

OMATAROA RANGITAIKI NO 2 TRUST
Financial Statements
For the Year Ended 31st December 2013

OMATAROA RANGITAIKI NO 2 TRUST
Financial Statements
For the Year ended 31st December 2013

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**INDEPENDENT AUDITOR'S REPORT
TO THE OWNERS OF
OMATAROA RANGITAIKI #2 TRUST**

Report on the Financial Statements

We have audited the financial statements of **OMATAROA RANGITAIKI #2 TRUST** on pages 4 to 19, which comprise the statement of financial position as at 31 December 2013, the statement of changes 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 Owners, as a body, in accordance with the Trust Order of **OMATAROA RANGITAIKI #2 TRUST**. Our audit has been undertaken so that we might state to the Owners 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 Owners, as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Trustees Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Other than in our capacity as auditor we have no relationship with, or interests in, **OMATAROA RANGITAIKI #2 TRUST**.

Basis for Qualified Opinion on Financial Position and Financial Performance

As stated in note 1 page 9, the trust has not provided for depreciation on the revalued land and improvements. 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. Land & improvements and are not valued at the latest market values.

This is a departure from Financial Reporting Standards that require land & improvements to be valued at latest market value. The trust has not calculated the financial effects of this departure.

Qualified Opinion on Financial Position and Financial Performance

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph the financial statements on pages 4 to 19,

- comply with generally accepted accounting practice in New Zealand;
- present fairly, in all material respects, the financial position of **OMATAROA RANGITAIKI #2 TRUST** as at 31 December 2013, and of its financial performance for the year then ended.

BDO Rotorua

BDO ROTORUA

16 March 2015
1130 Pukaki Street
Rotorua
New Zealand

OMATAROA RANGITAIKI NO 2 TRUST
Trust Directory
As at 31st December 2013

Physical Address	Te Wairere House 6 Wairere Street Whakatane 3120
Postal Address	PO Box 227 Whakatane 3158
Telephone No	(07) 9295692
Date of Formation	14 April 1971 Pursuant to section 438 of the Maori Affairs Act (now section 215 of the Te Ture Whenua Act 1993)
Principal Activities	Landlords, investment, cropping and leases
Shareholding	2,322,500
Share Value	\$8.65
Trustees	Charlie Elliott Joe Mason Gina O'Brien Jane Waldon Waaka Vercoe Whaiora Puutu-Brown
Associate Trustee	John Hohapata-Oke
Auditors'	BDO Rotorua 1130 Pukaki Street Rotorua

OMATAROA RANGITAIKI NO 2 TRUST

Statement of Financial Performance

For the Year Ended 31st December 2013

	Note	This Year \$	Last Year \$
REVENUE			
Revenue	1	1,419,007	1,403,268
Financing Income	2	201,641	179,291
Share of Joint Venture/Partnership Income		211,309	21,372
Total Income		<u>1,831,957</u>	<u>1,603,931</u>
Less: Expenses	3	<u>389,845</u>	<u>376,947</u>
PROFIT BEFORE TAX		<u>1,442,112</u>	<u>1,226,984</u>
Income Tax Expense	10	<u>148,494</u>	<u>88,309</u>
NET PROFIT AFTER TAX		<u><u>1,293,618</u></u>	<u><u>1,138,675</u></u>

The accompanying notes form part of these financial statements.

OMATAROA RANGITAIKI NO 2 TRUST

Statement of Movements in Equity

For the Year Ended 31st December 2013

	Note	This Year \$	Last Year \$
TRUST EQUITY AT START OF YEAR		20,130,786	19,854,730
Add Profit for the Year		1,293,618	1,138,675
Increase in Investment Reserve		30,933	75,205
Increase (Decrease) in Property Reserves		(1,001,175)	-
Decrease in Raahui Reserve		(5,754)	(13,158)
Other Revenue & Expenses		-	(31,050)
Total Recognised Income and Expenses for the Year		<u>20,448,408</u>	<u>21,024,402</u>
Less:			
Donation Paid	23	348,000	671,052
Grants Paid	7a	30,110	222,564
Plus:			
Share of Joint Venture Tax Credits		28,138	-
TRUST EQUITY AT END OF YEAR		<u><u>\$20,098,436</u></u>	<u><u>\$20,130,786</u></u>

The accompanying notes form part of these financial statements.

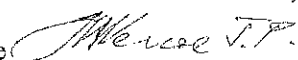
OMATAROA RANGITAIKI NO 2 TRUST

Statement of Financial Position

As at 31st December 2013

	Note	This Year \$	Last Year \$
Equity			
Original Capital	4	6,639,464	6,639,464
Asset Revaluation Reserve		6,757,629	7,758,804
Investment Revaluation Reserve	5	140,797	109,864
Raahui Reserve	6	(112,289)	(106,535)
Retained Earnings	7	6,672,835	5,729,189
		<u>20,098,436</u>	<u>20,130,786</u>
Current Assets			
Accounts Receivable		52,359	55,956
Biological Assets		34,442	41,211
Cash and Cash Equivalents	8	1,420,791	1,231,763
GST Refund Due		14,437	3,625
Term Investments	9	603,831	508,839
Taxation	10	31,137	113,912
Other Assets		16,778	51,416
		<u>2,173,775</u>	<u>2,006,720</u>
Non-Current Assets			
Investments			
Fixed Rate Bonds	11	53,910	162,045
Joint Ventures	12	2,216,722	2,134,200
Loan Advances	13	118,618	130,704
Mortgages	14	606,638	616,384
NZ Guardian Trust		101,431	154,682
Parish of Rangitaiki 60D 6		80,000	80,000
Shares in Listed Companies	15	721,934	389,287
Whenua Films Limited	16	100,000	-
		<u>3,999,253</u>	<u>3,667,302</u>
Tangible Assets			
Property, Plant & Equipment	18	16,863,460	17,441,023
Intangible Assets			
Development Costs	17	154,248	154,248
TOTAL ASSETS		<u>23,190,736</u>	<u>23,269,293</u>
Current Liabilities			
Accounts Payable		110,280	71,898
Income Received in Advance	19	562,834	561,989
Unclaimed Dividends		2,419,186	2,504,620
Total Liabilities		<u>3,092,300</u>	<u>3,138,507</u>
NET ASSETS		<u>\$20,098,436</u>	<u>\$20,130,786</u>

For and on behalf of the Trustees;

Trustee 

Trustee 

Date

The accompanying notes form part of these financial statements.



OMATAROA RANGITAIKI NO 2 TRUST

Notes to the Financial Statements

For the Year ended 31st December 2013

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

For the purpose of entity reporting, OMATAROA RANGITAIKI NO 2 TRUST is an Ahu Whenua 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 financial statements of OMATAROA RANGITAIKI NO 2 TRUST have been prepared on an historical cost basis, except as noted otherwise below.

Specific Accounting Policies

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

(a) **Accounts Payable**

Accounts Payable are stated at cost.

(b) **Accounts Receivable**

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

(c) **Biological Assets**

Biological Assets or agricultural produce have been recorded at cost. The future economic benefit will flow to the Trust on harvest.

(d) **Cash and Cash Equivalents**

Cash and cash equivalents in the Statement of Financial Position comprises of cash at bank and in hand and short term deposits with an original maturity of three months or less. They are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(e) **Held at Maturity Investments**

Held at Maturity Investments are non-derivative financial assets with a fixed or determinable payments and fixed maturities less than 12 months. The Trust has Maturity Investments which are classified as Term Investments in the Statement of Financial Position.

(f) **Foreign Currencies**

Both the functional and presentation currency for the trust is New Zealand dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction.

Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The gain or loss on translation differences on non-monetary items is recognised in equity, whilst other translation differences to monetary items are recognised in the Statement of Financial Performance.



OMATAROA RANGITAIKI NO 2 TRUST

Notes to the Financial Statements

For the Year ended 31st December 2013

(g) Finance Leases

Finance lease is a lease that transfers to the lessee substantially the entire risks and rewards incidental to the ownership of the asset.

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding loan. The finance charge is allocated to each period during the lease term on an effective interest rate.

(h) Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis with the exception of Accounts receivable and Accounts payable which are shown inclusive of GST.

(i) Intangible Assets/Development Costs

Development costs are expenses incurred in project investigation. Upon commencement of the project these expenses will be capitalised to the cost of the project. Alternatively if the project does not proceed these expenses will be written off.

(j) Investments

The Trust classifies its investments in the following categories:

1. Fixed Rate Bonds
2. Joint Ventures
3. Loan & Mortgages
4. Shares in listed Companies

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Fixed Rate Bonds & Shares in listed Companies

Share investments in listed companies are stated at their fair value. Initially they are recorded at cost, and are then valued at market bid price at the Statement of Financial Position date in subsequent periods. Any gains or losses as a result of revaluation is accounted for through the Investment Revaluation Reserve.

Joint Ventures

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

Loan Advances & Mortgages

Loans and Mortgages have fixed interest rates or determinable payments that are not quoted in an active market and arise when the Trustees advance money to shareholders.

Loans and mortgages that are due to be repaid within 12 months of balance date and recorded in the Current Assets and are measured at amortisation cost using the effective interest method.

(k) Revenue Recognition

Sales of goods are recognised when they have been delivered and accepted by the customer.

Revenue is recognised as follows:

Rental Income

Rental Income is recognised on a straight line basis over the term of the lease.



OMATAROA RANGITAIKI NO 2 TRUST

Notes to the Financial Statements

For the Year ended 31st December 2013

Net Financing Income

Net financing income represents financing income less financing expenses. Net Financing Income comprises interest income received on funds invested and dividend income that are recognised in the Statement of Financial Performance.

Interest income is recognised in the Statement of Financial Performance as the income accrues using the effective interest method. Dividend income is recognised in the Statement of Financial Performance on the date the Trust's right to receive payment is established.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

(l) Property, Plant & Equipment

Fixed Assets are valued at cost less depreciation written off to date, except land and buildings which have been valued at the most recently available rating valuation prepared by Quotable Value Limited dated 1st September 2013. With the exception of 12 Wairere Street, Whakatane this property was purchased on the 27 November 2013 and the value of the property is recorded at cost.

The rating valuations are issued every three years and are used to ensure consistency with Section 276(4) (c) of Te Ture Whenua Act 1993. However this is a departure from FRS-3 Accounting for Property which requires the use of the latest market valuations.

Depreciation

Depreciation has been calculated in accordance with rates permitted under the Income Tax Act 2007.

This method is considered appropriate to the business.

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

Depreciation is calculated on the cost price of the asset and not on any revalued basis. This is a departure from generally accepted accounting practice in relation to FRS-3 Accounting for Property, Plant and Equipment, Furniture and Fittings and Office Equipment.

(m) Taxation

Income tax is accounted for using the taxes payable method. The income tax expense charged to the Statement of Financial Performance is the estimated tax payable in the current year, adjusted for any differences between the estimated and actual tax payable in prior years.

No provision has been made for deferred tax.

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 which is available.

Changes in Accounting Policies

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



OMATAROA RANGITAIKI NO 2 TRUST

Notes to the Financial Statements

For the Year ended 31st December 2013

		This Year \$	Last Year \$
1 Revenue			
Rental & Property Income	1a	1,260,848	1,280,643
Roadway Royalties		15,200	37,299
Quarry Royalties & Fees		142,959	85,326
Total Revenue		<u>\$1,419,007</u>	<u>\$1,403,268</u>
1a Rental & Property Income			
Residential House Rents		88,630	83,889
Forestry Right		960,750	960,750
Property Income		211,468	236,004
Closing Balance		<u>\$1,260,848</u>	<u>\$1,280,643</u>
2 Net Financing Income			
Dividend Received		29,720	12,301
Interest Received		171,921	166,990
Closing Balance		<u>\$201,641</u>	<u>\$179,291</u>
3 Expenses			
Administration Services		125,650	125,650
Advertising		1,605	1,643
AGM Expenses		5,424	-
Audit Fees		6,200	6,503
Bank Charges		341	266
Computer Expenses		1,085	-
Conference Expenses		1,297	1,593
Consultancy		3,520	3,993
Depreciation	18	14,340	11,088
General Expenses		2,087	2,185
Insurance		14,811	11,285
Interest Paid		-	1,999
Legal		2,825	15,872
Loss on Sale		169	-
Meeting Costs		2,957	5,554
Postage		2,294	2,416
Printing & Stationery		5,975	3,005
Property Expenses		126,207	125,222
Sponsorship		11,370	13,809
Subscriptions		1,125	1,150
Telephone & Tolls		436	751
Trustee & Associate Fees	3a	46,110	40,298
Trustee & Associate Travel	3a	2,955	2,665
Trustee Training & Development		11,062	-
Total Expenses		<u>\$389,845</u>	<u>\$376,947</u>



OMATAROA RANGITAIKI NO 2 TRUST

Notes to the Financial Statements

For the Year ended 31st December 2013

3a Trustee & Associate Fees

The total amount of meeting fees and travel paid to Trustees and Associate during the year was \$49,065. This was paid as follows:

		This Year \$	Last Year \$
Meeting Fees	No:		
C Elliott	22	8,800	10,000
G O'Brien	13	4,940	4,560
J Hohapata-Oke	31	11,950	4,438
J Mason	8	3,200	4,400
J Waldon	19	7,220	5,700
W Brown	14	5,600	7,200
W Vercoe	11	4,400	4,000
Meeting Fees Paid		<u>\$46,110</u>	<u>\$40,298</u>
		This Year \$	Last Year \$
Travel Expenses			
G O'Brien		147	207
J Hohapata-Oke		674	793
J Mason		322	515
J Waldon		607	258
W Brown		405	570
W Vercoe		800	322
Travel Expenses Paid		<u>\$2,955</u>	<u>\$2,665</u>
Remuneration Paid		<u>\$49,065</u>	<u>\$42,963</u>

4 EQUITY

Original Capital

The Capital of the Trust (\$6,639,464) has been defined as the value of the unimproved land in the Trust, i.e. the value or value equivalent which was in the beginning available to the Trustees, updated by the events such as increases and decreases in the value of land.

1. Asset Revaluation Reserve was included in the 1992 and 1995 years.
2. Investment Revaluation Reserve was included in the 1994 and 1995 years.

	This Year \$	Last Year \$
5 Investment Revaluation Reserve		
Opening Balance	109,864	34,659
Net Movement for the Year	30,933	75,205
Closing Balance	<u>\$140,797</u>	<u>\$109,864</u>



OMATAROA RANGITAIKI NO 2 TRUST

Notes to the Financial Statements

For the Year ended 31st December 2013

	This Year \$	Last Year \$
6 Raahui Reserve		
Opening Balance	(106,535)	(93,377)
	<u>(106,535)</u>	<u>(93,377)</u>
Less: Expenses		
Kiwi Monitoring Costs	-	6,486
Management Costs	2,280	3,995
Plant & Equipment	3,474	18
Seminar Expenses	-	2,118
Travel Costs	-	541
Total Expenses	<u>5,754</u>	<u>13,158</u>
Closing Balance	<u>(\$112,289)</u>	<u>(\$106,535)</u>

	This Year \$	Last Year \$
7 Retained Earnings		
Opening Balance	5,729,189	5,515,180
Net Profit for Year	1,293,618	1,138,675
	<u>7,022,807</u>	<u>6,653,855</u>
Less:		
Adjustment to Prior Year Income	-	31,050
Grants Paid	7a 30,110	222,564
Donation Paid	23 348,000	671,052
Share of Joint Venture Tax Credits	(28,138)	-
Closing Balance	<u>\$6,672,835</u>	<u>\$5,729,189</u>

Distributions to shareholders from income retained prior to the 2004/2005 year will be treated as Non-taxable distributions in the hands of the shareholders. Distributions to shareholders from income retained from the 2004/2005 year onwards will be treated as taxable distributions in the hands of the shareholders. \$887,050 of the closing balance is available for tax free distributions which was distributed to the shareholders in February 2014.

	This Year \$	Last Year \$
7a Grants Paid		
Boarding School Grants	-	38,000
Community Grants	-	60,000
Discretionary Grants	3,600	19,550
Health Grants	5,910	12,564
Tertiary Grants	20,600	92,450
Total Grants Paid	<u>\$30,110</u>	<u>\$222,564</u>

OMATAROA RANGITAIKI NO 2 TRUST

Notes to the Financial Statements

For the Year ended 31st December 2013

	This Year \$	Last Year \$
8 Cash and Cash Equivalents		
ANZ Bank Limited	-	696
BNZ Bank Limited	11	10
Craig Investments Partners Limited	59,912	1,784
Kiwi bank Limited	1,360,868	1,229,273
Closing Balance	<u>\$1,420,791</u>	<u>\$1,231,763</u>
	This Year \$	Last Year \$
9 Term Investments		
BNZ Bank Limited	500,000	508,837
Rabobank Nederland Limited	103,831	-
Closing Balance	<u>\$603,831</u>	<u>\$508,837</u>
	This Year \$	Last Year \$
10 Taxation		
Operating surplus before taxation	1,442,112	1,226,984
Add back:		
Non Deductible Expenses	-	3,045
Non Assessable Income	(245,574)	(3,307)
Less:		
Adjustments to Prior Year Taxable Income	-	31,050
Payments made to Donee Organisations	348,000	691,052
Taxable Profit before Tax for the Year	<u>848,538</u>	<u>504,620</u>
Prima facie income tax thereon at 17.5%	148,494	88,309
Income Tax Expense on Net Surplus	<u>148,494</u>	<u>88,309</u>
Tax Payable		
Dividend Withholding Tax	2,013	981
Imputation Credits	31,542	5,255
Income Tax Payable/ (Refund)	(165,876)	479
Provisional Tax Paid	181,964	224,340
RWT Credits	16,076	25,513
Outstanding from prior years	113,912	(54,347)
Total Tax to be Refunded/ (Payable)	<u>\$31,137</u>	<u>\$113,912</u>
Maori Authority Credit Account		
Opening Balance	1,846,555	1,589,987
Dividend Withholding Tax	2,013	981
Imputation Credits	31,542	5,255
Provisional Tax Paid	181,964	224,340
Income Tax Payable/ (Refund)	(165,876)	479
RWT Credits	16,076	25,513
Closing Balance	<u>\$1,912,274</u>	<u>\$1,846,555</u>

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

OMATAROA RANGITAIKI NO 2 TRUST

Notes to the Financial Statements

For the Year ended 31st December 2013

		This Year \$	Last Year \$
11 Fixed Rate Bonds	No:		
Auckland City Council	50,000	53,910	55,865
Rabobank Nederland Limited	100,000	-	106,180
Closing Balance		<u>\$53,910</u>	<u>\$162,045</u>

		This Year \$	Last Year \$
12 Joint Ventures			
Ngati Awa Farms (Rangitaiki) Joint Venture	12a	463,610	436,674
M5 Holdings Limited	12b	155,743	146,168
Manu Hou Limited Partnership	12c	1,365,875	1,286,928
Raukokore Gold Kiwifruit Limited Partnership	12d	231,494	264,430
Closing Balance		<u>\$2,216,722</u>	<u>\$2,134,200</u>

12a Ngati Awa Farms (Rangitaiki) Joint Venture

The Joint Venture (JV) investment includes the Trust's share (6.21%) in the ownership of Ngakauroa Dairy Farm located at 675 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 (50.9%) 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 2013 has been included in the Trust's financial statements using the equity method.

12b M5 Holdings Limited

On 24 August 2011 the Trustees signed a Shareholders' Agreement and purchased \$150,000 ordinary shares at \$1.00 each in M5 Holdings Limited which represents a 10% share in the company.

The company is a wholesaler of honey and a manufacturer of bottled honey products operating from a site on the outskirts of Whakatane.

The balance date of the company is 31 March and the operating result for the year ended 31 March 2013 has been included in the Trust's financial statements using the equity method.

12c Manu Hou Limited Partnership

Manu Hou Limited Partnership was registered on the 16 September 2009. The initial investors in the Partnership are Omataroa Rangitaiki No 2 Trust, Ngati Awa Holdings Limited 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 30 June 2013 the Limited Partnership's commitment to Direct Capital is \$3,564,016.

The balance date of the company is 30 June and the operating result for the year ended 30 June 2013 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 31st December 2013

12d Raukokore Gold Kiwifruit Limited Partnership

Raukokore Gold Kiwifruit Development Limited Partnership was registered on 24 August 2011.

The investors in the Partnership are Omataroa Rangitaiki No 2 Trust, Te Arawa Group Holdings Limited, Maori Investments Limited, Eastpack Limited, H & T Callaghan Whanau Trust, Ngati Ngahere Ira Lands Trust, Otanemutu Lands Trust and White Island Mussels Limited.

The business of the Limited Partnership is to utilise the committed capital to procure establishment of a kiwifruit orchard on a site in Raukokore, Waihou Bay, Bay of Plenty.

13 Loan Advances

Secured Loans

Loan advances are considered short term loans maturing between 1 and 10 years and are secured over the chattels that were purchased by the borrower.

The chattels are owned by the Trust until repayment of the advance is made in full together with the interest outstanding to the date of repayment.

Interest is payable each calendar month following the date of advance specified in the agreement.

	This Year \$	Last Year \$
Unsecured Loans		
Ministry of Works	-	4,000
Secured Loans		
Te Kura Mana Maori o te Orini	18,300	23,925
Te Teko Golf Club	84,466	86,779
The Whitehouse Cafe	15,852	16,000
Closing Balance	<u>\$118,618</u>	<u>\$130,704</u>

14 Mortgages

Mortgages are considered long term loans maturing between 10 to 30 years and are secured over the land and buildings of the borrower.

Finance Lease

S Kingi & E Selway

The Finance Lease with Kingi & Selway relates to a buy back agreement between the parties whereby Kingi and Selway shall repurchase the property situated at 20 Kawerau Road from the Trust following the repayments of the purchase price and any interest and expenses outstanding.

	This Year \$	Last Year \$
Helen Sisley	22,374	25,539
Poroporo Rugby & Sports Club (Loan 1)	245,371	292,224
Poroporo Rugby & Sports Club (Loan 2)	50,148	-
Scobie Koopu Te Poono & Andrea Sutton	41,066	41,148
S Kingi & E Selway	162,216	166,729
Te Teko Riverside Tavern Limited	85,463	90,744
Closing Balance	<u>\$606,638</u>	<u>\$616,384</u>

OMATAROA RANGITAIKI NO 2 TRUST

Notes to the Financial Statements

For the Year ended 31st December 2013

		This Year \$	Last Year \$
15 Shares in listed Companies			
New Zealand listed Companies			
	No:		
Air New Zealand Limited	24,000	39,360	-
Auckland International Airport Limited	18,000	63,540	-
Contact Energy Limited	8,642	44,334	44,938
Fletcher Building Limited	6,750	57,443	56,633
Horizon Energy Distribution Limited	400	1,352	1,320
Meridian Energy Limited	27,000	28,080	-
Port of Tauranga Limited	4,100	56,170	53,956
Ryman Healthcare Limited	7,500	58,875	68,250
Steel & Tube Holdings Limited	18,350	55,968	-
Summerset Group Holdings Limited	19,400	63,050	-
Vector Limited	17,550	45,103	-
Z Energy Limited	14,285	52,997	-
		<u>566,272</u>	<u>225,097</u>
Australia (ASX) listed Companies			
ANZ Banking Group Limited	1,300	45,491	40,969
BHP Billiton Limited	870	35,886	41,061
Orica Limited	1,165	30,181	37,558
SCA Property Group Limited	-	-	431
Woolworth Limited	1,200	44,104	44,171
		<u>155,662</u>	<u>164,190</u>
Closing Balance		<u>\$721,934</u>	<u>\$389,287</u>

16 Whenua Films Limited

Whenua Films Limited is a duly incorporated company of 17 Crete Street, Whakatane and the investment is to provide printing and advertising costs associated with the release of "THE PA BOYS" film.

It was agreed that until recoupment of the investment and provided that Whenua Films Limited self distributes the Film, the Trust will receive 50% of the gross receipts from the exploitation of this film.

	This Year \$	Last Year \$
17 Development Costs		
Opening Balance	154,248	152,787
Costs Incurred	-	1,461
Closing Balance	<u>\$154,248</u>	<u>\$154,248</u>

Costs incurred to date relate to assessing the feasibility of a landfill site on the Trust's land at 124 Downward Road, Whakatane. Upon completion of the feasibility process the costs will be capitalised to the cost of the Project. Alternatively, should the project not proceed, these expenses will be written off.



OMATAROA RANGITAIKI NO 2 TRUST

Notes to the Financial Statements

For the Year ended 31st December 2013

	This Year \$	Last Year \$
18 Property, Plant & Equipment		
Land (Forestry)		
At cost	13,050,500	13,050,000
Revaluation	(624,800)	(51,878)
	<u>12,425,700</u>	<u>12,998,122</u>
Land (Agriculture)		
At cost	986,664	929,873
Revaluation	1,129,886	1,389,850
Less accumulated depreciation	(8,550)	(696)
	<u>2,108,000</u>	<u>2,319,027</u>
Current year depreciation	4,471	696
	<u>4,471</u>	<u>696</u>
Commercial & Residential Properties		
Land & Buildings		
At cost	2,656,678	2,280,244
Revaluation	(138,729)	29,560
Less accumulated depreciation	(210,916)	(208,855)
	<u>2,307,033</u>	<u>2,100,949</u>
Current year depreciation	2,061	3,030
	<u>2,061</u>	<u>3,030</u>
Commercial & Residential Properties		
Chattels		
At cost	65,572	58,721
Less accumulated depreciation	(44,527)	(37,923)
	<u>21,045</u>	<u>20,798</u>
Current year depreciation	6,625	6,713
	<u>6,625</u>	<u>6,713</u>
Office Plant & Equipment		
At cost	4,012	3,274
Less accumulated depreciation	(2,330)	(1,147)
	<u>1,682</u>	<u>2,127</u>
Current year depreciation	1,183	649
	<u>1,183</u>	<u>649</u>
Total Property, Plant & Equipment	<u>\$16,863,460</u>	<u>\$17,441,023</u>
Total Depreciation for the year	<u>(\$14,340)</u>	<u>(\$11,088)</u>

OMATAROA RANGITAIKI NO 2 TRUST

Notes to the Financial Statements

For the Year ended 31st December 2013

The Quotable Valuations of land & buildings dated 1st September 2013 are as follows:

Land (Forestry)	
1511C State Highway 30, Awakeri	700
124 Downard Road	12,425,000
	<u>12,425,700</u>
Land (Agricultural)	
2020 State Highway 30, Te Teko	609,000
2164 State Highway 30, Te Teko	660,000
323 MacDonald Road, Whakatane	1,017,000
	<u>2,286,000</u>
Commercial & Residential Properties	
10 Harvey Street, Whakatane	300,000
414 MacDonald Road, Whakatane	290,000
83 Muriwai Drive, Whakatane	265,000
83A Muriwai Drive, Whakatane	200,000
38 State Highway 30, Te Teko	10,000
40 State Highway 30, Te Teko	150,000
8A Thornton Road, Whakatane	192,000
6 Wairere Street, Whakatane	370,000
12 Wairere Street, Whakatane	495,000
	<u>2,272,000</u>
Total	<u><u>\$16,983,700</u></u>

	This Year	Last Year
	\$	\$
19 Income Received in Advance		
Property Rentals	562,834	561,989
Closing Balance	<u><u>\$562,834</u></u>	<u><u>\$561,989</u></u>

20 Capital Commitments

There are no capital commitments at balance date. (2012 \$Nil)

21 Emission Trading Scheme

NZ Carbon Credits

As at 31st December 2012, the Trust had 147,913 pre 1990 NZ Carbon Credit Units (NZU's) allocated under the New Zealand Emission Trading Scheme. The units had a nil allocation value and have been stated at cost which is also nil.

A further 237,947 NZU's were allocated on 11 January 2013 increasing the balance of the NZU's held by the Trust to 385,860.

The NZU's have traded at market value of \$3.20 per unit. If the NZU's had been valued at market valuation their value at 31 December 2013 would amount to \$1,225,106. The Trustees have decided not to sell the NZU's and to value them at cost.

OMATAROA RANGITAIKI NO 2 TRUST

Notes to the Financial Statements

For the Year ended 31st December 2013

22 Contingent Liabilities

At balance date there are no known contingent liabilities (2012: \$0). OMATAROA RANGITAIKI NO 2 TRUST has not granted any securities in respect of liabilities payable by any other party whatsoever.

23 Related Party Transactions

The Trust has the following related parties:

	M5 Holdings Limited	Ngati Awa Asset Holdings Limited	Ngati Awa Farms (Rangitaiki) Limited	OMR2 Charitable Trust	Putauaki Trust	Manu Hou GP Limited	Raukokore Gold Kiwifruit Development GP Limited
C Elliott				Trustee	Trustee	Director	Director
J Mason		Director		Trustee			
W Vercoe	Director	Director	Director	Trustee	Trustee	Director	
W Puutu-Brown				Trustee			

The following transactions occurred between related parties during the year:

- The Trust paid \$348,000 donation to Omataroa Rangitaiki No 2 Charitable Trust, which was established and settled by Omataroa Rangitaiki No 2 Trust.
- The Trust paid Putauaki Trust a management fee for administration services of \$125,650.00.