

Rakiura Maori Lands Trust
Consolidated Financial Statements
For the Year Ended
30 June 2018

RAKIURA MAORI LANDS TRUST

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

| | Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|--|-------|--------------------------------|--------------------------------|
| Continuing Operations | | | |
| Revenue | 4 | 112,693 | 79,596 |
| Investment Income | 5 | 224,408 | 222,250 |
| Other gains and losses | 6 | 83,236 | 137,845 |
| Depreciation Expense | 9 | (45,481) | (46,008) |
| Trust Administration Expenditure | | (144,164) | (155,993) |
| Owners Administration Expenditure | | (15,564) | (40,324) |
| Investing Activity Expenditure | | (62,817) | (56,947) |
| Governance Expenditure | | (133,651) | (111,852) |
| Project Expenditure | | (2,083) | (46,297) |
| Other Expenses | | (109,487) | (95,608) |
| Profit (loss) Before Tax | | (92,910) | (113,338) |
| Income Tax Benefit | 7.1 | (851) | 2,637 |
| Profit (loss) for the year from continuing operations | | (93,761) | (110,701) |
| Profit (loss) for the year | | (93,761) | (110,701) |
| Other Comprehensive Income | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| <i>Exchange differences on translating foreign operations</i> | | | |
| Net fair value loss on available-for-sale financial assets during the year | | 156,451 | (58,093) |
| <i>Available for sale financial assets</i> | | | |
| Net fair value gain on available-for-sale financial assets during the year | | 290,723 | 317,188 |
| Other comprehensive income for the year, net of income tax | | 447,174 | 259,095 |
| Total comprehensive income (loss) for the year | | 353,413 | 148,394 |
| <i>Profit for the year attributable to:</i> | | | |
| Special Funds & Reserves | | 171,369 | 161,422 |
| Retained Earnings | | (265,130) | (272,123) |
| | | (93,761) | (110,701) |
| <i>Total comprehensive income for the year attributable to:</i> | | | |
| Special Funds & Reserves | | 171,369 | 161,422 |
| Retained Earnings | | 182,044 | (13,028) |
| | | 353,413 | 148,394 |

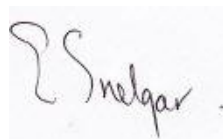
RAKIURA MAORI LANDS TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

| | Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|--------------------------------------|-------|--------------------------------|--------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 701,836 | 676,548 |
| Investments | 10 | 6,493,516 | 5,816,138 |
| Deferred tax assets | 7.4 | 3,734 | 5,420 |
| Investment in Joint Operations | | 9,270 | 6,517 |
| Total non-current assets | | 7,208,356 | 6,504,623 |
| Current assets | | | |
| Trade and other receivables | 13 | 67,639 | 26,329 |
| Current Tax Assets | 7.3 | - | 1 |
| Other current assets | 12 | 7,243 | 9,441 |
| Cash and cash equivalents | 18 | 441,358 | 932,911 |
| | | 516,240 | 968,682 |
| Assets classified as held for sale | 8 | - | - |
| Total current assets | | 516,240 | 968,682 |
| Total assets | | 7,724,596 | 7,473,305 |
| EQUITY AND LIABILITIES | | | |
| Capital and Reserves | | | |
| Other reserves | 14 | 6,869,523 | 6,250,980 |
| Retained Earnings | 15 | (2,076,407) | (1,811,277) |
| Equity atributable to trust | | 4,793,116 | 4,439,703 |
| Total equity | | 4,793,116 | 4,439,703 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 7.4 | 19,265 | 20,100 |
| Total non-current liabilities | | 19,265 | 20,100 |
| Current liabilities | | | |
| Current tax liabilities | 7.3 | - | - |
| Deferred Revenue | 20 | 71,000 | 127,590 |
| Other current liabilities | | 50,644 | 9,495 |
| Trade and other payables | 17 | 34,463 | 80,115 |
| Unclaimed dividends | 16 | 2,756,108 | 2,796,302 |
| Total current liabilities | | 2,912,215 | 3,013,502 |
| Total liabilities | | 2,931,480 | 3,033,602 |
| Total equity and liabilities | | 7,724,596 | 7,473,305 |

For and on behalf of the Trust, dated 28 August 2018



Simon Gomez
Kaiwhakahaere



Eliza Snelgar
Hekeretari

RAKIURA MAORI LANDS TRUST

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

| | Land management reserve \$ | Trust administration reserve \$ | Available-for- sale revaluation reserve \$ | Foreign Currency translation reserve \$ | Section 218 reserve \$ | Retained Earnings \$ | Atributable to the trust \$ | Total \$ |
|--|-------------------------------------|--|---|---|------------------------------|----------------------------|-----------------------------------|-------------|
| Balance as at 30 June 2016 | 2,733,558 | 1,700,560 | 115,269 | (132,503) | 1,413,579 | (1,539,154) | 4,291,309 | 4,291,309 |
| Profit for the year | 48,332 | - | - | - | 113,090 | (272,123) | (110,701) | (110,701) |
| Other comprehensive income for the year, net of income tax | - | - | 317,188 | (58,093) | - | - | 259,095 | 259,095 |
| Total comprehensive income for the year | 48,332 | - | 317,188 | (58,093) | 113,090 | (272,123) | 148,394 | 148,394 |
| Payment of dividends | - | - | - | - | - | - | - | - |
| Balance as at 30 June 2017 | 2,781,890 | 1,700,560 | 432,457 | (190,596) | 1,526,669 | (1,811,277) | 4,439,703 | 4,439,703 |
| Profit for the year | 41,729 | - | - | - | 129,640 | (265,130) | (93,761) | (93,761) |
| Other comprehensive income for the year, net of income tax | - | - | 290,723 | 156,451 | - | - | 447,174 | 447,174 |
| Total comprehensive income for the year | 41,729 | - | 290,723 | 156,451 | 129,640 | (265,130) | 353,413 | 353,413 |
| Payment of dividends | - | - | - | - | - | - | - | - |
| Balance as at 30 June 2018 | 2,823,619 | 1,700,560 | 723,180 | (34,145) | 1,656,309 | (2,076,407) | 4,793,116 | 4,793,116 |

RAKIURA MAORI LANDS TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

| Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|---|--------------------------------|--------------------------------|
| Cash flows from operating activities | | |
| Interest received | 95,443 | 118,594 |
| Dividends Received | 138,824 | 125,236 |
| Receipts from customers | 59,667 | 242,615 |
| Payments to suppliers and employees | (511,565) | (484,161) |
| Cash generated from operations | (217,631) | 2,284 |
| Interest paid | (1) | (669) |
| Income Taxes Paid | (13,236) | (10,746) |
| Net cash generated by operating activities | (230,868) | (9,131) |
| Cash flows from investing activities | | |
| Payments to acquire investments | (925,247) | (689,753) |
| Proceeds on sale/maturity of investments | 778,759 | 588,859 |
| Payments for property, plant and equipment | (72,124) | (71,016) |
| Proceeds from disposal of property, plant & equipment | (1,879) | 195,435 |
| Net cash (used in)/generated by investing activities | (220,491) | 23,525 |
| Cash flows from financing activities | | |
| Payments to Beneficial Owners | (40,194) | (291,179) |
| Net cash used in financing activities | (40,194) | (291,179) |
| Net increase/(decrease) in cash and cash equivalents | (491,553) | (276,785) |
| Cash and cash equivalents at the beginning of the year | 932,911 | 1,209,696 |
| Cash and cash equivalents at the end of the year | 441,358 | 932,911 |

RAKIURA MAORI LANDS TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 GENERAL INFORMATION

These financial statements are for Rakiura Maori Lands Trust (the Trust) and its subsidiaries (together the Group).

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The consolidated financial statements of Rakiura Maori Lands Trust have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). Rakiura Maori Lands Trust is a profit oriented entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS-RDR').

NZ IFRS – reduced disclosure regime

The Group has applied External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities) (XRB A1). The Group qualifies for NZ IFRS-RDR as it does not have public accountability and is not a large for-profit public sector entity. The Group has elected to apply NZ IFRS-RDR and has applied the applicable disclosure concessions.

Statutory Base

Rakiura Maori Lands Trust is a Trust formed under the Te Ture Whenua Maori Act 1993 and is a reporting entity for the purposes of the Financial Reporting Act 2013.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013.

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets at fair value through other comprehensive income.

The preparation of financial statements in conformity with NZ IFRS-RDR requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.1 Changes in accounting policy and disclosures

The Group changed its accounting policies on 1 July 2016 to include NZ IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* and to remove NZ IAS 17 *Leases*. There is no impact on comparative figures of these changes in accounting policies. There are no further changes in accounting policies for the 2016 financial year.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions and balances between Group entities are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Joint arrangements

The group applies NZ IFRS 11 to all joint arrangements. Under NZ IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Rakiura Maori Lands Trust has assessed the nature of its joint arrangements and determined them to be joint operations.

2.3 Property, Plant and Equipment

The land owned by Rakiura Maori Lands Trust on Stewart Island (legally administered by the Trustees on behalf of the Beneficial Owners) was vested to the Trust under the Te Ture Whenua Maori Land Act 1993. The land was vested for nil consideration and as such is recorded at nil cost. Land and Buildings owned by Rakiura Maori Lands Trust, but not vested to the Trust under the Te Ture Whenua Maori Land Act 1993 are recorded at historical cost less accumulated depreciation. All other property, plant and equipment is stated at historical cost less aggregate depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land is not depreciated. Permits are depreciated using the straight-line method to allocate their cost to their residual values over the life of the permit. Depreciation on other assets is calculated using the diminishing value method to allocate their cost to their residual values over their estimated useful lives, unless the asset is not in use, as follows:

| | |
|---------------------------------|---------|
| Buildings and Structures | 2-40% |
| Property Improvements | 4.8-12% |
| Office Equipment | 10-48% |
| Computer Equipment and Software | 10-60% |
| Plant & Equipment | 4-80% |
| Vessel | 13-48% |
| Motor Vehicles | 12-30% |
| Cafe Equipment | 20% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.4).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other Income' in the income statement.

2.4 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

2.5 Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.6 Investments

The group classifies its financial assets in the following categories: held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

(a) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any

impairment losses. Amortisation of held-to-maturity investments is presented in the profit or loss within 'Finance costs'. Assets in this category are included in non-current assets unless the investment matures within 12 months of the end of the reporting period.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Groups loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in held-to-maturity investments or loans and receivables. Available-for-sale financial assets are initially recognised at fair value plus transaction costs for all financial assets. They are included in non-current assets unless the investment matures or the trustees intend to dispose of it within 12 months of the end of the reporting period.

Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and presented in the available-for-sale revaluation reserve in equity. They are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership, and on derecognition the gain or loss accumulated in equity is reclassified to profit or loss.

2.7 Foreign Currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences on retranslation of available-for-sale equity investments which are recognised in other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

2.8 Impairment of Financial Assets

(a) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against held-to-maturity investments. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(b) Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value,

less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

2.9 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Trustees periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.11 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met as described below. The group bases its estimate of return on historical results, taking into consideration they type of customer, the type of transactions and the specifics of each arrangement.

(a) Sales of services

The group sells access to their land for hunting purposes. For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to the dates of the trip.

2.12 Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.

2.13 Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

2.14 Unclaimed Dividends

Unclaimed dividends arise where the beneficiaries of declared dividends have not come forward or where the balance of the dividend payable is less than \$10. These are recorded at the original dividend payable.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There were no estimates and assumptions made that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 REVENUE

The following is an analysis of the Group's revenue for the year from continuing operations.

| | Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|--|-------|--------------------------------|--------------------------------|
| Revenue from the rendering of services | | 77,200 | 59,244 |
| Other income | | 35,493 | 20,352 |
| | | <u>112,693</u> | <u>79,596</u> |

5 INVESTMENT INCOME

| | Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|-----------------------------------|-------|--------------------------------|--------------------------------|
| Continuing Operations | | | |
| Interest Income | | | |
| Bank Deposits | | 1,280 | 8,278 |
| Held-to-maturity investments | | 97,541 | 109,504 |
| | | <u>98,821</u> | <u>117,782</u> |
| Dividends from Equity Investments | | 125,587 | 104,468 |
| | | <u>224,408</u> | <u>222,250</u> |

6 OTHER GAINS AND LOSSES

| | Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|--|-------|--------------------------------|--------------------------------|
| Continuing operations | | | |
| Income: | | | |
| Gain on disposal of property, plant and equipment | | 723 | 50,127 |
| Revenue from government grants | 20 | - | 30,910 |
| Cumulative gain reclassified from equity on disposal of available-for-sale investments | | 147,082 | 87,261 |
| | | 147,805 | 168,298 |
| Expenses: | | | |
| Loss on disposal of property, plant and equipment | | (3,958) | - |
| Cumulative loss reclassified from equity on disposal of available-for-sale investments | | (60,611) | (30,453) |
| | | (64,569) | (30,453) |
| Total other gains and losses | | 83,236 | 137,845 |

7 INCOME TAXES RELATING TO CONTINUING OPERATIONS

7.1 Income tax recognised in profit or loss

| | Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|---|-------|--------------------------------|--------------------------------|
| Current Tax | | | |
| In respect of the current year | | - | - |
| Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period | | - | - |
| | | - | - |
| Deferred Tax | | | |
| In respect of the current year | | 851 | (2,637) |
| | | 851 | (2,637) |
| Total income tax benefit recognised in the current year relating to continuing operations | | 851 | (2,637) |

The income tax benefit for the year can be reconciled to the accounting profit as follows:

| | Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|--|-------|--------------------------------|--------------------------------|
| Profit (loss) before tax from continuing operations | | (92,910) | (113,338) |
| Income tax expense calculated at 17.5% (2016: 17.5%) | | (16,259) | (19,834) |
| Effect of income that is exempt from taxation | | 28,364 | 17,286 |
| Effect of expenses that are not deductible in determining taxable profit | | 22,852 | 18,365 |
| Effect of unused tax losses and tax offsets not recognised as deferred tax assets | | (34,957) | (15,817) |
| Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets | | 851 | (2,637) |
| | | 851 | (2,637) |
| Income tax benefit recognised in profit or loss (relating to continuing operations) | | 851 | (2,637) |

7.2 Income tax recognised in other comprehensive income

| | Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|-------------------|-------|--------------------------------|--------------------------------|
| Total current tax | | - | - |

7.3 Current tax assets and liabilities

| | Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|--------------------------------|-------|--------------------------------|--------------------------------|
| Current tax assets | | | |
| Tax refund receivable | | - | 1 |
| | | - | 1 |
| Current tax liabilities | | | |
| Income tax payable | | - | - |
| | | - | - |

7.4 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

| | Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|--------------------------|-------|--------------------------------|--------------------------------|
| Deferred tax assets | | 3,734 | 5,420 |
| Deferred tax liabilities | | (19,265) | (20,100) |
| | | (15,531) | (14,680) |

| | Opening balance \$ | Recognised in profit or loss \$ | Recognised in other comprehensive income \$ | Acquisitions /Disposals \$ | Closing balance \$ |
|---|--------------------------|---------------------------------------|---|----------------------------------|--------------------------|
| 2018 | | | | | |
| Deferred tax (liabilities)/assets in relation to | | | | | |
| Property, plant and equipment | (20,100) | 835 | - | - | (19,265) |
| Provisions | 5,420 | (1,686) | - | - | 3,734 |
| | (14,680) | (851) | - | - | (15,531) |

| | Opening balance \$ | Recognised in profit or loss \$ | Recognised in other comprehensive income \$ | Acquisitions /Disposals \$ | Closing balance \$ |
|---|--------------------------|---------------------------------------|---|----------------------------------|--------------------------|
| 2017 | | | | | |
| Deferred tax (liabilities)/assets in relation to | | | | | |
| Property, plant and equipment | (22,354) | 2,254 | - | - | (20,100) |
| Provisions | 5,037 | 383 | - | - | 5,420 |
| | (17,317) | 2,637 | - | - | (14,680) |

7.5 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

| Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|---|--------------------------------|--------------------------------|
| Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following: | | |
| - tax losses | 3,446,207 | 2,997,723 |
| | <u>3,446,207</u> | <u>2,997,723</u> |

8 ASSETS CLASSIFIED AS HELD FOR SALE

| Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|--|--------------------------------|--------------------------------|
| Vessel (i) | - | - |
| | <u>-</u> | <u>-</u> |
| Liabilities associated with assets held for sale | - | - |
| | <u>-</u> | <u>-</u> |

(i) The group disposed of the vessel during the 2017 financial year.

9 PROPERTY, PLANT AND EQUIPMENT

| Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|-------------------------------|--------------------------------|--------------------------------|
| Carrying amounts of: | | |
| Freehold Land | - | - |
| Buildings & Huts | 553,014 | 531,237 |
| Property Improvements | 63,627 | 47,258 |
| Office Equipment | 509 | 590 |
| Computer Equipment & Software | 10,283 | 15,096 |
| Plant & Equipment | 29,128 | 31,972 |
| Vessel | 2,732 | 3,248 |
| Motor Vehicles | 1,883 | 3,074 |
| Café Equipment | 38,825 | 39,243 |
| Permits | 1,835 | 2,080 |
| Capital Work in Progress | - | 2,750 |
| | <u>701,836</u> | <u>676,548</u> |

| | Balance at 1 July 2017 \$ | Additions \$ | Disposals \$ | Reclassified as held for sale \$ | Balance at 30 June 2018 \$ |
|-------------------------------|---------------------------------|-----------------|------------------|--|----------------------------------|
| Cost | | | | | |
| Freehold Land | - | - | - | - | - |
| Buildings & Huts | 720,501 | 89,557 | (39,183) | - | 770,875 |
| Property Improvements | 72,105 | 19,055 | - | - | 91,160 |
| Office Equipment | 2,972 | - | (1,578) | - | 1,394 |
| Computer Equipment & Software | 214,232 | 6,378 | (187,173) | - | 33,437 |
| Plant & Equipment | 60,997 | 2,234 | (7,343) | - | 55,888 |
| Vessel | 6,574 | - | - | - | 6,574 |
| Motor Vehicles | 24,464 | - | (11,307) | - | 13,157 |
| Café Equipment | 46,184 | - | - | - | 46,184 |
| Permits | 6,972 | - | (3,293) | - | 3,679 |
| Capital Work in Progress | 2,750 | 114,474 | (117,224) | - | - |
| Total | <u>1,157,751</u> | <u>231,698</u> | <u>(367,101)</u> | <u>-</u> | <u>1,022,348</u> |

| | Balance at 1 July 2017 | Eliminated on Disposal of Assets | Depreciation Expense | Eliminated on reclassification as held for sale | Balance at 30 June 2018 |
|---------------------------------|---------------------------|-------------------------------------|-------------------------|---|----------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Accumulated Depreciation | | | | | |
| Freehold Land | - | - | - | - | - |
| Buildings & Huts | 189,264 | (68) | 28,666 | - | 217,862 |
| Property Improvements | 24,847 | - | 2,686 | - | 27,533 |
| Office Equipment | 2,382 | (1,570) | 73 | - | 885 |
| Computer Equipment & Software | 199,136 | (183,620) | 7,638 | - | 23,154 |
| Plant & Equipment | 29,025 | (6,946) | 4,681 | - | 26,760 |
| Vessel | 3,326 | - | 516 | - | 3,842 |
| Motor Vehicles | 21,390 | (10,674) | 558 | - | 11,274 |
| Café Equipment | 6,941 | - | 418 | - | 7,359 |
| Permits | 4,892 | (3,293) | 245 | - | 1,844 |
| Total | 481,203 | (206,171) | 45,481 | - | 320,513 |

10 INVESTMENTS

| | Notes | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|-----------------------|-------|--------------------------|--------------------------|
| | | \$ | \$ |
| Debt securities | | 2,087,461 | 1,559,786 |
| Equity securities (i) | | 3,592,571 | 3,525,366 |
| Property | | 515,889 | 584,028 |
| Unit funds | | 297,595 | 146,958 |
| | | 6,493,516 | 5,816,138 |

- (i) Equity investments include the purchase of Department of Conservation concessions for the investment in the partnership with Real Journeys Limited.

11 SUBSIDIARIES

| Name of subsidiary | Principle Activity | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|--------------------------------------|--------------------|--------------------------|--------------------------|
| Rakiura Wildlife Experiences Limited | Hunting | 100% | 100% |

12 OTHER ASSETS

| | Notes | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|-------------|-------|--------------------------|--------------------------|
| | | \$ | \$ |
| Prepayments | | 7,243 | 9,441 |
| | | 7,243 | 9,441 |

13 TRADE AND OTHER RECEIVABLES

| | Notes | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|------------------------------|-------|--------------------------|--------------------------|
| | | \$ | \$ |
| Trade Receivables | | 44,878 | 12,241 |
| Allowance for doubtful debts | | - | - |
| | | 44,878 | 12,241 |
| Other receivables | | 22,761 | 14,088 |
| | | 67,639 | 26,329 |

14 RESERVES

| | Notes | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|--|-------|--------------------------|--------------------------|
| | | \$ | \$ |
| Land Management Reserve | 14.1 | 2,823,619 | 2,781,890 |
| Trust Administration Reserve | 14.2 | 1,700,560 | 1,700,560 |
| Section 218 Reserve | 14.3 | 1,656,309 | 1,526,669 |
| Available-for-Sale Revaluation Reserve | 14.4 | 723,180 | 432,457 |
| Foreign Currency Translation Reserve | 14.5 | (34,145) | (190,596) |
| | | <u>6,869,523</u> | <u>6,250,980</u> |

14.1 Land Management Reserve

| | Notes | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|-------------------------------|-------|--------------------------|--------------------------|
| | | \$ | \$ |
| Balance at beginning of year | | 2,781,890 | 2,733,558 |
| Inflation/Capital Adjustments | | 41,729 | 48,332 |
| Balance at end of year | | <u>2,823,619</u> | <u>2,781,890</u> |

The Land Management Reserve is set aside to satisfy the Trust's obligation under the Land Management Plan to maintain the land and pests in perpetuity. The Land Management Reserve is inflation adjusted annually to preserve the original reserve set aside. The restoration work on the Neck was subsidised from this reserve.

14.2 Trust Administration Reserve

| | Notes | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|-------------------------------|-------|--------------------------|--------------------------|
| | | \$ | \$ |
| Balance at beginning of year | | 1,700,560 | 1,700,560 |
| Inflation/Capital Adjustments | | - | - |
| Balance at end of year | | <u>1,700,560</u> | <u>1,700,560</u> |

The Trust Administration Reserve is set aside to ensure the existence of the Trust now and into the future. The Trust Administration Reserve is adjusted depending on the annual result less transfers to other reserves, including top ups as determined by the trustees in order for the trust to survive in perpetuity.

14.3 Section 218 Reserve

| | Notes | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|------------------------------|-------|--------------------------|--------------------------|
| | | \$ | \$ |
| Balance at beginning of year | | 1,526,669 | 1,413,579 |
| Interest on unclaimed funds | | 129,640 | 113,090 |
| Balance at end of year | | <u>1,656,309</u> | <u>1,526,669</u> |

The Section 218 Reserve is set aside under the Te Ture Whenua Maori Act 1993. The Section 218 Reserve is adjusted each year for interest on unclaimed dividends and can be used for projects specifically permitted under Section 218 as approved by the Trustees.

14.4 Available-for-Sale Revaluation Reserve

| Notes | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Balance at beginning of year | 432,457 | 115,269 |
| Net fair value gain on available-for-sale assets during the year | 437,805 | 404,449 |
| Net fair value gain on available-for-sale assets reclassified to profit or loss | (147,082) | (87,261) |
| Balance at end of year | <u>723,180</u> | <u>432,457</u> |

The Available-for-Sale revaluation reserve includes net fair-value gains on available-for-sale investments. Net fair value losses on available-for-sale investments are offset in this reserve to the extent that the original gains were included in the reserve.

14.5 Foreign Currency Translation Reserve

| Notes | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Balance at beginning of year | (190,596) | (132,503) |
| Exchange differences arising on translating foreign operations | 156,451 | (58,093) |
| Balance at end of year | <u>(34,145)</u> | <u>(190,596)</u> |

The Foreign Currency Translation reserve includes all foreign currency differences arising from the translation of foreign currency financial assets.

15 RETAINED EARNINGS

| Notes | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|------------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| Retained Earnings | <u>(2,076,407)</u> | <u>(1,811,277)</u> |
| Balance at beginning of year | (1,811,277) | (1,539,154) |
| Profit attributable to trust | (93,761) | (110,701) |
| Transfers to reserves | (171,369) | (161,422) |
| Balance at end of year | <u>(2,076,407)</u> | <u>(1,811,277)</u> |

16 UNCLAIMED DIVIDENDS

| Notes | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Balance at beginning of year | 2,796,302 | 3,087,481 |
| Distributions released during the year | (40,194) | (291,179) |
| Balance at end of year | <u>2,756,108</u> | <u>2,796,302</u> |

17 TRADE AND OTHER PAYABLES

| Notes | Year Ended 30/06/2018 | Year Ended 30/06/2017 |
|----------------|--------------------------|--------------------------|
| | \$ | \$ |
| Trade payables | 10,627 | 45,725 |
| Other payables | 23,836 | 34,390 |
| | <u>34,463</u> | <u>80,115</u> |

18 CASH AND CASH EQUIVALENTS

| | Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|----------------------------------|-------|--------------------------------|--------------------------------|
| Cash on hand and demand deposits | | 197,436 | 714,870 |
| Foreign currency accounts | | 243,922 | 18,041 |
| Short-term deposits | | - | 200,000 |
| | | <u>441,358</u> | <u>932,911</u> |

19 FINANCIAL ASSETS

The fair values of financial assets, together with the carrying amounts shown in the statement of financial position, are as follows:

| | Note | Designated at fair value | Held-to- maturity | Loans and receivables | Available -for-sale | Total carrying amount |
|-----------------------------|------|-----------------------------|----------------------|--------------------------|------------------------|--------------------------|
| 30 June 2018 | | | | | | |
| Cash and cash equivalents | 18 | - | - | 441,358 | - | 441,358 |
| Trade and other receivables | 13 | - | - | 67,639 | - | 67,639 |
| Term Deposits | 18 | - | - | - | - | - |
| Property | 10 | - | - | - | 515,889 | 515,889 |
| Unit funds | 10 | - | - | - | 297,595 | 297,595 |
| Investment securities | | | | | | |
| Debt securities | 10 | - | 2,087,461 | - | - | 2,087,461 |
| Equity securities | 10 | - | - | - | 3,592,571 | 3,592,571 |
| | | <u>-</u> | <u>2,087,461</u> | <u>508,997</u> | <u>4,406,055</u> | <u>7,002,513</u> |
| 30 June 2017 | | | | | | |
| Cash and cash equivalents | 18 | - | - | 732,911 | - | 732,911 |
| Trade and other receivables | 13 | - | - | 26,329 | - | 26,329 |
| Term Deposits | 18 | - | 200,000 | - | - | 200,000 |
| Property | 10 | - | - | - | 584,028 | 584,028 |
| Unit funds | 10 | - | - | - | 146,958 | 146,958 |
| Investment securities | | | | | | |
| Debt securities | 10 | - | 1,559,786 | - | - | 1,559,786 |
| Equity securities | 10 | - | - | - | 3,525,366 | 3,525,366 |
| | | <u>-</u> | <u>1,759,786</u> | <u>759,240</u> | <u>4,256,352</u> | <u>6,775,378</u> |

20 DEFERRED REVENUE

| | Notes | Year Ended 30/06/2018 \$ | Year Ended 30/06/2017 \$ |
|-------------------------------|-------|--------------------------------|--------------------------------|
| Arising from government grant | | 71,000 | 127,590 |
| | | <u>71,000</u> | <u>127,590</u> |
| Current | | 71,000 | 127,590 |
| Non-current | | - | - |
| | | <u>71,000</u> | <u>127,590</u> |

The Group was been awarded three government grants during the 2017 financial year.

The first grant relates to the assessment of sustainable revenue streams for landowners through a tourism venture with Real Journeys Limited and amounts to a total of \$65,000, which is receivable in instalments on completion of the outputs specified in the agreement, and is to cover all expenses incurred under the agreement. This grant was exhausted in the 2018 financial year.

The second grant relates to the Rakiura Heritage Centre Taonga Housing and amounts to a total of \$80,000, which is receivable in instalments on completion of the outputs specified in the agreement, and is to cover all expenses incurred under the agreement. \$71,000 of this has been received to date and no expenses have been incurred to date under this agreement. The funds received are recognised as deferred revenue and will be released to the statement of profit or loss as expenses are incurred.

The third grant relates to pest control on The Neck and amounts to a total of \$50,000, which is receivable in instalments on completion of the outputs specified in the agreement, and is to cover all expenses incurred under the agreement. This grant was exhausted in the 2018 financial year.

21 RELATED PARTY TRANSACTIONS

Balances and transactions between the Trust and its subsidiary, which are related parties of the Trust, have been eliminated on consolidation and are not disclosed in this note.

Honorariums are paid to the Trustees in accordance with the approval of the owners present at prior AGMs. In addition, meeting fees are paid to Trustees, as is reimbursement of travel. The total expense recorded to Trustees during the 2018 financial year was \$62,550 (2017 \$58,600).

Directors fees are also paid to the Directors of the subsidiary. The total expense recorded to Directors during the 2018 financial year was \$19,150 (2017 Nil).

22 COMMITMENTS FOR EXPENDITURE

No commitments for expenditure exist for the Group at balance date (2017 Nil).

23 CONTINGENT LIABILITIES

No contingent liabilities exist for the Group at balance date (2017 Nil).

24 EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place post balance date.

25 AUDIT OF THE FINANCIAL STATEMENTS

At the 2015 AGM on 4th October 2015 the beneficial owners voted to remove the requirement for the financial statements to be audited.

26 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the trustees and authorised for issue on 28 August 2018.