



**Financial Statements
For the year ended 31 December 2009**

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Omataroa Rangitaiki No 2 Trust
Statement of Financial Performance
For the year ended 31 December 2009

	Note	2008 \$	2009 \$
Revenue	2	1,189,506	1,304,688
Net Financing Income	3	323,907	160,526
Total Income		<u>1,513,413</u>	<u>1,465,214</u>
Less Expenses	4	420,128	486,416
Share of Ngati Awa Farms Joint Venture	11(b)	-	(123,263)
Profit/(Loss) before Tax for the Year		<u>1,093,285</u>	<u>855,535</u>
Less Tax Expense	5	212,844	141,066
Profit/(Loss) for the Year		<u><u>880,441</u></u>	<u><u>714,469</u></u>

Omataroa Rangitaiki No 2 Trust
Statement of Movements in Equity
For the year ended 31 December 2009

	Note	2008 \$	2009 \$
Equity at the Beginning of the Year		31,077,884	30,718,883
Add Profit/(Loss) for the Year		880,441	714,469
Increases(Decreases) in reserves		(647)	(460)
Other Revenues and Expenses		(17,796)	(25,954)
Total Recognised Income and Expenses		<u>31,939,882</u>	<u>31,406,938</u>
Less			
Dividends Paid		913,364	-
Tertiary Grants		127,750	65,500
Boarding School Grants		28,800	35,600
Community Grants		40,000	46,000
Discretionary Grants		46,935	43,830
Health Grants		4,150	23,193
Marae Grants		60,000	60,000
		<u>1,220,999</u>	<u>274,123</u>
Equity at the End of the Year		<u><u>30,718,883</u></u>	<u><u>31,132,815</u></u>

The accompanying accounting policies and notes form part of the financial statements.

Omataroa Rangitaiki No 2 Trust
Statement of Financial Position
As at 31 December 2009

	Note	2008	2009
Equity	6	\$	\$
Property Revaluation Reserve	7	19,594,876	19,594,876
Investment Revaluation Reserve	7	2,652	2,192
Distribution Grant Account		424,116	534,993
Trustee Capital Account		6,561,025	6,576,212
Retained Earnings		4,136,214	4,424,542
Equity	6	<u>30,718,883</u>	<u>31,132,815</u>
This is represented by:			
What We Own:			
Current Assets			
Bank	9	96,918	1,661,320
NZ Guardian Trust Account		124,952	402
Taxation	5	-	5,428
Accounts Receivable		27,605	52,860
Other Assets		17,209	32,403
		<u>266,684</u>	<u>1,752,413</u>
Non-Current Assets			
Investments	11	4,128,582	3,027,417
Property, Plant & Equipment	10	28,504,485	28,472,009
		<u>32,633,067</u>	<u>31,499,426</u>
Total Assets		<u>32,899,751</u>	<u>33,251,839</u>
Less What We Owe:			
Current Liabilities			
Accounts Payable & Accruals	12	12,187	30,216
Taxation	5	68,421	-
Income Received in Advance	13	98,438	101,138
Unclaimed Dividends		2,001,822	1,987,670
		<u>2,180,868</u>	<u>2,119,024</u>
Total Liabilities		<u>2,180,868</u>	<u>2,119,024</u>
Net Assets		<u>30,718,883</u>	<u>31,132,815</u>



T W Vercoe
Chairman - 31 August 2010



C Elliott
Trustee

The accompanying accounting policies and notes form part of the financial statements.

Omataroa Rangitaiki No 2 Trust
Notes to the Financial Statements
For the year ended 31 December 2009

1 Statement of Accounting Policies

Reporting Entity

For the purpose of entity reporting, Omataroa Rangitaiki No 2 Trust is an Ahuwhenua Trust, as defined under Section 215 of the Te Ture Whenua Maori Act 1993.

These financial statements have been prepared in accordance with generally accepted accounting practice and the requirements of the Te Ture Whenua Maori Act 1993.

Measurement Base

The measurement base is historical cost except where stated otherwise.

Specific Accounting Policies

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

Revenue

Rental Income

Rental Income is recognised in the Statement of Financial Performance on a straight line basis over the term of the lease.

Net Financing Income

Net financing income represents financing income less financing expenses. Financing income comprises interest income received on funds invested, and dividend income that are recognised in the Income Statement. Interest income is recognised in the Income Statement as the income accrues. Dividend income is recognised in the Income Statement on the date the Trust's right to receive payment is established.

Depreciation

Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007. This method is considered appropriate to the business.

Buildings	25 to 40 years
Plant and Equipment	5 to 10 years
Office Equipment	5 to 10 years
Furniture & Fittings	5 to 10 years

Income Tax

The Income tax expense charged against the operating surplus for the year is the estimated total tax for year in accordance with the taxation return to the Inland Revenue. No provision has been made for deferred tax.

Receivables

Receivables are stated at their estimated realisable value.

Investments

Investments are recorded at cost except for shares which are shown at current market values. Changes in investment values are accounted for through the Statement of Financial Performance.

Joint Ventures

Joint Ventures are joint engagements with other parties in which the Trust has several liability in respect of costs and liabilities, and shares in resulting output. The Trust's share of the assets, liabilities, revenues and expenses of joint ventures is incorporated into the financial statements using the equity method.

Property, Plant and Equipment

Fixed Assets are valued at cost less depreciation written off to date, except land and buildings which are revalued to 1995 Government Valuations.

The land and buildings have not been valued since 1995. These are departures from FRS-3 however in the case of depreciation on the revalued buildings it is in accordance with the Income Tax Act 2007.

Plant and Equipment, Furniture and Fittings and Office Equipment are stated at cost less accumulated depreciation.

Goods and Services Tax

These accounts have been prepared exclusive of Goods and Services Tax except for Accounts Receivable and Accounts Payable.

Differential Reporting

The Trust is entitled to claim certain exemptions from reporting standards under the differential reporting framework by virtue of the following criteria:

1. The Trust does not have public accountability
2. The Trust is not large

The Trust has taken advantage of all differential reporting exemptions which are available.

Changes in Accounting Policy

There has been no changes in accounting policies during the year and they have been applied on a consistent basis with those of the previous year.

Omataroa Rangitaiki No 2 Trust
Notes to the Financial Statements
For the year ended 31 December 2009

2 Revenue

	Note	2008 \$	2009 \$
Rental Income	2(a)	1,144,071	1,193,458
Quarry Royalties & Fees		45,435	111,230
Total Revenue		1,189,506	1,304,688

2(a) Rental Income

Residential House Rents	43,455	58,082
Downward Road Te Teko-Forestry Lease	1,050,000	1,050,000
Property Income	50,616	85,376
	<u>1,144,071</u>	<u>1,193,458</u>

3 Net Financing Income

Interest Income	323,782	160,453
Dividend Income	125	73
Total Financing Income(Loss)	323,907	160,526

4 Expenses

Audit Fees	3,000	3,000
ACC Levy	-	129
Accountancy & Secretarial Fees	61,027	30,930
Administration Services	-	126,280
Advertising	3,215	656
Bad Debts	-	16,994
Bank Charges	293	201
Conference Expenses	3,420	3,988
Consultants Fees	20,698	22,755
Depreciation	34,169	43,151
Donations	1,690	2,550
General Expenses	112	560
Income Collection	37,100	1,191
Insurance	4,773	6,177
Interest	-	702
Legal Expenses	44,961	45,490
Loss on sale	-	1,608
Maori Land Attendances	31,448	-
Meeting(AGM&Other) Expenses	23,116	3,089
Printing/Stationery/Photocopying/Postage	1,049	169
Property Expenses	117,982	107,273
Rates	9,666	10,233
Selling Expenses	(5,665)	-
Sponsorship	-	4,944
Subscriptions	500	444
Telephone & Tolls	562	588
Trustee Travel costs	3,662	4,514
Trustee Meeting Fees	24,000	48,800
Valuation Fee	(650)	-
Total Expenses	420,128	486,416

4(a) Trustee Fees

	2008		2009	
	No	\$	No	\$
W Vercoe	17	3,050	27	10,800
C Elliott	42	6,900	39	15,600
J Mason	7	1,050	14	5,600
W Brown	16	3,400	19	7,600
D Macpherson	30	5,750	17	8,800
R Moses	24	3,850	6	2,400
		<u>24,000</u>		<u>48,800</u>

Omataroa Rangitaiki No 2 Trust
Notes to the Financial Statements
For the year ended 31 December 2009

5 Tax Expense

Reconciliation of the Prima Facie Income Tax Payable on Profit with the income Tax Expense Charged:

	2008	2009
	\$	\$
Profit/(Loss) before Tax for the Year	1,093,285	855,535
Plus Non-deductible expenses	33,587	20,243
Less Non assessable/deductible income/losses	<u>(35,363)</u>	<u>(152,364)</u>
Taxable Profit(Loss) before Tax for the Year	<u><u>1,091,509</u></u>	<u><u>723,414</u></u>
Income Tax Expense at 19.5% on Taxable Profit	<u><u>212,844</u></u>	<u><u>141,066</u></u>
Tax Payable/(Receivable)		
Income Tax Expense	212,844	141,066
Provisional Tax paid	(131,444)	(135,762)
Prior Yrs Refunds	(3,779)	-
Resident Withholding Tax Paid	(9,160)	(10,709)
Imputation Credits	<u>(40)</u>	<u>(23)</u>
Tax Payable/(Receivable)	<u><u>68,421</u></u>	<u><u>(5,428)</u></u>
Maori Authority Credit Account		
Balance at the Beginning of the Year	903,698	1,044,342
Taxation Refunded	-	-
Provisional Taxation Paid	131,444	135,762
Resident Withholding Tax Paid	9,159	10,709
Imputation Credits Attached to Dividends	<u>41</u>	<u>23</u>
Balance at the End of the Year	<u><u>1,044,342</u></u>	<u><u>1,190,836</u></u>

The closing balance is available to be attached to dividends issued by the Trust.

6 Equity

	Trustee Capital	Property Revaluation Reserve	Investment Revaluation Reserve	Grants Accounts	Accumulated Surplus	Total Equity
31 December 2008						
Balance at the Beginning of the Year	6,578,821	19,594,876	3,299	391,751	4,509,137	31,077,884
Profit/(Loss) for the Year					880,441	880,441
Dividend Distribution					(913,364)	(913,364)
DOC Grant received	44,870					44,870
Rahui Expenses	(62,666)					(62,666)
Share(Transfer) of Surplus				340,000	(340,000)	-
Grants paid				(307,635)		(307,635)
Revaluation increase(decrease)			<u>(647)</u>			<u>(647)</u>
Balance at the End of the Year	<u><u>6,561,025</u></u>	<u><u>19,594,876</u></u>	<u><u>2,652</u></u>	<u><u>424,116</u></u>	<u><u>4,136,214</u></u>	<u><u>30,718,883</u></u>
31 December 2009						
Balance at the Beginning of the Year	6,561,025	19,594,876	2,652	424,116	4,136,214	30,718,883
Profit/(Loss) for the Year					714,469	714,469
Prior Year Adjustment					(86,141)	(86,141)
DOC Grant received	46,176					46,176
Rahui Expenses	(30,989)					(30,989)
Transfer previous Grant to Loan Account				45,000		45,000
Share(Transfer) of Surplus				340,000	(340,000)	-
Grants paid				(274,123)		(274,123)
Revaluation increase(decrease)			<u>(460)</u>			<u>(460)</u>
Balance at the End of the Year	<u><u>6,576,212</u></u>	<u><u>19,594,876</u></u>	<u><u>2,192</u></u>	<u><u>534,993</u></u>	<u><u>4,424,542</u></u>	<u><u>31,132,815</u></u>

Omataroa Rangitaiki No 2 Trust
Notes to the Financial Statements
For the year ended 31 December 2009

7 Reserves

	2008	2009
	\$	\$
Property Revaluation Reserves	19,594,876	19,594,876
Other Reserves	2,652	2,192
	<u>19,597,528</u>	<u>19,597,068</u>

Reserves comprise of:

	Note	Property Revaluation Reserve	Other Reserves	Total
31 December 2008				
Investment Revaluation Reserve			3,299	3,299
Revaluation			(647)	(647)
Opening Balance 31/12/94		6,400,000		6,400,000
Revaluation Downward Rd 7773.001 ha		9,850,000		9,850,000
Revaluation Downward Rd Improvements		3,050,000		3,050,000
Revaluation McDonalds Rd 63.5837 ha		277,823		277,823
Revaluation McDonalds Rd 2.0234 ha		500		500
Revaluation Te Teko 18.0387 ha		21,852		21,852
Revaluation Te Teko Improvements		7,000		7,000
Less Te Teko adjustments		(12,299)		(12,299)
		<u>19,594,876</u>	<u>2,652</u>	<u>19,597,528</u>

31 December 2009				
Investment Revaluation Reserve			2,652	2,652
Revaluation			(460)	(460)
Opening Balance 31/12/94		6,400,000		6,400,000
Revaluation Downward Rd 7773.001 ha		9,850,000		9,850,000
Revaluation Downward Rd Improvements		3,050,000		3,050,000
Revaluation McDonalds Rd 63.5837 ha		277,823		277,823
Revaluation McDonalds Rd 2.0234 ha		500		500
Revaluation Te Teko 18.0387 ha		21,852		21,852
Revaluation Te Teko Improvements		7,000		7,000
Less Te Teko adjustments		(12,299)		(12,299)
		<u>19,594,876</u>	<u>2,192</u>	<u>19,597,068</u>

8 Retained Earnings

	2008	2009
	\$	\$
Opening Balance	4,900,888	4,560,330
Add Profit(Loss) for the Year	880,441	714,469
	<u>5,781,329</u>	<u>5,274,799</u>
Less Dividends Paid	913,364	-
Grants Paid	307,635	274,123
Prior year Adjustments	-	41,141
Closing Balance	<u>4,560,330</u>	<u>4,959,535</u>

Distributions to members from income retained prior to the 2004/05 year will be treated as non-taxable distributions in the hands of the members. Distributions to members from income retained from the 2004/05 year onwards will be treated as taxable distributions in the hands of the members. \$1,750,991 of the closing balance is available for tax free distributions.

8(a) Grants Paid

	2008	2009
	\$	\$
Tertiary Grants	127,750	65,500
Boarding School Grants	28,800	35,600
Community Grants	40,000	46,000
Discretionary Grants	46,935	43,830
Health Grants	4,150	23,193
Marae Grants	60,000	60,000
	<u>307,635</u>	<u>274,123</u>

9 Bank

	2008	2009
	\$	\$
Bank-Westpac	75,451	-
Bank-ANZ	2,596	27,855
Bank-Kiwibank	-	600,031
Short Term Deposits	18,871	1,033,434
	<u>96,918</u>	<u>1,661,320</u>

Omataroa Rangitaiki No 2 Trust
Notes to the Financial Statements
For the year ended 31 December 2009

10 Property, Plant & Equipment

	Land	Buildings & Improvements	Furniture & Fittings	Office Equipment	Total Property Plant & Equipment
31 December 2008	Cost/ Valuation	Cost	Cost	Cost	
Balance at the Beginning of the Year	27,740,055	688,367	15,039	1,409	28,444,870
Additions (Cost)	2,090	90,286	1,410	-	93,786
Disposals (NBV)	-	-	-	-	0
Depreciation	(17)	(29,748)	(3,901)	(505)	(34,171)
<i>Balance at the End of the Year</i>	<u>27,742,128</u>	<u>748,905</u>	<u>12,548</u>	<u>904</u>	<u>28,504,485</u>
Cost or Valuation	27,742,145	778,653	16,449	1,409	28,538,656
Accumulated Depreciation	(17)	(29,748)	(3,901)	(505)	(34,171)
Net Book Value	<u>27,742,128</u>	<u>748,905</u>	<u>12,548</u>	<u>904</u>	<u>28,504,485</u>
31 December 2009	Cost/ Valuation	Cost	Cost	Cost	
Balance at the Beginning of the Year	27,742,128	748,905	12,548	904	28,504,485
Additions (Cost)	-	-	2,724	-	2,724
Disposals (NBV)	-	-	(564)	(485)	(1,049)
Depreciation	(100)	(31,010)	(3,041)	-	(34,151)
<i>Balance at the End of the Year</i>	<u>27,742,028</u>	<u>717,895</u>	<u>11,667</u>	<u>419</u>	<u>28,472,009</u>
Cost or Valuation	27,742,128	748,905	14,708	904	28,506,160
Accumulated Depreciation	(100)	(31,010)	(3,041)	(485)	(34,151)
Net Book Value	<u>27,742,028</u>	<u>717,895</u>	<u>11,667</u>	<u>419</u>	<u>28,472,009</u>

The latest available Government valuations of Land and Improvements are:

2020 State Highway 30, Te Teko 18.8808ha	\$640,000
2164 State Highway 30, Te Teko 16.8453ha	\$730,000
38 State Highway 30, Te Teko 0.0951ha	\$10,000
40 State Highway 30, Te Teko 0.0951ha	\$10,000
124 Downward Road, Whakatane 7,773.001ha	\$20,500,000
311 McDonald Road, Whakatane 63.5837ha	\$1,125,000
83 Muriwai Drive, Whakatane(Residential)	\$375,000
83A Muriwai Drive, Whakatane(Residential)	\$240,000
10 Harvey Street, Whakatane(Residential)	\$350,000
414 McDonald Road, Whakatane 0.4046ha	\$305,000
Total	<u>\$24,285,000</u>

Valuer: Quotable Value Limited

Date of Valuation: 1 September 2007

11 Investments

	2008	2009
Note	\$	\$
Shares-Horizon Energy	1,680	1,220
Shares in Rangitaiki 60D 6	-	80,000
Craigs Investment Partners	-	151,189
Kiwifruit Gold Licence-KCSM Horticulture Limited	-	124,333
NZ Guardian Trust Group Investment Fund	2,909,046	557,871
Rabobank Fixed Rate Bonds	-	100,000
Manu Hou Limited Partnership	11(a)	1,000,000
Investment in Joint Ventures	11(b)	410,447
Loans and Mortgages	11(c)	602,357
	<u>4,128,582</u>	<u>3,027,417</u>

11(a) The Manu Hou Limited Partnership was registered on 16 September 2009. The initial investors in the Partnership are Omataroa Rangitaiki No 2 Trust, Ngati Awa Asset Holdings Ltd and Putauaki Trust. The business of the Limited Partnership is to utilise the committed capital to undertake private equity investment through the Direct Capital private equity program, Direct Capital IV. As at 31 December the Limited Partnership's commitment to Direct Capital IV was \$61,080.

11(b) The Joint Venture(JV) investment includes the Trust's share (6.21%) in the ownership of Ngakaurua Dairy Farm located at 672 Western Drain Road, Whakatane. The Ngati Awa Farms(Rangitaiki) JV is an unincorporated JV. The main partner in the JV is Ngati Awa Farms Limited(50.91%) and the remaining partners are Eastern BOP Maori Trusts. The balance date of the JV is 30 June and the operating result for the year ended 30 June 2009 has been included in the Trust's financial statements using the equity method.

Omataroa Rangitaiki No 2 Trust
Notes to the Financial Statements
For the year ended 31 December 2009

11(c) Loans and Mortgages	2008	2009
Loans	\$	\$
Ministry of Works	4,000	4,000
B Hunia	32,000	32,233
RE & A Anderson	4,149	2,202
P Wilkins	50,000	-
Kingi Williams	13,528	9,406
G Vercoe	1,174	-
Whitehouse Cafe	15,991	16,281
Te Kura Mana Maori o te Orini	-	40,800
Te Teko Golf Club	100,000	100,000
Whiaitiri Pomana	-	4,000
Mortgages		
Poroporo Rugby & Sports Club	234,508	246,867
Rangitukehu	14,734	-
M Kingi & S Smith	82,600	-
Te Teko Riverside Tavern Limited	96,336	98,039
S Koopu te Poono & A Sutton	50,126	48,529
	<u>699,146</u>	<u>602,357</u>

12 Accounts Payable & Accruals	2008	2009
	\$	\$
Accounts Payable	12,187	30,215
	<u>12,187</u>	<u>30,215</u>

13 Income Received in Advance	2008	2009
Property Rentals	98,438	101,138
	<u>98,438</u>	<u>101,138</u>

14 Capital

The capital of the Trust has been defined as the value of the unimproved land in the Trust, ie that value or value equivalent which was in the beginning available to the Trustees, updated by events such as increases or decreases in the value of land. A Land Revaluation Reserve was included in the 1992 and 1995 years. An Investment Revaluation Reserve was included in the 1994 and 1995 years.

15 Capital Commitments

Other than those commitments disclosed in Note 11 there are no capital commitments at balance date. (2008 \$Nil)

16 Contingent Liabilities

There are no contingent liabilities at balance date. (2008 \$Nil)

17 Related Party Transactions

There have been no material related party transactions during the year. Waaka Vercoe and Charlie Elliott are also trustees in Putauaki Trust and Waaka Vercoe is a director in Ngati Awa Asset Holdings Limited and Ngati Awa Farms Limited.

18 Background

Formation

The Trust was formed on 14 April 1971 pursuant to Section 438 of the Maori Affairs Act 1953. (now Section 215 of the Te Ture Whenua Maori Act 1993.)

Principal Activities

The principal activities of the Trust are landlords, investment, cropping and leases.

19 Shareholding

The total shareholding in the Trust Register as at 31 December 2009 is 2,322,500 shares.

20 Significant Events after Balance Date

There are no significant events after balance date that would have some effect on these financial statements.

**AUDITORS' REPORT
TO THE OWNERS OF
OMATAROA RANGITAIKI NO 2 TRUST**

We have audited the financial statements on pages 1-8. The financial report provides information about the past financial performance of the trust and its financial position as at 31 December 2009. This information is stated in accordance with the accounting policies set out on page 3.

Responsibilities of the Committee of Management

The Trust order places a responsibility on the committee of management to prepare annual financial statements in accordance with generally accepted accounting practice, which gives a true and fair view of the financial position of the trust as at 31 December 2009 and of the results of operations for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the committee of management based on the results of our audit.

Basis of Opinion

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

- * the significant estimates and judgements made by the committee of management in the preparation of the financial report, and
- * whether the accounting policies are appropriate to the trust's 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 report is 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 report.

Other than our capacity as auditor our firm has no other interests in the Omataroa Rangitaiki No 2 Trust.

Qualified Opinion

We have obtained all the information and explanations we have required.

As stated in note 1 page 3, the trust has not provided for depreciation on land and improvements or valued these at the latest market values. This is a departure from applicable Financial Reporting Standard No. 3, which requires that depreciation be charged against surplus so as to allocate the cost of land and improvements over their useful economic lives and that land and improvements are required to be valued at fair value, latest market value. The trust has not calculated the financial effects of this departure from the applicable financial reporting standard.

In our opinion

- ~~proper accounting records have been kept by the trust as far as appears from our examination of those records and;~~
- except for the effect of the departure from applicable Financial Reporting Standard No. 3 as outlined above, the financial report on pages 1-8:
 - complies with generally accepted accounting practice in New Zealand;
 - gives a true and fair view of the financial position of the trust as at 31 December 2009 and the results of its operations for the period ended on that date.

Our audit was completed on 30th August 2010 and our qualified opinion is expressed as at that date.

BDO Rotorua

BDO ROTORUA