

**Tiki Te Kohu
Ruamano Trust
Annual Report
2018**



AGENDA

- 1. Apologies**
- 2. Minutes of last AGM**
- 3. Chairman's Report**
- 4. Financial Statements**
- 5. Appointment of Auditor**
- 6. Dividend Recommendation**
- 7. General Business**



*Tiki Te Kohu Trustees: Robert Pirika, Dave Waaka, Jessie Simon, John Naera.
(Absent: Alex Kameta)*

MINUTES

MINUTES OF THE ANNUAL GENERAL MEETING HELD AT TUNOHOPU MARAE, OHINEMUTU, ROTORUA ON 3 DECEMBER 2017 AT 10.00AM

PRESENT:

John Naera (Chairman), Dave Waaka, Joseph Williams, Jessie Simon, Te Whetu Rogers Whanau Trust, Keepa Taepa (Taepa Whanau Trust), Hana Tatere, Eileen Tatere, Eileen Jenkins, Tuihana Gemmell, Sophie Gemmell, Marita Ranclaud (Paraire Whanau Trust), Aroha Bradley (Pirika Whanau), Te Aomarama Kameta, Tionga Waaka, Kath Henderson, Robert Pirika, Sylvia-Ann Tahuriorangi, Nireaha Pirika, Huhana Clayton-Evans, Iris Thomas, Paraone Pirika, Margaret Clayton, Clark Pirika, Chantelle Walker, Christine Clayton, Syretta Clayton, Geneva Clayton, Piwika Heke

In attendance: Glenn Hawkins (Secretary/Accountant)

APOLOGIES:

Alex Kameta, Lorraine Inia, Roseann Clayton

KARAKIA:

Robert Pirika opened the meeting with a karakia.

MINUTES:

Glenn Hawkins read the minutes of the last AGM, dated 10 December 2016.

RESOLVED: *“That the minutes of the AGM held on 10 December 2016 are a true and correct record of the meeting”.*

(K Henderson/M Ranclaud) **Carried**

CHAIRMAN’S REPORT:

John read through his annual report. He firstly acknowledged the passing of fellow trustee, Arama Pirika. He noted the cultural and tikanga support that Arama provided to the Trust. John discussed the rental properties which now provide steady and regular revenue streams. He discussed the Craigs portfolio which has had another exceptional year, returning 10.48%. He then noted the significant increase in the Trust’s Balance Sheet because of the revaluation of the land assets, which has increased the overall value of the Trust to just under \$5m. In conclusion, John commented on dividends, kaumatua grants and thanked his fellow trustees for their leadership.

RESOLVED: *“That the Chairman’s Report is adopted”.*

(J Naera/M Ranclaud) **Carried**

FINANCIAL REPORTS:

Glenn Hawkins presented the following financial reports:

1. Investment Report
2. Annual audited financial statements

He noted the Trust had received an unmodified audit opinion and the profit for the year was \$113,917. In addition, the investment portfolio grew by \$46,897

and the land assets increased in value by \$2,439,000. Therefore, total comprehensive income for the year was \$2.6m.

Margaret Clayton asked about the kaumatua grants and Kath Henderson asked if a note could be sent out when the payments are made.

RESOLVED: *“That the financial reports are adopted”.*

(I Thomas/K Henderson) **Carried**

**APPOINTMENT OF
AUDITOR:**

The trustees sought approval for Cookson Forbes & Associates to be re-appointed as auditors for the coming year.

RESOLVED: *“That Cookson Forbes & Associates be re-appointed as auditors for the 2017-18 year”.*

(J Naera/P Pirika) **Carried**

**DIVIDEND
RECOMMENDATION:**

John confirmed the recommendation from the trustees was for a dividend of \$4,800 per share to be paid.

RESOLVED: *“That the dividend distribution of \$4,800 per share, a total distribution of \$105,600 to be distributed, is approved”.*

(J Naera/J Williams) **Carried**

TRUSTEE ELECTION:

Glenn Hawkins confirmed that he was the returning officer and outlined the process that would be undertaken. He then called for nominations for the vacant trustee position.

1. Robert Pirika was nominated by Paraone Pirika and seconded by Sylvia Tahuriorangi.
2. Marita Ranclaud was nominated by Christine Clayton.
3. Iris Thomas was nominated by Margaret Clayton and Eileen Taterere.
4. Joseph Williams was nominated by Jessie Simon.

Marita and Joseph did not proceed to the next voting stage as no-one would second their nominations.

Robert Pirika and Iris Thomas both spoke about themselves and their backgrounds. The voting was then conducted via a show of hands with the following result:

Robert Pirika – 13 votes

Iris Thomas – 7 votes

Therefore, Glenn Hawkins declared that Robert Pirika was elected as a trustee of Tiki Te Kohu Trust.

GENERAL BUSINESS:

Trees at the Urupa

John gave some background about the trees and sought thoughts from the owners about potentially cutting them down and leaving firewood for owners to collect. Robert noted that the fence line had moved. It was agreed that Farm

Trust approval would be needed to leave wood there. Paraone asked if erosion will be a problem if the trees were cut down. John gave an assurance that the arborist the trustees had been working with would ensure that this wouldn't be an issue.

John said he trees could be cut down and the trustees would give it two years and if it's not taken then it would be cleared away. From here, the Trustees will obtain another two quotes to both split the wood and to leave it on the block for pick-up by owners.

Paraone asked if there is a Trust on the urupa. Robert confirmed he is a trustee of the urupa (Pukepoto Trust) and he is still trying to confirm the other trustees.

Clark Pirika suggested a resolution recommending that the Trust look at taking on management of the urupa in place of Puhepoto Trust.

RESOLVED: *"Subject to further korero, the management of the urupa be taken over by Tiki Te Tohu Ruamono Trust".*

(C Pirika/J Williams) **Carried**

CLOSURE:

With no further business, Paraone Pirika closed the meeting with a karakia.

The meeting closed at 11.14am.

Signed as a correct record.

A handwritten signature in blue ink, appearing to read 'J K Naera', is written on a light blue rectangular background.

Chairman

CHAIRMAN'S REPORT

Tena koutou katoa

I am pleased to present my Chairman's Report, on behalf of Tiki Te Kohu Ruamano Trust, for the year ending 31 March 2018.

Rental Properties

Our three rental properties continue to generate consistent income for the Trust. This year, we have been working with Property Management experts APL, who have arranged property inspections as well as providing guidance on the rent review process. This has been a worthwhile exercise as we look to maximise our returns. The current arrangements are as follows:

Tenant	Address	Start	Term	End
BP	Cnr 414 Fenton St & Froude St	11/04/2003	21	10/04/2024
BP	416 Fenton St	1/04/2005	21	31/03/2026
Emmkays	Cnr Fenton St & 1 Sala St	25/05/2001	21	31/12/2031
Emmkays	406 Fenton St	1/01/2011	21	31/12/2031
Schusters	Cnr 4 Froude St & Fenton St	1/07/2014	21	1/12/2035

Craigs Investment Portfolio

Our Craigs investment portfolio continues to grow, with value at balance date of \$920k. This represents growth of over \$71k during the past financial year. Since then, the value of the portfolio briefly went over the \$1m mark, though it has settled back down in recent months as the financial markets have drifted somewhat. With 55% of the portfolio invested in the New Zealand share market, total returns for the year were 10.19%. We have received annualised returns of 8.04% since we started the portfolio back in 2005.

Financial Result

The rental portfolio provides a steady income stream for the Trust and coupled with the investment income received we have had another successful year, financially. Cookson Forbes & Associates completed the audit of our financial statements for the 2017/18 financial period and have provided us with a clear audit opinion. We also applied for and were successful in receiving some funding from the Government via the Ministry of Business Innovation & Employment (MBIE) which has enabled us to progress some key organisational documents and to create a website.

As is the case with our revenue, operating expenses are almost identical to last year and remain just under \$80k for the year. As a result, our operating profit of \$134k is consistent with last year's performance. Once we include gains and losses from our portfolio and income tax, we have total comprehensive income of \$163k. We only revalue the properties every three years, so no change this year, compared to the large uplift last year.

Our financial position remains strong with total assets of \$5.6m and liabilities totaling \$541k. This increases the overall value of our Trust to just over \$5m, which is a first for the Trust and highlights the prudent decision-making that we have tried to achieve during our tenure.

Dividends

We are again recommending a dividend of \$4,800, per share for our shareholders, which is consistent with previous years. As I mentioned in my report last year, unclaimed dividends continue to be a challenge and we invite shareholders and whanau to check the share register to help us identify any of our missing whanau.

Kaumatua Grants

A reminder that applications now open after each year's AGM and close on the date of the AGM in the following year. This allows one full year for all new applicants and ensures that we make one bulk payment following the AGM each year. Applicants need not apply each year. If you have received a Kaumatua grant in the previous year, you will remain on the list for ensuing years. Should your details change including address and bank account number, proof of this change will need to be provided to GHA, and they will update your details accordingly. The age for Kaumatua grants will remain at 60 years as at the date of the AGM.

Future Focus

In September this year, we made a decision to increase the size of our investment with Craigs and have established a second portfolio of \$300,000. The major reason for this is the continued poor term deposit rates (currently 3% - 3.5%). The focus of this portfolio will be on global equities and fixed interest, which should nicely complement the existing portfolio.

In October, we also made a decision to invest in a property development at Papamoa, along with two other Maori investors, Te Kotahitanga o Ngati Whakaue Assets Trust and Ngati Manawa. Although we are modest shareholders with an investment of \$275k out of a total of \$2.2m, it is an opportunity to co-invest with other like-minded Maori in an exciting development that we expect to deliver above-average returns, within a two-year timeframe.

We are currently putting the finishing touches on a new website, which we hope will be an excellent communication tools for owners to touch base with us in the future. Application forms will also be directly accessible from the website. We anticipate it being up and running prior to Christmas.

Board of Trustees

I would firstly like to acknowledge our most recently appointed trustee, Rob Pirika. Rob has brought his wealth of experience to the board table and has provided an effective contribution to the board discussions. I must also note the contribution of my other colleagues on the board, Jessie, Dave and Alex, who remain dedicated to the work we do and growing your assets for your benefit. The future remains bright.

Heoi anō



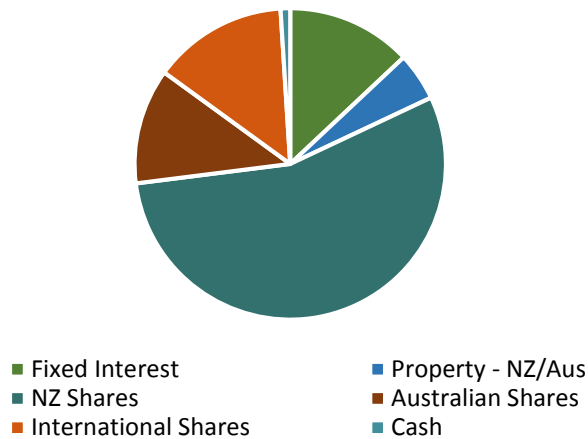
John Naera
Chairman

INVESTMENTS REPORT

Our Investments in the Craigs portfolio

Our funds are invested in a range of different asset types in order to spread the risk:

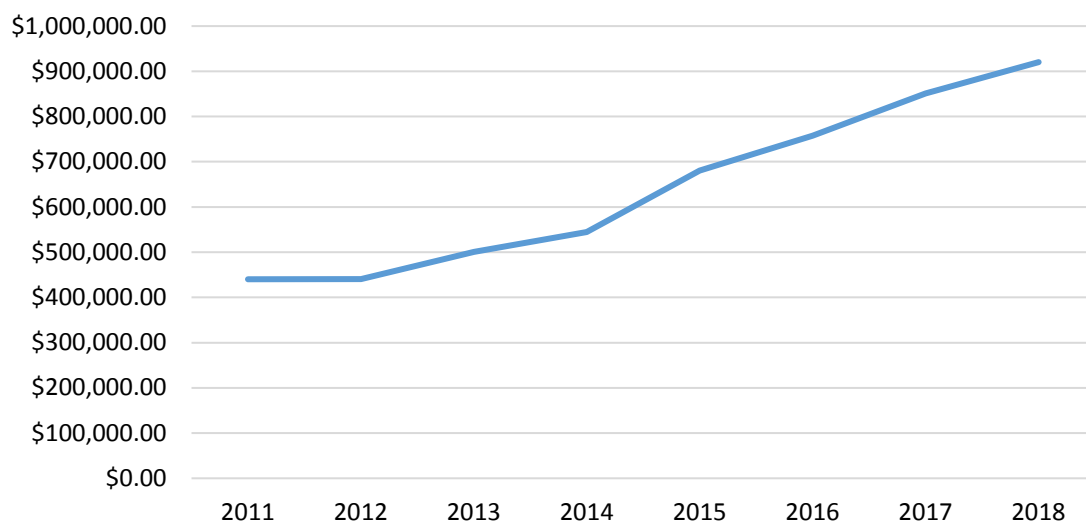
Craigs Investment Portfolio: Asset Allocation



Our Performance

Our portfolio continues to grow on the back of a strong New Zealand share market, careful consideration of risk and a prudent approach to asset allocation.

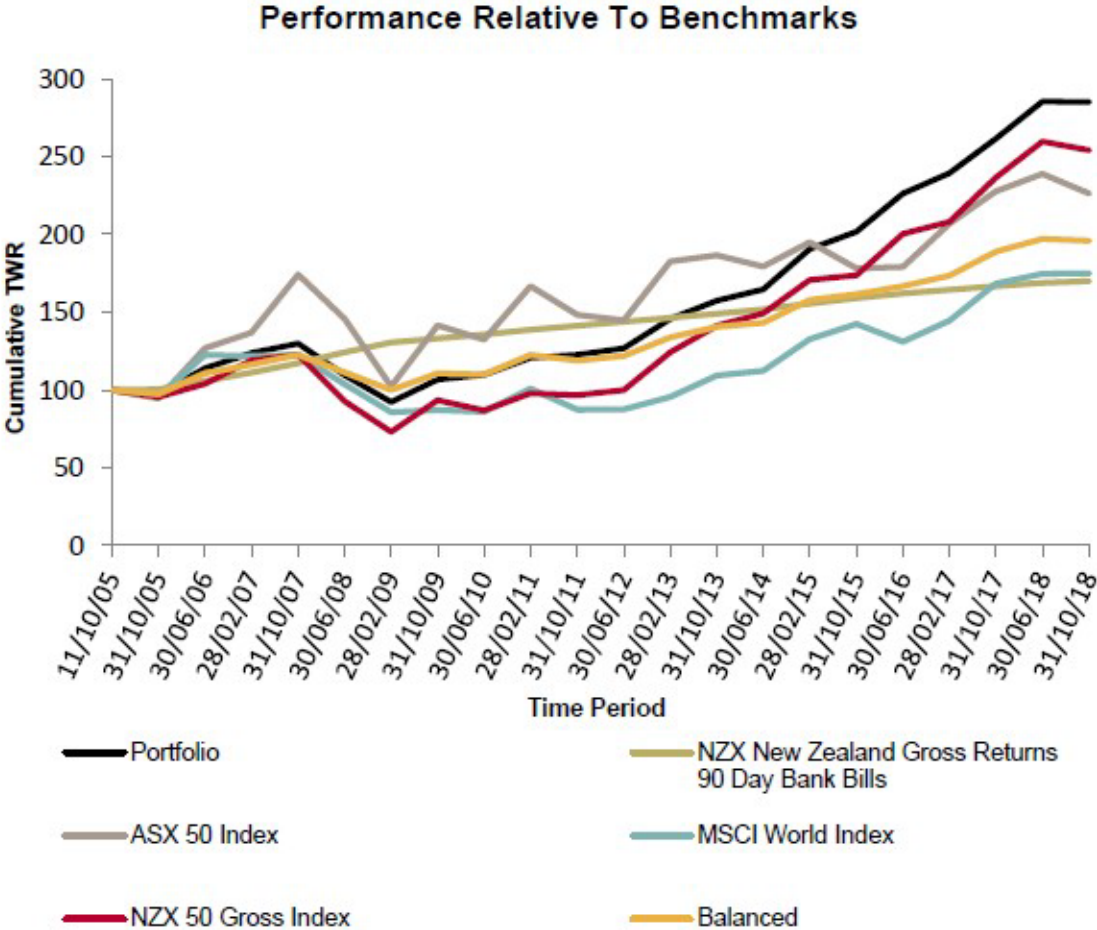
Craigs Investment Portfolio Value: 2011-2018



Portfolio Spread

The following table shows the movements over the past year and the total gains achieved since inception:

	Cost	Unrealised Gains/Loss	Valuation 31/03/18	Pct. Assets %
Fixed Interest Securities	120,000	(715)	119,285	13.0
NZ Property	34,393	10,594	44,987	4.9
Australian Property	5,914	(416)	5,497	0.6
New Zealand Equity	253,808	247,325	501,134	54.5
Australian Equities	73,640	41,103	114,743	12.5
International Equities	114,018	14,652	128,670	14.0
Cash Management NZ	4,937	-	4,937	0.5
Cash Management Aus	700	(8)	692	0.0
Cash Management Inter	378	(8)	370	0.0
Total	607,787	312,527	920,314	100.0



The graph above shows that our portfolio continues to outperform similar portfolios. This trend has continued over the past four years. There has been a market correction subsequent to 31 March which has led to the trustees considering other investment opportunities to spread the risk.



FINANCIAL STATEMENTS

Annual Financial Statements

Tiki Te Kohu Ruamano Trust

For the year ended 31 March 2018

Contents

- 3** Independent Auditor's Report
- 5** Entity Information
- 6** Statement of Profit or Loss and Other Comprehensive Income
- 7** Statement of Financial Position
- 8** Statement of Changes in Equity
- 9** Statement of Cash Flows
- 10** Notes to the Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Trustees & Owners of Tiki Te Kohu Ruamano Trust

Opinion

We have audited the financial statements of Tiki Te Kohu Ruamano Trust (the Trust) on pages 6 to 16, which comprise the statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Trust for the year ended 31 March 2018 are prepared, in all material respects, in accordance with *Special Purpose Financial Reporting Framework for For-Profit Entities (SPFR for FPEs)*, issued by Chartered Accountants Australia & New Zealand.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Other than in our capacity as auditor we have no relationship with, or interests in, the Trust.

Other Matter – Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the Trustees & Owners. As a result, the financial statements may not be suitable for another purpose.

Restriction on Responsibility

This report is made solely to the Trustees & Owners, as a body, in accordance with the trust order and Te Ture Whenua Maori Land Act 1993. Our audit work has been undertaken so that we might state to the Trustee & Owners those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees & Owners as a body, for our audit work, for this report, or for the opinions we have formed.

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible on behalf of the Trust for determining that the SPFR for FPEs Framework adopted is acceptable in the Trust's circumstances, for the preparation of the financial statements in accordance with SPFR for FPEs and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees. We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Chartered Accountants
96 Waioweka Road
OPOTIKI, New Zealand

8 November 2018

Entity Information

Tiki Te Kohu Ruamano Trust

For the year ended 31 March 2018

Nature of business

Land lease and investments

Postal address

PO Box 1712, Rotorua

Trustees

John Naera (Chairman)

Alec Kameta

Dave Waaka

Jessie Simon

Robert Pirika

Accountants

GHA Ltd

Chartered Accountants

PO Box 1712, Rotorua

Auditors

Cookson Forbes & Associates

Chartered Accountants

96 Waioeka Rd, Opotiki

Statement of Profit or Loss and Other Comprehensive

Tiki Te Kohu Ruamano Trust

For the year ended 31 March 2018

	Notes	2018 \$	2017 \$
Revenue			
Investment income	5	62,270	65,249
Rental income	6	144,386	146,765
MBIE Funding		5,700	-
Total Revenue		212,356	212,015
Expenses			
Administration expenses	7	60,783	57,010
Governance expenses	8	14,745	15,971
Depreciation of property, plant and equipment	14	2,962	4,763
Total Expenses		78,491	77,744
Operating Profit		133,865	134,270
Other items			
Realised loss on sale of available-for-sale financial assets	13	(8,499)	(392)
		(8,499)	(392)
Profit before tax		125,366	133,878
Income tax expense	10	(21,329)	(19,961)
Profit for the year		104,037	113,917
Other comprehensive revenue and expense			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of available-for-sale financial assets	13	58,760	46,897
Changes in fair value of property, plant and equipment	14	-	2,439,000
		58,760	2,485,897
Total Comprehensive revenue and expense for the year		162,797	2,599,814

CF
Audit

This Statement is to be read in conjunction with the Notes to the Performance Report, and the accompanying Audit Report

6

Statement of Financial Position

Tiki Te Kohu Ruamano Trust

As at 31 March 2018

	Notes	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	11	1,067,278	1,095,453
Accounts receivable	12	86,399	33,704
Total Current assets		1,153,677	1,129,157
Non-current assets			
Available for sale financial assets	13	920,315	851,107
Property, plant and equipment	14	3,503,006	3,504,787
Total Non-current assets		4,423,321	4,355,894
Total Assets		5,576,998	5,485,051
Liabilities			
Current liabilities			
Accounts payable	15	78,009	56,796
GST payable		13,714	5,197
Unclaimed dividends		105,600	105,600
Income tax payable	10	(387)	1,746
Total Current liabilities		196,936	169,339
Non-current liabilities			
Unclaimed dividends		344,364	320,215
Total Non-current liabilities		344,364	320,215
Total Liabilities		541,300	489,554
Net assets		5,035,698	4,995,501
Equity			
Funds settled		330,500	330,500
Capital reserves		732,033	732,033
Assets revaluation reserves	16	3,427,816	3,369,056
Retained earnings		545,349	563,912
Total Equity		5,035,698	4,995,501

For and on behalf of the Board of Trustees


Trustee


Trustee

Date: 8 November 2018

CF
Audit

This Statement is to be read in conjunction with the Notes to the Performance Report, and the accompanying Audit Report

7

Statement of Changes in Equity

Tiki Te Kohu Ruamano Trust

For the year ended 31 March 2018

	Notes	Funds Settled	Capital Reserves	Reserves	Retained Earnings	Total Equity
					\$	\$
Opening balance 1 April 2017		330,500	732,033	3,369,056	563,912	4,995,501
Net Profit for the year		-	-	-	104,037	104,037
Other comprehensive income		-	-	58,760	-	58,760
Payment of dividends		-	-	-	(105,600)	(105,600)
Payment of grants	9	-	-	-	(17,000)	(17,000)
Closing equity 31 March 2018		330,500	732,033	3,427,816	545,349	5,035,698
Opening balance 1 April 2016		330,500	732,033	846,600	612,080	2,521,213
Net Profit for the year		-	-	-	113,917	113,917
Other comprehensive income		-	-	2,485,897	-	2,485,897
Payment of dividends		-	-	-	(105,600)	(105,600)
Payment of grants	9	-	-	-	(56,485)	(56,485)
Derecognition of deferred tax liability	3	-	-	36,559	-	36,559
Closing equity 31 March 2017		330,500	732,033	3,369,056	563,912	4,995,501

CF
Audit

Statement of Cash Flows

Tiki Te Kohu Ruamano Trust

For the year ended 31 March 2018

	Notes	2018	2017
		\$	\$
Cash flows from operating activities			
Receipts from customers		156,895	208,558
Payments to suppliers and employees		(124,712)	(66,416)
Investment income		54,030	70,720
Grants paid		(17,000)	(56,485)
Income tax		(23,462)	(24,720)
Net GST		8,703	603
Total Cash flows from operating activities		54,454	132,260
Cash flows from investing activities			
Payments to acquire investments		-	(27,999)
Payments to acquire fixed assets		(1,181)	(4,077)
Total Cash flows from investing activities		(1,181)	(32,076)
Cash flows from financing activities			
Dividends paid		(81,448)	(102,115)
Total Cash Flows from financing activities		(81,448)	(102,115)
Net Increase/ (Decrease) in Cash and Cash Equivalents		(28,175)	(1,931)
Cash balances			
Cash and cash equivalents at beginning of the year		1,095,453	1,097,384
Cash and cash equivalents at end of the year	11	1,067,278	1,095,453
Net change in cash for the year		(28,175)	(1,931)

CF
Audit

Notes to the Financial Statements

Tiki Te Kohu Ruamano Trust
For the year ended 31 March 2018

1. General information

The financial report includes the financial statements and notes of Tiki Te Kohu Ruamano Trust for the year ended 31 March 2018. The trust is a profit-orientated entity originally vested under s438 of the Maori Affairs Act 1953, and continues under Section 215 of Te Ture Whenua Maori Act 1339.

The primary operation of the trust is commercial property rental.

These financial statements were approved and authorised for issue by the Board of Trustees on 31 August 2018.

2. Statement of compliance and reporting framework

These financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by Chartered Accountants Australia and New Zealand. The financial statements have been prepared for taxation and internal management purposes.

3. Changes in accounting policies

There have been no changes in accounting policies. All policies adopted are consistent with those of the previous financial year.

4. Summary of accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.1 Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$). All numbers presented have been rounded to the nearest dollar.

4.2 Revenue

Revenue is measured by reference to the fair value of consideration received or receivable. The trust recognises revenue when it can be reliably measured, it is probable that future economic benefits will flow to the trust.

4.2.1 Interest and dividend income

Interest income is recognised when it is received, with an adjustment at year end to recognise interest due but not received (accrual basis) using the effective interest method. Dividend income is recognised at the time the right to receive payment is established.

4.2.2 Rental income

Rental income from commercial rents is reported at the time the payment is received. The trust's policy for recognition of revenue from operating leases is described in note 4.6 below.

4.3 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.4 Impairment of tangible and intangible assets

At the end of each reporting period, the trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

Notes to the Financial Statements

Tiki Te Kohu Ruamano Trust For the year ended 31 March 2018

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

4.5 Taxation

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue.

4.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4.6.1 Trust as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

4.7 Financial instruments – financial assets

4.7.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the trust becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4.7.2 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Loans and receivables
- Available-for-Sale ("AFS") financial assets

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for credit losses. Discounting is omitted where the effect of discounting is immaterial. The Incorporation's receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The trust's AFS financial assets include investment in managed portfolio fund (Craigs Investment Partners).

All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest is calculated using the effective interest method and dividends are recognised in profit or loss within investment income.

Notes to the Financial Statements

Tiki Te Kohu Ruamano Trust
For the year ended 31 March 2018

Financial liabilities

The trust's financial liabilities include trade and other payables.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.9 Goods and services tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

4.10 Property, plant and equipment

Land and improvements are valued at fair value as determined by an independent valuer.

Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Office equipment, plant and equipment and land improvements are initially recognised at acquisition cost, including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Board of Trustees. These assets are subsequently measured using the cost model (cost less subsequent depreciation and impairment losses).

Depreciation is recognised on a diminishing value basis to write down the cost of the assets over their estimated useful lives. The following rates are applied:

- Land Improvements 10% DV
- Office equipment 50% DV
- Plant & Equipment 14.4-26.4% DV

Land is not depreciated.

Material residual value estimates and estimates of useful lives are updated as required, or at least annually.

Notes to the Financial Statements

Tiki Te Kohu Ruamano Trust

For the year ended 31 March 2018

	Notes	2018	2017
		\$	\$
5 Investment income			
PIE income		2,565	2,408
Interest received		38,868	43,418
Dividends received		20,838	19,424
Total Investment income		62,270	65,249
6 Rental income			
BP - Lot 1		49,082	49,082
BP - Lot 2		42,504	42,504
E Schuster Est - Lot 3 & 4		16,000	16,000
Stateway - Section 1		20,800	23,179
Stateway - Section 2		16,000	16,000
Total Rental income		144,386	146,765
7 Administration expenses			
Accounting fees		12,655	11,836
AGM expenses		4,503	3,921
Audit fees		1,895	1,901
Consultancy		8,600	3,208
Investment management fees		7,107	9,016
Koha		2,000	1,500
Legal expenses		-	4,430
Printing, stamps and stationary		1,638	1,267
Repairs and maintenance		1,077	524
Secretarial fees		13,317	12,870
Share register		3,804	2,978
Valuation fees		2,982	1,400
Other expenses		1,206	2,161
Total Administration expenses		60,783	57,010
8 Governance expenses			
Trustee fees	17	13,500	14,750
Trustee expenses		628	435
Trustee travel		617	786
Total Governance expenses		14,745	15,971
9 Grants paid			
Education grants		3,500	3,000
Health grants		-	1,185
Kaumatua grants		13,500	12,300
Marae grant		-	40,000
Total Grants paid		17,000	56,485

Notes to the Financial Statements

Tiki Te Kohu Ruamano Trust

For the year ended 31 March 2018

Notes	2018	2017
	\$	\$
10 Income tax		
Profit before income tax	125,366	133,878
<i>Plus/(less) adjustments</i>		
Non-taxable income	(6,668)	(3,736)
Other adjustments	29,005	6,842
Taxable income	147,703	136,984
Income tax using Maori Authority tax rate of 17.5%	25,848	23,972
Less Imputation credits	(4,519)	(4,011)
Income tax expense	21,329	19,961
Plus opening balance	1,746	6,505
Less withholding tax paid	(12,673)	(11,799)
Less terminal tax paid	2,633	(6,596)
Less provisional tax paid	(12,697)	(5,701)
Less other tax credits	(725)	(624)
Total tax to be paid	(387)	1,746
Maori Authority Credit Account		
Opening Balance	284,716	262,556
Plus provisional tax paid	7,914	5,701
Plus terminal tax paid	-	649
Plus RWT paid	12,673	11,799
Plus imputation credits	5,150	4,011
Closing Balance	310,453	284,716
11 Cash and cash equivalents		
Cash at bank - NZD	55,035	95,453
Cash in term deposits - NZD	1,012,242	1,000,000
Total Cash and cash equivalents	1,067,278	1,095,453
12 Trade and other receivables		
Trade receivables	81,710	12,000
Accrued interest	4,689	21,704
Total Trade and other receivables	86,399	33,704
13 Investments		
<i>Managed portfolio fund - Craigs Investment Partners</i>		
Balance at the beginning of the year	851,107	757,944
Contributions	350	30,000
Net investment revenue received	18,597	16,658
Realised gains (losses)	(8,499)	(392)
Change in fair value	58,760	46,897
Balance at the end of the year	920,315	851,107

Fair value measurement - managed portfolio funds

The fair value of investments in equity securities accounted for as available for sale financial assets is determined by reference to the published market prices at the reporting date.

Notes to the Financial Statements

Tiki Te Kohu Ruamano Trust

For the year ended 31 March 2018

14 Property, plant and equipment

	Land	Land Improvements	Office Equipment	Plant & Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 Mar 2016	1,051,000	18,792	-	21,084	1,090,876
Additions	-	-	4,075	-	4,075
Revaluation	2,439,000	-	-	-	2,439,000
Balance at 31 March 2017	3,490,000	18,792	4,075	21,084	3,533,951
Balance at 31 Mar 2017	3,490,000	18,792	4,075	21,084	3,533,951
Additions	-	-	1,181	-	1,181
Balance at 31 March 2018	3,490,000	18,792	5,256	21,084	3,535,132

	Land	Land Improvements	Office Equipment	Plant & Equipment	Total
	\$	\$	\$	\$	\$
Accumulated depreciation					
Balance at 1 Mar 2016	-	6,668	-	17,733	24,401
Depreciation Expense	-	1,212	2,438	1,113	4,763
Balance at 31 Mar 2017	-	7,880	2,438	18,846	29,164
Depreciation expense	-	1,091	1,163	708	2,962
Balance at 31 March 2018	-	8,971	3,601	19,554	32,126
Net book amount at 31 March 2017	3,490,000	10,912	1,637	2,238	3,504,787
Net book amount at 31 March 2018	3,490,000	9,821	1,655	1,530	3,503,006

Land has been recorded at its fair value at reporting date. Fair value has been determined by Telfer Young Limited, registered valuers, using current market values. The latest valuation is dated 31 March 2017.

Notes to the Financial Statements

Tiki Te Kohu Ruamano Trust

For the year ended 31 March 2018

	Notes	2018	2017
		\$	\$
15 Trade and other payables			
Trade payables		11,972	9,241
PAYE payable		289	206
Putea Trust		1,555	1,555
Rent in advance		64,193	45,793
Total Trade and other payables		78,009	56,796
16 Reserves			
Property revaluation reserve		3,159,500	3,159,500
AFS assets revaluation reserve		268,316	209,556
Total Reserves		3,427,816	3,369,056
<u>Property revaluation reserve</u>			
Balance at the beginning of the year		3,159,500	720,500
Increase due to changes in fair value		-	2,439,000
Balance at end of the year		3,159,500	3,159,500
<u>AFS assets revaluation reserve</u>			
Balance at the beginning of the year		209,556	126,100
Increase due to changes in fair value		58,760	46,897
Derecognition of deferred tax liability		-	36,559
Balance at end of the year		268,316	209,556

17 Related party transactions

Transactions with related parties are as follows.

	2018	2017	2018	2017
<u>Trustee fees paid</u>	Attendance	Attendance	\$	\$
John Naera	12	12	4,500	4,500
Alec Kameta	9	11	2,250	2,750
Arama Pirika	-	10	-	2,500
Dave Waaka	12	10	3,000	2,500
Jessie Simon	12	10	3,000	2,500
Robert Pirika	3	-	750	-
			13,500	14,750

18 Contingent liabilities

There are no known material contingent liabilities at year end (2018: Nil).

19 Commitments for expenditure

There are no capital commitments at balance date (2018: \$Nil).

20 Events after the balance date

There have been no events subsequent to balance date that would have material impact on these financial statements.

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