

# Financial Statements

Omataroa Rangitaiki No 2 Trust  
For the year ended 31 December 2016

# Contents

## Omataroa Rangitaiki No 2 Trust

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**INDEPENDENT AUDITOR'S REPORT**

To the Trustees & Owners of Omataroa Rangitaiki No. 2 Trust.

**Opinion**

We have audited the financial statements of Omataroa Rangitaiki No. 2 Trust (the Trust), which comprise the balance sheet as at 31 December 2016, the statement of profit or loss and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Trust for the year ended 31 December 2016 are prepared, in all material respects, in accordance with the special purpose reporting framework as described on page 9 of the financial statements.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Other than in our capacity as auditor we have no relationship with, or interests in, the Trust.

**Emphasis of Matter – Basis of Accounting**

We draw attention to page 9 of the financial statements, which describes the basis of accounting. The financial statements have been prepared for the Trustees & Owners. As a result, the financial statements may not be suitable for any other purpose.

**Restriction on Responsibility**

This report is made solely to the Trustees & Owners, as a body. Our audit work has been undertaken so that we might state to the Trustees & Owners 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 Trustees & Owners as a body, for our audit work, for this report, or for the opinions we have formed.

**Other information**

The Trustees are responsible on behalf of the Trust for the other information. The other information comprises the directory but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based, on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# CooksonForbes

CHARTERED ACCOUNTANTS

## **Responsibilities of the Trustees for the Financial Statements**

The Trustees are responsible on behalf of the Trust for determining that the special purpose reporting framework adopted is acceptable in the Trust's circumstances, for the preparation of the financial statements 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.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

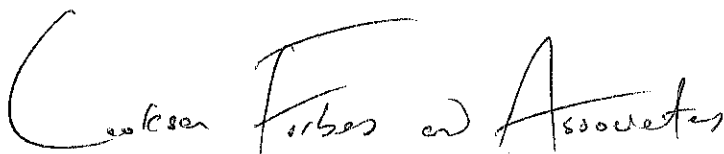
As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit 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 Trustee's internal control.

Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Accountants  
96 Waioweka Road  
OPOTIKI, New Zealand

17 December 2018

# Directory

## Omataroa Rangitaiki No 2 Trust

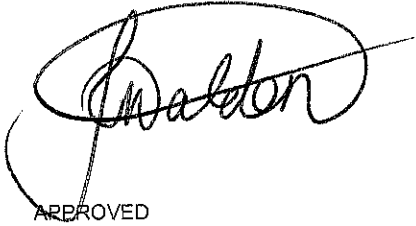
<b>Nature of Business</b>	Landlords, investment, cropping and leases
<b>Date of Formation</b>	14 April 1971 Pursuant to section 438 of the Maori Affairs Act. (now section 215 of the Te Ture Whenua Act 1993).
<b>Responsible Trustees</b>	Charlie Elliott (Chairman) Gina O'Brien Jane Waldon Joseph Mason Waaka Vercoe Whaiora Puutu-Brown
<b>Associate Trustees</b>	Dayle Hunia Miro Araroa Maurice Warbrick
<b>Auditors'</b>	Cookson Forbes & Associates Chartered Accountants 96 Waioweka Road Opotiki
<b>Shareholding</b>	2,322,500
<b>Share Value</b>	\$12.70
<b>Physical Address</b>	4-10 Louvain Street Whakatane 3120
<b>Postal Address</b>	PO Box 227 Whakatane
<b>Telephone</b>	(07) 9295692
<b>Email</b>	<a href="mailto:info@omataroa.com">info@omataroa.com</a>
<b>Website</b>	<a href="http://www.omataroatrust.com">www.omataroatrust.com</a>

# Approval of Financial Report

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2016

The Trustees are pleased to present the approved financial report including the historical financial statements of Omataroa Rangitaiki No 2 Trust for year ended 31 December 2016.



APPROVED

For and on behalf of the Trustees

Jane Waldon

Date .....13.12.18.....



APPROVED

For and behalf of the Trustees

Charlie Elliott

Date .....13.12.18.....

**Statement of Profit or Loss**  
 Omataroa Rangitaiki No 2 Trust  
 For the year ended 31 December 2016

<b>Revenue</b>	<b>Notes</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
Net Financing Income	1	172,434	170,548
Rental & Property Income	2	1,163,040	1,385,114
Share of Joint Ventures/Partnership Income		(140,990)	413,611
<b>Total Revenue</b>		<b>1,194,484</b>	<b>1,969,273</b>
<b>Expenses</b>			
Administration Expenses	3	297,119	234,029
Property Expenses	4	184,726	169,157
Trustee, Associate Fees & Travel	5	50,324	53,697
<b>Total Expenses</b>		<b>532,169</b>	<b>456,883</b>
<b>Other Movements</b>			
Revaluation of Investment Property		1,216,876	-
<b>Total Other Movements</b>		<b>1,216,876</b>	<b>-</b>
<b>Net Operating Profit/(Loss) Before Taxation</b>		<b>1,879,191</b>	<b>1,512,390</b>
<b>Taxation and Adjustments</b>			
Income Tax Expense	7	68,394	133,936
<b>Total Taxation and Adjustments</b>		<b>68,394</b>	<b>133,936</b>
<b>Net Profit (Loss) for the Year</b>		<b>1,810,797</b>	<b>1,378,454</b>

*CF  
Audit*

The accompanying notes and audit report form part of and should be read in conjunction with these financial statements.

# Statement of Changes in Equity

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2016

<b>Trust Capital</b>	Notes	31 Dec 2016	31 Dec 2015
<b>Opening Balance</b>		21,456,743	20,384,069
<b>Increases</b>			
Trustees Income for the Period		1,810,797	1,378,454
<b>Total Increases</b>		<b>1,810,797</b>	<b>1,378,454</b>
<b>Decreases</b>			
Payment made to Donee Organisations	7, 23	378,000	348,000
<b>Total Decreases</b>		<b>378,000</b>	<b>348,000</b>
<b>Movement in Reserves</b>			
Increase in New Zealand Emission Unit Revaluation Reserve	19	6,559,618	-
Increase in Investment Reserve		46,500	42,220
<b>Total Movement in Reserves</b>		<b>6,606,118</b>	<b>42,220</b>
<b>Total Trust Capital</b>		<b>29,495,658</b>	<b>21,456,743</b>

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The accompanying notes and audit report form part of and should be read in conjunction with these financial statements.



# Balance Sheet

## Omataroa Rangitaiki No 2 Trust

### For the year ended 31 December 2016

<b>Assets</b>	<b>Notes</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
<b>Current Assets</b>			
Biological Assets		-	29,873
Cash and Short-Term Deposits	6	4,411,000	2,881,193
Trade and Other Receivables		40,095	153,627
GST Receivable		7,084	-
Income Tax Receivable	7	189,746	78,994
Investments in listed Companies		329,047	-
Other Current Assets		13,745	177,156
<b>Total Current Assets</b>		<b>4,990,717</b>	<b>3,320,843</b>
<b>Non-Current Assets</b>			
Investments in listed Companies	9	1,176,359	975,510
Joint Ventures	10	1,243,475	2,827,442
Loan Advances & Mortgages	15	408,954	460,808
Property, Plant and Equipment	16	29,193	31,562
Investment Property	17	18,452,588	17,194,483
Other Non-Current Assets		80,000	80,000
<b>Total Non-Current Assets</b>		<b>21,390,569</b>	<b>21,569,805</b>
<b>Intangible Assets</b>			
Development Costs	18	154,248	154,248
New Zealand Emission Units	18	6,559,620	-
Website		5,263	10,372
<b>Total Intangible Assets</b>	18	<b>6,719,131</b>	<b>164,620</b>
<b>Total Assets</b>		<b>33,100,417</b>	<b>25,055,268</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables		63,279	40,147
GST Payable		-	8,995
Income Received in Advance	19	569,350	566,813
Unclaimed Dividends		2,972,130	2,982,570
<b>Total Current Liabilities</b>		<b>3,604,759</b>	<b>3,598,525</b>
<b>Total Liabilities</b>		<b>3,604,759</b>	<b>3,598,525</b>
<b>Net Assets</b>		<b>29,495,658</b>	<b>21,456,743</b>
<b>Equity</b>			
Trust Capital		6,639,463	6,639,463
Retained Earnings	20	8,110,940	7,895,019
New Zealand Emission Unit Revaluation Reserve		6,559,620	-
Investment Revaluation Reserve		323,421	276,922
Raahui Reserve		(112,289)	(112,289)
Property Revaluation Reserve		7,974,503	6,757,628
<b>Total Equity</b>		<b>29,495,658</b>	<b>21,456,743</b>

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The accompanying notes and audit report form part of and should be read in conjunction with these financial statements.

# Notes to the Financial Statements

## Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2016

### 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.

### Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities published by the Chartered Accounts Australia and New Zealand.

The financial statements have been specifically prepared for the shareholders of the Trust and for the purposes of meeting the trust's income tax requirements.

### Historical Cost

These financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

### Changes in Accounting Policies

The Trust transitioned on 1 January 2016 from preparation of general-purpose financial reporting in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") to special purpose financial reporting in accordance with SPFR for FPEs. The transition had minimal impact on the accounting policies of the Trust. All other accounting policies have been applied consistently during the year.

### Statement of Accounting Policies

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

#### (a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

#### (b) Biological Assets

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

#### (c) Cash and Short-Term Deposits

Cash and Short-Term Deposits in the Balance Sheet comprises of cash at bank and short term deposits with an original maturity of six months or less. They are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

#### (d) 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.

#### (e) 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 re-translated 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 item is recognised in equity, whilst other translation differences to monetary items are recognised in the Profit or Loss Statement

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# Notes to the Financial Statements

## Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2016

### (f) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense charged to the Profit or Loss Statement 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.

### (g) Investments

The Trust classifies its investments in the following categories:

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.

### Shares in Investments

Shares in 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 Balance Sheet date of the subsequent periods. Any gains or losses as a result of revaluation is accounted for through the Investment Revaluation Reserve. Any gains or losses as a result from a sale of an investment is accounted for the Profit or Loss Statement.

### Joint Ventures

The Trust has an interest in joint venture operations, where the Trust is entitled to a share of future economic benefits and is exposed to the related risks, for activities jointly controlled by multiple participants. The Trust's share of the assets, liabilities, revenues and expenses of joint ventures are incorporated into the financial statements using the equity method and net book value and no impairment adjustment has been made.

### Loan Advances & Mortgages

Loan Advances 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 Other Current Assets and are measured at amortisation cost using the effective interest method.

### (h) Intangible Assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in Profit or Loss Statement.

### (i) Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

### (j) Property, Plant & Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred. An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Profit or Loss Statement in the year the asset is derecognised. Upon derecognition, the asset revaluation reserve relating to the asset disposed shall be transferred to retained earnings.

### Depreciation

Depreciation has been calculated in accordance with rates permitted under Income Tax Act 2007. This method is considered appropriate to the business.

Land & Buildings	0 to 40 years
Plant & Equipment	5 to 10 years
Office Equipment	5 to 10 years
Furniture & Fittings	5 to 10 years
Computer and Software	5 to 3 years

Depreciation is calculated on the cost price of the asset and not on any revalued basis.

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Audit*

# Notes to the Financial Statements

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2016

<b>1 Net Financing Income</b>		<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
Gain on Sale of Orica Limited Shares		-	684
Dividends Received		61,307	57,541
Interest Received		111,127	112,323
<b>Total Net Financing Income</b>		<b>172,434</b>	<b>170,548</b>
<b>2 Rental &amp; Property Income</b>		<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
Property Income		150,938	197,206
Residential Rental Income		106,746	108,730
Forestry Right		960,750	960,750
Quarry Royalties & Fees		(55,394)	118,428
<b>Total Rental &amp; Property Income</b>		<b>1,163,040</b>	<b>1,385,114</b>
<b>3 Administration Expenses</b>		<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
ACC Levies		975	1,357
Administration Services		137,196	127,277
Advertising Expenses		3,185	520
AGM Expenses		14,621	-
Amortisation of Intangible Assets		5,108	5,108
Audit Fees		7,105	5,125
Bad Debt Written Off		3,037	-
Bank & Interest Charges		277	166
Computer Expenses		10,823	8,703
Conference Expenses		-	2,722
Consultancy		13,045	6,698
Depreciation of Property, Plant & Equipment		18,032	20,636
Foreign Currency Gain or (Losses)		89	-
General Expenses		7,084	7,342
Insurance		8,808	7,849
Legal Fees		21,658	3,193
Office Expenses		15,293	13,527
Portfolio Management Fees		1,588	-
Professional Development		7,200	630
Sponsorship		4,553	4,348
Subscriptions		2,493	2,369
Telephone, Mobile & Internet Charges		4,913	4,106
Travel & Accommodation Expenses		802	3,558
Trustee Meeting Costs		1,184	1,953
Vehicle Expenses		5,660	4,653
Website		2,390	2,189
<b>Total Administration Expenses</b>		<b>297,119</b>	<b>234,029</b>
<b>4 Property Expenses</b>		<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
Cropping Expenses		59,170	80,951
Electricity & Gas		5,438	4,374
Insurance		11,786	13,566
Land & Water Rates		44,370	43,284
Repairs & Maintenance		63,389	26,150
Other Expenses		573	832
<b>Total Property Expenses</b>		<b>184,726</b>	<b>169,157</b>

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# Notes to the Financial Statements

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2016

5	Trustee, Associate Fees & Travel		31 Dec 2016	31 Dec 2015
	C Elliott		12,346	14,244
	D Hunia		1,938	3,095
	G O'Brien		6,910	6,354
	J Mason		4,400	3,600
	J Waldon		5,966	6,377
	M Araroa		1,757	2,198
	M Warbrick		7,035	5,584
	W Puutu-Brown		5,108	5,845
	W Vercoe		4,864	6,400
	<b>Total Trustee, Associate Fees &amp; Travel</b>		<b>50,324</b>	<b>53,697</b>
6	Cash and Short-Term Deposits		31 Dec 2016	31 Dec 2015
	Bank of New Zealand Limited		6	6
	Craigs Investments Partners Limited		24,445	1
	Kiwibank Limited		2,038,549	2,881,186
	Kiwibank Limited Short-Term Deposits		2,348,000	-
	<b>Total Cash and Bank</b>		<b>4,411,000</b>	<b>2,881,193</b>
7	Income Tax Expense	Notes	31 Dec 2016	31 Dec 2015
	Current Year Earnings		1,810,797	1,378,454
	Provision for Taxation		68,394	133,936
	<b>Net Profit (Loss) Before Taxation</b>		<b>1,879,191</b>	<b>1,512,390</b>
	<b>Additions to Taxable Profit</b>			
	Non Deductible Expenses		10,630	8,664
	<b>Total Additions to Taxable Profit</b>		<b>10,630</b>	<b>8,664</b>
	<b>Deductions from Taxable Profit</b>			
	Non-Taxable Income		1,120,997	407,023
	Capital Gain on Sale of Investment Shares		-	684
	<b>Total Deductions from Taxable Profit</b>		<b>1,120,997</b>	<b>407,707</b>
	<b>Payments made to Donee Organisations</b>			
	Te Roopu Whare Manaaki		30,000	-
	Omataroa Rangitaiki 2 Charitable Trust Payment	24	348,000	348,000
	<b>Total Payments made to Donee Organisations</b>		<b>378,000</b>	<b>348,000</b>
	<b>Taxable Profit</b>		<b>390,824</b>	<b>765,347</b>
	<b>Tax Payable at 17.5%</b>		<b>68,394</b>	<b>133,936</b>
	<b>Deductions from Tax Payable</b>			
	Prior Period Tax		78,994	121,548
	Dividend Imputation Credits		24,215	10,997
	Dividend Withholding Tax		5,186	4,423
	Resident Withholding Tax		16,703	14,840
	Income Tax Paid		133,042	103,507
	Income Tax Refund		-	(42,385)
	<b>Total Deductions from Tax Payable</b>		<b>258,140</b>	<b>212,930</b>
	<b>Income Tax Payable (Refund Due)</b>		<b>(189,746)</b>	<b>(78,994)</b>

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# Notes to the Financial Statements

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2016

8 Maori Authority Credit Account	31 Dec 2016	31 Dec 2015
<b>Opening Balance</b>	<b>2,248,242</b>	<b>2,156,860</b>
<b>Increases</b>		
Dividend Imputation Credits	24,215	10,997
Dividend Withholding Tax	5,186	4,423
Income Tax Paid	133,042	103,507
Resident Withholding Tax	16,703	14,840
<b>Total Increases</b>	<b>179,146</b>	<b>133,767</b>
<b>Decreases</b>		
Income Tax Refund	-	(42,385)
<b>Total Decreases</b>	<b>-</b>	<b>(42,385)</b>
<b>Closing Balance</b>	<b>2,427,388</b>	<b>2,248,242</b>

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

9 Investments	Notes	31 Dec 2016	31 Dec 2015
<b>Shares held in Australian (ASX) listed Companies</b>			
ANZ Banking Group Limited		41,121	41,174
APA Group Stapled Securities Limited		65,053	33,774
BHP Billiton Limited		22,670	16,564
CSL Limited		50,116	-
Pact Group Holdings Limited		49,834	38,071
Ramsay Health Care Limited		46,163	-
South 32 Limited		-	992
Sydney Airport Limited		57,614	32,154
Transburn Group Stapled Securities Limited		48,289	-
Woolworths Limited		-	27,579
<b>Total Shares held in Australian (ASX) listed Companies</b>		<b>380,860</b>	<b>190,308</b>
<b>Shares held in New Zealand listed Companies</b>			
Air New Zealand Limited		63,216	71,040
Auckland City Council		-	53,580
Auckland International Airport Limited		131,875	93,150
Contact Energy Limited		69,863	40,963
Fletcher Building Limited		-	49,613
Heartland New Zealand Limited		50,250	-
Meridian Energy Limited		80,600	64,530
Pohutukawa Private Equity V Fund	22 (a)	3,000	-
Port of Tauranga Limited		130,323	76,670
Ryman Healthcare Limited		94,076	63,750
Steel & Tube Holdings Limited		-	40,554
Summerset Group Holdings Limited		105,066	79,152
Vector Limited		67,230	55,634
Z Energy Limited		-	96,566
<b>Total Shares held in New Zealand listed Companies</b>		<b>795,499</b>	<b>785,202</b>
<b>Total Investments</b>		<b>1,176,359</b>	<b>975,510</b>

9 (a) Investments that have recorded a nil value have either been sold or due to mature in the following year. The following investments and value as at balance date have been reclassified, Auckland City Council \$52,328, Fletcher Building Limited \$71,550, Steel & Tube Holdings Limited \$43,490, South 32 Limited \$2,488, Woolworths Limited \$30,072 and Z Energy Limited \$129,119 are included in Investments in listed Companies of \$329,047 recorded in the Current Assets.

The portfolio in listed companies is managed by Craigs Investment Partners (CIP), equities and fixed interest investments within the portfolio are valued using quoted bid market price, the balance of the portfolio is valued at amortised cost using the effective interest method. The fees associated with the management of this portfolio are recognised in the Profit or Loss Statement.

# Notes to the Financial Statements

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2016

10 Joint Ventures	Notes	31 Dec 2016	31 Dec 2015
Kaikoura Gold Kiwifruit Development Limited Partnership	11	156,771	198,991
M5 Holdings Limited	12	50,023	91,031
Manu Hou Limited Partnership	13	496,955	1,982,647
Ngati Awa Farms (Rangitaiki) Joint Venture	14	539,726	554,773
<b>Total Joint Ventures</b>		<b>1,243,475</b>	<b>2,827,442</b>

## 11 Kaikoura Gold Kiwifruit Development Limited Partnership

Kaikoura Gold Kiwifruit Development Limited Partnership was registered on 24 August 2011. The investors are Omataroa Rangitaiki No 2 Trust, Eastpack Limited, H & T Callaghan Whanau Trust, Maori Investments, Ngati Ngahere Ira Lands Trust, Otanemutu Lands Trust, Te Arawa Group Holdings Limited and White Island Mussel Limited. The business is to utilise the committed capital to procure establishment of a kiwifruit orchard on a site in Raukokore, Waihou Bay. The balance date is 31 May and the operating result for the year ended 31st May 2016 has been included in the Trust's financial statements using the equity method.

## 12 M5 Holdings Limited

On August 2011, 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 2016 has been included in the Trust's financial statement using the equity method.

## 13 Manu Hou Limited Partnership

Manu Hou Limited Partnership was registered on 16 September 2009. The initial investors 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 equity program, Direct Capital IV. As at 30 June 2016 the limited partnership's commitment to Direct Capital is \$2,060,957. The balance date of the company is 30 June and the operating result for the year ended 30 June 2016 has been included in the Trust's financial statements using the equity method.

## 14 Ngati Awa Farms (Rangitaiki) Joint Venture

The joint venture (JV) investment includes the Trust's share (6.21%) in the ownership of Ngakaurua Dairy Farm located at 675 Western Drain Road, Whakatane. Ngati Awa Farms (Rangitaiki) JV is an unincorporated JV, the main partner is Ngati Awa Farms Limited (50.9%) and the remaining partners are Eastern BOP Maori Trusts. The balance date is 30 June and the operating result for the year ended 30 June 2016 has been included in the Trust's financial statements using the equity method.

## 15 Loan Advances & Mortgages

	Notes	31 Dec 2016	31 Dec 2015
<b>Loan Advances</b>			
Te Kura Mana Maori o te Orini		-	7,050
Te Teko Golf Club (Inc)		39,180	55,063
<b>Total Loan Advances</b>		<b>39,180</b>	<b>62,113</b>
<b>Mortgages</b>			
Helen Sisley		11,041	15,228
Poroporo Rugby & Sports Club		253,783	267,892
Scobie Te Poono & Andrea Sutton		35,468	39,773
Te Teko Riverside Tavern Limited		69,482	75,802
<b>Total Mortgages</b>		<b>369,774</b>	<b>398,695</b>
<b>Total Loan Advances &amp; Mortgages</b>		<b>408,954</b>	<b>460,808</b>

### Loan Advances

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. No impairment adjustment is required.

Te Kura Mana Maori o te Orini loan of \$1,425 is recorded in Other Current Assets, the loan together with all outstanding interest was repaid in full on 16 February 2017.

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# Notes to the Financial Statements

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2016

## Mortgages

Mortgages are considered long term loans maturing between 10 to 30 years and are secured over the land and buildings of the borrower. No impairment adjustment is required.

16 Property, Plant and Equipment	31 Dec 2016	31 Dec 2015
<b>Office Assets</b>		
Computers, Software and Equipment	20,082	17,805
Accumulated depreciation	(12,708)	(8,904)
<b>Total Office Assets</b>	<b>7,374</b>	<b>8,901</b>
<b>Plant &amp; Equipment</b>		
Plant & Equipment	3,777	4,296
Accumulated depreciation	(1,347)	(2,516)
<b>Total Plant &amp; Equipment</b>	<b>2,430</b>	<b>1,780</b>
<b>Vehicles</b>		
Motor Vehicle	29,925	27,825
Accumulated depreciation	(10,536)	(6,944)
<b>Total Vehicles</b>	<b>19,389</b>	<b>20,881</b>
<b>Total Property, Plant and Equipment</b>	<b>29,193</b>	<b>31,562</b>
17 Investment Property	31-Dec-16	31-Dec-15
<b>Land at cost</b>		
Agricultural	1,001,646	986,664
Forestry	13,050,000	13,050,000
Quarry	500	500
Land revaluation	1,287,435	505,086
Accumulated depreciation	(19,881)	(16,419)
<b>Total Land at cost</b>	<b>15,319,700</b>	<b>14,525,831</b>
<b>Commercial Property</b>		
Land & Buildings at cost	771,825	771,825
Land & Buildings revaluation	198,226	(25,420)
Accumulated depreciation	(10,050)	(9,200)
<b>Total Commercial Property</b>	<b>960,001</b>	<b>737,205</b>
<b>Residential Property</b>		
Land & Buildings at cost	2,287,331	2,236,851
Land & Buildings revaluation	97,570	(113,309)
Accumulated depreciation	(207,900)	(206,447)
<b>Total Residential Property</b>	<b>2,157,001</b>	<b>1,917,095</b>
<b>Chattels</b>		
Commercial & Residential Chattels	73,935	68,409
Accumulated depreciation	(58,049)	(54,057)
<b>Total Chattels</b>	<b>15,886</b>	<b>14,352</b>
<b>Total Investment Property</b>	<b>18,452,588</b>	<b>17,194,483</b>

Land and buildings (Investment Property) have been valued at the most recently available rating valuation prepared by Quotable Value Limited dated 1st September 2016. 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. Revaluation gains are recognised in the Statement of Profit or Loss as an Other Movement and posted through to the asset revaluation reserve. If any revaluation reserve has a deficit, that deficit is recognised as an impairment in the Statement of Profit or Loss in the period it arises. Any revaluation surplus that reverses previous impairment in subsequent periods is recognised as revenue in Profit or Loss Statement.

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# Notes to the Financial Statements

## Omataroa Rangitaiki No 2 Trust

### For the year ended 31 December 2016

#### 18 Intangible Assets

		31 Dec 2016	31 Dec 2015
<b>Development Costs</b>			
Cost	Notes	31 Dec 2016	31 Dec 2015
Less: Accumulated Amortisation	18	154,248	154,248
<b>Closing Balance</b>		<b>154,248</b>	<b>154,248</b>
<b>Website</b>			
	Amortisation		
Cost	Rate	31 Dec 2016	31 Dec 2015
Less: Accumulated Amortisation	33% SL	15,480	15,480
<b>Closing Balance</b>		<b>(10,217)</b>	<b>(5,108)</b>
		<b>5,263</b>	<b>10,372</b>
<b>New Zealand Emission Units</b>			
Cost	Notes	31 Dec 2016	31 Dec 2015
Plus: Movement in Revaluation Reserve	19	-	-
<b>Closing Balance</b>		<b>6,559,620</b>	<b>-</b>
		<b>6,559,620</b>	<b>-</b>
<b>Total Intangible Assets</b>		<b>6,719,131</b>	<b>164,620</b>

#### Development Costs

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.

#### 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 Trustee resolved to re-value NZU's to market value as at 31 December 2018 at \$17.00 per unit recognising a revaluation increase of \$6,559,620.

#### 19 Income Received in Advance

	31 Dec 2016	31 Dec 2015
Property Rentals	569,350	566,813
<b>Total Income Received in Advance</b>	<b>569,350</b>	<b>566,813</b>

#### 20 Retained Earnings

	31 Dec 2016	31 Dec 2015
Opening Balance	7,895,019	6,864,565
Current Year Earnings	593,921	1,378,454
<b>Less:</b>		
Payments made to Donee Organisations	(378,000)	(348,000)
<b>Total Retained Earnings</b>	<b>8,110,940</b>	<b>7,895,019</b>

#### 21 Capital Commitments

21(a) On 19 December 2016, the trust subscribes to purchase 100,000 shares at a nominal value of \$1.00 per share in Pohutukawa Private Equity V Fund. The company is managed by Direct Capital and will invest pro-rata alongside Direct Capital's latest institutional fund, Direct Capital V.

As at the date of this report, the trust had paid \$4,250 which represents the initial subscription of \$.03 per Share (at cost) plus the 1.25% application fee on the committed capital of \$1,250. The remaining \$.097 per share, being the balance of the issue price of \$97,000 is payable in tranches as determined by the Board of Directors.

There are no active market for shares held in Pohutukawa Private Equity V Fund, therefore the valuation principles adopted are in accordance with those set out by the International Private Equity and Venture Capital Valuation Guidelines. Until a valuation is made in accordance with the above principles the value of an asset will be taken to be cost.

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# Notes to the Financial Statements

## Omataroa Rangitaiki No 2 Trust

### For the year ended 31 December 2016

#### Capital Commitments - Continued

Distributions will be made to investors following the receipt of cash flows from individual investments by Pohutukawa Private Equity V Fund which may arise from dividends, interest, repayments of loans or redeemable capital and, if and when, investments made by Pohutukawa V are liquidated over a 10 year time frame.

- 21(b) Shareholders present at the Triennial General Meeting held 20 December 2016, approved a distribution of a Kaumatua Grant of \$300,000 to beneficiaries and shareholders of the Trust. Omataroa Rangitaiki No 2 Charitable Trust will facilitate the distribution on behalf of the Trust.

#### 22 Contingent Liabilities

At balance date there are known contingent liabilities (2015: \$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

Omataroa Rangitaiki No 2 Charitable Trust was formed by the trustees of Omataroa Rangitaiki 2 Trust. The Charitable Trust was established to advance the charitable objects as set out in the Trust Deed. It was founded, 16 November 2011 and is a registered charity providing financial support for education, well being and community initiatives for the benefit of the shareholders and beneficiaries of Omataroa Rangitaiki No 2 Trust. The two trusts have the same board members, share staff and premises as Omataroa Rangitaiki No 2 Charitable Trust does not as yet have any staff of its own. Trustees have established procedures and policies and review these annually to ensure that all funds received by the Charitable Trust are distributed solely for charitable purposes as set out in the Trust Deed.

The Trust paid \$348,000 donation to Omataroa Rangitaiki No 2 Charitable Trust.

The Trust has the following related parties:

Trustee	M5 Holdings Limited	Ngati Awa Group Holdings Ltd	Ngati Awa Farms (Rangitaiki) JV Ltd	OMR2 Charitable Trust	Manu Hou GP Limited	Kaikoura Gold Kiwifruit Development GP Limited
C Elliott				Trustee	Director	Director
G O'Brien		Director		Trustee		
J Mason		Ex-Officio	Ex-Officio	Trustee		
J Waldon				Trustee		
W Puutu-Brown				Trustee		
W Vercoe	Director	Kaumatua Advisor	Kaumatua Advisor	Trustee		

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