

The image is a full-page background photograph. It shows a coastal town with several buildings along the shoreline. Behind the town is a large, steep hill covered in dense green forest. In the distance, more hills or mountains are visible under a clear blue sky with a few wispy clouds. The foreground is dominated by a calm body of water, likely a bay or harbor.

Taranaki Whānui ki Te Upoko o Te Ika

Annual Report
2015

Moemoea / Vision

Ki te whakahou, whakapakari
me te whakanikoniko i te ahurea,
pāpori, rangatiratanga o
Taranaki Whānui ki Te Upoko o Te Ika

**To restore, revitalise, strengthen
and enhance the cultural, social
and economic well-being of
Taranaki Whānui ki Te Upoko o Te Ika**

Mihi & Acknowledgements

Ka tangi te kawekawea
Ka tangi te Pipiwharau
Ko te takahanga nei o te aroaro mahana
Ka taka mai te ahuru... koia!
Whakarongo mai! Whakarongo mai!
Whakarongo mai ki ēnei manu e rua e korihirihi ana mai te waoku.
He manu korihi, he manu koroki!
He manu korihirihi, ka ao, ka ao, ka awatea
Tihei mauri ora!

Ka whātoro atu te whakaaro ki te hunga wairua, ki te hunga mate. Ka ripiripia, ka haehaea te ngakau o te tangata mō rātou kua rūpeketia atu ki te wahi e kore e huri. Ahakoa kua ngaro koutou ki te kanohi o te tangata, ka ora tonu ai ki roto o hinengaro, koutou te pō, tātou te ao.

Ka huri te titiro ki te tihi o tō tātou maunga o te uru, Taranaki tū kau noa. He tokatū māhara mo ngā uri whakatupu o Taranaki Whānui ki te Upoko o te Ika a Maui. Marire taku haere ki roto i te takiwā o ngā tūpuna mai Turakirae ki Remutaka, rere atu ki Pipinui, huri rauna ki Te Rimurapa, hoki tōtika mai ki Turakirae.

E ngā uri whakatupu o Taranaki Whānui ki te Upoko o te ika, nau mai, whakatau mai ki tō tātou hui-a-tau ki runga o Pipitea. Anei rā te pūrongo o ngā ringaringa, o ngā waewae o hunga e kawē ngā mahi mō te tarahiti nei mo ngā tau rua mano tekau mā wha ki tekau mā rima. Whakapiri mai, whakatata mai ki te whakarongo ki te reo puoro o ngā manu e kapakapa ana ki runga o Ahumairangi.

Ka Tau!

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Chairman's Report



Tihei Mauriora!

Whakahou, whakapakari, whakanikoniko!
E toru ngā kupu hei whakamarama i-ngā mahi o te
Tarahiti. Nau mai ki tenei.

Purongo-a-tau 2015.

The turning point in our recent history was the establishment of the Audit and Risk Committee in October 2013 under the chairmanship of Toarangatira Pomare with Sam Kahui, Teri Puketapu and myself as ex- officio. The twin goals of the Audit and Risk Committee, adopted by the Trust, were to stop the loss in value of the Trust's total assets (from \$31m. on 3 March 2011 to \$19m. as at 31 March 2014 a decrease in value of some \$11m) and to conquer the deficits.

The Trust's first four year annual deficits were caused by the Trust operational spending at some \$3m per year out of less than \$1m of investment revenues. The accompanying audited financial statements tell the recent story of how the Trust is beating the deficits by rigorous cutting of unnecessary operational costs.

As for the Trust's overall asset values, we expect that a new independent valuation of all these assets in the coming year will reveal significant improvements in their overall commercial value. So we are on the way to achieving good stewardship of the Trust assets and investment income.

Strategic Plan 2016-2020

From the beginning and still our strategic vision is "to restore, revitalise, strengthen and enhance the cultural, social and economic well-being of Taranaki Whānui ki te Upoko o Te Ika" - "Ki te whakahou, whakapakari, me te whakanikoniko i te ahurea, pāpori, rangatiratanga o Taranaki Whānui ki Te Upoko o Te Ika."

Our new Chief Executive Jason Fox is preparing a draft five year Strategic Plan to achieve the vision for the Board to consider and then refer for your approval at the next Annual Meeting. The basic elements of the draft, at this stage can be summarised in the initials "R, R and R".

The first "R" is to increase Trust revenues by a more aggressive use of the "Rights of First Refusal". There are also extensive Crown assets in the greater Wellington region such as Wellington Girls' College, the High court, District court, Archives New Zealand, Hutt valley High School, National Library and Ontrack/ Kiwirail properties available for sale and Leaseback when the finances of the Trust improve. There is also general State housing stock which in accordance with the Settlement Deed the Crown must first offer to the Trust. Sometimes the Trust can acquire and dispose of these separate properties to quickly capitalise on these opportunities and this has happened in the last financial year helping reduce the deficit.

The second "R" refers to the researching of development opportunities in strategic assets in the Wellington region including, the Wellington Railway Station, Shelly Bay, and Mount Crawford.

The third "R" is action to recover debts owing to the trust through court proceedings. These historic debts ought to be paid and fresh efforts are underway to bring these monies into the accounts of the Trust. One particular debt has a face value of some \$700,000 and a court hearing to continue pursuit of this debt has been set down for October 2015.

Papakāinga Housing Development

As we reported last year, the Trust owns the former Wainuiomata High School and Intermediate buildings and site. At present, there is a Kōhanga Reo on site with a role of 95 fulltime tamariki together with a hall and gymnasium which are used by some 3,500 children each year.

In August 2015, we made a presentation to the Ministry of Business, Innovation and Employment, Social Housing unit, Te Wāhanga Kāinga Pāpori seeking an Infrastructure Grant and beautification assistance funding for the first phase of our vision for this site.

Design consultants have created the first stage of an attractive 19 house complex for the site. With Kiwibank's 100% mortgage funding and the engagement of a major building firm, we can offer savings from the wholesale construction of multiple units. We believe we can make houses available to our members for purchase at the purchase cost of around \$200,000. This means, home ownership will be within the reach of many of our people presently paying \$350 worth of rent, per week. In addition, the Trust is currently considering the rental housing component for Kaumatua. With the Kōhanga Reo nearby, we will be building a true inter-generational community.

With commitment from several Crown agencies, the second phase of the project will focus on integrating social and other wraparound services into the site, including such things as a health centre, a trade training centre, a technology centre and more to meet the needs of whānau.

Mana Whenua Rights & Responsibilities

The Trust holds the Oruaiti, Honiana Te Puni and Wi Tako Ngatata Reserves, as well as Matiu, Makaro, Mokopuna Islands, the Parangarahu Lakes and the Opau Urupa at Makara.

Additionally, we have representation on the Pipitea Marae Charitable Trust (through myself as Chairman, Mark Te One and Kura Moeahu with Jamie Tuuta as alternate). All these assets work together to achieve our long term goals.

When our finances have stabilised and good dividends begin to flow into the Trust from the commercial activities, our cultural as well as economic challenge will be to target these returns on the fundamental problems of better homes, health, education and great jobs suited for the twenty first century Aotearoa.

Shelly Bay / Mt. Crawford

As reported last year, the Trust signed a head lease with the Wellington Company, a major development company for a five year term. The immediate advantage of this contract was the ending of preliminary losses incurred by the subsidiary company Shelly Bay Limited.

I can report substantial progress over the last year.

In August 2015, the Trust and The Wellington Company completed Stage 1 of a Master Planning & Commercial Structuring Options Review. This has been referred to the Commercial Board, Taranaki Whānui Limited, for further consideration.

Wellington City Council and the Crown are already part of the very early planning of this project which will take some ten years to fully develop. There are substantial challenges ahead for the Trust to ensure that our beneficiaries gain long term benefits. We have some big decisions ahead for us.

I stress that planning is initial and that no major decisions will be made without full consultation with all beneficiaries.

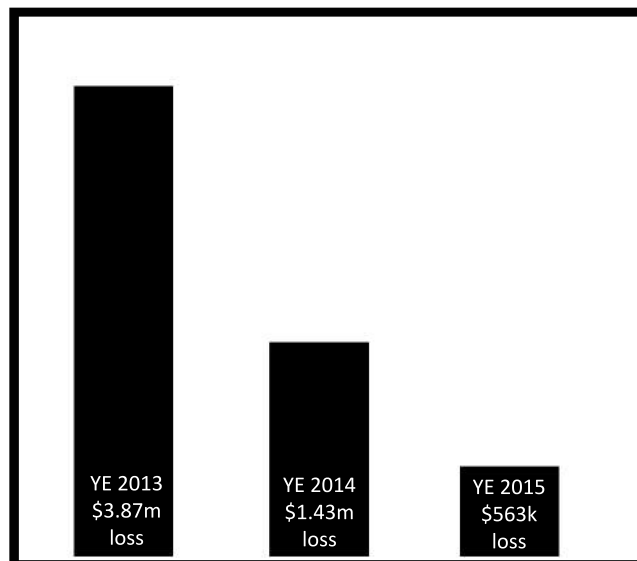
I also record our satisfaction with The Wellington Company and its commitment to engage in a long term relationship with the Trust to our benefit and indeed the benefit of Wellington generally.

Financial Turnaround

The Trust is making good progress in its programme of reversing the operating deficits of its first four years, as illustrated by the last three years' graph (right). I am pleased to report that the \$1.4m deficit for the year ending 31/3/14 shown in last year's Annual Report has now been reduced to \$563k.

We have since last reporting to you, achieved an improvement of \$869,155 in our overall financial position and at the same time reduced our yearly administration and operating costs by some \$363k. Our aim is to end the annual operational deficits in the present financial year ending 31/3/16.

Financial Turnaround 2013-2015



Nāku noa, nā

Neville Baker
Chairman

Taranaki Whānui Limited

Almost two years into this programme of recovery, we can now advise that the Trust has adopted the last major 2013 recommendation of the Audit and Risk Committee.

The Trust at its August 2015 meeting established an independent company Taranaki Whānui Limited, to manage the commercial assets of the Trust under the supervision of professional company directors of high standing in the greater Wellington community, being Peter Allport, Bryan Jackson and Jamie Tuuta.

In 2012, Craig Ellison recommended that the core activities of the Trust be separated from its commercial activities. The experience of other post settlement Trusts, particularly Tainui and Ngāi Tahu demonstrate that best results are achieved by such a division of responsibilities. Nonetheless, as your Chairman I can assure you that the Trust will continue to exercise its proper ownership role and ensure that the new Board of Directors well understand the strategic objectives of the Trust.

The Trustees have great confidence in the new board of Taranaki Whānui Limited.



May I say, I regard my 33 years in the commercial life of New Zealand as preparation in my new role as founding Chairman of Taranaki Whānui Limited.

With Jamie Tuuta, Bryan Jackson, Peter Allport, our C.E.O. Jason Fox and Ex-Officio our Chairman Neville Baker, we are dedicated to the skilful investment of the Trust's resources to achieve the vision of the Trust.

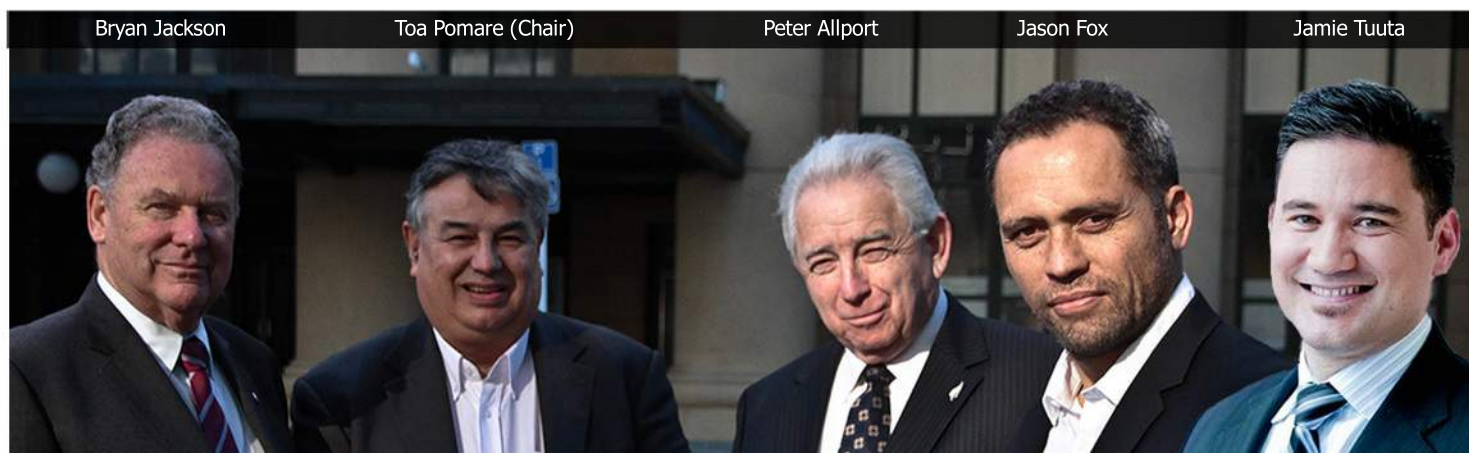
My record as a Fletcher Challenge Finance and Investment executive in the 1980's, through the next three decades piloting projects in agriculture, fishing and forestry has given me an excellent understanding of what makes

a good investment. I manage Atiawa Nui Tonu Fisheries Limited assets held by our Taranaki people. It has tripled its net asset value and quadrupled its revenues these last eight years under my stewardship.

Your Board has great ambitions and we look forward to the challenges that lie ahead.

A handwritten signature in black ink, appearing to read 'Toarangatira Pomare', with a long horizontal stroke extending to the right.

Toarangatira Pomare
Chairman
Taranaki Whānui Limited



CEO Report

Tēnā koutou katoa.

I am grateful to the Board of Trustees appointing me as Chief Executive of Port Nicholson Block Settlement Trust, Taranaki Whānui in January 2015. I welcome the challenge of assisting the Trust and our 18,000 beneficiaries to achieve the Trust's great vision of Restoration, Strengthening and Enhancing the well-being of Taranaki Whānui and Wellington generally.



My immediate task is to efficiently implement the Business Plan of the Trust for the financial year ending 31 March 2016. I am also pleased to report for the balance of the year ending 31 March 2015. In doing so, I acknowledge the excellent stewardship of my predecessor as Chief Executive Officer, Mr. Tom Jamison, in laying the foundations for the recovery of the financial position of the Trust evident in the major improvements in dramatically reducing operational costs.

The financial facts are that we have improved our financial position by \$869,155 on the previous year. Part of this improvement comes from a reduction in operating and administration costs from \$1,588,281 to \$1,225,088. The Trust has achieved major savings in ending expensive accounting services of some \$242,000 to the lower figure of \$106,000 by

using an alternative provider. Legal costs have also dramatically reduced from \$132,000 to \$45,000. Also, we have aimed to function with less employees by increasing office productivities.

Whilst we have still recorded a deficit of \$563,763, 2015 will be seen as the critical turnaround-moment of the Trust. The past 6 years have been costly for us and we are coming close to the end of that negative chapter. Turnarounds challenge us to be smarter around our principal activities and opportunities. The principal focus of the iwi in 2015 is to balance the books. Better financial decisions, less administrative spending and more prudent management of the Trust's wealth will rebuild a wealth generating foundation. In addition to the reduction in costs and increasing income streams, changes in the way we have traditionally managed property have been implemented.

The Trust's decision to enter a five plus five year lease with The Wellington Company in relation to the Shelly Bay complex secured the reduction of administration losses previously born by the Trust. Consequently, Shelly Bay is now for the first time producing a positive cash-flow income to the Trust.

Further cost reductions in property management are being achieved and in August of this year management of the Tramways Building and Wainuiomata College and Intermediate sites were brought in-house. We now look forward, and this year we have outlined in the Annual Plan for 2015 - 2016 - 3 priorities:

1. Recovery of historical debts owed to the Trust.
2. Right of First Refusals (RFRs) – Intelligent selection or nomination of 'right of first refusal' properties whereby the Crown must first offer to the Trust selected Crown properties for sale in the Wellington region.
3. Research of big development opportunities in strategic assets in the Wellington region including Shelly Bay, Mt Crawford, Wellington Railway Station and Sale and Leaseback Rights.

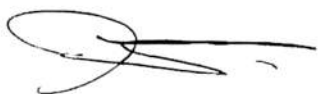
The current proceedings in the High Court against the Redwood Group to seek recovery of the debt owed by "The Redwood Group" is long overdue and in October the first hearing of this matter will commence.

In addition, we are beginning to gain traction in our RFR rights and this will be reflected in year-end 2016. The establishment of the Commercial Board 'Taranaki Whānui Limited' has been critical and we are privileged to have the services of experienced and professional individuals Toa Pomare, Peter Allport, Bryan Jackson and Jamie Tuuta.

Further progression of opportunities at Shelly and the Wellington Railway Station have been steady and we look forward to hearing from the Crown soon as to whether they will support the Papakāinga at Wainuiomata.

Finally, the Trustees and Directors have made it plain to me that the first objective is to eliminate the historic operating annual deficit and to reverse the previous downward trend in the carrying value of the Trust capital. We thrive on challenges and we want our people to do well – and that's a perfect fit.

Nāku noa, nā



Jason Fox
Chief Executive Officer

Financials YE 2015

Audited Financial Statements Year End March 31, 2015

Port Nicholson Block Settlement Trust

Statement of Comprehensive Income
For the Year Ended 31 March 2015

	Note	Group 2015 \$	Group 2014 \$	Parent 2015 \$	Parent 2014 \$
Net Operating Income					
Commercial Property Rent		308,220	501,010	190,827	208,436
Residential Property Rent		2,787	20,475	-	-
Lease Income		66,667	66,667	-	-
Electricity & Water Recharge Income		3,305	60,025	98	-
		<u>380,979</u>	<u>648,177</u>	<u>190,925</u>	<u>208,436</u>
Less Property Expenses					
Rental Costs	5	<u>225,657</u>	<u>589,484</u>	<u>126,587</u>	<u>161,383</u>
Net Property Income		<u>155,322</u>	<u>58,693</u>	<u>64,337</u>	<u>47,053</u>
Interest Income	6	234,448	124,356	234,377	123,475
Other Income					
Capital Gain on Sale of Investment		-	1,540	-	1,504
Koha Received		-	2,411	-	-
Other Income	7	322,752	220,280	345,322	110,303
Loss on Sale of Fixed Assets		<u>(1,192)</u>	<u>(33,946)</u>	<u>(661)</u>	<u>-</u>
		<u>321,560</u>	<u>190,285</u>	<u>344,661</u>	<u>111,807</u>
Total Income		<u>711,330</u>	<u>373,334</u>	<u>643,376</u>	<u>282,335</u>
Less Admin and Operating Expenses					
Administration & Operating Costs		1,225,088	1,588,281	909,875	2,420,304
Increase / (Decrease) in provision for Impairment		-	-	329,497	(700,053)
Depreciation	9	<u>21,248</u>	<u>25,502</u>	<u>4,854</u>	<u>7,100</u>
	8	<u>1,246,336</u>	<u>1,613,783</u>	<u>1,244,225</u>	<u>1,727,351</u>
Less Other Expenses					
Interest Expense		28,756	51,796	-	2,109
Loss on Revaluation of Investment Properties		-	140,673	-	55,000
		<u>28,756</u>	<u>192,469</u>	<u>-</u>	<u>57,109</u>
Total Expenses		<u>1,275,092</u>	<u>1,806,252</u>	<u>1,244,225</u>	<u>1,784,460</u>
NET DEFICIT BEFORE TAXATION		<u>(563,763)</u>	<u>(1,432,918)</u>	<u>(600,849)</u>	<u>(1,502,125)</u>
Less Tax Expense		-	-	-	-
NET DEFICIT AFTER TAXATION		<u>(563,763)</u>	<u>(1,432,918)</u>	<u>(600,849)</u>	<u>(1,502,125)</u>
Other Comprehensive Income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(563,763)</u></u>	<u><u>(1,432,918)</u></u>	<u><u>(600,849)</u></u>	<u><u>(1,502,125)</u></u>

The accompanying notes form part of and should be read in conjunction with these financial statements

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Port Nicholson Block Settlement Trust

Statement of Movements in Trust Capital
For the Year Ended 31 March 2015

	Note	Group 2015 \$	Group 2014 \$	Parent 2015 \$	Parent 2014 \$
Trust Capital at Beginning of year		18,033,107	19,466,021	17,717,558	19,219,680
Total Comprehensive Loss		(563,763)	(1,432,918)	(600,849)	(1,502,125)
TRUST CAPITAL AT END OF YEAR		17,469,345	18,033,103	17,116,708	17,717,555

The accompanying notes form part of and should be read in conjunction with these financial statements

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Port Nicholson Block Settlement Trust

Statement of Financial Position

As At 31 March 2015

	Note	Group 2015 \$	Group 2014 \$	Parent 2015 \$	Parent 2014 \$
TRUST CAPITAL		<u>17,469,345</u>	<u>18,033,103</u>	<u>17,116,708</u>	<u>17,717,555</u>
<i>Represented By</i>					
CURRENT ASSETS					
Kiwibank Bank Accounts	11	2,021,579	2,649,179	2,011,696	3,118,899
Colliers Trust Account (Inter-entity advances)		16,198	37,374	622,946	-
Accrued Income and Interest	13	98,778	76,834	93,798	76,834
Receivables and Other Accruals	12	203,644	200,370	46,983	15,450
Inter-entity Advances	19	-	-	12,025,172	12,145,311
Prepaid Expenses		30,677	104,084	24,439	36,707
Wharewaka Loan		-	87,285	-	87,285
Income Tax Receivable	10	31,815	19,563	30,517	18,148
Goods and Services Tax Refund		-	32,184	-	31,938
TOTAL CURRENT ASSETS		<u>2,402,691</u>	<u>3,206,873</u>	<u>14,855,549</u>	<u>15,530,572</u>
NON-CURRENT ASSETS					
INVESTMENTS					
Purchased Properties	15	9,850,000	9,850,000	-	-
Settlement Properties	15	6,102,504	6,102,504	3,292,504	3,292,504
TOTAL INVESTMENTS		<u>15,952,504</u>	<u>15,952,504</u>	<u>3,292,504</u>	<u>3,292,504</u>
PROPERTY PLANT & EQUIPMENT					
Office Equipment		32,531	23,010	11,369	13,734
Furniture & Fittings		19,547	22,924	-	-
Leasehold Improvements		163,130	164,081	-	-
Fitout Costs		-	2,042	-	-
TOTAL PROPERTY PLANT & EQUIPMENT	17	<u>215,208</u>	<u>212,057</u>	<u>11,369</u>	<u>13,734</u>
TOTAL ASSETS		<u>18,570,404</u>	<u>19,371,434</u>	<u>18,159,422</u>	<u>18,836,810</u>

The accompanying notes form part of and should be read in conjunction with these financial statements

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Port Nicholson Block Settlement Trust

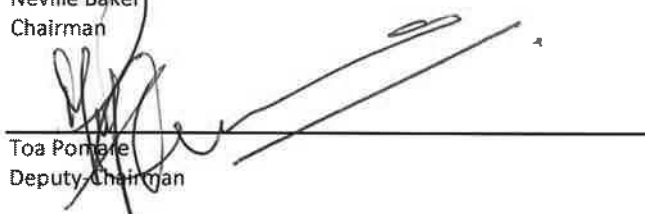
Statement of Financial Position

As At 31 March 2015

	Note	Group 2015 \$	Group 2014 \$	Parent 2015 \$	Parent 2014 \$
Less:					
CURRENT LIABILITIES					
Accounts Payable	14	49,284	239,526	17,635	192,142
Accrued Expenses		136,720	88,153	126,220	1,993
Income in Advance		2,609	72,078	-	-
Goods and Services Tax Payable		11,789	-	11,311	-
PNBC Limited		-	-	365,717	365,718
PNBST Investments Limited Partnership		-	-	521,832	559,402
Advance - Rymans		900,657	938,574	-	-
TOTAL CURRENT LIABILITIES		<u>1,101,059</u>	<u>1,338,331</u>	<u>1,042,714</u>	<u>1,119,255</u>
TOTAL LIABILITIES		1,101,059	1,338,331	1,042,714	1,119,255
NET ASSETS / (LIABILITIES)		<u>17,469,345</u>	<u>18,033,103</u>	<u>17,116,707</u>	<u>17,717,555</u>

On behalf of the Trustees:


Neville Baker
Chairman


Toa Pomare
Deputy Chairman

25/8/15.
Date

The accompanying notes form part of and should be read in conjunction with these financial statements

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Notes to the Financial Statements
Port Nicholson Block Settlement Trust
For the year ended 31 March 2015

1. Reporting Framework:

These Financial Statements comprise the consolidated financial statements of the Port Nicholson Block Settlement Trust (the "Parent") and Group entities.

Port Nicholson Block Settlement Trust and its subsidiaries (together "the Group") is a group formed and domiciled in New Zealand. The Group represent the descendants of Taranaki, Te Atiawa, Ngati Ruanui and Ngati Tama whose Tupuna were residents in Wellington in 1840, collectively known as Taranaki Whanui ki Te Ika. The Trust, established by the Port Nicholson Block Settlement Trust Deed dated 11 August 2008, is the Trust to receive the settlement package relating to historical Treaty of Waitangi Claims. The Crown and Port Nicholson Block Settlement Trust signed a Deed of Settlement in Wellington on 19th August 2008. The financial statements presented are for the year ended 31 March 2015 and were authorised for issue by the Trustees on 25 August 2015.

2. Basis of Consolidation:

The Group financial statements consolidate those of the Parent and its subsidiary entities over which the Parent has the power to control the financial reporting and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control is obtained, until the date on which control is lost.

The wholly owned subsidiaries of the Parent are:

Shelly Bay Limited
The Lodge at Shelly Bay Limited
Port Nicholson Block Management Limited
PNBC Limited
Lowry Bay Section One Limited
Port Nicholson Block Properties Limited
Education PNBST Limited
PNBST Investments Limited Partnership

All subsidiaries have a reporting date of 31 March 2015 and accounting policies applied are consistent with the Parent.

The Purchase method is used to prepare the consolidated financial statements, which involves adding together like terms of assets, liabilities, equity, income and expenses on a line by line basis. All significant inter-group balances are eliminated on consolidation of group results and position.

Notes to the Financial Statements
Port Nicholson Block Settlement Trust
For the year ended 31 March 2015

3. Basis of Preparation:

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZGAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate to profit-orientated entities that qualify for an apply differential reporting concessions.

The Parent and Group qualify for differential reporting exemptions as they are not publicly accountable and there is no separation between the members and the governing body. All available differential reporting exemptions under the Framework for Differential Reporting have been applied, with the exception of NZ IAS 18 which has been applied in full.

b. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except that Investment Properties are stated at fair value.

Accrual accounting is used to recognise revenue and expenses. The consolidated financial statements have been prepared on a going concern basis, on the assumption that the Parent, is committed to ensuring the Group's obligations are met as they fall due.

c. Presentation and currency

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

d. Use of estimates and judgements

The preparation of 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 these estimates.

Areas of significant estimates and judgements to the consolidated financial statements presented include:

- Measurement of Impairment of the Parent's Investments in subsidiaries (see note 17); and
- Measurements of Investment Property fair value (see note 20)

Estimates and underlying assumptions are reviewed on an on-going basis. There have been no other significant areas of estimation and critical judgments in the periods reported.

e. Changes in accounting policies

There has been no change in accounting policies. Both the parent and group have elected not to adopt accounting standards that were issued by the External Reporting Board subsequent to 1 December 2012 as permitted under its "Accounting Framework" (XRS A1). The standards that were not taken up and used to prepared these financial statements were:

- NZIFRS 10: Consolidated financial statements
- NZIFRS 11 : Joint arrangements
- NZIFRS 12; Disclosures of interests in other entities; and
- NZIFRS 13; Fair Value Measurement

Notes to the Financial Statements
Port Nicholson Block Settlement Trust
For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

a. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value and bank overdraft.

b. Trade debtors and other receivables

Trade debtors and other receivables are measured at cost less impairment losses. An allowance for impairment is established where there is objective evidence that the Parent and Group will not be able to collect all amounts due according to the original terms of the receivable. Receivables less than 90 days old are not discounted.

c. Trade creditors and other payables

Trade creditors and other payables are measured at amortised cost using the effective interest method less any impairment losses.

d. Provisions

A provision is recognised when the Parent and Group have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

A provision for onerous contracts is recognised when the expected benefits from the contract are lower than the unavoidable costs of meeting contract obligations.

Notes to the Financial Statements
Port Nicholson Block Settlement Trust
For the year ended 31 March 2015

e. Financial Instruments

Financial instruments are recognised in the Statement of Financial Position initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as described below.

Financial instruments are recognised when the Parent and Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Parent and Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

Financial liabilities are derecognised if the Parent and Group's obligations specified in the contract expire or are discharged or cancelled.

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, trade creditors and other payables and borrowings. The Parent and Group held no derivative financial instruments (i.e. hedging instruments) during either of the reporting periods presented.

Financial assets

The subsequent measurement of financial assets depends on their classification. The Parent and Group currently hold financial assets only in the classification of loans and receivables.

Loans and Receivables

Financial assets that are non-derivative 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 provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Financial instruments classified as loans and receivables include: trade debtors and other receivable balances, and cash and cash equivalents.

Financial liabilities

The Parent and Group's financial liabilities include loans and borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss within the Statement of Comprehensive Income. The Parent and Group does not currently have any financial liabilities held for trading or designated at fair value through profit or loss.

Borrowings are classified as current liabilities unless the Parent and Group has an unconditional right to defer settlement of the liability for at least twelve months after each reporting date. Borrowing costs are expensed as incurred.

Impairment of financial instruments

All financial assets are subject to review for impairment at least at each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables are presented within profit and loss in the Statement of Comprehensive Income.

f. Investments in subsidiaries

All investments in subsidiaries are initially recognised at cost, being the fair value of consideration given. An allowance is made for impairment of investments in subsidiaries when the recoverable value is determined to be below cost.

Notes to the Financial Statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2015

g. Impairment of non-financial assets

The carrying amounts of the Parent and Group assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised within profit and loss in the Statement of Comprehensive Income.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset, and discounting to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indicators exist, the Parent and Group estimate the asset's recoverable amount, to measure the reversal of any previous period impairment charges. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment are recognised within profit and loss in the Statement of Comprehensive Income.

h. Property, Plant and Equipment

Property, plant and equipment is measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Parent and Group and the cost of the item can be measured reliably.

Disposal

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included within profit and loss in the Statement of Comprehensive Income.

Depreciation

Depreciation is charged on a diminishing value basis on all property, plant and equipment over the estimated useful life of the asset. Depreciation is charged to profit and loss within the Statement of Comprehensive Income. The following depreciation rates have been applied to each class of property, plant and equipment:

Office Equipment	20% - 80.4% DV
Furniture and Fittings	9.6% - 48% DV
The Officers Mess -Leasehold Improvements	3% DV
The Officers Mess Level 1 -Fitout Costs	30% - 48% DV
Corporals Club - Leasehold Improvements	3% DV
Commander Residence	12% - 48% DV
Seminar Facility	3% DV
Conference Equipment	48% - 60% DV

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

i. Employee entitlements

Annual leave and other employee entitlements are accounted for on the basis of contractual requirements outstanding at each reporting date.

Notes to the Financial Statements
Port Nicholson Block Settlement Trust
For the year ended 31 March 2015

j. Finance income and expenses

Finance income comprises interest generated from funds invested in short-term deposits and other interest bearing bank accounts.

Finance expenses are incurred from interest on borrowed funds. All borrowing costs are expensed and recognised within profit and loss in the Statement of Comprehensive Income when incurred using the effective interest method.

k. Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Parent and Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The Parent and Group assess its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Parent and Group's own account is recognised as gross revenue in profit and loss within the Statement of Comprehensive Income.

The following specific recognition criteria must be met before revenue is recognised:

Crown Settlements

Crown settlement income was recognised when the settlement monies were received. Until this event had been completed, no Crown settlement income was recognised.

Koha

Koha is recognised within profit and loss in the Statement of Comprehensive Income when receipted.

Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the reporting date.

Interest

Interest revenue is recognised as the interest accrues (using the effective interest method).

Rental income

Income from the rental of property is recognised within profit and loss in the Statement of Comprehensive Income on a straight line basis over the term of the lease

Lease Premium

Lease Premium from the leased property is recognised within profit and Loss in the Statement of Comprehensive Income when received.

Notes to the Financial Statements
Port Nicholson Block Settlement Trust
For the year ended 31 March 2015

l. Investment Property

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 of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised within profit and loss in the Statement of Comprehensive Income. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The properties are revalued every five years or earlier if there are indications revaluations are required.

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

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

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

m. Taxation

Income tax is accounted for using the taxes payable method so that the income tax expense charged to the profit and loss within the Statement of Comprehensive Income comprises the current year's provision only. The income tax effects of taxable or deductible temporary differences are not recognised.

n. GST

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

o. Grants

Other Government grants that compensate the Parent and Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised, or recognised in profit or loss within the Statement of Comprehensive Income as services are rendered.

p. New NZ IFRS standards and interpretations issued but not yet adopted

The Parent and Group have taken advantage of the opportunity to freeze the financial reporting standards applicable to them outstanding as at 1 April 2011. See note 3(e) for additional disclosures.

Port Nicholson Block Settlement Trust

Notes to the Financial Statements

For the Year Ended 31 March 2015

	Note	Group 2015 \$	Group 2014 \$	Parent 2015 \$	Parent 2014 \$
NOTE 5. RENTAL COSTS					
Building WOF		3,131	12,213	1,670	8,323
Cleaning and Pest Control		8,805	9,701	8,805	8,334
Consultancy Fees		300	1,362	-	-
Electricity		13,541	54,342	3,251	3,929
Fees - Other		-	78	-	-
Fire Monitoring		4,891	15,486	2,596	3,039
General		-	340	-	78
Grounds Maintenance		8,395	28,973	5,155	5,380
Health & Safety		593	-	593	-
Heating Ventilation/Air Conditioning		1,909	3,148	1,909	3,148
Insurance		65,731	146,148	46,054	57,233
Lift Maintenance		6,766	6,327	6,766	6,327
Professional Fees		3,530	7,659	3,530	7,659
Property Management Fees		10,981	58,015	6,125	11,375
Rates		75,340	123,001	28,783	26,042
Repairs & Maintenance		12,140	46,735	7,886	14,733
Security		7,770	12,410	1,632	2,640
Water Rates		1,833	63,546	1,833	3,143
TOTAL RENTAL COSTS		225,657	589,484	126,587	161,383
NOTE 6. INTEREST INCOME					
KiwiBank - Online Call Account		-	13,512	-	12,639
IRD - Use of Money Interest		163	104	160	96
Interest on Loans - Redwood Group Limited		145,578	-	145,578	-
Interest on Loans - Wharewaka		-	29,455	-	29,455
KiwiBank Interest		69	-	-	81,285
Interest on Term Deposits		88,639	81,285	88,639	-
TOTAL INTEREST		234,448	124,356	234,377	123,475
NOTE 7. OTHER INCOME					
Other Income (Incl. Project Management Fees)		322,752	220,280	311,007	-
Other Income - Ministry for the Environment		-	-	-	49,267
Income Allocated from Limited Partnership		-	-	34,315	61,036
TOTAL SUNORY INCOME		322,752	220,280	345,322	110,303



Port Nicholson Block Settlement Trust

Notes to the Financial Statements
For the Year Ended 31 March 2015

	Note	Group 2015 \$	Group 2014 \$	Parent 2015 \$	Parent 2014 \$
NOTE 8. ADMIN & OPERATING EXPENSES					
Accountancy Fees - Annual & Periodic Work		67,848	139,873	50,552	80,978
Annual General Meeting/Election Costs		76,367	81,556	76,367	81,556
Audit Fees		43,446	41,563	43,446	28,000
Bank Charges		1,430	528	180	149
Bad Debts		135,145	2,201	131,357	-
Catering		3,078	5,002	3,078	4,476
Change Manager		211,000	93,450	211,000	93,450
Cleaning		1,485	35	-	-
Computer Expenses		12,686	13,825	-	1,458
Consultancy Fees		33,135	39,188	21,622	39,188
Consultancy Fees - Accounting & Tax		38,920	103,361	27,289	102,611
Depreciation		21,248	25,502	4,854	7,100
Directors Fees		-	335	-	-
Employment Costs		22,387	-	20,405	-
Entertainment		778	621	778	-
General Expenses		5,450	17,023	2,207	2,072
HR Consultancy		-	378	-	-
Insurance		12,750	14,829	12,750	10,619
KiwiSaver Contributions		-	6,627	-	-
Koha		500	2,000	500	2,000
Legal Fees		45,419	132,386	43,699	99,617
Management Fees		-	-	-	1,737,838
Office Expenses		2,216	1,307	-	-
Penalties - IRD		163	166	-	-
PR Consultant		2,280	415	-	-
Parking & Motor Vehicle expenses		-	96	-	-
Postage		6,851	3,227	3,303	-
Photocopying, Printing & Stationery		19,938	12,180	8,386	1,880
Rent, Rates and Power		3,165	153,635	-	-
Right of First Refusal		4,058	24,987	4,058	24,987
Security		-	537	-	-
Telephone & Tolls		7,503	16,744	2,264	309
Travel & Accommodation		19,893	12,888	15,077	10,524
Trustees' Fees		91,500	86,542	91,500	86,542
Trustee Expenses		-	-	-	5,050
Valuation Fees		10,188	8,163	10,188	-
Waitangi Day Events		2,395	7,000	2,395	7,000
Wainuiomata Social Housing Project		1,569	-	1,569	-
Wages, Salaries & Project Management		341,546	565,613	125,906	-
Increase / (Decrease) in provision for Impairment		-	-	329,497	(700,053)
TOTAL ADMIN & OPERATING EXPENSES		1,246,336	1,613,783	1,244,225	1,727,351



Port Nicholson Block Settlement Trust

Notes to the Financial Statements

For the Year Ended 31 March 2015

	Note	Group 2015 \$	Group 2014 \$	Parent 2015 \$	Parent 2014 \$
NOTE 9. Depreciation					
Office Equipment		11,688	14,555	4,854	7,100
Furniture and Fittings		3,378	4,033	-	-
The Officers Mess -Leasehold Improvements		3,550	3,660	-	-
The Officers Mess Level 1 -Fitout Costs		798	1,383	-	-
Corporals Club - Leasehold Improvements		705	727	-	-
Commander Residence		415	545	-	-
Seminar Facility		581	599	-	-
Lowry Bay - Leasehold Improvements		133	-	-	-
TOTAL OEPRECIATION		21,248	25,502	4,854	7,100
NOTE 10. Taxation					
Net Loss Before Taxation		(563,763)	(1,432,918)	(600,849)	(1,502,125)
ADD:					
Revaluation on Investment Properties		-	140,673	-	55,000
Net Increase in Audit Fee Accrual		650	-	13,000	-
Reduction in tax losses resulting from IRD audit		1,096,516	-	1,096,516	-
Provision for Doubtful Debts		-	-	-	-
Increase in provision for impairment		-	-	-	(700,054)
Non Deductible Expenses		546	6,748	413	4,470
Tax Distribution from Limited Partnership		-	-	-	678,697
Deferred Income		-	666,667	-	-
LESS:					
Temporary Differences		-	(13,911)	-	-
Non Assessable Capital (Gains)/Losses		-	(1,504)	-	(1,504)
Non Assessable Income		-	-	-	-
Accounting Distribution from Limited Partnership		-	-	-	(61,036)
Tax Losses Brought Forward		(8,760,156)	(8,125,911)	(4,596,668)	(3,070,116)
TAXABLE LOSS		(8,226,207)	(8,760,156)	(4,087,588)	(4,596,668)
Taxation Expense		-	-	-	-
LESS:					
Opening Tax Balance		19,563	4,354	18,148	2,546
Tax Refunds Received		(3,146)	-	(3,094)	-
RWT Paid		16,307	14,052	16,307	13,807
Tax Transfers		(909)	1,157	(844)	1,795
TAXATION REFUND OUE		31,815	19,563	30,517	18,148

Tax losses amounting to \$4,089,545 (2014: \$4,596,668) are to be carried forward to be offset against future taxable income by the Parent. The Group has \$8,210,340 (2014: \$8,760,156) of tax losses to be carried forward.

During the year the Inland Revenue Department completed and audit of the Parent's Income Tax. This resulted in the Parent losing \$1,095,516 of tax losses. An agreement was reached with the Inland Revenue and signed off by the Trustees on 17th April 2015.

Port Nicholson Block Settlement Trust

Notes to the Financial Statements
For the Year Ended 31 March 2015

	Note	Group 2015	Group 2014	Parent 2015	Parent 2014
		\$	\$	\$	\$

NOTE 11. CASH & CASH EQUIVALENTS

Cash at bank earns interest at floating rates based on daily deposit rates. The Parent and Group hold two term deposit investments at KiwiBank. One for \$1,500,000 interest rate of 4.55% and one for \$300,000 interest rate of 4.35%. Both mature on 22 June 2015, (2014: \$2,087,982 at 4%).

Kiwibank Business Edge Account	38,038	25,540	28,189	1,030,917
Kiwibank Online Account	65,104	517,792	65,069	-
Kiwibank Call OCR Account	118,437	517,793	118,437	-
Kiwibank Term Investments	1,800,000	517,794	1,800,000	-
Total	2,021,579	1,578,919	2,011,696	1,030,917

NOTE 12. TRADE DEBTORS & RECEIVABLES

All trade debtors and receivables are subject to credit risk exposure. There is no concentration of credit risk with respect to receivables outside the entity, as the parent and group have a large number of customers. The carrying amount of trade and other receivables approximates their fair value. As at 31 March 2015 there are no significant overdue trade debtors (2014: \$Nil).

An impairment allowance has been made for the debt owing to the Group by Redwood Group Limited of \$600,000, (2014:\$600,000).

Accounts Receivable	225,054	200,370	68,392	14,199
Deposit - 83 Waterloo Quay	731,357	600,000	731,357	600,000
Less: Provision for Doubtful Debts	(754,357)	(600,000)	(754,357)	(600,000)
Pipitea Marae Charitable Trust	1,590	-	1,590	1,251
Total	203,644	200,370	46,983	15,450

NOTE 13. ACCRUED INCOME

Accrued Income and Interest

Accrued Income	79,980	23,340	75,000	-
Accrued Interest - Loans	18,798	53,494	18,798	76,834
Total	98,778	76,834	93,798	76,834

Port Nicholson Block Settlement Trust

Notes to the Financial Statements

For the Year Ended 31 March 2015

NOTE 14. TRADE CREDITORS & OTHER PAYABLES

Trade creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

Open Book Value \$	Additions / Disposals at Cost \$	Closing Book Value \$	Fair Value Movement \$
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NOTE 15. INVESTMENT PROPERTIES

(at fair value)

Reconciliation of Fair Value 2015

Settlement Properties

Parent

1 - 3 Thorndon Quay, Wellington	1,570,000	-	1,570,000	-
Whites Line East, Waiwhetu	435,000	-	435,000	-
Honiana Te Puni Reserve	205,000	-	205,000	-
Point Dorset Recreation Reserve	590,000	-	590,000	-
Wi Tako Ngatata Scenic Reserve	296,000	-	296,000	-
Dendroglyph Site	2,000	-	2,000	-
Bed of Lake Kohangapiripiri	37,000	-	37,000	-
Esplanade Land of Kohangapiripiri	29,000	-	29,000	-
Bed of Lake Kohangatera	66,000	-	66,000	-
Esplanade Land of Kohanagatera	62,500	-	62,500	-
Makaro Scientific Reserve	1	-	1	-
Matiu Island	1	-	1	-
Mokopuna Scientific Reserve	1	-	1	-
Makara Property	1	-	1	-
Total Fair Value Settlement Properties for Parent	3,292,504	-	3,292,504	-

Subsidiaries

Lowry Bay Section One Limited

Wainuiomata College	1,160,000	-	1,160,000	-
Wainuiomata Intermediate	1,270,000	-	1,270,000	-

PNBST Investments Limited Partnership

Petone College	380,000	-	380,000	-
Total Fair Value Settlement Properties for Group	6,102,504	-	6,102,504	-

Purchased Properties

Shelly Bay Limited

Shelly Bay Road	9,850,000	-	9,850,000	-
Total Fair Value Purchased Properties for Group	9,850,000	-	9,850,000	-

Port Nicholson Block Settlement Trust

Notes to the Financial Statements For the Year Ended 31 March 2015

Investment Property comprises a number of commercial properties that are leased to third parties. Each of the leases contain individual non-cancellable periods of which subsequent renewals are negotiated with the lessee. No contingent rents are charged.

Based on the inputs used, both the Direct Comparison and Capitalisation of Net Income and Discounted Cash Flow valuation methods have been used. The Parent and Group have adopted the Collier's valuations for financial reporting purposes that was completed on 31 March 2014.

Valuation techniques and significant inputs.

The following table details the Direct Comparison valuation technique used in measuring fair value of investment property.

Description	Valuation	Valuation Technique
Wainuiomata College	1,160,000	Direct comparison approach
<i>Unobservable Inputs - Consideration is given to the nature, condition of the property, location and on the basis of vacant possession</i>		
Whites Line East	435,000	
Wainuiomata Intermediate	1,270,000	
Reserves, the lake beds, esplanades and dendroglyph sites	1,287,500	
<i>Unobservable Inputs - Consideration is given to the nature and condition of each location</i>		

The following table shows the Capitalisation of Net Income and Discounted Cash Flow valuation techniques used in measuring the fair value of investment property:

Description	Valuation	Valuation Technique
1-3 Thorndon Quay	1,570,000	Discounted Cashflow Approach
<i>Unobservable Inputs - The discounted rate applied is 10% Rental growth rate range is 2.18% - 2.33% over 10 years A letting up period range of 1-6 months has been allowed at the end of each existing lease.</i>		
Petone College	380,000	Discounted Cashflow Approach
<i>Unobservable Inputs - The discounted rate applied is 15.25% Annual rent equivalent to 5% of all resale capital gains received from the sale of retirement village units on the property from 2026 onwards</i>		
Shelly Bay	9,850,000	Hypothetical Subdivision
<i>Unobservable Inputs - The capitalisation rate applied is 9.5% estimated subdivisional costs.</i>		

Port Nicholson Block Settlement Trust

Notes to the Financial Statements For the Year Ended 31 March 2015

The investment properties have been valued based on a valuation performed by independent registered public valuer, Colliers International (Wellington Valuation) Limited as at 31 March 2014.

The valuation basis used was open fair value and was carried out in accordance with the international valuation standards and in accordance with NZ IAS 40.

The principal Registered Valuer for Colliers International (Wellington Valuation) Limited is Gwendoline P.L. Callaghan FPINZ FNZIV.

Islands and Reserves

As part of the Settlement reached with the Crown and enacted with the Port Nicholson Block (Taranaki Whānui ki Te Upoko o Te Ika) Claims Settlement Act 2009, the Islands known as Makaro Scientific Reserve, Mokopuna Scientific Reserve, Matiu Scientific Reserve and Matiu Historic Reserve are vested in the Trustees.

Colliers International have valued the intrinsic value of these islands as follows:

	2015	2014
Makara Scientific Reserve	60,000	60,000
Matiu Historic & Scenic Reserve	398,000	398,000
Matiu Lighthouse	21,000	21,000
Mokopuna Scientific Reserve	35,000	35,000
	514,000	514,000

NOTE 16. SIGNIFICANT VALUATION ASSUMPTIONS

1 - 3 Thorndon Quay

The valuation for 1 - 3 Thorndon Quay property is based on the assumption that the building has a structural strength of 45% - 50% of New Building Standards ("NBS").

Shelly Bay Defence Land and Wharves

The unencumbered freehold market valuation for Shelly Bay Defence Land and Wharves is subject to the following:

Retention of the three identified buildings of historical significance with possible relocation of the Submarine Barracks and probable relocation of the Bayview Hospital.

Resource Consent being granted allowing a residential subdivision or multi-unit residential development.

Formalisation for a nominal encroachment fee/regularisation to allow for 'The Lodge' to legally occupy its current position.

The valuation assumes demolition of all improvements except The Lodge, garages, Vodafone cell-site, Chocolate Fish and Commanders House.

Petone College, Graham St Petone

The valuation for the property known as Petone College at Graham Street Petone, has been prepared based on the present value of the future estimate income benefits to the Trust from year 2026 onward.

Port Nicholson Block Settlement Trust

Notes to the Financial Statements

For the Year Ended 31 March 2015

	Group 2015 \$	Group 2014 \$	Parent 2015 \$	Parent 2014 \$
NOTE 17. Property, Plant & Equipment				
Office Equipment	26,506	110,355	24,017	23,482
Additions / (Disposals)	-	6,670	2,489	7,632
Less Accumulated Depreciation	(15,137)	(94,015)	(15,137)	(17,380)
	11,369	23,010	11,369	13,734
Furniture & Fittings	106,323	110,455	-	-
Additions / (Disposals)	18,721	(35,170)	-	-
Less Accumulated Depreciation	(84,336)	(52,361)	-	-
	40,708	22,924	-	-
The Officers Mess - Leasehold Improvements	132,454	132,454	-	-
Additions / (Disposals)	-	-	-	-
Less Accumulated Depreciation	(17,665)	(14,115)	-	-
	114,789	118,339	-	-
The Officers Mess - Level 1 Fitout costs	19,085	19,085	-	-
Additions / (Disposals)	-	-	-	-
Less Accumulated Depreciation	(17,841)	(17,043)	-	-
	1,244	2,042	-	-
Corporals Clue - Leasehold Improvements	26,281	26,281	-	-
Additions / (Disposals)	-	-	-	-
Less Accumulated Depreciation	(3,473)	(2,768)	-	-
	22,808	23,513	-	-
Commanders Residence	10,225	10,225	-	-
Additions / (Disposals)	-	-	-	-
Less Accumulated Depreciation	(7,774)	(7,359)	-	-
	2,451	2,866	-	-
Seminar Facility	21,484	21,484	-	-
Additions / (Disposals)	-	-	-	-
Less Accumulated Depreciation	(2,702)	(2,121)	-	-
	18,782	19,363	-	-
Conference Equipment	-	11,348	-	-
Additions / (Disposals)	-	(1,506)	-	-
Less Accumulated Depreciation	-	(9,842)	-	-
	-	-	-	-
Lowry Bay - Leasehold Improvements	-	-	-	-
Additions / (Disposals)	3,190	-	-	-
Less Accumulated Depreciation	(133)	-	-	-
	3,057	-	-	-
Total Property, Plant & Equipment	215,208	212,057	11,369	13,734

Kiwibank Limited had registered a security over the Port Nicholson Block Settlement Trust assets as per the Personal Property Securities Register for the guarantee given to Kiwibank Limited in relation to the loan entered into by the Wharewaka o Poneke Charitable Trust on 29 April 2011.

The loan was discharged on 25th September 2014 and Kiwibank have removed their security over Port Nicholson Block Settlement Trust assets.

Port Nicholson Block Settlement Trust

Notes to the Financial Statements
For the Year Ended 31 March 2015

NOTE 18. OTHER LOANS

The Group have a long term loan from Ryman Healthcare Limited of \$900,657 (2014: \$938,574). This loan is to be repaid through lease income recognised over a period of 15 years in accordance with the lease agreement between the Group and Ryman Healthcare Limited.

NOTE 19. INTER-ENTITY LOANS

The Parent has made loans to subsidiaries that, in substance, form part of the net investment in the subsidiary because settlement of loan balances is neither planned nor likely in the foreseeable future.

The inter-entity loan comprises:

	Parent 2015	Parent 2014
The Lodge at Shelly Bay Limited	102,737	102,259
Port Nicholson Block Management Limited	-	-
Lowry Bay Section One Limited	1,983,826	2,113,171
Port Nicholson Block Properties Limited	1,320	-
Education PNBST Limited	-	-
	<u>2,087,882</u>	<u>2,215,430</u>

The inter-entity advance comprises:

Shelly Bay Limited	-	9,929,882
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The Parent recognises an impairment loss on the inter-entity loans for the balance of the negative equity balance in the subsidiary financial statements, up to the carrying value of the Parent investment. The recoverable amount of the Parent investment in each subsidiary is based on an estimate of the investment's fair value less costs to sell. Given all assets and liabilities of each subsidiary are carried at fair value, the recoverable amount has been estimated to equal the net assets disclosed in the subsidiary financial statements.

Shelly Bay Limited	2015	2014
Carrying value at cost		
Opening balance	14,503,489	14,403,133
Monies advanced / subsidiary expenses paid by Parent	(9,929,882)	100,356
Closing balance	<u>4,573,607</u>	<u>14,503,489</u>
Impairment provision		
Opening balance	4,573,607	4,321,309
Current year impairment expense	-	252,298
Closing balance	<u>4,573,607</u>	<u>4,573,607</u>
Carrying value of investment in subsidiary	<u>-</u>	<u>9,929,882</u>

The balance is payable on demand at the discretion of the Parent and no interest is charged.

The Lodge at Shelly Bay Limited	2015	2014
Carrying value at cost		
Opening balance	467,688	462,858
Monies advanced / subsidiary expenses paid by Parent	478	4,830
Closing balance	<u>468,166</u>	<u>467,688</u>
Impairment provision		
Opening balance	365,429	315,147
Current year impairment expense	-	50,282
Closing balance	<u>365,429</u>	<u>365,429</u>
Carrying value of investment in subsidiary	<u>102,737</u>	<u>102,259</u>

The balance is payable on demand at the discretion of the Parent and no interest is charged.

Port Nicholson Block Settlement Trust

Notes to the Financial Statements
For the Year Ended 31 March 2015

Port Nicholson Block Management Limited

Carrying value at cost

	2015	2014
Opening balance	2,294,306	3,420,395
Monies advanced / subsidiary expenses paid by Parent		(1,126,089)
Closing balance	2,294,306	2,294,306

Impairment provision

Opening balance	2,294,306	3,420,395
Current year impairment expense	-	(1,126,089)
Closing balance	2,294,306	2,294,306

Carrying value of investment in subsidiary

-	-
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The balance is payable on demand at the discretion of the Parent and no interest is charged.

Lowry Bay Section One Limited

Carrying value at cost

	2015	2014
Opening balance	2,729,431	2,767,095
Monies advanced / subsidiary expenses paid by Parent	(129,345)	(37,664)
Closing balance	2,600,086	2,729,431

Impairment provision

Opening balance	616,260	499,388
Current year impairment expense	-	116,872
Closing balance	616,260	616,260

Carrying value of investment in subsidiary

1,983,826	2,113,171
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The balance is payable on demand at the discretion of the Parent and no interest is charged.

Port Nicholson Block Properties Limited

Carrying value at cost

	2015	2014
Opening balance	8,487	5,286
Monies advanced / subsidiary expenses paid by Parent	-	3,201
Closing balance	8,487	8,487

Impairment provision

Opening balance	8,487	5,286
Current year impairment expense	-	3,201
Closing balance	8,487	8,487

Carrying value of investment in subsidiary

-	-
---	---

The balance is payable on demand at the discretion of the Parent and no interest is charged.

Port Nicholson Block Settlement Trust

Notes to the Financial Statements
For the Year Ended 31 March 2015

	2015 \$	2014 \$
Education PNBST Limited		
Carrying value at cost		
Opening balance	12,802	9,419
Monies advanced / subsidiary expenses paid by Parent	-	3,383
Closing balance	12,802	12,802
Impairment provision		
Opening balance	12,802	9,419
Current year impairment expense	-	3,383
Closing balance	12,802	12,802
Carrying value of investment in subsidiary	-	-

The balance is payable on demand at the discretion of the Parent and no interest is charged.

	2015 \$	2014 \$
Reconciliation of Impairment Provision in Subsidiaries		
Opening balance	7,870,891	8,570,944
Current year impairment expense	329,497	(700,053)
Closing balance	8,200,388	7,870,891

NOTE 20. TRUSTEE REMUNERATION

Trustee remuneration during the year was as follows:

	2015 \$	2014 \$
Neville McClutchie Baker (Chairman)	24,000	12,125
Toarangatira Pomare (Deputy Chairman)	9,000	10,250
Sam Kahui	6,750	2,625
Dr Catherine Marie Amohia Love	-	3,750
Peter Maru Love	-	3,750
Sir Ralph Heberley Ngatata Love	6,750	2,625
Rebecca Elizabeth Mellish	6,750	6,375
Kura Moeahu	6,750	2,626
Mahara Okeroa (Resigned March 2014)	-	16,917
Mark Te One	6,750	6,375
Te Rira Puketapu	6,750	6,375
Hokipera Jean Ruakere	6,750	6,375
Howard Kevin Tamati	6,750	6,375
Morris TeWhiti Love	4,500	-
	91,500	86,543

Port Nicholson Block Settlement Trust

Notes to the Financial Statements

For the Year Ended 31 March 2015

NOTE 21. FINANCIAL INSTRUMENTS

The following tables detail the Parent and Group's financial instruments:

Financial Assets

Cash and Cash Equivalents	2,037,778	2,037,778
Trade Debtors and Other Receivables	203,644	203,644
Prepayments	30,677	30,677
Investment in Related Parties	-	-

Financial Assets

Cash and Cash Equivalents	2,634,642	2,634,642
Trade Debtors and Other Receivables	46,983	46,983
Prepayments	24,439	24,439
Investment in Related Parties	-	-

Financial Liabilities

Trade Creditors and Other Payables	49,284	49,284
Loans and Advances	900,657	900,657

Financial Liabilities

Trade Creditors and Other Payables	17,635	17,635
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Group			
Carrying Amount 2015	Fair Value 2015	Carrying Amount 2014	Fair Value 2014
\$	\$	\$	\$
2,037,778	2,037,778	2,686,553	2,686,553
203,644	203,644	200,370	200,370
30,677	30,677	104,084	104,084
-	-	87,285	87,285
2,272,099	2,272,099	3,078,292	3,078,292
Parent			
Carrying Amount 2015	Fair Value 2015	Carrying Amount 2014	Fair Value 2014
2,634,642	2,634,642	3,118,899	3,118,899
46,983	46,983	15,450	15,450
24,439	24,439	36,707	36,707
-	-	87,285	87,285
2,706,063	2,706,063	3,258,341	3,258,341
Group			
Carrying Amount 2015	Fair Value 2015	Carrying Amount 2014	Fair Value 2014
49,284	49,284	239,526	239,526
900,657	900,657	938,574	938,574
949,941	949,941	1,178,100	1,178,100
Parent			
Carrying Amount 2015	Fair Value 2015	Carrying Amount 2014	Fair Value 2014
17,635	17,635	192,142	192,142
17,635	17,635	192,142	192,142



Port Nicholson Block Settlement Trust

Notes to the Financial Statements For the Year Ended 31 March 2015

Exposure to credit risk, liquidity risks and interest rate risks arises in the normal course of business for the Parent and Group.

Credit Risk

Concentrations of credit risk include the Parent and Group's banking arrangements and accounts receivable. Funds are held with KiwiBank and also by Colliers International in their trust account held with a reputable bank.

There are no other concentrations of credit risk. Exposure to credit risk is monitored on an on-going basis. Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and delivery terms and conditions are offered.

Liquidity Risk

Liquidity risk represents the ability of the Parent and Group to meet its contractual obligations. Management evaluates liquidity requirements for the Parent and Group on an on-going basis. In general, sufficient cash flows are generated from operating activities to meet obligations from financial liabilities. In addition, the Parent and Group has credit lines in place to cover potential shortfalls.

Interest Rate Risk

The Parent and the Group have no interest bearing borrowings. In regards to financial assets, the Parent and the Group monitor interest rates when required to limit interest rate risk.

Fair Value

The fair value of each class of financial assets and liabilities is assessed to be the same as the respective carrying value shown in the financial statements.

Capital Management

The Group manages its capital through the use of cash flow and corporate forecasting models to determine the future capital requirements. There were no externally imposed capital requirements at the end of the year or during each reporting period.

NOTE 22. RELATED PARTY TRANSACTIONS

a. Parent and ultimate controlling party

The Parent and ultimate controlling party of the Group is Port Nicholson Block Settlement Trust

	Principal Activities	Interest Held by Group	
		2015	2014
<i>The Parent is related to the following Subsidiary entities:</i>			
Port Nicholson Block Management Limited	Management of Operations	100%	100%
Shelly Bay Limited	Commercial Rental	100%	100%
The Lodge at Shelly Bay Limited	Commercial Rental	100%	100%
PNBC Limited	Treaty Negotiations	100%	100%
Lowry Bay Section One Limited	Commercial Rental	100%	100%
Port Nicholson Block Properties Limited	Commercial Rental	100%	100%
Education PNBST Limited	Project Management	100%	100%
PNBST Investments Limited Partnership	Commercial Rental	100%	100%

All members of the Port Nicholson Block Settlement Trust group are related parties of the Trust. During each reporting period, the Trust has advanced loans to support its subsidiaries as required, and received loan repayments from its subsidiaries, in the normal course of business. Details of transactions between the Parent and subsidiary entries are as disclosed in note 19.

Port Nicholson Block Settlement Trust

Notes to the Financial Statements

For the Year Ended 31 March 2015

b. Other related parties

In addition to the above, certain administrative transactions were performed between the Parent and its subsidiaries, and the following related parties:

Palmerston North Maori Reserve Trust Group
Wellington Tenth Trust Group
Wharewaka o Poneke Charitable Trust
Wharewaka o Poneke Enterprises Limited
Pipitea Marae Charitable Trust

	Group 2015	Group 2014	Parent 2015	Parent 2014
	\$	\$	\$	\$
c. Transactions with Related Parties				
<i>Significant related party transactions included:</i>				
Management Fees to Port Nicholson Block Management Ltd	-	1,737,838	-	1,737,838
	-	1,737,838	-	1,737,838

During the year PNBST Investments Limited Partnership recorded net income from lease premiums and lease rentals of \$34,315, (2014: \$61,036). In terms of the Limited Partnership Deed, this income has been allocated to Port Nicholson Block Settlement Trust (Parent).

The management activities formerly undertaken by Port Nicholson Block Management Limited were taken over by Port Nicholson Block Settlement Trust (the Parent) in the 2015 year. As a result, no management fees were payable to Port Nicholson Block Management Limited in the 2015 year.

d. Related Party Outstanding Debts

The following related party debts and interest accrued were outstanding at the reporting date:

	Group 2015	Group 2014
	\$	\$
Wharewaka o Poneke Charitable Trust - Capitalised Interest	-	87,285
Wharewaka o Poneke Charitable Trust - Accrued Interest	-	53,494
Wharewaka o Poneke Charitable Trust	2,061	-
Pipitea Marae Charitable Trust	4,980	1,251
	7,041	142,030

e. Related Party Transactions

During the year Port Nicholson Block Management Limited paid consultancy fees to Liz Mellish, Business Mentor of \$18,750, (2014: \$112,500). Liz Mellish is a Trustee of Port Nicholson Block Settlement Trust.

f. Other Related Party Transactions

During the year a number of Trustees and senior staff were appointed by the Trust to various positions on Council committees and other parties related to the Trust.

The following Trustees/Staff received fees for participating on such bodies:

	2015	2014
	\$	\$
Liz Mellish - Greater Wellington Regional Council	1,675	670
Neville Baker - Pipitea Marae Charitable Trust	3,600	3,600
Aroha Thorpe - Pipitea Marae Charitable Trust	2,600	2,600
Mahara Okeroa - Pipitea Marae Charitable Trust	-	1,600

Port Nicholson Block Settlement Trust

Notes to the Financial Statements
For the Year Ended 31 March 2015

NOTE 23. CONTINGENT LIABILITIES AND COMMITMENTS

Shelly Bay Limited - Potential Lessor Liability

Where early termination of the Lease occurs, an amount will be payable to recompense the Lessee for new improvements that have been approved by the Lessor at balance date.

Management estimate that the maximum liability at balance date is \$104,507 (2014 = \$Nil).

There are no other contingent liabilities or commitments as at 31 March 2015 (2014: \$Nil).

NOTE 24. SUBSEQUENT EVENTS

The Trustees are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt within the financial statements that have significantly or may significantly affect the operation of the Parent or Group.

NOTE 25. LEASE COMMITMENTS

	Group 2015	Group 2014	Parent 2015	Parent 2014
	\$	\$	\$	\$
Not Later than one year	4,717	7,784	-	-
Later than one year, not Later than five years	2,751	2,239	-	-
	<u>7,468</u>	<u>10,023</u>	<u>-</u>	<u>-</u>



Independent Auditor's Report

Audit

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To the Members of Port Nicholson Block Settlement Trust & Group

Report on the financial statements

We have audited the accompanying financial statements of Port Nicholson Block Settlement Trust and Group on pages 1 to 26 which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income and statement of movements in trust capital for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibility for the financial statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards Differential Reporting and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in Port Nicholson Block Settlement Trust and Group.

Opinion

In our opinion, the financial statements on pages 1 to 26 present fairly, in all material respects, the financial position of Port Nicholson Block Settlement Trust and Group as at 31 March 2015 and its financial performance for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Differential Reporting.



Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
25 August 2015

Minutes from AGM & SGM 2014

Waiwhetu Marae
Saturday September 27, 2014



ANNUAL GENERAL MEETING & SPECIAL GENERAL MEETING 2014 MINUTES

WAIWHETU MARAE, LOWER HUTT
SATURDAY 27 SEPTEMBER 2014

TRUSTEES PRESENT:

Neville Baker (Chairman), Toarangatira Pomare (Deputy-Chairman), Sam Kahui, Professor Ngatata Love, Liz Mellish, Kura Moeahu, Mark Te One, Te Rira (Teri) Puketapu, Hokipera Ruakere and Howie Tamati

STAFF AND ADVISERS:

Tom Jamison (Interim CEO), Ben Jamison (Acting Business Services Manager), Ngahuia Wright (Receptionist), Lee Rauhina-August (Natural Resources Manager), Hugh Simonsen (Property Advisor), Neil Blanchfield (Electionz.com Representative).

IN ATTENDANCE:

Aaron Te One, Adler Fruean, Alamaine McGregor, Alma Andrews, Andrea Hall, Andrew Mephram, Anne Somerville, Aroha Wella, Beaulah Fox, Betty Anderson, Brendan Baker, Cass Ngaheke, Catherine Love, Charmaine Puru, Chris Pulman, Christine Thomas, Colleen Goodgame, Colleen Mako, Dannie Warren, David Graham, Eddie Churton, Edward Te Whiti Nia, Erini Shephard, Ethan Ryland, Filma Anne Phillips, Florence Trotter, Frances King Kotene, Garry Nicholas, George Broughton, Georgina Manaia, Gina Rangiwhetu, Gloria Rei, Grace Luke, Hami Love, Harmony Wright, Hawea Tomoana, Hazel Tautuhi, Helen Johnson, Hemi Tahurangi, Hera Hailwood, Herini Moeahu, Hinemoa Priest, Honiana Love, Ihaia Puketapu, Ihakara Puketapu-Dentice, Ina Rangiwhihi, Isaac Rei, Jacob Myhre, James Rio Maaka, Jason Fox, Jean McLeod-Ruakere, Joan Ellis, John Warren, Josephine Coffey, Judy Erb, June Jackson, Kathleen Maaka, Kim Skelton, Kiri Strret, Koa Katene-Christiansen, Konga Reriti, Kuini Puketapu, Laiken Moeahu, Laura Taepa, Laurayne Peck, Leana Barriball, Lee Hunter, Lee Rauhina-August, Lennox Love, Leo Buchanan, Lois Oneroa, Louana Fruean, Mahinarangi Gilbert, Mairangi Rei, Makaia Dentice, Mana Huntley, Mana Jenkins, Marama Cook, Melvyn Cook, Marama Puketapu, Maria Bargh, Marina Mason, Mark Fenwick, Martha H Gilbert, Mary-Anne Compton, Matariki Puketapu, Melvene Wereta, Mere Tahuparae-Luinstra, Mere Wakefield, Mike



PORT NICHOLSON BLOCK
SETTLEMENT TRUST

Walsh, Montgomery T Ahie, Mori King, Morrie Te Whiti Love, Moya McConnell, Myra Hunter, Ngaere Makawharemahihi, Ngahuia Wright, Ngatata Love, Niki Aiki and Rangimokai (Adriene) Fruean, Noel Woods, Oceanna Preston, Paea Dentice, Pam Hana, Paora Mephram, Para Tomoana, Pat Tomoana, Patrick Heta, Paul Jenkins, Pauline Owen, Peggy Luke-Ngaheke, Pekaira Jude Rei, Peri Te Paki, Peter Jackson, Peter Love, Peter Luke, Piki-Tahi Yates o Kiatau Trust, Piripi Mana-Christiansen, Poiria Love Erskine, Poppy Dellisia Wereta, Quentin Whanau, Rae Belton, Raine Ruakere-Te Ua, Rangiaroha Clark, Rangiaroha Susan Clark, Raymond Teriwha Marshall, Reena Huntley, Richard Te One Snr., Ripeka Healey, Roby Gaylard, Robyn Winther, Ronald Butler, Russ Cook, Sally Fenwick, Sarah Leadbetter, Shamia Shariff, Shona Coffey, Spencer Carr, Stewart Erb, Sydney Mephram, Sydney Reweti, Takiri Cotterill, Tame Ngaheke, Tania Rahui, Tania Taraki, Tautoko Ratu, Te Awa Puketapu, Te Herekiele Herewini, Te Rae Ngaheke, Te Waikaramu Takiwa, Terri Luke, Timothy Wagner, Tommy Rangitonga, Tony Walsham, Tracey Baker, Tuffy Churton, Tuhi McGregor, Turuhira Mohi, Tylah Rei Hamilton, Vannessa Ede, Vicki Hollywell, Warren Skerrett, Whareahuru Paul Gilbert, Wi Tako Love, Wiki Gear, Wiki Morehu, Wikitoria Ratu, William Henry King, William Owen, Winsome Priest, Wirangi Luke, Yolande Savage.

APOLOGIES:

Adrian Wagner, Agnes Karekare, Alexandra Talivai, Alice Te Punga Somerville, Alistair Love, Anihaka Parks, Anihaka Wagner, Anthony Bishop, Arana Taepa, Aroha Morehu, Ashley Ede, Chase Love, Cherie Phelps, Coree Healey, Damian Bishop, Dawn McConnell, Donna Philipps, Eleanor Gurnick, Ellie Love, Emily Maru, Emma Parks, Eru Brown, Fay Mulligan, Fred Allen, Hanatapu Katene, Helen McConnell, Heni Ohare, Henry Graham, Hina Luke, Hinehau Moeahu, Hoani Parks, Hui Kirk, Jacqueline Ede, James P Scandlyn, James Wheeler, Jan Love, Janet Bowen, Jaqui Brown, Jason Grotty, Jason Warren, John Grotty, Jonathan Biss, Joy Kirk, Julie Marino, Justee Parks, Kahu Mulligan, Murray Takarangi, Karena Efaraimo, Karorina Luke, Kathleen (Ann) Reweti, Kerewai Moeahu, Keri Mei Zagrabalna, Linda MacGregor, Lois McDonald, Lynette Crotty, Maata Parks, Marae Tamehana, Marama Monu, Marc Wagner, Margaret Smiler, Margaret Walsh, Mari-Nui Biss, Mark Butler, Mark Ormsby, Marlene-Dawson Love, Megan Somerville, Michael Jenkins, Moana Wakefield, Moanaroa Parks, Monique Takarangi, Nadia Wagner, Ngamano Tiaki, Ngapera Moeahu, Ngarie Jenkins, Otamarae Luke-Ngaheke, Paetahi Parks, Philippa Faircroft, Piki Hunia, Rahera Parks, Rahira Walsh, Rawiri Makowharemahihi, Renee Love-Paul, Rerewha Pita, Richard Hailwood, Richard Kato Luke, Richard Owen, Richard Te One Jnr, Richard Wagner, Ritihia Hailwood, Robert Parks, Rosana Hailwood, Rowena Grotty, Sandra Edwards, Sarah Love, Sauele Te Punga and Makuini Horo Whanau Trust, Sharon Skelton (Fleet), Sharon Wright, Steven Manuera, Tahi Grotty, Taine Love, Te Akerama Taiaki, Te Rangiahuha Weenan, Te Whiti Parks, Teremoana Sparks, Tio Taiaki, Tohia Love, Trevor Warren, Tuhi Parks, Tuparahuia Pita, Uweroa Wagner, Wai Turoa Morgan, Waiana Mulligan, Wayne Kingi, Whitu Weenan, Wikitoria Love, Wiremu Graham, Zoe Love.



COMMENCEMENT

Kura Moeahu and June Jackson opened the meeting at 10am. Trustees and staff/advisers were introduced to attendees.

ANNUAL GENERAL MEETING

MINUTES OF 2013 AGM (PIPITEA MARAE, 31 AUGUST 2013)

Noted that because the minutes had not been circulated in advance of the AGM, discussion of matters arising would be deferred until later in the meeting to allow members to read the minutes in the meantime.

Resolved (Spencer Kaa/Dr Catherine Love) that the minutes of the 2013 AGM held at Pipitea Marae on 31 August 2013 be received.

TRUSTEES' REPORT

The Chairman stated that the annual report highlighted the need to make changes to ensure that the survival of the Trust. The Trustees have examined the business of the Trust to find the best way to survive. The Trustees' decisions set out in the annual report relating to rights of first refusal and sale and leaseback properties; Shelly Bay; the Ryman's Retirement Village on the site of the former Petone College and the former Wainuiomata High School and Intermediate are our initial steps towards the Trust's survival.

The Chairman reported that

- Trustees have come to an arrangement with the Department of Conservation for the management of Matiu Island. The Trustees' view is that Matiu Island is owned by the Port Nicholson Block Settlement Trust (PNBST) and PNBST must be part of any future planning for Matiu. There is a lot of work to be done with Matiu Island.
- The urupa at Makara will be reviewed because there are some difficulties that need to be addressed.
- There will not be a financial return on the Ryman's Village project for some considerable time. However Ryman's have agreed to start recruiting into the project as soon as possible and will provide an employment profile to enable PNBST and Weltec to train workers to be ready to work at the Village. Discussions with Weltec indicate they are willing to work with PNBST on training. This project is not just about monetary return, it is about jobs and training opportunities, as well as getting into joint ventures in terms of this particular operation.



- Other options being considered included the acquisition of the Wellington Railway Station (initial meetings with Kiwirail); the Wellington Prison site as well as the whole of the Miramar Peninsular. Three weeks ago PNBST signed a Memorandum of Understanding with the Minister of Treaty Negotiations and Mayor of Wellington to work together on the Miramar Peninsular operation. For some of these projects it will take time to work out how PNBST can participate and benefit from any involvement.
- Sale and leaseback is about the acquisition of government properties. Negotiations have been going on for a few months and some may settle by the end of the year. This is a long term return which will mean that these government properties will ultimately transfer to PNBST. Ground rent would be used to pay for money we have to borrow to get into these projects.
- The Trustees have advertised for a Chief Executive. Applicants closed on 20 September and the Trustees will be going through the recruitment process over coming weeks.
- The change management project had looked at managing PNBST properties. A separate property management entity will be set up comprising external directors and possibly one Trustee. This will enable the Trustee to work on Trust matters.
- Consideration is being given to how to activate the “whole of government” agreement with the Crown. The agreement gives PNBST the right to deal with around 40 different government agencies. Some of the areas being discussed including advocacy for our beneficiaries wherever they live including the Chatham Islands. Trustees are also looking at collaborating with other iwi and groups around the country. For example looking at how PNBST might include other settlement groups and iwi in our developments in the capital city.

The Chairman concluded by reiterating that the Trust had to change and acknowledging the good work done by Jamison Partnership bring the Trust to this point. The next step will be the appointment of a Chief Executive and a management team. PNBST has many great opportunities in Wellington not available to iwi in other parties of the country. The Trustees are looking forward to 2015.

Dr Catherine Love asked why PNBST is not going wider than Weltec for training; and why Trust members were not informed of the vacant management positions.

The Chairman stated that there are a number of areas of importance including projects through the right of first refusal process and sale and leaseback. One of the tasks for the new Chief Executive and the commercial entity will be to explore these opportunities. The objective is to strengthen our tribal base which is not just around Wellington – specifically the Chatham’s, Taranaki and Waikanae.

Dr Catherine Love stated that she had received communications from NZ Police and the Departments of Corrections and Education saying all communications must go through the Runanga.

The Chairman stated that Ryman’s has its own right to negotiate contracts. PNBST has the right to go to the Crown to put in place those matters which we believe the Crown must deal with. There are other entities that can deal directly with the Crown. Settlement matters are the business of PNBST.

Dr Catherine Love referred to information she had received from Ministry of Education official Rawiri Brill.

The Chairman stated that these matters did not relate to PNBST or the Runanga.



Martha Gilbert stated that PNBST needs to be careful about conflict of interest. It appears that those involved in PNBST housing initiatives are also involved in the Runanga. PNBST Trustees must represent all of us from throughout the motu. Trustees must take care of our people wherever they are. Representation on PNBST must be wider than it is at the present time.

Martha Gilbert continued that there were concerns about whanau ora and the focus on getting structures in place and not distributing the funding. There needs to be the ability to develop ad hoc social services.

The Chairman responded that when PNBST went on its hikoi we had \$30 million, we now have about \$19 million. We must develop and manage our resources to “cut the bleed”. In terms of social services Whanau Ora if a fledgling programme does not yet have the structures in place to provide funds to whanau. In terms of the Trustees, those who elected the Trustees are the responsible for those who become Trustees.

Mana Jenkins supported the restructure and review of the Trust and stated it was important to think carefully about those we elect as Trustees.

The Chairman apologised for the lateness of the annual report. The main reason for the delay in dispatching the report was that the auditors did not sign off on the financial statements until 16 September.

Dr Leo Buchanan asked whether the mana whenua status rests with PNBST or the Wellington Tenth Trust.

The Chairman responded that it is the iwi who are the mana whenua. Wellington Tenth is a property trust. PNBST was put together to represent the various tribal interests and to deal with the Crown in relation to the Treaty. We all come from the same stock. There is one Atiawa – Atiawanuitonui - who come from the same waka. There is part of the challenge we have to face up to if we are to be credible as an iwi.

Dr Ngatata Love stated that PNBST is not Te Ati Awa alone, representatives from other Taranaki iwi are here today. We should not be defined by a Crown entity or through parliament.

Peggy Luke-Ngaheke acknowledged the Trustees for coming to Waiwhetu Marae and stated she liked what was in the report, i.e. the things happening and the changes being made. She continued that her mother was not present at the AGM as she was in Australia. When the claims settlement was being negotiated with the Crown, an undertaking was given that we would then settle our individual claims e.g. Wai 105 and the loss of the homes. We have settled with government, when will the Trustees settle with Wai 105? She concluded that she was not sure how you translate whakapapa and rights to the whenua into becoming a member. She stated she wanted her Mokopuna to enjoy the whanaungatanga of our iwi and to know who their whanaunga are.

Morrie Love congratulated Neville Baker and stated he looked forward to the day when the Chairs of PNBST and Wellington Tenth Trust could meet together and work together. He stated PNBST was in deep financial trouble which was inherited historical trouble and he would not put any of the assets of Wellington Tenth at risk to rescue PNBST. But there were many opportunities for Wellington Tenth and PNBST to talk and work together.



Spencer Kaa stated that the people must participate in the new structure so that it is part of the people. We should be looking to develop a strategy that is collaborative. He asked about collaboration with Ngati Toa.

The Chairman responded that many of us whakapapa to Ngati Toa. PNBST has sat down with Ngati Toa and had discussions. We will be working together.

Dr Ngatata Love stated that the Chair of Ngati Toa is registered with PNBST. Can we work together, yes we can. Do we work together, yes we do.

Warren Skerrett explained that the Trust is wealthy. At the present time PNBST it has a cash flow deficit. It has no debt, it has assets and millions of dollars of opportunities. PNBST is in a very strong position.

Dr Ngatata Love stated there were errors of fact in the annual report and gave the date of Mahara Okeroa's resignation as an example.

Timothy Park Wagner stated there was insufficient notice of the AGM. He expressed his views about Shelly Bay, housing and a number of other matters.

The Chairman stated that succession was important for PNBST. We need to be bringing people of the next generation together to be involved as the leadership for the future.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Toa Pomare explained the changes to the membership of the Audit and Risk Committee. He stated that the major emphasis for the past year has been change management. This year PNBST has disclosed related party transactions.

Vanesse Ede asked that a register of interests be included in future annual reports.

Resolved (Vannessa Ede/Lennox Love) that the Trustees provide a register of interest's in future annual reports

Liz Mellish queried the mention of Matene Love in the Audit and Risk Report and noted that the related party transactions on page 24 of the annual report did not match Note 21(f) in the Notes to the Financial Statements.

Dr Catherine Love asked whether funding secured by Neville Baker as PNBST Chair had gone directly to the Runanga.

The Chairman responded he was happy to go through these issues with Dr Love after the meeting.

Hon Mahara Okeroa also sought clarification of the related parties' transactions information on page 24 of the annual report.

The Acting Chief Executive reported that 2014 accounts were finalised some time ago and no issues were identified as a result of the audit. The loss for this year is half the loss of the previous year and



the forecast for the following year is a break even. He was reasonably confident that the next four years will be positive.

Peter Love stated that the annual report should have been issued with a qualified audit.

The Acting Chief Executive responded that it is a requirement of the PNBST Trust Deed that accounts are audited before they are distributed.

Morrie Love queried the change in the value of the Petone College site from \$3.4 million to \$330,000.

The Acting Chief Executive explained that this transaction happened at the time of settlement around July 2012. Ryman's paid PNBST a lease premium of \$4 million. PNBSG used this money to purchase the Petone College site from OTS for \$3.8 million. The PNBST 2012 Financial Statements recorded revenue of \$4 million lease premium as well as the value of the property at \$3.8 million. On settlement PNBST entered into a lease. The lease of the land was calculated on the basis that units would be sold within 15 years. In order to value a property with a lease in place for 100 years, it is necessary to look at cash flows that would take place 15 years out. The only way to value the property is on a discounted cash-flow basis, given no cash flow for 15 years the value was \$330,000. As we get closer to the cash flows, the value of the property will increase, i.e. 2013 value increased by \$50,000.

The loan of \$1 million would only be repaid from income generated from the retirement village in the first 15 years and since there will be no income in the first 15 years the loan will not need to be repaid.

Eruera Nia stated that a loss is a loss and the operating costs show it is costing PNBST a lot to administer a loss. PNBST must make radical changes to how much money is spent when we are making such significant losses.

The Acting Chief Executive explained that the benefits of the recent changes will flow through into the current and future years. For the past year the key driver has been to achieve stability. The opportunity to make profits will require us to act collaboratively with other parties because we have insufficient cash. There are some significant sale and leaseback transactions on the horizon that require collaborative effort with other parties. Unfortunately we do not have cash so we have to be innovative.

The Acting Chief Executive continued PNBST is looking at developing a timetable for approaching Crown agencies for assistance with a range of matters. PNBST sought assistance from Te Puni Kokiri with a capability grant for a housing development at Wainuiomata, while the request for financial assistance was declined Te Puni Kokiri seconded a staff member with significant housing experience. PNBST then sought funding from the Ministry for Business Innovation and Employment (MBIE) who provided double the amount originally sought. In addition Statistics NZ have seconded someone to analyse raw data for the housing project.

Last week Treasury agreed to second staff on a regular basis to assist with economic analysis. This provides an opportunity to build Treasury understanding of PNBST and its work. There is a good platform in place with other government entities in particular the secondment of expert staff to PNBST.

In response to an earlier query, the Acting Chief Executive stated the only government funding received by PNBST was from MBIE.



Wayne Mulligan sought clarification of the cash position, i.e. what of the \$11.7 million have we lost in cash (Annual Report pg. 24). He added there is an opportunity for PNBST to become a major player in Wellington in commercial property.

The Acting Chief Executive responded that this amount was between \$4 and \$5 million.

Te Awa Puketapu asked for clarification of all three issues addressed by the Risk and Audit Committee outside of normal reporting.

The Acting Chief Executive responded

1. Redwood Group Ltd (debt of \$600,000) – PNBST entered into an agreement to buy land in Wellington. The loan was not repaid on settlement. PNBST has received \$150,000 of the amount owed.
2. Mahon Transaction (debt of \$100,000) – PNBST received an invoice for costs unknown to PNBST. The invoice was paid but there are no details of what the invoice covered.
3. Wharewaka Loan (debt of \$750,000) – Loan has been repaid

Morrie Love stated that half of the PNBST assets are tied up in Shelly Bay which is producing 1 percent.

Morrie Love continued that there was a sale and leaseback opportunity involving the purchase all properties of a government entity. He asked what analysis had been done to reject this deal.

The Acting Chief Executive responded there is a confidentiality agreement covering this matter. It is a true intergenerational agreement. The key is the value of the land and what will happen to it over the next 21 years. As it stands this deal would not generate income for PNBST for the next 20 years. PNBST is still working through this deal.

The Acting Chief Executive added that PNBST was also in discussions with another government entity and had been working on this for some time. Details will be provided in due course.

Resolved (Warrant Skerrett/Wayne Mulligan) that the members received the audited Financial Statements of the Trust for the year ended 31 March 2014.

Resolved (Moved from the Chair) that the members appoint Grant Thornton NZ Audit Partnership to be the Trust's auditors for the year ending 31 March 2015.

TRUSTEE REMUNERATION

Noted that the members had agreed to reduce Trustee remuneration by 50 percent in 2013.

Dr Leo Buchanan stated he was concerned about Trustees being exposed to personal liability.

Eruera Nia stated that Trustee remuneration should only increase when PNBST is in a profit situation.



Vanesse Ede stated it was important to value our people for the work they are doing. The remuneration is not huge given the level of responsibility and risk the Trustees take on.

Tuffy Churton stated that PNBST is now going in the right direction. Restoration of remuneration is going in the right direction.

Mark Te One stated that he put the motion to reduce remuneration last year to encourage the Trustees to perform better. Trustees are performing slightly better but maybe not enough to bring back the original remuneration.

Adrienne Fruean stated that the focus should not be on Trustee remuneration and it may be best to leave it as is until next year.

Resolved (Dr Leo Buchanan/Wayne Mulligan) that the members approve Trustee remuneration as follows:

Chairman:	\$32,000 gross per annum
Deputy Chairman:	\$12,000 gross per annum
Trustees (each):	\$9,000 gross per annum

PRESENTATION OF ANNUAL PLAN

The Chairman spoke to a slide setting out the following proposed business plan objectives to the 12 months to 31 March 2015:

1. Robust and timely assessment of Rights of First Refusal and Sale and Lease back opportunities.
2. Maintain and grow property portfolio
3. Complete set-up of new Trust structure including recruitment of Chief Executive
4. Monitor and review current development partnerships
5. Explore and expand mutually beneficial relationships with local and central government (Whole of Government Accord)
6. Assess potential business partners
7. Complete review of registration database
8. Develop communication plan including website updates and panui
9. Continue to fulfil our mana whenua responsibilities

He invited feedback from the members on the proposed 2015 business plan objectives.



WAINUIOMATA HOUSING DEVELOPMENT

Teri Puketapu spoke to the proposal for a housing development at Wainuiomata. He asked for expressions of interest and stated about 40 to 50 were needed to get government assistance.

CASUAL TRUSTEE VACANCY

The Chairman invited the candidates for the casual Trustee vacancy to introduce themselves to the Hui and make a short statement. Warren Skerret, Kara Puketapu-Dentice, Luana Jane Fruean and Morrie Love spoke to the Hui.

AGM CLOSURE

The Chairman thanked the Trustees for the huge amount of work they had done over the past 12 months. He acknowledged Tom and Ben Jamison for their work on change management and those who have volunteered to assist PNBST and who want to see the Trust succeed. The real assets of PNBST are our rights and the potential is huge. When PNBST exercises these rights we will be one of the best Trustees in New Zealand.

The Chairman acknowledged those who travelled from Taranaki and stated that he hoped next year a small PNBST team will travel to the Chatham's and Taranaki to communicate to our people.

The Chairman closed the AGM at 1.10pm.



SPECIAL GENERAL MEETING

Neil Blanchfield from Electionz.com chaired the Special General Meeting.

Noted the voting form for the casual Trustee vacancy had included the Special Resolution relating to the amendment to the Trust need. This negated the need to consider the Special Resolution at the SGM.

Neil Blanchfield closed the Special General Meeting.

KARAKIA WHAKAMUTUNGA

Kura Moeahu closed the meeting with Karakia at 1.25pm

Directory

Elected Board of Trustees

Chairman	Neville Baker (elected Oct 2013)
Deputy-Chairman	Toarangatira Pomare (elected Sept 2012)
Trustees	Howie Tamati (elected Sept 2012) Te Rira (Teri) Puketapu (elected Sept 2013) Kura Moeahu (elected Sept 2013) Hokipera Ruakere (elected Sept 2012) Mark Te One (elected Sept 2013) Sam Kahui (elected Sept 2013) Morrie Love (elected Sept 2014) Liz Mellish (resigned June 2015) Professor Ngatata Love (elected Sept 2012)

Professional Advisers

Accounting: Simple Accounting Services Ltd.
262 Thorndon Quay
Wellington

Legal: DLA Piper
50-64 Customhouse Quay
Wellington

Directory

Management Team

Chief Executive Officer
Kaumatua
Kaiwhakahaere Taiao
Business Services Manager
Accounts
Receptionist/Database Administrator
Intern

Jason Fox
June Jackson
Lee Rauhina-August
Ben Jamison
Jane Dawson
Ngahuia Wright
Ripeka Hoerara

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