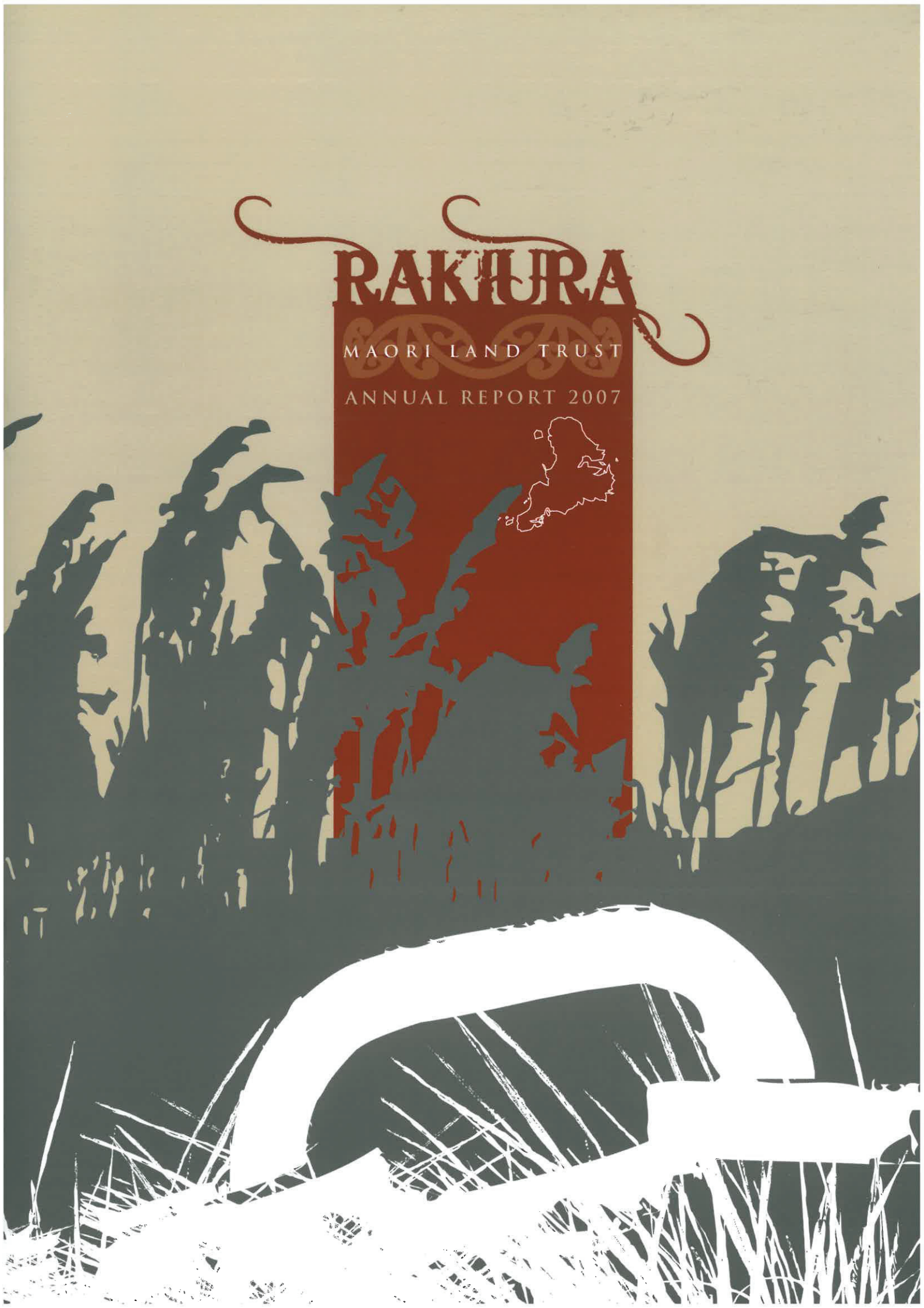


# RAKIURA

MAORI LAND TRUST

ANNUAL REPORT 2007





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...and Queen who may succeed her and her and their assigns for ever in consideration of the sum of Six Thousand Pounds £2000 to be paid by Henry Jazy Clarke on behalf of the Queen Victoria (and we hereby acknowledge the receipt of the said money) All that sum of six thousand pounds was paid in full to the said Queen Victoria on the 1st day of June 1844 and the manner of the payment of the said sum is as follows: Six thousand Pounds £2000 has been to be paid. Five thousand pounds is to be held by the Governor to bear interest at the rate of eight per cent that is One hundred and eighty pounds per annum in full the interest for double amount between 1844 and 1854 shall direct how the money is to be applied. Two thousand Pounds £2000 to be expended under the direction of the Governor in the purchase of lands in the Southern Province for Educational and other purposes for the benefit of those tribes. The land we now set out and convey is the whole of the island Kaitake with all the minerals water rivers lakes streams and all appurtenances to the said land or being within the surface of the said land and all the lands islands and all the small islands adjacent and all our right title claim and interest whatsoever between Itself to Queen Victoria or heirs and assigns as a full free possession forever and ever. The lands that are returned here as Reserves for us and our descendants are the following: (1) The first is situated at ... (2) The second is situated at ... (3) The third is all that portion of land situated at the ... (4) The fourth is situated on the ... (5) The fifth is situated in ... (6) The sixth is situated at ...

**TĒ NEI TE KAUPAPA NUI O TE  
KAPOREIHANA TIAKI WHENUA  
MĀ ORI KI RAKIURA:  
TIAKINA Ō NA PUTEA, Ō NA  
WHENUA I TUKUA  
MA TE POARI TĒ NEI KAUPAPA  
NUI E WHAI AKE NEI:**

**KA KŌ REROTIA KI Ō NA RŌ PŪ  
HONOHONO;  
KA WHAKAHĀ ERE Ō NA TAKE  
KATOA I TE PONO;  
KA WHANAKETIA TŌ NA OHĀ KI  
I TUKUA MŌ NGĀ RŌ PŪ  
HONOHONO, MŌ NGĀ URI E  
MURI AKE NEI.**

This is the Mission Statement for Rakiura Maori  
Lands Trust  
To guard/protect its financial resources and its land  
holdings it has received;  
It is for the Board in its pursuits, to:  
Liaise with its affiliated groups;  
Manage all of its affairs transparently/truthfully;  
Advance its legacy it has received for its affiliated  
groups and for the descendants of this and future  
generations.

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**Horoiti Pahi**  
Paeoro  
Rawiri Teahora  
Tuiaro  
Henere Paremata  
Hoani Pōke  
Edmunds

Witness to the payment and signatures  
Honourable Member of Parliament  
Governor of New Zealand  
Lieutenant-Governor  
James Halliday Esq. Agent of the Queen Victoria

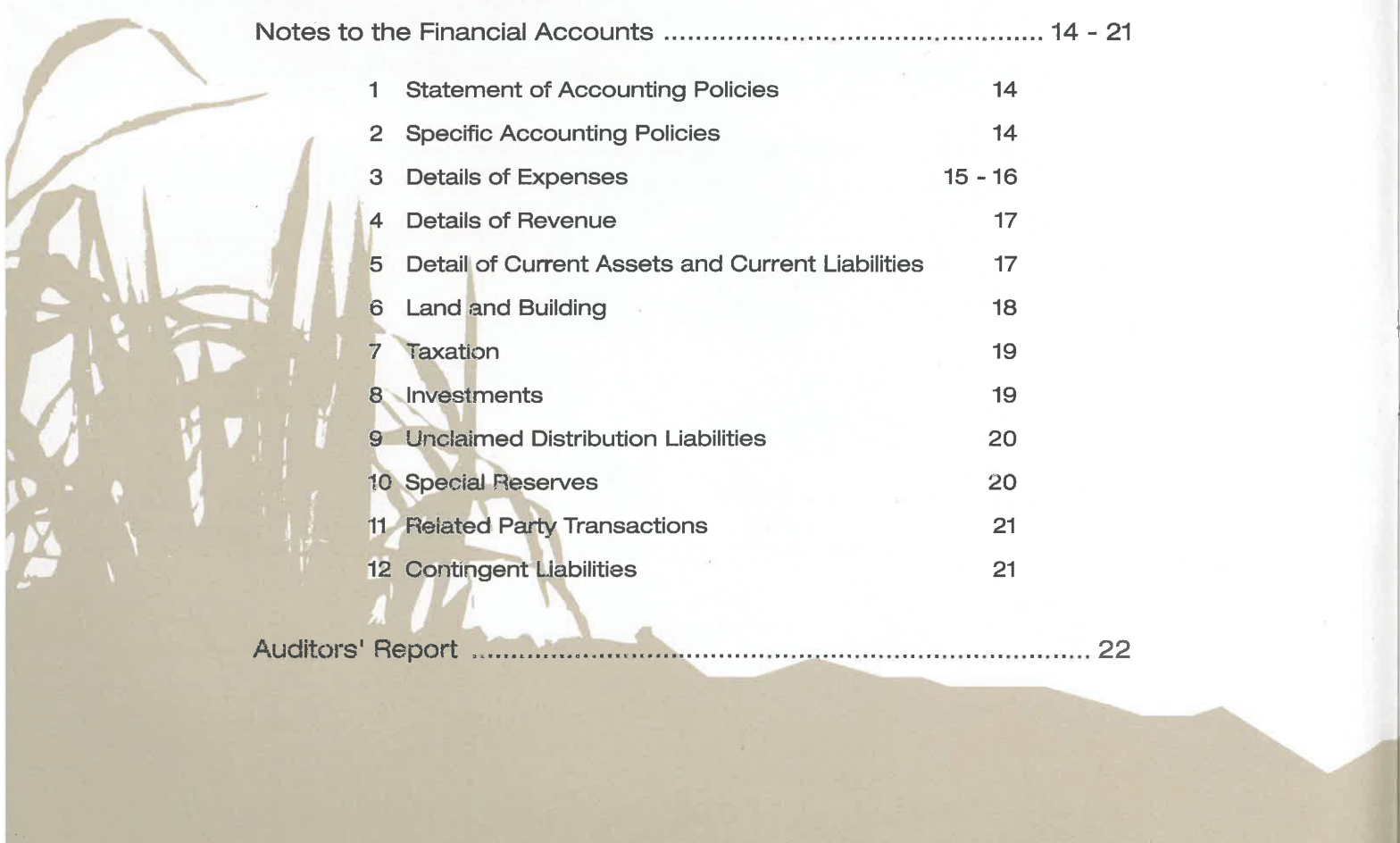
Received this being such day of June in the year four said One thousand eight hundred and forty four the sum of Six thousand Pounds £2000 being the consideration money expressed in the above written deed to be paid by Henry Jazy Clarke on behalf of her Majesty the Queen Victoria  
Witness  
John Ballantyne Esq. Resident Magistrate  
James Halliday Esq. Agent of the Queen Victoria  
Honourable Member of Parliament  
Lieutenant-Governor  
James Halliday Esq. Agent of the Queen Victoria  
Honourable Member of Parliament  
Lieutenant-Governor  
James Halliday Esq. Agent of the Queen Victoria

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# GOVERNANCE SUMMARY

KEY ISSUE	OBSERVATIONS
<b>Ethical Conduct</b> - including the use of formal codes of ethics	<ul style="list-style-type: none"><li>- The entity is developing a Code of Conduct which gives guidance on the standards of behaviour expected from the Kaiwhakahaere and Trustees. There is also formal meeting guidelines for the owners AGM process</li></ul>
<b>Trust Board Composition and Performance</b>	<ul style="list-style-type: none"><li>- An independent Governance Review was conducted in 2006/07 and subsequent steps have been taken to implement revised governance recommendations. This is an ongoing process.</li><li>- The Trust Board performance should be regularly and formally</li></ul>
<b>Sub-committees</b> - including composition of committees	<ul style="list-style-type: none"><li>- Sub-committees are formed to monitor and manage specific aspects of operations, investments or special projects. The committees include trustees and seek external involvement where necessary.</li></ul>
<b>Reporting and Disclosure</b> - including quarterly reporting and certification of financial statements	<ul style="list-style-type: none"><li>- The Trust Board reviews quarterly management reports against budget, including reviewing the annual business plan and approves the annual financial statements.</li></ul>
<b>Remuneration</b> - of Trustees	<ul style="list-style-type: none"><li>- Honorarian's were approved by owners.</li></ul>
<b>Risk Management</b> - including levels of disclosure	<ul style="list-style-type: none"><li>- Risk Management practices are reviewed informally by the Trust Board throughout the year, whether these be investment risks, hunting or walking track activities, land management obligations, legal considerations, Project Management, staffing and external resource management.</li></ul>
<b>Auditors</b>	<ul style="list-style-type: none"><li>- An independent audit is completed on the Financial Statements each year. Feedback is provided on internal controls systems and procedures.</li></ul>
<b>Owner Relations</b> - including institutional shareholders, public reporting	<ul style="list-style-type: none"><li>- The Trust Board reports to owners via newsletters, the annual report, AGM and more recently via the website <a href="http://www.visitrakiura.co.nz">www.visitrakiura.co.nz</a></li></ul>
<b>Stakeholder interests</b> - addressing the interests of stakeholders	<ul style="list-style-type: none"><li>- The Trust Board addresses the interests of all stakeholders.</li></ul>



# TRUSTEE'S REPORT

It is my pleasure to deliver a report on behalf of the Trustees for the Rakiura Maori Lands Trust activities for the 2006-07 operating year.

The most pleasing result for the Trust this year has been progress in identifying development opportunities to bring more Trust land into sustainable production. A pleasing aspect has been the opportunity to improve the Trust's productive base beyond the Lords River focus of the previous 10 years.

While Lords River will continue to be a significant focus for some time yet, it is pleasing to see other blocks such as "The Neck" featuring in the development opportunities of the future.

While we had a positive financial result, which is covered in detail within our report, the Trustees are concerned about the annual fluctuations in returns on our investments. We are, therefore, reviewing these options and looking at areas that provide a more stable return.

In addition, we also need to consider a broader range of income producing activities to finance the requirements of the Trust, which are covered within this report.

Once again, the Trust has continued its focus on development as an organisation to provide the primary building blocks to a successful future for the Trust and the taonga it manages on behalf of all its stakeholders. The following section covers the activities of the Trust in developing and maintaining the taonga of the Rakiura Maori Land Trust for 2006-07.

## GOVERNANCE

The Trustees have continued to make progress on the governance development of the Trust to ensure the current and future Trustees manage the trust in an effective, appropriate manner.

Formal training has continued to be a feature of the Trustees' development through Trust specific internal training with external providers and generic external training through organizations, such as the Institute of Directors in New Zealand.

The Institute promotes excellence in corporate governance, represents directors' interests and facilitates their professional development through education and training. It has around 4000 members representing the spectrum of New Zealand enterprise, from both the public and private sectors.

From a practical perspective the Trustees have:

- Introduced position descriptions for the various roles on the Trust such as Chairperson, Secretary, and Trustee. In addition, we have started a performance review process to identify the areas that require attention and improvement.
- Continued to expand the governance policy to guide the ongoing governance of the Trust.
- Brought forward appropriate rule changes for the Trust deed to better define the objects and powers and the appointment of Trustees.
- Taken steps to improve participation in the Trust through Advisory Groups, the first of which will be announced at this year's AGM.
- Started the development of a succession planning process through the introduction of Advisory Groups. The groups will provide an opportunity to help identify potential Trustees and provide a training ground for these people to learn about the Trust before being required to take up a governance role as a Trustee.

The Trustees see good governance as an essential component of the continued progress of the Trust

and will continue to ensure that every effort is made to continue its development.

Finally, the Trust has continued its development of its affiliations to improve access to quality assistance, learning, information and support for our ongoing activities. This year we have joined the Southland Chamber of Commerce and applied for membership to FoMA (Federation of Maori Authorities).

This is on top of our efforts to improve our liaison with other Maori Trusts and successful organisations. We see great benefit to all in improving co-operation and sharing of resources for our mutual benefit.

### BUSINESS IMPROVEMENT

Hunting is currently the only business activity that the trust is actively involved in and the only activity that makes productive use of any of the Trust's land. Realistically, hunting has only ever been seen as a means of pest control of the deer stocks and when correctly accounted for financially, it does little better than break even most years. However, the Trustees believe there is an opportunity to continue this form of pest containment while still obtaining a reasonable return for the effort required to manage the programme.

The Trust has, therefore, continued with the development of its hunting operation, following the completion of a review by Polson Higgs. The review was presented to last year's AGM and highlighted little or no reasonable opportunity for development into the high value trophy shooting market in the short to medium term but there are opportunities to improve the model we are currently operating.

During the year changes aimed at the following have been completed including:

- improved occupancy of the blocks through a better booking model.
- Improving boundaries of the blocks and the attractiveness of less popular areas.
- Providing a different product to attract hunters to less used blocks with good deer stocks.
- Improving campsite quality where huts are currently not being used.
- Increasing the product attraction through providing a better range of transport services to the blocks.
- Looking to value added offerings to raise overall income from the existing operations.
- Strengthening the administrative support processes for the hunting operation.

These changes were due to come into effect on January 1 2008 so we will not get their full effect from a business perspective until the 2008-09 financial year, given the changes will only feature in the last quarter of the current financial year.

### FUTURE OPPORTUNITIES

The Trust's "Strategic Plan" identified the need and opportunity to develop more of the Trust lands for the ultimate benefit of its many beneficial owners. During the last year the Trustees have made great progress towards making this a reality. At this year's AGM the owners of "The Neck" sections will consider a vision for these blocks that will provide a future direction to preserve and enhance them while bringing them into production.

"The Neck" offers a number of eco friendly opportunities through the native flora, fauna, and beautiful landscapes that it hosts. Combine this with reasonably easy access, albeit by sea, and this area provides us with several unique opportunities.

An independent review of "The Neck" sections was completed by Roger Lough, the Trust's Land Management Consultant, in early February. The review highlighted several issues that needed to be addressed before we could take advantage of these opportunities but dealing with them will provide the platform to move this project forward.

The Trustees developed an initial vision that has been refined, via owner input, to be implemented as follows:

- To proactively manage The Neck for the benefit of all beneficial owners in accordance with the requirements of the Trust Deed.
- To preserve, respect, and protect the historical sites of The Neck, placing special importance on our urupa.
- To put the lands where possible into productive use to fund the vision and generate benefits in an equitable way to all owners through sustainable and eco-friendly business developments.
- To remove animal pests and progress The Neck closer to pre-settlement condition, thus promoting the survival and development of the native flora, fauna and landscape.
- Where possible and appropriate, provide occupancy that is eco- friendly in presentation and use to the surrounding environment.

If this vision is endorsed by the beneficial owners, the Trust will be able to start bringing some of this



land into productive use. It will in turn broaden our income base and provide further opportunity for development. This is an exciting prospect for the Trust and its owners.

We have continued to work with advisors in the tourism industry and have started to develop relationships with operators that may be able to provide us with guidance in the future. We have looked at our lands from a tourism perspective and have had people from the industry look at it as well. They believe there are opportunities for us once we get started in the industry. We will continue to work on this approach and look forward to providing the owners with some very positive news soon in regard to our opportunities.

Rakiura has a unique and amazing history combined with breath-taking beauty through its landscapes and, more importantly, its native flora and fauna. This provides the trust and its owners with unique treasures. Being able to see kiwi and other rare birds in the wild is something that can't be matched anywhere else in the world and thus provides us with opportunities that can't be matched either. In time, we believe the trust and its beneficial owners will be able to finally make full use of the land that was granted to us for productive purposes so many years ago.

## LAND MANAGEMENT

The management of our land has continued during the year as it will continue into the future. The major focus of the current year has been the start of the process by the Department of Conservation to develop the Rakiura National Park plan and review the Rakiura Management Strategy.

These initiatives by DOC have far-reaching implications for the Trust and its lands, as we are the biggest land owner on the island beside DOC. With six percent of the island under RMLT administration, a large amount of this land borders

and requires land access through the National Park or other DOC land. Therefore, it is important that we ensure that the Trust and its beneficial owners can continue to use this land in the manner that was originally intended.

The Trust has made strong submissions to support our right for economic development in a manner that is compatible with the environment in a sustainable way. We seek to ensure the National Park Plan and Management Strategy support this right.

We have continued to develop a working relationship with DOC to ensure we are heard and we have used advice from experts such as Roger Lough, who developed our Lords River Management plan, and Mike Barnett, a consultant with a strong experience in working with DOC in National Parks for commercial tourism activities. The importance of getting this right cannot be overstated as once these plans have been approved and been put in place, they will largely control many of our opportunities heading into the future.

While the National Park Plan and Rakiura Management are a focus, work continues in other areas. We must continue to manage our blocks and look at opportunities to improve the future of much of the land through pest control. We are now starting to look at which options are available in these areas, and what level of resource will be required to make an impact in this area. This will become more of a focus as we seek improvements on "The Neck" sections.

## COMMUNICATIONS

The development of our communications is continuing and we have recently completed a major upgrade of the Trust's website:

[www.visitrakiura.co.nz](http://www.visitrakiura.co.nz). The website now features access to a wealth of information on the Trust, its lands, its activities and its news. The site is being maintained on a near daily basis with information, including local news, being added as it comes to



hand. We encourage you to use the site as much as possible.

While the website is the tool of the future, we have continued with our newsletters to help keep you up to date with activities. In addition, you can contact our office at any time to request information. We have made good progress with accumulating email addresses so that we can also provide quick communications via this means. While not everyone has email, most will now find someone in their family who does so we encourage you to supply us with an email address.

While the Advisory Group concept has been launched to assist with input into planning and development, it is also an important part of communication strategy. The groups are designed to help improve input from a wider cross-section of the Trust's beneficial owners, which is an extremely important part of our communications development. Communication improvement is fundamental to the successful development of the Trust and we will continue to provide resources and focus to fulfilling this requirement.

You will see that following the very positive feedback from last year's production of a formal ANNUAL REPORT that we have again undertaken one this year. We will slowly develop this for the Trust and its owners to provide you with a quality document that reflects the progress we are making as your organisation.

## PARTICIPATION

The Trust continues to see participation as an extremely important part of the Trust and its responsibilities. Through the advisory groups we have opened up another level of participation in the Trust to improve many aspects of our activities as outlined in this report.

The process we worked through this year in regard to "The Neck" project was founded on a system that was designed to provide direct input and participation within the Trust and its activities. The Trust will continue to use this type of process. Our new website is now interactive and provides you with the opportunity for input through online feedback forms.

However, the point that has not been lost is the great success of the trips to Rakiura prior to our AGMs and last year was no exception. Last year's AGM was the biggest and most successful to date and we have therefore decided to return again in 2008. In this year's AGM notification you will have received

a "Registration of Interest" form for 2008 and these are coming in faster than last year. We already have more than 30 people registering their interest for next year.

We would like to increase opportunities to participate in all aspects of the Trust and we will continue to try and identify these in the year ahead.

## FUTURE DIRECTIONS

In the coming year the Rakiura Maori Land Trust wants to build on the achievements and its development. We aim to improve our performance as Trustees to better serve your needs.

There will be a big focus on bringing other lands into a productive state to provide stability for the Trust to function on behalf of a bigger percentage of its owners and on improving our lands and the benefits available to members.

The development of partnerships remains important to us as we seek to reduce errors and learn from the experience of others. We want to find people to work with who can help enhance RMLT's development as a Trust worthy of the full support of its owners.

Finally, we will continue to look at the resources that the Trust uses to ensure our future objectives can be achieved in a timely, professional manner. We will ensure that we make further progress in our development for your ultimate benefit and we will continue to work for you in the months ahead. We will start to get closer to our dreams of a secure, productive future for the Trust and the lands that we administer for you.



Stephen Hartevelde  
Chairperson



# ACCOUNTANT'S REPORT

Welcome to the 2007 financial section of the Annual Report. The format follows the same layout as last year.

## OVERVIEW

The financial performance for the year was significantly affected by two items.

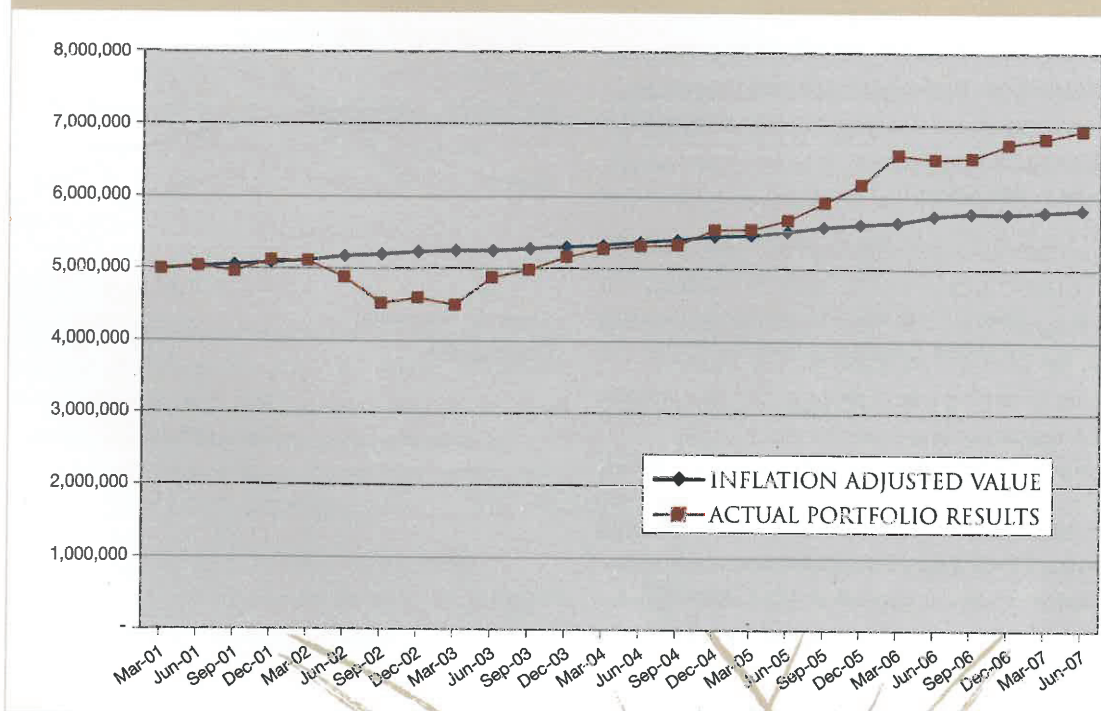
1. During the year the trustees on the recommendation of the Fund Managers adjusted the Spicer Managed portfolio parameters to increase the tax efficiency of the portfolios. As a result more than a million dollars was "realised" as dividend income (see note 4). This also released tax credits which have partially been used (see note 7) with more to be recovered in the tax year ahead.

2. The portfolios were revalued to market value at balance date and a "unrealised" loss (or reduction in the unit values) was recorded at balance date of some \$(950)k, undoing the gains above. As owners have seen before, the revaluation at balance date has a major effect on the annual result ie last year a \$930k unrealised gain was shown. But remember this is just a point in time and the graph below shows the portfolios are still ahead of inflation.

## HUNTING ACTIVITIES

Hunting revenue increased over 2006 by a small amount, however time, cost and energy has been spent on upgrading facilities, improving booking procedures, reviewing hunting policies and preparing

## SPICERS PORTFOLIOS



this revenue stream for a significant uplift going forward.

New huts were completed on South and North Lords bringing the total of new huts over the last two years to five.

#### INVESTMENT RETURNS

The Trustees were disappointed in the overall Return on Investment (ROI) achieved on the Spicer Portfolios for the year. The YTD ROI was less than 5% after fees and taxes were deducted. Over the last six years the core investments have achieved average ROI of between 5.5% and 6.5% after fees and taxes.

In light of the annual result monthly monitoring occurred on all investment balances and refinements made to increase returns while protecting the principal balances.

The Spicer result still out performs the inflation position from the start of that investment see graph.

#### SPECIAL PROJECTS

The Trust has invested on a number of fronts. Special projects include:

- The Mahara DVD project continued and is nearing completion.
- The Rakiura Experience delighted owners who were able to attend.
- Land Management planning was progressed further with Roger Lough's guidance.
- Tourism ideas were investigated.
- Rakiura National Park submission
- The website was developed.

#### NEW RESERVES/TRUST ADMINISTRATION AND LRS DISTRIBUTION RESERVE

Under the Trust Order Objects, the trustees have a key responsibility to ensure the Trust continues in existence. Accordingly the Trustees resolved to set aside \$1,200,000 of trust funds for the future administration of the Trust. In addition \$500,000 has been established as a reserve from which future distributions to Lords River sections owners can occur.

A policy is currently being completed independent of the Trustee's setting out what income sources and expenses are associated to which special fund, and what ultimately is available for owners through generation of future revenue streams.

#### SECTION RESULTS - LRS

These have been completed consistently with prior

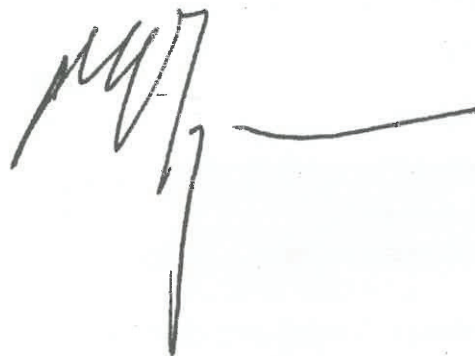
years and are available at the AGM for Lord River section owners only.

#### OWNERS ADMINISTRATION

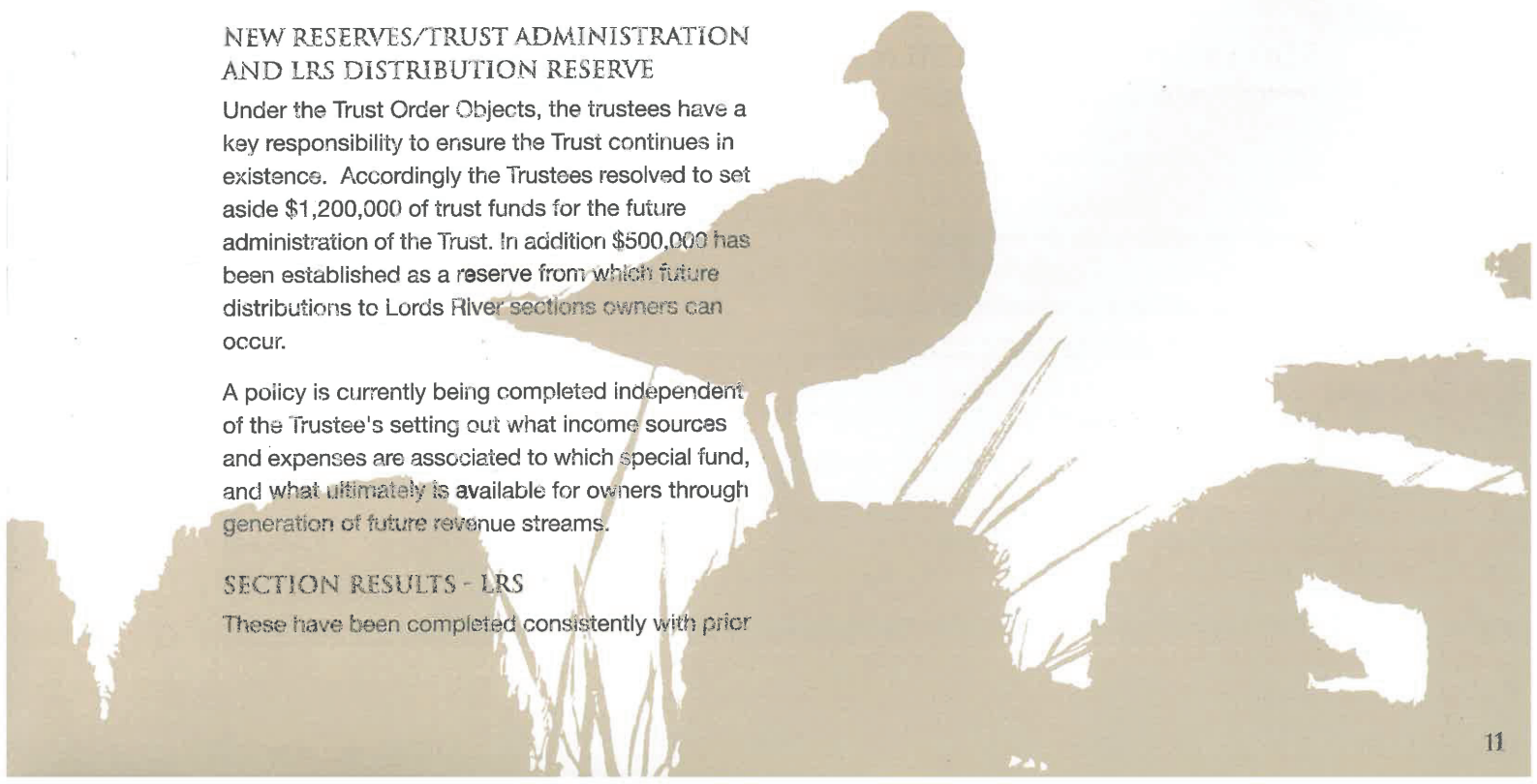
A considerable amount of time is spent each year reconciling the Trust's owner's database with the records held by the Maori Land Court. Regrettably, we frequently find that not all succession orders are sent to us, particularly from outside the South Island.

We ask owners to keep us informed of any change of address, to do so please contact the Bluff office on 03 212 8075 in your first instance.

Kia Ora



**Mark Tynan**  
Ashton Wheelans & Hegan  
Trust Administrators and Accountants





# RAKIURA MAORI LAND TRUST

## STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2007

		2007 \$	2006 \$
<b>INCOME</b>			
Gross Revenue	(Note 4)	1,418,261	345,124
(Less) Operational Costs	(Note 3)	(358,082)	(297,213)
<b>OPERATING SURPLUS BEFORE TAXATION</b>			
Less Provision for Taxation	(Note 7)	-	-
<b>OPERATING SURPLUS AFTER TAXATION</b>			
Plus (less) Unrealised Gains (losses)		(951,240)	928,737
<b>TOTAL RETAINED EARNINGS FOR YEAR</b>			
		108,939	976,648
<b>TOTAL TO TRUST FUNDS</b>			
		<b>108,939</b>	<b>976,648</b>

## STATEMENT OF MOVEMENT IN EQUITY

For the year ended 31 March 2007

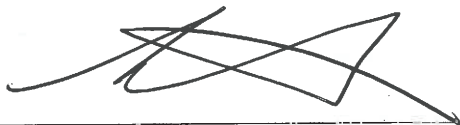
		2007 \$	2006 \$
<b>EQUITY AT BEGINNING OF THE YEAR</b>			
		6,260,424	5,283,776
Plus: Retained Earnings achieved for the year			
		108,939	976,648
<b>TOTAL RECOGNISED REVENUE &amp; EXPENSES</b>			
		108,939	976,648
Distribution for the year			
		-	-
<b>EQUITY AT THE END OF THE YEAR</b>			
		6,369,363	6,260,424
Represented by: Special Reserves (Note 10)			
		5,081,873	3,592,442
	Trust Funds	1,287,490	2,667,982
		<b>6,369,363</b>	<b>6,260,424</b>

# STATEMENT OF FINANCIAL POSITION

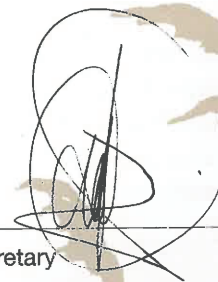
As at 31 March 2007

		2007 \$	2006 \$
<b>EQUITY</b>			
TOTAL TRUST EQUITY		6,369,363	6,260,424
<b>TOTAL EQUITY</b>		<b>6,369,363</b>	<b>6,260,424</b>
Represented by:			
CURRENT ASSETS	(Note 5)	916,126	1,953,051
LESS: CURRENT LIABILITIES	(Note 5)	(62,502)	(58,699)
WORKING CAPITAL SURPLUS (DEFICIT)		853,624	1,894,352
<b>NON CURRENT ASSETS</b>			
Fixed Assets	(Note 6)	158,358	121,185
Investments	(Note 8)	8,059,129	7,001,286
TOTAL NON CURRENT ASSETS		8,217,487	7,122,471
<b>LESS TERM LIABILITIES</b>			
Unclaimed Distributions	(Note 9)	2,701,748	2,756,399
		2,701,748	2,756,399
<b>NET ASSETS</b>		<b>6,369,363</b>	<b>6,260,424</b>

*For and on behalf of the Trust*



Stephen Harteveld, Chairperson



Richard Manning, Secretary

The Trust's Financial Statements must be read in conjunction with the Notes and Auditors Report.



# NOTES TO THE FINANCIAL ACCOUNTS

For the year ended 31 March 2007

## 1 STATEMENT OF ACCOUNTING POLICIES

Rakiura Maori Lands Trust is a Trust formed under the Te Ture Whenua Maori Land Act 1993.

Rakiura Maori Lands Trust is a reporting entity for the purposes of the Financial Reporting Act 1993. The financial statements of Rakiura Maori Lands Trust have been prepared in accordance with generally accepted accounting practice.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by Rakiura Maori Lands Trust.

## 2 SPECIFIC ACCOUNTING POLICIES

### (a) FIXED ASSETS & DEPRECIATION

Fixed assets, are stated at cost less aggregate depreciation. Depreciation has been calculated using the maximum rates permitted by the Inland Revenue Department.

The following depreciation rates are applied:

Office Buildings	2% Straight line
Huts	4% Diminishing Value
Plant & Equipment	11.4% - 60% Diminishing Value

The lands owned by Rakiura Maori Lands Trust (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 recorded at nil cost.

### (b) GOODS & SERVICES TAX

The financial statements have been prepared on a

GST exclusive basis.

### (c) TAXATION

Taxation is calculated as per SSAP 12 using the liability method and calculated on the partial basis. No provision has been made to the deferred taxation due to there being no material timing differences.

### (d) UNSPENT GRANTS

Grants applied for but not fully expended are shown as current liabilities.

### (e) ACCOUNTS RECEIVABLE

Accounts receivable are stated at their estimated net realisable value.

### (f) INVESTMENTS

Investments are stated at market value. Changes in the unrealised value of investments are recognised in the statement of financial performance.

### (g) HUNTING RECEIPTS

Hunting receipts are accounted for on an accrual basis with receipts paid in advance recognised as a liability.

### (h) DIFFERENTIAL REPORTING

Rakiura Maori Lands Trust is a qualifying entity as defined by the Institute of Chartered Accountants of New Zealand

Differential Reporting Framework. The criteria establishing the entity as qualifying for differential reporting exemptions are;

- The entity does not have public accountability; (as defined by the ability to rate or levy) and
- The entity is not large as defined by the Differential Reporting Framework.

The entity has elected to take full advantage of all differential reporting exemptions.

since the date of the last financial statements. All other policies have been applied on basis consistent with those used in previous years.

### CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies

## 3 DETAILS OF EXPENSES

	2007	2006
	\$	\$
<b>ADMINISTRATION EXPENSES</b>		
(a) Trust Admin		
Accounting & Administration of Finances	36,663	30,221
Audit – External Costs	9,500	10,969
Bank & Credit Card Fees	641	377
Computer	1,441	-
General	1,658	1,862
Koha Paid	1,450	550
Legal Costs	3,010	397
Printing Postage & Stationery - General	2,816	563
Sponsorship	-	500
Subscriptions & Licences	249	-
Telecommunications – General	1,244	1,346
	58,672	46,785
(b) Owners Admin		
Administration of Owners Database	23,005	18,962
Newsletters	4,194	4,358
Printing Postage & Stationery	2,100	1,688
	29,299	25,008
<b>INVESTING ACTIVITIES</b>		
Fund Manager Monitoring Fee	18,238	11,151
Investment Consultancy	12,221	10,962
	30,459	22,113
<b>HUNTING ACTIVITIES</b>		
Charter & Hunting Negotiations	2,950	-
Depreciation of Huts	3,752	2,087
Eftpos Terminal & Credit Card Fees	1,077	-
Office Costs – Share related to Hunting	37,054	26,378
	44,833	28,465



	2007 \$	2006 \$
<b>PROPERTY – OFFICE ADMINISTRATION</b>		
Insurance of Office	3,171	3,109
Power	1,090	1,019
Rates	2,802	5,180
Repairs	1,332	38
Security Costs	347	628
Telecommunications	4,357	5,385
Depreciation – Equipment & Office	5,815	8,084
	18,914	23,443
<b>GOVERNANCE</b>		
(a) AGM		
Advertising	5,750	3,422
AGM Expenses	29,170	9,426
Accommodation & Travel	14,606	8,509
Insurance	1,384	-
Marae Hire & Kai Costs	13,246	3,422
Contributions from Owners to AGM Costs	(8,720)	-
Printing Postage & Stationery	9,900	563
	65,336	25,342
(b) Trustee Governance		
Allowances & Honoraria	32,264	33,900
Trustee Training & Education	5,920	2,756
Travel & Meeting costs	27,414	29,839
	65,598	66,495
<b>PROJECTS</b>		
Dancing Star	3,858	698
Land Management Planning	8,988	29,628
Mahara Project	11,389	7,434
Rakiura National Park Submissions	5,230	-
TPK Expenditure	9,400	21,800
Tourism Consultancy & Development	6,105	-
	44,970	59,561
<b>TOTAL EXPENSES</b>	<b>\$358,082</b>	<b>\$297,212</b>



#### 4 DETAILS OF REVENUE

	2007 \$	2006 \$
Interest Received	179,986	163,751
Dividend Income	1,156,296	118,148
	<b>1,336,282</b>	<b>281,899</b>
Hunting & Charter Receipts	65,733	39,977
DOC Rent - Non Lords Sections	8,935	5,470
	<b>74,668</b>	<b>45,447</b>
Grants	7,311	17,778
	<b>7,311</b>	<b>17,778</b>
<b>TOTAL REVENUE</b>	<b>\$1,418,261</b>	<b>\$345,124</b>

As of 1 April 2005, hunting and charter receipts were accounted for on an accrual basis. In prior years, they were accounted for on a cash basis. As a result, \$19,458 of income from 2006 was accounted for in 2007, therefore the above figures do not represent a true comparison between the years.

#### 5 DETAIL OF CURRENT ASSETS AND CURRENT LIABILITIES

	2007 \$	2006 \$
<b>CURRENT ASSETS</b>		
Westpac Bank Accounts	831,627	1,838,028
AWH Electronic Dividend Account	24,281	25,001
Sundry Debtors	14,771	12,840
Kiwi Bank Account	9,730	9,323
GST Receivable	16,705	9,468
Provision for Income Tax	6,315	50,738
Prepaid Rates	5,497	0
WIP/Prepaid Hut Expenditure	7,200	7,653
<b>TOTAL</b>	<b>\$916,126</b>	<b>\$1,953,051</b>
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	36,779	36,256
Hut Levies held	3,530	2,985
Hunting Receipts in Advance	22,193	19,458
<b>TOTAL</b>	<b>\$62,502</b>	<b>\$58,699</b>



## 6 LAND AND BUILDINGS

Rakiura Maori Lands Trust has the following classes of Fixed Assets:

		2007	2006
		\$	\$
FIXED ASSETS	Maori Investment Property		
	Bluff Office - Land	5,426	5,426
	Bluff Office - Buildings & Improvements	13,416	13,416
	Less Accumulated Depreciation	(2,794)	(2,526)
	<b>CARRYING AMOUNT</b>	<b>10,622</b>	<b>10,890</b>
	Property – Hunting Huts	114,763	61,942
	Less Accumulated Depreciation	(5,950)	2,198
	<b>CARRYING AMOUNT</b>	<b>108,813</b>	<b>59,744</b>
	Office Plant & Equipment	43,991	37,124
	Less Accumulated Depreciation	(29,892)	(24,355)
<b>CARRYING AMOUNT</b>	<b>14,099</b>	<b>12,769</b>	
<b>PROPERTY IMPROVEMENTS AT COST</b>			
Sewerage Extension Scheme	32,356	32,356	
Refunded Amount	(12,958)	-	
Less Accumulated Depreciation	-	-	
<b>CARRYING AMOUNT</b>	<b>19,398</b>	<b>32,356</b>	
<b>TOTAL FIXED ASSETS</b>		<b>\$158,358</b>	<b>\$121,185</b>

The latest government valuation of the Bluff Office, dated 1 July 2005 is:

Land	15,000
Buildings & Improvements	46,000
	<b>\$61,000</b>

## 7 TAXATION

Taxation is calculated as follows:

	2007 \$	2006 \$
Operating Surplus Before Taxation	1,060,179	47,911
Add/(Less) Imputation Credits	566,208	58,192
Add/(Less) Non Deductible Items	26,893	32,683
Add/(Less) Non Assessable Items	(10,761)	6,835
	<u>1,642,519</u>	<u>145,621</u>
Less: Loss Carried Forward	(405,706)	(252,906)
<b>ASSESSABLE INCOME FOR TAXATION</b>	<u>1,236,813</u>	<u>(107,285)</u>
Tax @ 19.5%	241,179	-
Less Imputation Credits	(241,179)	-
Resident Withholding Tax Credits	(6,316)	(50,738)
<b>INCOME TAX PAYABLE (REFUND DUE) FOR YEAR</b>	<u><b>\$(6,316)</b></u>	<u><b>\$50,738</b></u>

Excess imputation Credits of \$325,029.24 will be converted to a loss to carry forward to the 2008 year of \$1,666,817. (2006: Excess imputation credits of \$58,192 were converted into losses of \$298,421).

## 8 INVESTMENTS

Investments are stated at market value. Changes in the unrealised value of investments are recognised in the statement of financial performance.

	2007 \$	2006 \$
<b>Spicers Portfolio Management - Conservative</b>		
Opening Balance	3,875,993	3,379,615
Unrealised Movements in Fund	426,191)	413,639
Realised Income	559,473	82,739
Closing Balance	<u>4,009,275</u>	<u>3,875,993</u>
<b>Spicers Portfolio Management - Aggressive</b>		
Opening Balance	2,708,756	2,162,636
Unrealised Movements in Fund	(518,715)	513,098
Realised Income	611,149	33,022
Closing Balance	<u>2,801,190</u>	<u>2,708,756</u>
Canterbury Mortgage Trust (Putea)	451,260	416,537
Canterbury Mortgage Trust Investment Two	203,734	-
ING Investment	593,666	-
	<u>1,248,660</u>	<u>416,537</u>
	<u><b>\$8,059,125</b></u>	<u><b>\$7,001,286</b></u>



## 9 UNCLAIMED DISTRIBUTION LIABILITIES

	2007	2006
	\$	\$
Opening Balance	2,756,399	2,808,381
Plus: Distribution to Owners	-	-
Less: Payments Made in Year	(54,651)	(51,982)
Closing Balance	<u>2,701,748</u>	<u>2,756,399</u>

## 10 SPECIAL RESERVES

	2007	2006
	\$	\$
Lord River Section Distribution Reserve	500,000	-
Trust Administration Reserve	1,200,000	-
Land Management Reserve	2,324,511	2,554,592
Owners Register Administration Reserve	321,714	324,189
Putea Reserve	735,648	713,661
	<u>\$5,081,873</u>	<u>\$3,592,442</u>

Under the Te Ture Whenua Maori Land Act and in accordance with the trustee's powers, as stated in the Trust order objects, the trustees have resolved:

- (1) To establish a reserve from which future distributions to Lords River section owners can occur.
- (2) To set aside funds to maintain the existence of the Trust, and administration of the trust, into the future.
- (3) To inflation-proof reserves set aside for the future land management commitments of the trust.
- (4) To set aside funds for owner registration and administration.
- (5) To establish a Putea Reserve as permitted under section 218.

## 11 RELATED PARTY TRANSACTIONS

Phillip Smith (Trustee) provides use of his vessel to transport Builders and Materials for the construction of the Huts on Rakiura. These services are provided under the normal terms of trade.

## 12 CONTINGENT LIABILITIES

There are no Contingent Liabilities outstanding at Balance date. (2006 nil)

# AUDITORS' REPORT

## TO THE OWNERS OF RAKIURA MAORI LAND TRUST

We have audited the financial statements on pages 12 to 21. The financial statements provide information about the past financial performance of the Trust and its financial position as at 31 March 2007. This information is stated in accordance with the accounting policies set out on pages 14 to 15.

### TRUSTEES' RESPONSIBILITIES

The trustees' are responsible for the preparation of financial statements which fairly reflects the financial position of the Trust as at 31 March 2007 and the results of its operations for the year ended on that date.

### AUDITORS' RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial statements presented by the trustees' and report our opinion to you.

### BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the trustees' in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have no relationship with or interests in the Trust.

### UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

- In our opinion the financial statements on pages 12 to 21 fairly reflects the financial position of the Trust as at 31 March 2007 and the results of its operations for the year ended on that date.

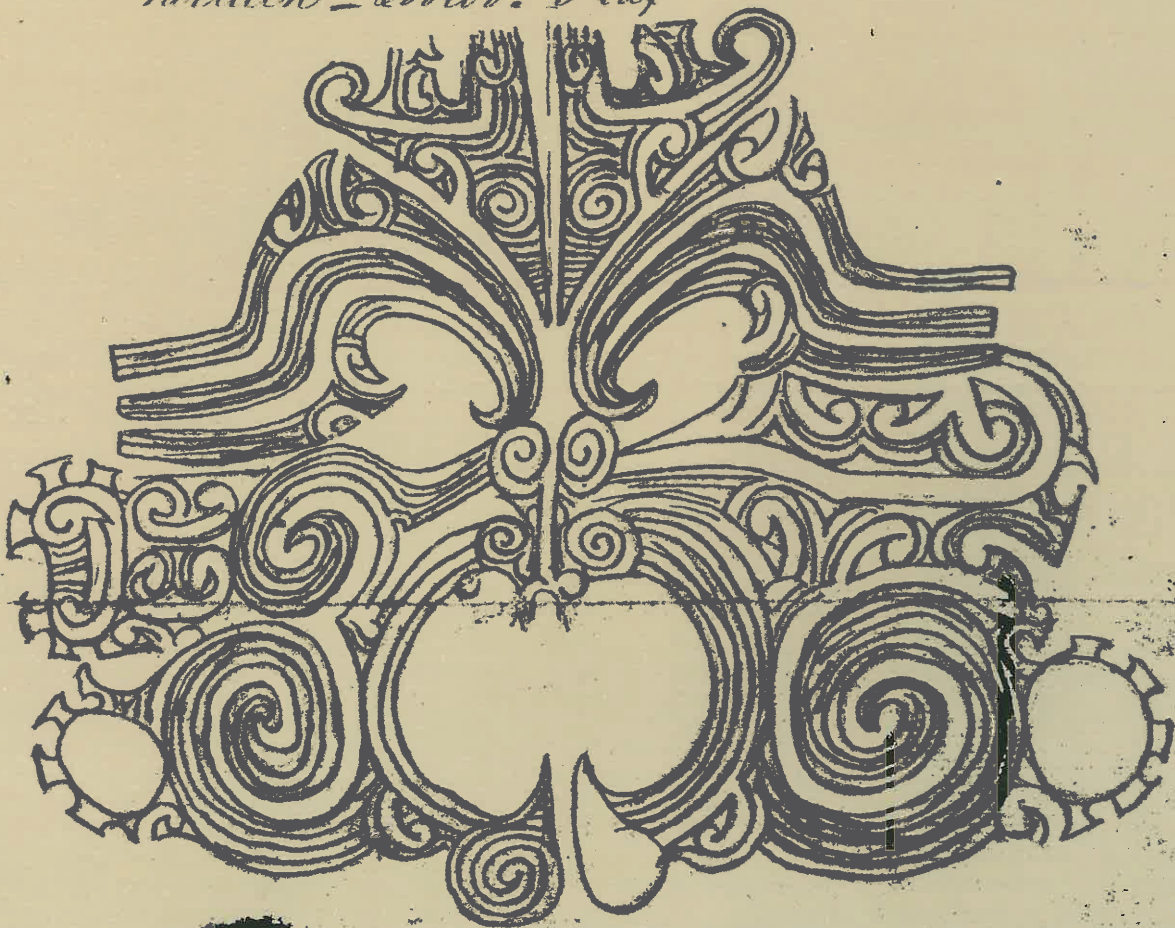
Our audit was completed on 18 September 2007 and our unqualified opinion is expressed as at that date.



New Zealand

Kobucka 28<sup>th</sup> March 1840

I now all men by these presents that I John  
Souwaike being principle chief of the middle  
Island and its dependencies do declare that  
the Island of Kobucka belongs to the following  
parties herein specified and has been allotted  
and divided out by me in the following order by  
Souwaike - Kicora - Kow-patete - Weallea  
Tira-babbage - Kawho-kap - Arirua - Toby  
Pantuck - Tooloo. Hlay



John Souwaike

