

Summarised Financial Report

Heretaunga Tamatea Settlement Trust
For the year ended 31 March 2019

Prepared by BM Accounting Limited

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Statement of Profit or Loss

Heretaunga Tamatea Settlement Trust For the year ended 31 March 2019

| | NOTES | 2019 | 2018 |
|---|-------|-------------------|------------------|
| Income | | | |
| Interest Income | | 2,762,303 | 1,849,784 |
| Interest Income - Settlement | 5 | 1,857,373 | - |
| Accumulated Rentals on Crown Forest Licensed Land | 5 | 8,906,950 | - |
| Trust Distributions Received | | 151,570 | - |
| Other Income | | 236 | 74,615 |
| Total Income | | 13,678,433 | 1,924,399 |
| Expenses | | | |
| Grants - Hapu Development | | - | 300,000 |
| Meeting Costs | 1 | 442,123 | 256,850 |
| Settlement Costs | 2 | 476,622 | 423,917 |
| Other Expenses | 3 | 1,145,980 | 1,040,253 |
| Total Expenses | | 2,064,725 | 2,021,019 |
| Profit (Loss) Before Taxation | | 11,613,708 | (96,621) |
| Trustees Income Before Tax | | 11,613,708 | (96,621) |
| Taxation and Adjustments | | | |
| Income Tax Expense | 4 | 506,998 | 322,206 |
| Total Taxation and Adjustments | | 506,998 | 322,206 |
| Net Trustees Income for the Year | | 11,106,710 | (418,827) |

Balance Sheet

Heretaunga Tamatea Settlement Trust As at 31 March 2019

| | NOTES | 31 MAR 2019 | 31 MAR 2018 |
|--|-------|--------------------|--------------------|
| Assets | | | |
| Term Deposits | | 102,476,115 | 48,069,164 |
| Payment Due under the Deed of Settlement | 5 | - | 54,500,000 |
| Beneficial Interest - Kaweka Gwavas Forestry Trust | 5 | 7,989,060 | - |
| Other Assets | | 1,726,413 | 1,538,943 |
| Total Assets | | 112,191,588 | 104,108,108 |
| Liabilities | | | |
| Current Liabilities | | 64,543 | 87,275 |
| Provisions | 6 | 27,600,000 | - |
| Non-Current Liabilities | | - | 498 |
| Total Liabilities | | 27,664,543 | 87,773 |
| Net Assets | | 84,527,045 | 104,020,335 |
| Trust Funds | | | |
| Trust Capital | | 84,527,045 | 104,020,335 |
| Total Trust Funds | | 84,527,045 | 104,020,335 |

Notes to the Financial Statements

Heretaunga Tamatea Settlement Trust For the year ended 31 March 2019

1. Related Parties

The following payments have been made to Trustees during the period for meeting fees and travel allowances:

| | 2019 | 2018 |
|----------------------------------|----------------|----------------|
| Summary of Payments | | |
| Meeting Fees | 404,108 | 246,357 |
| Meeting Travel Allowances | 38,015 | 10,493 |
| Total Summary of Payments | 442,123 | 256,850 |

Related Party Payments

| | 2019 | 2018 |
|--------------------------------------|----------------|----------------|
| T August | 12,045 | 8,683 |
| E Clarke (Project On The Go Limited) | 17,872 | 10,778 |
| EH Graham | 72,749 | 36,517 |
| R Hakiwai (HTK Hakiwai Limited) | 29,794 | 2,550 |
| L Hawea | 15,076 | 8,671 |
| JB Heperi-Smith | 16,291 | 8,583 |
| C Huata | 36,776 | 17,521 |
| K Jessup | - | 6,115 |
| H Kani | 8,929 | 4,450 |
| W Kara | 12,840 | 10,950 |
| J Matthews | 11,444 | 3,645 |
| M McGuire | 19,125 | 12,224 |
| B Morris (Puangi Limited) | 9,892 | 5,956 |
| T Mulligan (Tom) | - | 6,231 |
| T Mulligan (Taketake) | 6,237 | 2,480 |
| W Osborne | 17,382 | 10,183 |
| P Paku | 20,197 | 10,785 |
| C Pene | 14,162 | 10,414 |
| K Rata | 14,656 | 10,950 |
| S Reo | 19,723 | 3,714 |
| E Sandilands | 26,207 | 17,583 |
| T Te Au | 15,095 | 8,583 |
| D Tipene Leach | 9,376 | 10,553 |
| N Tomoana | 8,666 | 5,478 |
| L Tuhi | - | 4,848 |
| A Watene | 27,589 | 11,091 |
| P WhitiWhiti | - | 7,313 |
| Total Related Party Payments | 442,123 | 256,850 |

2. Settlement Costs

These payments are a reimbursement to He Toa Takitini Incorporated for costs incurred in the settlement process.

| | 2019 | 2018 |
|-----------------------------|------------------|------------------|
| 3. Other Expenses | | |
| Accountancy Fees | 37,444 | 28,132 |
| Consultancy Fees | 120,712 | 3,209 |
| Executive Costs | 352,561 | 340,051 |
| Legal Expenses | 47,544 | 47,466 |
| Rent and Outgoings | 118,724 | 128,410 |
| Wages and Salaries | 316,161 | 315,365 |
| Other Expenses | 130,187 | 160,837 |
| Total Other Expenses | 1,123,334 | 1,023,469 |

4. Income Tax

The Trustees have made an election to become a Maori Authority for tax purposes from 1 April 2016. This entitles the Trustees to an income tax rate of 17.5%.

5. Crown Settlement

Heretaunga Tamatea Settlement Trust was a party to a Treaty Settlement, dated 26 September 2015, agreed with the Crown. The agreement is for a value of \$105 million plus interest. The financial and commercial redress amount of \$105 million, is being received as follows:

- \$5,000,000 on-account payment on 23 July 2015
- \$45,500,000 on-account payment on 9 March 2017
- \$54,500,00 on-account payment on 22 August 2018
- Accumulated rentals on the licensed land which are expected to be received on the 22 August 2018

The interest component of the settlement was received in three instalments:

- \$4,036,027 on 20 October 2015
- \$3,260,274 on 28 February 2017
- \$1,857,373 on 22 August 2018

Under the settlement agreement, the Trust was also entitled to an ownership interest in Crown Forest licensed land and the accumulated rentals on this land. On 22 August 2018, the Trust paid \$7,989,060 for the transfer value of the land. The value of the land is held by Kaweka Gwavas Forestry Company Limited (Trustee Shareholder) as a beneficial interest in the equity of Kaweka Gwavas Forestry Trust. A payment of \$8,906,950 was received by the Trust on 24 August 2018, for accumulated rentals on Crown Forest licensed land.

Under the settlement agreement, the Trust has commitments, as follows:

- \$2,100,000, which has been paid to the Aorangi Maori Trust Board
- \$3,000,000, to be used to invest in marae and education initiatives
- \$2,000,000, to be used to establish a habitat restoration fund
- \$5,000,000, payable to Te Aute College

2019 2018

6. Provisions

| | | |
|--|---------------------|----------|
| Provision for \$1m Marae Distributions | (20,000,000) | - |
| Provision for Marae Development | (600,000) | - |
| Provision for Habitat Restoration | (2,000,000) | - |
| Provision for Te Aute College Distribution | (5,000,000) | - |
| Total Provisions | (27,600,000) | - |

The Trust has made a commitment to distribute \$1m, from the proceeds of the crown settlement, to each of the Heretaunga Tamatea Marae. As at 31 March 2019, three marae have received their distribution and the Trust has made a provision for payment to the remaining twenty - \$20,000,000.

The Trust has also made provision for the remaining commitments under the settlement agreement - \$7,600,000:

\$600,000, to be used to invest in marae and education initiatives
 \$2,000,000, to be used to establish a habitat restoration fund
 \$5,000,000, payable to Te Aute College

Total capital commitments are \$27,600,000. (Last year: \$0)

Audit Report

Heretaunga Tamatea Settlement Trust
For the year ended 31 March 2019