

The background of the cover is a photograph of a dramatic coastal landscape. In the foreground, a steep, green hillside covered in dense vegetation slopes down towards the sea. A sharp, rocky point juts out into the water on the left. In the distance, more rugged cliffs are visible under a hazy sky. The overall tone is natural and scenic.

Ngāti Mutunga o Wharekauri Iwi Trust

ANNUAL REPORT 2014

*Wharekauri te moutere
Noninga remu Taiko e
He pa akeake
Ngana hau au e*

*Puhia ra e te hau
Uaina e te ua e
Ko Matipo, ko Kopu
Hei whakamaurutanga e*

*Korihia te Tui korari
Ko te Weka one e
Ngā mihi whakatau
Maioha e*

*Whakatau mai ki Te One
Te iti, te rahi e
Ki te takapou whariki
Whakamaharatanga e
Wharekauri te moutere
Noninga remu Taiko e
He pa akeake
Ngana hau au e*

*Puhia ra e te hau
Uaina e te ua e
Ko Matipo, ko Kopu
Hei whakamaurutanga e*

*Korihia te Tui korari
Ko te Weka one e
Ngā mihi whakatau
Maioha e*

*Whakatau mai ki Te One
Te iti, te rahi e
Ki te takapou whariki
Whakamaharatanga e*

Table of Contents	Page
Na te Kaiwhakahaere	1
Iwi Trust Report	5
Overview	5
Financial Performance	6
Financial Position	6
Performance Against Annual Objectives	7
Compliance Report	9
Asset Holding Company Report	11
Executive Summary	11
Financial Performance	13
Financial Position	15
Financial Performance Metrics and Benchmarking	16
Progress Towards Other Objectives	18
Statutory Compliance	19
Consolidated Group Financial Statements	20
Consolidated Statement of Financial Performance	21
Consolidated Statement of Movements in Equity	21
Consolidated Statement of Financial Position	22
Notes to the Consolidated Statements	23
Auditors Report	29
Directory	31

NA TE KAIWHAKAHAERE – ANNUAL REPORT 2013-14

E nga mana, e nga reo, e nga huihuinga o Ngāti Mutunga o Wharekauri. Nei ra te mihi nui, te mihi mahana ki a tātou nei nga uri o nga tūpuna na ratou i hanga te whare ora mo tātou katoa. Tihe mouri ora.

On behalf of my fellow trustees I am pleased to present the 2013 – 2014 Annual Report of Ngāti Mutunga o Wharekauri Iwi Trust.

Treaty Settlement

The year in review has been a challenging and rewarding one for the Trust. At the beginning of the year we signalled our intent to vigorously pursue the Treaty Settlement Mandate on behalf of our Ngāti Mutunga o Wharekauri Iwi. An arduous round of pre-mandate and mandate hui occurred throughout the year. Some 15 hui in all were had – seven of them formal mandate rounds. This culminated in a comprehensive vote outcome that now awaits Crown recognition through the Deed of Mandate.

The significance of the endorsement from you cannot be overstated. This is an overdue opportunity to put to rest our long standing Treaty grievances and to move our island, and our people, forward. Of course the hardest part is now in front of us. We need to appoint negotiators and to reconfirm our Mandate Group as the Settlement Negotiations Group. And it's with that thought that I acknowledge the outstanding work of our Mandate Group members:

- Philip Seymour (Chair)
- Andrew Hough
- Teresa Lanauze
- Nick Cameron
- Peter Reriti
- John Kamo (Iwi Trust)
- Paula Page (Iwi Trust)

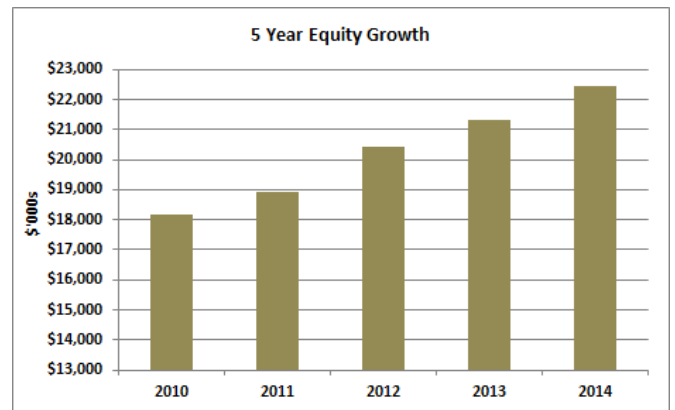
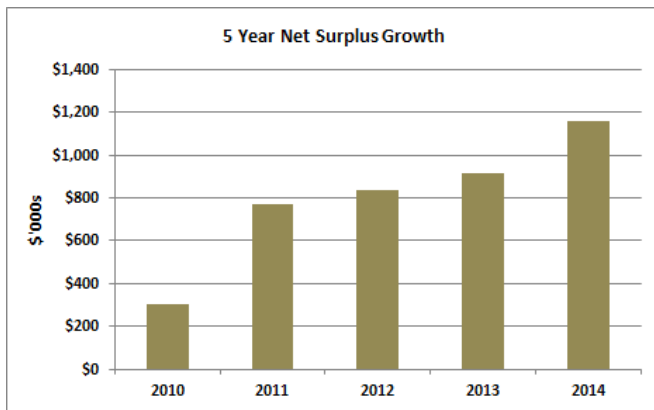
Their commitment to the road to settlement is inspiring and has enabled the Iwi Trust to take great comfort in the Mandate it is to gain. I also acknowledge the work of Iwi Trust Deputy Chair John Kamo who initially fronted the Mandate Group until Philip Seymour assumed the Chair.

Iwi members can be assured that the messages received during the Mandate Rounds have been taken on-board. There will be a greater commitment to information dissemination 'kanohi-ki-te-kanohi' both on Wharekauri and in Aotearoa. We look forward to seeing more of you the whānau.



Financial Report

The consolidated Net Surplus for the year ended 31 March 2014 was \$1.16 million – an increase of \$244 thousand or up 26.7% from the previous financial year. Both Nett Surplus and Equity have shown strong growth since 2010 with Equity now in excess of \$22 million.



The 2012 Net Surplus excludes the \$653k of funds received from the liquidation of the old Ngāti Mutunga o Wharekauri Trust

The continuing growth is a direct consequence of the prudent investment policies we have with our Asset Holding Company; the arms-length governance arrangements we oversee; our continued Iwi Trust presence on the Asset Holding Company Board; and the competent performance of the Asset Holding Company managers Koau Capital Partners Limited employed by the AHC board.

Our commitment to finalising mandate saw Iwi Trust expenditure increase. This cost has been capitalised as we will receive mandate funding as well as significant settlement negotiation funding from the Office of Treaty Settlements that will more than offset our initial upfront funding commitment.

Our costs have also been impacted by our ongoing dispute with the Liquidators of the old Ngāti Mutunga o Wharekauri Trust. There are still significant funds that have been 'retained' by the liquidators that should have been made across to us. We have had to continue legal action to claim funds that should have been repatriated to us at the beginning of the financial year. This has been an unnecessary distraction to the Trust that ties up valuable resource that could be better targeted to progressing our Iwi performance. That said, I am satisfied with the operating expenditure of \$559,652. The continuing increase in distribution expenditure as a component of total operating expenditure is very satisfying. We hope to have the liquidation matter settled in the 2015 financial year.

Distribution Activities

There has been a pleasing increase in Iwi Distributions from \$70,099 in 2013 to \$95,129 in the financial year in review. The breakdown of distribution activities is as follows:

- Taiaha Wānanga – x4
- Reo Wānanga – x5
- 4 x Pūtea Whanāungatanga funding activities
- Distribution funding to Whakamaharatanga marae for tables and chairs
- 2 x pānui, 1 x annual report
- 1 x Kaumātua lunch
- Weekly 'whakawhanaungatanga / kapa haka' days at Whakamaharatanga.

Our efforts to increase our Ruia Kākano programme took a significant turn with the signing of two funding agreements with the Ministry of Education and Te Taura Whiri i te Reo Maori. These contracts will enable us to:

1. Develop and implement a programme to significantly improve the Maori language skills of our Iwi.
2. Establish a clear strategic direction for the establishment of an ahua Ngāti Mutunga o Wharekauri learning environment both on Wharekauri and in Aotearoa.

The related projects will be underway as you read this report.

Representation & Influence

We have increased our Ngāti Mutunga o Wharekauri profile both on island and in Aotearoa. In the year in review the Iwi Trust presented 9 written submissions and appeared at two hearings into matters that impact our Iwi. We have been particularly focused on two matters:

1. Chatham Rock Phosphate mining application
2. Te Ture Whēnua Act review

After careful consideration and discussions with our people, the Iwi Trust has taken a position against the mining of phosphate on the Chatham Rise.

Trustees and I are particularly proud of the rise in registrations that have occurred in the year in review. The streamlining of on-line registrations, coupled with the increased profile of the Iwi Trust has seen our register reach and exceed the 1000 people mark. This is a significant achievement and gives us great fortitude going forward.

Marae Development

We worked closely with Maori Community Services to facilitate the work undertaken by Boffa Miskall and Rau Hoskins of Tribal Designs to design a learning centre concept around a Ngāti Mutunga marae at Te One. The concept plans and associated high level cost descriptions were a great discussion point. It became clear our Ngāti Mutunga o Wharekauri whānau strongly desire a whare tīpuna that is carved and able to stand as a focal point for Iwi ahua. Building our whare will become a major plank in our 2015 programme of action.



Summary

I would like to acknowledge previous trustees Deborah Goomes, Jamie Tuuta, Robin Page, and Mark-Shane Tuuta-Rurehe. Their contribution to the Iwi through their vision, passion and commitment was outstanding. And a warm welcome is extended to new Trustees John Kamo, Gail Amaru, Joseph Thomas, Monique Croon, Dallon Gregory-Hunt, and Melodie Fraser. Together we are following our pathway forward and are committed to creating a vibrant future for our island and Iwi no matter where they choose to reside.

I take the opportunity to mihi to the Asset Holding Company Directors and management, and equally to Iwi Trust staff and management. The gains we have made are measurable and notable. Our results continue to improve year in and out – both commercially and culturally. I have no doubt the 2014/15 year will be equally successful and look forward to updating you on progress at the September 2014 Annual General Meeting.

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



Paula Page
Chair



IWI TRUST REPORT – 2013/14

1 Overview

The Iwi Trust made good progress during the course of the 2013/14 financial year in achieving the objectives it set for itself at the beginning of the financial year.

The successful conclusion of the Mandate process ending in the vote endorsing the Iwi Trust to proceed with settlement negotiations was a welcome development. This was the result of a large amount of Iwi Trust effort to consult with the Iwi to give reassurance it could manage the Treaty settlement process in the Tribe's behalf.

The Iwi Trust remained firm in its push to ensure a unified and single representative voice be put forward for mandate. This was a subset of a broader push to enhance the representational work of the Iwi Trust both on-island, and within Aotearoa.

Of equal importance was the signing of significant funding agreements with the Ministry of Education and Te Taura Whiri to advance the Ngāti Mutunga o Wharekauri education and reo recovery aspirations. These contracts established a funding base for work to proceed on formalising the work underway in relation to the cultural support programme Ruia Kākano.

Consolidation of the Ngāti Mutunga asset base continues in the 2014/15 financial year. The Trust remains committed to the development of on-island economic initiatives. Equally, the need to maintain the integrity of the asset base and ensure increased returns is paramount. Balancing these requirements will require a continuation of the close working relationship between Trustees and AHC Directors.

Organisational discipline remained a fundamental focus for the Iwi Trust. In the previous financial year operating costs had increased and the Iwi Trust undertook to bring them back into the agreed programme of expenditure. This was achieved with the Iwi Trust expenditure at \$559,652 against total revenue received of \$575,077.

All objectives but one were met in the year in review¹. There has been an increase in Iwi Distributions (from \$70,099 to \$95,129 the financial year in review). Distributions to Iwi development is broken down as follows:

<i>Cultural Development (support costs for reo and Taiaha tutors)</i>	<i>1,516</i>
<i>Koha</i>	<i>1,604</i>
<i>Mau Rākau</i>	<i>23,841</i>
<i>Pūtea Whanāungatanga (incl Kaumātua)</i>	<i>14,587</i>
<i>Reo Wānanga</i>	<i>32,162</i>
<i>Whakamaharatanga Marae – Tables & Chairs</i>	<i>5,363</i>
<i>Tautoko Kaumātua</i>	<i>1,495</i>
<i>Website, Pānui and Annual Report</i>	<i>14,561</i>

The breakdown of distribution activities is as follows:

- Taiaha Wānanga – x4
- Reo Wānanga – x5
- 4 x Pūtea Whanāungatanga

¹ Governance Training has been moved to 2014/15

- Whakamaharatanga Tables & Chairs purchases
- 2 x pānui, 1 x annual report
- 1 x Kaumātua lunch
- Weekly 'whakawhanaungatanga / kapa haka' days at Whakamaharatanga.

2 Financial Performance

Total expenditure for the Iwi Trust decreased from \$585,025 in 2012/13, to \$559,652 for the financial year in review against a budget \$554,040. Income was received by way of \$495,000 distribution from the Asset Holding Company together with a further \$80,076 secured as a result of the Education and Reo contracts which enabled the Iwi Trust to increase its expenditure in these critical areas accordingly. Additional expense was also incurred as a consequence of residual issues relating to the liquidation of the old entity Ngāti Mutunga o Wharekauri Trust (as distinct from the Iwi Trust). This is expected to conclude in the coming financial year and should see a return of further Iwi assets to the Iwi Trust.

Financial Performance Compared to Budget

The total Iwi Trust expenditure for the year was \$5,612 or 1% higher than budget. The table below illustrates the changes in Iwi Trust expenditure over the last 5 years against the continuing increases to Iwi Trust Net Surplus (the bottom line) over the same period.

	2013-14	Budget	2012-13	2011-12	2010-11	2009-10
	\$	\$	\$	\$	\$	\$
AHC Net Income	1,638,883	1,308,640	1,499,896	1,215,325	1,135,383	981,489
Iwi Trust Net Income	80,076	0	0	652,552	0	0
Less Iwi Trust Governance & Operating Expenses	530,053	410,840	467,088	357,803	341,341	645,248
Less Iwi Trust Distributions & Panui Expenses	29,147	83,200	36,308	21,480	22,889	31,168
Less Other Costs (distributions/mandating)	452	60,000	81,628			
Total	559,652	554,040	585,024	379,283	364,230	676,416
Iwi Trust Group Net Surplus	1,159,307	754,600	914,872	1,488,594	771,153	305,073

The 2011-12 Iwi Trust Net Income of \$653 thousand relates to the funds received from the liquidation of the old Trust - this is a one-off, non-operating income item

3 Financial Position

The following table summarises the Iwi Trust's financial as at 2013-14 year end.

	2013-14	2012-13	Variance
	\$	\$	\$
Working Capital	7,364	8,156	-792
Non-Current Assets	11,193	586,748	-575,555
Iwi Trust Equity (Net Assets)	18,557	594,904	-576,347

The high Iwi Trust Equity in 2012-13 was due to the partial receipt of funds from the liquidation of the old Trust which was subsequently transferred to the Asset Holding Company as additional capital.

4 Performance Against Annual Objectives

Ngāti Mutunga o Wharekauri Kaupapa

Kei te tipu me tiaki te Ahua, Mana, Tino Rangatiratanga, Mutungatanga, me ngā Taonga Tuku Iho, o Ngāti Mutunga o Wharekauri

Represent the Iwi	Manage the Assets	Distribute Benefits
To represent the collective interest of Ngāti Mutunga o Wharekauri	To hold and manage the assets of the Trust as Kaitiaki of Ngāti Mutunga o Wharekauri for the benefit of all members via the Asset Holding Company (AHC)	To distribute benefits directly or indirectly to Ngāti Mutunga o Wharekauri Iwi

Key Objective	Achievements
Treaty Mandate & Settlement: <ul style="list-style-type: none"> ➤ Work with Ngāti Mutunga o Wharekauri whānau to establish a unified and singular voice. 	<ul style="list-style-type: none"> ✓ Mandate Strategy Published ✓ Mandate Group established ✓ Notified Mandate Hui undertaken including to Aotearoa x 15 ✓ Full mandate vote undertaken confirming desire for Iwi Trust to gain mandate ✓ Ongoing hui with TPK officials for mandate ✓ Full induction of new trustees undertaken
Effective Governance: <ul style="list-style-type: none"> ➤ Assist Board to increase capacity by developing and implementing an effective governance programme. 	
Identity of Ngāti Mutunga o Wharekauri: <ul style="list-style-type: none"> ➤ Ensure the mana and tikanga of Ngāti Mutunga o Wharekauri is maintained and interwoven into the fabric of Chatham Island life. 	<ul style="list-style-type: none"> ✓ Ruia Kākano <ul style="list-style-type: none"> ○ 5x Reo Wānanga ○ 4 x Taiaha wānanga ✓ Hui with Kaunihera Kaumātua ✓ Weekly Open day wānanga with Kaumātua, Iwi & Kaingaroa / Te One schools undertaken at Whakamaharatanga ✓ Christmas lunch with schools and Kaumātua ✓ Reo Revival Strategy Contract (Te Taura Whiri) ✓ Education Strategy Contract (MoE)
Ngāti Mutunga o Wharekauri Marae <ul style="list-style-type: none"> ➤ Progress action on the development of a suitable wharenui and marae for Ngāti Mutunga o Wharekauri 	<ul style="list-style-type: none"> ✓ Full review of marae option undertaken ✓ Concept plans drawn up and considered by whānau on Wharekauri ✓ Hui with Ngāti Mutunga o Wharekauri whānau re marae ✓ Distribution to pay for tables and chairs for Whakamaharatanga
Effective Communications <ul style="list-style-type: none"> ➤ Continue to improve quality and effectiveness of engagement with Iwi Members 	<ul style="list-style-type: none"> ✓ 2 x pānui ✓ 1 x annual report ✓ 1 x 'Te Ao Hou' Mandate Strategy Doc ✓ Monthly communications via Iwi Trust 'MailChimp' e-mail list ✓ Ongoing communications through Facebook

<p>Representation</p> <ul style="list-style-type: none"> ➤ Continue to engage local and crown agencies 	<ul style="list-style-type: none"> ✓ Submissions on following: <ul style="list-style-type: none"> ○ Chathams Rock Phosphate – CIA ○ NZ Mineral & Petroleum – CRP ○ Ture Whēnua Act Review ○ Pitt Island Wharf ○ CI Health & Social Needs Report ○ CIC Waterways Submission ○ CIC Draft Plan Submission ○ CIC Landfill Submission ○ Whangamoe Resource Consent submission and hearing
<p>Tribal Footprint</p> <ul style="list-style-type: none"> ➤ Ensure Ngāti Mutunga o Wharekauri Influence as an Iwi is reflected at Crown and Iwi To Iwi level 	<ul style="list-style-type: none"> ✓ The continued excellent performance of the Port Nicholson Fishery business has continued to enhance the close ties established with our Northern Taranaki Iwi, and Tai Rawhiti Iwi Collective partners. ✓ Mandate Rounds have enabled a close and constructive relationship to be built with our Ngāti Mutunga ki Urenui board and management whanaunga ✓ .The mandate and settlement process has strengthened Ngāti Mutunga o Wharekauri Iwi
<p>Asset Management</p> <ul style="list-style-type: none"> ➤ Work closely with the Asset Holding Company on growing an on-island economic base 	<ul style="list-style-type: none"> ✓ Additional work undertaken with Maori Community Services to establish a Housing Needs analysis to underpin Whānau Ora on Wharekauri ✓ Continued to work with the AHC on identifying on-island investment opportunities.

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.iwi.nz/register/form. Total registrations for 2013/14 are detailed in the tables below:

Total New Registrations 2014			
TOTAL 2013	Tane	Wahine	Rangatahi (u18)
140	35	39	66
2014 New Registrations by Wahi			
Wharekaui	Te Waipounamu	Te Ika-a-Maui	Whēnua Moemoea
8	54	65	11 (2 – Tawahi)

All Registrations			
TOTAL Registered	Tane	Wahine	Undeclared
1086	542	539	5

All Registrations by Wahi				
Wharekaui	Te Waipounamu	Te Ika-a-Maui	Whēnua Moemoea	Tawahi
278	253	483	69	3

Registration Demographics		
Adult	Over 18 not registered	Tamariki (under 18)
659	211	216

5 Statutory / Constitutional Compliance Report

Constitutional Amendments

No amendments were made in 2013/14. The Trust endeavoured to make the following changes to the Trust Deed:

- Address for service in relation to Elections
 - Schedule 3, 2.3 (c)
 - Schedule 3, 2.3 (e)
 - Schedule 3, 2.7 (iii)
 - Schedule 4, 1.3 (b) (iii)
- Change 'Secretary' to 'Returning Officer'
 - Schedule 3, 2.3 (c)
 - Schedule 3, 2.3 (e)
 - Schedule 4, 1.3 (b) (iii)

The amendments were not passed by special resolution as the resolutions garnered an average 70% of beneficiary support where 75% was required.

Proposed Amendments to Constitution for the 2014-2015 Financial Year

No amendments are proposed for the 2014-2015 financial year.

Iwi Trust Group Annual Report

This Annual Report will be available to beneficiaries in August/September 2014. The annual general meeting is scheduled for September 13, 2014. Accordingly, 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 2013/14 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 the benefits of the Trust

A summary of this was distributed to Iwi members and is also available on the website.

The 'Pathway Forward' has been reviewed by Trustees and is currently under review by the Directors of the Asset Holding Company.

Iwi Trust Annual Plan

The Annual Plan for the 2014/15 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 to support:

- Management systems;
- Administration policies;
- Financial accountability;
- Reporting systems;
- Code of conduct.

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 SIPO was subsequently updated for the 2012/13 and for the 2013/14 financial years.

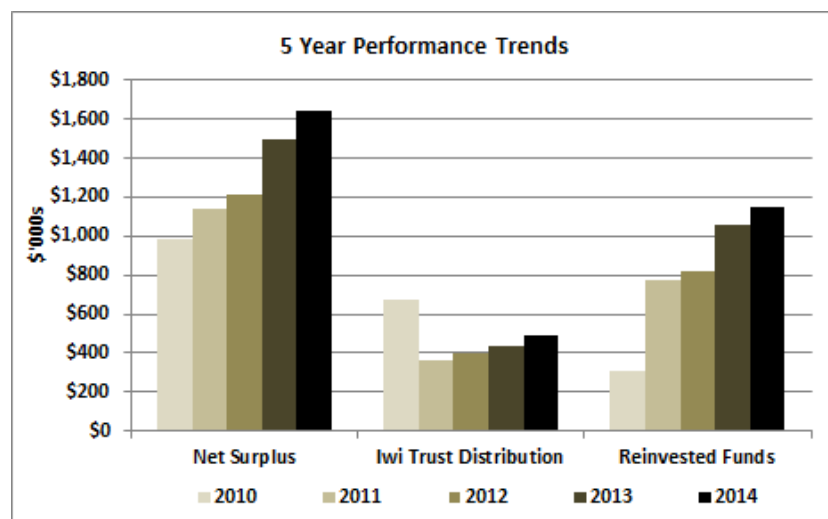
Ngati Mutunga O Wharekauri Asset Holding Company Limited “AHC”

Annual Report Section – 2013-14

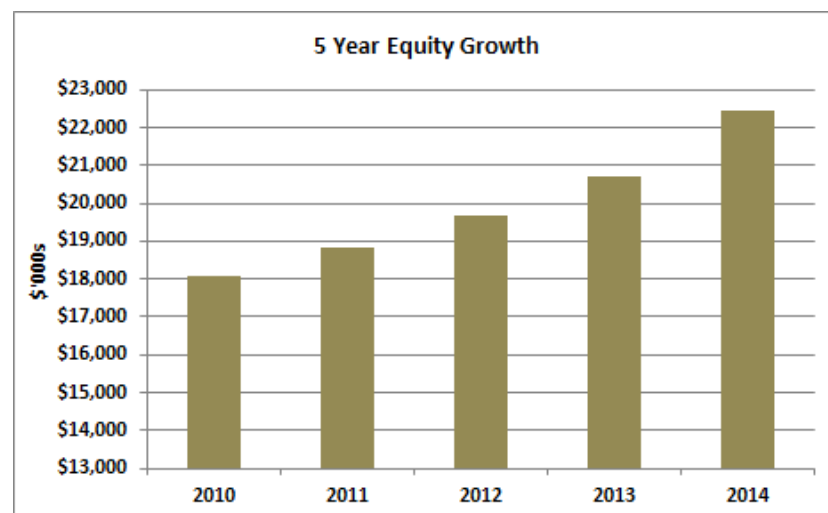
1. EXECUTIVE SUMMARY

The AHC Board is pleased to report an Operating Net Surplus before distributions to NMOW Iwi Trust (NMOWIT) of \$1.64m for the 2013-14 financial year, an increase of \$139k (9.3%) against 2012-13. This resulted in a pre-distribution Return on Equity of 7.6% up from 7.4% the previous year. After accounting for distributions to NMOWIT of \$495k and excluding \$571k new capital introduced during the year as a result of the liquidation of the Old Trust, AHC’s equity increased by \$1.14m (5.5%).

AHC’s performance improvement trend over the last five 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.



2013-14 was the second year of AHC's investment in Port Nicholson Fisheries (PNF). The focus for the year was to continue to refine and improve the operation and appoint a General Manager for the business.

Grant Absalom was appointed to the General Manager position in April 2013. Grant brings a wealth of expertise and experience to the role including a number of years living and working within the Wharekauri fishing sector. His understanding of the Wharekauri inshore fisheries, particularly crayfish, and relationships with Island fishers will add value to both PNF and AHC.

AHC's share of PNF earnings amounted to circa \$500k through 2013-14, an increase of \$110k / 28% on last year. This strong performance improvement was generated on the back of focused supply and marketing based strategies. AHC looks forward to a continuation of PNF's earnings improvement through 2014-15.

AHC generated a total \$1,124k from its crayfish investments when both ACE income and share of PNF earnings are combined, amounting to an excellent Operating Return on Investment (ROI) of 12.2%. Note, this return is calculated against the market value of CRA6 quota which is more than double that of the historic Balance Sheet value which is held at cost.

Paua ACE returns fell for the first time in 5 years on the back of weakening export market conditions, the impact for AHC being a 9% fall in earnings on last year. The expectation is for a continuation of the current market conditions through 2014-15.

TACC increases for two of AHC's volume deep water fishstocks, hoki and orange roughy, led to a 22% increase in wetfish ACE returns compared to 2012-13. AHC continued its relationship with both Sanford for its deep water trawl quota parcel and Waitangi Seafoods for its longline quota parcel.

A comprehensive review of the NMOW Fisher ACE Allocation Policy was completed ahead of the start of the October fishing year to ensure it remained relevant to the current environment. A number of amendments were adopted by the AHC Board and subsequently considered and ratified by NMOWIT.

24 NMOW fishers were allocated the 4 key Wharekauri inshore ACE fishstocks to catch through 2013-14, being 23mt of crayfish ACE, 35mt of blue cod ACE, 14mt of paua ACE and 54mt of kina ACE. The market value of the quota from which this ACE is derived is circa \$14m - approximately 70% of AHC's total quota valuation. In addition, AHC secured a further 13mt of crayfish ACE and 14mt of paua ACE from its partnership agreements for NMOW fishers to also catch.

A review of the Wharekauri agriculture sector and, in particular, identification of potential value-add and/or alternative agri-sector opportunities was completed through the year. This project was a key 2013-14 initiative for AHC, the output highlighting potential options which require further investigation and analysis. These will be progressed through 2014-15.

AHC joined with Moriori Hokotehi Trust and Chatham Islands Enterprise Trust on 2 other fisheries based projects. The first being a glass eel research initiative. The 3 party collective applied for and were successful in obtaining a Special Permit to conduct research over a 4 year period into glass eel recruitment on Wharekauri. This will enable relevant data to be obtained and assessed to better understand the commercial opportunities that may exist within this fishery. The second project involves the long-standing blue nose anomaly which has resulted in the Chatham Island long-line fishing sector being significantly disadvantaged by non-allocation of appropriate volumes of blue nose quota to Island interests to cover the incidental by-catch. This is a critical constraint to the

viability of a commercially successful longline operation for Wharekauri. The 3 party collective are jointly funding and pursuing a number of avenues in an attempt to address this matter.

The year ahead for AHC will continue to focus on delivering its investment strategies.

For its fisheries based assets, these involve continuing to develop and implement strategies similar to that of crayfish for other key Wharekauri inshore species, ie – blue cod and paua in particular. The potential for additional value chain returns to be generated from its current quota portfolio will remain a priority for AHC together with ongoing quota acquisitions for key Wharekauri based fishstocks.

For its non-fishing based sectors, AHC will continue to progress the initial opportunities identified through the agriculture review and consider possible opportunities within the tourism sector.

2. FINANCIAL PERFORMANCE

The following table summarises AHC's financial performance for the 2013-14 financial year against the previous four years.

	2013-14 \$'000s	2012-13 \$'000s	2011-12 \$'000s	2010-11 \$'000s	2009-10 \$'000s
Seafood Income	\$1,707	\$1,601	\$1,230	\$1,155	\$1,112
Investment Income	\$125	\$81	\$187	\$210	\$127
Property Income	\$55	\$33	\$19	\$14	\$13
AHC Gross Income	\$1,888	\$1,714	\$1,436	\$1,380	\$1,252
Less AHC Overheads	\$234	\$197	\$203	\$225	\$249
Less Depreciation	\$16	\$17	\$18	\$19	\$21
AHC Net Income	\$1,639	\$1,500	\$1,215	\$1,135	\$981

The key points in relation to the financial performance are set out in the sections below.

Fisheries Investments

Annual earnings from AHC's seafood/fisheries based investments for 2013-14 increased \$107k (7%) on last year and \$596k over the last 5 years at an average 11% pa growth rate. This significant performance improvement has been generated on the back of strong, commercially focused and driven strategies of which the PNF investment has been one of the key outcomes to date. The development and implementation of similar value chain strategies for other key Wharekauri based species, blue cod and paua in particular, remains a key focus for AHC.

The key points to note in relation to the 2013-14 improvement over 2012-13 are:

- Crayfish income increased \$91k / 9% against 2012-13 as a result of continued improvement of the PNF value chain returns.
- Paua ACE returns decreased \$30k / 9% on last year on the back of substantially weakened market conditions. Indications are that this market fall is likely to be a longer-term correction rather than a short term aberration.
- AHC's crayfish and paua ACE was fully caught by NMOW fishers with PNF providing an additional circa 13mt of crayfish ACE from their own holdings and AFL/Ocean Ranch providing a further circa 14mt of paua ACE to NMOW fishers, further supporting their businesses.
- Blue cod and kina ACE continued to be sold to and caught by NMOW fishers (in addition to the crayfish and paua). There was no material change to the income derived from these species during 2013-14 compared to 2012-13.

- Wetfish ACE returns increased \$64k / 22% on 2012-13, principally the result of improved deep water trawl income on the back of TACC increases for hoki and orange roughy. Volatility of wetifsh ACE returns remains a difficult issue for AHC to manage, particularly given the lack of any control it has over the situation due to its small scale and limited market influence.



Cash Investments

Earnings from cash investments increased \$45k / 56% on last year resulting from increased levels of cash reserves held on term deposit. AHC's term deposit portfolio and call account balance closed the year at \$3.7m placing AHC in a strong position to pursue value add opportunities aligned to its growth strategies.

Property Investments

Earnings from property investments increased \$22k / 67% on last year. This full increase was the result of 2013-14 incorporating a complete year of rental income from its newly completed Te One housing development compared to a little over half a year's rentals through 2012-13.

Overheads

AHC's overheads increased by \$35k on 2012-13, almost all of which related to the Wharekauri agriculture review project completed through 2013-14. A relevant overhead performance assessment compares the annual overheads to AHC gross income rate across each of the last 5 years. These are detailed in the table below:

	2013-14 \$'000s	2012-13 \$'000s	2011-12 \$'000s	2010-11 \$'000s	2009-10 \$'000s
Gross Income	\$1,888	\$1,714	\$1,436	\$1,380	\$1,252
Overheads	\$249	\$214	\$221	\$244	\$270
Overheads to Gross Income Rate	13%	13%	15%	18%	22%

Whilst AHC's gross income has been steadily increasing, annual overheads proportionate to this gross income have substantially decreased. If the Wharekauri agriculture review costs are excluded from AHC's overheads to enable a direct comparison with last year, the 2013-14 overhead to gross income rate would decrease to under 12% compared to 13% for 2012-13.

Financial Performance compared to Budget

The 2013-14 Annual Plan budgeted an AHC pre-distribution Net Surplus for the year of \$1,309k. The final pre-distribution Net Surplus for the year of \$1,639k is a \$330k / 25% improvement on budget. The key drivers of this favourable budget variance were the crayfish and deep water trawl results and, to a lesser extent, improvements in cash investment and property earnings.

FINANCIAL POSITION OVERVIEW

The following table summarises AHC's financial position as at 2013-14 year end.

	2014 \$'000s	2013 \$'000s	Movement \$'000s
Working Capital	\$849	\$520	\$329
Seafood Quota	\$14,745	\$14,745	\$0
Port Nicholson Fisheries Investment	\$1,171	\$1,171	\$0
AFL Shares	\$414	\$414	\$0
Cash Investments	\$3,261	\$2,476	\$784
Property	\$1,821	\$1,808	\$13
Housing NZ Loan	-\$386	-\$404	\$17
Introduced Capital (ex Old Tust Liquidation)	\$571	\$0	\$571
AHC Equity (Net Assets)	\$22,445	\$20,731	\$1,715

AHC equity increased \$1,715k through the 2013-14 financial year, being the AHC Net Surplus after NMOWIT distributions plus the \$571k of new capital introduced following the liquidation of the Old Trust. Excluding this new capital, AHC's equity increased \$1,144k or 5.5%. Other points to note:

- The increase in Working Capital relates primarily to the income accrued from AHC's PNF investment which has subsequently been paid out and received by AHC post balance date.
- AHC's cash investments increased by \$784k over the year, being cash received from its ongoing trading operations which has then been invested into Term Deposits. As at 31 March 2014 the Term Deposit portfolio stood at \$3,261k.
- Approximately 65% of the AHC net 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 \$20.3m as at 31 March 2014, \$5.6m greater than the \$14.7m quota cost. The historic quota cost is detailed in the table below.

	Settlement Quota \$'000s	Non-Settlement Quota \$'000s	Total Quota \$'000s
Blue Cod	\$155		\$155
Crayfish	\$2,076	\$1,640	\$3,716
Kina	\$93	\$593	\$686
Paua	\$4,112		\$4,112
Other	\$6,077		\$6,077
Total	\$12,513	\$2,233	\$14,746

3. 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 the last four years:

	2013-14	2012-13	2011-12	2010-11	2009-10
Seafood/Fisheries Assets Return on Investment	10.5%	9.8%	9.1%	8.2%	8.5%
Cash Deposits Return on Investment	3.8%	4.7%	4.4%	4.9%	3.3%
Property Return on Investment	3.1%	1.9%	3.4%	2.4%	2.1%
Total Return on AHC Equity	7.6%	7.4%	6.3%	6.2%	5.4%
Increase in AHC Equity	5.5%	5.4%	4.4%	4.1%	1.7%
Trust Distribution to AHC Net Income	30.2%	29.3%	32.5%	33.9%	57.3%

AHC's strong performance improvement over the last 5 years continued through 2013-14. The Cash Deposit ROI was the only metric to fall (from 4.7% in 2012-13 to 3.8% in 2013-1) as a result of the Reserve Bank's monetary policy and resulting record low interest rate environment.

Benchmarking

(i) Fisheries Investments

The table below compares the income generated from AHC's Fisheries based investments 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	Blue Bk Value	Broker Value	Variance AHC to Blue Bk		Variance AHC to Broker	
	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)	(%)	(\$'000s)	(%)
ACE Trading	\$1,849	\$1,321	\$1,356	\$528	39.9%	\$493	36.3%

AHC's Fisheries based investment performance through 2013-14 is 35-40% ahead of market ACE trade comparatives. Again, this is on the back of the PNF investment allowing AHC to share in returns across the full value chain rather than just the front end, ie – ACE.

(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 2013 to March 2014 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 (\$'000s)	RBNZ (\$'000s)	Variance AHC to RBNZ (\$'000s) (%)	
Cash Investments	\$125	\$124	\$1	0.9%

AHC's Cash Investment performance was marginally ahead of the market benchmark.

(iii) Property

There is almost no relevant information available against which to meaningfully assess the performance of AHC's Wharekauri based property portfolio. The metrics which drive property investment returns are unique and quite different on Wharekauri to that of mainland NZ, eg – initial investment/build cost, demand, alternative supply options, etc and hence it is difficult to draw accurate comparisons.



4. PROGRESS TOWARD OTHER OBJECTIVES

The following table summarises the key objectives for AHC for the 2013-14 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.	Progressing Representative on PAUMAC4 and nomination submitted to the CRAMAC6 AGM.
Monitor and pursue the development of new commercial fisheries resources around Wharekauri and position NMOW for maximum benefit.	Progressing Glass eel Special Permit applied for together with CIET and Moriori to complete an investigation/research of the resource.
Complete a further review of the ACE Allocation Policy to ensure the Policy creates outcomes in the best long-term interests of NMOW, AHC, NMOW fishers and the wider Island fishing community.	Completed The AHC review was completed, Policy amended and approved by AHC Board and subsequently ratified by the Iwi Trust.
Continue to pursue the Chatham Islands industry collaboration with CIET, Moriori and other aligned parties.	Progressing Glass eel and blue nose projects initiated and progressing with Moriori and CIET. Progressing blue cod opportunities with Moriori, CIET and AFL following the CIET/AFL acquisition of the Port Hutt facility and quota.
Continue to develop and enhance the PNF investment and pursue further CRA6 quota acquisitions and/or ACE partnerships.	Ongoing General Manager appointed at PNF with strong Wharekauri ties. FY14 result delivered profits substantially ahead of budget.
Investigate a longer term value share model with Prepared Foods for paua which continues to support the NMOW fishers whilst allowing AHC to access returns further along the value chain through to market.	Progressing No opportunity for the 2013-14 fishing year given the poor market situation and PFL's focus on its new cannery operation. To be progressed during 2014-15 subject to market conditions.
Identify, investigate and pursue the acquisition of other high value Wharekauri based quota subject to the market providing attractive opportunities.	Ongoing No economically viable opportunities have been identified to date.
Complete a review of the Wharekauri agriculture sector that identifies and recommends areas / initiatives to generate improvements, AHC's possible role in the sector and potential investment opportunities.	Completed Review completed. Opportunities being identified which will be pursued through 2014-15.
Complete an initial scoping document in relation to tourism opportunities on Wharekauri and the relationship with DoC to ensure these opportunities (including concessions) can be accessed and realised.	Not Yet Initiated
Consider the current Chatham Rock Phosphate opportunity and whether there is a favourable commercial outcome for AHC.	Progressing Submissions made by NMOWIT (with support from AHC) opposing the CRP consent applications.
Expand networks, resource and reach to ensure AHC builds its position as key investment body and force in Wharekauri	Ongoing

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.	Ongoing \$3.3m on short term (3-6 month) term deposits at Year End at a weighted average interest rate of circa 4.0%.
Ensure effective property and tenancy management.	Ongoing
Continue to work alongside the Iwi Trust Board to develop closer relationships with CIET and CIC with a view to putting collective Wharekauri weight behind infrastructure solution negotiations.	Ongoing Potential to work collaboratively on a joint housing project following the grant by the PM. Other possible government grants being pursued.

5. STATUTORY COMPLIANCE

There have been no sales or exchanges of quota. Note - no sales or exchanges are 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, a key outcome being the Port Nicholson Fisheries acquisition with other initiatives to be pursued in the future.

The NMOW Fisher ACE Allocation Policy was comprehensively reviewed during the year. As a result a number of amendments were approved by the AHC Board and subsequently considered and formally ratified by the NMOW Iwi Trust. AHC continue to fully comply with the Policy.





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 2014

	Note	Group 2014 \$	Trust 2014 \$	AHC 2014 \$	Group 2013 \$	Trust 2013 \$	AHC 2013 \$
Revenue							
Revenue from Seafood	13(a)	1,866,244	-	1,866,244	1,735,264	-	1,735,264
Less Direct Seafood Expenses	13(b)	158,880	-	158,880	134,427	-	134,427
Seafood Earnings		1,707,364	-	1,707,364	1,600,837	-	1,600,837
Revenue from Investment	13(a)	125,499	495,001	125,498	80,626	440,001	80,625
Less Investment Fees		-	-	-	-	-	-
Investment Earnings		125,499	495,001	125,498	80,626	440,001	80,625
Other Revenue		70,076	80,076	-	-	-	-
Property Earnings		48,020	-	55,220	25,324	-	32,524
Earnings from Commercial Activities		1,950,958	575,077	1,888,081	1,706,788	440,001	1,713,987
Less Commercial Expenses	13(b)	223,602	-	233,602	197,162	-	197,162
Net Asset Holding Company Income		1,727,356	575,077	1,654,480	1,509,626	440,001	1,516,825
Less Iwi Trust Expenses							
Iwi Trust Governance Expenses	13(b)	129,393	129,393	-	103,722	103,722	-
Iwi Trust Operating Expenses	13(b)	388,829	396,029	-	351,323	358,523	-
Iwi Trust Distributions and Panui		29,147	29,147	-	36,308	36,308	-
Iwi Trust Other Expenses		452	452	-	81,628	81,628	-
Total Iwi Trust Expenses		547,821	555,021	-	572,981	580,181	-
Less Non Cash Items							
Depreciation		20,228	4,632	15,597	21,773	4,844	16,928
Total Non Cash Items		20,228	4,632	15,597	21,773	4,844	16,928
Total Expenses		568,049	559,653	15,597	594,754	585,025	16,928
NET SURPLUS / (DEFICIT)		1,159,307	15,424	1,638,883	914,872	145,024	1,499,896

Ngati Mutunga o Wharekauri Iwi Trust
Consolidated Statement of Movements in Equity
For the Year Ended 31 March 2014

	Note	Group 2014 \$	Trust 2014 \$	AHC 2014 \$	Group 2013 \$	Trust 2013 \$	AHC 2013 \$
Opening Equity		21,325,522	594,903	20,730,618	20,410,650	739,928	19,670,722
Net Surplus / (Deficit) for the year		1,159,307	15,424	1,638,883	914,872	(145,025)	1,499,896
Total Recognised Revenue and Expenses		22,484,829	610,327	22,369,501	21,325,522	594,903	21,170,618
Recognition of Capital Reserve		(20,846)	(591,770)	570,924	-	-	-
Dividends Paid		-	-	(495,000)	-	-	(440,000)
CLOSING EQUITY		22,463,983	18,557	22,445,425	21,325,522	594,903	20,730,618

Ngati Mutunga o Wharekauri Iwi Trust
Consolidated Statement of Financial Position
As at 31 March 2014

	Note	Group 2014 \$	Trust 2014 \$	AHC 2014 \$	Group 2013 \$	Trust 2013 \$	AHC 2013 \$
Current Assets							
Cash at Bank and on Hand		17,135	7,598	9,536	14,196	6,752	7,444
Accounts Receivable		958,889	53,434	905,455	435,438	9,134	426,304
GST		28,337	12,094	16,243	34,106	16,926	17,180
Mandating Costs Recoverable		127,927	127,927	-	43,270	43,270	-
Investment Accounts	3	3,682,888	-	3,682,888	3,213,298	-	3,213,298
Total Current Assets		4,815,176	201,053	4,614,123	3,740,308	76,082	3,664,226
Non Current Assets							
Property, Plant & Equipment	4	558,635	11,193	547,442	558,913	15,825	543,088
Te One Housing		1,273,180	-	1,273,180	1,264,480	-	1,264,480
Port Nicholson Fisheries		1,171,013	-	1,171,013	1,171,013	-	1,171,013
Term Receivable		-	-	-	-	570,923	-
Seafood Quota	5	14,745,090	-	14,745,090	14,745,088	-	14,745,088
Shares - AFL	6	414,160	-	414,160	414,160	-	414,160
Total Non Current Assets		18,162,078	11,193	18,150,885	18,153,654	586,748	18,137,829
TOTAL ASSETS		22,977,254	212,246	22,765,008	21,893,962	662,830	21,802,055
Current Liabilities							
Accounts Payable		109,605	54,992	54,613	147,474	86,564	631,833
Housing New Zealand Current Portion		17,300	-	17,300	17,300	-	17,300
Group Inter Entity Accounts		-	138,696	(138,696)	-	(18,638)	18,638
Total Current Liabilities		126,905	193,689	66,784	164,774	67,926	667,771
Non Current Liabilities							
Housing New Zealand Loan		386,367	-	386,367	403,667	-	403,667
Total Non Current Liabilities		386,367	-	386,367	403,667	-	403,667
Equity							
Trust Capital	2	14,805,361	(840,619)	15,645,980	14,826,207	(248,849)	15,075,056
Accumulated Surplus	2	7,658,621	859,176	6,799,445	6,499,315	843,752	5,655,562
Total Equity		22,463,982	18,557	22,445,425	21,325,522	594,903	20,730,618
TOTAL LIABILITIES AND EQUITY		22,977,254	212,246	22,765,008	21,893,962	662,829	21,802,056

For and on behalf of the Board who authorised these financial statements for issue on 14 August 2014:



Trustee



Trustee

Ngati Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2014

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.

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 and are applied as below

Motor Vehicles	30% DV
Office Equipment	7.2% - 80.4% DV
Buildings	0% - 30% DV
Land	0% DV
Plant & Equipment	0% - 50% DV

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.

Revenue

Sales are recognised as they are invoiced for the goods and services provided. Invoicing is completed on a monthly basis. All other income is recognised as received.

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.

Ngati Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements continued
For the Year Ended 31 March 2014

	Group 2014 \$	Trust 2014 \$	AHC 2014 \$	Group 2013 \$	Trust 2013 \$	AHC 2013 \$
2. Retained Earnings						
Accumulated Surplus						
Opening Balance	6,499,314	843,752	5,655,562	5,584,443	988,777	4,595,666
Net Surplus / (Deficit)	1,159,307	15,424	1,638,883	914,872	(145,024)	1,499,896
Dividends Paid	-	-	(495,000)	-	-	(440,000)
Closing Balance	<u>7,658,621</u>	<u>859,176</u>	<u>6,799,445</u>	<u>6,499,315</u>	<u>843,752</u>	<u>5,655,562</u>
Trust Capital						
Opening Balance	14,826,207	(248,849)	15,075,056	14,826,207	(248,849)	15,075,056
Capital Reserve	(20,846)	(591,770)	570,924	-	-	-
Closing Balance	<u>14,805,361</u>	<u>(840,619)</u>	<u>15,645,980</u>	<u>14,826,207</u>	<u>(248,849)</u>	<u>15,075,056</u>
3. Investment Accounts						
UDC	-	-	-	-	-	-
Canterbury Mortgage Trust *	33,680	-	33,680	33,680	-	33,680
ANZ Term Deposits	3,260,510	-	3,260,510	2,442,569	-	2,442,569
ANZ - Call	422,378	-	422,378	737,049	-	737,049
	<u>3,716,568</u>	<u>-</u>	<u>3,716,568</u>	<u>3,213,299</u>	<u>-</u>	<u>3,213,299</u>

* 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 87% of the original capital leaving a book value of \$33,680 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 2014

4. Property, Plant and Equipment

	Group 2014 \$	Trust 2014 \$	AHC 2014 \$	Group 2013 \$	Trust 2013 \$	AHC 2013 \$
Motor Vehicles						
Opening Book Value	1,657	1,657	-	2,286	2,286	-
Depreciation	(537)	(537)	-	(629)	(629)	-
Closing Book Value	1,120	1,120	-	1,657	1,657	-
Cost	13,133	13,133	-	13,133	13,133	-
Accumulated Depreciation	(12,013)	(12,013)	-	(11,476)	(11,476)	-
Closing Book Value	1,120	1,120	-	1,657	1,657	-
Office Equipment and Software						
Opening Book Value	14,168	14,168	-	13,175	13,175	-
Additions	-	-	-	5,208	5,208	-
Depreciation	(3,584)	(3,584)	-	(4,215)	(4,215)	-
Closing Book Value	10,073	10,073	-	14,168	14,168	-
Cost	42,457	42,457	-	42,457	42,457	-
Accumulated Depreciation	(32,384)	(32,384)	-	(28,289)	(28,289)	-
Closing Book Value	10,073	10,073	-	14,168	14,168	-
Buildings						
Opening Book Value	366,392	-	366,392	379,685	-	379,685
Additions	19,952	-	19,952	3,350	-	3,350
Depreciation	(15,454)	-	(15,454)	(16,643)	-	(16,643)
Closing Book Value	370,890	-	370,890	366,392	-	366,392
Cost	478,490	-	478,490	458,538	-	458,538
Accumulated Depreciation	(107,600)	-	(107,600)	(92,146)	-	(92,146)
Closing Book Value	370,890	-	370,890	366,392	-	366,392
Land						
Opening Book Value	170,377	-	170,377	170,377	-	170,377
Depreciation	-	-	-	-	-	-
Closing Book Value	170,377	-	170,377	170,377	-	170,377
Cost	170,377	-	170,377	170,377	-	170,377
Accumulated Depreciation	-	-	-	-	-	-
Closing Book Value	170,377	-	170,377	170,377	-	170,377
Plant and Equipment						
Opening Book Value	6,318	-	6,318	570	-	570
Additions	-	-	-	6,032	-	6,032
Depreciation	(144)	-	(144)	(284)	-	(284)
Closing Book Value	6,174	-	6,174	6,318	-	6,318
Cost	6,684	-	6,684	6,684	-	6,684
Accumulated Depreciation	(510)	-	(510)	(366)	-	(366)
Closing Book Value	6,174	-	6,174	6,318	-	6,318
Total Property Plant and Equipment	558,635	11,193	547,442	558,913	15,825	543,088

Ngati Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements continued
For the Year Ended 31 March 2014

5. Seafood Quota

The cost value of \$14,745,088 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 2014 is \$20,298,644 (2013: \$17,447,680). Overall the market value of Ngati Mutunga Quota shares is up by \$2,204,844. The Quota is made up as follows:

	2014	2013
	\$	\$
Settlement Quota	18,023,613	17,253,849
Non-Settlement Quota	<u>2,275,031</u>	<u>193,831</u>
	20,298,644	17,447,680

6. Asset Impairment

There was no impairment of assets during the year. (2013: Nil)

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 (2013: Nil).

8. Contingent Assets or Liabilities

The Trustees are not aware of any contingent assets existing as at 31 March 2014 (2013: \$25,896).

The Trustees are not aware of any contingent liabilities existing as at 31 March 2014 (2013: 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. Total trustees remuneration was \$85,126 for the Iwi Trust, and \$21,996 for the Asset Holding Company (2013: \$66,418 and \$21,996 respectively).

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. This is consistent with the prior year.

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. This is consistent with the prior year.

Ngati Mutunga o Wharekauri Asset Holdings Company Ltd have an investment in Port Nicholson Fisheries and they also sell fishing ACE to them. \$623,609 was received in ACE revenue during the period (2013: \$710,398 in ACE to PNL and \$363,693 to Port Nicholson Fisheries LP).

During the year, Ngati Mutunga o Wharekauri Iwi Trust paid grants totaling \$14,587 (2013: \$11,300). 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.

Ngati Mutunga o Wharekauri Iwi Trust and Ngati Mutunga o Wharekauri Asset Holding Company Ltd operates an Interests Policy and maintains a comprehensive Interests Register of its Directors, Management and Trustees to ensure all interests are declared and the process for dealing with these clearly understood. This includes any Director who has an interest abstaining from that particular decision making.

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. Events Subsequent to Balance Date

The Iwi Trust has received the mandate to negotiate with the crown regarding the Treaty of Waitangi claim because the trust is now the mandated representative for members of the Iwi.

The legal case against Eddie Tuuta has been settle in Ngati Mutunga's favour

There were no significant events subsequent to balance date which would have a material effect on the financial position or performance reflected in the 2013 financial statements

Ngati Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements continued
For the Year Ended 31 March 2014

	Group 2014 \$	Trust 2014 \$	AHC 2014 \$	Group 2013 \$	Trust 2013 \$	AHC 2013 \$
12. Trustee's Remuneration						
Amaru, Gail	9,485	9,485	-	-	-	-
Croon, Monique	9,485	9,485	-	-	-	-
Frazer, Mel	9,485	9,485	-	-	-	-
Goomes, Deborah (Chairperson)	4,033	4,033	-	21,996	21,996	-
Gregory-Hunt, Dallan	7,273	7,273	-	-	-	-
Kamo, John	11,778	11,778	-	-	-	-
Page, Paula (Deputy Chairperson)	20,129	20,129	-	12,996	12,996	-
Page, Robin (Trustee & Director)	11,660	1,664	9,996	19,980	9,984	9,996
Tuuta, Jamie (Trustee & Director)	1,664	1,664	-	21,984	9,984	12,000
Tuuta, Mark-Shane	5,233	5,233	-	9,984	9,984	-
Thomas, Bernice (Registrar)	737	737	-	1,474	1,474	-
Thomas, Joseph (Director)	16,160	4,160	12,000	-	-	-
Total Trustee's Remuneration	107,122	85,126	21,996	88,414	66,418	21,996
13. Income and Expenses						
a) Revenue						
Revenue from Seafood						
ACE Revenue	1,866,244	-	1,866,244	1,726,142	-	1,726,142
AFL Dividend	-	-	-	9,122	-	9,122
Aquaculture Settlement	-	-	-	-	-	-
Other	-	-	-	-	-	-
	1,866,244	-	1,866,244	1,735,264	-	1,735,264
Revenue from Investment						
Dividend Received from Group Entities	-	495,000	-	-	440,000	-
Interest Received	125,499	1	125,498	80,626	1	80,625
Other	-	-	-	-	-	-
	125,499	495,001	125,498	80,626	440,001	80,625
b) Expenses						
Direct Seafood Expenses						
Quota Holder Levy	104,103	-	104,103	88,069	-	88,069
PNF Cray Management Fee	29,100	-	29,100	21,900	-	21,900
SeaFic Commodity Levy	18,137	-	18,137	18,455	-	18,455
Other	7,541	-	7,541	6,003	-	6,003
	158,880	-	158,880	134,427	-	134,427
Commercial Expenses						
Administration Expenses	9,998	-	9,998	-	-	-
Accounting Fees	14,300	-	14,300	14,279	-	14,279
Audit Fees	(2,943)	-	(2,943)	3,000	-	3,000
Directors Fees	34,996	-	34,996	45,996	-	45,996
Asset Management Fees	121,080	-	121,080	120,000	-	120,000
Legal, Advisory and Project Fees	650	-	650	1,300	-	1,300
Special Projects	30,466	-	30,466	3,206	-	3,206
Travel and Accommodation	24,140	-	24,140	7,913	-	7,913
Other Commercial Expenses	915	-	915	1,467	-	1,467
	233,602	-	233,602	197,162	-	197,162
Iwi Trust Governance Expenses						
Travel and Accommodation - Trustees	1,000	1,000	-	12,824	12,824	-
Trustee Fees	85,126	85,126	-	65,579	65,579	-
Advisory	-	-	-	6,557	6,557	-
Meeting Costs	4,337	4,337	-	3,107	3,107	-
Other	38,930	38,930	-	15,655	15,655	-
	129,393	129,393	-	103,722	103,722	-
Iwi Trust Operating Expenses						
Wages and Salaries	49,920	49,920	-	25,223	25,223	-
Accounting Fees	24,804	24,804	-	24,804	24,804	-
Audit Fees	12,474	12,474	-	9,000	9,000	-
Cultural Development	1,516	1,516	-	7,655	7,655	-
Legal, Advisory and Project Fees	33,258	33,258	-	32,928	32,928	-
Management Fee	139,800	139,800	-	134,415	134,415	-
Travel Other	9,654	9,654	-	36,749	36,749	-
Other	117,404	124,604	-	80,550	87,750	-
	388,829	396,029	-	351,323	358,524	-

Ngati Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements continued
For the Year Ended 31 March 2014

14. 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 distributions at the discretion of the Trustees.

	Group 2014 \$	Trust 2014 \$	AHC 2014 \$	Group 2013 \$	Trust 2013 \$	AHC 2013 \$
Dividends Budgeted to Fund Operating Expenditure	-	(495,000)	495,000	-	(440,000)	440,000
Less Dividends Paid / (Received)	-	(495,000)	495,000	-	(440,000)	440,000
Surplus as a Result of Unpaid Dividends	-	-	-	-	-	-
Opening Beneficiary Distribution Reserve Account		(108,542)			36,483	
Add Iwi Trust 2014 Net Surplus prior to abnormal items		(64,652)			(145,025)	
Closing Beneficiary Distribution Reserve Account		(173,194)			(108,542)	

15. Mandating Costs Recoverable

The Trustees expect to receive funding from the Office of Treaty Settlements to support the costs already incurred.

INDEPENDENT AUDITOR'S REPORT
To the Trustees of Ngati Mutunga o Wharekauri Iwi Trust

Report on the Financial Statements

We have audited the consolidated financial statements of Ngati Mutunga o Wharekauri Iwi Trust and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of movements in equity, and statement of financial performance for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Trustees, as a body, in accordance with the Trust Deed of Ngati Mutunga o Wharekauri Iwi Trust. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditors' 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 Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Trustees' Responsibility for the Financial Statements

The directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of consolidated 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 consolidated 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 of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances. 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, or any of its subsidiaries.

Opinion

In our opinion, the financial statements:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the Group as at 31 March 2014, and its financial performance for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993 we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion, proper accounting records have been kept by Trust as far as appears from our examination of those records.



BDO Christchurch
14 August 2014
Christchurch
New Zealand

Ngāti Mutunga o Wharekauri Iwi Trust Directory

For the year end 31 March 2014

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 2014)

Paula Page (Chair)
John Kamo (Deputy Chair)
Gail Amaru
Joseph Thomas
Monique Croon
Melodie Fraser
Dallon Gregory-Hunt

AHC Directors

Joseph Thomas (Chair)
Robin Page
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