



PALMERSTON NORTH MĀORI RESERVE TRUST ANNUAL REPORT

YEAR ENDED 31 MARCH 2017

TE ĀTIAWA KI TE WHANGANUI-Ā-TARA





ANNUAL GENERAL MEETING AGENDA

Saturday 26 August 2017

10am

Palmerston North Convention Centre
354 Main Street West
Palmerston North

AGENDA

Mihi Whakatau / Karakia

Apologies

Minutes of 2016 Annual General Meeting

Report from the Chairman and Trustees

Proposed Sale of 33-41, and 35 Grey Street
and reinvestment in another property

Financial Report

Appointment of Auditor

Election of Managing Trustees

General Business

Karakia Whakamutunga



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MIHI

E nga mana, e nga reo, e nga herenga tangata.

Tena koutou katoa.

Nei ra te Tumanako me te whakapono o te wa ki a tatou katoa. Kua tae ke te korowai o Matariki ara ko te haenga o Puanga i huri rauna i runga.

Me ki e nga tini aitua, koutou kua haere ki te Po, moe mai ra, oti atu.

He mihi nui ki a koutou e nga kaitautoko, koutou e tiaki mai kia matou.

He pai te ra, kei runga te ra, ma tatou te ra.

Heoi ano kia piki te ora, piki te kaha, piki te maramatanga e nga wa katoa

Tena koutou katoa

The Palmerston North Māori Reserve Trust is an Ahu Whenua Trust constituted under Section 244 of Te Ture Whenua Māori Act 1993.

The Trust is governed by a board of 9 Trustees, with Liz Mellish being the current Chairman. Current Trustees are:

Jeanie Hughes
Paula King
Catherine Love
Matthew Love-Parata
Wiki Michalanney
Ann Reweti
Aisha Ross
Mark Te One

Trustees are elected by the beneficial owners.



REPORT FROM THE CHAIRMAN AND TRUSTEES



Back Row: Matthew Love-Parata, Jeanie Hughes, Aisha Ross
Front Row: Ann Reweti, Liz Mellish (Chairman), Mark Te One, Wiki Michalanney
Absent from photo: Paula King, Catherine Love

THE YEAR

It is with great pleasure I present this years' Annual Report to owners on behalf of the Trustees.

The Trust has had a very successful year and there are some good reasons for the big improvement we have achieved.

The first key performance I will highlight is we have had a significant uplift in the value of our total assets of \$7,185,549. This good result is mostly attributable to the revaluation of investment properties and the increase in the value of our joint venture investment in Metlifecare. Careful management practices and constant review of property performance is the third contributing factor.

THE LAND – TE WHENUA



The landmark decision we as Trustees and owners agreed to in 2016 ensures we can continue to operate our business well when the proposed Te Ture Whenua Bill becomes law later this year and this has helped to uplift our assets. Whilst the change to the land status was driven by other pressures the outcome for us has proven to be a good one.

This is supported by the day to day operation which has made an operating profit of \$2,765,294 and comprehensive profit of \$8,385,948 for this financial year. The cautionary addition to the successful tale is that this uplift is based on land valuations and not on business profit. The business profit is similar to last year therefore we will look to continue our dividend at a similar level as last year. What we have achieved within the operating revenue this year is the purchase back of our land from Palmerston North City Council in the Nash Street fringe business area which has further increased our land holdings and gives us a site for future development. The acquisition of lands and undertaking developments will continue as we utilise the operating profits to increase our assets and our returns. The strong balance sheet and the improved equity gives a security to continue this steady growth.

Another large body of work Trustees have undertaken this year is the close monitoring of the progress of the Te Ture Whenua Māori Bill. This Bill is a complete rewrite of the 1993 Act and it has taken a lot of time and energy keeping abreast of

the constant changes being made. At the time of writing this report the Bill is still before Parliament and the Supplementary Order Papers have come thick and fast. These papers are the late changes being sought by various Trusts and Incorporations and of course opposition parties in the House. The careful work that Trustees have done including holding a Special General Meeting and the subsequent court case are part of that. Trustees have put much effort into ensuring we have good policies in place to enable a smooth transition when this Bill becomes law. Certainly we will not Opt In which means our Trust will continue to operate as it is without becoming a Rangatōpū. The current Trust Deed will stay along with our Land Management Plan. Those two documents have been our guiding documents since we moved away from the Māori Trustee and latterly the Guardian Trust. We have sought amendments to our Trust Deed and executed them to ensure we are relevant and reflect what owners have sought in our self-governing organisation. This means



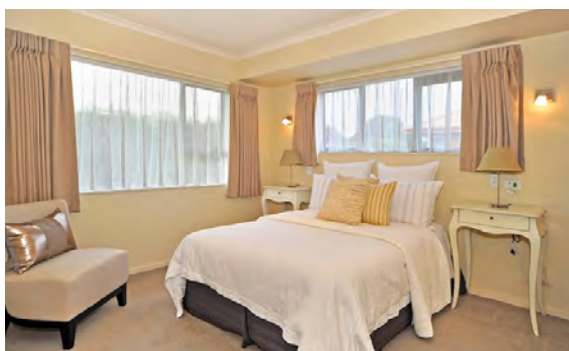
Independent Living at Metlifecare Village,
Palmerston North

we are autonomous and not controlled by the Government. The decisions made over the thirty years by us reflect the good management of Trustees and their ability to grow and develop our assets prudently. I acknowledge the work of Trustees before us and the Trustees sitting at the table now.

As mentioned above we have had a good year with Metlifecare our retirement village complex and business. We welcomed in a new CEO Glen Sowry and increased our Board membership from two back to three, we have welcomed Jeanie Hughes to the Board and Metlifecare have bought on Richard Callendar. The improvement in Metlifecare and our share of the profit is \$1,676,500 and this includes the re-valuation of the assets. We have appointed a new General Manager at Metlifecare Palmerston North, Vicky Honey who replaced Sheryl Tubman who is now General Manager at Metlifecare Kapiti Village. We wish Sheryl well as she has been a top performer and Vicky brings a new perspective and excitement for the Village and its management.



Our new Café is popular with residents and open daily



Some of the facilities at Metlifecare Village, Palmerston North

Each year Trustees set strategic goals and we have set a five year goal to take action on the remaining Māori Reserve Land we have in our portfolio. The way we will manage that is to lobby Government and Opposition parties to review and consider a legislative way to remove our remnant lands from that legislation. Those lands in our portfolio are coloured "red" on our maps. We are looking to freehold some land and are working with the current owners to purchase the freehold. We will do this only if the purchase makes sense after undertaking due diligence and having a well thought out business case. To explain a little about this land we have some properties that are still in the perpetual leasing arrangement and it is this aspect we are wanting to resolve. It is an ambitious goal but we believe it is a good driver for change and brings us on to a level playing field.

We have established a panel of property experts and we meet and consider opportunities for our land development and report back to the Board at every meeting. The panel has no power to make any decisions but only to place recommendations before the Board for their approval. We have a clear site of land for re-development between Carroll and Ngata Streets and we are considering more than one option for that entire site. We have land in Wellington on Thorndon Quay in a Joint Venture with the Wellington Tenth Trust and currently it is a carpark as we work through opportunities. We will continue to prospect there and we have a partnership called Haukawakawa General Partnership Limited with representatives from both Trusts as Directors.

We have a proposal that Trustees have been steadily working on that involves a land swap and reinvestment in another property. Therefore we are seeking owners approval to give Trustees the ability in future to sell the lots at 33-41 and 35 Grey Street and re-invest in another property.



Kaumatua Waka Ride in July

THE PEOPLE – TE TANGATA



The sister Trusts, Palmerston North Māori Reserve Trust and Wellington Tenth's Trust, established a Charitable Trust called Ngahuru Charitable Trust. The Chairman is Mark Te One. This Trust has replaced the former Wellington Tenth's Development Trust. The Trust is charged with the responsibility to address the other bottom lines owners have requested particularly in the social, cultural and environmental spaces. The delivery of services to Kaumatua, Weavers, Te Reo

learners, Gardening and Waka Ama are key platforms to address goals we wish to encourage at Hīkoikoi. Palmerston North Maori Reserve Trust and Wellington Tenth's Trust each donated \$25,000 to assist in the establishment of the Ngahuru Charitable Trust and are pleased with how that is tracking along.

THE FUTURE – TE AO AMUA



Probably the most exciting project Trustees have agreed to, is the Rangatahi Leadership Wānanga programme which is set to be piloted this year in the October holidays before the last term of school. The staff of Hīkoikoi and the staff of Te Wharewaka o Pōneke have set up a programme that will be based at Hīkoikoi for a week of the holidays and this is to bring our rangatahi together to learn about our Trust, and our stories and what we can offer through the various activities we have in Te Whanganui-ā-Tara. We are seeking funding support for this initiative but Trustees have agreed to invest \$10,000 for the pilot.

As we gain more experience in our tourism business at the Te Wharewaka o Pōneke we are involving more of our young people and they are learning leadership skills, Matauranga Māori and especially the skills and knowledge of waka. Those involved have great passion for the waka and all that entails. The business reflects how the use of traditional knowledge can be used entrepreneurially.

There is much we can be glad about in the mahi of the 2016–2017 year for our Trust and we are pleased to have set a plan to improve our assets whilst never losing sight of the quadruple bottom line we have set out to achieve. The achievement is a reflection of Trustees and management working well together and I want to take this opportunity to especially thank our management team under the purview of Keith Hindle who in his unassuming way has provided a confident well-oiled staff who have a positive responsive attitude both to Trustees, suppliers and

advisors and of owners and their whanau. Trustees look forward to another positive year ahead with exciting challenges and opportunities.

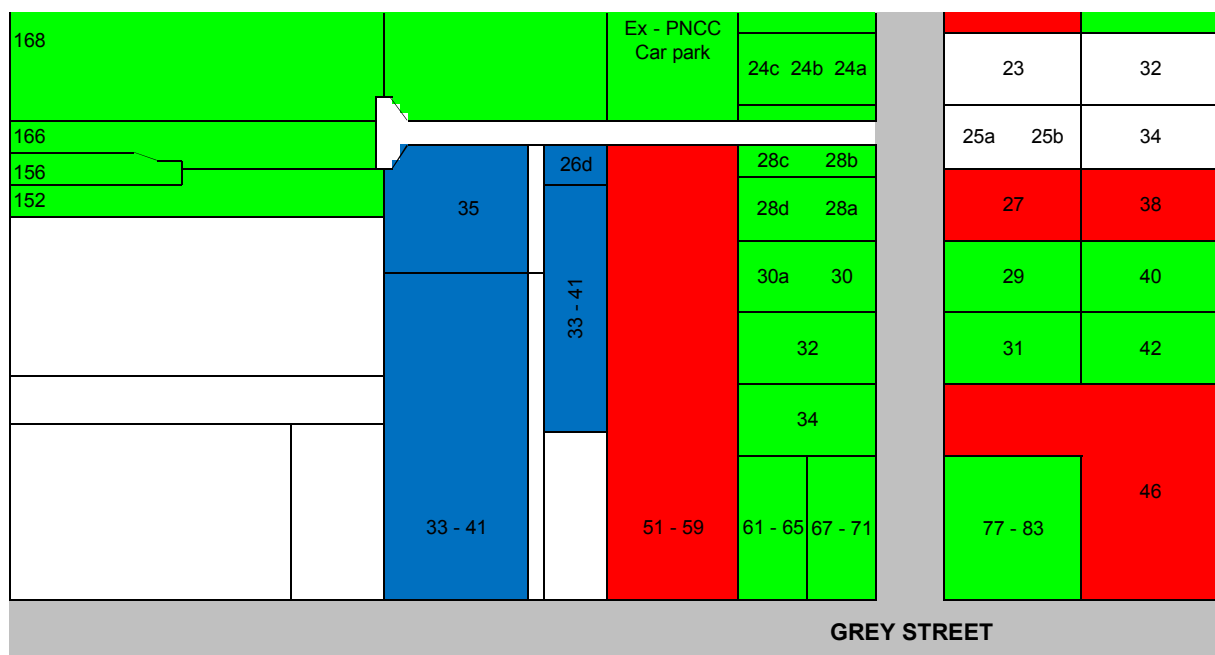
Nga Mihi



Liz Mellish
Chairman

RESOLUTION FOR THE ANNUAL GENERAL MEETING

It is hereby resolved that beneficial owners agree to the recommendation by Managing Trustees for the Palmerston North Maori Reserve Trust to have the ability in the future to sell the lots at 33-41 and 35 Grey Street, Palmerston North and reinvest in another property.



STATISTICAL INFORMATION AND DEBT TO EQUITY RATIO

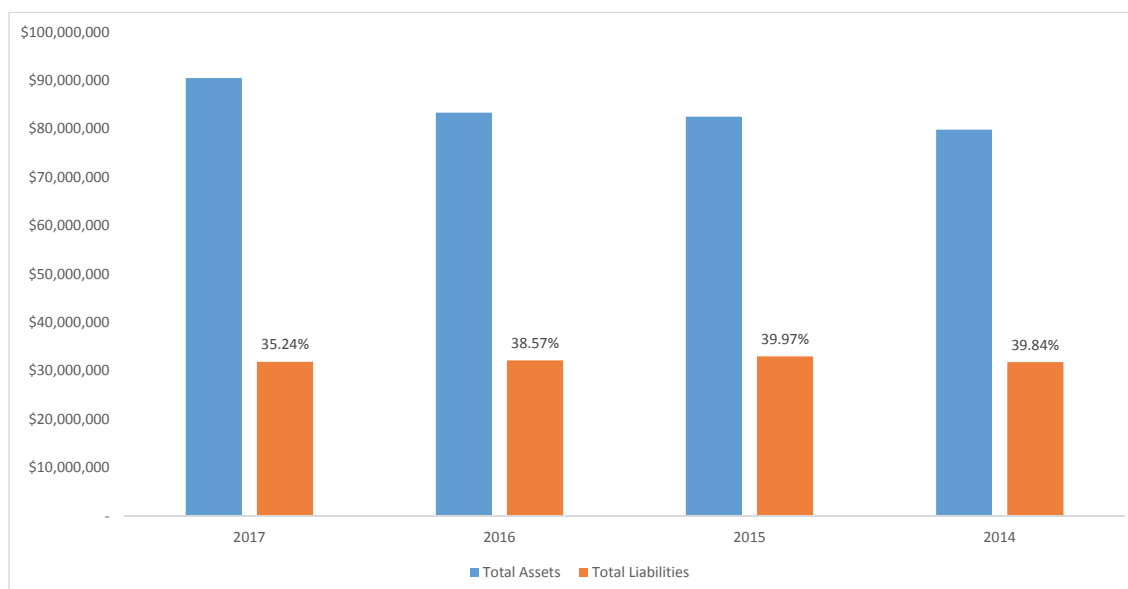
PALMERSTON NORTH MAORI RESERVE TRUST

STATISTICAL INFORMATION

	2017 NZ IFRS (RDR)	2016 NZ IFRS (RDR)	2015 NZ IFRS (RDR)	2014 NZ IFRS (RDR)
Number of Owners	999	982	938	912
Number of Shares	190,831.866	190,831.866	190,831.866	190,831.866
Total Assets	\$90,496,889	\$83,311,340	\$82,466,629	\$79,812,942
Total Liabilities	\$31,890,354	\$32,136,594	\$32,960,218	\$31,795,934
Trust Capital	\$58,606,535	\$51,174,746	\$49,506,411	\$48,017,008
Value per share	\$307.11	\$268.17	\$259.42	\$251.62
Revenue	\$6,452,207	\$6,367,851	\$6,471,972	\$6,522,362
Operating Profit After Net Financing Costs	\$2,765,294	\$2,398,643	\$2,302,818	\$2,630,538
Profit for the period	\$8,385,948	\$2,622,494	\$2,443,562	\$3,007,306
Distribution to Owners	\$954,159	\$954,159	\$954,159	\$763,327
Distribution per Share	\$5.00	\$5.00	\$5.00	\$4.00

DEBT TO EQUITY RATIO

The illustration below shows the movement in the debt to total assets ratio over the past four years. As at 31 March 2017 the debt to total assets ratio is 35.24%, that is, the total liabilities of the Trust is 35.24% of the Trust's total assets. This is a strengthening of 3.33% from 31 March 2016.

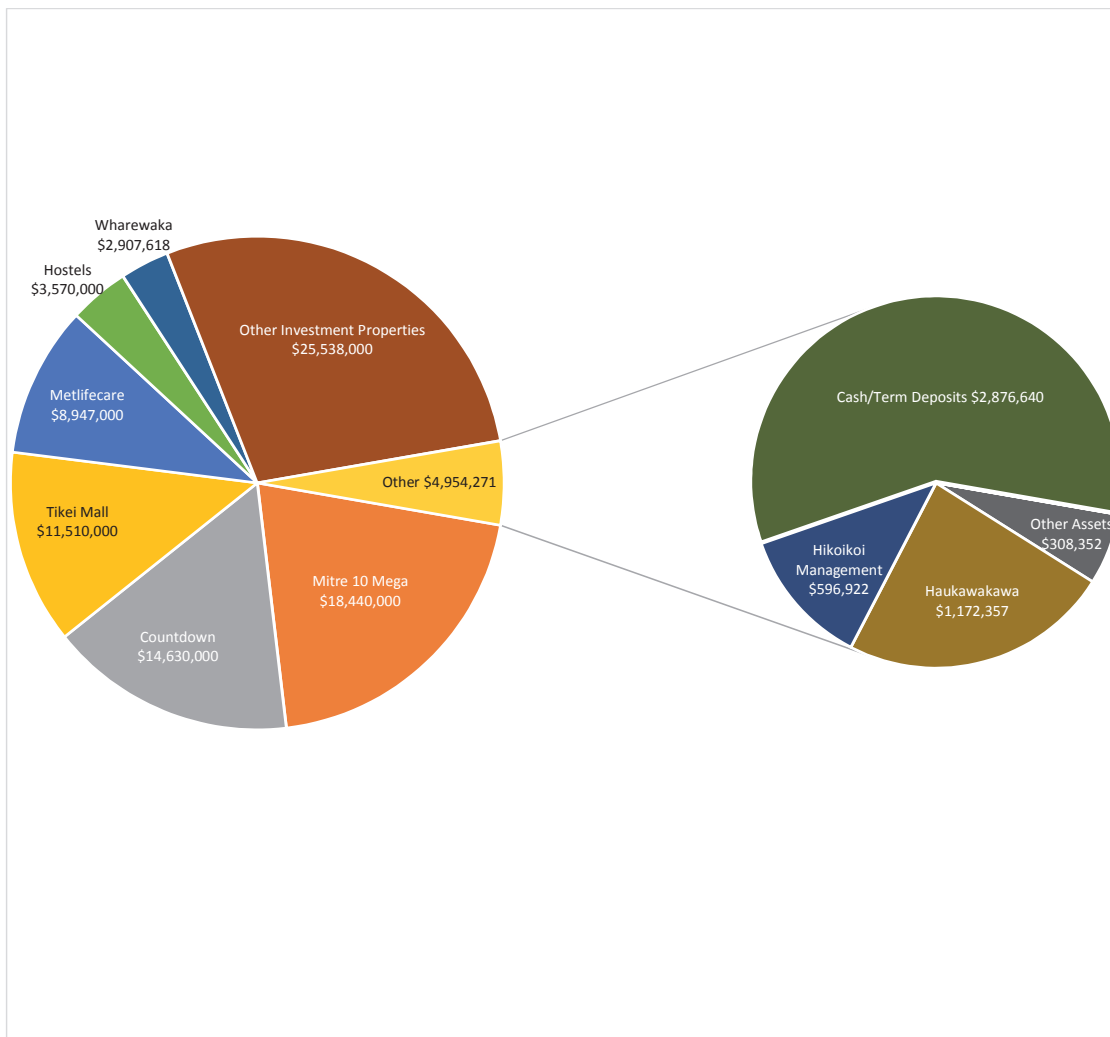


TOTAL ASSETS

PALMERSTON NORTH MAORI RESERVE TRUST

TOTAL ASSETS

The illustration below shows the breakdown of the total assets of the Trust in graphical form. The graph shows in dollar terms the holdings of the Trust as at 31 March 2017. The diversified nature of the portfolio means that any risk is spread across a range of holdings and returns are generated from a range of sources reducing any potential losses in one particular area.





CONSOLIDATED FINANCIAL STATEMENTS

PALMERSTON NORTH MAORI RESERVE TRUST
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

PALMERSTON NORTH MAORI RESERVE TRUST
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 \$	2016 \$
Revenue			
Gross Rental Income	4	6,408,755	6,335,840
Other Income	5	43,452	32,011
Total Revenue		<u>6,452,207</u>	<u>6,367,851</u>
Expenses			
Direct Property Expenses	4	(1,595,510)	(1,749,590)
Administration Expenses	6	(1,013,978)	(877,615)
Depreciation	10	(16,865)	(12,661)
Amortisation	11	(2,598)	(8,841)
Total Expenses		<u>(2,628,951)</u>	<u>(2,648,707)</u>
Operating Profit Before Net Financing Costs		<u>3,823,256</u>	<u>3,719,144</u>
Finance Costs			
Finance Income	8	171,136	213,491
Finance Expenses	8	(1,229,098)	(1,533,992)
Net Finance Costs		<u>(1,057,962)</u>	<u>(1,320,501)</u>
Operating Profit After Net Financing Costs		<u>2,765,294</u>	<u>2,398,643</u>
Other Movements			
Share of Equity Accounted Investees Profit for the Year	13	1,866,287	415,890
Loss on Disposal of Property, Plant and Equipment		(331)	-
Investment Property Revaluation	12	4,215,390	307,500
Demolition Costs		(54,504)	-
Profit Before Income Tax		<u>8,792,136</u>	<u>3,122,033</u>
Income Tax Expense	9	(406,188)	(499,539)
Profit for the Year		<u>8,385,948</u>	<u>2,622,494</u>
Total Comprehensive Income for the Year		<u>\$8,385,948</u>	<u>\$2,622,494</u>

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

**PALMERSTON NORTH MAORI RESERVE TRUST
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Retained Earnings and Total Equity \$
Balance at 1 April 2015		49,506,411
Profit for the Year		2,622,494
Total Comprehensive Income for the Year		<u>2,622,494</u>
<i>Transactions With Owners of the Trust in Their Capacity as Owners</i>		
Distributions Paid	17	(954,159)
Balance at 31 March 2016		<u>51,174,746</u>
Profit for the Year		8,385,948
Total Comprehensive Income for the Year		<u>8,385,948</u>
<i>Transactions With Owners of the Trust in Their Capacity as Owners</i>		
Distributions Paid	17	(954,159)
Balance as at 31 March 2017		<u><u>\$58,606,535</u></u>

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

PALMERSTON NORTH MAORI RESERVE TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 \$	2016 \$
EQUITY			
Retained Earnings		58,606,535	51,174,746
Total Equity		\$58,606,535	\$51,174,746
ASSETS			
Current Assets			
Trade and Other Receivables	14	151,530	107,329
Prepayments		56,815	86,761
Cash and Cash Equivalents	15	1,676,640	1,115,557
Other Financial Assets	16	1,200,000	-
Income Tax Receivable	9	-	69,773
Related Party Receivables	24	-	596,301
Total Current Assets		3,084,985	1,975,721
Non - Current Assets			
Property, Plant and Equipment	10	99,998	70,087
Investment Properties	12	73,688,000	68,970,500
Intangible Assets	11	9	2,607
Investment in Equity Accounted Investees	13	10,114,319	8,705,532
Related Party Receivables	24	3,509,578	3,586,893
Total Non - Current Assets		87,411,904	81,335,619
TOTAL ASSETS		90,496,889	83,311,340
LIABILITIES			
Current Liabilities			
Trade and Other Payables	20	721,871	280,284
Other Current Liabilities	21	300,072	166,073
Income Tax Payable	9	89,439	-
Employee Benefits	19	-	8,407
Related Party Payables	24	4,689	-
Unclaimed Distributions	17	1,481,166	1,273,572
Interest-Bearing Loans and Borrowings	18	960,000	960,000
Total Current Liabilities		3,557,237	2,688,336
Non - Current Liabilities			
Interest-Bearing Loans and Borrowings	18	27,380,823	28,340,823
Deferred Tax Liability	9	952,294	1,107,435
Total Non - Current Liabilities		28,333,117	29,448,258
TOTAL LIABILITIES		31,890,354	32,136,594
NET ASSETS		\$58,606,535	\$51,174,746

Approved for and on behalf of the Trustees on 30 June 2017:



Chairman



Trustee

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

**PALMERSTON NORTH MAORI RESERVE TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

		2017	2016
	Note	\$	\$
Cash Flows From Operating Activities			
Cash Receipts From Customers		6,530,617	6,382,075
Cash paid to Suppliers and Employees		(2,702,976)	(2,645,538)
Interest Received		171,136	213,491
Interest Paid		(1,229,098)	(1,533,992)
Income Taxes Paid		(402,117)	(584,956)
Net GST		11,388	18,310
Net Cash Inflow From Operating Activities	25	2,378,950	1,849,390
Cash Flows From Investing Activities			
Purchase of Property, Plant and Equipment	10	(47,105)	(26,116)
Distribution Received From Equity Accounted Entity	13	457,500	427,500
Investment in Term Deposit	16	(1,200,000)	-
Net Cash Inflow/(Outflow) From Investing Activities		(789,605)	401,384
Cash Flows From Financing Activities			
(Repayment of) Borrowings		(960,000)	(960,000)
Related Party Advances		678,303	(412,161)
Distributions Paid	17	(746,565)	(809,353)
Net Cash Outflow From Financing Activities		(1,028,262)	(2,181,514)
Net Increase in Cash and Cash Equivalents		561,083	69,260
Cash and Cash Equivalents at Beginning of Year		1,115,557	1,046,297
Cash and Cash Equivalents at End of Year	15	\$1,676,640	\$1,115,557
Cash and Cash Equivalents Comprises:			
Cash and Cash Equivalents	15	1,676,640	1,115,557
		\$1,676,640	\$1,115,557

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. REPORTING ENTITY

The consolidated financial statements of Palmerston North Maori Reserve Trust as at and for the year ended 31 March 2017 comprise the Trust and its subsidiary (together referred to as the “Group”) and individually as “Group entities” and the Group’s equity accounted interests in associates.

Palmerston North Maori Reserve Trust is an Ahu Whenua Trust constituted by the Maori Land Court Order of December 16, 2003 pursuant to Sec 244 of the Te Ture Whenua Maori Act 1993 which varied the original Trust Deed of 1977, and the subsequent variations of Deed made on November 5, 1999 and May 1993. These financial statements have been prepared in accordance with the Financial Reporting Act 2013. The Trust is eligible for, and has elected to, report in accordance with Tier 2 New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (“NZ IFRS (RDR)”). The Trust has taken advantage of a number of disclosure concessions.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”) and comply with NZ IFRS (RDR) and other applicable Financial Reporting Standards, as appropriate for profit orientated entities.

These financial statements were authorised for issue by the Trustees on 30 June 2017.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for assets and liabilities as disclosed below that have been measured at fair value. The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Group’s functional and presentation currency.

(d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with NZ IFRS (RDR) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key significant estimates and judgements used have been disclosed in note 3.

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Group entities.

(a) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in Equity Accounted Investees

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Other income is recognised as revenue is received.

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(c) Finance Income and Finance Costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognised on financial assets (other than trade receivables).

(d) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) Property, Plant and Equipment

Recognition and Measurement

Items of office equipment, furniture, fittings and chattels and plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of plant and equipment, furniture and fittings, and office equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

Depreciation

For plant and equipment, furniture and fittings, and office equipment, depreciation is based on the cost of an asset less its residual value. Where significant components of individual assets have different useful lives from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each component of an item of plant and equipment.

The estimated useful lives for the current and comparative years of significant items of plant and equipment, furniture and fittings, and office equipment are as follows:

Office Equipment	3 - 15.5 Years
Furniture, Fittings and Chattels	5 - 20 Years
Plant and Equipment	4 - 33.3 Years

The residual value and useful life of property, plant and equipment is reassessed annually.

(f) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value (current market value) with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and any other costs directly attributable to bringing the investment property to a working condition for their intended use.

When the use of investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Beneficial owner approval is needed prior to the disposal of investment property that is classified as Maori land. At a special general meeting of beneficiaries on 2 July 2016, it was passed that all Maori land be reclassified as general land. A submission was made to the Maori Land Court to complete the reclassification. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(g) Financial Instruments

Non derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following category: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, term deposits, trade and other receivables and loans to related parties.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables

Trade and other receivables, including related party receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Non-derivative financial liabilities

The Group initially recognises bank debt issued on the date that it originated.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Trade and other payables

Trade and other payables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Impairment

Financial assets measured at cost

The Group considers evidence of impairment for financial assets measured at cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Goods and Services Tax

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax ("GST") except for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the Statement of Financial Position.

(j) Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period.

The estimated useful lives for the current and comparative years of significant items of intangible assets are as follows:

Database	5 - 20 Years
Website	3 - 15.5 Years

(k) Unclaimed Distributions

Unclaimed distributions are distributions to beneficial owners that have yet to be claimed. These amounts are carried at cost until claimed by the beneficial owner.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(l) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company and group in respect of services provided by employees up to reporting date.

The Group contributes to a defined contribution plan which is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the profit or loss in the period during which services are rendered to employees.

(m) Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Highest and best use has been determined as each of the non-financial asset's current use and therefore fair value has been determined as follows:

Investment Properties

An external, independent valuation company (Colliers International (Wellington Valuation) Limited), having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

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4. RENTAL INCOME

	2017	
	Gross Rental Income	Direct Property Expenses
	\$	\$
Tikei Mall	1,246,215	(250,169)
Nash Street Development	1,651,198	(249,506)
Countdown Supermarket	1,245,500	(93,311)
Hostel Accommodation	700,095	(385,049)
Other	1,565,747	(617,475)
	\$6,408,755	\$(1,595,510)
		\$4,813,245

	2016	
	Gross Rental Income	Direct Property Expenses
	\$	\$
Tikei Mall	1,228,006	(225,801)
Nash Street Development	1,646,684	(205,986)
Countdown Supermarket	1,345,189	(101,963)
Hostel Accommodation	612,554	(362,296)
Other	1,503,407	(853,544)
	\$6,335,840	\$(1,749,590)
		\$4,586,250

5. OTHER INCOME

	2017	2016
	\$	\$
Ancillary Hireage at Hostel Accommodation	19,859	15,886
Sundry Income	23,593	16,125
	\$43,452	\$32,011

6. ADMINISTRATION EXPENSES

	2017	2016
	\$	\$
Accident Insurance/Levies	682	926
Accountancy Fees	58,985	66,787
Audit Fees	38,830	37,800
Bad Debts	2,025	-
Bank Charges	7,436	6,173
Cleaning & Laundry	1,928	1,829
Computer Expenses	-	81
Consultancy Fees	3,881	1,137
Donation to Ngahuru Charitable Trust (refer to note 24)	25,000	-
Executive Office (refer to note 24)	505,464	405,207
General Expenses	2,674	5,125
Insurance	22,695	23,936
Legal Fees	63,896	65,562
Owners' Meetings	37,218	22,016
Postage, Printing & Stationery	2,199	545
Memberships & Subscriptions	3,534	7,660
Sponsorship	5,000	5,000
Tangi Contributions	500	17,537
Telephone & Internet	3,773	3,889
Travel & Accommodation	56,617	42,226
Trustees' Fees (refer to note 24)	165,000	152,917
Trustees' Expenses	6,641	11,262
	\$1,013,978	\$877,615

PALMERSTON NORTH MAORI RESERVE TRUST
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7. EMPLOYEE BENEFIT EXPENSES

	2017	2016
	\$	\$
Salaries and Wages (included in direct property expenses - note 4)	49,475	112,268
Kiwisaver (included in direct property expenses - note 4)	621	2,622
	\$50,096	\$114,890

During the 2017 year all hostel employees were transferred to Westermans Property Management who act as property managers to the group.

8. NET FINANCE COSTS

	2017	2016
	\$	\$
Finance Income - Loans and Receivables		
Interest Income - Wharewaka o Poneke Charitable Trust (refer to note 24)	108,000	117,000
Interest Income - Hikoikoi Management Limited (refer to note 24)	39,327	40,902
Interest Income - Wellington Tenth Trust (refer to note 24)	1,659	28,951
Interest Income - Westpac	20,164	24,659
Interest Income - Other	1,986	1,979
	171,136	213,491
Finance Expense - Liabilities at Amortised Cost		
Interest Expense - Westpac	(1,227,616)	(1,530,838)
Interest Expense - Other	(1,482)	(3,154)
	(1,229,098)	(1,533,992)
Net Finance Expense	\$(1,057,962)	\$(1,320,501)

9. INCOME TAX

	2017	2016
	\$	\$
a) Income tax recognised in profit or loss		
Current tax	561,329	501,052
Deferred tax expense	(155,141)	(1,513)
Total income tax expense	\$406,188	\$499,539

b) Reconciliation of income tax expense

Profit before income tax expense	8,792,136	3,122,033
Tax expense at 17.5%	1,538,624	546,356
Non-Deductible Expenses	4,931	3,270
Non-Assessable Investment Property Revaluation	(737,693)	(53,813)
Dividend Received From Equity Accounted Investee	80,063	74,813
Non-Assessable Equity Accounted Earnings	(326,600)	(72,781)
Income Taxed at Different Rates	4,104	1,694
Reduction in deferred tax liability from Investment Property disposal	(157,240)	-
Total income tax expense	\$406,188	\$499,539

c) Current tax

Asset/(liability) at 1 April	69,773	(14,131)
Current year tax expense	(561,329)	(501,052)
Payments	402,117	584,956
Asset/(liability) at 31 March	\$(89,439)	\$69,773

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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9. INCOME TAX (cont.)	2017	2016
	\$	\$
d) Deferred tax		
Balance at the beginning of the year	(1,107,435)	(1,108,948)
Current year movement	155,141	1,513
Deferred tax asset/(liability)	\$(952,294)	\$(1,107,435)

Deferred tax assets/(liabilities) are attributable to the following:

Accrued Expenses	6,475	6,300
Employee benefits	-	2,274
Investment Properties	(958,769)	(1,116,009)
	\$(952,294)	\$(1,107,435)

e) Maori Authority Tax Credit Account

Closing Balance of Maori Authority Tax Credit Account	3,596,576	3,194,674
	\$3,596,576	\$3,194,674

10. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Furniture, Fittings and Chattels	Plant and Equipment	Total
Cost	\$	\$	\$	\$
Balance at 1 Apr 2015	55,396	121,368	36,915	213,679
Additions	2,250	22,746	1,120	26,116
Balance at 31 Mar 2016	57,646	144,114	38,035	239,795
Additions	1,356	14,061	31,688	47,105
Disposals	-	-	(1,299)	(1,299)
Balance at 31 Mar 2017	59,002	158,175	68,424	285,602
Accumulated Depreciation				
Balance at 1 Apr 2015	51,713	86,404	18,930	157,047
Depreciation	2,109	7,019	3,533	12,661
Balance at 31 Mar 2016	53,822	93,423	22,463	169,708
Depreciation	1,786	10,749	4,329	16,865
Disposals	-	-	(968)	(968)
Balance at 31 Mar 2017	55,608	104,172	25,824	185,605
Net book value				
At 31 March 2016	3,824	50,691	15,572	70,087
At 31 March 2017	\$3,394	\$54,003	\$42,600	\$99,998

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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11. INTANGIBLE ASSETS

	Database	Website	Total
Cost	\$	\$	\$
Balance at 1 Apr 2015	198,284	17,456	215,740
Balance at 31 Mar 2016	198,284	17,456	215,740
Balance at 31 Mar 2017	198,284	17,456	215,740
Accumulated Amortisation			
Balance at 1 Apr 2015	186,890	17,402	204,292
Amortisation	8,809	32	8,841
Balance at 31 Mar 2016	195,699	17,434	213,133
Amortisation	2,585	13	2,598
Balance at 31 Mar 2017	198,284	17,447	215,731
Net book value			
At 31 March 2016	2,585	22	2,607
At 31 March 2017	\$-	\$9	\$9

12. INVESTMENT PROPERTIES

	2017	2016
	\$	\$
Balance at 1 April	68,970,500	68,663,000
Acquisitions	502,110	-
Change in fair value	4,215,390	307,500
Balance at 31 March	\$73,688,000	\$68,970,500

Carrying Value of Individual Properties:

	2017	2016
	\$	\$
Countdown Supermarket - 247-271 Rangitikei Street, Palmerston North	14,630,000	13,600,000
Tikei Mall - 168-208 Rangitikei Street, Palmerston North	11,510,000	11,060,000
Nash Street Development (Mitre 10 Mega) - 250-270 Featherston Street, Palmerston North	18,440,000	16,770,000
	44,580,000	41,430,000

Hostels

Palmy 31 - 29 & 31 Ngata Street, 40 & 42 Carroll Street, Palmerston North	2,070,000	2,050,000
Baxters - 9-17 Ranfurly Street, Palmerston North	1,500,000	1,350,000
	3,570,000	3,400,000

Other

272-276 Featherston Street, Palmerston North	1,080,000	1,040,000
61-65 Grey Street, Palmerston North	780,000	820,000
67-71 Grey Street, Palmerston North	444,000	440,000
77-83 Grey Street, Palmerston North	660,000	680,000
152-154 Rangitikei Street, Palmerston North	630,000	625,000
156-160 & 162-166 Rangitikei Street, Palmerston North	967,000	955,000
17 Ngata Street, Palmerston North	330,000	320,000
38 Carroll Street, Palmerston North	256,500	220,000
46 Carroll Street & 33 Ngata Street, Palmerston North	1,905,000	1,900,000
35 Grey Street, Palmerston North	329,000	295,000
33-41 Grey Street, Palmerston North	1,770,000	1,860,000

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	2017	2016
	\$	\$
51-59 Grey Street, Palmerston North	2,000,000	2,000,000
121 Grey Street, Palmerston North	365,500	360,000
19 Ngata Street, Palmerston North	241,000	210,000
21 Ngata Street, Palmerston North	242,000	210,000
27 Ngata Street, Palmerston North	245,000	210,000
32 Ngata Street, Palmerston North	295,000	290,000
34 Ngata Street, Palmerston North	297,500	295,000
8 Carroll Street, Palmerston North	272,000	260,000
10 Carroll Street, Palmerston North	272,000	247,500
12 Carroll Street, Palmerston North	455,000	410,000
16 Carroll Street, Palmerston North	272,000	310,000
18 Carroll Street, Palmerston North	272,000	247,500
20 Carroll Street, Palmerston North	272,000	247,500
22 Carroll Street, Palmerston North	420,000	378,000
28 Carroll Street, Palmerston North	290,000	260,000
26 Fitchett Street, Palmerston North	340,000	310,000
30 Fitchett Street, Palmerston North	365,000	330,000
34 Fitchett Street, Palmerston North	405,000	370,000
40 Fitchett Street, Palmerston North	295,000	260,000
42 Fitchett Street, Palmerston North	310,000	290,000
46/46a Fitchett Street, Palmerston North	436,500	340,000
48/48a Fitchett Street, Palmerston North	370,000	350,000
3 Nash Street, Palmerston North	255,000	250,000
9-15 Nash Street, 22/26 Ngata Street Palmerston North	1,070,000	870,000
3 Ngata Street, Palmerston North	266,000	242,000
5 Ngata Street, Palmerston North	266,000	242,000
7 Ngata Street, Palmerston North	266,000	242,000
9a/9b/9c Ngata Street, Palmerston North	395,000	337,000
11 Ngata Street, Palmerston North	266,000	230,000
15 Ngata Street, Palmerston North	266,000	242,000
16 Ngata Street, Palmerston North	278,000	270,000
24a/24b/24c Ngata Street, Palmerston North	500,000	440,000
28a/b/c/d 30/30b Ngata Street, Palmerston North	850,000	760,000
25/25a Ward Street, Palmerston North	460,000	400,000
27/27a Ward Street, Palmerston North	440,000	360,000
29 Ward Street, Palmerston North	295,000	260,000
31 Ward Street, Palmerston North	430,000	390,000
33 Ward Street, Palmerston North	356,000	320,000
35/35a Ward Street, Palmerston North	300,000	320,000
39/39a Ward Street, Palmerston North	405,000	355,000
41 Ward Street, Palmerston North	290,000	270,000
	25,538,000	24,140,500
	\$73,688,000	\$68,970,500

PALMERSTON NORTH MAORI RESERVE TRUST
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Investment property comprises a number of commercial and residential properties that are leased to third parties, and a number of bare development properties. For residential properties the lease terms range from six months to 12 months and commercial properties have leases negotiated with periods ranging from three years to 15 years with various rights of renewals.

Colliers International (Wellington Valuation) Limited have valued all properties for financial reporting purposes at 31 March 2017 and 31 March 2016.

13. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES

Palmerston North Maori Reserve Trust holds the following voting interests in the following entities and as such has significant influence but not control of the entities. The Group has classified the investments listed as associates and it is accounting for them using the equity method.

Investee	Balance Date	Place of Business/Country of Incorporation	Ownership Percentage	
			2017	2016
Hikoikoi Management Limited	31-Mar	NZ	50%	50%
Haukawakawa Limited Partnership	31-Mar	NZ	50%	50%
Metlifecare Palmerston North Limited	30-Jun	NZ	50%	50%

The Group has no commitments and no contingencies in relation to its investments in associates.

Non-current investment in Associate	Hikoikoi Management Limited		Metlifecare Palmerston North Limited		Total
	\$	Haukawakawa LP	\$	\$	
Balance at 1 April 2015	-	973,642	7,743,500		8,717,142
Share of profit/(loss)	-	3,890	412,000		415,890
Dividends received	-	-	(427,500)		(427,500)
Balance at 31 March 2016	-	977,532	7,728,000		8,705,532
Share of profit/(loss)	-	189,787	1,676,500		1,866,287
Dividends received	-	-	(457,500)		(457,500)
Balance at 31 March 2017	\$	\$1,167,319	\$8,947,000		\$10,114,319

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13. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES (cont.)

	2017			Total
	Hikoikoi Management Limited	Haukawakawa LP	Metlifecare Palmerston North Limited	
Assets and Liabilities of Associates				
	\$	\$	\$	\$
Current Assets	116,543	16,906	835,000	968,449
Non-current Assets	1,255,662	2,323,819	40,569,000	44,148,481
Total Assets	1,372,205	2,340,725	41,404,000	45,116,930
Current Liabilities	1,372,205	1,047	617,000	1,990,252
Non-current Liabilities	-	5,038	22,894,000	22,899,038
Total Liabilities	1,372,205	6,085	23,511,000	24,889,290
Net Assets	\$ -	\$2,334,640	\$17,893,000	\$20,227,640

	2016			Total
	Hikoikoi Management Limited	Haukawakawa LP	Metlifecare Palmerston North Limited	
Assets and Liabilities of Associates				
	\$	\$	\$	\$
Current Assets	114,667	7,927	949,000	1,071,594
Non-current Assets	1,295,555	1,960,000	37,330,000	40,585,555
Total Assets	1,410,222	1,967,927	38,279,000	41,657,149
Current Liabilities	1,410,222	12,861	662,000	2,085,083
Non-current Liabilities	-	-	22,162,000	22,162,000
Total Liabilities	1,410,222	12,861	22,824,000	24,247,083
Net Assets	\$ -	\$1,955,066	\$15,455,000	\$17,410,066

14. TRADE AND OTHER RECEIVABLES

	2017	2016
	\$	\$
Trade Receivables	21,519	3,817
Rent Arrears	130,011	103,512
Total Trade and Other Receivables	\$151,530	\$107,329

Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted.

15. CASH AND CASH EQUIVALENTS

	2017	2016
	\$	\$
Bank Balances	1,676,640	1,115,557
Total cash and cash equivalents	\$1,676,640	\$1,115,557

Interest rate charged on overdrawn bank balances and interest received on call deposits were 10.1% and 0.1% respectively (2016: 10.20% and 1.00%). Bank balances are on call. Total overdraft available at balance date is \$250,000 (2016: \$250,000).

16. OTHER FINANCIAL ASSETS

	2017	2016
	\$	\$
Term Deposits	1,200,000	-
Total Other Financial Assets	\$1,200,000	\$ -

The term deposit has a maturity date of 7 April 2017 and interest rate of 3.4% pa.

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17. UNCLAIMED DISTRIBUTIONS	2017	2016
	\$	\$
Balance at Beginning of Year	1,273,572	1,128,766
Distribution Declared	954,159	954,159
Net Distributions Claimed	(746,565)	(809,353)
Balance at End of the Year	<u>\$1,481,166</u>	<u>\$1,273,572</u>

Unclaimed distributions represent distributions declared by Palmerston North Maori Reserve Trust but that have not been claimed by the respective beneficial owner. Unclaimed distributions are held on demand for the rightful beneficial owner. Palmerston North Maori Reserve Trust has sufficient access to capital to pay all unclaimed distributions if they were called.

18. INTEREST-BEARING LOANS AND BORROWINGS

			2017	2016
Description	Maturity Date	Interest Rate	\$	\$
Westpac Banking Corporation (91)	01/04/2017	4.10%	28,340,823	29,300,823
			<u>\$28,340,823</u>	<u>\$29,300,823</u>
Current			960,000	960,000
Non-current			27,380,823	28,340,823
			<u>\$28,340,823</u>	<u>\$29,300,823</u>

The bank loans are secured over certain investment properties with a carrying amount of \$55,861,000 (2016: \$52,080,000).

Subsequent to balance date the Westpac Banking Corporation Loan facility was extended and now expires on 31 March 2020.

19. EMPLOYEE BENEFITS	2017	2016
	\$	\$
Liability for annual leave	-	8,407
	<u>\$ -</u>	<u>\$8,407</u>

During the 2017 year all hostel employees were transferred to Westermans Property Management who act as property managers to the group, as a result there is no liability for employee benefits at 31 March 2017.

20. TRADE AND OTHER PAYABLES	2017	2016
	\$	\$
Trade Payables	84,345	163,685
Bonds Payable	2,911	5,929
Property Settlement	502,110	-
Accrued Expenses	132,505	110,670
	<u>\$721,871</u>	<u>\$280,284</u>

Trade payables generally have terms of 30 days and are interest free. Trade payables of a short-term duration are not discounted.

21. OTHER CURRENT LIABILITIES	2017	2016
	\$	\$
GST Payable	123,423	106,269
Income Received in Advance	176,649	59,804
	<u>\$300,072</u>	<u>\$166,073</u>

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

22. EQUITY MANAGEMENT

The Group's equity (net assets) relates to retained earnings.

The Group manages its equity through the use of budgets and business cases to determine future capital requirements. There are no externally imposed capital requirements at the end of the year or during each reporting period.

The Group's policies in respect of equity management and allocation are reviewed regularly by the Trustees.

There have been no material changes in the Group's management of equity during the year.

23. FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities as shown in the Statement of Financial Position, are as follows. All financial assets are classified as loans and receivables. All financial liabilities are classified as Financial Liabilities at Amortised Cost.

	2017	2016
	\$	\$
Trade and Other Receivables	151,530	107,329
Cash and Cash Equivalents	1,676,640	1,115,557
Other Financial Assets	1,200,000	-
	\$3,028,170	\$1,222,886
Trade and Other Payables	721,871	280,284
Interest bearing loans and borrowings	28,340,823	29,300,823
	\$29,062,694	\$29,581,107

24. RELATED PARTIES

The ultimate Parent of the Group is Palmerston North Maori Reserve Trust.

Subsidiary

Set out below is the significant subsidiary of the Group:

	Principal Activity	Place of Business/Country of Incorporation	Ownership Percentage	
			2017	2016
Baxters Limited	Hostel Accommodation	NZ	100%	100%

Other Related Parties

In addition to the above, and the associates listed in note 13, Palmerston North Maori Reserve Trust is related to the following entities:

Entity	Relationship
Wharewaka o Poneke Charitable Trust	Palmerston North Maori Reserve Trust has the right to appoint two trustees
Wharewaka o Poneke Enterprises Limited	Common Trusteeship/Directorship
Wellington Tenth's Trust	Common Trusteeships
Ngahuru Charitable Trust	Common Trusteeships

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

24. RELATED PARTIES (cont.)

Transactions with related parties

Transactions with related parties are to be settled in cash. None of these balances are secured. There have been no impairments of related party balances during the year (2016: nil) and there have been no write-offs of related party balances during the year (2016: nil).

Related Party Transactions included:	2017	2016
	\$	\$
Interest received from Wharewaka o Poneke Charitable Trust (refer to note 8)	108,000	117,000
Interest received from Wellington Tenth Trust (refer to note 8)	1,659	28,951
Interest received from Hikoikoi Management Limited (refer to note 8)	39,327	40,902
Executive office fees charged by Hikoikoi Management Limited (refer to note 6)	(505,464)	(405,207)
Donations to Ngahuru Charitable Trust (refer to note 6)	(25,000)	-
	\$(381,478)	\$(218,354)

Related Party Balances at year end included:	2017	2016
	\$	\$
Receivable/(Payable) from/(to) Wellington Tenth Trust	(4,689)	596,301
Receivable from Wharewaka o Poneke Charitable Trust	2,907,618	2,907,618
Receivable from Hikoikoi Management Limited	596,922	674,237
Receivable from Haukawa Limited Partnership	5,038	5,038
	\$3,504,889	\$4,183,194

Related Party Receivables

Current Related Party Receivables	-	596,301
Non-Current Related Party Receivables	3,509,578	3,586,893
	\$3,509,578	\$4,183,194

Related Party Payables

Current Related Party Payables	(4,689)	-
	\$(4,689)	\$ -

Trustee Remuneration

Trustee fees are determined by way of resolution at the Trust's annual general meeting. Trustee remuneration by trustee is as follows:

	2017	2016
	\$	\$
Liz Mellish (Chairman)	45,000	42,917
Jeanie Hughes	15,000	13,750
Paula King	15,000	13,750
Dr Catherine Love	15,000	13,750
Matthew Love-Parata	15,000	13,750
Wiki Michalanney	15,000	13,750
Ann Rewiti	15,000	13,750
Aisha Ross	15,000	13,750
Mark Te One	15,000	13,750
	\$165,000	\$152,917

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

25. RECONCILIATION OF NET SURPLUS TO CASH FLOW FROM OPERATING ACTIVITIES	2017	2016
	\$	\$
Net Surplus After Tax	8,385,948	2,622,494
<i>Add/ (Deduct) Non-cash Items:</i>		
Amortisation	2,598	8,841
Depreciation	16,865	12,661
Movement in Deferred Tax	(155,141)	(1,513)
Investment Property Revaluations	(4,215,390)	(307,500)
Loss on Disposal of Fixed Assets	331	-
Net Surplus/ (Deficit) from Associates	(1,866,287)	(415,890)
<i>Movement in Working Capital Items</i>		
Receivables	(44,201)	12,233
Income Tax	159,212	(83,904)
Payables	65,069	22,915
Prepayments	29,946	(20,947)
Net Cash Flow from Operating Activities	\$2,378,950	\$1,849,390

26. COMMITMENTS

Other than those disclosed within these financial statements there are no further commitments at 31 March 2017 (2016: nil).

27. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2017 (2016: nil).

28. EVENTS OCCURRING AFTER THE REPORTING DATE

There are no events subsequent to the reporting date that would affect the financial statements, other than those disclosed in note 18 (2016: nil).

INDEPENDENT AUDITOR'S REPORT



Crowe Horwath
New Zealand Audit Partnership
Member Crowe Horwath International
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Wellington 6011 New Zealand

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Palmerston North Maori Reserve Trust

Independent Auditor's Report to the Beneficial Owners of Palmerston North Maori Reserve Trust

Report on Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Palmerston North Maori Reserve Trust and its controlled entities (the Group) on pages 11 to 32, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 11 to 32 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards with Reduced Disclosure Regime (NZ IFRS RDR).

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 in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 Palmerston North Maori Reserve Trust or any of its controlled entities.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Trustees' Responsibilities for the Consolidated Financial Statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, for maintaining the Owner's Register and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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. Furthermore, we are required to express an opinion on whether the Owner's Register conforms with the requirement of the Trust Deed and has been properly kept. 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 decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures

responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.

- Obtains 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 Group's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes 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 Group's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

The auditor communicates 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 the auditor identifies during the audit.

Report on Other Legal and Regulatory Requirements

The Owner's Register conforms and has been properly kept in accordance with the requirements of the Trust Deed.



Crowe Horwath New Zealand Audit Partnership

CHARTERED ACCOUNTANTS

30 June 2017

MINUTES OF THE ANNUAL GENERAL MEETING HELD ON SATURDAY 27 AUGUST 2016 AT 10AM AT THE PALMERSTON NORTH CONVENTION CENTRE, 354 MAIN STREET WEST, PALMERSTON NORTH

TRUSTEES PRESENT

Aisha Ross, Ann Reweti, Jeanie Hughes,
Liz Mellish (Chairman), Mark Te One,
Matthew Love-Parata, Paula King, Wikitoria
Michalanney

ADVISERS PRESENT

Aaron Titter, Ben Westerman, Maz Williams,
Yvonne Westerman

EXECUTIVE AND WELLINGTON OFFICE

Ben Ngaia, Cherie Douglas, Chris Fox, Erini
Shepherd, Gilbert Douglas, Keith Hindle,
Lena Leatherby, Neavin Broughton, Tracey
Betham, Tracey Heffernan, Vicki Hollywell

ATTENDEES

Alamaine McGregor, Allan Erskine, Anne
Jones, Bernie King, Bill Owen, Christina
Thomas, Deanne Jones, Dinah King, Doreen
Blain, Helen Johnson, Hera Hailwood, Ina
Rangiwhetu, Jennifer Rangitukua Wirihana-
Sanford, Joseph Jones, Judith Evans, Julius
Ross, Kathleen Maaka, Karen Tucker, Karena
Efaraimo, Mana Huntley, Mana Jenkins,
Marama Cock, Maria Makowharemahihi,
Marina Paki, Morrie Te Whiti Love, Noel
Kingi, Pamela Workman, Pauline Owen,
Perry Solomon, Pipiri Manaia, Poiria Love
Erskine, Reena Huntley, Richard Te One,
Richard Wharemate, Ruhia Love, Sarah
Hemara, Sam Kahui, Shirley King, Tiare
Evans, Tracey Evans, Tracey Wairau,
Tuhi McGregor, Wanda Whana, Wikitoria
Pahemata Gear

APOLOGIES

Annie Te One, Bob Duncan, Catherine Love,
David Love, Dione King, Emily Maru, Francis
Kingi-Katene, Grace Luke, Heather McPhee,
Heni O'Hare, Hine Love-Thompson, Hinekiwi
Matoe, James Taumanu, June Hogan, Maria
Tangiora, Marie Nui Biss, Matire Hannah
Waipouri, Meka Mauriri, Michael Jenkins,
Miriamia Te One, Mohi Te One, Molly Mauriri,
Monica King, Neil Whyte, Sir Ngatata Love,
Patricia Hemara Wahanui, Peter Luke, Philip
Nuku, Puhi Nuku, Raynor Roinee-Meyer,
Richard Owen, Ripeka Healey, Tere McBride,
Thomas Taumanu, Tui Love, Vaughan Gooch

OPENING AND WELCOME

Mark Te One opened the meeting at
10am with mihi and karakia with an
acknowledgement of those that have
passed. Waiaata: E ngā iwi

The Chairman went through the
housekeeping and agenda for the meeting
noting apologies from Trustees, Sir Ngatata
Love and Catherine Love.

Mana Jenkins asked whether it was
necessary for owners to record their
shareholder number when asking questions
and it was pointed out by the Chairman that
only owners or descendants of owners had
the right to vote on matters at the meeting.

MINUTES OF THE 2015 ANNUAL GENERAL MEETING

The minutes of the last Annual General
Meeting were produced on pages 39 to 46 of
the Annual Report. Trustees reviewed those
minutes and recommended that they be
accepted as a correct record of proceedings.

Resolution

It is hereby resolved that beneficial owners accept the Minutes of the 2015 Annual General Meeting held on 29 August 2015 as a correct record of proceedings

Moved – Richard Te One

Seconded – Marina Paki

Carried unanimously

MATTERS ARISING FROM THE PREVIOUS MINUTES

The Chairman advised those present that Chairman and Trustee reports at today's meeting will cover any matters arising from the last annual general meeting.

Ina Rangiwhetu asked if there was a requirement to have a set quorum at the Annual General Meeting and it was advised that the requirement is to have 35 qualifying beneficial owners that have the ability to vote.

SPECIAL GENERAL MEETING MINUTES

Copies of the minutes of the Special General Meeting held on 2 July 2016 were circulated at the meeting.

Resolution

It is hereby resolved that beneficial owners accept the Minutes of the Special General Meeting held on 2 July 2016 as a correct record of proceedings

Moved – Richard Te One

Seconded – Poiri Love Erskine

Carried unanimously

MATTERS ARISING FROM THE SPECIAL GENERAL MEETING MINUTES

The Chairman advised those present that reports at today's meeting will cover any matters arising from the Special General Meeting.

MĀORI LAND COURT HEARING

The Chairman advised that the Māori Land Court hearing was held on Thursday 25 August 2016 in Wellington. The Chairman advised that the court hearing had been scheduled to be held on 16 August in Whanganui and had been deferred to the Thursday just before the AGM and had moved the venue to Wellington. It became difficult logistically to bring kaumātua through to Wellington on the Thursday and then again to Palmerston North on Saturday for this AGM.

The two resolutions that beneficial owners agreed on at the Special General Meeting held on 2 July 2016 were heard by Judge Savage. Those resolutions were:

To apply to the Māori Land Court under Sections 135 and 137 of Te Ture Whenua Māori Act 1993 to reclassify Palmerston North Māori Reserve Land holdings from Māori Freehold Land to General Land; and That application be made to the Māori Land Court to include a variation process in the Palmerston North Māori Reserve Trust Deed allowing the Trust and beneficial owners to vary the Trust Deed as necessary.

Judge Savage determined at the court hearing that the Trust was successful in its application for the variation process in the Trust Deed to allow variation to the Trust Deed.

Judge Savage advised at the court hearing that he would reserve making a decision on the outcome of the first resolution to change Māori Freehold Land to General Land and a decision is expected next week. The Judge gave some positive indicators to the Trust and Trustees were hopeful for a good result.

The Trust has the opportunity to present an oral submission in support of its written submission to the Parliamentary Māori Select Committee on Te Ture Whenua Māori Bill. This has been deferred again to Monday 5 September and a time has not yet been advised.

REPORT FROM THE CHAIRMAN AND TRUSTEES

The Chairman presented a PowerPoint presentation on behalf of Trustees. She introduced Maz Williams, Yvonne Westerman and Ben Westerman as the team at Westermans that have been looking after the properties based in Palmerston North noting steady progress with regards to the student accommodation at Baxters and Palmy31.

Jeanie Hughes has been appointed as a Director on Metlifecare and sits alongside Liz Mellish and Keith Hindle. The new Chief Executive of Metlifecare Glen Sowry is also a Director.

Mega Mitre 10 continues to be a star performer as outlined in the financial section of the annual report. The Chairman advised that Countdown are closing six stores in New Zealand, but not the one in Palmerston North as it is a high performer. Tikei Mall is going well and is fully tenanted, with one change in tenancy.

The Chairman continued the PowerPoint presentation looking out at 2017 with Brian Green, Palmerston North City Council Car Park, Ngata/Nash Street, Grey Street, Ngata/Carroll, and Ward Street. The Chairman advised that there hasn't been much movement on any of these until the resolution from the Māori Land Court has been received.

The Trust is looking at a deal with Brian Green to move him out of the WINZ site, and is quietly working its way through negotiations with him in order to break the perpetual lease cycle.

A proposition was put to the Palmerston North City Council to gain the car park land back for free however it was expected that the Trust would need to purchase the car park back. Ina Rangiwhetu questioned if the land wasn't being used and was taken under the Public Works Act whether pressure could be applied for the Trust to get the land back,

however the Chairman advised that the land is being used as a public car park.

For Ngata/Nash Street the Trust is working with Carrus Corporation on what the land could be utilised for.

Office Products are moving and there is opportunity with Isuzu for that space.

A possibility for Ngata/Carroll Streets properties was to utilise the land for Mega Mitre 10 however that did not come to fruition and the Trust is opening up discussions with Metlifecare on another type of opportunity for that land.

The Chairman advised that she received a letter from the Fire Service today acknowledging and thanking the Trusts' for the opportunity given to the Fire Service to burn down a property marked for demolition. The burning down of the property was filmed and broadcast on TV and highlighted the need to have working smoke alarms installed, and assisted the Fire Service in getting the message out about the Fire Service.

At the last AGM a resolution for Ward Street properties was brought to owners to put this into a company and currently the Trust is in discussion with IHC to purpose build them a block on the Ward Street properties.

Haukawakawa General Partnership Limited is a 50% joint venture with Wellington Tenth Trust for 81-87 Thorndon Quay, Wellington. There are a number of opportunities being explored at the moment, one is a childcare centre, another a hotel/apartment block. Jeanie Hughes and Matthew Love-Parata, and Liz Mellish are Directors representing the Trust.

Resolution

It is hereby resolved that beneficial owners receive the report from the Chairman and Trustees as presented in the Annual Report.

Moved – Ina Rangiwhetu

Seconded – Sam Kahui

Carried unanimously

FINANCIAL REPORT

Aaron Titter introduced himself and presented the Financial Statements on behalf of the Chairman and Trustees.

The Trust received an unqualified Audit Opinion from the Auditors. The Trust equity increased from \$49.5m last year to \$51.2m this year. The net surplus after tax went from \$2.44m last year to \$2.62m this year. An increase in the value of the properties to \$308k is noted.

The Total Assets slide was presented which showed the total assets of the Trust made up of the Mitre 10 Mega, Countdown, Tikei Mall, Metlifecare, Student Accommodation, Te Wharewaka, Other Investment Properties and Other (which includes Haukawakawa General Partnership Limited, Hikoikoi Management, the loan to Wellington Tenths Trust which has subsequently been paid since balance date, and Other Assets – which is cash in bank).

The Debt to Total Assets Ratio graph was presented showing debt from 2013 to today. The debt was 41.4% as at 31 March 2013 and has decreased to 38.5% over a three year period. Aaron Titter advised that this is a prudent ratio and a good place to be for the Trust.

The next slide summarised the Statement of Profit and Loss (page 14 of the annual report). The first line recognised the total revenue of the properties. There has been a decrease of \$100k primarily due to the student accommodation. A lot of work is being done with the property managers to turn this around (note 4). Property expenses increased as a result of the residential rentals and smaller properties. Administration expenses has declined year on year (note 6).

Aaron Titter advised that the net financing costs which is the Trusts interest income that it receives less the amount it pays to the bank - the debt is both decreasing and the interest rates that the Trust is paying is also decreasing. This leaves the Trust with an

operating profit of \$2.4m this year compared to \$2.3m last year.

After property revaluations, and the share of the surplus of Metlifecare, and deducting income tax, the Trust has a surplus of \$2.6m versus \$2.4m from last year.

Aaron Titter also presented the Summary of Statement of Financial Position advising that this is what the Trust owns versus what the Trust owes. Currently the Trust has current assets of nearly \$2m. The loans to Te Wharewaka and Hikoikoi are \$3.58m and the equity investments in Metlifecare and Haukawakawa General Partnership Limited are approximately \$8.7m. With no sales of investment properties during the year the movement in investment property is simply the revaluation gain that the Trust has generated. The Trusts liabilities have stayed constant year on year. The unclaimed dividends have increased \$150k this year, and some good work by management to identify who those people are and getting the money out to them has been done.

Aaron Titter then presented the statement of cash flows showing the Trust generated \$1.8m cash flows from operating activities. The Trust paid \$1.37m to Westpac, or loan activities such as Te Wharewaka, and Wellington Tenths Trust, and distributed \$809k to owners.

Ina Rangiwhetu asked about the \$17k tangihanga contribution noted on page 25 of the annual report noting that this is a large amount considering that the tangihanga grant is \$100 per tangi. The Chairman advised that the payment was for the tangihanga for Sam Jackson. The Trust was unaware of the account. There had been a deal done with the Chairman of the Port Nicholson Block Settlement Trust, Neville Baker, who had agreed that PNBST would pay the Bill and the Trust didn't discover this until a long time after. When PNBST refused to pay the account, Wellington Tenths Trust and Palmerston North Māori Reserve Trust decided that it was the responsibility of the Trusts.

Erini Shepherd advised that the tangihanga fund is \$200 not \$100. Keith Hindle and Aaron Titter will find that resolution regarding the tangihanga grant amount and advise owners of this via the newsletter, website and facebook.

Ina Rangiwhetu asked that a resolution be passed to determine that this was a one off thing.

Resolution

It is hereby resolved that beneficial owners approve the payment of \$17,537 as recognised in the 31 March 2016 financial statements as being a one-off payment, and that all future payments of tangihanga must be in accordance with the resolution dated 12 March 2011.

Moved – Ina Rangiwhetu

Seconded – Mana Jenkins

Carried unanimously

The resolution from the Minutes of the Special Joint Meeting held 12 March 2011 reads:

It is hereby resolved that owners agree to the establishment of two funds of \$5,000 each for the purpose of assisting beneficial owners and descendants of beneficial owners in the time of tangihanga and to grant \$200 per tangihanga on verification that the grant is being applied to a beneficial owner. In addition there is to be no discretionary application of the fund.

Moved by: Mana Jenkins

Seconded by: Frances Kingi-Katene

Carried unanimously

Resolution

It is hereby resolved that beneficial owners accept the audited Financial Statements for the year ended 31 March 2016 as a correct reflection of the Trust's financial position.

Moved – Bill Owen

Seconded – Perry Solomon

Carried unanimously

APPOINTMENT OF AUDITOR

This appointment of an auditor is an annual requirement. Trustees recommend the appointment of Crowe Horwath New Zealand Audit Partnership as the Trust's independent auditors.

Resolution

It is hereby resolved that beneficial owners appoint Crowe Horwath New Zealand Audit Partnership as the independent auditors for the Palmerston North Māori Reserve Trust for the year ended 31 March 2017.

Moved – Bill Owen

Seconded – Sam Kahui

Carried unanimously

TRUSTEE REMUNERATION

Trustees recommend that the trustee remuneration for each Trustee remain at the level agreed at the 2015 Annual General Meeting of \$15,000 gross per annum each, and that the remuneration for the Chairman remain at \$45,000 gross per annum.

Resolution

It is hereby resolved that the beneficial owners approve Trustee remuneration at the following levels:

Chairman: \$45,000 gross per annum

Trustee (each): \$15,000 gross per annum

Moved – Mana Jenkins

Seconded – Poiria Love Erskine

Carried unanimously

Poiria Love Erskine thanked and acknowledged Trustees for the work that they are doing to the best of their ability. The Chairman thanked owners for their support and acknowledged that the effect of Te Ture Whenua Māori Bill has been enormous. The Chairman acknowledged the support through her work with the technical team of the Federation of Māori Authorities. She congratulated Bruce Farquhar for the work that he did for the Trust on the Bill, however some key changes that were proposed have not been acted on. The creation of the Māori Land Service is going to be run

by Te Puni Kōkiri and alerted owners of the issues of successions being left to public servants. Trustees have concentrated on the amendments to the Act all year as it underpins the activities of the Trust.

DISTRIBUTION

The Chairman advised that Trustees are proposing a resolution to owners of a distribution of \$5 per share. This is a distribution of nearly \$1m. The Chairman advised that there are things coming up such as Haukawakawa General Partnership Limited, as well as the purchase of the car park from Palmerston North City Council. These activities can probably be done without borrowing. Mana Jenkins agreed that \$5 dividend payment was sufficient. It was noted that the dividend payment is a capital distribution and there is no tax on that to owners.

Resolution

It is hereby resolved that beneficial owners agree to a distribution of \$5 per share being a total commitment of \$954,159

Moved – Liz Mellish

Seconded – Perry Solomon

Carried Unanimously

ELECTION OF MANAGING TRUSTEES

The three year terms of Managing Trustees, Matthew Love-Parata, Wiki Michalanney, and Mark Te One retire by rotation at this annual general meeting and they have offered themselves for re-election. There were no other candidates put forward for the Managing Trustees positions and therefore an election was not required.

NGAHURU CHARITABLE TRUST

Mark Te One Chairman of the Ngahuru Charitable Trust which is the Trust established by both the Palmerston North Māori Reserve Trust and Wellington Tenth Trust. The purpose and function of the Trust is to develop, education, promote and

enhance the cultural, social, environmental, health and wellbeing of iwi mana whenua. The Trust has been underway for just under a year. Liz Mellish, Wiki Michalanney, Jeanie Hughes, Mark Te One and Morrie Love are representatives on the Trust.

Mark Te One reports that there are regular Kaumatua Roopu, Te Roopu Raranga o Manaia weavers, Hīkoikoi Waka Ama Club, Te Ataarangi Te Reo classes, and a Gardeners Roopu held at Hīkoikoi. These groups are mostly self-sufficient with most of the support being physical support such as providing the venue at Hīkoikoi rather than being of monetary support.

The Trust has been able to support applications for funding such as the Waka Ama Club applications and Sam Kahui thanked the Trust on behalf of the Waka Ama Club as through the Trust they were able to get leverage and now have a waka trailer, and W6 waka ama. He also advised that the committee meet at Hīkoikoi, they house the rescue boat there, which was also facilitated through Ngahuru Charitable Trust.

The Trust is looking at ways to help our younger people and Mark Te One advised that through the Wellington City Council Library there is online access to GenerosityNZ, a site that hosts grants and scholarships. Access to the site is available to owners and their whanau and he encouraged owners to register with Wellington City Council library to access this site. The site is also available at nearly all libraries throughout New Zealand. On Thursday nights there are Te Ataarangi classes held at Hīkoikoi. There is also a Gardeners Roopu and planting has taken place at Hīkoikoi with some funding received from Te Puni Kōkiri for this initiative. The Monday kaumatua hui is a regular weekly fixture on the calendar.

Ina Rangiwhetu asked if there was anything that could help to support activities for Taranaki whanau and Mark Te One was open to ideas to come through to him.

Mana Jenkins mentioned that at one stage kaumatua came through to compete in the kaumatua games and it was great. This event is still held in Taranaki through the iwi health people and perhaps this is something that could be organised to do together.

INFORMATION

Jeanie Hughes reiterated the importance to owners of having a Will that puts their wishes on paper. She advised that having a Will makes succession easy for whanau. An owner asked whether making a Will sorts out his succession and was advised that although a Will helps, the succession still needs to be done by a whanau member with the Māori Land Court so that dividends can be passed on to the whanau members. If succession is not completed then the dividend remains with the Trust until such a time as succession has been completed. This is one of the reasons why the Trust holds a lot of unclaimed dividends and each year the unclaimed dividend amount compounds as each yearly dividend is added on to those unclaimed dividends for persons where succession has not been completed.

Discussion was held about the concern that the new Māori Land Service in the Bill is not as robust in the Māori Land Court. Helen Johnson asked if there was anything that could be done and the Chairman advised that the Trust is presenting at the Select Committee hearing, and wishes to work with officials in the design of the Māori Land Service.

Jeanie Hughes also asked owners to provide their IRD numbers and Bank Account numbers as this will make payments much more easier, and less costly to the Trust.

STAFF PROFILES

Liz Mellish introduced each staff member and gave a brief outline of the work that they are involved in. There are a number of new staff that were introduced including Ben Ngaia, Liaison Officer; Tracey Heffernan, Accounts Administrator; and Lena Leatherby, Senior Clinician in the Nga Te Kau programme.

GENERAL BUSINESS

The Chairman advised owners of the court case that is being held in Wellington currently. Now that name suppression has been lifted the Trust is able to talk about the case. The Trust has been very mindful of acting properly within the law and has not wanted to cast judgment on the case unnecessarily. Once the Trust knows the outcome of the court case, then appropriate outcomes will follow. The case has not been an impediment for the Trust in any shape or form and it was not necessary to say any more.

MEETING CLOSE

There being no further business the meeting was closed by Mark Te One. Waiata: Whaakaria Mai



TRUSTEES REGISTER OF INTERESTS

Trustee	Concern or Interest	
Liz Mellish (Chairman)	<p>Card Reserve Artificial Surface Trust, Chairman</p> <p>Federation of Māori Authorities, Director</p> <p>Haukawakawa General Partnership Limited, Director</p> <p>Hikoikoi Management Limited, Director</p> <p>Lion Foundation, Committee Member</p> <p>Lux Light Festival, Director</p> <p>Matiu/Somes Island Charitable Trust, Trustee</p> <p>Māori Heritage Council Te Kaunihera Māori o te Pouhere Taonga, Board Member</p> <p>Metlifecare Palmerston North Limited, Director</p> <p>Ngahuru Charitable Trust, Trustee</p> <p>Palmerston North Māori Reserve Trust Audit and Risk Committee, Ex-Officio</p> <p>Palmerston North Māori Reserve Corporate Trustee Limited, Director</p> <p>Te Wharewaka o Pōneke Charitable Trust, Trustee</p> <p>Te Wharewaka o Pōneke Enterprises Limited, Director</p>	
Jeanie Hughes	<p>Haukawakawa General Partnership Limited, Director</p> <p>Hikoikoi Management Limited, Director</p> <p>Metlifecare Palmerston North Limited, Director</p> <p>Ngahuru Charitable Trust, Trustee</p> <p>Wellington Tenth Trust Corporate Trustee Limited, Director</p> <p>Wellington Tenth Trust, Trustee</p>	

Trustee	Concern or Interest	
Catherine Love	<p>Columbia University NYC Mailman School of Public Health, CPC Associate</p> <p>Te Rau Matatini/Te Waka Hourua, Lead Researcher</p> <p>Te Wānanga o Aotearoa, Guest Lecturer</p> <p>Te Whare Wānanga o Awanuiārangi, Post Graduate Studies Supervisor and Course Writer</p> <p>UNICEF NYC, Contractor</p> <p>Waikato University, Māori and Psychology Research Unit and CORE</p>	
Paula King	<p>Baxters Limited, Director</p> <p>Hawera High School, Teacher</p> <p>Palmerston North Māori Reserve Trust Audit and Risk Committee, Member</p>	
Matthew Love-Parata	<p>Ati Awa Mai i Kukutauaki Ki Whareroa Charitable Trust, Trustee</p> <p>Haukawa General Partnership Limited, Director</p> <p>Ngahina Trust (Paraparaumu)</p> <p>Renata Te Muni me Epiha Karoro Ahu Whenua Trust, Trustee</p> <p>Te Korokoro North Māori Reserve, Development Chair</p> <p>Te Whanau A Te Ngarara Incorporated (Paraparaumu Airport)</p> <p>Wellington Tenth Trust, Trustee</p> <p>Whirinaki Rainforest Experiences, Development Advisor</p>	

Trustee	Concern or Interest	
Wiki Michalanney	Justice of the Peace, NZ Māori Women's Welfare League, Aotea Regional Council Treasurer Māori Women's Welfare League, Waitara Branch Treasurer Ngahuru Charitable Trust, Trustee Te Atiawa Kaumatua Housing Trust, Admin/Project Manager support Ngati Rahiri Hapu (Land), Trustee Ngati Rahiri Hapu o Te Atiawa (Taranaki) Society Incorporated, Trustee, Secretary/Treasurer Palmerston North Māori Reserve Trust Audit and Risk Committee, Member	
Ann Reweti	Te Wharewaka o Pōneke Charitable Trust, Trustee Wellington City Council, Employee	
Aisha Ross	23iKa Limited, Director Baxters Limited, Director Ngaruahine Fisheries Ltd, Director Palmerston North Māori Reserve Trust Audit and Risk Committee, Chair Te Wānanga o Aotearoa, Employee	

Trustee	Concern or Interest	
Mark Te One	<p>Haukawakawa General Partnership Limited, Director</p> <p>Hikoikoi Management Limited, Director</p> <p>Matiu/Somes Island Charitable Trust, Trustee</p> <p>Hutt Minoh House Friendship Charitable Trust</p> <p>National Archives Te Pae Whakawairua Committee, Member</p> <p>Ngahuru Charitable Trust, Chairman</p> <p>Palmerston North Māori Reserve Corporate Trustee Limited, Director</p> <p>Pipitea Marae Charitable Trust, Trustee</p> <p>Roopu Tiaki, Board Member</p> <p>Taranaki 217 Limited, Director</p> <p>Te Puni Kōkiri, Employee</p> <p>Te Wharewaka o Pōneke Charitable Trust, Trustee</p> <p>Te Wharewaka o Pōneke Enterprises Limited, Director</p> <p>Wellington Tenth Trust, Trustee</p>	

STAFF



KEITH HINDLE
BUSINESS MANAGER



TRACEY BETHAM
TRUST SECRETARY

DATABASE ADMINISTRATION



ERINI SHEPHERD
DATABASE ADMINISTRATOR



KATHLEEN THOMPSON
OFFICE ADMINISTRATOR

FINANCE ADMINISTRATION



VICKY HOLLYWELL
FINANCE ADMINISTRATOR



TRACEY HEFFERNAN
FINANCE ADMINISTRATOR

NGA TE KAU DRUG AND ALCOHOL SERVICE



GILBERT DOUGLAS
SENIOR CLINICIAN



LENA LEATHERBY
SENIOR CLINICIAN



CHERIE DOUGLAS
ADMINISTRATOR

WHAREWAKA TOURS



NEAVIN BROUGHTON
CULTURAL ENGAGEMENT
FACILITATOR



CHRISTINE FOX
OPERATIONS MANAGER



BEN NGAIA
LIAISON OFFICER



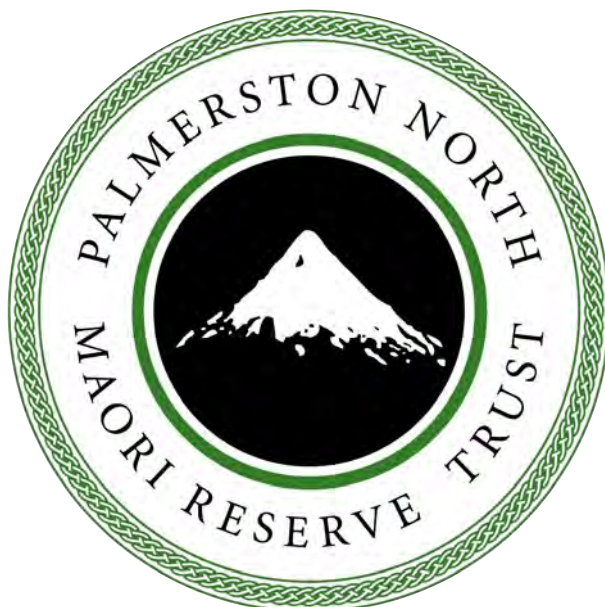
SHAREE ADAM
TOUR GUIDE
ADMINISTRATOR



TUPARAHUA PITA
KAIHAUTU/CAPTAIN



ARIKI BRIGHTWELL
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