	<b>1,379,639</b>	<b>1,251,784</b>
Less AHC Overheads	202,752	225,045	249,451
Less Depreciation	17,752	19,211	20,844
<b>AHC Net Income</b>	<b>1,215,325</b>	<b>1,135,383</b>	<b>981,489</b>

The AHC net income increased \$79,942 (7%) against last year. Note, the 2010-11 result included \$70k of one-off revenue items from the sale of ETS credits and the aquaculture settlement. Excluding this \$70k, the current year's net revenue has increased by \$149k or 14.1% on last year.

The key points in relation to this are set out below.

### Seafood Income

Earnings from seafood investments increased \$62,095 (5.4%) on last year. However, to enable an accurate year of year comparison, the one-off ETS credit sales and aquaculture settlement income received last year should be excluded. On this basis, AHC's earnings from its seafood assets increased by \$132k or 11.4%. The key points to note being:

- Crayfish derived an additional \$270k against 2010-11, largely due to the PNF profit share agreement.
- The paua ACE return increased \$30k on last year through AHC's relationship with AFL/Ocean Ranch. Overall the year on year paua result is approximately \$60k down due to the 2010-11 financial year including \$90k of income held over from the 2009-10 year.
- AHC's crayfish and paua ACE is fully caught by NMOW fishers with PNF providing an additional 14mt of crayfish ACE from their own holdings and AFL/Ocean Ranch providing a further 12mt of paua.
- Blue cod and kina ACE continued to be sold and caught by NMOW fishers (in addition to the crayfish and paua). There was only a marginal increase in the income derived from these species.
- Wetfish ACE returns fell \$90k on 2010-11, mostly the result of the continued orange roughy quota cuts.

#### Cash Investments

Earnings from cash investments decreased \$10,953 (5.2%) on last year. This is the result of funds held on term deposits being released and transferred to the acquisition of other investments which, for the 2011-12 year, was principally the Te One Housing Development construction and the PNF investment early in 2012-13 financial year.

#### Property Investments

Earnings from property investments increased \$5,048 (35.7%) on last year. Given the Te One Housing Development had not been completed at year end, no income was generated.

#### Overheads

AHC's overheads reduced by \$22,293 (10.0%) and have now reduced by approximately \$45k or 19% over the last 2 years.

#### Financial Performance compared to Budget

The 2011-12 Annual Plan budgeted an AHC net surplus for the year of \$1,062,000. The actual net surplus for the year was \$1,215,325, an improvement on budget of \$153,325. The key driver for this improvement was the crayfish performance offset by the reduced wetfish trawl income principally the result of the further orange roughy cuts.

### **3. FINANCIAL POSITION OVERVIEW**

The following table summarises AHC's financial position as at 2011-12 year end.

	2012 \$	2011 \$	Movement \$
Working Capital	639,195	34,323	604,872
Seafood Quota & Investments	13,105,318	13,105,318	0
Port Nicholson Fisheries Investment	3,414,166	5,834	3,408,332
Cash Investments	474,995	4,649,495	-4,174,500
Canterbury Mortgage Trust	51,465	66,036	-14,571
Property, Plant & Equipment	1,571,424	575,231	996,193
AFL Shares	414,160	414,160	0
<b>AHC Equity (Net Assets)</b>	<b>19,670,723</b>	<b>18,850,397</b>	<b>820,326</b>

AHC equity increased \$820k (4.4%) over the 2011-12 financial year, being the group net surplus after NMOW Iwi Trust distributions. Other points to note:

- The high working capital relates to the Housing New Zealand grant and PNF profit share receivables, both of which were received early in the new financial year.
- A further \$15k of the Canterbury Mortgage Trust balance was repaid during the year taking the total repayments to 83.4% of the original capital leaving \$51k outstanding. AHC wrote the Canterbury Mortgage Trust investment down by 15% in 2009 and has no reason to believe further write-downs will be required.
- Approximately \$4.2m was released from the term investment portfolio through 2011-12 and applied to the Te One Housing Development and the pending PNF investment.
- Approximately 67% of the AHC assets are held in Seafood Quota. This quota is held at cost in the financial statements however an independent broker valued the quota at a market valuation of \$15.2m as at 31 March 2012, approximately the same as that for the 2010-11 year end. This is \$2.1m greater than the \$13.1m quota cost which is broken down as follows:

Species	Settlement Quota			Non-Settlement Quota		
	Quota (No. Shares)	ACE (Kgs)	Cost (\$)	Quota (No. Shares)	ACE (Kgs)	Cost (\$)
Blue Cod	4,700,391	35,692	\$155,394			
Kina	10,000,000	22,500	\$92,931	15,662,929	35,242	\$592,617
Paua	4,599,701	15,020	\$4,111,657			
Crayfish	5,000,000	18,000	\$2,075,855			
Other Species	321,995,985	1,165,886	\$6,076,664			
<b>Total</b>			<b>\$12,512,501</b>			<b>\$592,817</b>

#### 4. FINANCIAL PERFORMANCE METRICS AND BENCHMARKING

##### Financial Performance Metrics

The key AHC financial returns and metrics are highlighted in the table below with comparisons shown against last two years:



	2011-12 \$	2010-11 \$	2009-10 \$
ACE Trading Return on Investment	9.3%	8.2%	8.5%
Cash Investments Return on Investment	4.7%	4.9%	3.3%
Property Return on Investment	3.4%	2.4%	2.1%
<b>Total Return on AHC Equity</b>	<b>6.3%</b>	<b>6.2%</b>	<b>5.4%</b>
<b>Increase in AHC Equity</b>	<b>4.4%</b>	<b>4.1%</b>	<b>1.7%</b>
<b>Trust Distribution to AHC Net Income</b>	<b>32.5%</b>	<b>33.9%</b>	<b>57.3%</b>

Performance has continued to improve across all key financial metrics through 2011-12 with the exception of the Cash Investments which is the result of the macro economic environment and falling interest rates in New Zealand.

### Benchmarking

#### (i) ACE Trading

The table below compares AHC's ACE Trading revenue to two industry benchmarks:

- The 'Blue Book' produced by FishServe which provides the average industry ACE trade values for all fishstocks across the applicable fishing year; and
- An independent quota broker's assessed ACE values based on the broker's knowledge of the market and what arms-length buyers were willing to pay for the ACE.

For a variety of reasons (eg – inter-company ACE trades, ACE 'swaps', deemed value drivers, etc), the Blue Book values can be distorted. The broker values are therefore considered to be a more accurate reflection of true market ACE values.

	AHC Result (\$'000s)	Blue Bk Value (\$'000s)	Broker Value (\$'000s)	Variance AHC to Blue Bk (\$'000s) (%)		Variance AHC to Broker (\$'000s) (%)	
ACE Trading	\$1,355	\$1,158	\$1,105	\$197	17.0%	\$249	22.6%

AHC's ACE Trading performance through 2011-12 is approximately 20% ahead of market. Again, this is principally on the back of the crayfish profit share arrangement with PNF.

#### (ii) Cash Investments

The table below compares AHC's Cash Investment performance to the weighted average 6 month Term Deposit rates through the period April 2011 to March 2012 as supplied by the Reserve Bank of New Zealand. Given most of the AHC cash investments are in Term Deposits of between 3 and 6 months, the 6 month RBNZ interest rate index was deemed the most appropriate benchmark.

	AHC Result	RBNZ	Variance AHC to RBNZ	
	(\$'000s)	(\$'000s)	(\$'000s)	(%)
Cash Investments	\$199	\$178	\$21	11.7%

AHC's premium return was derived from its ability to negotiate favourable interest rates on the back of its relationship with ANZ.

(iii) Property

Given AHC's minimal property income, no benchmark assessment can be meaningfully completed.

## 5. PROGRESS TOWARD OTHER OBJECTIVES

The following table summarises the key objectives for AHC for the 2011-12 financial year and AHC's performance and progress against each of these.

Annual Objective	Progress Update
Actively participate as influential leaders on the key Wharekauri based Commercial Stakeholder Organisations.	<b>Completed</b>
Collaborate with CIET and Moriori to develop further commercial fisheries	<b>Ongoing</b>
Establish an Iwi Fisher ACE Allocation Committee and review Allocation Policy	<b>Completed</b>
Continue to pursue the Chatham Islands industry collaboration with CIET and Moriori using the blue cod model as a pilot.	<b>Progressing</b> – Further meetings to be held with CIET, Moriori and Waitangi Seafoods through 2012-13.
Continue to participate and influence the Maori based Koura Inc Limited collective lobster market research and strategy initiative.	<b>Completed</b> – Final Report completed. The PNF investment will allow AHC to utilise this lobster market strategic initiative directly.
Identify, investigate and pursue wider lobster opportunities and high value Wharekauri based quota opportunities.	<b>Completed</b> – Investment in PNF and CRA 6 quota with PKW and ICP.
Prepare an initial scoping document in relation to opportunities across the tourism, agriculture, minerals and energy sectors for presentation to, and discussion with, the Trust Board.	<b>Not yet initiated.</b>
Expand networks, resource and reach to ensure AHC builds its position as key investment body and force in Wharekauri	<b>Progressing</b> – Holding regular meetings.
Protect any future tourism opportunities resulting from DOC concessions.	<b>Not yet initiated.</b>
Continue to closely monitor Canterbury Mortgage Trust.	<b>Progressing</b> – Additional \$15k received leaving \$51k outstanding.
With prudent investment opportunities likely to be realised over the next 12-18 months, continue to manage its surplus funds within the term deposit investment strategy ensuring interest rates and the balance between On-Call and 15 Month investment terms are optimised.	<b>Progressing</b> – Ongoing with TD interest rates achieved though the year better than industry average. Funds from the TDs used to fund the Te One housing development and PNF investment.
Complete the 2 flat / 3 house property development on Ngati Mutunga land as a result of the successful funding application to Housing New Zealand.	<b>Completed</b> – Construction to complete in June.
Continue to work alongside the Iwi Trust Board to develop closer relationships with CIET and CIC.	<b>Progressing</b>

## **6. STATUTORY COMPLIANCE**

There have been no sales or exchange of quota. No sales or exchanges were allowed under the Maori Fisheries Act 2004 until a period of two years from recognition (28 September 2005) had passed. These restrictions ceased to apply from 29 September 2007.

No Settlement Quota interests have been registered against the quota shares or income shares, nor has there been any registered interest by way of caveat or mortgage raised against the settlement quota shares or income shares.

The Directors have overseen the governance of the fisheries activities of AHC. There have been general discussions with other Mandated Iwi Organisations regarding opportunities to work together in a manner that benefits all parties which has resulted in the Port Nicholson Fisheries acquisition and potentially other initiatives in the future. The Iwi Trust reviewed the ACE allocation policy for the guidance of AHC during the year and approved the implementation of a Fisher ACE Allocation Committee to oversee the allocation of ACE to NMOW fishers.



## **Consolidated Group Financial Statements**

- **Consolidated Statement of Financial Performance**
- **Consolidated Statement of Movements in Equity**
- **Consolidated Statement of Financial Position**
- **Notes to the Consolidated Statements**

**Ngati Mutunga o Wharekauri Iwi Trust**  
**Consolidated Statement of Financial Performance**  
**For the Year Ended 31 March 2012**

	Note	Group 2012 \$	Trust 2012 \$	AHC 2012 \$	Group 2011 \$	Trust 2011 \$	AHC 2011 \$
<b>Revenue</b>							
Revenue from Seafood	14(a)	1,366,708	-	1,366,708	1,283,214	-	1,283,214
Less Direct Seafood Expenses	14(b)	137,060	-	137,060	127,821	-	127,821
Seafood Earnings		1,229,648	-	1,229,648	1,155,393	-	1,155,393
Revenue from Investment	14(a)	187,002	395,002	187,000	210,898	384,996	210,898
Less Investment Fees		-	-	-	785	-	785
Investment Earnings		187,002	395,002	187,000	210,113	384,996	210,113
Other Revenue		652,552	652,552	-	-	-	-
Property Earnings		11,981	-	19,181	6,933	-	14,133
<b>Earnings from Commercial Activities</b>		<b>2,081,183</b>	<b>1,047,554</b>	<b>1,435,829</b>	<b>1,372,439</b>	<b>384,996</b>	<b>1,379,639</b>
Less Commercial Expenses	14(b)	202,752	-	202,752	225,045	-	225,045
<b>Net Asset Holding Company Income</b>		<b>1,878,431</b>	<b>1,047,554</b>	<b>1,233,077</b>	<b>1,147,394</b>	<b>384,996</b>	<b>1,154,594</b>
<b>Less Iwi Trust Expenses</b>							
Iwi Trust Governance Expenses	14(b)	164,761	164,761	-	145,534	145,534	-
Iwi Trust Operating Expenses	14(b)	182,553	189,753	-	184,271	191,471	-
Iwi Trust Distributions and Panui		21,480	21,480	-	22,889	22,889	-
<b>Total Iwi Trust Expenses</b>		<b>368,794</b>	<b>375,994</b>	<b>-</b>	<b>352,694</b>	<b>359,894</b>	<b>-</b>
<b>Less Non Cash Items</b>							
Depreciation		21,043	3,291	17,752	23,547	4,336	19,211
<b>Total Non Cash Items</b>		<b>21,043</b>	<b>3,291</b>	<b>17,752</b>	<b>23,547</b>	<b>4,336</b>	<b>19,211</b>
<b>Total Expenses</b>		<b>389,837</b>	<b>379,285</b>	<b>17,752</b>	<b>376,241</b>	<b>364,230</b>	<b>19,211</b>
<b>NET SURPLUS / (DEFICIT)</b>		<b>1,488,594</b>	<b>668,269</b>	<b>1,215,325</b>	<b>771,153</b>	<b>20,766</b>	<b>1,135,383</b>
Loss on Defeasance	2	-	-	-	-	-	-
<b>TOTAL NET SURPLUS / (DEFICIT)</b>		<b>1,488,594</b>	<b>668,269</b>	<b>1,215,325</b>	<b>771,153</b>	<b>20,766</b>	<b>1,135,383</b>

**Ngati Mutunga o Wharekauri Iwi Trust**  
**Consolidated Statement of Movements in Equity**  
**For the Year Ended 31 March 2012**

	Note	Group 2012 \$	Trust 2012 \$	AHC 2012 \$	Group 2011 \$	Trust 2011 \$	AHC 2011 \$
<b>Opening Equity</b>		<b>18,922,056</b>	<b>71,659</b>	<b>18,850,397</b>	<b>18,150,903</b>	<b>50,893</b>	<b>18,100,010</b>
Net Surplus / (Deficit) for the year		1,488,594	668,269	1,215,325	771,153	20,766	1,135,383
Total Recognised Revenue and Expenses		20,410,650	739,928	20,065,722	18,922,056	71,659	19,235,393
Movement in Trust Capital	2	-	-	-	-	-	-
Dividends Paid		-	-	(395,000)	-	-	(384,996)
<b>CLOSING EQUITY</b>		<b>20,410,650</b>	<b>739,928</b>	<b>19,670,722</b>	<b>18,922,056</b>	<b>71,659</b>	<b>18,850,397</b>

Ngati Mutunga o Wharekauri Iwi Trust  
Consolidated Statement of Financial Position  
As at 31 March 2012

	Note	Group 2012 \$	Trust 2012 \$	AHC 2012 \$	Group 2011 \$	Trust 2011 \$	AHC 2011 \$
<b>Current Assets</b>							
Cash at Bank and on Hand		64,761	8,580	56,181	59,053	47,104	11,949
Accounts Receivable		1,464,379	750,932	713,447	54,268	6,527	47,741
Investment Accounts	3	526,460	-	526,460	4,715,531	-	4,715,531
<b>Total Current Assets</b>		<b>2,055,600</b>	<b>759,512</b>	<b>1,296,088</b>	<b>4,828,852</b>	<b>53,631</b>	<b>4,775,221</b>
<b>Non Current Assets</b>							
Property, Plant & Equipment	4	566,094	15,461	550,633	583,954	16,223	567,731
Te One Housing		1,020,790	-	1,020,790	7,500	-	7,500
Port Nicholson Fisheries		3,414,166	-	3,414,166	5,830	-	5,830
Term Receivable		25,896	25,896	-	28,077	28,077	-
Seafood Quota	5	13,105,318	-	13,105,318	13,105,322	-	13,105,322
Shares - AFL	6	414,160	-	414,160	414,160	-	414,160
<b>Total Non Current Assets</b>		<b>18,546,424</b>	<b>41,357</b>	<b>18,505,067</b>	<b>14,144,843</b>	<b>44,300</b>	<b>14,100,543</b>
<b>TOTAL ASSETS</b>		<b>20,602,024</b>	<b>800,869</b>	<b>19,801,155</b>	<b>18,973,695</b>	<b>97,931</b>	<b>18,875,764</b>
<b>Current Liabilities</b>							
Accounts Payable		191,374	45,051	146,323	51,639	36,208	15,431
Group Inter Entity Accounts		-	15,890	(15,890)	-	(9,936)	9,936
<b>Total Current Liabilities</b>		<b>191,374</b>	<b>60,941</b>	<b>130,433</b>	<b>51,639</b>	<b>26,272</b>	<b>25,367</b>
<b>Equity</b>							
Trust Capital	2	14,826,207	(248,849)	15,075,056	14,826,207	(248,849)	15,075,056
Accumulated Surplus	2	5,584,443	988,777	4,595,666	4,095,849	320,508	3,775,341
<b>Total Equity</b>		<b>20,410,650</b>	<b>739,928</b>	<b>19,670,722</b>	<b>18,922,056</b>	<b>71,659</b>	<b>18,850,397</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>20,602,024</b>	<b>800,869</b>	<b>19,801,155</b>	<b>18,973,695</b>	<b>97,931</b>	<b>18,875,764</b>

For and on behalf of the Board who authorised these financial statements for issue on 10/10/2012:

  
Trustee

  
Trustee

**Ngati Mutunga o Wharekauri Iwi Trust**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended 31 March 2012**

**1. STATEMENT OF ACCOUNTING POLICIES**

**Reporting Entity**

The financial statements presented here are for reporting entity Ngati Mutunga o Wharekauri Iwi Trust (the "Trust"). The Trust was established by Deed dated 28 September 2004 for the purpose of receiving and managing fishery and other settlement assets for the benefit of Ngati Mutunga and to relieve poverty or need of Ngati Mutunga.

The financial statements presented represent the results from operations of the Trust and the subsidiary companies that it wholly owns. Trust figures are for the Parent only. AHC  
- Ngati Mutunga o Wharekauri Iwi Trust

Group figures represent:

- Ngati Mutunga o Wharekauri Iwi Trust
- Ngati Mutunga o Wharekauri Asset Holding Company Limited

**Reporting Basis**

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

**Measurement Base**

The attached financial statements have been prepared in accordance with the general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis.

**Differential Reporting**

The Trust is a qualifying entity within the Differential Reporting Framework established by the New Zealand Institute of Chartered Accountants. The Trust is not publicly accountable. The Trust qualifies on the size criteria. The Trust has taken advantage of all differential reporting exemptions except where a note or policy states otherwise.

**Property, Plant and Equipment**

Property, Plant and Equipment is valued at cost price less accumulated depreciation to date. Rates of depreciation used are set by the Inland Revenue Department and shown in the consolidated Schedule of Property, Plant and Equipment.

**Taxation**

The Trust has been granted Charitable status by the Inland Revenue Department and is therefore exempt from income tax.

**Goods and Services Tax**

The Statement of Financial Performance has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of Receivables and Payables, which include GST invoiced.

**Accounts Receivable**

Accounts Receivable are stated at their expected realisable value.

**Basis of Consolidation**

The group financial statements have been prepared using the purchase method of consolidation and include the financial statements of the parent and subsidiary companies. All significant intercompany profits, transactions and balances have been eliminated in preparing these financial statements.

**Investments**

Investments are valued at their cost price less any impairment recognised by the Directors. Advances between members of the group are shown in the parents figures at their estimated amount and eliminated upon consolidation.

**Quota**

Quota shares owned are shown in the Statement of Financial Position at cost and are subject to annual impairment reviews.

**Changes in Accounting Policy**

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

**Foreign Currencies**

Transactions denominated in foreign currencies are converted to New Zealand dollars at the exchange rate in effect at the date the transactions are settled. Balances at year end are translated at closing rates.

Ngati Mutunga o Wharekauri Iwi Trust  
Notes to the Consolidated Financial Statements continued  
For the Year Ended 31 March 2012

	Group 2012 \$	Trust 2012 \$	AHC 2012 \$	Group 2011 \$	Trust 2011 \$	AHC 2011 \$
<b>2. Retained Earnings</b>						
<b>Accumulated Surplus</b>						
Opening Balance	4,095,849	320,508	3,775,341	3,324,696	299,742	3,024,954
Net Surplus / (Deficit)	1,488,594	668,269	1,215,325	771,153	20,766	1,135,383
Dividends Paid	-	-	(395,000)	-	-	(384,996)
<b>Closing Balance</b>	<b>5,584,443</b>	<b>988,777</b>	<b>4,595,666</b>	<b>4,095,849</b>	<b>320,508</b>	<b>3,775,341</b>
<b>Trust Capital</b>						
Opening Balance	14,826,207	(248,849)	15,075,056	14,826,207	(248,849)	15,075,056
Investments Transferred to Asset Holding Company	-	-	-	-	-	-
<b>Closing Balance</b>	<b>14,826,207</b>	<b>(248,849)</b>	<b>15,075,056</b>	<b>14,826,207</b>	<b>(248,849)</b>	<b>15,075,056</b>
<b>3. Investment Accounts</b>						
UDC	470,257	-	470,257	2,784,865	-	2,784,865
Canterbury Mortgage Trust *	51,464	-	51,464	66,036	-	66,036
BNZ Term Deposit	-	-	-	-	-	-
ASB Term Deposit	-	-	-	1,771,961	-	1,771,961
ANZ - Call	4,738	-	4,738	92,670	-	92,670
	<b>526,460</b>	<b>-</b>	<b>526,460</b>	<b>4,715,531</b>	<b>-</b>	<b>4,715,531</b>

\* On the 21st of July 2008 Canterbury Mortgage Trust announced it had frozen all investments until at least March 2009. The trustees wrote the investments down by 15% in 2009 to more accurately reflect the expected carrying value of the capital that may be crystallised.

Canterbury Mortgage Trust have now repaid 80.5% of the original capital leaving a book value of \$51,464 at year end. Based on the information available the Trustees do not believe any further impairment is required.

Ngati Mutunga o Wharekauri Iwi Trust  
Notes to the Consolidated Financial Statements continued  
For the Year Ended 31 March 2012

4. Property, Plant and Equipment

	Group 2012 \$	Trust 2012 \$	AHC 2012 \$	Group 2011 \$	Trust 2011 \$	AHC 2011 \$
<b>Motor Vehicles</b>						
Opening Book Value	3,266	3,266	-	4,665	4,665	-
Depreciation	(980)	(980)	-	(1,400)	(1,400)	-
Closing Book Value	2,286	2,286	-	3,265	3,265	-
Cost	13,133	13,133	-	13,133	13,133	-
Accumulated Depreciation	(10,847)	(10,847)	-	(9,868)	(9,868)	-
Closing Book Value	2,286	2,286	-	3,265	3,265	-
<b>Office Equipment and Software</b>						
Opening Book Value	12,958	12,958	-	15,894	15,894	-
Additions	2,528	2,528	-	-	-	-
Depreciation	(2,311)	(2,311)	-	(2,936)	(2,936)	-
Closing Book Value	13,175	13,175	-	12,958	12,958	-
Cost	37,249	37,249	-	52,166	52,166	-
Accumulated Depreciation	(24,074)	(24,074)	-	(39,208)	(39,208)	-
Closing Book Value	13,175	13,175	-	12,958	12,958	-
<b>Buildings</b>						
Opening Book Value	397,355	-	397,355	416,566	-	416,566
Additions	-	-	-	-	-	-
Depreciation	(17,670)	-	(17,670)	(19,211)	-	(19,211)
Closing Book Value	379,685	-	379,685	397,355	-	397,355
Cost	455,188	-	455,188	455,187	-	455,187
Accumulated Depreciation	(75,503)	-	(75,503)	(57,832)	-	(57,832)
Closing Book Value	379,685	-	379,685	397,355	-	397,355
<b>Land</b>						
Opening Book Value	170,377	-	170,377	170,376	-	170,376
Depreciation	-	-	-	-	-	-
Closing Book Value	170,377	-	170,377	170,376	-	170,376
Cost	170,377	-	170,377	170,376	-	170,376
Accumulated Depreciation	-	-	-	-	-	-
Closing Book Value	170,377	-	170,377	170,376	-	170,376
<b>Plant and Equipment</b>						
Opening Book Value	-	-	-	-	-	-
Additions	652	-	652	-	-	-
Depreciation	(82)	-	(82)	-	-	-
Closing Book Value	570	-	570	-	-	-
Cost	652	-	652	-	-	-
Accumulated Depreciation	(82)	-	(82)	-	-	-
Closing Book Value	570	-	570	-	-	-
<b>Total Property Plant and Equipment</b>	<b>566,094</b>	<b>15,461</b>	<b>550,633</b>	<b>583,954</b>	<b>16,224</b>	<b>567,731</b>



**Ngati Mutunga o Wharekauri Iwi Trust**  
**Notes to the Consolidated Financial Statements continued**  
**For the Year Ended 31 March 2012**

**5. Seafood Quota**

The cost value of \$13,105,318 is recorded within these accounts in accordance with the stated accounting policy.

As determined by independent broker valuation the market value of quota as at 31 March 2012 is \$15,242,836 (2011: \$15,167,744). Overall the market value of Ngati Mutunga Quota shares is up by \$75,092. The Quota is made up as follows:

Settlement Quota	15,049,005
Non-Settlement Quota	193,831
	<hr/> 15,242,836

**6. Asset Impairment**

There was no impairment of assets during the year.

The Trustees have reviewed the carrying value of AFL shares taking account of the 2009 independent valuation of AFL and believe that no impairment is required.

**7. Capital Commitments**

The Trustees have not entered into any agreements to commit material amounts of Trust capital to any purpose which is not reflected or disclosed in these financial statements (2010: Nil).

**8. Contingent Assets or Liabilities**

The Trustees are aware of the following contingent assets existing at 31 March 2012 (2011: \$420,000):  
Recovery of Enterprise Law expenditure in relation to the Old Entity Liquidation from T Thomas \$25,896.

The Trustees are not aware of any contingent liabilities existing as at 31 March 2012 (2011: Nil).

**9. Related Party Transactions**

During the year, Ngati Mutunga o Wharekauri Iwi Trust and Ngati Mutunga o Wharekauri Asset Holding Company Ltd paid Trustees and Directors fees and/or wages to beneficiaries of Ngati Mutunga o Wharekauri Iwi Trust.

During the year, Ngati Mutunga o Wharekauri Iwi Trust and Ngati Mutunga o Wharekauri Asset Holding Company Ltd entered into transactions with related parties. These transactions were quota sales and grants paid and were completed on the same basis as external party transactions.

Given the size of the Chatham Islands the majority of Trustees are related parties in that fishing quota is sold to relatives and related entities of most Trustees. Importantly, processes have been put in place to ensure that related party transactions are carried out on an arms length basis. The processes in place ensure that market prices are paid for quota sold and that quantum of ACE allocated is fair.

During the year, Ngati Mutunga o Wharekauri Iwi Trust paid grants totaling \$10,150 (2011: \$9,500). These grants were paid from the distribution fund, Te Putea Whanaungatanga. Some relatives and related entities of Trustees benefited from the receipt of these grants. Application and approval of these grants is carried out on an arms length basis.

**10. Fishing Operations**

The Trust undertook paua fishing operations prior to obtaining Mandated Iwi Organisation (MIO) status with To Ohu Kai Moana. There have been no fishing operations undertaken by the Trust after recognition of MIO status which occurred 28 September 2005.

**11. Monies Held on Trust**

As at 31 March 2012, funds of \$3,390,041 (2011: NIL) were held on trust by the groups solicitor, for the intended purchase of Lobster Quota shares from Port Nicholson Fisheries LP and Port Nicholson Facilities LP.

**12. Events Subsequent to Balance Date**

After Balance Date, the monies held on Trust of \$3,390,041 (2011: NIL) will be transferred to Port Nicholson Fisheries LP and Port Nicholson Facilities LP as payment for Lobster Quota shares.

There are no other significant events subsequent to balance date which would have a material effect on the financial position or performance reflected in the financial statements.

Ngati Mutunga o Wharekauri Iwi Trust  
Notes to the Consolidated Financial Statements continued  
For the Year Ended 31 March 2012

	Group 2012 \$	Trust 2012 \$	AHC 2012 \$	Group 2011 \$	Trust 2011 \$	AHC 2011 \$
<b>13. Trustee's Remuneration</b>						
Allan Harvey	4,461	4,461	-	9,984	9,984	-
Daymond, Jack	9,984	9,984	-	9,984	9,984	-
Goomes, Deborah (Chairperson)	15,255	15,255	-	13,743	13,743	-
Page, Puala (Deputy Chairperson)	5,857	5,857	-	10,998	10,998	-
Page, Robin (Trustee & Director)	19,147	9,984	9,163	20,419	9,984	10,435
Tuuta, Jamie (Trustee & Director)	21,984	9,984	12,000	23,634	9,984	13,650
Tuuta, Mark-Shane	9,984	9,984	-	5,804	5,804	-
Thomas, Bernice (Registrar)	8,844	8,844	-	8,844	8,844	-
Thomas, Trudee	17,477	17,477	-	7,995	7,995	-
<b>Total Trustee's Remuneration</b>	<b>112,993</b>	<b>91,830</b>	<b>21,163</b>	<b>101,421</b>	<b>77,336</b>	<b>24,085</b>
<b>14. Income and Expenses</b>						
<b>a) Revenue</b>						
<b>Revenue from Seafood</b>						
ACE Revenue	1,354,548	-	1,354,548	1,202,971	-	1,202,971
AFL Dividend	12,160	-	12,160	10,084	-	10,084
Aquaculture Settlement	-	-	-	38,222	-	38,222
Other	-	-	-	31,938	-	31,938
	<b>1,366,708</b>	<b>-</b>	<b>1,366,708</b>	<b>1,283,215</b>	<b>-</b>	<b>1,283,215</b>
<b>Revenue from Investment</b>						
Dividend Received from Group Entities	-	395,000	-	-	384,996	-
Interest Received	187,002	2	187,000	210,898	-	210,898
Other	-	-	-	-	-	-
	<b>187,002</b>	<b>395,002</b>	<b>187,000</b>	<b>210,898</b>	<b>384,996</b>	<b>210,898</b>
<b>b) Expenses</b>						
<b>Direct Seafood Expenses</b>						
Quota Holder Levy	78,067	-	78,067	101,669	-	101,669
PNF Cray Management Fee	35,000	-	35,000	-	-	-
SeaFic Commodity Levy	17,437	-	17,437	19,758	-	19,758
Other	6,556	-	6,556	6,395	-	6,395
	<b>137,060</b>	<b>-</b>	<b>137,060</b>	<b>127,822</b>	<b>-</b>	<b>127,822</b>
<b>Commercial Expenses</b>						
Accounting Fees	13,500	-	13,500	13,200	-	13,200
Audit Fees	3,000	-	3,000	3,000	-	3,000
Directors Fees	46,996	-	46,996	44,585	-	44,585
Asset Management Fees	120,000	-	120,000	120,000	-	120,000
Legal, Advisory and Project Fees	5,800	-	5,800	17,719	-	17,719
Travel and Accommodation	11,895	-	11,895	16,701	-	16,701
Other Commercial Expenses	1,561	-	1,561	9,840	-	9,840
	<b>202,752</b>	<b>-</b>	<b>202,752</b>	<b>225,045</b>	<b>-</b>	<b>225,045</b>
<b>Iwi Trust Governance Expenses</b>						
Travel and Accommodation - Trustees	23,785	23,785	-	24,415	24,415	-
Trustee Fees	90,786	90,786	-	87,320	87,320	-
Advisory	22,982	22,982	-	5,002	5,002	-
Meeting Costs	2,856	2,856	-	5,657	5,657	-
Other	24,352	24,352	-	23,141	23,141	-
	<b>164,761</b>	<b>164,761</b>	<b>-</b>	<b>145,534</b>	<b>145,534</b>	<b>-</b>
<b>Iwi Trust Operating Expenses</b>						
Wages and Salaries	22,195	22,195	-	25,562	25,562	-
Accounting Fees	24,804	24,804	-	30,083	30,083	-
Audit Fees	8,830	8,830	-	7,250	7,250	-
Cultural Development	12,988	12,988	-	-	-	-
Legal, Advisory and Project Fees	-	-	-	19,929	19,929	-
Management Fee	83,170	83,170	-	60,500	60,500	-
Ministry of Fisheries Contract Retention	-	-	-	15,524	15,524	-
Travel Other	4,001	4,001	-	6,576	6,576	-
Other	26,565	33,765	-	18,847	26,047	-
	<b>182,553</b>	<b>189,753</b>	<b>-</b>	<b>184,271</b>	<b>191,471</b>	<b>-</b>

**15. Dividends Policy**

It is the policy of the Trust to rollover any unused dividends received from its subsidiary (budgeted) in a year to future years and that they can be applied to beneficiary

	<b>Group 2012 \$</b>	<b>Trust 2012 \$</b>	<b>AHC 2012 \$</b>	<b>Group 2011 \$</b>	<b>Trust 2011 \$</b>	<b>AHC 2011 \$</b>
Dividends Budgeted to Fund Operating Expenditure	-	(395,000)	395,000	-	(384,996)	384,996
Less Dividends Paid / (Received)	-	(395,000)	395,000	-	(384,996)	384,996
Surplus as a Result of Unpaid Dividends		-			-	
Opening Beneficiary Distribution Reserve Account		20,766				
Add Iwi Trust 2012 Net Surplus prior to abnormal items		<u>15,717</u>			<u>20,766</u>	
Closing Beneficiary Distribution Reserve Account		36,483			20,766	

**INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEES OF  
NGATI MUTUNGA O WHAREKAURI IWI TRUST**

**Report on the Financial Statements**

We have audited the financial statements of Ngati Mutunga o Wharekauri Iwi Trust, which comprise the statement of financial position as at 31 March 2012, and the statement of changes in equity, statement of financial performance for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Board of Trustees Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, Ngati Mutunga o Wharekauri Iwi Trust.



BDO CHRISTCHURCH

### **Opinion**

In our opinion, the financial statements, present fairly, in all material respects, the financial position of Ngati Mutunga o Wharekauri Iwi Trust as at 31 March 2012, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

*BDO Christchurch*

**BDO Christchurch**

**11 October 2012**

**30 Sir William Pickering Drive  
PO Box 246  
Christchurch 8140  
New Zealand**

# **Ngāti Mutunga o Wharekauri Iwi Trust Directory**

## **For the year end 31 March 2012**

### **Nature of the Business**

To provide relief of 'poverty' or 'need' of all Ngāti Mutunga o Wharekauri

### **Beneficiaries**

Persons defined as Ngāti Mutunga o Wharekauri in the Trust Deed

### **Date Established**

28 September 2004

### **Address**

PO Box 50  
Waitangi  
Wharekauri / Chatham Islands

### **Trustees (as at 31 March 2012)**

Deborah Goomes (Chair)  
Paula Page  
Jamie Tuuta  
Robin Page  
Mark-Shane Tuuta-Rurehe

### **AHC Directors**

Jamie Tuuta (Chair)  
Robin Page  
Joseph Thomas  
Tom McLurg  
Andrew Harrison

### **Accountant**

DJCA  
12 St Albans Street  
St Albans  
Christchurch 8014

### **Auditor**

BDO Spicers  
30 Sir William Pickering Drive  
Burnside  
Christchurch 8053

### **Solicitor**

Wynn Williams  
Unit B, Homebase  
195 Marshlands Road  
Shirley  
Christchurch 8083

### **Bankers**

ANZ  
Wharekauri / Chatham Islands





**Ta Maui Pomare (Ngāti Mutunga / Ngāti Toa): 1875 - 27 June 1930**

Kua kotia te taitapu o Hawaiki

*(There is no re-crossing the tide to Hawaiki – A favourite whakatauki of Ta Maui)*

"It was with a heart full of fear and trembling that my mission was undertaken. Fear and trembling did I say? Yes, for the deeply rooted superstition of ages - the strongholds of tohungaism, the binding law of tapu, the habits and practices of centuries, the mistrust of the Pakeha - these were the Goliaths in the way of [sanitary] progress among the Maori."