TE RUNANGA NUI O TE AUPOURI TRUST GROUP

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 September 2016

- INDEX -

TE RUNANGA NUI O TE AUPOURI TRUST GROUP
Trust Directory
As at 30th September 2016

Trustees
Peter- Lucas Jones
Ripeka Evans (Retired 30 April 2016)
Maahia Nathan (Deputy Chairperson)
Waitai Petera
Tui Kapa (Treasurer)
Rahuia Kapa (Secretary)
Richard Witana (Chairperson)

Business Address
24 Te Ahu Road, RD 4,
Te Kao, Kaitaia

Bankers
ASB & BNZ Bank
Kaitaia

Accountants
Whitelaw Weber Limited
10 Fairway Drive, Kerikeri

Solicitors
Braithwaite & Smail Limited
Onehunga

Nature of Business
Iwi Asset Management

Auditors
BDO Northland
Kerikeri Road, Kerikeri

TE RUNANGA NUI O TE AUPOURI TRUST GROUP

Consolidated Statement of Comprehensive Revenue and Expense
For the Year Ended 30 September 2016

	Note	2016 $ Group
Revenue		
Revenue from exchange transactions:		
Rendering of Services		152,150
Farming Revenue	7	2,675,303
Leases, LTO Revenue & Rent Received		380,767
Other Cost Recoveries		19,579
Other Exchange Revenue		54,399
Total Revenue from exchange transactions		3,282,199
Revenue from non - exchange transactions:		
CFRT - Accumulated Aupouri Forest Rent	34	2,740,288
TPK - AMTB Funding		126,741
Treaty of Waitangi Settlement	34	3,369,300
Business Combination Bargain Purchase	37	3,685,812
Total Revenue from non - exchange transactions		9,922,141
Other Income	8	1,104,016
Total Revenue		14,308,356
Less Expenditure		
Administration		684,066
Depreciation		130,539
Donations Made		1,000
Employee Costs		546,469
Farm & Forestry Costs		264,251
Livestock Purchases		1,932,423
Projects		177,036
Repairs & Maintenance		258,106
Transport, Travel & Accommodation		135,998
Other Expenses		681,145
Total Expenses	9	4,811,033
Surplus/Deficit) before net Financing Costs		9,497,323
Finance Income		316,687
Finance Costs		72,745
Net Finance Costs	10	243,942
Net Surplus/ (Deficit) for the year		9,741,265

TE RUNANGA NUI O TE AUPOURI TRUST GROUP
Consolidated Statement of Comprehensive Revenue and Expense
For the Year Ended 30 September 2016

	Note	**2016 $ Group**
NET SURPLUS/(DEFICIT) cont.		9,741,265
Taxation Due	30	624,709
		624,709
NET SURPLUS (DEFICIT) AFTER TAX AND ADJUSTMENTS		9,116,556
OTHER COMPREHENSIVE REVENUE AND EXPENSE		
Gain/ (Loss) on revaluation of Available-for-sale financial assets		757,862
Tax on Available-for-sale revaluation		(132,626)
Other Comprehensive Revenue for the Year		625,237
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		9,741,792

TE RUNANGA NUI O TE AUPOURI TRUST GROUP
Consolidated Statement Changes in Net Assets/Equity
For the Year Ended 30 September 2016

	Note	AFS Fair Value Reserve	Accumulated Revenue and Expense	Total
Balance as at 1 October 2015	33	**818,846**	**21,634,276**	**22,453,122**
Total comprehensive revenue and expense for the year				
Net Surplus/ (Deficit) for the year		-	9,116,556	9,116,556
Other Comprehensive Income		757,862	-	757,862
Tax on Other Comprehensive Income		(132,626)	-	(132,626)
Total Comprehensive Income		**625,237**	**9,116,556**	**9,741,792**
Balance at 30 September 2016		**1,444,083**	**30,750,832**	**32,194,915**

The accompanying notes form part of these financial statements. This statement must be read subject to the independent auditor's report.

TE RUNANGA NUI O TE AUPOURI TRUST GROUP
Consolidated Statement of Financial Position
For the Year Ended 30 September 2016

	Note	2016 $ Group
CURRENT ASSETS		
Cash & Cash Equivalents	11	1,052,137
GST Refund Due	12	84,409
Accounts Receivable - Exchange Transactions	13	88,486
Accounts Receivable - Non-Exchange Transactions	14	137,500
Biological Assets	15	1,484,565
Total Current Assets		2,847,097
NON-CURRENT ASSETS		
Biological Assets	15	2,047,179
Property, Plant & Equipment as per Schedule	16	11,595,639
Intangible Assets	17	1,441,348
Other Investments	18	17,720,127
Investment Property	19	275,000
Total Non-Current Assets		33,079,293
TOTAL ASSETS		35,926,390
CURRENT LIABILITIES		
Taxation	30	91,935
Deferred Revenue	20	189,700
Employee Liability	21	42,630
Accounts Payable - Exchange Transactions	22	224,281
Accounts Payable - Non-Exchange Transactions	23	129,260
Total Current Liabilities		677,804
NON-CURRENT LIABILITIES		
Deferred Tax Liability	30	353,668
Finance Leases & Term Loans	24	2,700,000
Total Non -Current Liabilities		3,053,668
TOTAL LIABILITIES		3,731,471
NET ASSETS		32,194,914
Represented by;		
MEMBERS FUNDS		
Reserves	35	1,444,083
Accumulated Members Funds	36	30,750,832
TOTAL MEMBERS FUNDS		32,194,915

The consolidated financial statements have been audited. The accompanying notes form part of these financial statements and should be read in conjunction with the reports contained herein.

For and on behalf of the Trustees;

Trustee ______________________ Trustee ______________________

TE RUNANGA NUI O TE AUPOURI TRUST GROUP
Consolidated Statement of Cash Flows
For the Year Ended 30 September 2016

	Note	2016 $ Group
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from:		
Interest, Dividends and other Investment receipts		374,686
Net GST (paid)/received		(31,145)
Income Tax Refund		47,412
Receipts from providing goods or services		4,696,817
Less;		
Payments to suppliers and employees		4,748,569
Donations or grants paid		66,943
Net cash inflow/(outflow) from operating activities		272,257
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment		20,465
Proceeds from disposal of investments		4,640,506
Payments for purchase of property, plant & equipment		588,741
Payments for purchase of investments		5,744,989
Net cash inflow/(outflow) from investing activities		(1,672,759)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from drawdown of loans		1,804,378
Less;		
Payments to external funders		493,460
Net cash inflow/(outflow) from financing activities		1,310,918
Net increase/(decrease) in cash and cash equivalents		(89,584)
Cash and cash equivalents at beginning of year		1,141,721
Cash and cash equivalents at end of year	11	1,052,137

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Te Runanga Nui O Te Aupouri Trust is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

These consolidated financial statements for the year ended 30 September 2016 comprise the controlling entity and its controlled entities (together referred to as the 'Group').

Te Runanga Nui O Te Aupouri Trust is the Post Settlement Governance Entity (PSGE), which is mandated by Te Aupouri Iwi to receive and manage all assets negotiated with the Crown, in settlement of historical Treaty of Waitangi grievances.

This is the Group's first set of financial statements presented in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime ("PBE Standards RDR").

Te Runanga Nui O Te Aupouri Trust and a subsidiary are mandated Iwi Organisations and Iwi aquaculture organisations. The remaining subsidiaries are also involved in farming activities and commercial and domestic rentals.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with *Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR")* as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

The Group qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between $2m and $30m operating expenditure.

(b) Measurement basis

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Biological Assets
- Investment property
- Available for sale financial instruments

(c) Functional and presentation currency

The financial statements are presented in New Zealand dollars ($) which is the controlling entity's functional and Group's presentational currency, rounded to the nearest dollar.

There has been no change in the functional currency of the Group during the year.

3. USE OF JUDGEMENTS AND ESTIMATES

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

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

(a) Judgements
Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the consolidated financial statements include the following:

- Revenue recognition – exchange revenue

(b) Assumptions and estimation uncertainties
There are no assumptions and estimation uncertainties that could have a significant risk of resulting in a material adjustment in the year ended 30 September 2016, with the exception of the following:

- Determination of fair values

(c) Changes in accounting estimates
There has been no change in any accounting estimates during the year ended 30 September 2016.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 6, which addresses changes in accounting policies.

(a) Basis of Consolidation

(i) Controlled entities

Controlled entities are entities controlled by the Group, being where the Group has power to govern the financial and operating policies of another entity so as to benefit from that entity's activities. The financial statements of the Group's controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Subsequent changes in a controlled entity that do not result in a loss of control are accounted for as transactions with controllers of the controlling entity in their capacity as controllers, within net assets/equity.

(ii) Loss of control of a controlled entity

On the loss of control, the Group derecognises the assets and liabilities of the controlled entity, any minority interest, and the other components of net assets/equity related to the controlled entity. Any surplus or deficit arising on the loss of control is recognised in surplus or deficit.

If the Group retains any interest in the previously controlled entity, then such interest is measured at fair value at the date that control is lost. Subsequently, the retained interest is either accounted for as an equity-accounted associated or an available-for-sale financial asset depending on the level of influence retained.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates and jointly-controlled-entities are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

See note 26 for details of controlled entities.

(b) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of GST. Where applicable, all assets and liabilities have been stated net of GST with the exception of receivables and payables which are stated inclusive of GST.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue as part of operating cash flows.

(c) **Provisions**

A provision is recognised if, as a result of a past event, the entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance costs within surplus or deficit.

(d) **Taxation**

Te Runanga Nui O Te Aupouri Trust and its subsidiaries are Maori Authorities for tax purposes with the exclusion of Aupouri Property Limited which is a standard company and Te Aupouri Iwi Development Trust which is a registered charity (Registration Number CC48946). Revenue tax expense represents the sum of the tax currently payable and deferred tax.

5. CHANGES IN ACCOUNTING POLICIES

The entity previously prepared financial statements in accordance with Generally Accepted Accounting Practice (GAAP). In the year ended 30 September 2016 the entity has transitioned to the new Public Benefit Entity International Sector Accounting Standards (PBE IPSAS) with reduced disclosure.

Refer to note 33 for changes in assets/equity on transition to the new standards.

There have been no material changes in accounting policies adopted in the preparation of these financial statements. There have been minor changes to presentation and disclosures:

PBE IPSAS 1: Presentation of Financial Statements

There are minor differences between PBE IPSAS 1 and NZICA framework of differential reporting previously used. These differences have an effect on disclosure only. The main changes in disclosure resulting from the application of PBE IPSAS 1 are the following:

Receivables from exchange and non-exchange transactions:

In the financial statements of the previous financial year, receivables were presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position. This requirement affected the presentation for the current year's receivables.

PBE IPSAS 2: Cash Flow Statements

In the previous financial year, the entity applied the differential reporting concession under Old NZ GAAP, which exempted it from preparing a Cash Flow Statement. However, this concession is not available under PBE Standards. Therefore, the entity presents in this set of financial statements a cash flow statement for the current year. This change affects presentation and disclosure only.

PBE IPSAS 27: Agriculture

In the previous financial year, livestock was valued at the current National Standard Cost. Livestock is presented at fair value in this set of financial statements. Refer to note 33 (v).

6. REVENUE

Revenue – accounting policy

The Group receives revenue from both exchange and non-exchange transactions. An exchange transaction is defined as a transaction in which one entity receives assets or services (or has liabilities extinguished) and directly gives approximately equal value to another entity in exchange. A non-exchange transaction is a transaction in which the Group receives an asset (such as cash) but does not provide approximately equal value in return.

Revenue is recognised when the amount of revenue can be measured reliably, and it is probable that economic benefits will flow to the Group and be measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Group's revenue streams must also be met before revenue is recognised.

(i) Revenue from exchange transactions:

Rental and Lease income

Rental and lease income is recognised in surplus or deficit on a straight-line basis over the life of the lease.

ACE Income

Annual catch entitlement (ACE) income is recognised when cash is received or receivable for the sale of ACE in the fishing season to which it relates.

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The timing of the transfers of risks and rewards varies depending on the individual terms of the sale agreement.

Rendering of services
The Group provides the following services:
Administration, bookkeeping, management and project specific services.

Revenue from services are recognised in the period by reference to the stage of completion of the transaction at the end of the reporting period.

(ii) ***Revenue from non-exchange transactions:***

Grants received
Grants income is recognised when conditions of the grant received have been met.

Office of Treaty Settlements and Crown Forestry Rental Trust

All monies received from the Office of Treaty Settlements and Crown Forestry Rental Trust are recognised on a receipts basis or upon legal title of any properties being transferred.

7. FARMING REVENUE

	2016 $ Group
Livestock Sales	750,835
Net increase due to births/deaths/losses	341,743
Change in fair value due to holding gains	401,137
Change in the fair value due to change in numbers	1,181,588
	2,675,303

Farming revenue includes revenue derived from:
- The sale of livestock when the risks and rewards of ownership have been transferred
- Net increases due to births, growth and losses of livestock
- Changes in the fair value of livestock due to changes in market value

8. OTHER INCOME

	2016 $ Group
Change in Fair Value of Standing Timber	357,000
Dividends Received	74,485
Fair Value Increase on Investment Property	5,000
Gain on Disposal of Property Plant & Equipment	8,226
Gain on Disposal of Investment	30,795
Milford Investment Revenue	628,510
	1,104,016

9. EXPENSES

	2016 $ Group
Administration	
Accounting and Administration Fees	72,222
Auditor Fees	46,115
Investment Management Custodial Fees	38,743
Legal Fees	40,315
Printing and Stationery & Election Expenses	22,678
SGM Printing & Meeting Costs	1,308
Subscriptions	14,206
Telephone, Tolls and Internet	15,188
General Administration Expenses	67,870
Attendance Fees Trustees/Directors	67,336
Other Meeting Expenses	21,949
Trustee Training & Development Expenses	5,819
ACE Purchases	491
Advertising	155
Consultancy	68,964
Quota Levies	21,902
Accountancy Fees - AMTB	30,300
AMTB - Expenses Incurred post Dissolution Date	21,157
Debt Collection Costs	124
Liquidation Costs - Success Staffing Solutions	33,660
TPK - Expenditure Incurred	93,566
Total Administration Expenses	684,066

	2016 $ Group
Employee Costs	
FBT	8,068
KiwiSaver Contributions	16,749
Wages	521,652
Total Employee Costs	546,469

	2016 $ Group
Farm & Forestry	
Farm Working Expenses	188,276
General Operating Expenses	39,983
Foresty	35,992
Total Farm & Forestry	264,251

	2016 $ Group
Livestock Purchases	
Cattle	
Purchases	1,932,023
	1,932,023
Sheep	
Purchases	400
	400
Cost of Goods Sold - Livestock	1,932,423

	2016 $ Group
Projects	
Education Strategy	68,152
He Tangata Scholarship Distributions	9,700
Mihipa Renovations	93,799
Groundsman	5,386
Total Projects Expenses	177,036

	2016 $ Group
Repairs & Maintenance	
Buildings -General	17,599
General	680
Estate & Marae Grounds	16,828
Farm	222,999
Total Repairs & Maintenance	258,106

	2016 $ Group
Transport, Travel & Accommodation	
Vehicle Expenses	55,037
Travel - Staff	22,445
Travel and Accommodation	58,517
Total Transport, Travel & Accommodation	135,998

	Note	2016 $ Group
Other Expenses		
Loss on disposal of Property Plant & Equipment		788
Write off of AMTB	37	680,357
		681,145
Donations made		1,000
Depreciation		130,539
Total Expenses		**4,811,033**

10. NET FINANCE COSTS

	2016 $ Group
Finance Income	
Interest Received - Bank	2,428
Interest Income - Milford Asset Management	15,973
Interest Received - Office of Treaty Settlement	297,666
IRD Use of Money Interest Received	622
Total Finance Income	316,687
Finance Costs	
Interest - Finance Lease	3,087
Interest - Overdraft	1,255
Interest - Expense	377
Interest - Tax Pooling	1,414
Interest - Term Loan	66,567
Interest - Use of Money Interest	45
Total Finance Costs	72,745
Net Finance Costs	243,942

Finance Income and Finance Costs – accounting policy
Finance income comprises interest income on financial assets. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

Finance costs comprise interest expense on financial liabilities.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset is recognised in surplus or deficit using the effective interest method, otherwise borrowing costs are capitalised as part of a qualifying asset's initial cost.

11. CASH & CASH EQUIVALENTS

	Note	2016 $ Group
Current Assets		
ASB Operating Account		406,358
ASB Savings Account		47
BNZ Operating Account		29,047
BNZ Oncall Account		3,231
BNZ Cheque Account		36,511
Milford Cash Call Account		576,943
Cash and cash equivalents in the Statement of Cashflows	25	1,052,137

Per annum annual interest rate ranges applicable to components of cash and cash equivalent:

	2016 $ Parent	2016 $ TACDL	2016 $ TAFML	2016 $ TAIDT	2016 $ APL
General Operating Account	0.0%	0.0%	0.0%	0.0%	0.0%
Savings Accounts	0.5%	0.0%	0.0%	N/A	N/A
Overdraft Rate	N/A	9.95%	N/A	N/A	N/A

There are no restrictions over any of the cash and cash equivalent balances held by the entities. Te Aupouri Commercial Development Limited has a bank overdraft facility arranged which is secured by 5891 State Highway 1 and a charge over the livestock of Te Aupouri Commercial Development Limited, up to a maximum of $150,000.

Cash and cash equivalents comprise cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

12. PREPAYMENTS AND OTHER ASSETS

	2016 $ Group
GST ex AMTB	58,228
GST	26,180
Total Prepayments and Other Assets	84,408

13. RECEIVABLES – EXCHANGE TRANSACTIONS

	2016 $ Group
Receivables from exchange transactions	
Trade Receivables	88,486
Receivables from Exchange Transactions	88,486

14. RECEIVABLES – NON-EXCHANGE TRANSACTIONS

	2016 $ Group
Receivables from non-exchange transations	
Treaty of Waitangi Settlement	137,500
Receivables from Non-Exchange Transactions	137,500

15. BIOLOGICAL ASSETS

Reconciliation of carrying amount

	Standing Timber	Livestock	Total
Balance at 1 October 2015	**700,000**	**550,276**	**1,250,276**
Purchases		1,932,423	**1,932,423**
Sale of livestock		(750,835)	**(750,835)**
		1,731,864	**1,731,864**
Net increase due to births/deaths/losses		341,743	**341,743**
Change in fair value due to holding gains	357,000	401,137	**758,137**
Balance at 30 September 2016	**1,057,000**	**2,474,744**	**3,531,744**

	Standing Timber	Livestock	Total
Broken down into:			
Current Asset	-	1,484,565	1,484,565
Non Current Asset	1,057,000	990,179	2,047,179
	1,057,000	**2,474,744**	**3,531,744**

Biological Assets
Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, including transportation. Standing timber is transferred to inventory at its fair value less estimated costs to sell at the date of harvest.

Te Aupouri Commercial Development Limited's BNZ overdraft facility has security over the livestock per the overdraft facility agreement. Inventories are generally subject to retention of title clauses.

(i) *Change in Fair Value*
Standing Timber is measured at fair value less estimated costs to sell as assessed by independent forest managers, Indufor Asia Pacific Limited. The basis of valuation of young stands not yet ready for harvest has been to determine the net present value of each stand. The revenue from future timber sales is predicted along with the costs of producing, harvesting and marketing the timber. The pre-tax cash flow is discounted at the appropriate market rate to derive a net present value.

Livestock comprises cattle and sheep. The fair values are based on the market price of livestock of similar age, weight and market values. The livestock was valued as at 30th September 2016 using an independent valuer, Chris Boom from AgFirst.

16. PROPERTY, PLANT & EQUIPMENT

	Land	Buildings	Heritage Assets	Motor Vehicles	Fixtures & Fittings	Office Equipment	Plant & Equipment	Total
	$	$	$	$	$	$	$	$
(i) Cost								
At 1 October 2015	3,376,683	533,742	-	259,210	17,633	19,966	73,382	4,280,616
Additions	5,462,585	1,897,026	25,000	117,136	43,215	22,152	108,436	7,675,549
Disposals	-	-		(20,170)	-	-	-	(20,170)
At 30 September 2016	**8,839,268**	**2,430,768**	**25,000**	**356,176**	**60,848**	**42,118**	**181,818**	**11,935,995**
(ii) Accumulated depreciation and impairment								
At 1 October 2015	13,312	29,593	-	61,699	11,182	11,932	42,247	169,964
Depreciation	7,432	59,506	-	30,961	6,927	7,996	17,717	130,539
Disposals	-	-	-	37,228	-	2,625	-	39,853
At 30 September 2016	20,744	89,099	-	129,888	18,109	22,553	59,964	340,356
(iii) Net Book Value								
At 1 October 2015	3,363,371	504,149	-	197,511	6,451	8,033	31,135	4,110,652
At 30 September 2016	**8,818,524**	**2,341,669**	**25,000**	**226,288**	**42,739**	**19,565**	**121,854**	**11,595,639**

Heritage Assets
The Group holds heritage assets at a value of $25,000.

Property, plant and equipment – accounting policy

Recognition and measurement
Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Items of property, plant and equipment are subsequently measured either under the:

- Cost Model: Cost (or fair value for items acquired through non-exchange transactions) less accumulated depreciation and impairment.
- Revaluation Model: fair value, less accumulated depreciation and accumulated depreciation losses recognised after the date of the most recent revaluation.

All of the Group's items of property, plant and equipment are subsequently measured in accordance with the cost model.

Cost includes expenditure that is directly attributable to the acquisition of the asset.
The cost of self-constructed assets includes the following:

- The cost of materials and direct labour
- Costs directly attributable to bringing the assets to a working condition for their intended used
- When the entity has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- Capitalising borrowing costs on qualifying assets, which are those assets which take a substantial period of time (more than 6 months) to construct.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item), is recognised in surplus or deficit.
Upon disposal of revalued items of property, plant and equipment, any associated gain or losses on revaluation to that item are transferred from the revaluation surplus to accumulated surplus.

Security
At 30 September 2016, 5891 State Highway 1, Te Kao was used as security over the BNZ loan advanced to Te Aupouri Commercial Development Limited. Refer to note 23.

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

Depreciation
For plant and equipment depreciation is based on the cost of an asset less its residual value, and for buildings is based on the cost less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated. Assets under construction are not subject to depreciation.

The estimated useful lives are:

Asset Class	Depreciation Rate
Land & Improvements	0-6% DV
Buildings	25-50 years SL
Motor Vehicles	13-16% DV
Fixtures & Fittings	16-40% DV or CP
Office Equipment	10-67% DV
Plant and Equipment	6.7-67% DV

Depreciation methods, useful lives, are residual values are reviewed at reporting date and adjusted if necessary.

Heritage Assets
Heritage assets are not depreciated due to being a heritage asset.

17. INTANGIBLE ASSETS

	2016 $ Group
Quota Shares	1,441,348
Total Intangible Assets	1,441,348

Intangible Assets – accounting policy

Quota shares are a property right that represent the quota owner's share of a fishery. These are tradable rights and are issued in perpetuity and are a tool used to actively manage the fishery in a sustainable manner. As a result, the shares are not amortised.

Fish quota has been recorded at fair value on recognition (Te Ohu Kaimoana allocation as part of the original settlement) with additional quota acquisitions initially recorded at cost. Fish quota are treated as an asset with an indefinite life and are not amortised and are carried at cost less any impairment losses. Impairment losses are recognised whenever the carrying amount of the asset exceeds its recoverable amount. Fish quota is tested annually for impairment. The useful life is assessed annually to determine whether the indefinite life assessment continues to be supportable.

The Directors have assessed the recoverable amount of the fish quota as at 30 September 2016 based on the fair value of the quota less costs to sell. Observable market prices for fish quota were obtained from Te Ohu Kai Moana Trustee Limited and these were utilised to calculate the fair value of the fish quota. This assessment indicated a value significantly higher than the carrying amount. On that basis they have concluded that there is no indication of impairment.

18. OTHER INVESTMENTS

	Note	2016 $ Group
AFL Shares		1,815,856
Milford Investments		15,900,988
Guardian Trust Cashplus Mortgage Units Fund		3,083
Farmlands Shares		200
Total Other Investments	25	17,720,127

AFL shares are recognised at the deemed value of the shares on transition.

AFL revenue shares are classed as "available-for-sale financial asset". As these shares contain a number of restrictions and do not have a readily available market value, the Board of Te Aupouri Fisheries Management Limited has exercised its judgement in determining the value of the AFL revenue shares. The shares are subject to an annual impairment review that considers the value of the Group's 0.96% share of net assets of AFL based on the most recent financial statements. No indicators of impairment were identified based on this review. During 2016, the Group received from AFL a net dividend of $61,450.53 with $13,034.96 of Maori Authority Tax Credits (2015: net dividend of $84,524.76 with $13,034.96 of Maori Authority Tax Credits).

Te Aupouri Fisheries Management Limited (formally Te Aupouri Asset Holding Company) was established on 13th March 2008 as the asset holding company for Aotearoa Fisheries Limited (AFL) shares allocated to Te Runanga Nui O Te Aupouri Trust (formally Te Aupouri Fisheries Trust).

19. INVESTMENT PROPERTIES

	2016 $ Group
Ruanui Administration Building	140,000
Te Kao Local Store	135,000
Total Investment Properties	275,000

(ii) *Change in Fair Value*

The fair value of investment properties were determined on 11th July 2016 by Garton & Associates, Kaitaia who are external, independent, qualified property valuers with recent experience in the location and category of the investment properties being valued. This value was used as the fair value of the investment properties at dissolution date when the assets were transferred from Aupouri Maori Trust Board to Te Runanga Nui O Te Aupouri Trust as disclosed above. No further fair value adjustment was therefore required during the reporting period.

There were no investment properties where, due to fair value not being reliably determinable, the cost model was applied.

(iii) *Methods and assumptions applied in determination of fair value*

The basis of this valuation is a comparison with recent sales of similar properties and a consideration of both the Investment and Summation Approaches. In arriving at the final valuation, the valuers have adopted the approximate mean of the two methods to arrive at the current market valuation.

Investment property - policy

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

(i) Recognition and measurement
Investment property is initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

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

Investment properties are subsequently measured at fair value.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

20. DEFERRED REVENUE

	2016 $ Group
TPK Funding Received for AMTB Audit & Accounting	189,700
Total Income Received in Advance	189,700

Funding was received to cover the auditing and accounting costs for the AMTB Group.

21. EMPLOYEE BENEFIT LIABLITY

	2016 $ Group
Current	
Annual Leave Entitlement	42,630
Total Employee Benefit Liability	42,630

Employee Benefits – accounting policy

Short-term employment benefits
Short-term employee benefit liabilities are recognised when the Group has a legal or constructive obligation to remunerate employees for services provided up to reporting date for which settlement will occur within 12 months of reporting date and are measured on an undiscounted basis and expensed in the period in which employment services are provided.

22. PAYABLES – EXCHANGE TRANSACTIONS

	2016 $ Group
ASB Credit Card	4,629
Trade payables from exchange transactions	219,651
Total Payables - Exchange Transactions	224,281

23. PAYABLES – NON-EXCHANGE TRANSACTIONS

	2016 $ Group
Audit Fees Payable ex AMTB	129,260
Total Payables - Non-Exchange Transactions	129,260

24. LOANS

	Int Rate	2016 $ Group
BNZ Loan (Maturity 30/05/2031)	4.47%	2,700,000
Total Loans		2,700,000

(i) *Security held*

At reporting date, Te Aupouri Commercial Development loan was secured by first mortgage over the following property; 5891 State Highway 1, Te Kao and by an all obligation guarantee given by Te Runanga Nui O Te Aupouri Trust as well as a security interest in all present and after acquired livestock of the company.

(ii) *Defaults and breaches at reporting date*

During the financial year the entity did not default on any payments or interest in respect to the loans held.

25. FINANCIAL INSTRUMENTS

Classification and fair values of financial instruments

The table below shows the carrying amount of the Trust's financial assets and financial liabilities.

	Note	**2016 $ Group**
Subsequently measured at Fair Value:		
Available-for-sale financial assets		
AFL Shares		1,815,856
Milford Investment Funds		
Equity Securities - Australian Smaller Companies		669,972
Equity Securities - International (Mixed International)		1,727,829
Equity Securities - Australia & New Zealand		2,314,901
NZ and Australian Income (incl. Debt Equities)		11,188,286
Total Financial Assets measured at Fair Value		**17,716,844**
Subsequently not measured at Fair Value:		
Financial Assets		
Held to Maturity Investments		
Guardian Trust Cashplus Mortgage Units Fund		3,083
Shares - Farm Lands		200
Total Other Investments	18	**17,720,127**
Loans and Receivables		
Cash and cash equivalents (assets)		1,052,137
Receivables		225,986
Total Financial Assets not measured at Fair Value		**1,281,406**
Financial Liabilities		
Amortised Cost financial Liabilities		
Payables		353,541
Loans		2,700,000
Total Financial Liabilities not measured at Fair Value		**3,053,541**
Total Financial Instruments		**15,944,709**

Fair values for Debt securities (listed) and Equity securities (listed)
Fair values are based on the quoted market price in the active market of the security at reporting date.

Financial Instruments – accounting policy
The Group initially recognises financial instruments when the Group becomes a part of the contractual provision of the instrument.

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

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

The Group also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

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

The Group classified financial assets into the following categories:
- *Available for Sale Financial Assets*
- *Held to Maturity*
- *Loans and Receivables*

The Group classifies financial liabilities into the following categories:
- *Amortised Cost*

Subsequent measurement is dependent on the classification of the financial instrument and is specifically detailed in the accounting policies below.

Available for Sale Financial Assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any other category of financial assets.

Available-for-sale financial assets are subsequently measured at fair value with gains or losses recognised in other comprehensive revenue and expense and presented in the AFS fair value reserve within the net assets/ equity.

Upon de-recognition, the accumulated gain or loss within net assets/ equity is reclassified to surplus or deficit.

Available-for-sale assets comprise of equity securities and debt securities.

Held to Maturity
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and Receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in the active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and receivables.

Impairment
The entity assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occur after the original recognition of the asset (a "loss event") and that loss event is an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Amortised cost financial liabilities
Financial liabilities classified as amortised cost are non-derivative liabilities that are not classified as *fair value through surplus or deficit* financial liabilities.

Financial liabilities classified as *amortised cost* are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as *amortised cost* comprised cash and cash equivalents (bank overdrafts), payables and loans.

26. CONTROLLED ENTITIES

All ordinary shares are issued and fully paid with no par value, with one vote per share and rights to dividends and no other restrictions. All shares have equal right to share in any surplus on the winding up of the company.

Investment in Subsidiary

Name of Entity:	Te Aupouri Commercial Development Limited
Principal Activity:	Farming
Ownership:	100%
Number of shares:	100
Balance Date:	30^{th} September 2016

Investment in Subsidiary

Name of Entity:	Te Aupouri Fisheries Management Limited
Principal Activity:	Fishing Quota
Ownership:	100%
Number of shares:	100
Balance Date:	30^{th} September 2016

Investment in Subsidiary

Name of Entity:	Aupouri Property Limited
Principal Activity:	Residential Rental
Ownership:	100%
Number of shares:	100
Date of Ownership:	17 December 2015 per settlement
Balance Date:	30^{th} September 2016

Investment in Subsidiary

Name of Entity:	Te Aupouri Iwi Development Trust
Principal Activity:	Iwi Development
Ownership:	100%
Balance Date:	30^{th} September 2016

As the financial statements presented are for the Group, share capital has been eliminated on consolidation.

27. OPERATING LEASES

Leases as Lessee
As at reporting date, there were no future non-cancellable operating lease payments.

Leases as Lessor
A Declaration of Trust was recorded that from 17th December 2015 (settlement date), Te Runanga Nui O Te Aupouri Trust was holding the property on behalf of Te Aupouri Commercial Development Limited, until it was practicably possible to transfer the legal title of the properties to Te Aupouri Commercial Development Limited. This occurred during the September 2017 year. The agreement also stated that all income earned from the properties held on behalf of Te Aupouri Commercial Development Limited belong to Te Aupouri Commercial Development Limited and thus are disclosed within these financial statements.

The future minimum lease payments under non-cancellable operating leases for each of the following periods:

(i) not later than one year	$267,325 + GST
(ii) later than one year	$894,146 + GST

Obligations relating to make-good provisions will not be recognised in the financial statements until such costs have been incurred and are payable i.e. until the liability has crystalised.

Operating Leases – accounting policy

Leases that are not *finance leases* are classified as *operating leases.*

Operating leases are not recognised in the Group's statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

28. RELATED PARTIES

(i) Controlling entity and ultimate controlling entity

Te Runanga Nui O Te Aupouri Trust has a wholly owned subsidiary, Te Kahui Kaitiaki Rangatiratanga. Te Kahui Kaitiaki Rangatiratanga O Te Aupouri Limited was established as a custodial asset holding entity only.

Te Aupouri Fisheries Management Limited is a wholly owned subsidiary of Te Kahui Kaitiaki Rangatiratanga O Te Aupouri Limited.

Te Aupouri Commercial Development Limited is a wholly owned subsidiary of Te Kahui Kaitiaki Rangatiratanga O Te Aupouri Limited.

Te Aupouri Iwi Development Trust is a special purpose entity established to receive distributions from Te Runanga Nui O Te Aupouri Trust for the purpose of undertaking community and Iwi centered development activities.

Aupouri Property Limited is a wholly owned subsidiary of Te Kahui Kaitiaki Rangatiratanga.

Transactions between the related parties include loans and advances to and from Te Runanga Nui O Te Aupouri Trust.

Provision of Services

Aupouri Property Limited, a subsidiary of Te Kahui Kaitiaki Rangatiratanga pays a monthly payment of $250 for the mowing of the Papakainga property.

During the period Te Runanga Nui O Te Aupouri Trust provided administrative and management services totalling $36,000 inclusive of GST to Te Aupouri Fisheries Limited on normal terms and conditions.

Advances Made

Te Runanga Nui O Te Aupouri Trust advanced Te Aupouri Commercial Development Limited $65,592.

There were no amounts forgiven during the period.

Advances Received

Te Runanga Nui O Te Aupouri Trust owes Te Aupouri Iwi Development Trust $16,931.

(ii) Key management personnel remuneration

The Group classified key management personnel into one of two classes.

- Members of the governing board
- Senior Executive Management Team, responsible for reporting to the governing body

Members of the governing body are paid $500 per day for each normal board meeting attended during the period outside of normal board meetings, members are paid $50 per hour to attend other meetings and travel time. They are reimbursed for any parking/meals with the exception of Dame Alison Paterson who is paid $1,000 per diem rate or $500 up to half day. The Te Runanga Nui O Te Aupouri Trust Chair attends Regional and National Iwi Chair forums for which he is paid $50 per hour plus travel and reimbursements. The chair is also paid a stipend equal to one day per week (8 hours) at $50 per hour ($400 per week). An Audit and Risk Committee was also set up who met once in August 2016. The chair was paid $1,200 per meeting, $1,000 for Dame Alison Paterson (per diem or part thereof) with the remaining committee members receiving $50 per hour plus travel and reimbursements.

Trustees and Directors were reimbursed mileage at the rate set by IRD of .74 per kilometre.

The aggregate level of remuneration paid and number of persons (measured in 'people' for Members of the governing body, and full-time-equivalents (FTE's) for Senior Executive Management Team) in each class of key management personnel is presented below:

	2016 $ Group
Members of Governing Board	67,336
Senior Executive Management Team	236,313
Total Key Management Personnel Remuneration	303,648

29. MAORI AUTHORITY CREDIT ACCOUNT

Te Runanga Nui O Te Aupouri has a balance in its Maori Authority Credit Account at 30 September 2016 $457,347.78.

Te Aupouri Commercial Development Limited has a balance in its Maori Authority Credit Account at 30 September 2016 $37,776.50.

Te Aupouri Fisheries Management Limited has a balance in its Maori Authority Credit Account at 30 September 2016 $16,790.03.

30. TAXATION

Current Tax

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit as reported in the statement of comprehensive revenue and expenses because is excludes items of revenue or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

	2016 $ Group
Operating Surplus before Tax	9,741,265
Subsidiary Adjustments	108,992
Adjustment for Non Assessable Income	
FV Increase on Investment Property	5,000
Treaty of Waitangi Settlement	3,369,300
Overseas Income	3,727
Business Combination Bargain Purchase	3,685,812
Fair Value gain on Disposal of Investments	30,795
	7,094,634
Adjustment for Non Deductible Expenses	
Depreciation on Buildings	51,375
Write off of AMTB	680,357
IRD Penalties	188
Legal Fees Non Deductible	34,008
	765,929
Timing Differences	
Employee Entitlements	17,503
Audit Fees	17,880
Accounting Fee	18,000
Biological Assets	(758,137)
	(704,754)
Assessable Income	2,816,798
Loss Carried Forward	5
Net Assessable Income	2,816,793
Current Year Tax at 17.5%	492,939
APL Tax Differential 10.5% to 28% Company Tax Rate	773
Prior Year Tax Adjustment	7,666
Deferred Tax on Temporary Differences	123,332
Taxation Due	**624,709**

Current Year Tax	501,377
Less:	
Foreign Tax Credits	9,077
Imputation Credits Received	53,269
Terminal Tax Paid	7,666
RWT Credits	2,666
Provisional Tax Paid	336,738
	409,416
Plus Prior Years Tax Outstanding	25
Total Tax Payable	**91,935**
Deferred Tax - Other Comprehensive Income	132,626
Total Taxation Balance	**347,893**
Deferred Tax	
Opening Balance	97,710
Deferred Tax on Temporary Differences	123,332
Deferred Tax - Other Comprehensive Income	132,626
Closing Balance	**353,668**

Deferred Tax

The movement in deferred tax assets during the year is as follows:

Deferred Taxation Calculation	Employee Entitlements	Audit and Accounting	Biological Assets	Available for Sale Revaluation	Total
Balance at 1 October 2015	(733)	(878)	-	99,320	97,710
Charged to Profit & Loss	(3,063)	(6,279)	132,674	-	123,332
Charged to Comprehensive Income	-	-	-	132,626	132,626
Balance at 30 September 2016	(3,796)	(7,157)	132,674	231,946	353,668

Deferred tax is income tax which is expected to be payable or receivable in the future as a result of temporary differences unwinding. These arise from differences in the recognition of assets and liabilities for financial reporting and for filing of income tax returns. Deferred tax is recognised on all temporary differences other than those arising from goodwill; and from the initial recognition of assets and liabilities in a transaction (other than in a business combination) that affects neither the accounting nor taxable profit or loss.

Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to use the asset. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and labilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to revenue taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Aupouri Property Limited had losses extinguished of $117,593.66 at 17th December 2015 due to the breach of continuity from change in shareholding. There was a profit of $12,812 for the period between 18th December 2015 to 30 September 2016 which resulted in a tax provision of $3,587, taxed at 28%.

Te Aupouri Commercial Development Limited had operating losses to carry forward of $56,956.29 for income tax purposes at the start of the current financial year.

Te Runanga Nui O Te Aupouri had no losses carried forward.

31. COMMITMENTS & CONTINGENCIES

(i) Commitments
The entity has no capital commitments at reporting date.

(ii) Contingent liabilities

Proceedings before the Court
At balance date, Success Staffing Solutions Limited, a subsidiary of Aupouri Maori Trust Board which per the Deed of Settlement has been transferred to Te Runanga Nui O Te Aupouri, was placed into liquidation by the board of Aupouri Maori Trust Board due to the company being unable to pay its creditors. As at reporting date, the liquidation was still in progress. The liquidators most recent report and final report dated 30 November 2017 shows creditors outstanding of approximately $550,000 plus a further unsecured creditors of $70,000, that being creditors paid by Te Runanga Nui O Te Aupouri on behalf of Success Staffing Solutions Limited throughout the liquidation process. Per the liquidators final report, the creditors are unlikely to be recovered so the amounts are to be written off.

(iii) Contingent assets
The entity has no contingent assets at reporting date.

(iv) Guarantees
The Runanga has given an all obligation guarantee to the BNZ bank for Te Aupouri Commercial Development's bank loan.

32. EVENTS AFTER REPORTING DATE

The Group has not had any events that have occurred after balance date that would have a material effect on the performance report.

Cultural Assets
At Settlement date, Te Runanga Nui O Te Aupouri received property with cultural significance, including Waiparariki Forest Block, subject to a Crown Forestry Licence which the Trust does not control until such time as the licenses held by the tenants expire. Title was transferred to Te Runanga Nui O Te Aupouri on the 10th November 2017. The land also comes with New Zealand Emissions Units of 819 which will be transferred at the time of title transfer. As at settlement date, these units had a value of $9.50 each, with a total value of $7,780.50.

Restriction on Title
There is property that title has not yet been transferred due to Crown Licensed Land Properties which the Trust does not control until such time as the licenses held by the tenants expire (Aupouri Forest/Peninsula Block). The 30% share in this block has a value of $2,297,999. The land also comes with New Zealand Emissions Units of 352,470, with Te Runanga Nui O Te Aupouri's 30% share being 105,741 which will be transferred at the time of title transfer. As at settlement date, these units had a value of $9.50 each, a 30% share in these having a total value of $1,004,539.50.

33. IMPACT OF FIRST TIME ADOPTING IPSAS FINANCIAL STATEMENTS

This entity has transitioned to the new PBE IPSAS reporting regime in the 2016 financial year. As an entity in a group required to report under Tier 2 Public Benefit Entity with Reduced Disclosure Regime, the entity has taken advantage of the exemptions provided by the PBE standards, specifically:

- The entity has not prepared a third statement of financial position at the beginning of the earliest comparative period.
- Comparative information has not been provided, however a copy of the previous year's financial statements are attached for the reader's information.

Note	Old GAAP 30 September 2014	AFS Revaluation (i)	Accumulated Member Funds (ii)	Depreciation on Buildings (iii)	Deferred Tax Adjustment (iv)	PBE Standards 1 October 2014
AFS Fair Value Reserve	-	251,304	-	-	-	251,304
Revaluation Reserve	2,147,399	(251,304)	(1,896,095)	-	-	-
Accumulated Revenue and Expenses	19,594,129	-	1,896,095	-	-	21,490,224
Total Net Assets/Equity	**21,741,528**	**-**	**-**	**-**	**-**	**21,741,528**

Effect of PBE Standards

Note	PBE Standards 1 October 2014	AFS Revaluation (i)	Accumulated Member Funds (ii)	Depreciation on Buildings (iii)	Deferred Tax Adjustment (iv)	PBE Standards 1 October 2015
AFS Fair Value Reserve	251,304	567,542	-	-	-	818,846
Revaluation Reserve	-	-	-	-	-	-
Accumulated Revenue and Expenses	21,490,224	-	244,879	(3,117)	(97,710)	21,634,276
Total Net Assets/Equity	**21,741,528**	**567,542**	**244,879**	**(3,117)**	**(97,710)**	**22,453,122**

(i) The available- for- sale financial assets are continuing to be recognised at fair value, the adjustment above is to move the revaluations from the revaluation reserve to the AFS Fair Value Reserve.
(ii) The Group has elected to use fair value as deemed cost for AFL Shares and Quota Shares upon transition, resulting in prior revaluations being recognised in Accumulated Revenue and Expenses.
(iii) Upon transition, depreciation on buildings has been recognised from 1 October 2014.
(iv) Deferred tax adjustment is required on Transition to PBE Standards from 1 October 2014.
(v) Biological assets were purchased within three months of balance date during the 2015 year and deemed fair value so no adjustment required on transition.

A summary of the adjustments that were required upon adoption of PBE Standards RDR at transition date:

	Assets	Liabilities and Net Assets/Equity	
	Property, Plant	Exchange	Net Assets/
Old GAAP - 30th September 2015	4,080,937	-	22,553,949
Adjustments - changes in accounting policy:			
- Recognition of Deferred tax	-	97,710	(97,710)
- Recognition of Depreciation on Buildings	(3,117)	-	(3,117)
PBE Standards RDR - 1 October 2015	4,077,820	97,710	22,453,122

34. TREATY OF WAITANGI SETTLEMENT INCOME

Te Runanga Nui o Te Aupouri Trust has received the cash portion of their settlement claim. The cash settlement was received as follows:

8 February 2012	4,110,000
18 December 2013	9,424,160
28 February 2014	4,337,184
Total Received	17,871,344

The Te Aupouri Claims Settlement Act 2015 was passed into law with effect from 23 September 2015. The Act includes provisions to dissolve the Te Aupouri Maori Trust Board 60 working days after the Act took effect at which time (17 December 2015) all assets and liabilities of the Board were deemed to be assets and liabilities of Te Runanga Nui o Te Aupouri. On the same date, all remaining settlement assets transferred from the Crown to Runanga ownership.

On 27 August 2015, in the lead up to the passage of the settlement legislation, the Aupouri Maori Trust Board and its subsidiaries ceased all operations as a result of insolvency and all employees were dismissed without notice. The liabilities of these operations were transferred to the Runanga at settlement date.

On the effective settlement date (17 December 2015), the Runanga received 2 further considerable cash payments. The first of $2,740,287.60 being the 20% portion of total accumulated rentals associated with Aupouri

Forest. The second of $812,166 being a combination of interest earned (see note 10 $297,666) on commercial redress properties and a payment for cultural aspirations of $514,500 (clause 9.35 DoS). Te Aupouri received a further settlement consisting of wahi tapu, specific reserves and sites of significance- total value of this part of the settlement was $3,369,300.

Settlement Assets Current Independent Valuation Reports

Part of the Land & Buildings comprise of Settlement Assets from the Crown and the transfer of Property from Aupouri Maori Trust Board as part of the Post Settlement Governance Entities agreement. The Board undertook independent valuations on the Settlement assets for internal management purposes. The fair value of these properties were determined on 24th June and 11th July 2016 by Northland Valuers, Kaitaia who are external, independent, qualified property valuers with recent experience in the location and category of the properties being valued. As at the report dates, the properties were valued as follows:

Treaty Settlement	**Fair Value**	**Carrying Value**
Cape View Station	7,250,000	1,560,000
Te Raite Station	10,000,000	1,150,000
Te Kao School - Site B & C	41,800	41,800
Te Kao School House - Site B	3,000	3,000
State Highway 1, Te Kao	100,000	100,000
Cash Received from Historical & Culture Aspirations	514,500	514,500
Total Value	**$17,909,300**	**$3,369,300**

35. MOVEMENT IN RESERVES

	2016 $ Group
Opening Balance at Beginning of Year	818,846
Revaluation Reserves	
Milford Investment Revaluation	757,862
Tax on Revaluation	(132,626)
Total Revaluation Reserves	625,237
Closing Balance at Year End	1,444,083

36. ACCUMULATED MEMBERS FUNDS

	2016 $ Group
Opening Balance	21,634,276
Net Surplus (Deficit) after tax	9,116,556
	30,750,832
Available for appropriation	30,750,832
Closing Balance at Year End	30,750,832

37. BUSINESS COMBINATIONS

On 17th December 2015, the assets and liabilities of the Aupouri Maori Trust Board became the asset and liabilities of Te Runanga Nui o Te Aupouri Trust. As at that date, the last audited financial statements prepared for the AMTB group were 30th June 2013. The Accountants and Auditors of the AMTB group, whom are also the Accountants and Auditors of the Runanga, were instructed to prepare the financial statements of the group for the full period from 1st July 2013 through to dissolution date. This was completed and signed off on the 20th July 2018.

AMTB Group Assets and Liabilities Transferred to Te Runanga Nui O Te Aupouri

Based on the final financial statements which were measured at fair value at dissolution date, the following assets and liabilities were transferred to Te Runanga Nui O Te Aupouri Trust.

	Aupouri Property Limited As At 17/12/2015	Aupouri Maori Trust Board As At 17/12/2015	Aupouri Group As At 17/12/2015
Assets			
Bank Accounts	116,233	-	116,233
Accounts Receivable	15,723	4,771	20,493
GST	-	72,253	72,253
Income Tax	-	75	75
Property, Plant & Equipment	1,676,015	2,803,449	4,479,464
Investment Properties	-	270,000	270,000
	1,807,970	3,150,547	4,958,517
Liabilities			
GST	15,722	-	15,722
Bank Overdraft/Loan	224,069	64,204	288,273
Accounts Payable	214,379	556,102	770,480
Bonds	1,810	-	1,810
Advance KDC	-	-	-
	652,401	620,305	1,272,706
Net Assets transferred to the Runanga	**1,155,570**	**2,530,241**	**3,685,811**

Success Staffing Solutions Limited (In Liquidation)

On 17th November 2015, Success Staffing Solutions was placed into liquidation by the board of Aupouri Maori Trust Board. The liquidator appointed was Stephen Kim Bennett from Bennett & Associates. On 12th December 2017, the liquidators issued their final report and the company was removed from the Companies Register. All assets had been disposed of and all proceeds of the realisation has been distributed to preferential creditors. A total deficit unpaid to the creditors totalled $605,999 as at 30th November 2017.

Aupouri Properties Limited

At dissolution date, Aupouri Properties Limited were in the midst of completing new builds and renovating existing homes. The Runanga took over the completion of the projects. The assets were transferred over to the Runanga at historical cost.

Aupouri Maori Trust Board

At dissolution date, Aupouri Maori Trust Board had a debt outstanding to Te Runanga Nui O Te Aupouri Trust of $620,083 which remained unpaid. A further $60,274.44 worth of expenses were incurred and paid by Te Runanga Nui O Te Aupouri after dissolution date on behalf of the AMTB group and forms part of the write off of the group. The majority of the outstanding creditors listed above and bank overdraft at dissolution date has since been paid off by Te Runanga Nui O Te Aupouri Trust.

Business Combinations - Accounting Policy

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group controls an entity when it has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

The aggregate of:
- The fair value of consideration transferred
- The recognised amount of any minority interests in the acquiree, and
- The fair value of any pre-existing equity interest in the acquiree.

Less:
- The fair value of the net identifiable assets acquired and liabilities assumed.

Any gain on bargain purchase gain is recognised immediately in surplus or deficit.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in surplus or deficit.

Transactions costs related to a business combination incurred by the Group, other than those associated with the issue of debt or equity securities, are expensed in surplus or deficit as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not subsequently remeasured and settlement is accounted for within net assets/equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in surplus or deficit.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in surplus or deficit. It is then considered in the determination of goodwill.

38. OTHER SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

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

Goodwill, indefinite life intangible assets, and intangible assets not yet available for use are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in us, the estimated future cash flows (for cash-generating assets) or future remaining service potential (for non-cash-generating assets) 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 or CGU.

Cash-generating assets and non-cash generating assets are distinguished by the type and nature of the asset and whether they are primarily dependent on the assets ability to generate net cash inflows.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in surplus or deficit. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

INDEPENDENT AUDITOR'S REPORT
TO THE BENEFICIARIES OF
TE RUNANGA NUI O TE AUPOURI & SUBSIDIAIRES

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Te Runanga Nui O Te Aupouri & ("the Group") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 30 September 2016, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Other Information

The trustees are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' Responsibilities for the Consolidated Financial Statements

The trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with PBE Standards RDR, and for such internal control as the trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Who we Report to

This report is made solely to the Group's beneficiaries, as a body. Our audit work has been undertaken so that we might state those matters which 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 Group and the Group's beneficiaries, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Northland
108 Kerikeri Road
Kerikeri
New Zealand
Date: