



Ngāti Mutunga O Wharekauri Iwi Trust Annual Report 2010

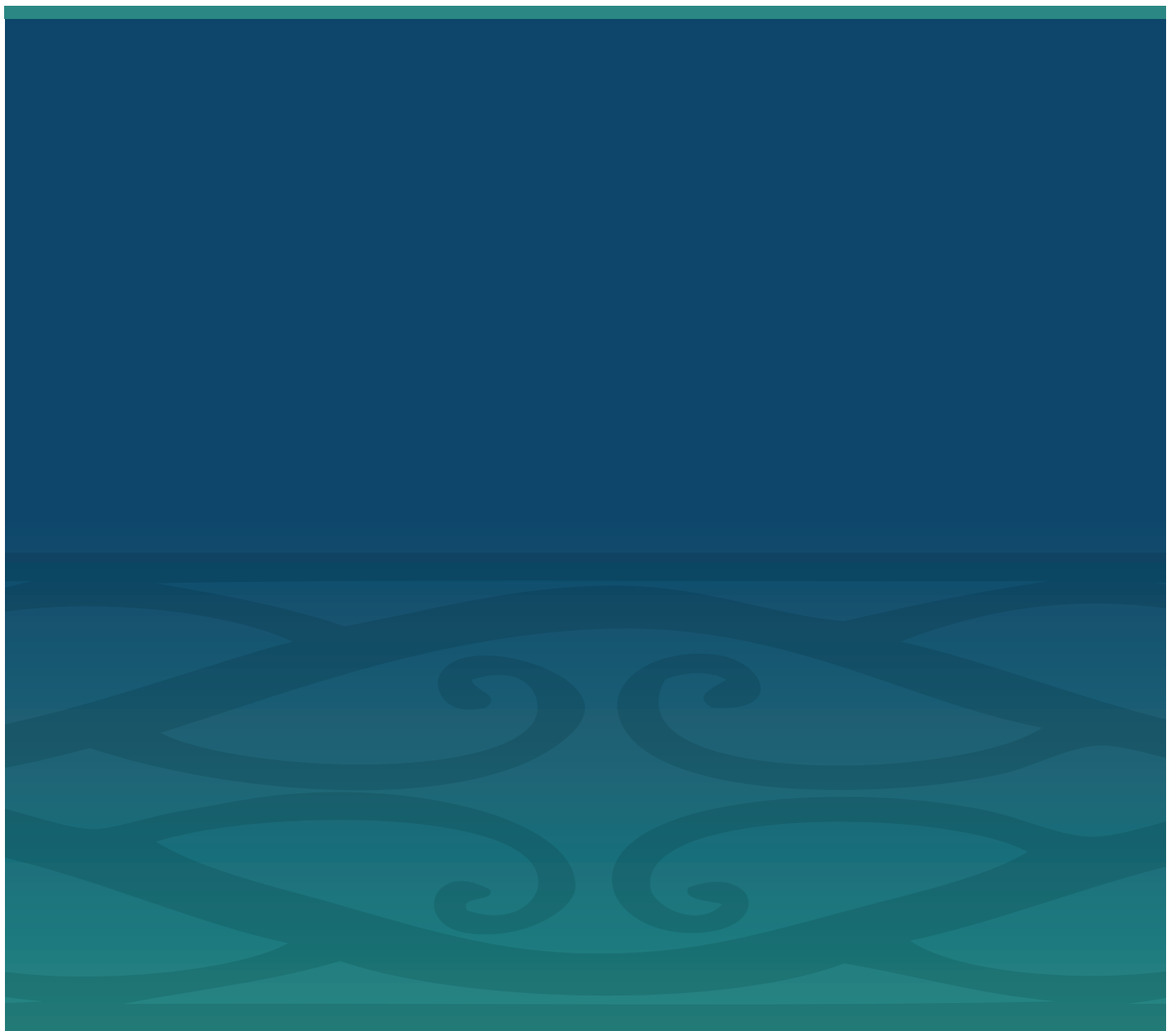


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Ngāti Mutunga o Wharekauri Iwi Trust Chairperson's Report

On behalf of my fellow trustees and the Iwi Trust office I am pleased to present the 2009/2010 Annual Report of the Ngāti Mutunga o Wharekauri Iwi Trust.

Our vision is:

“To secure and protect the Tino Rangatiratanga of Ngāti Mutunga o Wharekauri through development of cultural and socio-economic opportunities for the benefit of beneficiaries wherever they reside”

I cannot over emphasise the importance of this vision. I pay particular attention to the concept of Tino Rangatiratanga. 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 are the tribal arrangements we have as people that are an inheritance from our tipuna; and our turangawaewae is where our identity as a people stems from. All elements in concert constitute our mana and allow us the ability to assert our Tino Rangatiratanga.

To put that in the context of Wharekauri; our whakapapa links us to the Tipuna who first established our mana over Wharekauri, our tikanga are those rules/law/lore that we brought with us and adapted to our new environment, and our turangawaewae is Wharekauri from which our Ngāti Mutunga right to exist and exert our voice stems. A strong Wharekauri is a strong Iwi. It is from that strength that we can exert our mana as an Iwi for all our people no matter where they reside.

It is from that perspective that the Iwi Trust has undertaken its mahi. Our focus has been our structure - and getting that streamlined and strong has been our overarching objective. I'm proud of the hard work Trustees have done to get our Trust to where it stands at the end of the financial year. We report on this in greater detail in the statutory section of the annual report.

In the previous annual report, I noted the ongoing challenge of securing high quality management support for our Iwi Trust. The loss of Shelly Rao in January 2009 was eventually addressed in July 2009 when we recruited Ngāti Mutunga o Wharekauri whanaunga Ward Kamo as our interim general manager. We also managed to obtain the services of Andrew Harrison as Asset Holding Company and financial advisor to the Iwi Trust. Both appointments were not taken in haste and were the result of long hard consideration by the Trustees. I am sure you will agree after reading the quarterly pānui that we are now beginning to reap the benefits of these appointments.

This has been a tough and busy year of much change. As we indicated at the AGM late last year our overheads have not reduced in this year as we have needed to implement significant one off initiatives which have been necessary to build solid foundations. We now have a three year strategic direction detailed and consulted with our Iwi whānau. Our structure has been clarified and simplified, administrative function has been streamlined and our capacity enhanced. We have achieved our commitment made at the November AGM to be in a position to significantly reduce Iwi Trust overheads for the year beginning 1 April 2010.

I am most pleased to report the significant progress we have made in communicating with you. Our new look pānui has been well received. Equally the establishment of our website has clearly been having an impact. Our monthly visit statistics are steadily climbing and our website now sits just below our Urenui based whanaunga's website. It's only a question of time before we sit at the top of the google search (a wero to our Taranaki relations perhaps).

Given the general economic environment, the large cut in Orange Roughy TACC, the poor Paua market and the significant one off costs incurred by the Iwi Trust during the financial year we can be well satisfied with a Net Surplus of \$305,000 for the year.

On that note I wish to pay special mention to Phillip Roth and Richard Manning who resigned as directors of the Asset Holding Company effective 31 March 2010. They have provided tireless service to the Iwi Trust in what were often challenging circumstances. Tenei te mihi nui ki a korua.

The restructuring of our Asset Holding Company also saw the resignations of Eion Chisholm and Monique Croon from Motuhara Fisheries Limited. These staunch Chatham Islanders have provided quality service with integrity. Thank you for your tireless performance.

During the course of the year we welcomed to the board Jamie Tuuta. Jamie has brought a wealth of experience to our board and importantly has assisted in establishing more formal links with our Urenui based whanaunga. The Iwi Trust accepted the resignations of Jeanette Page and Steve Tuuta from the Board. I wish to take the opportunity to thank you both for your commitment and input. There were courageous decisions taken by you both in the face of testing circumstances that I wish to acknowledge.

When last I reported I outlined my sense of unmet expectations with the position of the Trust. Frankly, our operating expenditure had been too high, our administrative function cumbersome, and our lack of distributions disappointing. The Trustees have worked diligently to address these issues. I'm happy to report that the first tranche of our distribution is now in place as we committed to. I encourage you to avail yourself of the Putea Whanaungatanga opportunity.

Whilst our operating expenditure is still too high for the period I'm reporting to you in, it is with satisfaction that I know this has already been addressed and that the Iwi Chair, as at the end of 2010 / 2011, will be reporting a vastly different and wholly more satisfactory operating budget performance to you. The first quarter report for the new financial year to be presented at the AGM will stand as testament to the work of the Trustees as at 31 March 2010.

It is with a sense of urgency and also confidence that the Trustees and I look forward to the upcoming financial year. The Iwi Trust is committed to confirming its mandate already agreed to at the establishment of the Iwi Trust, to the level required by the Crown, so that our outstanding Treaty Claim can be progressed and completed. Expect us to begin that process with you in August of 2010.

With our structure now consolidated and significantly strengthened, we will continue to develop our distribution policy in discussion with you the Iwi. Our Asset Holding Company will be focused on making a significant contribution to the growth of the Chatham Island economy and we will look to work with other Island organisations in engaging with the Crown on matters of on-island economic development. Afterall, we want the basis of our mana and tino rangatiratanga - our iwi, whakapapa and turangawaewae – strong and asserted.

Paula Page
Chairperson

Ngāti Mutunga o Wharekauri Iwi Trust

Group Performance

This section of the annual report includes:

- Financial Performance Overview
- Financial Position Overview
- Performance against non-financial objectives for the year
- Statutory and Trust Deed disclosures

We would encourage you also to read the summary of the AHC investment strategy and the Iwi Trust and AHC annual plans for the year ending 31 March 2011 which have been distributed with the quarterly pānui. The quarterly pānui also includes an update on performance for the first quarter of the year ending 31 March 2011 which shows strong progress on implementation of the annual plans.

Financial Performance Overview

	2010	2009
Net Asset Holding Company Income	\$995,133	\$1,081,450
Less Iwi Trust Total Expenses	\$690,055	\$ 586,109
Net Surplus	\$305,078	\$ 495,342

A change in presentation of the financial statements this year means that the Provision for Loss on Canterbury Mortgage Trust of \$113,790 last year is now shown within the Asset Holding Company Income for 2009 instead of within the Iwi Trust Expenses. If the 2009 comparatives were presented as they were last year Iwi Trust Expenses would have been almost identical for the two years and Asset Holding Company Income would be approximately \$200,000 lower than last year (as reported in earlier pānui). Please refer Statement of Financial Performance on page 15 and the associated notes for further detail.

Asset Holding Company¹

Net Asset Holding Company Income was lower than the previous year due to:

- A 16% cut in the Orange Roughy TACC which makes up almost half of the deepwater wetfish parcel
- Over 25% reduction in Paua returns due to the high NZD and the reduced demand from Asia post the financial crisis
- An almost 50% decrease in Investment income due to the low interest rates environment in New Zealand, again resulting from the financial crisis

Fortunately these reductions were partially offset by improved ACE returns from wetfish due to an enhanced negotiating strategy. Cray, Paua, Kina & Blue Cod ACE continued to be leased to Iwi Fishers.

Iwi Trust Board

¹ Following the changes to the Trust Board structure at the end of the financial year the Asset Holding Company results incorporate the net income for the entire year attributable to all the assets owned by it at 31 March 2010 (and for comparative year). This includes net income from Motuhara Fisheries Ltd and from cash investments previously held directly by the Trust Board.

Iwi Trust expenses remained high for the 2010 year (although in line with 2009 if adjusted as per above) due to the significant one off trust deed review, planning, restructuring and hui costs incurred during the years. Most costs were in line or below the previous year with the notable exceptions being:

- Meeting costs which were approximately \$80,000 higher than the previous year due to the three rounds of hui undertaken in Wharekauri, Christchurch and Wellington during the financial year.
- Pānui costs which were approximately \$30,000 higher than the previous year due to the distribution of quarterly pānui setup of a website and the first annual report distributed to all members

2010-11 Budget

Most importantly the hard work has been done during the 2010 financial year to lay the foundation for the Iwi Trust to deliver on its commitment to decrease overheads and redirect savings to reinvestment and Putea Whanangatanga.

	2011 Budget	2010
Net Asset Holding Company Income	\$1,035,000	\$ 995,133
Less Iwi Trust Governance and Operating Expenses	\$ 305,000	\$ 658,887
Less Iwi Trust Distributions and Pānui	\$ 80,000	\$ 31,168
Net Surplus	\$ 650,000	\$ 305,078

In accordance with previous commitments the Iwi Trust Governance and Operating Expenses are budgeted to reduce by over 50% (\$350,000), a massive decrease that allows \$50,000 to be allocated to Putea Whanaungatanga Fund while still allowing the budgeted net surplus to be invested in the Asset Holding Company to more than double to \$650,000.

As with any budget it should be noted that there are significant risks to achieving it, notably:

- The extent of further Orange Roughy TACC cuts for the 2010-11 season
- If the Paua ACE prices don't recover as expected for the 2010-11 season especially given the industry agreement to a 20% shelving of TACC for the season
- Additional AGM and travel costs to those budgeted
- Additional costs than budgeted to resolve legacy issues with the old Iwi Trust and Runanga

Financial Position Overview

	2010	2009
Seafood Quota	13,105,318	13,105,318
Cash Investments	3,778,227	3,081,010
Canterbury Mortgage Trust	151,720	644,812
Property, Plant & Equipment	586,944	602,838
AFL Shares	414,160	414,160
Working Capital	63,640	103,471
AHC Equity (Net Assets)	18,100,009	17,951,654
Property, Plant & Equipment	20,560	-27,642
Working Capital	30,333	-133,472
Iwi Trust Equity (Net Assets)	50,893	-105,830
Group Equity (Net Assets)	18,150,902	17,845,824

Net Assets have increased by the net surplus for the year of \$305,000 which has been held in cash investments and working capital. The other key change in assets during the year is the large repayment of the Canterbury Mortgage Trust balance with the funds being held in cash investments.

The majority of the Iwi Trust assets are held in Seafood Quota. The quota is held at cost in the financial statements however an independent broker market valuation of \$15,626,935 was received as at 31 March 2010. This is over \$2.5m more than the cost of the quota but is \$1.7m less than at the same time last year due to the Orange Roughy TACC cuts and Paua market difficulties referred to above. The quota at cost is broken down as follows:

Species	Settlement Quota			Non-Settlement Quota		
	Quota	ACE	Cost	Quota	ACE	Cost
	Shares	Kgs	\$	Shares	Kgs	\$
Blue Cod	4,700,391	35,692	155,394	15,662,929	35,242	392,617
Kina	10,000,000	22,500	92,931			
Paua	4,599,701	15,020	4,111,657			
Spiny Rock Lobster	5,000,000	18,000	2,075,855			
All Other Species*	321,995,985	1,165,886	6,076,664			
Total			12,512,501			592,817

The Iwi Trust currently has significant cash investments. It is expected that these cash investments will decrease now that an improved investment strategy is in place. The Asset Holding Company will consider investments in Seafood and other industries that drive growth in the Chatham Island economy if attractive opportunities arise that will produce an appropriate return on investment.

Progress Toward Other Objectives

As part of the Trustees exercise of strategic governance over the Trust and its assets a number of objectives were developed for the 2008-2009 Annual Plan. Progress toward the achievement of these objectives is reported on below

1. To progress existing claims research and develop a finalised treaty claim document for lodgement with the Office of Treaty Settlements, and commence the mandating process. This may include preparation of reports on the claims process, including the history of claims, for presentation to everyone of Ngāti Mutunga (Wharekauri) descent.
 - Work toward achieving this objective progressed slowly. Feedback on progress was given by the Claims Working Group during the July 2009 round of consultation hui. This was followed up by comprehensive briefings to Iwi members during the November 2009 AGM consultation hui. Iwi member were formally notified that Informal discussions with the Office of Treaty Settlements have been occurring on an ad-hoc basis in anticipation of more formal discussions set to occur in the 2010/2011 financial years. These informal discussion had been undertaken with a view to meeting the mandating timeframe outlined at the AGM consultation hui of having a mandate process agreed with OTS by April / June of 2010. OTS timeframes have been stretched by uncompleted settlements with other Iwi such as the Te Tau Ihu settlements. A September 2010 timeframe is currently being worked towards.
2. Relationship building.
 - Relationship building remained a key focus for Trustees. Pa Tangaroa remains a crucial means to inter-Iwi Whanaungatanga on Wharekauri.
 - The Iwi Trust has also been engaged with the Chatham Island Council on the relocation of the existing landfill site to a purpose built facility.
 - The Iwi Trust has worked diligently with organisations as diverse as the Chatham Island Heritage Trust, to support replanting of native bush around Blind Jims. Further interaction has occurred with Ministry of Culture and Heritage regarding eight toki found at Patterson's Inlet. Ongoing mahi occurred with the New Zealand Historic Places Trust around koiwi matters.
 - In April and again in July Trustees undertook a series of Consultation Hui in order to promote Whanaungatanga whilst endeavouring to update the Iwi on a number of issues. The July hui were undertaken to discuss the findings of the Wynn Williams audit report of the Trust functioning. A subsequent round of consultation with our Iwi occurred during the November AGM rounds. The three round AGM hui were a first for the Iwi Trust.
3. To continue the development and implementation of good governance practices and leadership.
 - Clarification of responsibilities and accountabilities between the Iwi Trust and AHC including documented policies.
 - Trustees continue to comply with their responsibilities under the Trust Deed and Code of Conduct. This work is in progress.

4. To invest in human capital to increase organisational capacity, including the appointment of a senior manager.

- Responding to the recommendations of the Wynn Williams Report, Ward Kamo was appointed as interim General Manager of the Iwi Trust, whilst Andrew Harrison was appointed Asset Holding Company advisor. Both appointments occurred in July 2009. The implementation of their work has been widely reported both in consultation hui and through Pānui, E-mail, and our website (www.nmow.co.nz).

5. To consult with Kaumātua and Beneficiaries on the development of a Marae (Cultural Centre) at Te One. If supported, complete a comprehensive marae development plan.

- No work has been undertaken this year. The Annual Plan for 2010/2011 considers both the work to upgrade Whakamaharatanga Marae and to consider the development of a specified Ngāti Mutunga marae at Te One.

6. To develop and implement a written investment plan.

- In March 2010 trustee's, after advertising pending vacancies for the Asset Holding Company, appointed four Ngāti Mutunga people to the AHC (2 trustees and 2 independents). The AHC Board has since developed a Statement of Investment Strategy and Policy which has been ratified by the Trust Board.

7. To increase beneficiary numbers through effective consultation and communication.

The Ngāti Mutunga o Wharekauri website went live in November 2009. Two formal and newly formatted pānui were released in October 2009 and February 2010. The website now has a registration form attached for easier access by our Iwi. During the year the Trustees continued to focus on increasing the number of registered numbers through clarifying the role of the registrar and contacting eligible but unregistered people of Ngāti Mutunga o Wharekauri descent.

- New Registrations for 2009/10 were:

New Whānau	Adult	Under 18	Adult Male	Adult Female	CI	North Island	South Island	Tāwahi
73	36	37	21	13	8	15	7	4

8. Facilitate the advisory role of the Kaunihera Kaumatua, improve communication, and agree on Kaunihera Kaumātua initiatives to be supported by the Iwi Trust over the year. This will include the completion of the initiatives currently before the Board.

- Trustees met with the Kaunihera Kaumatua during the year. This work will be carried forward to the 2010/2011 year and forms part of the Iwi Trust's proposed strategic direction.

9. Facilitate beneficiary access to government funding and grants.

- Approximately 5 people contacted the office for assistance with access to Government funding

10. Undertake a full review of the Trust Deed in consultation with beneficiaries to assess the need for amendments.

- This objective is reported separately in the next section. It represents the majority of work undertaken by the Iwi Trust since July 2009.

11. Formalise a distribution policy.

- The distribution policy became a critical plank of the July and November consultation hui. The Iwi Trust proposed a three pronged distribution policy to be rolled out over 3 years. The first (and now live) policy was the Pūtea Whanaungatanga – a programme to fund small, culturally focused projects (and / or hui) for Ngāti Mutunga o Wharekauri Iwi.
- The remaining policy planks, the pūtea tautoko and pūtea hokinga mai, remain under consideration by the Iwi in general. They have yet to be ratified by the Trustees and have yet to be approved by the Iwi. The work to further define the distribution policies will occur over the next two years in consultation with the Iwi.

Statutory and Trust Deed Compliance

There have been no sales or exchange of quota. No sales or exchanges were allowed under the Māori 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 the asset holding companies of the Trust. There have been general discussions with other Mandated Iwi Organisations regarding opportunities to work together in manner that benefits all parties, and in particular with Hokotehi Moriori Trust. The Trustees reviewed the ACE allocation policy for the guidance of the Companies during the year .

Amendments to Constitutions and Changes to the Trust Structure

There were no constitutional changes in the reporting period.

Iwi Trust Review

Much of the Trustees mahi in the latter part of the year has been focused on ensuring the Iwi Trust is correctly structured to enable it to meet its obligations and responsibilities going forward. The Wynn Williams audit report has been well traversed with the Iwi. The report is summarised in table below along with the response of the Iwi Trust.

Wynn Williams Recommendation	Iwi Trust Decision
<i>Trust Structure</i>	
Incorporate as a Charitable Trust under the Charitable Trusts Act 1957	Approved and executed
Deregister the Custodian Trustee (subject to tax advice)	Approved and executed

Seek tax advice and review subsidiary entity governing documents	Actioned
Simply the trust deed	Deferred to 2010 / 2011 financial year
Election of Trustees	
Reduce trustees to 5	Trustees, after consultation with Iwi, approved 7 which was ratified by Iwi ballot
Election every three years by postal ballot	
Investment Management	
Establish a Business Advisory Committee	No – Responsibility delegated to the AHC Board to avoid duplication of expertise that a BAC might create
Establish an Audit and Risk Committee	No – The accounting function is outsourced to an independent Chartered Accountants firm (DJCA) under the oversight of the AHC Board.
Trust & Asset Holding Administration	
Develop vision and strategy	Strategic Direction developed
Engage Chief Executive	Part-time trust secretary role established Part-time trust administrator role established Communications, Finance function outsourced
Employ office administrator	
Employ a programmes administrator	
Expand the role and authority of the Trust Chair	New delegations approved by trustees
Set out the role of the Trust in providing policy and monitoring asset holding entities	Actioned
Change the conflict and Directors' policy	Yes – the process of revision is already underway
Clarify management information procedures particularly around sensitive information	Yes – this issue has been resolved
Trust Procedures & Process	
Clarify the role of the Kaunihera Kaumatua	In progress
Adopt standing orders for beneficiary meetings	In progress
Simplify procedures for the calling and holding of Trustee and Beneficiary meetings	In progress
Allow e-mail decisions by Trustee (in limited circumstances)	In progress
Beneficiary Registration	
Simplify the Beneficiary Registration Process	Ongoing mahi in conjunction with Kaunihera Kaumatua and wider Iwi
Ensure all Ngāti Mutunga o Wharekauri whānau can be registered	
Allocate specific staff resource to management of beneficiaries register	Current Trust Registrar position still maintained.

Three critical recommendations (among a number) of the Wynn Williams report related to the future structure of the Iwi Trust. The report recommended:

- *...the trust incorporate as a Charitable Trust Board under the Charitable Trust Act 1957*
- *...the custodian trustee company be deregistered and all assets transferred into the name of the Trust Board*
- *...the Trust seek tax advice on its structure and the governing documents of subsidiary entities be reviewed to ensure the entire structure is charitable*

This would enable the Iwi Trust to:

- Make the Trust Board a legal entity separate from the trustees reducing personal liability, obligations and debts of the board.
- Ensure perpetual succession – the board is constant no matter who sits.
- Enter into contracts and own land in its own right.
- Validate acts done by an individual Trustee acting in good faith and prudently are valid even if that person's appointment may have been defective.
- Eliminate the need for a custodian trustee and/or individual trustee ownership of any assets of the trust.

The old Iwi Trust structure was difficult to understand. It constituted the Iwi Trust which was an unincorporated charitable trust. Under that structure the Iwi Trust had no separate legal entity and so the assets of the Iwi Trust had to be owned either by the Trustees individually or by a custodian company. As a result a Custodian Trustee (Ngati Mutunga o Wharekauri Custodian Trustee Limited) was used to hold the shares to the Asset Holding Company so that the ownership of the Iwi Trust assets did not need to change every time one of the Trustees changed. The Custodian Trustee was required to act in accordance with directions from the Iwi Trust Trustees and it had no beneficial interest in the shares.

It was made clear during the consultation rounds that Ngāti Mutunga wanted the Iwi Trust to be simplified. Accordingly the Iwi Trust was incorporated as a charitable trust board called Ngati Mutunga o Wharekauri Iwi Trust Board. The advantages of this were:

- Incorporation enhanced transparency as any Trust Deed changes and other documents are required to be lodged with the Trusts and Incorporated Societies Office (in a manner similar to the Companies Office)
- The Trust Board did not need to change every time a Trustee changed and could now own assets in its own name rather than in the name of the Trustees
- The Trust Board replaced the need for a Custodian Trustee thus reducing administration costs and making the structure easier to understand.

The only asset the Custodian Trustee owned was the shares in the Asset Holding Company. Once the Trust Board was incorporated it passed a written resolution to transfer the Asset Holding Company shares from the Custodian Trustee to the Trust Board. Further resolutions were then passed to liquidate the Custodian Trustee as it was no longer required.

The Iwi Trust also transferred the shares in Motuhara Fisheries Limited, which were previously held by a Trustee on bare trust for the Iwi Trust, to the Asset Holding Company. Motuhara Fisheries was originally set up to carry out fishing activities. However Motuhara Fisheries does not hold a fishing permit, does not plan to carry out fishing activities (as defined by the Māori Fisheries Act), with its only activity being to lease ACE. Given this was the prime activity of the Asset Holding Company there was no commercial or legal rationale to have Motuhara Fisheries operating separately to it. Motuhara Fisheries is scheduled to be liquidated later in the new financial year once existing ACE lease arrangements have terminated. The advantages of transferring the shares in Motuhara Fisheries and ultimately liquidating it are:

- It reduces administration and duplicated governance costs of two entities
- It ensures stronger accountability with the Asset Holding Company Board being clearly responsible for the performance of the Iwi Trust quota holdings

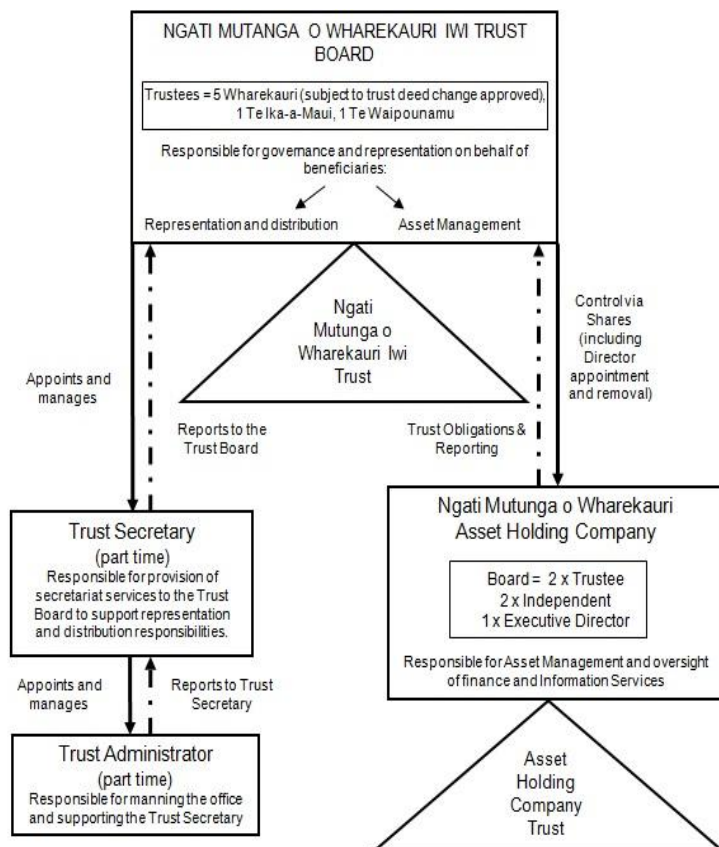
Given the Iwi Trust was making the changes above it also reviewed whether there were any other legal entities which were not being used. Wharekauri Quota Holding Company, a subsidiary of the Asset Holding Company, had been set up a number of years ago to hold the settlement quota. However it had never been used as it was intended. Legal advice had been received that it was unnecessary to hold the quota in a subsidiary. Hence the Trustees have amalgamated this company into the Asset Holding Company. The key advantage of this is that it reduces administration costs.

Naturally, the Iwi Trust sought substantive legal advice relating to the changes. All stages of the development of the revised structure were subjected to legal scrutiny to ensure strict Trust Deed, statutory and regulatory compliance. The Iwi Trust was advised that the proposed changes to the Trust Structure did not require Trust Deed changes to effect.

The Iwi Trust operates under a much simplified structure where all the investment assets of the Iwi Trust are held by the Asset Holding Company. At this stage there is no reason to ring fence the assets under a separate 'commercial veil' (an AHC subsidiary). All the Iwi Trust currently does is lease quota, invest in property and hold fixed term deposits. It holds no debt against any of the assets, has no significant operating risks, so there's simply no need for subsidiaries.

If for any reason this changes in the future the Iwi Trust can always set up a separate company to carry out an activity if for governance or legal reasons it considers it wise to have a degree of separation. Thus having our assets in one company reduces admin costs and increases efficiencies. However at this stage there is no rationale and it only creates additional cost and complexity for no purpose.

The end result is simplicity of structure, better transparency, and stronger accountability and reduced costs. The new structure is detailed below:



Consolidated Group Financial Statements

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

Consolidated Group Financial Statements

Ngāti Mutunga o Wharekauri Iwi Trust Consolidated Statement of Financial Performance For the Year Ended 31 March 2010

	Note	Group 2010 \$	Parent 2010 \$	Group 2009 \$	Parent 2009 \$
Revenue					
Revenue from Fishing		1,332,711	-	1,447,193	-
Less Direct Fishing Expenses		221,024	-	280,304	-
Fishing Earnings		1,111,687	-	1,166,889	-
Revenue from Investment	13(a)	127,097	562,790	240,013	981,910
Less Investment Write down		-	-	113,790	63,140
Investment Earnings		127,097	562,790	126,223	918,770
Property Earnings		5,800	-	840	840
Earnings from Commercial Activities		1,244,584	562,790	1,293,952	919,610
Less Commercial Expenses	13(b)	249,451	-	212,502	-
Net Asset Holding Company Income		995,133	562,790	1,081,450	919,610
Less Iwi Trust Expenses					
Iwi Trust Governance Expenses	13(b)	299,808	299,808	242,993	242,993
Iwi Trust Operating Expenses	13(b)	331,152	338,352	318,661	318,661
Iwi Trust Distributions and Pānui		31,168	31,168	-	-
Total Iwi Trust Expenses		662,128	669,328	561,654	561,654
Less Non Cash Items					
Depreciation		27,927	7,083	24,455	10,769
Total Non Cash Items		27,927	7,083	24,455	10,769
Total Expenses		690,055	676,411	586,109	572,423
NET SURPLUS / (DEFICIT)		305,078	(113,621)	495,342	347,187
Loss on Defeasance	2	-	-	-	(328,320)
TOTAL NET SURPLUS / (DEFICIT)		305,078	(113,621)	495,342	18,867


Ngāti Mutunga o Wharekauri Iwi Trust
Consolidated Statement of Movements in Equity
For the Year Ended 31 March 2010

	Note	Group 2010 \$	Parent 2010 \$	Group 2009 \$	Parent 2009 \$
Opening Equity		17,845,824	2,248,738	17,350,482	2,229,871
Net Surplus / (Deficit) for the year		305,078	(113,621)	495,342	18,867
Total Recognised Revenue and Expenses		18,150,902	2,135,117	17,845,824	2,248,738
Movement in Trust Capital	2	-	(2,084,224)	-	-
CLOSING EQUITY		18,150,902	50,893	17,845,824	2,248,738

Ngāti Mutunga o Wharekauri Iwi Trust
Consolidated Statement of Financial Position
As at 31 March 2010

	Note	Group 2010 \$	Parent 2010 \$	Group 2009 \$	Parent 2009 \$
Current Assets					
ANZ Bank Current Accounts		30,402	13,303	33,952	31,231
Accounts Receivable		161,844	20,275	60,662	31,876
Group Inter Entity Accounts		-	60,000	-	(85,778)
Investment Accounts	3	3,929,947	-	3,725,822	2,354,568
Total Current Assets		4,122,193	93,578	3,820,436	2,331,897
Non Current Assets					
Property, Plant & Equipment	4	607,504	20,560	630,480	27,642
Seafood Quota	5	13,105,318	-	13,105,318	-
Shares - AFL	6	414,160	-	414,160	-
Total Non Current Assets		14,126,982	20,560	14,149,958	27,642
TOTAL ASSETS		18,249,175	114,138	17,970,394	2,359,539
Current Liabilities					
Accounts Payable		98,273	63,245	124,570	110,801
Total Current Liabilities		98,273	63,245	124,570	110,801
Equity					
Trust Capital	2	14,826,207	(248,849)	14,826,207	1,835,375
Accumulated Surplus	2	3,324,695	299,742	3,019,617	413,363
Total Equity		18,150,902	50,893	17,845,824	2,248,738
TOTAL LIABILITIES AND EQUITY		18,249,175	114,138	17,970,394	2,359,539

For and on behalf of the Board who authorised these financial statements for issue on 6/07/2010:


 Trustee


 Trustee

Ngāti Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2010

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The financial statements presented here are for reporting entity Ngāti 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 Ngāti Mutunga and to relieve poverty or need of Ngāti Mutunga.

The financial statements presented represent the results from operations of the Trust and the subsidiary companies that it wholly owns. Parent figures are for the Trust Board only, Group figures represent:

- Ngāti Mutunga o Wharekauri Iwi Trust
- Ngāti Mutunga o Wharekauri Asset Holding Company Limited
- Wharekauri Quota Holding Limited
- Motuhara Fisheries 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.

Ngāti Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements continued
For the Year Ended 31 March 2010

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.

	Group 2010 \$	Parent 2010 \$	Group 2009 \$	Parent 2009 \$
2. Retained Earnings				
Accumulated Surplus				
Opening Balance	3,019,617	413,363	2,524,275	394,496
Net Surplus / (Deficit)	305,078	(113,621)	495,342	18,867
Closing Balance	3,324,695	299,742	3,019,617	413,363
Trust Capital				
Opening Balance	14,826,207	1,835,375	14,826,207	1,835,375
Investments Transferred to Asset Holding Company	-	(2,084,224)	-	-
Closing Balance	14,826,207	(248,849)	14,826,207	1,835,375

The advance previously shown by the parent to Wharekauri Fisheries Limited has been corrected in the prior period and recorded as a loss on defeasance in the parent company (it does not impact the Group). This has resulted from the amalgamation of Wharekauri Fisheries Limited and Ngāti Mutunga O Wharekauri Asset Holding Company Limited on 31 March 2009.

Investments were transferred internally during the year from the parent Ngāti Mutunga O Wharekauri Iwi Trust to its subsidiary Ngāti Mutunga O Wharekauri Asset Holding Company Limited. There has been no change in the holdings of the Group as a result.

Ngāti Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements continued
For the Year Ended 31 March 2010

3. Investment Accounts

UDC	960,044	-	1,050,932	838,351
Canterbury Mortgage Trust *	151,720	-	644,812	357,795
BNZ Term Deposit	887,732	-	858,576	457,994
ASB Term Deposit	968,127	-	1,171,502	700,428
ANZ - Call	962,324	-	-	-
	3,929,947	-	3,725,822	2,354,568

* 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 65% of the original capital leaving a book value of \$151,720 at year end. Based on the information available the Trustees do not believe any further impairment is required.

4. Property, Plant and Equipment

	Group 2010 \$	Parent 2010 \$	Group 2009 \$	Parent 2009 \$
Motor Vehicles				
Opening Book Value	6,665	6,665	9,251	9,251
Depreciation	(2,000)	(2,000)	(2,586)	(2,586)
Closing Book Value	4,665	4,665	6,665	6,665
 Cost	13,133	13,133	13,133	13,133
Accumulated Depreciation	(8,468)	(8,468)	(6,468)	(6,468)
Closing Book Value	4,665	4,665	6,665	6,665
 Office Equipment and Software				
Opening Book Value	20,978	20,978	19,248	19,248
Additions	-	-	9,642	9,642
Depreciation	(5,084)	(5,084)	(7,913)	(7,913)
Closing Book Value	15,894	15,894	20,977	20,977
 Cost	52,166	52,166	52,166	52,166
Accumulated Depreciation	(36,272)	(36,272)	(31,189)	(31,189)
Closing Book Value	15,894	15,894	20,977	20,977
 Land and Buildings				
Opening Book Value	602,838	-	321,435	-
Additions	4,950	-	295,090	-
Depreciation	(20,844)	-	(13,686)	-
Closing Book Value	586,944	-	602,839	-
 Cost	625,563	-	624,074	-
Accumulated Depreciation	(38,619)	-	(21,235)	-
Closing Book Value	586,944	-	602,839	-
 Total Property Plant and Equipment	607,504	20,560	630,480	27,642

Ngāti Mutunga o Wharekauri Iwi Trust
notes to the Consolidated Financial Statements continued
For the Year Ended 31 March 2010

5. Seafood Quota

As determined by independent broker valuation the market value of quota as at 31 March 2010 is \$15,626,935 (2009: \$17,343,525). Overall the market value of Ngāti Mutunga Quota shares is down by \$1,716,590 which is due to the decrease in paua value along with the reduction in TACC for orange roughy.

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 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 (2009: Nil).

8. Contingent Assets or Liabilities

The Trustees are aware of the following contingent assets (Contingent assets as at 31 March 2009: Nil):

- Aquaculture settlement which is in the process of being finalised (Estimated at \$40,000).
- Liquidation of Ngāti Mutunga o Wharekauri Trust which is in the process of being finalised (Estimated at \$420,000).

The Trustees are not aware of any contingent liabilities existing as at 31 March 2010 (2009: Nil).

9. Related 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.

10. Events Subsequent to Balance Date

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

11. 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.

Ngāti Mutunga o Wharekauri Iwi Trust

Notes to the Consolidated Financial Statements continued For the Year Ended 31 March 2010

	Group 2010 \$	Parent 2010 \$	Group 2009 \$	Parent 2009 \$
12. Trustee's Remuneration				
Steve Tuuta	7,493	7,493	6,660	6,660
Philip Seymour	-	-	18,333	18,333
Jack Daymond (Trustee & Director)	14,990	9,990	16,997	11,997
Registrar	8,850	8,850	8,850	8,850
Jeanette Page	5,827	5,827	9,990	9,990
Deborah Goomes (Deputy Chairperson)	12,498	12,498	9,990	9,990
Kevin Thomas (Trustee & Director)	4,165	1,665	15,990	9,990
Robin Page (Trustee & Director)	13,490	9,990	9,990	9,990
Paula Page (Chairperson)	22,000	22,000	11,992	11,992
Cameron Gregory-Hunt	-	-	6,660	6,660
Joseph Thomas	-	-	1,665	1,665
Allan Harvey	8,325	8,325	-	-
Jamie Tuuta	2,498	2,498	-	-
Total Trustee's Remuneration	100,136	89,136	117,117	106,117

	Group 2010 \$	Parent 2010 \$	Group 2009 \$	Parent 2009 \$
13. Income and Expenses				
a) Revenue				
Revenue from Investment				
Dividend Received from Group Entities	-	490,090	-	845,000
Interest Received	126,897	72,500	240,013	136,910
Other	200	200	-	-
	127,097	562,790	240,013	981,910

b) Expenses				
Commercial Expenses				
Accounting	17,500	-	15,000	-
Audit	10,000	-	7,500	-
Directors Fees	59,400	-	59,400	-
Asset Management Support	99,014	-	49,872	-
Wages and Salaries	45,000	-	45,000	-
Other Commercial Expenses	18,537	-	35,730	-
	249,451	-	212,502	-

Iwi Trust Governance Expenses

Travel and Accommodation	38,348	38,348	34,841	34,841
Trustee Fees	89,136	89,136	106,117	106,117
Advisory	49,699	49,699	58,151	58,151
Meeting Costs	120,414	120,414	42,725	42,725
Other	2,211	2,211	1,159	1,159
	299,808	299,808	242,993	242,993

Iwi Trust Operating Expenses

Wages and Salaries	87,993	87,993	127,305	127,305
Accounting Fees	40,990	40,990	27,240	27,240
Audit Fees	13,160	13,160	7,669	7,669
Strategic and Management Support	96,940	96,940	72,306	72,306
Other	92,069	99,269	84,141	84,141
	331,152	338,352	318,661	318,661

AUDIT REPORT TO THE TRUSTEES OF NGĀTI MUTUNGA O WHAREKAURI IWI TRUST

We have audited the financial statements on pages 8 to 15. The financial statements provide information about the past financial performance of Ngāti Mutunga o Wharekauri Iwi Trust and its financial position as at 31 March 2010. This information is stated in accordance with the accounting policies set out on pages 11 to 12 of the financial statements.

This report is made solely to the members of Ngāti Mutunga o Wharekauri Iwi Trust, as a body, in accordance with the requirements of Ngāti Mutunga o Wharekauri Iwi Trust's trust deed. Our audit has been undertaken so that we might state to the Ngāti Mutunga o Wharekauri Iwi Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Ngāti Mutunga o Wharekauri Iwi Trust and the Ngāti Mutunga o Wharekauri Iwi Trust's members as a body, for our audit work, for this report, or for the opinion we have formed.

Board of Trustees Responsibilities

The Board of Trustees are responsible for the preparation of the financial statements which fairly reflect the financial position of the Trust as at 31 March 2010 and the results of its operations for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Trustees.

Basis of Opinion

An audit includes examining on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Trustees in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Trust circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have no other relationship with, or interests in, the Trust.

Unqualified Opinion

In our opinion the financial statements on pages 8 to 15 fairly reflect the financial position of Ngāti Mutunga o Wharekauri Iwi Trust as at 31 March 2010 and the results of its operations for the year ended on that date.

Our audit was completed on 6 July 2010 and our unqualified opinion is expressed as at that date.



BDO Christchurch
Christchurch

Ngāti Mutunga o Wharekauri Iwi Trust

Directory

For the year end 31 March 2010

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

Paula Page – Chairperson
Deborah Goomes – Deputy Chairperson
Alan Harvey
Jack Daymond
Robin Page
Jamie Tuuta – appointed November 2009
Jeanette Page – resigned August 2009
Steve Tuuta – resigned November 2009

Accountant

DJCA
PO Box 25-318
Christchurch 8144

Auditor

BDO Spicers
Level 6&7, Spicer House
148 Victoria Street
Christchurch

Solicitor

Wynn Williams
7th Floor, BNZ House
129 Hereford Street
PO Box 4341
Christchurch 8140

Bankers

ANZ
Wharekauri / Chatham Islands