



# Annual Report

## Year Ended March 31, 2014





# Contents

	Page
<b>Contents</b>	<b>3</b>
<b>Notice of Annual General Meeting</b>	<b>5</b>
<b>Minutes of 2013 Annual General Meeting</b>	<b>7</b>
<b>Chair's Report</b>	<b>15</b>
<b>Trustees</b>	<b>19</b>
<b>Trust Advisors</b>	<b>20</b>
<b>Total Assets</b>	<b>21</b>
<b>Debt / Equity Ratio</b>	<b>22</b>
<b>Statistical Information</b>	<b>23</b>
<b>Financial Statements for the Year Ended March 31, 2014</b>	
1. Statement of Financial Performance	24
2. Statement of Movements in Trust Capital	25
3. Statement of Financial Position	26
4. Statement of Cash Flows	28
5. Notes to the Financial Statements	30
<b>Audit Report</b>	<b>43</b>
<b>Proxy Form</b>	<b>45</b>
<b>Contact Details (inside back cover)</b>	<b>47</b>





# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the beneficial owners of the Palmerston North Māori Reserve Trust will be held at **The Distinction Hotel (formerly The Travelodge), Cuba Street, Palmerston North on Saturday, September 13, 2014. The meeting will commence promptly at 10am.** Registration desks will be open from 8.30am and morning tea will also be available from 8.30am.

## **Preliminary Agenda**

- 1. Apologies**
- 2. Minutes of 2013 Annual General Meeting**
- 3. Chair's Report**
  - Proposed Resolution—Changes to the Trust Deed (see separate insert)
- 5. Property Matters**
  - Proposed Resolution—81-87 Thorndon Quay, Wellington (see separate insert)
- 5. Financial Report**
  - Resolution—to accept Financial Statements for year Ended March 31, 2014
  - Resolution—to appoint an Auditor for the Year Ending March 31, 2015
  - Resolution—to declare a dividend
- 6. Election of Managing Trustees**
- 7. General Business**

## **Minutes of the Previous Meetings**

The Minutes of the 2013 Annual General Meeting are produced on pages 7 to 13 of this Annual Report.

## **Proxy Form**

A proxy form can be found at page 45 (this can be cut out and returned.)

## **Transportation**

If you require transportation from Taranaki you should contact Stu Erb at Kiwi Tours on (06) 755 1525.

A bus will leave the Executive Office at Hikoikoi for Palmerston North promptly at 7.15am. If you want to use this service please contact the Executive Office on 04 4732502.

## **Notice Regarding Election of Managing Trustees**

The terms of Palmerston North Māori Reserve Trustees expire at the Annual General Meeting for the following Trustees: Paula King, Catherine Love and Sir Ngatata Love. Trustees are eligible to offer themselves for re-election.

Other nominations for Trustee positions must be lodged with the Executive Office, Hikoikoi in writing by 4pm, Friday, September 5, 2014. Nominations must include the name, address and shareholder number of the proposer and seconder (each of whom shall be a beneficial owner or a descendant of a beneficial owner) and be signed by the nominee as willing to stand. **The nominee must be a beneficial owner or a descendant of a beneficial owner.**

**Managing Trustees**  
15 August, 2014



# Minutes of 2013 AGM

**Saturday, September 21, 2013, 10.05am**  
**Travelodge, Cuba Street, Palmerston North**

## **Trustees Present**

Liz Mellish (Chair), Aisha Ross, Mark Te One, Wikitoria Michalanney, Anne Somerville, Ann Reweti, Paula King, Jeanie Hughes, Dr Catherine Love

## **Executive and Advisers Present**

Keith Hindle, Aroha Thorpe, Euan Playle (BDO Wellington), Bruce Farquhar (Bisson Moss), Erini Shepherd, Ritihia Hailwood, Cherie Douglas, Vicki Hollywell, Chris Fox, Sam Jackson, June Jackson, Kathleen Thompson, Yvonne Westerman, Ben Westerman (Westerman Property Solutions)

## **Attendees**

Judy Allen, Murray Fake, Joseph Jones, Dianne Jones, Colleen Makowharemahihi, Andrew Hayman, Sandra Jones, Richard Te One, Gay Te One, Paul Jenkins, Poiria Love-Erskine, Alan Erskine, Pauline Owen, Tuhi McGregor, Karena Efaraimo, Gina Rangiwhetu, Pirihira Te Paki, Minnie Broughton, Dan Nuku, Marina Paki, Aroha Woller, Patrick Heta, Percy T, Marie-Nui Biss, Mana Huntley, Reena Huntley, Marama Butler-Monu, Marama Cock, Melvyn Cock, Sally Fenwick, Russ Fenwick, Josie Bigham, Huia Maeke, Ngawhakaheke Wetere, Paul Michalanney, Hera Hailwood, Ailsa Rzoska, Dinah King, Tamaari Kupe-King, Marika Kupe-King, Rata Cannon, Morrie Love, Brian Love, Jocelyn Love, Tracey Wairau, Tere McBride, Ngarama Haerewa, Topsy Remuera, William Owen, Sam Kahui, Noel Kingi, Shona Coffey, Wayne Kingi, Mana Jenkins, Martha Gilbert, Zalice Wilson, Brezze Wilson, Reini Graham, G Takarangi, Larys Makowharemahihi

## **Apologies**

Shamia Makarini, Jill Heinrich, Sir Ngatata Love, Monica King, Dione King, Ngawai King, Emily Maru, Heni Ohare, Takiri Cotterill, Mary Combs, Josie Coffey, Mark

Fenwick, P Morgan, M Ropata, M Raymond, Sarah Leadbitter, Urutahua Gilbert, Pikiraukura Hunia, Steven Manurewa-Butler, Kereana Leith, Vaughan Gooch, Atamira Te Paki, Mereana Te Paki, Wikitoria Gear, Heni Gordon, Jean Cameron, June H

## **Housekeeping Matters**

Liz Mellish addressed the housekeeping matters including advising that it was a private meeting and if any media were present they should leave.

## **Trustee Election**

Bruce Farquhar took the stage to conduct the Trustee election process. He provided clear instruction on the voting process and that each candidate would be given two minutes each to address the beneficial owners present. He then proceeded to invite the candidates to speak:

- ♦ Peter Love – was not present at the meeting
- ♦ Matthew Love-Parata
- ♦ Wikitoria Michalanney
- ♦ Elizabeth (Topsy) Remuera
- ♦ Mark Te One

Bruce Farquhar again called for Peter Love, but he was not present.

## **Minutes of 2012 AGM**

The Minutes of the 2012 Annual General Meeting were circulated in the Trust's Annual Report. Trustees have reviewed the Minutes and recommend that they be accepted as a correct record of proceedings.

## **Resolution**

*It is hereby resolved that beneficial owners accept the Minutes of the Annual General Meeting held on September 22, 2012 as a correct record of proceedings*

*Moved                      Mana Jenkins*

*Seconded                Huia Maeke*

*Carried unanimously*

## **Matters Arising from Previous Minutes**

Trustees believe any matters arising from the previous minutes will be covered by reports to this meeting.

## **Chair's Report**

### *Year in Review*

Liz Mellish commenced the report by speaking to the year in review. She noted that it was all good news for the beneficial owners and that the financial position of the Trust is sound moving forward. Trustees have continued to grow the assets and increase dividends. The total assets of the Trust are \$77,246,275 for the year ended March 31, 2013. Net property income has increased to \$2,931,133, net surplus after tax and before property revaluation is \$1,262,239 and there has been an increase in the revaluation of properties, up by \$204,906. The Chair then noted that the Trust has performed well with property valuations having stabilised. The Mega Mitre 10 development has improved the potential of other properties in the area.

Liz Mellish then advised beneficial owners that the Trustees have scheduled a strategic planning hui to set goals for 2014 and beyond

### *Metlifecare*

Keith Hindle as a director of Metlifecare Palmerston North Limited presented the slide on the operation. He commented that this foundation investment produces very good dividends for the Trust with \$600,000 having been received in the year. Upgrading of common facilities has been undertaken. The company expect and are budgeting for continued growth this year. With the refit behind the company, it is hoped a bigger dividend might be achieved. He also noted that the company is looking at options to expand the business.

### *Tikei Mall*

Wiki Michalanney spoke to the slides on Tikei Mall, Countdown and Mega Mitre 10. She advised beneficial owners that the Trustees work very closely with Westerman Property Solutions in managing these properties.

### *Palmy 31 and Baxters*

Paula King spoke to the slides on both Palmy 31 and Baxters. Given restructuring of the Trust, Paula and Aisha have been appointed directors of these facilities. Westermans are

responsible for the day to day operations and have an on-site manager. Paula commented that the occupancy rates through the student year (February to October) are very good and that in the down time of the long vacation is when any maintenance issues are addressed. The Trustees are working to maximise returns for owners.

### *Leaders*

Liz Mellish reported that the Trust is working with Carrus Developments at looking to potential opportunities for this site. Carrus is the entity with whom the Trust has undertaken joint ventures in the past (improvement of Countdown and the Mega Mitre 10 project). Carrus and Westermans have a good working relationship which has benefited the Trust in the past. Very good meetings have been held with planners at Palmerston North City Council where an understanding of their vision was articulated. This site will be the next big project for the Trust and there is already a possible tenant on the horizon, but given the commercial sensitivity of the matter we cannot elaborate further today.

### *Residential Properties*

Liz Mellish reminded beneficial owners that the Trust has sold 9 and 15 Ward Street and that approval was given for this at the last Annual General Meeting. The proceeds from that sale were used to purchase other land in Wellington.

### *81-87 Thorndon Quay, Wellington*

Ann Reweti spoke to the slide that had been prepared. She commented that this is the first step in regaining some mana whenua status for the beneficial owners in Wellington. The property had been purchased jointly by the Trust and Wellington Tenth Trust. The Trusts are hopeful of getting a development on the site but in the meantime, the site has been tarsealed and leased as a car park to Wilson Parking.

Anne Somerville then commented that her moko with others had been part of the archaeological dig on the site which had been educational for them.



### *Hikoikoi*

Mark Te One spoke to the slides on Hikoikoi and noted all the activities that take place there (Sports Academy, meetings, Kaumatua activities, waka ama, etc). It has a community feel about it. He noted that Hikoikoi Management Limited is the company which is owned 50:50 by this Trust and the Wellington Tenth Trust that provides the executive office services to the Trusts. He advised those present that both he and Liz Mellish are directors of Hikoikoi Management Limited.

Mark then spoke briefly about the development of the urupa at Makara and also of Pipitea Marae. He acknowledged the presence of Mahara Okeroa at today's meeting and commented that Mahara is the chair of the Pipitea Marae Charitable Trust.

### *Review of the Trust Deed*

Liz Mellish advised beneficial owners that Trustees have been quietly working on a review of the Trust Deed for some time. The deed has not been formally reviewed for some time and there are some changes needed to bring it up to date. Once all changes have been identified, it will be necessary for a Special General Meeting of beneficial owners to be convened to get agreement to the changes and then an application to the Maori Land Court to have it formalised will be required. It is anticipated that the Special General Meeting could be in March 2014. Liz commented that in this process Bruce Farquhar will be involved as his knowledge of the Trust will be invaluable in considering the way forward.

In response to Sally Fenwick asking whether changes to the Trust Deed has to go to Parliament, Liz Mellish replied that it does not, but it has to be approved at the Maori Land Court. However even before that step, beneficial owners need to approve proposed changes through a Special General Meeting.

Ina Rangiwhetu asked how copies of the existing deed can be obtained and Liz responded that you should just contact the office and a copy can be sent out.

Elsa Aanenson asked what the threshold for getting changes approved was at the Special General Meeting and Bruce Farquhar responded that it will need to be a majority decision of those attending the Special General Meeting.

Wayne Kingi asked if there are any restrictions in the Trust Deed and Bruce Farquhar responded that the Trust has a Land Management Plan by which it operates and has investment strategies in place. As an Ahu Whenua Trust the Maori Land Court closely monitors the activities of the Trust and the Trust is subject to review at all times. The Maori Land Court will be the final arbiter on what changes will and will not be made.

Mana Jenkins sought clarification as to whether the Special General Meeting was just for Trustees or with the beneficial owners and Bruce Farquhar responded that it is of beneficial owners and notices will be sent. Those notices have to be with the beneficial owners at least 21 days prior to the meeting and will include the business to be transacted at the meeting (i.e. any resolution will need to be notified prior to the meeting).

Ina Rangiwhetu then asked if the vote will be by share allocation or per person and Bruce Farquhar advised that it will be a share allocation vote.

Nui Biss asked if Trustees knew exactly when the meeting would be held and Liz Mellish stated that the decision has not yet been made but you will be notified. Nui then commented that it was nice to have a feeling of unity at the meeting and she congratulated Trustees on achieving that.

Sam Kahui asked if the Leaders property was freehold or leasehold and Liz Mellish advised that it is a freehold property for the Trust.

### *Trust Properties*

Liz Mellish spoke to the map on the screen which shows where each of the developments the Trust owns are located.

### *Total Assets and Debt/Equity Ratio*

Liz Mellish explained that the slide shows the comparison between debt and equity for the Trust over the past four years. The increase in debt (to 43%) in 2012 was the borrowings for the Mega Mitre 10 project and that debt is being repaid which is reflected in the reduction in debt (to 41%).

Ina Rangiwhetu asked if the strategic workshop referred to in last year's minutes had been held and if so, what was the outcome? Liz Mellish replied that a specific workshop had not been held, but there had been discussions at the Trustee meetings on some of the strategic matters including deciding to enter a joint venture with Wellington Tenth Trust to purchase 81-87 Thorndon Quay, reviewing the executive office operations and not seeing any advantage in having a separate office for each Trust, etc. Ina then asked for more detail on the funding contribution to the operation of the executive office. Liz referred her to page 34, Note 7 and said that part of the review and monitoring by Trustees is what work is done on behalf of this Trust during the year and then applying informed judgement to what is fair. The reduction from \$213,000 to \$131,000 in the year fairly reflects the share of work completed for this Trust. Hikoikoi Management Limited regularly review these matters.

### **Resolution**

*It is hereby resolved that beneficial owners receive the Chair's Report as presented*

*Moved Frances Kingi-Katene*

*Seconded Sally Fenwick*

*Carried unanimously*

Liz Mellish then invited Euan Playle to present the Audited Financial Statements on behalf of Trustees.

### **Audited Financial Statement**

#### *Summary Statement of Financial Performance*

Euan explained that the Summary Statement of Financial Performance slide explains what has happened throughout the year. He commented that commercially, it has been a

challenging environment. Euan then went on to note the following:

- ♦ Net rental income has increased to \$5.2m from \$4.5m last year. This has been key increases in insurances and property rates. He then advised that we are starting to see a levelling out of insurance premiums so they will be a little more competitive
- ♦ Net property expenses
- ♦ \$1,687,562 interest has been paid compared to \$1,398,243 last year
- ♦ Net property income of \$2,931,133 compared to \$2,599,626
- ♦ Total income for the year was \$3,014,417 compared to \$2,729,490 the previous year
- ♦ Administration expenses were \$627,429 compared to \$804,601 last year. These are detailed in Note 7 on page 34 of the annual report. The reduction was due to a reassessment of the activities undertaken by the Executive Office in respect of each Trust.
- ♦ Depreciation and other expenses were \$72,576 compared to \$74,504 the previous year
- ♦ The net operating surplus was \$2,314,412 compared to \$1,850,385 last year
- ♦ Net share of income from Metlifecare Palmerston North Limited is a loss of \$524,772 compared to a loss the previous year of \$1,163,946. Beneficial owners were reminded of the significant write down in value that had occurred two years ago due to a change of provider and methodology used. The Trust has received \$1.4m cash from Metlifecare
- ♦ Net surplus on operations before tax was \$1,789,640 compared to \$686,439 last year
- ♦ The Trust is paying more tax, but the more tax paid the bigger the profit being made. Tax of \$527,401 compares to \$416,081 in the previous year
- ♦ Net Surplus after tax is \$1,262,239 compared to \$270,358 the previous year
- ♦ Net adjustment for property revaluations is an increase of \$204,906 compared to the significant write down the previous year of \$4,211,669
- ♦ Net surplus after unrealised gains is \$1,467,145 compared to a net deficit the previous year of \$2,941,311

Questions from the floor:

- ♦ Sam Kahui asked for clarity on the \$41,000 loss in sale of property and Euan responded that this is the loss between the value realised at sale and the book value being carried
- ♦ Sam Kahui asked for clarity on the \$27,000 loss from associates and Euan explained that over the years, three or four developments have been undertaken in associated entities. For example Fitchett Holdings Limited and PFW Properties Limited. This is an accounting wash up following the winding up of the entities
- ♦ Larys Makowharemahihi asked about the unclaimed distributions and whether it is an investment? Euan explained that it is not an investment, it is the amount of unclaimed dividends that Trustees need to pay out if all beneficial owners were located and all successions had been completed. It is an amount that needs to be considered in cash flow planning and is actually a liability for the Trust
- ♦ Wayne Kingi asked if the funds can be used and Euan explained that it can be used, but if all beneficial owners arrived at the Trust door for their historic distribution, the Trust has to be able to cover the expense
- ♦ Mana Jenkins asked if the unclaimed dividends includes those amounts which are not paid out because they are under the \$5 threshold and Euan confirmed that is correct they are included. The money is held in the names of each beneficial owner so is attributable to each individual and is audited annually

Euan then spoke to the Summary Statement of Financial Position slide and noted the following:

- ♦ The slide is a summary of pages 26 and 27 of the Annual Report
- ♦ The Trust has bank borrowings of \$32m which is within reasonable limits
- ♦ Net assets are \$45,209,350 compared to last year of \$44,352,867
- ♦ Total assets are \$77,246,275 compared to \$77,193,852 last year

Mahara Okeroa asked for clarification as to the intangible asset and Euan responded that

this is the stadium seats, the Trust purchased 13 years ago. They have one more year to run before they expire in 2014.

Euan then turned to the Summary Statement of Cash Flow for the year ended March 31, 2013 and noted the following points:

- ♦ The Trust (together with Wellington Tenth Trust) had purchased the property at 81-87 Thorndon Quay, Wellington for \$1,000,000
- ♦ \$364,199 advances were repaid compared to \$48,248 last year
- ♦ \$830,004 of term loans were repaid compared to the loans received last year of \$12,761,666
- ♦ Distribution paid to owners was \$484,888 compared to a distribution the previous year of \$467,539
- ♦ Cash reserves have increased to \$678,209 from \$124,791 last year

Questions from the floor:

- ♦ Sam Kahui asked for clarification on the property management fees and wages (Note 4, pg 32) and Euan advised that this is the property management fee paid to Westerman Property Solutions and also wages paid to the staff who operate the student accommodation facilities at Baxters and Palmy 31
- ♦ Sam Kahui then asked about the note on page 33 which refers to the revaluation of properties with a 30 June balance date and Euan advised that this specifically relates to the Metlifecare Palmerston North Joint Venture, who have a balance date of June 30 while the Trust has a balance date of March 31
- ♦ Sam Kahui also asked what makes up the expenses for Te Aro Pa and was advised that it relates to cleaning, lighting, insurance, security costs, etc.

Ria Erskine thanked Trustees and “the helpers” for the very good job they do.

### **Resolution**

*It is hereby resolved that beneficial owners accept the audited Financial Statements for the year ended March 31, 2013 as a correct reflection of the Trust's financial position*

*Moved Sam Kahui*  
*Seconded Sally Fenwick*  
*Carried unanimously*

### **Resolution**

*It is hereby resolved that beneficial owners appoint Crowe Horwath as the independent auditors for the Palmerston North Maori Reserve Trust for the year ending 31 March 2014*

*Moved Rata Cannon*  
*Seconded Martha Gilbert*  
*Carried unanimously*

### **Share Value**

Liz Mellish advised beneficial owners that the share value has increased again. It is now \$236.91 compared to \$232.42 last year. Frances Kingi-Katene commented that there had been a decrease between 2011 and 2012. That decrease was due to the revaluation write down in respect of Metlifecare Palmerston North.

### **Distribution**

Trustees have considered the cash flow requirements of the Trust when looking to a distribution payment. The outcome of that consideration is that Trustees are recommending an increase in the distribution of 80 cents per share to \$4.00 per share this year. This will be a total commitment of \$763,327.46. It is an increase of 25% on last year and is an increase of \$150,000. Liz Mellish noted that this is a one-off payment and will be a capital distribution. Payment of the distribution will be at the end of November.

### **Resolution**

*It is hereby resolved that beneficial owners agree to a distribution of \$4.00 per share being a total commitment of \$763,327.46*

*Moved Wayne Kingi*  
*Seconded Mana Jenkins*  
*Carried unanimously*

### **Updating Details**

Liz Mellish advised those present that it is really important to have the correct details of

beneficial owners including current postal addresses, email addresses if you have it, IRD number and bank account details. The last two items make the payment of the distribution more efficient.

### **Trustee Remuneration**

Keith Hindle spoke to the Trustee remuneration slide which is included for transparency. Trustees had considered the matter yesterday and decided not to seek an increase in their remuneration. The current rates of remuneration are:

Chair - \$20,000 gross per annum

Each Trustee - \$10,000 gross per annum

### **General Business**

#### *Annual Reports*

Wayne Kingi advised that he had not received his annual report this year. Liz apologised for this and advised that this will be taken up with the Executive Office for checking through the database. Owners should ring the office prior to an AGM if they haven't received information.

#### *Website*

Sam Kahui asked if the Trust's website could be updated as to events that are upcoming so there is an opportunity to participate. He commented that he only visits the website occasionally. Liz Mellish advised this can be done and will be worked through at the office.

#### *Kaumatua*

Frances Kingi-Katene thanked the Trust on behalf of Taranaki Kaumatua for the opportunity to take part in the Kaumatua Olympics and activities at Hikoikoi. Liz Mellish advised that the next trip may include a visit to the Parangarahu Lakes and dendroglyph site.

#### *Communication Platform*

Larys Makowharemahihi made a statement to the meeting, asking Trustees to consider reviewing and investing in a platform to develop our own digital forum in combination with mobile tools and communication strategies.

### *Te Awhina Kohanga Reo*

Dr Catherine Love advised that the Te Awhina Kohanga Reo is celebrating 30 years of operation in Palmerston North. This Trust provided a whare for the kohanga reo in 1983 to operate from. The kohanga reo have acknowledged the contribution of the Trust. Catherine also spoke of the “\$100 house” for mana tamariki which has grown over the years and now has a kohanga reo, kura kaupapa and there may be a Wananga in the future.

### **Conclusion**

In concluding the meeting Liz Mellish thanked all those who assist in the operation of the Trust including the support from beneficial owners, the staff of the Executive Office, Euan Playle and the team at BDO Wellington, Nigel Moody and the team at Gibson Sheat, Bruce Farquhar of Bisson Moss and the Westerman Property Solutions team. Liz Mellish then made special mention of Westermans as Yvonne and Ben have this morning returned from Australia where Westerman Property Solutions have been awarded the honour of being named the property company of Australasia. Liz Mellish then thanked Aroha Thorpe for the contribution she makes to the Trust and has made over a lot of years.

There being no further business for the Annual General Meeting, Sam Jackson closed the hui at 12.10pm. Tama Ngakau Marie

*Subsequent to the meeting and at the end of lunch, Bruce Farquhar announced the result of the Trustee election. Those elected were:*

- ♦ Wikitoria Michalanney
- ♦ Mark Te One
- ♦ Matthew Love-Parata

*The unsuccessful candidates were:*

- ♦ Elizabeth Remuera
- ♦ Peter Love





# Chair's Report

**E ngā karangarangatanga maha o te Roopu Ahuwhenua nei**

**Tēnā koutou, tena koutou katoa**

**Kua tae te wā mā matou o pononga ki te whakatakoto nei te tino ahua o ngā mahi o te tau.**

**Piki mai, kake mai!**

**Ki ngā tini matua I te po, haere, haere, haere atu rā, ki tua o te arei.**

**E te matua e Poutu, kia manene te pikitanga ki to Hawaiki  
Kāore matou o te roopu nei e wareware i a koe  
Koutou te hunga mate haere ngātahi atu.**

**Mā te Atua e manaaki, e tiaki ngā wā katoa**

Kia ora koutou katoa

It is with great pleasure I write my Chairs report for the year ending March 31, 2014. Trustees have put in a lot effort to review and agree the way forward for this Trust with some heavy decisions made.



*Property on corner of Featherston & Ngata Streets*

Therefore I want to open my report this year by thanking the Trustees for their efforts and as we steer towards a busy and positive 2015 the work will continue to require maximum energy and cohesion.

As you will know from our notice of the annual general meeting we have diligently worked reviewing the Trust Deed. We feel we have a practical Deed with modern language that should stand us in good stead. The Deed changes are a mirror of the Deed which Wellington Tenth Trust is also taking to owners. This reflects the joint administration and close working relationship of these reserve land Trusts.



Trustees held a joint meeting during June and agreed the final draft to bring to you for verification. The Deed is the document which we live by as we manage the business of this Trust and directs our decision making processes.



*Trustees at their joint meeting on June 19, 2014*

I want to draw owner's attention to the decision Palmerston North Trustees took to invest further into Te Raukura, the Wharewaka in Wellington. As you know when Te Raukura was established and built Palmerston North was an initial Settlor along with Wellington Tenth Trust, Port Nicholson Block Settlement Trust and Wellington City

Council. With our continued support and investment we have two representatives on the Charitable Trust Board, myself and Ann Reweti. The key role for the Charitable Trust is to manage and maintain the building and to comply with the Wharewaka o Poneke Charitable Trust deed. This Trust meets regularly and reports back to both Trusts.



*Te Hononga in action*

This Trust also has a business arm Wharewaka o Poneke Enterprise Ltd. The responsibility of this company is to manage and review the day to day operations and review weekly the financial operations. The Directors are myself and Mark Te One and we meet fortnightly with the Manager of the facility and our staff. It is pleasing to note that the business is showing a steady upswing in business and this is reflected in the annual accounts and the projections moving on to 2015.

The investment in the property at 81-87 Thorndon Quay is still operating as a car park, however we are rationalising the purchase and seek your support to move the ownership into a legal entity called Haukawakawa Limited Partnership. The name Haukawakawa is derived from the name of the beach where this site is located. The full name being Te One – i – Haukawakawa. (Refer the great Harbour of



*Tikei Mall tenancies*

Tara, G Leslie Adkin). Setting up the land into a Limited Partnership gives us the vehicle to seek and implement a development on the site. I will be asking owners to support our resolution to place the land into this new vehicle.

Owners will be pleased to note the Tikei Mall is fully leased and we have built good relationships with retailers. As we have explained at previous meetings we have nurtured the retailers through the economic downturn and as New Zealand is climbing out of that downturn we are benefitting from that strategy. Our newest tenant is Wet and Forget and they are a popular addition to our stable of tenants.



*Mega Mitre 10 site*

The Mega Mitre Ten and supporting stores on the Featherston and Nash Street site are remaining positive and the improvements there are reflected in our financial performance this year with a full year's rental giving us a great outcome.



*Countdown supermarket*

Countdown is continuing to be a stellar performer and we continue to look at ways of improving their facility.



Metlifecare Retirement Village is also a stellar performer for our Trust and we are developing concepts for an expansion of the village along Carroll Street to provide a new housing strategy for elderly empathetic to the retirement village.

The continuing strength of our balance sheet has supported the activities we undertake for owners and whanau. The Kaumatua Monday is well attended and the services we provide there are popular and utilised fully. They include, Acupuncture, Mirimiri, health checks, and education classes for kaumatua. The most important aspect is the whanaungatanga it is such fun to be around our kaumatua and enjoy a laugh, a cup of tea and even a game of cards. These very important people also attend many functions where we need to be visible as iwi and this is welcome and appreciated by us.



Owners who visit Hikoikoi now will see another development funded through the Te Puni Kokiri Maara Kai programme.

Kaumatua and Vicki Hollywell have worked together to develop a lovely vegetable garden.

The produce is shared by them and whanau who are needing fresh produce.

Another key activity is of course the waka ama and traditional waka centered at both our sites, Te Raukura and Hikoikoi. The club



*The new fiberglass waka—Poutu*

continues to grow and participate in waka competitions. The ongoing involvement

of dedicated paddlers who raise funds, paddle, and turn out for events organised at both venues is outstanding.



*Weavers display at Te Raukura, Waitangi Day 2013*

The Hikoikoi weaving roopu are based at Hikoikoi they meet every week and have taken on the mantle of educating not only Te Atiawa/Taranaki Whanui but any who want to learn the joy of working with harakeke. This roopu have a relaxed and inclusive way of working and like the kaumatua and the waka roopu have bought many whanau together to work laugh and play.

We cannot achieve this without the executive and secretarial support of our staff so I acknowledge and applaud them. We have established the Secretariat at Te Raukura in Wellington with the two Chairs operating from there. The Executive Office including our Alcohol and Drug Counselling team are based at Hikoikoi. Both teams work together closely to ensure the work of growing our business is managed professionally and with passion.

### **Financial Performance of the Trust**

While I will not go into great detail on the financial performance of the Trust, as that is detailed in the Financial Statements on pages 24 to 42, I do wish to note that it has been another very good year for the Trust. The highlight is as follows:

- ♦ Net Operating Income has increased \$179,432

- ♦ Property Expenses have reduced \$253,652
- ♦ Net Property Income increase of \$433,084

The final accolade must go to our professional advisors, BDO Wellington (Accountants), Westermans (Property Managers), Crowe Horwath (Auditors), Gibson Sheat (Lawyers), and Bisson Moss (Lawyers). Bisson Moss is of course our own Bruce Farquhar who we have known and respected for over 25 years and continues to provide advice particularly on Maori Land Court matters. Bruce has worked closely with us on the Trust Deed.

Change is coming at BDO Wellington with Euan Playle having advised us he has attained a magical age and will be retiring from his current role and Aaron Titter will manage our financial accounts in the next financial year. You may all remember Aaron who has

attended our last two AGM's. Euan will take up a Consultant role and we will not lose sight of him. I wish him well in this new position and although sorry to miss his thoughtful dedication to this Trust on the daily business, we will no doubt be seeking his experience and advice as a Consultant for BDO Wellington.

I, along with our Trustees look forward to meeting at our AGM in Palmerston North and presenting to you our Annual Report which shows how well we have done and to agree the distribution for this year which will be payable before Christmas.

*Arohanui  
Liz Mellish  
Chair*



# Trustees



***Pictured above:***

***Back Row—left to right:***

Wikitoria Michalanney, Aisha Ross, Matthew Love-Parata, Catherine Love

***Seated left to right***

Mark Te One, Ann Reweti, Liz Mellish (Chair), Jeanie Hughes, Sir Ngatata Love

***Inset at right:*** Paula King



## Trust Advisors

**Westerman Property Solutions**—pictured left to right are:  
Yvonne Westerman, Ben Westerman, Kathleen and Francis Thompson



**BDO Wellington (accountants)** - pictured left to right:  
Euan Playle, Aaron Titter



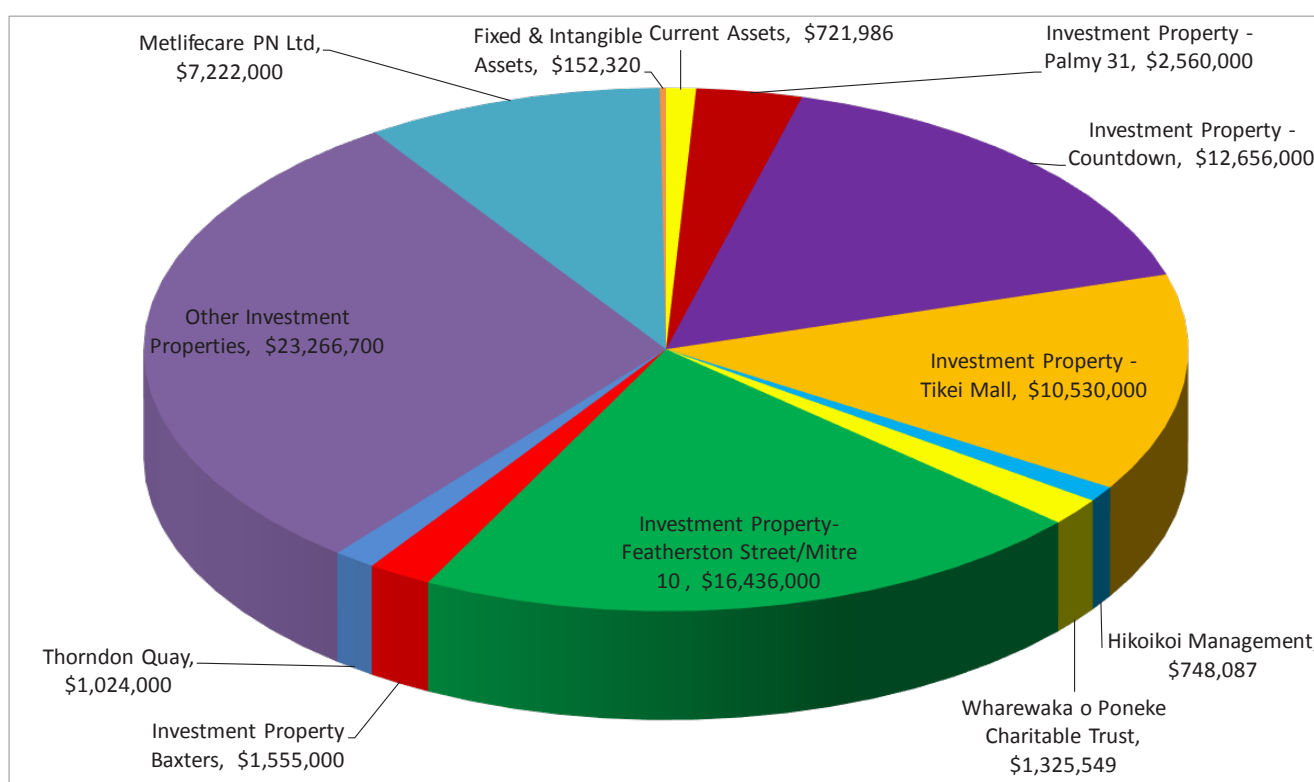
**Legal Advisors**—pictured left to right:  
Nigel Moody (Gibson Sheat), Bruce Farquhar (Bisson Moss)



## Total Assets—2014

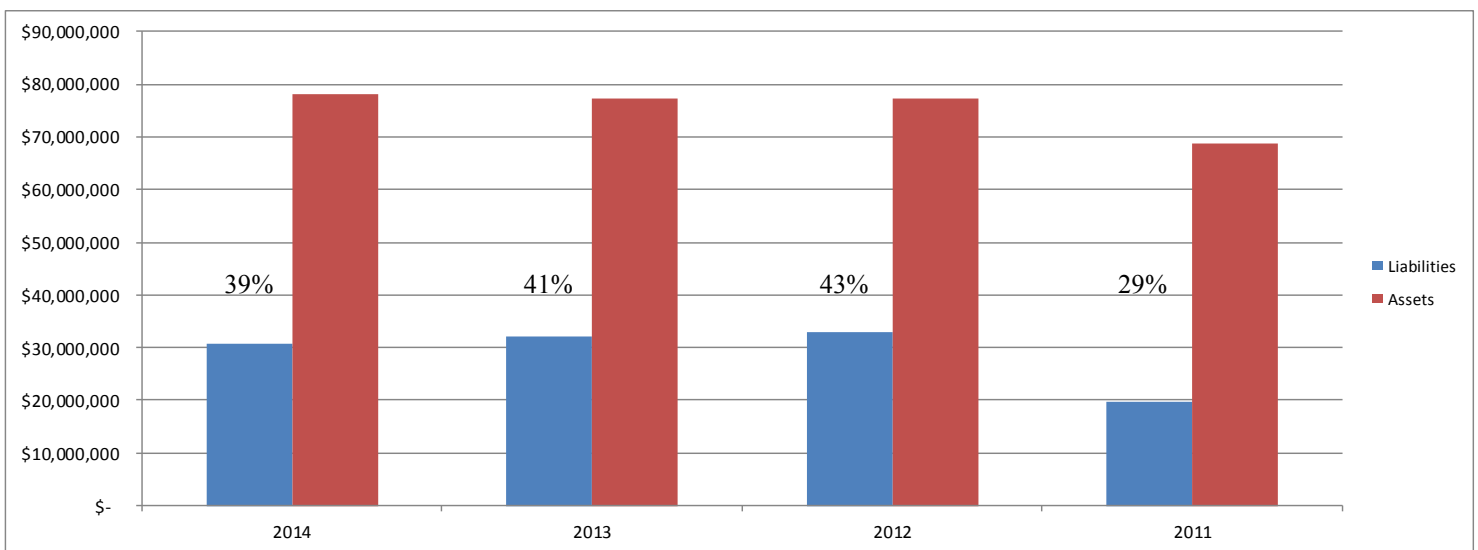
The illustration below shows the breakdown of the total assets of the Trust in graphic form. The pie graph shows in dollar terms the holdings of the Trust for the year ended March 31, 2014. The diversified nature of the

portfolio means that any risk is spread across a range of holdings therefore ensuring good returns to the Trust and reducing significant losses in any one particular area.



## Debt / Equity Ratio

The following bar graph shows the movement in the debt/equity ratio over the last four years. As at March 31, 2014 the debt to equity ratio is 39%. That is, the debt is 39% of the Trust's equity. This is down 2% on the previous year of 41%.



## Statistical Information

	<i><b>This Year 2014</b></i>	<i><b>2013</b></i>	<i><b>2012</b></i>	<i><b>2011</b></i>
<b>Number of Owners</b>	912	911	890	883
<b>Total Number of Shares</b>	190,831.866	190,831.866	190,831.866	190,831.866
<b>Total Assets</b>	\$ 78,197,642	\$ 77,246,275	\$ 77,193,852	\$ 68,676,386
<b>Total Liabilities</b>	\$ 30,688,406	\$ 32,036,925	\$ 32,840,985	\$ 19,836,430
<b>Trust Capital</b>	\$ 47,509,236	\$ 45,209,350	\$ 44,352,867	\$ 48,839,956
<b>Income</b>	\$ 3,378,423	\$ 3,014,417	\$ 2,729,490	\$ 5,283,680
<b>Net Rental Income (Note 2)</b>				
Leasehold	\$ 524,697	\$ 507,293	\$ 421,228	\$ 444,331
Freehold	\$ 4,881,299	\$ 4,719,271	\$ 4,157,143	\$ 3,374,004
<b>Number of Properties</b>				
Leasehold	11	12	12	15
Freehold	47	49	50	47
<b>Average Net Rental</b>				
Leasehold	\$ 47,700	\$ 42,274	\$ 35,102	\$ 29,622
Freehold	\$ 103,857	\$ 96,312	\$ 83,143	\$ 71,787
<b>Interest Received</b>	\$ 35,345	\$ 88,321	\$ 104,796	\$ 128,689
<b>Net Operating Surplus before Taxation</b>	\$ 3,215,438	\$ 1,789,640	\$ 686,439	\$ 4,443,461
<b>Net Surplus After Unrealised Gains/ (Losses)</b>	\$ 3,063,213	\$ 1,467,145	\$ (3,941,311)	\$ (1,103,415)
<b>Income Tax Expense</b>	\$ 541,261	\$ 527,401	\$ 416,081	\$ 189,603
<b>Distribution to Owners</b>	\$ 763,327	\$ 610,662	\$ 545,779	\$ 496,163



# Statement of Financial Performance

## for the year ended March 31, 2014

		Group		Palmerston North Māori Reserve	
	Note	2014	2013	2014	2013
<b>Net Operating Income</b>					
Freehold Property	2	4,881,299	4,719,271	4,666,179	4,457,382
Leasehold Property	2	524,697	507,293	524,697	507,293
		5,405,996	5,226,564	5,190,876	4,964,675
<b>Less Property Expenses</b>					
Interest	3	1,521,499	1,687,562	1,455,117	1,620,302
Other Property Expenses	4	520,280	607,869	456,265	534,611
		2,041,779	2,295,431	1,911,382	2,154,913
<b>Net Property Income</b>		3,364,217	2,931,133	3,279,494	2,809,762
<b>Other Income</b>					
Interest Income		35,345	88,321	57,532	112,538
Loss on Wind Up of Subsidiaries & Associates		-	(50)	-	(10,693)
Management Fee		-	-	12,000	12,000
Net Loss on Sale of Properties		(65,025)	(41,813)	(65,125)	(41,813)
Loss on Sale of Fixed Assets		(14)	(8,127)	(14)	(8,127)
Sundry Income		43,900	44,953	28,910	39,824
		14,206	83,284	33,303	103,729
<b>Total Income</b>		<b>3,378,423</b>	<b>3,014,417</b>	<b>3,312,797</b>	<b>2,913,491</b>
<b>Less Expenses</b>					
Administration Expenses	7	764,180	627,429	745,707	608,101
Depreciation	8	32,623	32,869	30,111	30,660
Other Expenses	9	16,121	39,707	16,121	39,707
		812,924	700,005	791,939	678,468
<b>NET OPERATING SURPLUS</b>		2,565,499	2,314,412	2,520,858	2,235,023
Dividend Income		-	-	468,500	600,000
Share of Net Surplus/(Deficit) of Associates	5	28,939	(27,772)	-	-
Share of Net Surplus/(Deficit) of Metlifecare Ltd	6	621,000	(497,000)	-	-
<b>NET SURPLUS BEFORE TAXATION</b>		3,215,438	1,789,640	2,989,358	2,835,023
Less Tax Expense	10	541,261	527,401	528,790	511,858
<b>NET SURPLUS AFTER TAXATION</b>		2,674,177	1,262,239	2,460,568	2,323,165
Unrealised Increase in Value of Investment Property		389,036	204,906	519,036	212,906
<b>NET SURPLUS AFTER UNREALISED GAINS</b>		<b>\$3,063,213</b>	<b>\$1,467,145</b>	<b>\$2,979,604</b>	<b>\$2,536,071</b>

*This statement should be read in conjunction with the Notes to the Financial Statements*

## Statement of Movements in Trust Capital for the year ended March 31, 2014

		Group		Palmerston North Māori Reserve	
	Note	2014	2013	2014	2013
Trust Capital At Beginning of Year		45,209,350	44,352,867	38,260,606	36,335,197
Net Surplus for the Year		3,063,213	1,467,145	2,979,604	2,536,071
Less Distributions to Owners		(763,327)	(610,662)	(763,327)	(610,662)
<b>TRUST CAPITAL AT END OF YEAR</b>		<b>\$47,509,236</b>	<b>\$45,209,350</b>	<b>\$40,476,883</b>	<b>\$38,260,606</b>

*This statement should be read in conjunction with the Notes to the Financial Statements*

# Statement of Financial Position

## as at March 31, 2014

		Group		Palmerston North Māori Reserve	
	Note	2014	2013	2014	2013
<b>CAPITAL</b>					
Trust Capital		47,509,236	45,209,350	40,476,883	38,260,606
<b>TOTAL CAPITAL</b>		47,509,236	45,209,350	40,476,883	38,260,606
<b>Represented By</b>					
<b>CURRENT ASSETS</b>					
Westpac Banking Corporation		476,393	642,292	461,644	631,112
Accounts Receivable		45,923	31,914	45,923	31,914
Accrued Income		12,000	-	12,000	-
Accrued Interest		-	110	-	110
Prepayments		56,683	15,884	44,396	14,696
Rent Arrears		64,563	44,269	61,191	43,589
Wellington Tenths Trust		66,424	34,602	66,424	34,602
<b>TOTAL CURRENT ASSETS</b>		721,986	769,071	691,578	756,023
<b>NON-CURRENT ASSETS</b>					
<b>FIXED ASSETS</b>	12	152,320	153,243	142,059	144,563
<b>INVESTMENTS</b>					
Metlifecare Palmerston North Limited—Equity	6	7,222,000	7,069,500	-	-
Thorndon Quay Development		-	22,912	-	22,912
Baxters Limited		-	-	1,746,856	1,774,136
Palmy 31		-	-	-	-
Hikoikoi Management Limited		748,087	-	748,087	-
Wharewaka o Poneke Charitable Trust	13	1,325,549	950,549	1,325,549	950,549
Shares	15	-	-	500	600
Investment Properties	16	68,027,700	68,273,000	66,472,700	66,588,000
<b>TOTAL INVESTMENTS</b>		77,323,336	76,315,961	70,293,692	69,336,197
<b>INTANGIBLE ASSETS</b>					
Westpac Stadium Seats	17	-	8,000	-	8,000
<b>TOTAL INTANGIBLE ASSETS</b>		-	8,000	-	8,000
<b>TOTAL NON-CURRENT ASSETS</b>		77,475,656	76,477,204	70,435,751	69,488,760
<b>TOTAL ASSETS</b>		<b>78,197,642</b>	<b>77,246,275</b>	<b>71,127,329</b>	<b>70,244,783</b>

*This statement should be read in conjunction with the Notes to the Financial Statements*

# Statement of Financial Position

## as at March 31, 2014

		Group		Palmerston North Māori Reserve	
	Note	2014	2013	2014	2013
<b>Less:</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable		292,951	199,623	260,005	191,506
Bond Account		12,902	23,438	8,017	11,628
Income Received in Advance		77,857	210,257	68,950	200,604
Goods and Services Tax Payable		89,106	101,382	91,343	101,660
Income Tax Payable	10	31,333	7,569	37,874	13,062
Port Nicholson Block Settlement Trust		-	500,000	-	500,000
Hikoikoi Management Advances		-	138,595	-	138,595
Accrued Interest		111,831	79,320	111,831	79,320
Unclaimed Distributions	18	916,601	831,140	916,601	831,140
Provision for Loss on Associate	5	-	28,939	-	-
Current Portion of Term Liabilities	19	806,004	14,405,004	806,004	14,405,004
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,338,585</b>	<b>16,525,267</b>	<b>2,300,625</b>	<b>16,472,519</b>
<b>TERM LIABILITIES</b>					
Term Loans	19	29,155,825	29,916,662	29,155,825	29,916,662
Less Current Portion of Term Liabilities	19	(806,004)	(14,405,004)	(806,004)	(14,405,004)
<b>TOTAL TERM LIABILITIES</b>		<b>28,349,821</b>	<b>15,511,658</b>	<b>28,349,821</b>	<b>15,511,658</b>
<b>TOTAL LIABILITIES</b>		<b>30,688,406</b>	<b>32,036,925</b>	<b>30,650,446</b>	<b>31,984,177</b>
<b>NET ASSETS</b>		<b>\$47,509,236</b>	<b>\$45,209,350</b>	<b>\$40,476,883</b>	<b>\$38,260,606</b>

For and on behalf of the Managing Trustees:



**Chair**



**Trustee**

**Date:** August 15, 2014

*This statement should be read in conjunction with the Notes to the Financial Statements*

# Statement of Cash Flows

## for the year ended March 31, 2014

	Group		Palmerston North Māori Reserve	
	2014	2013	2014	2013
<b>Cash flows from Operating Activities</b>				
<i>Cash was provided from:</i>				
Receipts from Tenants and Clients	6,368,271	6,516,837	6,029,269	6,125,764
Interest Received	8,316	8,247	8,253	8,247
Dividends Received	-	402,000	313,895	402,000
Goods and Services Tax Refunds (Net)	(31,426)	72,965	(31,689)	78,764
	6,345,161	7,000,049	6,319,728	6,614,775
<i>Cash was applied to:</i>				
Payments to Suppliers & Employees	2,320,875	2,262,527	2,118,640	2,036,581
Interest Paid	1,496,629	1,694,985	1,430,247	1,627,725
Income Tax Paid (Net)	362,892	638,799	349,373	617,765
	4,180,396	4,596,311	3,898,260	4,282,071
<b>Net Cash flows from Operating Activities</b>	2,164,765	2,403,738	2,421,468	2,332,704
<b>Cash flows from Investing Activities</b>				
<i>Cash was provided from:</i>				
Sale of Other Investments	617,975	514,187	617,975	514,187
	617,975	514,187	617,975	514,187
<i>Cash was applied to:</i>				
Purchase of Investment Property	25,752	528,494	25,752	528,494
Purchase of Fixed Assets	31,713	32,131	27,621	25,852
	57,465	560,625	53,373	554,346
<b>Net Cash flows from/(used in) Investing Activities</b>	560,510	(46,438)	564,602	(40,159)
<b>Cash flows from Financing Activities</b>				
<i>Cash was applied to:</i>				
Term Loans Repaid	760,837	830,004	760,837	830,004
Advances Made	1,452,470	364,199	1,716,835	296,611
Distributions to Owners	677,866	484,888	677,866	484,888
	2,891,173	1,679,091	3,155,538	1,611,503
<b>Net Cash flows used in Financing Activities</b>	(2,891,173)	(1,679,091)	(3,155,538)	(1,611,503)
<b>Net Increase/(Decrease) in Cash Held</b>	(165,899)	678,209	(169,468)	681,042
Cash Brought Forward	642,292	(35,917)	631,112	(49,930)
<b>Ending Cash Carried Forward</b>	<b>476,393</b>	<b>642,292</b>	<b>461,644</b>	<b>631,112</b>
<b>Bank Consists of:</b>				
Westpac Banking Corporation	476,393	642,292	461,644	631,112
	<b>\$476,393</b>	<b>\$642,292</b>	<b>\$461,644</b>	<b>\$631,112</b>

*This statement should be read in conjunction with the Notes to the Financial Statements*



# Statement of Cash Flows

## for the year ended March 31, 2014

	Group		Palmerston North Māori Reserve	
	2014	2013	2014	2013
<b><i>Reconciliation of Net Surplus After Tax with Net Cash Flows from Operating Activities</i></b>				
Net Surplus After Tax	3,063,213	1,467,145	2,979,604	2,536,071
<b><i>Add/(Deduct) Non Cash Items:</i></b>				
Amortisation Expense	8,000	8,000	8,000	8,000
Depreciation	32,623	32,869	30,111	30,660
Change in Property Valuations	(389,036)	(204,906)	(519,036)	(212,906)
Share of Net Surplus/(Deficit) of Associates	(28,939)	27,772	-	-
Share of Net Surplus/(Deficit) of Metlifecare Ltd	(466,395)	1,097,000	-	-
Gain on Disposal of Fixed Assets	14	8,127	14	8,127
Management Fees and Interentity Transactions	-	149,595	-	137,595
Interest and Dividends	(27,139)	(58,574)	(49,389)	(82,791)
Loss on Wind Up of Subsidiaries & Associates	-	50	-	10,693
Goods and Services Tax Transfers	-	68,823	-	63,521
Gain on Disposal of Investment Properties	65,025	41,813	65,125	41,813
	(805,847)	1,170,569	(465,175)	4,712
<b><i>Add/(Deduct) Movement in Working Capital Items</i></b>				
Receivables and Rent Arrears	(34,193)	35,176	(31,501)	35,764
Income Received in Advance	(132,400)	97,198	(131,654)	96,562
Income Tax	23,764	(313,031)	24,812	(307,540)
Payables	115,303	(33,532)	97,399	(20,552)
Accrued Income	(12,000)	-	(12,000)	-
Prepayments	(40,799)	(11,363)	(29,700)	(11,379)
Goods and Services Tax	(12,276)	(8,424)	(10,317)	(934)
	(92,601)	(233,976)	(92,961)	(208,079)
<b>Net Cash flows from Operating Activities</b>	<b>\$2,164,765</b>	<b>\$2,403,738</b>	<b>\$2,421,468</b>	<b>\$2,332,704</b>

*This statement should be read in conjunction with the Notes to the Financial Statements*

# Notes to the Financial Statements

## for the year ended March 31, 2014

### NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

#### BASIS OF PREPARATION

Palmerston North Māori Reserve is an Ahu Whenua Trust constituted by the Māori Land Court Order of December 16, 2003, pursuant to Sec 244 of the Te Ture Whenua Māori 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 1993.

#### GENERAL ACCOUNTING POLICIES

The measurement base adopted is that of historical cost, except that investment properties are stated at valuation.

#### PARTICULAR ACCOUNTING POLICIES

##### Consolidation of Subsidiaries, Associates and Joint Ventures

The group Financial Statements incorporate the Financial Statements of the Trust and its subsidiaries, Associates and Joint Ventures.

##### Subsidiaries

Subsidiaries are those entities controlled directly or indirectly by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements using the purchase method of consolidation.

##### Associates

Associates are entities in which the Group has significant influence, but not control, over the operating and financial policies. The Group's share of the net surplus of associates is recognised as a component in computing the operating surplus in the Statement of Financial Performance using the equity method of consolidation.

The Group's share of other gains and losses of associates is recognised as a component of net surplus for the year in the Statement of Movements in Trust Capital.

##### Accounts Receivable

Accounts Receivable are valued at expected realisable value, after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

#### Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation to date.

#### Depreciation

All business fixed assets, excluding investment properties, are depreciated on a diminishing value basis using the maximum rates allowed by the Inland Revenue Department. The estimated useful lives of fixed assets are as follows:

Freehold & Leasehold Improvements	5 - 20 years
Furniture & Fittings	5 - 20 years
Office Equipment	3 - 15.5 years
Database	10 years
Hikoikoi	12 years

#### Investment Properties

Investment properties are recorded at open market value, less anticipated costs of disposal, as determined by independent registered valuers. No depreciation has been allowed in respect of the investment properties. Investment properties are revalued annually in compliance with *SSAP 17: Accounting for Investment Properties*. Unrealised gains or losses on the value of investment properties have been included in the Statement of Financial Performance.

#### Goods and Services Tax

Income which forms part of a GST activity is stated exclusive of GST. Expenditure is stated exclusive of GST to the extent that GST has been claimed back. Accounts Receivable, Rent Arrears, Rent in Advance and Accounts Payable are stated inclusive of GST in the Statement of Financial Position. All other assets and liabilities are stated exclusive of GST to the extent the GST has been claimed back.

#### Taxation

The "taxes payable" method of accounting for taxation has been followed. Provision has been made for taxation after taking full advantage of all deductions and concessions permitted.

No deferred tax liability is recognised in respect of tax depreciation, as it is intended that ownership of the investment property portfolio will be long term. Accordingly, timing differences are not expected to reverse in the foreseeable future.

# Notes to the Financial Statements

## for the year ended March 31, 2014

### NOTE 1 - STATEMENT OF ACCOUNTING POLICIES— (CONTINUED)

#### Statement of Cash Flows

The following are definitions of the terms used in the Statement of Cash Flows:

- Operating activities are those activities relating to the trading and management of the trust's business and include all transactions and other events that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets, investments and investment properties.
- Financing activities are those activities that result in changes in the size and composition of the capital structure of the group.
- Cash comprises cash held on deposit at banks.

#### Differential Reporting

This entity qualifies for differential reporting exemptions as it has no public accountability and does not classify as being large as the entity does not exceed two of the three size criteria of total revenue of \$20 million, total assets of \$10 million or over 50 employees. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted, except that a cash flow has been prepared in accordance with FRS 10.

#### Leasehold & Freehold Land Definitions

Freehold properties as referred to in the Financial Statements are those properties the trust owns all interests in both the land, and any buildings and improvements.

Leasehold properties as referred to in the Financial Statements are those properties where the Trust owns the land but the land is subject to a lease in favour of another party. The Trust's interest in any such properties excludes any interest in any buildings or improvements owned by the other party.

#### Financial Reporting Act 2013

The Financial Reporting Act 2013 becomes effective from April 1, 2014. Under the new framework, this entity is classified as large as it has more than \$60 million of assets and the NZ IFRS RDR will need to be adopted. It is anticipated that future changes to reporting will not be significant.

#### CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policy. All accounting policies have been applied on a basis consistent with those used in previous years. Comparative figures have been reclassified to conform to current year classifications.

# Notes to the Financial Statements

## for the year ended March 31, 2014

	Group		Palmerston North Māori Reserve	
	2014	2013	2014	2013
<b>NOTE 2. RENTAL ACCOUNTS</b>				
<b><u>Freehold Properties</u></b>				
Rent Received	5,946,393	5,818,753	5,619,962	5,433,292
<b>Less:</b>				
Advertising	6,972	7,126	5,378	5,986
Bad Debts	(34,783)	1,281	(34,783)	1,281
Electricity	79,332	79,908	46,398	47,909
Insurance	188,556	165,865	171,421	150,264
Rates	623,863	581,291	593,371	552,299
Repairs & Maintenance	188,577	227,334	162,990	185,682
Sundry Expenses	12,577	36,677	9,008	32,489
<b>Property Expenses</b>	<b>1,065,094</b>	<b>1,099,482</b>	<b>953,783</b>	<b>975,910</b>
<b>Net Rental Income</b>	<b>\$4,881,299</b>	<b>\$4,719,271</b>	<b>\$4,666,179</b>	<b>\$4,457,382</b>
<b><u>Leasehold Properties</u></b>				
Rent Received	532,069	530,089	532,069	530,089
<b>Less:</b>				
Rates	2,323	4,876	2,323	4,876
Repairs & Maintenance	5,049	17,920	5,049	17,920
<b>Property Expenses</b>	<b>7,372</b>	<b>22,796</b>	<b>7,372</b>	<b>22,796</b>
<b>Net Rental Income</b>	<b>\$524,697</b>	<b>\$507,293</b>	<b>\$524,697</b>	<b>\$507,293</b>
<b>NOTE 3. INTEREST EXPENSE</b>				
Interest—Westpac	1,521,499	1,687,562	1,455,117	1,620,302
<b>Total Interest Expenses</b>	<b>\$1,521,499</b>	<b>\$1,687,562</b>	<b>\$1,455,117</b>	<b>\$1,620,302</b>
<b>NOTE 4. OTHER PROPERTY EXPENSES</b>				
Property Management Fees	306,045	390,305	281,373	356,994
Property Valuation Fees	60,091	55,399	57,191	52,934
Wages	154,144	162,165	117,701	124,683
<b>Total Other Property Expenses</b>	<b>\$520,280</b>	<b>\$607,869</b>	<b>\$456,265</b>	<b>\$534,611</b>

# Notes to the Financial Statements

## for the year ended March 31, 2014

Group	
2014	2013

### NOTE 5. INVESTMENT IN ASSOCIATES

#### Carrying Amount in Associates

Carrying Amount at Beginning of Year	(28,939)	(11,444)
Net Loss of Associates	-	10,277
Equity Accounted Earnings of Associates	28,939	(27,772)
<b>Carrying Amount at End of Year</b>	<b>-</b>	<b>(28,939)</b>

#### Equity Accounted Earnings of Associates

Equity accounted earnings comprise:		
Surplus/(Deficit) net of Income Tax	28,939	(27,772)

<b>Total Recognised Revenues &amp; Expenses</b>	<b>\$28,939</b>	<b>\$(27,772)</b>
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Name of entity	Principal Activities	Interest Held by Group	
		2014	2013
Hikoikoi Management Limited*	Management Company	50%	50%

All of the associates have a March 31, balance date.

Hikoikoi Management Limited was formed on May 7, 2003. The financial results of Hikoikoi Management Limited are consolidated into the Group.

\* Formerly Pipitea Management Limited. Name changed November 28, 2011.

Group	
2014	2013

### NOTE 6. INVESTMENT IN METLIFECARE PALMERSTON NORTH LIMITED

#### Carrying Amount in Joint Ventures

Carrying Amount at Beginning of Year	7,069,500	8,166,500
Dividend Paid	(468,500)	(600,000)
Total Recognised Revenues & Expenses	621,000	(497,000)
<b>Carrying Amount at End of Year</b>	<b>7,222,000</b>	<b>7,069,500</b>

#### Equity Accounted Earnings of Joint Ventures

Equity accounted earnings comprise:		
Share of Net Surplus/(Loss)	621,000	(497,000)

<b>Total Recognised Revenues and Expenses</b>	<b>\$621,000</b>	<b>\$(497,000)</b>
---	------------------	--------------------

Name of entity	Principal Activities	Interest Held by Group	
		2014	2013
Metlifecare Palmerston North Limited	Healthcare Provider	50%	50%

The valuation of Investment Properties was carried out as at June 30, 2013 by CBRE Limited.



# Notes to the Financial Statements

## for the year ended March 31, 2014

		Group		Palmerston North Māori Reserve	
	Note	2014	2013	2014	2013
<b>NOTE 7. ADMINISTRATION EXPENSES</b>					
Accident Insurance/Levies		1,598	1,870	1,200	971
Accountancy Fees		82,397	84,111	75,169	78,905
Audit Fees		29,905	25,722	29,905	25,722
Bank Charges		6,698	9,851	5,873	8,685
Cleaning & Laundry		6,141	6,490	2,123	2,092
Computer Expenses		881	3,751	881	3,751
Consultancy Fees		10,809	19,179	10,809	19,179
Courier Charges		-	89	-	89
Distribution Expenses		1,306	1,957	1,306	1,957
Entertainment		-	2,207	-	2,207
Executive Office		380,214	181,604	380,214	181,604
General Expenses		2,422	4,013	1,184	2,932
Insurance		12,651	-	12,651	-
Interest & Penalties		7,641	26,775	7,641	26,775
Legal Fees		33,602	58,697	33,594	58,697
Loan Fees		11,097	-	11,097	-
Owners' Meetings		7,624	14,554	7,624	14,554
Postage, Printing & Stationery		1,514	5,912	1,155	5,585
Memberships & Subscriptions		6,437	-	6,437	-
Rent		-	4,025	-	4,025
Security		349	196	349	196
Telephone & Internet		16,362	27,620	11,963	21,369
Travel & Accommodation		36,326	34,671	36,326	34,671
Trustees' Fees	22	100,000	102,500	100,000	102,500
Trustees' Expenses		8,206	11,635	8,206	11,635
<b>Total Administration Expenses</b>		<b>\$764,180</b>	<b>\$627,429</b>	<b>\$745,707</b>	<b>\$608,101</b>

### NOTE 8. DEPRECIATION

Database	19,828	19,828	19,828	19,828
Office Equipment	2,832	5,470	2,173	4,247
Furniture, Fittings & Chattels	6,289	4,730	5,160	4,369
Plant & Equipment	3,481	2,359	2,757	1,734
Website Development	193	482	193	482
<b>Total Depreciation</b>	<b>\$32,623</b>	<b>\$32,869</b>	<b>\$30,111</b>	<b>\$30,660</b>

Depreciation rates used varied between 0% to 60%

# Notes to the Financial Statements

## for the year ended March 31, 2014

	Group		Palmerston North Māori Reserve	
	2014	2013	2014	2013
<b>NOTE 9. OTHER EXPENSES</b>				
Amortisation of Westpac Stadium Seats	8,000	8,000	8,000	8,000
Westpac Stadium Seats Expenses	2,884	2,790	2,884	2,790
Te Aro Pa Expenses (50%)	4,341	7,346	4,341	7,346
Hikoikoi Activities	-	10,276	-	10,276
Other Expenses	-	1,404	-	1,404
Koha & Kaumatua Expenses	896	9,891	896	9,891
<b>Total Other Expenses</b>	<b>\$16,121</b>	<b>\$39,707</b>	<b>\$16,121</b>	<b>\$39,707</b>
<b>NOTE 10. TAXATION</b>				
Net Surplus Before Tax	3,215,438	1,789,640	2,989,358	2,835,021
<b>LESS:</b>				
Tax Losses Carried Forward	-	(13,725)	-	-
<b>ADD:</b>				
Loss on Disposal of Investment Property	-	41,813	-	41,813
Loss on Wind Up of Investments	(100)	50	-	10,693
Share of Net Surplus of Associates	(28,939)	-	-	-
Non-Deductible Other Expenses	24,303	57,618	24,303	29,379
Amortisation of Stadium Seats	8,000	8,000	8,000	8,000
<b>LESS:</b>				
Adjustments—Joint Venture	(152,500)	1,097,000	-	-
<b>Taxable Income</b>	<b>3,066,202</b>	<b>2,980,396</b>	<b>3,021,661</b>	<b>2,924,907</b>
Taxation Expense	541,261	527,401	528,790	511,858
Less: Imputation Credits Received	-	-	-	-
<b>Total Tax Provision</b>	<b>\$541,261</b>	<b>\$527,401</b>	<b>\$528,790</b>	<b>\$511,858</b>
<b>LESS:</b>				
Provisional Tax Paid	(355,323)	(321,827)	(336,311)	(300,791)
Resident Withholding Tax Paid	(154,607)	(198,002)	(154,605)	(198,000)
Tax Transfers	5	-	-	(5)
Prior Year Taxation Refund Due	(3)	(3)	-	-
<b>Taxation Payable</b>	<b>\$31,333</b>	<b>\$7,569</b>	<b>\$37,874</b>	<b>\$13,062</b>

The Group's 50% share of tax losses as at June 30, 2012 being carried forward by Metlifecare Palmerston North Limited amounts to \$2,174,969. These losses cannot be utilised against Palmerston North Māori Reserve's income. Any historical tax losses at January 1, 2005 were forfeited as a result of the loss of shareholder continuity through the period in which the losses arose and remained unutilised. These losses are subject to confirmation by the Inland Revenue Department.

# Notes to the Financial Statements

## for the year ended March 31, 2014

### **NOTE 10. TAXATION (continued)**

The tax expense for the Parent is calculated at 17.5 percent as it is registered as a Maori Authority with the Inland Revenue Department.

The Distribution to Owners in the 2014 and 2013 years were made from prior year capital profits. They are non-taxable and cannot be claimed as a deduction.

No deferred tax liability is recognised in respect of tax depreciation, as it is intended that ownership of the investment property portfolio will be long term. Accordingly, timing differences are not expected to reverse in the foreseeable future. If all of the investment properties were disposed of at March 31, 2014 for their market values, the tax effect of the depreciation recovered would be approximately \$1,176,759 (2013: \$1,176,759).

### **NOTE 11. WELLINGTON TENTHS TRUST**

Funds are transferred between Palmerston North Māori Reserve Trust and Wellington Tenths Trust. The balance also includes expenses paid by the trusts on behalf of the other trust.

	<b>Group</b>		<b>Palmerston North Māori Reserve</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>NOTE 12. FIXED ASSETS</b>				
<b>Description</b>				
Database	198,284	198,284	198,284	198,284
Less Accumulated Depreciation	(167,062)	(147,234)	(167,062)	(147,234)
	31,222	51,050	31,222	51,050
Office Equipment	56,337	56,337	48,351	48,351
Less Accumulated Depreciation	(52,147)	(49,315)	(44,822)	(42,649)
	4,190	7,022	3,529	5,702
Furniture, Fittings & Chattels	129,387	116,608	117,776	104,997
Less Accumulated Depreciation	(85,056)	(81,081)	(77,846)	(75,000)
	44,331	35,527	39,930	29,997
Plant & Equipment	36,915	20,308	27,811	15,297
Less Accumulated Depreciation	(14,255)	(10,774)	(10,350)	(7,593)
	22,660	9,534	17,461	7,704
Website Development	14,783	14,783	14,783	14,783
Less Accumulated Depreciation	(14,654)	(14,461)	(14,654)	(14,461)
	129	322	129	322
Te Aro Pa Site	49,788	49,788	49,788	49,788
<b>TOTAL FIXED ASSETS</b>	<b>\$152,320</b>	<b>\$153,243</b>	<b>\$142,059</b>	<b>\$144,563</b>

# Notes to the Financial Statements

## for the year ended March 31, 2014

### NOTE 13. LOAN TO WHAREWAKA O PONEKE CHARITABLE TRUST

Palmerston North Maori Reserve Trust has made a loan of \$850,000 to Wharewaka o Poneke Charitable Trust. The loan was advanced on December 20, 2010 for an initial term of five years with interest only repayments during the term. Interest on the loan has been accrued up to March 31, 2013. Interest was charged at 9.95% until September 30, 2012 and then 6% up until March 31, 2013. No interest has been accrued for the year ended March 31, 2014. A further \$375,000 was advanced on November 5, 2013. The principal amount is to be repaid at the expiry of the initial term if the term has not been renewed.

### NOTE 14. INVESTMENT IN SUBSIDIARIES

Name of entity	Principal Activities	Interest Held by Group	
		2014	2013
Baxters Limited	Commercial Rental	100%	100%

Baxters Limited was incorporated on March 26, 2003 and purchased the buildings and student accommodation business known as "Baxters" on April 1, 2003. All subsidiaries have a March 31 balance date.

	Group		Palmerston North Reserve	
	2014	2013	2014	2013
<b>NOTE 15. SHARES</b>				
<b>Description</b>				
Metlifecare Palmerston North Limited				
500 Ordinary Shares	-	-	500	500
Metlifecare Limited				
1,433 Ordinary Shares	-	-	-	-
Fitchett Holdings Limited				
100 Ordinary Shares	-	-	-	100
<b>TOTAL SHARES</b>	<b>-</b>	<b>-</b>	<b>\$500</b>	<b>\$600</b>

# Notes to the Financial Statements

## for the year ended March 31, 2014

### Group

#### **NOTE 16. INVESTMENT PROPERTIES**

	2014 Valuations	2013 Valuations
<b>Freehold Land—Residential</b>		
8 Carroll Street, Palmerston North	242,000	261,000
10 Carroll Street, Palmerston North	219,000	241,000
12 Carroll Street, Palmerston North	368,000	319,000
16 Carroll Street, Palmerston North	291,000	270,000
18 Carroll Street, Palmerston North	219,000	241,000
20 Carroll Street, Palmerston North	219,000	241,000
28 Carroll Street, Palmerston North	252,000	270,000
26 Fitchett Street, Palmerston North	277,000	319,000
30 Fitchett Street, Palmerston North	291,000	314,000
34 Fitchett Street, Palmerston North	339,000	382,000
40 Fitchett Street, Palmerston North	247,000	304,000
42 Fitchett Street, Palmerston North	271,500	326,000
46/46a Fitchett Street, Palmerston North	320,000	357,000
48/48a Fitchett Street, Palmerston North	320,000	270,000
3 Nash Street, Palmerston North	265,000	258,000
9-15 Nash Street, Palmerston North	591,000	590,000
3 Ngata Street, Palmerston North	213,000	237,000
5 Ngata Street, Palmerston North	213,000	237,000
7 Ngata Street, Palmerston North	213,000	237,000
9a/9b/9c Ngata Street, Palmerston North	310,000	317,000
11 Ngata Street, Palmerston North	223,000	241,000
15 Ngata Street, Palmerston North	217,500	244,000
16 Ngata Street, Palmerston North	262,000	262,000
22 Ngata Street, Palmerston North	277,500	271,000
24a/24b/24c Ngata Street, Palmerston North	445,000	445,000
28a/b/c/d 30/30b Ngata Street, Palmerston North	732,000	695,000
25/25a Ward Street, Palmerston North	388,000	338,000
26/26a Ward Street, Palmerston North	-	340,000
27/27a Ward Street, Palmerston North	330,000	328,000
28 Ward Street, Palmerston North	-	343,000
29 Ward Street, Palmerston North	242,500	246,000
31 Ward Street, Palmerston North	349,000	333,000
33 Ward Street, Palmerston North	334,000	340,000
35/35a Ward Street, Palmerston North	354,000	348,000
39/39a Ward Street, Palmerston North	349,000	340,000
41 Ward Street, Palmerston North	271,500	251,000
<b>Total Freehold Land—Residential</b>	<b>10,455,500</b>	<b>11,356,000</b>

# Notes to the Financial Statements

## for the year ended March 31, 2014

	Group	
	2014 Valuations	2013 Valuations
<b>NOTE 16. INVESTMENT PROPERTIES (continued)</b>		
<b>Freehold Land—Commercial</b>		
168-208 Rangitikei Street, Palmerston North	10,530,000	9,260,000
272-276 Featherston Street, Palmerston North	955,000	992,000
61-65 Grey Street, Palmerston North	850,000	897,000
67-71 Grey Street, Palmerston North	437,500	435,000
77-83 Grey Street, Palmerston North	630,000	770,000
152-154 Rangitikei Street, Palmerston North	615,000	653,000
247-271 Rangitikei Street, Palmerston North	12,656,000	12,566,000
156-160 & 162-166 Rangitikei Street, Palm Nth	940,000	1,112,000
17 Ngata Street, Palmerston North	300,700	309,000
250-270 Featherston Street, Palmerston North	16,436,000	16,436,000
81-87 Thorndon Quay, Wellington	1,024,000	1,000,000
"Palmy 31" (29 & 31 Ngata Street, 40 & 42 Carroll Street, Palmerston North)	2,560,000	2,650,000
<b>Total Freehold Land—Commercial</b>	<b>47,934,200</b>	<b>47,080,000</b>
<b>Leasehold Land—Commercial</b>		
38 Carroll Street, Palmerston North	213,500	222,000
46 Carroll Street, Palmerston North	1,973,000	1,593,000
47 Grey Street, Palmerston North	201,000	375,000
33-41 Grey Street, Palmerston North	1,934,000	1,953,000
51-59 Grey Street, Palmerston North	2,165,000	2,293,000
121 Grey Street, Palmerston North	369,000	295,000
19 Ngata Street, Palmerston North	213,500	200,000
21 Ngata Street, Palmerston North	213,500	200,000
27 Ngata Street, Palmerston North	213,500	200,000
32 Ngata Street, Palmerston North	290,000	280,000
33 Ngata Street, Palmerston North	-	265,000
34 Ngata Street, Palmerston North	297,000	276,000
<b>Total Leasehold Land—Commercial</b>	<b>8,083,000</b>	<b>8,152,000</b>
<b>TOTAL PARENT INVESTMENT PROPERTIES</b>	<b>66,472,700</b>	<b>\$66,588,000</b>
<b>Freehold Land—Commercial</b>		
"Baxters" (9-17 Ranfurly St, Palmerston North)	1,555,000	1,685,000
<b>TOTAL GROUP INVESTMENT PROPERTIES</b>	<b>\$68,027,700</b>	<b>\$68,273,000</b>



# Notes to the Financial Statements

## for the year ended March 31, 2014

### **NOTE 16. INVESTMENT PROPERTIES (continued)**

The investment property located on the four sections 40-42 Carroll Street and 29-31 Ngata Street, Palmerston North, operating as Palmy 31, the property at 9-17 Ranfurly Street, Palmerston North, owned by Baxters Limited, the Retail Development located at 168-208 Rangitikei Street, Palmerston North and the Countdown site located at 247-271 Rangitikei Street, Palmerston North have been valued based on a valuation performed by independent registered public valuer, Colliers International, as at March 31, 2014. The valuation basis used was open market value less disposal costs.

The investment properties owned by the Palmerston North Māori Reserve Trust, with the exception of the properties noted above, have been valued based on a valuation performed by Colliers International, as at March 31, 2014 and in accordance with the International Valuation Standards (IVS). The valuation basis used was open market value less disposal costs.

	Group		Palmerston North Reserve	
	2014	2013	2014	2013
<b>NOTE 17. INTANGIBLE ASSETS</b>				
Westpac Stadium Seats	-	8,000	-	8,000
<b>TOTAL INTANGIBLE ASSETS</b>	<b>-</b>	<b>\$8,000</b>	<b>-</b>	<b>\$8,000</b>

The \$120,000 purchase of 10 Westpac Stadium seats is being amortised on a straight line basis, over a period of 15 years from 2000 to 2014.

	Group		Palmerston North Reserve	
	2014	2013	2014	2013
<b>NOTE 18. UNCLAIMED DISTRIBUTIONS</b>				
Unclaimed Distributions at Beginning of Year	831,140	705,366	831,140	705,366
Distribution Declared	763,327	610,662	763,327	610,662
	1,594,467	1,316,028	1,594,467	1,316,028
<b>Less:</b>				
Net Distributions Claimed	677,866	484,888	677,866	484,888
<b>Unclaimed Distributions at End of Year</b>	<b>\$916,601</b>	<b>\$831,140</b>	<b>\$916,601</b>	<b>\$831,140</b>

# Notes to the Financial Statements

## for the year ended March 31, 2014

	Group		Palmerston North Māori Reserve	
	2014	2013	2014	2013
<b>NOTE 19. TERM LOANS</b>				
<b>Description, Completion Date &amp; Interest Rate</b>				
Westpac Banking Corporation 91—5.00%	29,155,825	1,020,000	29,155,825	1,020,000
Westpac Banking Corporation 92—6.45%	-	3,360,000	-	3,360,000
Westpac Banking Corporation 93—6.45%	-	3,500,000	-	3,500,000
Westpac Banking Corporation 94—5.15%	-	2,950,000	-	2,950,000
Westpac Banking Corporation 95—5.40%	-	6,195,000	-	6,195,000
Westpac Banking Corporation 91—5.20%	-	12,891,662	-	12,891,662
<b>TOTAL COMMITMENT</b>	<b>29,155,825</b>	<b>29,916,662</b>	<b>29,155,825</b>	<b>29,916,662</b>
Less Current Portion (next 12 months)	806,004	14,405,004	806,004	14,405,004
<b>Net Term Liability</b>	<b>\$28,349,821</b>	<b>\$15,511,658</b>	<b>\$28,349,821</b>	<b>\$15,511,658</b>

The Westpac Banking Corporation Term Loans are secured over the Palmy 31 accommodation block on 31 Ngata Street, Palmerston North, the Rangitikei Street Development at 168-208 Rangitikei Street, Palmerston North and 247-271 Rangitikei Street, Palmerston North (as first mortgagee).

### NOTE 20. CAPITAL COMMITMENTS

There are no capital commitments entered into as at March 31, 2014 (2013: \$NIL).

### NOTE 21. RELATED PARTY TRANSACTIONS

There have been the following related party transactions:

#### 1) Joint Venture with Metlifecare Limited

Metlifecare Palmerston North Limited is owned 50% by Metlifecare Limited and 50% by Palmerston North Māori Reserve Trust. The two shareholders operate a retirement village in Palmerston North under the terms of a joint venture agreement.

#### 2) Venture with Hikoikoi Management Limited

Hikoikoi Management Limited, an associate of the Palmerston North Māori Reserve Trust, provided administration and management services to the Palmerston North Māori Reserve Trust, and was paid \$380,214 net of GST (2013: \$181,604).

Hikoikoi Management Limited is owned 50% each by Palmerston North Māori Reserve Trust and the Wellington Tenth Trust. It is charged with running the administration of both these Trusts.

#### 3) Wharewaka o Poneke Charitable Trust

Wharewaka o Poneke Charitable Trust received advances from Palmerston North Māori Reserve Trust, the two trusts share some commonality of Trustees.

## **NOTE 21. RELATED PARTY TRANSACTIONS (continued)**

### **4) Wellington Tenth Trust**

Wellington Tenth Trust received advances from Palmerston North Māori Reserve Trust. The two Trusts share some commonality of Trustees.

Wellington Tenth Trust owns 50% of 81-87 Thorndon Quay, Wellington.

### **5) Other Related Parties**

- (i) In addition to the above, certain administrative transactions were performed between Palmerston North Māori Reserve Trust (Parent) and its subsidiaries.
- (ii) There were also administrative transactions between Palmerston North Māori Reserve Trust and Port Nicholson Block Settlement Trust (and its subsidiaries), the two Trusts share some commonality of Trustees.

All the above related party transactions are conducted on a normal trading basis, at fair market rates, as if transactions were conducted between parties at arm's length except for interest on advances which is not charged.

Some Trustees of Palmerston North Māori Reserve Trust are Directors of the above named wholly owned or partially owned subsidiaries of Palmerston North Māori Reserve Trust.

	<b>2014</b>	<b>2013</b>
<b>NOTE 22. TRUSTEE REMUNERATION</b>		
Liz Mellish (Chair)	20,000	14,167
Jeanie Hughes	10,000	10,000
Paula King	10,000	10,000
Dr Catherine Love	10,000	10,000
Professor Sir Ngatata Love (leave of absence)	-	8,333
Matthew Love-Parata	5,250	5,000
Wikitoria Michalanney	10,000	10,000
Ann Reweti	10,000	10,000
Aisha Ross	10,000	5,000
Mark Te One	10,000	10,000
Anne Somerville	4,750	10,000
<b>Total Trustee Remuneration</b>	<b>\$100,000</b>	<b>\$102,500</b>

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Beneficial Owners of Palmerston North Maori Reserve (the "Trust")**

#### **Report on the Financial Statements**

We have audited the financial statements of the Trust on pages 24 to 42, which comprise the Group and Trust's statement of financial position as at 31 March 2014, statement of financial performance, statement of movements in trust capital and statement of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### ***Trustees' Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit.

Furthermore, we are required to confirm whether the share register conforms to the requirements of section 263 of Te Ture Whenua Maori Act 1993.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust or any of its subsidiaries and associates.

***Opinion***

In our opinion, the financial statements on pages 24 to 42:

- Comply with generally accepted accounting practice in New Zealand; and
- Give a true and fair view of the financial position of the Group and Trust as at 31 March 2014, the results of their financial performance and cash flows for the year then ended.

***Report on Other Legal and Regulatory Requirements***

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

In our opinion proper accounting records have been kept by the Group and Trust as far as appears from our examination of those records.

The share register has been duly and correctly kept in accordance with the requirements of section 263 of Te Ture Whenua Maori Act 1993.



**CHARTERED ACCOUNTANTS**  
**15 August 2014**

# Proxy Form—2014



P O Box 39294  
Wellington Mail Centre, Lower Hutt 5045  
24 Marine Parade, Hikoikoi  
Telephone: 04 4732502  
Fax: 04 5898810

I \_\_\_\_\_  
of \_\_\_\_\_

being an owner in the Palmerston North Māori Reserve Trust (shareholder number \_\_\_\_\_)

do hereby appoint \_\_\_\_\_

or failing him/her \_\_\_\_\_ to act as my proxy

to attend and vote on all matters at the Annual General Meeting of beneficial owners to be held on Saturday, September 13, 2014, and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Signature of Owner: \_\_\_\_\_

In the presence of  
Witness \_\_\_\_\_

Occupation \_\_\_\_\_

Address \_\_\_\_\_

## Notes:

1. Proxy forms when completed must either be handed in at the registration desk on the day of the meeting by 10am or be lodged with the Secretary (Executive Office) before 10am on the working day before the meeting. A proxy must be a beneficial owner or a descendant of a beneficial owner.
2. The persons following are qualified to act as a witness to a signature on a proxy form:  
Solicitors of the High Court, Justice of the Peace, Officer of the Maori Land Court, Licensed Interpreter of the Maori Language, Registered Medical Practitioner, Officiating Minister, Registered Nurse, School Teacher, Officer of the Department of Justice and Chartered Accountant







### **Contact Details**

#### **Trustees:**

Liz Mellish (Chair)  
Jeanie Hughes  
Paula King  
Dr Catherine Love  
Professor Sir Ngatata Love  
Matthew Love-Parata  
Wikitoria Michalanney  
Ann Reweti  
Aisha Ross  
Mark Te One

#### **Executive Office (Hikoikoi)**

Keith Hindle, Erini Shepherd, Ritihia Hailwood, Vicki Hollywell  
Gilbert Douglas, Shamia Makarini, Chris Fox, Cherie Douglas

#### **Secretariat**

Mere Tahuparae-Luinstra, Aroha Thorpe

Physical Address:	24D Marine Parade, Hikoikoi, Petone, Wellington 5012
Postal Address:	P O Box 39294, Wellington Mail Centre, Lower Hutt 5045
Telephone:	04 4732502 (Hikoikoi); 04 9013332 (Wellington)
Facsimile:	04 5898810
Email:	<a href="mailto:info@tekau.maori.nz">info@tekau.maori.nz</a>
Website:	<a href="http://www.tekau.maori.nz">www.tekau.maori.nz</a>

#### **Banker:**

Westpac Banking Corporation Limited

#### **Accountants:**

BDO Wellington Limited

#### **Auditor:**

Crowe Horwath

#### **Legal Advisors:**

Gibson Sheat  
Bisson Moss

#### **Property Managers:**

Westerman Property Solutions Limited

