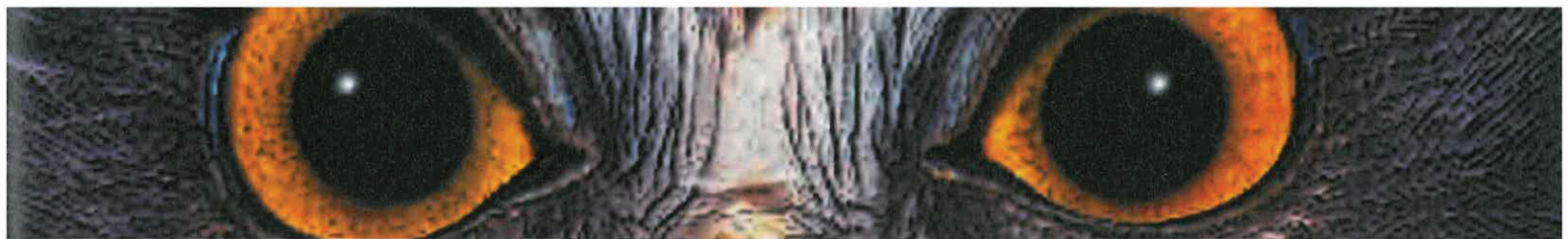


RAKURA MAORI LAND TRUST

ANNUAL REPORT 2010







MISSION STATEMENT

Tē nei kaupapa nui o te
Kaporeihana tiaki whenua
Mā ori ki rakiura:

Tiakina ō na putea, ō na
Whenua i tukua;

Ma tē poari te nei pauapapa
Nui e ehai 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 Land 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
descendents of this and future generations.



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GOVERNANCE SUMMARY

KEY ISSUE

OBSERVATIONS

Ethical conduct

including the use of formal codes of ethics

The entity continues to develop its Code of Conduct in line with the Governance policy document, which gives guidance on the standards of behaviour expected from Trustees.

Also, there are formal meeting guidelines for the owners AGM process.

Trust Board Composition and Performance

Following the 2006/07 independent Governance Review, the number of trustees increased to both further share the workload and bring new ideas and skills on board.

The trustees attend training in the area of governance and in other areas of benefit to the Trust.

The trust board's performance is reviewed annually.

Sub-committees

including composition of committees

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.

An advisory subgroup was initially formed and contributed to the start of the Neck project. This subgroup is currently inactive.

Reporting and Disclosure

including regular reporting and certification of financial statements

The board of trustees reviews regular management reports against budget, including reviewing the annual business plan.

In addition they approve the annual financial statements.

Remuneration of Trustees

The meeting fee's and honorariums paid to trustees were approved by owners. Services provided to the trust by the trustees in their professional capacity are approved by the trustee group and reported in the annual report.

Risk Management

including levels of disclosure

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 or external resource management.

All trustees are involved in decision making.

Subsidiary Board

Rakiura Wildlife Experiences was established during the 2010 Financial Year. There are three directors serving for Rakiura Wildlife Experiences who are also trustees of RMLT, and one independent director.

Auditors

An independent audit is completed on the Financial Statements each year. Feedback is provided on internal controls, systems and procedures.

Owner Relations

The trust board reports to owners via newsletters, the annual report, AGM and more recently via the website www.visitrakiura.co.nz

Stakeholder Interests

addressing the interests of stakeholders

The trust board addresses the interests of all stakeholders

Maori Land Court (MLC) Review

The Maori Land Court undertakes a review of the trust on a five yearly cycle. The last review was undertaken in December 2008. A copy of the review is available to owners from the MLC.



TRUSTEE'S REPORT

It is with a sense of achievement that I am able to report on the activities of the Rakiura Maori Land Trust on behalf of the Trustees for the 2009/2010 financial year. This has been a year where we have been able to reflect on the shift from planning to implementation as the many years of preparing to develop an alternative revenue stream for the trust came into being through the start of a new tourism business; Te Manu Adventures. The business is fully owned and operated by the trust and its inception was made possible in no small part through the completion of the Te Puni Kōkiri (TPK) and Poutama Trust research project for The Neck that has provided the funding into potential business' in this area and the overall Neck restoration programme that has continued during the year.

The focal point for us all was taking the first steps by making the decision to establish the existence of the business on Rakiura and then making it a reality. We have developed a three year implementation plan to lead us through the process of setting up, stabilizing and developing the venture into a profitable company. This will provide a long term, stable and alternative revenue stream to current investment income. It will support the activities of the trust including further development of other suitable land blocks and ultimately profit the beneficial owners.

The financial results reflect the investment that has been required to get our business established on the island and the continuing low global economic recovery. From a business venture perspective we have primarily invested in tangible assets such as the building to provide a base on the island, an excellent vessel to underpin our business model along with the back office infrastructure to bring it all together. Current investment contributions have been a continued weakness in the global economy. Until the company produces profit, they are still our only form of income. While we avoided the major capital losses most others faced at the time of the crash we have not been able to avoid the current difficult economic times, which seem destined to be with us for at least the next twelve to eighteen months.

While overall we can be pleased with our progress during this extremely difficult period associated with the slow global growth, the real challenge for us is to now quickly move to a more positive financial position over the next two years as we work to get the full return from our business activities. I now invite you to take a closer look at the last year and the achievements and progress that has been made.



Governance

The Trustees continue to see the value in strong governance and have therefore persisted with development in this area. The governance structure provides the framework for consistency in the professional standards that are required to underpin the on-going success of the Trust with current and future trustees. With the trust's governance policy now a formal requirement under the Trust Deed a full review was taken during the year to ensure its continued relevance over this period of business development.

We have continued our association with external organizations such as the Institute of Directors in New Zealand to provide access to quality information and training. The Institute promotes excellence in corporate governance, represents directors' interests and facilitates their professional development through education and training. It is a membership organisation of around 4,000 individuals representing the spectrum of New Zealand enterprise, from the public and private sectors.

Other associations include the Southland Chamber of Commerce and FoMA the federation of Maori Authorities. The Trust's chairperson Stephen Hartevelde was successful in obtaining an appointment to the FoMA executive as the Te Waipounamu representative for a term of 3 years. As a result of this it seems likely that FoMA will bring its annual conference to Invercargill in 2011.

From a practical perspective the trustees have:

- Completed an external review of the performance of the trustees working together within a team environment, this is providing us with opportunities to improve.
- Successfully completed the annual review and planning programme for the trust in January 2010 to provide direction over the next few years.
- Continued with the trustees performance review programme. This has once again identified the need for improvement both individual and collective.
- Continued to expand and develop our governance policy to provide the quality and consistency to the governance of the trust.



Business Improvement

The Trust has made good progress in the last year with the development of business activities to provide alternative revenue streams beyond the current investment income, which is governed by the global economy rather than the efforts of the trust.

The trust continues to grow faster than any growth in income from our investments and we need to do better than we have been doing in the past with more certainty. For instance over the last four years we have doubled the size of our known beneficial owners group from under a thousand to nearly two thousand. This will continue to grow as more successions take place, where the norm sees each succession replaced with three or four successors meaning the growth of administering the trust continues to develop at a rapid rate.

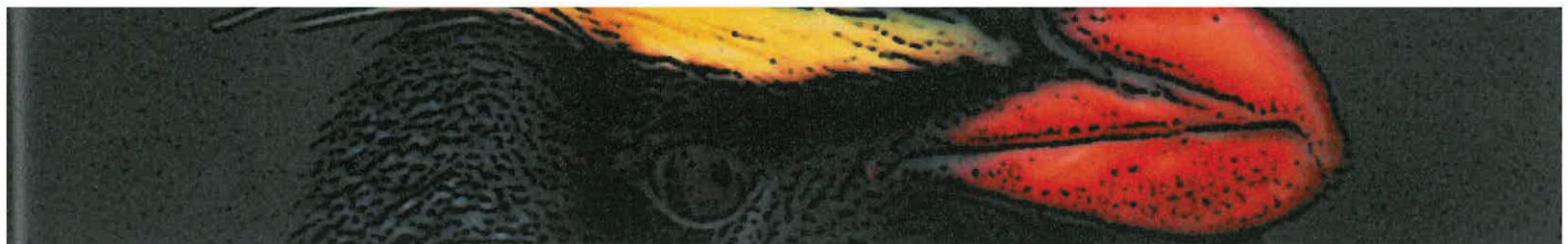
To address this, business development has occurred in two areas, our new tourism activity through Te Manu Adventures and the restructure of our smaller existing Hunting operation. While the glamour activity is Te Manu Adventures offering promising sustainable potential into the future, our existing hunting operation still offers a solid business opportunity in the shorter term.

We entered the tourism market on Rakiura last year with the establishment of Te Manu Adventures (www.seethebirds.co.nz). The tourism market is largely focused on the natural beauty of the landscape and the resident wildlife. The trust has access to some of the best sightseeing assets on the island and we are taking steps to better utilise these.

Our initial product was a regular Ferry service from Halfmoon Bay to Ulva Island. This is a basic product that research has shown is on the agenda of most visitors to the island. Its value is low in terms of return but high in terms of direct access to the customer base. This year we will add Kiwi viewing and wildlife tours to The Neck. These are high value tours where current research shows the demand cannot be met by existing operators.

In addition to the above we will start to make use of the building we have purchased on Rakiura to provide café and bar facilities and access to the Te Manu Adventures booking office. We see the café and bar businesses generating their own profit but more importantly providing opportunities to showcase our tourism venture.

The Hunting operation (www.huntrakiura.co.nz) has been completely re-developed and we have had our first year of operation under the new system. The new package based system now offers a total package including transport based on a regular timetable which enables us to control and manage the logistics efficiently and improve profitability. The package now includes a night in the township, dinghies, cooking equipment and utilising the Ferry to reduce cost but with improved reliability. These additional items were traditionally provided by others to which we gained no benefit.



While this year's operation was based around a very small number of hunting parties (about twenty), it did provide us with great feedback that supported the changes and provided us with opportunity for further improvements. The coming season has well over a 100% improvement in bookings with further bookings still coming in. There is still opportunity for further development of this product and its variations with the ability to increase the number of blocks we are operating. This will be the challenge for the coming year.

In the short term hunting can make a major contribution to our income but its stability is reliant on the continued availability of deer. While the debate continues between eradication or reduction and deer numbers remain high, we need to develop this business with caution based on a short repayment timeframe to ensure we are not left with failing assets.

The Neck Project

The Neck development remains a major focus and has again progressed very well throughout the year. We successfully completed a Te Puni Kōkiri (TPK) and Poutama Trust research project. This research has provided us with much of the required information to establish our tourism business activities, but also includes options for consideration in regard to the ongoing restoration of the eco systems and its flora and fauna.

We have continued with our pest eradication programme and this year's focus has been on maintenance activities to slow, and hopefully stop, the re-infestation of possums. We have established a grass walking track that is easy to maintain and does not affect the natural beauty of the area. A small shelter was built near the eastern side of section one to house a toilet, as this is an essential part of the business requirements at The Neck.

A further set of photos were taken during the year using our established photo monitoring points. These are showing continued improvement in the recovery of the flora of the area. Work on the restoration and clean up of the first urupā nears completion and we will look at working on the next one in the coming year. All the work at The Neck is based around the objectives approved by the beneficial owners of the sections, which is as follows,

'To proactively manage The Neck for the advantage 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 urupā.
- 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 conditions that will promote 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".



The above objectives are implemented using the Management Strategy that was adopted by the beneficial owners at the 2008 AGM.

This scheme will continue to be a major focus for the trust as we start to use the research information that has been obtained. Equally, the advance of the tourist activity is crucial to provide the necessary funding to allow us to see the restoration through to completion.

The Neck project continues to be very exciting and has amazing future potential for everybody in the trust and especially those beneficial owners directly involved in The Neck sections.

Land Management

As the major land owner (outside of the crown), land management continues as a significant part of the Trusts principal reason for existence. The primary work in this area continues to be actively participating in the DoC programme to develop the Rakiura National Park plan and review the Rakiura Management Strategy. We persisted in taking every opportunity provided to push our submissions within this process prior to release of the proposed plan.

The Manawhenua Project (designed to catalogue all Maori Land in the South Island including Rakiura), has continued throughout the year and includes all legal information along with assessments on the type, quality, and potential use of these Lands in one easily accessible document. The project has been funded by Te Puni Kōkiri and once finished will provide all Māori land owners with an excellent resource of basic land information in the South Island. This project nears completion and we are looking forward to accessing the information of use to us on Rakiura.

We have continued with the day to day management of the nearly 100 blocks of land under the Trusts administration. We have to deal with a number of routine things such as RMA consents to neighbouring properties, rating and other local body issues all of which take time and resource to complete.

The Trust continues to administer (until current ownership is determined), the interests of the Ancillary Claims sections (Toi Toi and Port Adventure), which combined are nearly twice the size of the Lords River block. The SILNA sections, while allocated were never formally titled to the owners of the day and now ownership needs to be resolved through the difficult path of succession. We have applied a lot of pressure to the Māori Land Court over a number of years to have this issue addressed and it now appears there will be major progress on at least the Toi Toi block within the next twelve months. We are watching this development with interest as it finally moves closer to a conclusion.



Communications

Good communication continues to be very important to the Trust but this is one aspect that we have not achieved as well as we should have in the last twelve months. While our website www.visitrakiura.co.nz continues its development with a doubling in traffic to the site over the last twelve months, we have let ourselves down with our direct communication through the office. We have realised the issues caused by closing the Bluff Office and using a call centre to answer our phones need immediate attention. We are now keen to address these issues immediately.

We have recently decided to combine our tourism business, which will be open seven days a week during the summer and Monday to Friday through the winter with the answering and management of the trusts communication with owners.

We intend to review our overall communication strategy in light of this years problems and take a look at what we can do better going forward. We will look at the Newsletter structure, Annual report information, and email options along with any other forms of communication that may come to light. While these options look at the way we provide communication it is also important to look at the content and what is of most value to everyone involved.

Our second DVD has been completed and will be available to everyone in the very near future. While this is a different format and focus we hope it will be as popular as our first DVD.

Participation

This year our AGM is back on Rakiura and with it the pre Hui opportunity for owners to come to the island and enjoy what the island has to offer. This is likely to be the last of this type of event as support for it starts to wane; therefore the challenge for us all is to find other options to replace it in the future. It has been very successful over the years but has reached its use by date.

It is important that we continue to provide and support participation within the Trust. Addressing this requirement will need to be a key part of the duties of the trustees. If the interest in participation within the trust declines so too does its value. Some new ideas are needed over the next twelve months.



Future Directions

The Rakiura Maori Land Trust continues to focus on development to better serve its owners and provide more opportunities for them to remain connected and proud of their roots to Rakiura and its whenua.

Continued development of partnerships is fundamental to the long term future of a successful Trust so that its beneficial owners can be proud of, and rely on it to look after the taonga that it has been entrusted with. The Trustees continue to further this aspect having developed over recent years some extremely important partnerships in many areas. Partnerships remain important as we seek to reduce errors, learn from the experience of others, and find individuals we wish to work with to enhance RMLT's development as a trustworthy organisation that has the full support of its owners.

The trustees continue their determination to ensure Rakiura Māori Land does not become just another mark on the map that everyone has forgotten about we will ensure that everyone is proud to be associated and connected to their land. This is a long term objective and it is a long road to walk but we know we can get there with your support and commitment.

As the trust has for some time focused on the journey we and our tipuna have travelled to get to where we are, we are now focused strongly on our destination and where we need to be going. As we move to provide for the future we look forward to sharing and working with you as we develop this destination.

Finally as mentioned in previous year's reports we must continue to look at the resources that the Trust uses to ensure our future objectives can be achieved in a timely and professional manner. We will strive for further developmental progress for your ultimate benefit and continue to work for you in the months ahead as we are getting closer to our dreams of a secure and productive future for the Trust and the lands that we administer for you.

Stephen Hartevelde
Chairperson



ACCOUNTANT'S REPORT

Welcome to the 2010 financial section of the Annual Report Balance Date

In 2008 the Trustees elected to move the balance date from 31 March to 30 June, therefore the financial period covered by the comparative figures under this report is for a 15 month period starting 1 April 2008 ending 30 June 2009. Please note this when comparing figures between 2009 (15 months) and 2010 (12 months).

Overview

The 30 June 2010 financial period was still plagued by failure throughout the financial markets. This affected investments both domestically and globally.

At the same time, RMLT continued with their plans for the 2010 financial year, including the launch of a new business venture, and continued with their work on developing the Neck.

Overall the trust has made a loss of (\$259,556). Part of this is to do with the equity markets which, post balance date, have both risen and fallen on several occasions. However, the trust remains in a strong overall financial position.

Our independent auditors have again given the Trust a clean bill of health.

Our brief highlights of the 12 months are best covered under the following headings.

Investment Returns

Investment markets both in New Zealand and around the world are still being affected by the global recessions, financial credit crunch, bank & finance company failures and investor panic magnified by the media. The Trust has weathered this storm largely unscathed. A few points of note:


- Interest rates on fixed interest type investments have declined in the period as expected and returns are below that budgeted for. The trustees take a prudent approach to investing, with preference given to the quality of the investment as opposed to interest rates. This philosophy continues to serve the trust well.
- The trust still has about \$1.46 million in equity investments (2009 \$1.37 million) through Spicers, which performed well during the year despite unrealised losses.

The trust has over \$7.1 million in investments, 57% of these being Fixed Interest and Bonds. Investments are held with leading financial institutions including Westpac, the trust's main bank, and RaboDirect (formerly RaboPlus) - the highest rated bank in New Zealand.

Special Projects

The trustees worked tirelessly on a number of fronts, the special projects included:

- Working with Port Adventure and Toitoti SILNA blocks.
- Revision of the Hunting activities.

- 
- The Neck project has remained a major focus.
 - The installation of a new computer reporting system.
 - The continuation of the Manawhenua project aimed at determining where Maori lands are located across the South Island.
 - The undertaking of a new business venture on the Island, including the purchase of a boat, construction of infrastructure/assets on the Neck and the purchase of a building on the Stewart Island waterfront.
 - The website continues to have strong interest, both domestically and internationally.

Financial Governance

The strong financial governance reported previously continues, with the new reporting software providing more detailed analysis and coverage of the financial information. Funding avenues are explored wherever possible to counter the costs of projects, for instance the Manawhenua project is fully funded from external parties. The funding proposals are time consuming, however when successful have proven to be well worth the effort

Tax Losses

The trust holds an exemption certificate to enable it to receive Gross Interest with no Resident Withholding Tax (RWT) deducted, thereby utilising tax losses brought forward from prior years when dividend streams attracted Imputation credits. Tax losses stand at approximately \$2.4 million, the cash effect to the trust is \$484,345 and the trust's goal is to have this released as fast as possible by utilising the exemption certificate strategy.

Special Reserves

Funding from the Section 218 Reserve was made to the Neck project as detailed in Note 14.

Database Management

Time spent on the database this year revolved around processing successions and ensuring contact details for owners were updated in order to maintain the integrity of the database. In total a further \$42,192 was passed out from past distributions in the period.

Kia Ora
Mark Tynan
Director
Ashton Wheelans & Hegan Limited
Christchurch
Trust Accountants & Administrators.

RAKIURA MAORI LAND TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR THE 12 MONTHS ENDED 30 JUNE 2010

	Notes	Combined		Parent	
		12 Months	15 Months	12 Months	15 Months
		2010	2009	2010	2009
		\$	\$	\$	\$
Interest & Investments	2	476,420	640,216	476,420	640,216
Trading Activities	2	61,318	52,316	48,386	52,316
Lease Income	2	4,003	6,443	4,003	6,443
Project Income	2	29,550	9,000	29,550	9,000
Other Income	2	3,937	-	3,911	-
Total Revenue		575,228	707,975	562,270	707,975
Operating Expenses	3	(567,663)	(418,018)	(403,471)	(418,018)
Project Expenses	4	(68,259)	(53,844)	(68,259)	(53,844)
Total Operating Expenditure		(635,922)	(471,862)	(471,730)	(471,862)
Earnings before interest, taxation and depreciation		(60,694)	236,113	90,540	236,113
Depreciation	7	(123,735)	(25,144)	(120,839)	(25,144)
Earnings before interest and taxation		(184,429)	210,969	(30,298)	210,969
Interest Expense		(7,627)	-	(7,627)	-
Net Surplus before Taxation		(192,056)	210,969	(37,925)	210,969
Taxation	8	-	-	-	-
Operating Surplus after Taxation		(192,056)	210,969	(37,925)	210,969
Unrealised Gains/(Losses) on Investments		39,280	(117,585)	39,280	(117,585)
Operating Surplus/(Deficit) after Unrealised Investment Gains/(Losses)		(152,775)	93,384	1,355	93,384
Transfer to Special Funds		(126,403)	(199,753)	(126,403)	(199,753)
Total to Retained Earnings		(279,178)	(106,369)	(125,048)	(106,369)

STATEMENT OF MOVEMENT IN EQUITY FOR THE 12 MONTHS ENDED 30 JUNE 2010

	Notes	Combined		Parent	
		12 Months	15 Months	12 Months	15 Months
		2010	2009	2010	2009
		\$	\$	\$	\$
Opening Equity		6,073,382	6,284,090	6,073,382	6,284,090
Operating Surplus/(Deficit) after Unrealised Investment Gains/(Losses)		(152,775)	93,384	1,355	93,384
Transfers shown directly against costs		(52,700)	(304,092)	(52,700)	(304,092)
Total Recognised Revenue & Expenses		5,867,907	6,073,382	6,022,037	6,073,382
Distributions Declared in the Period		-	-	-	-
Closing Equity		5,867,907	6,073,382	6,022,037	6,073,382
Represented By:					
Special Reserves	13	4,515,155	4,495,306	4,515,155	4,495,306
Other Reserves	14	777,591	723,737	777,591	723,737
Accumulated Retained Earnings		575,161	854,339	729,291	854,339
Trust Funds		5,867,906	6,073,382	6,022,037	6,073,382

These Financial Statements should be read in conjunction with the accompanying Notes to the Financial Statements

RAKIURA MAORI LAND TRUST

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

Notes	Combined		Parent		
	2010	2009	2010	2009	
	\$	\$	\$	\$	
Trust Funds	5,867,906	6,073,382	6,022,037	6,073,382	
Total Equity	5,867,906	6,073,382	6,022,037	6,073,382	
Represented By:					
Cash	5	487,704	1,424,887	466,464	1,424,887
Receivables	5	154,806	44,109	154,351	44,109
Current Investments	9	1,719,328	1,151,686	1,719,328	1,151,686
Prepayments	5	21,820	8,318	20,329	8,318
Current Assets		2,383,658	2,629,000	2,360,472	2,629,000
Payables	6	(152,277)	(152,521)	(149,855)	(152,521)
Unspent Grants	6	(95,360)	(104,910)	(95,360)	(104,910)
Current Liabilities		(247,637)	(257,431)	(245,215)	(257,431)
Net Working Capital		2,136,021	2,371,569	2,115,257	2,371,569
Property, plant and equipment	7	1,018,999	319,036	1,005,642	319,036
Investments	9	5,253,631	5,926,170	5,441,882	5,926,170
Non Current Assets		6,272,630	6,245,206	6,447,524	6,245,206
Hire Purchase Contracts	11	(39,542)	-	(39,542)	-
Unclaimed Dividends	12	(2,501,202)	(2,543,395)	(2,501,202)	(2,543,395)
Term Liabilities		(2,540,744)	(2,543,395)	(2,540,744)	(2,543,395)
Net Assets		5,867,906	6,073,380	6,022,037	6,073,380

For and on behalf of the Trust, dated 22 September 2010


Stephen Harteveld
Kaiwhakahaere


Richard Manning
Hekeretari

These Financial Statements should be read in conjunction with the accompanying Notes to the Financial Statements



RAKIURA MAORI LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 30 JUNE 2010

(1) STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

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

Statement of Compliance and Basis of Preparation

The financial statements of Rakiura Maori Land Trust have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

The Trust qualifies for differential reporting as it is not publicly accountable and is not large as defined by the Differential Reporting Framework. The Trust has taken advantage of all available differential reporting exemptions.

The accounting principles recognized as appropriate in the measurement and reporting of the financial performance and financial position on a historical cost basis are followed by the Trust. The information is presented in New Zealand dollars.

Basis of Preparing Combined Financial Statements

(a) Subsidiaries

Subsidiaries are those entities controlled, directly or indirectly, by the Trust. Where an entity becomes part of the Group during the year, the results of the entity are included in the combined results from the date the control commenced.

(b) Parent

The Parent is defined as being Rakiura Maori Land Trust.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Financial Performance and Financial Position have been applied:

(a) Revenue

Revenue is recognized when goods and services are invoiced, with revenue received in advance recognised as a liability.

(b) Expenses

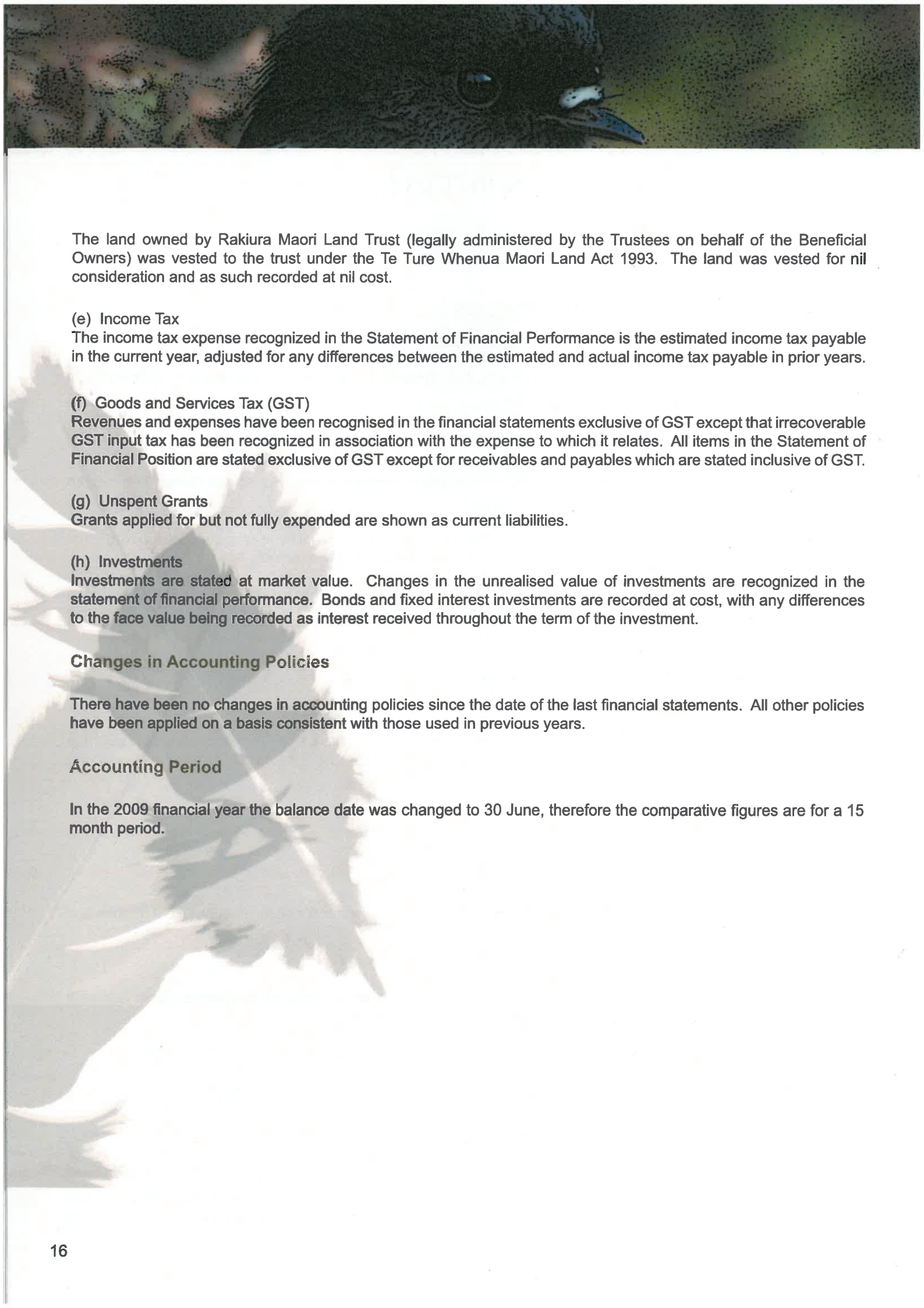
Expenses have been classified on their business function.

(c) Accounts Receivable

Accounts Receivable are recognized at estimated realizable value.

(d) Property, Plant and Equipment

Property, Plant and Equipment are recognized at cost less aggregate depreciation. Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007. Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.



The land owned by Rakiura Maori Land 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.

(e) Income Tax

The income tax expense recognized in the Statement of Financial Performance is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years.

(f) Goods and Services Tax (GST)

Revenues and expenses have been recognised in the financial statements exclusive of GST except that irrecoverable GST input tax has been recognized in association with the expense to which it relates. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

(g) Unspent Grants

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

(h) Investments

Investments are stated at market value. Changes in the unrealised value of investments are recognized in the statement of financial performance. Bonds and fixed interest investments are recorded at cost, with any differences to the face value being recorded as interest received throughout the term of the investment.

Changes in Accounting Policies

There have been no changes in accounting policies since the date of the last financial statements. All other policies have been applied on a basis consistent with those used in previous years.

Accounting Period

In the 2009 financial year the balance date was changed to 30 June, therefore the comparative figures are for a 15 month period.

(2) DETAILS OF REVENUE

	Combined		Parent	
	12 Months 2010	15 Months 2009	12 Months 2010	15 Months 2009
	\$	\$	\$	\$
Investment Returns	67,500	20,381	67,500	20,381
Interest Income	408,920	619,835	408,920	619,835
Total Interest and Investments	476,420	640,216	476,420	640,216
Charter Receipts	2,286	-	-	-
Ferry Receipts	10,646	-	-	-
Hunting Permits	48,386	52,316	48,386	52,316
Total Trading Income	61,318	52,316	48,386	52,316
DOC Rental Receipts	4,003	6,443	4,003	6,443
Total Lease Income	4,003	6,443	4,003	6,443
Grants Received	29,550	9,000	29,550	9,000
Total Project Income	29,550	9,000	29,550	9,000
Sundry Income	3,937	-	3,911	-
Total Other Income	3,937	-	3,911	-
Total Revenue	575,228	707,975	562,270	707,975

(3) DETAILS OF OPERATING EXPENSES

	Combined		Parent	
	12 Months 2010	15 Months 2009	12 Months 2010	15 Months 2009
	\$	\$	\$	\$
Accountancy Fees	35,826	36,541	31,150	36,541
Administration	45,700	41,194	30,146	41,194
Audit - External Costs	12,841	9,371	12,841	9,371
Bank & Credit Card Fees	637	575	550	575
Business Consultancy	17,463	11,875	15,539	11,875
Computer Costs	11,535	4,988	9,693	4,988
General Expenses	7,830	1,606	853	1,606
Koha Paid & Gifts	1,050	5,340	1,050	5,340
Legal Costs	340	6,395	340	6,395
Printing, Postage & Stationery	4,951	1,616	2,343	1,616
Promotional Expenses	3,128	-	3,128	-
Subscriptions & Licences	1,357	835	1,153	835
Wages & Office Services	23,574	-	23,574	-
Total Trust Administration Expenses	166,232	120,336	132,360	120,336
Administration of Owners Database	54,030	58,990	54,030	58,990
Memorials & Acknowledgements	191	-	191	-
Newsletters & Communications	5,446	5,187	5,446	5,187
Printing, Postage & Stationery	28	5,529	28	5,529
Total Owners Administration Expenses	59,695	69,706	59,695	69,706
General Expenses	111	-	111	-
Insurance on Office	822	746	822	746
Power	1,485	1,238	492	1,238
Rent	16,289	-	-	-
Rates	2,063	2,293	2,063	2,293
Repairs	7,025	31	7,025	31
Security Costs	790	678	378	678
Telecommunications	12,077	9,770	10,296	9,770
Wages & Office Services	416	9,655	416	9,655
Total Property and Office Administration Services	41,077	24,411	21,603	24,411

(3) DETAILS OF OPERATING EXPENSES (CONTD)

	Combined		Parent	
	12 Months 2010 \$	15 Months 2009 \$	12 Months 2010 \$	15 Months 2009 \$
Accommodation & Travel	1,312	5,826	1,312	5,826
Advertising	1,137	847	1,137	847
AGM Sundry Expenses	1,877	4,558	1,877	4,558
Annual Report Costs	15,724	-	15,724	-
Consultancy Fees	1,750	-	1,750	-
Koha Paid & Gifts	2,050	-	2,050	-
Marae & Hall Hire	338	1,148	338	1,148
Printing, Postage & Stationery	4,938	12,965	4,938	12,965
Total AGM Expenses	29,125	25,344	29,125	25,344
"The Journey" Costs	-	207,453	-	207,453
Less Contribution from Owners	-	(16,509)	-	(16,509)
Less Contribution from Section 218 Reserve	-	(190,000)	-	(190,000)
Total Journey Costs	-	944	-	944
ACC Levies	2,529	-	846	-
Allowances & Honoraria	15,000	32,043	15,000	32,043
General Expenses	1,542	-	1,542	-
Insurance - Public Liability	3,960	-	3,960	-
Travel & Meeting Costs	78,516	33,405	65,612	33,405
Telecommunications	204	-	204	-
Trustee Life Insurance	3,109	-	3,109	-
Trustee Training & Education	8,952	14,936	8,952	14,936
Total Governance Expenses	113,812	80,384	99,226	80,384
Fund Manager Monitoring Fees	13,780	18,384	13,780	18,384
Investment Consultancy	6,056	16,678	6,056	16,678
Total Investing Activity Expenses	19,836	35,062	19,836	35,062
Administration	2,257	-	2,257	-
Charter & Hunting Activity Expenses	32,392	3,157	32,392	3,157
Eftpos Terminal & Credit Card Fees	1,790	1,672	1,790	1,672
Insurance on Huts	85	961	85	961
General Hunting Related Costs	1,466	-	1,466	-
Repairs to Huts	725	-	725	-
Office Costs - Share Relating to Hunting	-	56,041	-	56,041
Wages & Office Services	2,912	-	2,912	-
Total Hunting Activity Expenses	41,627	61,831	41,627	61,831
Boat Expenses	18,839	-	-	-
Commissions	73	-	-	-
Eftpos Terminal & Credit Card Fees	1,345	-	-	-
Entertainment	59	-	-	-
Insurance	2,146	-	-	-
Marketing	7,070	-	-	-
Uniforms	2,474	-	-	-
Vehicle Expenses	1,976	-	-	-
Wages Expense	62,278	-	-	-
Total Tourism Activity Expenses	96,259	-	-	-
Total Operating Expenses	567,663	418,018	403,471	418,018

(4) DETAILS OF PROJECT EXPENSES

Notes	Combined		Parent	
	12 Months	15 Months	12 Months	15 Months
	2010	2009	2010	2009
	\$	\$	\$	\$
Fish Farm Appraisal	922	-	922	-
Land Management Consultancy	-	9,147	-	9,147
Mahara Project (2nd DVD)	5,000	4,368	5,000	4,368
Manawhenua Project	29,550	-	29,550	-
Port Adventure & Toitū SILNA Blocks	5,500	13,708	5,500	13,708
Rakiura National Park Submissions	138	5,634	138	5,634
The Neck Project	79,849	114,092	79,849	114,092
Tourism Consultancy	-	20,987	-	20,987
Less Contribution from Section 218 Reserve	(52,700)	(74,350)	(52,700)	(74,350)
Less Contribution from Land Management Reserve	-	(39,742)	-	(39,742)
Total Project Expenses	68,259	53,844	68,259	53,844

(5) DETAILS OF CURRENT ASSETS

Notes	Combined		Parent	
	12 Months	15 Months	12 Months	15 Months
	2010	2009	2010	2009
	\$	\$	\$	\$
Westpac - Cheque	89,558	77,828	68,319	77,828
Westpac - Ready Access	196,747	110,852	196,747	110,852
Westpac - Distribution	(213)	348	(213)	348
Rabo Bank	201,612	904,780	201,612	904,780
AWH Electronic Dividend Account	-	33,753	-	33,753
Current Portion ING Investment - RIF	-	297,326	-	297,326
Total Cash	487,704	1,424,887	466,464	1,424,887
Accounts Receivable	32,120	9,091	29,675	9,091
Income Tax Refund	5,107	6,792	5,107	6,792
GST Receivable	-	14,288	-	14,288
Accruals	117,579	40,388	119,568	40,388
Total Receivables	154,806	70,559	154,351	70,559
Prepaid Insurance, Licences & Subscriptions	11,742	8,318	10,251	8,318
Great Plains Consultancy	8,479	-	8,479	-
"The Destination" prepaid costs	1,600	-	1,600	-
Total Prepayments	21,820	8,318	20,329	8,318
Total Current Assets	664,331	1,503,764	641,144	1,503,764

(6) DETAILS OF CURRENT LIABILITIES

	Combined		Parent	
	12 Months	15 Months	12 Months	15 Months
	2010	2009	2010	2009
	\$	\$	\$	\$
Accounts Payable	68,588	152,050	66,166	168,500
Income in Advance	-	471	-	471
Accruals	26,230	16,450	26,230	16,450
Current Portion Hire Purchase Agreements	57,459	-	57,459	-
Total Payables	152,277	168,971	149,855	185,421
Unspent TPK Grants	95,360	104,910	95,360	104,910
Total Grants	95,360	104,910	95,360	104,910
Total Current Liabilities	247,637	273,881	245,215	290,331

(7) PROPERTY, PLANT & EQUIPMENT

Combined

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
Freehold Land	5,426	-	-	5,426
Buildings & Huts	188,133	5,667	25,384	162,750
Property Improvements	64,423	3,579	3,870	60,553
Office Equipment	16,712	810	15,020	1,692
Computer Equipment & Software	184,639	67,479	102,239	82,401
Plant & Equipment	40,738	3,581	9,181	31,557
Vessel	348,769	38,167	38,167	310,601
Motor Vehicles	26,041	4,452	4,452	21,589
Fixed Asset Clearing	-	-	-	342,430
Total Property, Plant & Equipment 2010	874,881	123,735	198,313	1,018,999

Combined

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
Freehold Land	5,426	-	-	5,426
Buildings & Huts	132,819	5,821	19,717	113,102
Property Improvements	46,970	291	291	46,679
Office Equipment	16,712	1,898	14,210	2,502
Computer Equipment & Software	48,029	15,602	34,760	13,269
Plant & Equipment	26,556	1,532	5,600	20,956
Fixed Asset Clearing	-	-	-	117,102
Total Property, Plant & Equipment 2009	276,512	25,144	74,578	319,036

Parent

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
Freehold Land	5,426	-	-	5,426
Buildings & Huts	188,133	5,667	25,384	162,750
Property Improvements	64,423	3,579	3,870	60,553
Office Equipment	16,712	810	15,020	1,692
Computer Equipment & Software	182,511	66,734	101,494	81,017
Plant & Equipment	39,498	3,519	9,119	30,379
Vessel	348,769	38,167	38,167	310,601
Motor Vehicles	13,157	2,363	2,363	10,793
Fixed Asset Clearing	-	-	-	342,430
Total Property, Plant & Equipment 2010	858,628	120,839	195,417	1,005,642

Parent

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
Freehold Land	5,426	-	-	5,426
Buildings & Huts	132,819	5,821	19,717	113,102
Property Improvements	46,970	291	291	46,679
Office Equipment	16,712	1,898	14,210	2,502
Computer Equipment & Software	48,029	15,602	34,760	13,269
Plant & Equipment	26,556	1,532	5,600	20,956
Fixed Asset Clearing	-	-	-	117,102
Total Property, Plant & Equipment 2009	276,512	25,144	74,578	319,036

(8) TAXATION

Taxation is calculated as follows:

	Combined		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Operating Surplus/Loss Before Taxation	(192,056)	210,969	(37,925)	210,969
Add/(Less) Imputation Credits	-	5,612	-	5,612
Add/(Less) Non Deductible Items	44,833	32,235	43,150	32,235
Add/(Less) Non Assessable Items	(81,159)	(594,666)	(81,159)	(594,666)
	(228,381)	(345,850)	(75,934)	(345,850)
Less Loss Brought Forward	(2,187,936)	(1,842,085)	(2,187,936)	(1,842,085)
Assessable Income for Taxation	(2,416,318)	(2,187,935)	(2,263,870)	(2,187,935)
Tax @ 19.5%	-	-	-	-
Less Imputation Credits	-	-	-	-
Resident Withholding Tax Credits	(5,107)	(6,792)	(5,107)	(6,792)
Income Tax Payable (Refund Due)	(5,107)	(6,792)	(5,107)	(6,792)

(9) INVESTMENTS

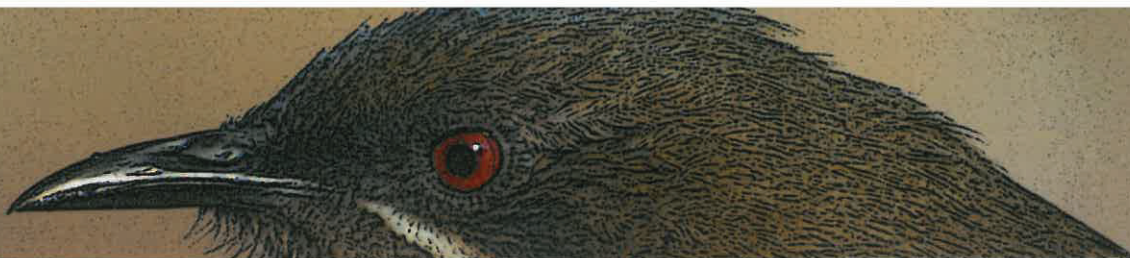
	Maturity	Face Value	Yield Rate	Combined		Parent	
				2010	2009	2010	2009
				\$	\$	\$	\$
UDC	2/11/2009	1,100,000	8.55%	-	1,100,000	-	1,100,000
ANZ National Bank	2/03/2012	1,087,963	7.60%	1,087,963	1,122,678	1,087,963	1,122,678
Auckland International Airport	29/07/2009	1,088,008	8.53%	-	1,151,686	-	1,151,686
Contact Energy	15/05/2014	654,791	8.00%	654,791	-	654,791	-
Fonterra	10/05/2015	638,194	7.75%	638,194	-	638,194	-
Cash Management Account	N/A	N/A	N/A	1,414,970	234,646	1,414,970	234,646
Total Fixed Interest & Bond				3,795,918	3,609,010	3,795,918	3,609,010
Focus Australasian Opportunities				821,800	777,586	821,800	777,586
Growth Assets				635,709	591,059	635,709	591,059
Total Equities				1,457,509	1,368,645	1,457,509	1,368,645
ANZ Term Deposit ¹	4/08/2014	297,326	8.30%	319,328	-	319,328	-
Westpac Term Deposits	13/09/2010	600,000	4.65%	-	-	-	-
	25/11/2010	800,000	4.80%	1,400,000	2,100,000	1,400,000	2,100,000
Total Cash				1,719,328	2,100,000	1,719,328	2,100,000
CRT Shares				203	200	203	200
Advance to Subsidiary				-	-	188,252	-
Total Other Investments				203	200	188,455	200
Total Investments				6,972,958	7,077,855	7,161,210	7,077,855

¹ The ING Regular Income Fund was reinvested with ANZ National Bank Limited following acceptance of the offer made by ING NZ AUT Investments Limited. These funds were deposited at a competitive interest rate, fixed for a period of five years, while still allowing access to the funds as and when required.

(10) INVESTMENT IN SUBSIDIARY

The Trust holds shares in the following:

	Principle Activity	Balance Date	Issued Shares	Unpaid Capital	2010 Holding	2009 Holding
Rakiura Wildlife Experiences Limited t/a Te Manu Adventures	Tourism	30 June	100	100	100%	0%



(11) HIRE PURCHASE CONTRACTS

	Maturity	Interest	Combined 2010 \$	2009 \$	Parent 2010 \$	2009 \$
Yamaha Finance	11/11/2011	4.99%	46,333	-	46,333	-
Microsoft Financing	10/07/2012	10.10%	50,668	-	50,668	-
			97,001	-	97,001	-
Less Current Portion (maturing within 12 months)			(57,459)	-	(57,459)	-
Total Term Portion of Hire Purchase Contracts			39,542	-	39,542	-

(12) UNCLAIMED DIVIDENDS

	Combined 2010 \$	2009 \$	Parent 2010 \$	2009 \$
Opening Balance	2,543,394	2,694,001	2,543,394	2,694,001
Less Distributions Released during the year	(42,192)	(150,607)	(42,192)	(150,607)
Total Unclaimed Dividends	2,501,202	2,543,394	2,501,202	2,543,394

(13) SPECIAL FUNDS & RESERVES

Combined

Opening Balance	2,448,175	270,124	562,810	1,214,197
Inflation/Capital Adjustments	43,728	11,615	24,201	-
Costs Subsidised	-	(59,695)	-	-
Total Special Funds & Reserves 2010	2,491,903	222,044	587,011	1,214,197

Combined

Opening Balance	2,402,762	313,144	535,500	1,214,197
Inflation/Capital Adjustments	85,155	15,970	27,310	-
Costs Subsidised	(39,742)	(58,990)	-	-
Total Special Funds & Reserves 2009	2,448,175	270,124	562,810	1,214,197

Parent

Opening Balance	2,448,175	270,124	562,810	1,214,197
Inflation/Capital Adjustments	43,728	11,615	24,201	-
Costs Subsidised	-	(59,695)	-	-
Total Special Funds & Reserves 2010	2,491,903	222,044	587,011	1,214,197

Parent

Opening Balance	2,402,762	313,144	535,500	1,214,197
Inflation/Capital Adjustments	85,155	15,970	27,310	-
Costs Subsidised	(39,742)	(58,990)	-	-
Total Special Funds & Reserves 2009	2,448,175	270,124	562,810	1,214,197

	Land Management Reserve \$	Owners Register Administration Reserve \$	Lords River Section Distribution Reserve \$	Trust Administration Reserve \$
Opening Balance	2,448,175	270,124	562,810	1,214,197
Inflation/Capital Adjustments	43,728	11,615	24,201	-
Costs Subsidised	-	(59,695)	-	-
Total Special Funds & Reserves 2010	2,491,903	222,044	587,011	1,214,197

	Land Management Reserve \$	Owners Register Administration Reserve \$	Lords River Section Distribution Reserve \$	Trust Administration Reserve \$
Opening Balance	2,402,762	313,144	535,500	1,214,197
Inflation/Capital Adjustments	85,155	15,970	27,310	-
Costs Subsidised	(39,742)	(58,990)	-	-
Total Special Funds & Reserves 2009	2,448,175	270,124	562,810	1,214,197

	Land Management Reserve \$	Owners Register Administration Reserve \$	Lords River Section Distribution Reserve \$	Trust Administration Reserve \$
Opening Balance	2,448,175	270,124	562,810	1,214,197
Inflation/Capital Adjustments	43,728	11,615	24,201	-
Costs Subsidised	-	(59,695)	-	-
Total Special Funds & Reserves 2010	2,491,903	222,044	587,011	1,214,197

	Land Management Reserve \$	Owners Register Administration Reserve \$	Lords River Section Distribution Reserve \$	Trust Administration Reserve \$
Opening Balance	2,402,762	313,144	535,500	1,214,197
Inflation/Capital Adjustments	85,155	15,970	27,310	-
Costs Subsidised	(39,742)	(58,990)	-	-
Total Special Funds & Reserves 2009	2,448,175	270,124	562,810	1,214,197

(a) The Land Management Reserve is inflation adjusted annually to preserve the original provision set aside. The restoration work on the Neck was subsidized from this reserve in the period to 30 June 2009.

(b) The Owners Register Administration Reserve is inflated by a notional annual return on capital less the actual costs of running the owners database.



(13) SPECIAL FUNDS & RESERVES (CONTD)

- (c) The Lords River Section Distribution Reserve is inflated by a notional return on capital, and is subject to top ups as the trustees determine.
- (d) 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) OTHER RESERVES

	Combined		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Opening Balance	723,737	857,779	723,737	857,779
Interest on Unclaimed Funds	106,554	130,308	106,554	130,308
Less Contribution to Neck Project	(52,700)	(74,350)	(52,700)	(74,350)
Less Contribution to Journey	-	(190,000)	-	(190,000)
Section 218 Reserve Closing Balance	<u>777,591</u>	<u>723,737</u>	<u>777,591</u>	<u>723,737</u>

(15) RELATED PARTY TRANSACTIONS

Honorariums are paid to the trustees in accordance with the approval of the owners present at prior AGMs. In addition, meeting costs are paid to trustees, as is reimbursement of travel.

Two trustees have provided services beyond their role as trustees. Phillip Smith has hired his vessel for transportation purposes, and Stephen Hartevelde has been employed on a part-time basis as manager of the Trust. The amounts paid are on an arms length basis and in line with commercial rates.

The Trust has made advances to Rakiura Wildlife Experiences Limited totaling \$188,252 throughout the year.

(16) LEASE COMMITMENTS

Commitments existing under operating leases relate to the hire of EFTPOS Terminals. These commitments are as follows:

	Combined		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current Portion	2,340	877	877	877
Non-Current Portion	3,023	1,828	951	1,828
Total Operating Leases	<u>5,363</u>	<u>2,705</u>	<u>1,828</u>	<u>2,705</u>

Commitments also exist under finance leases relating to the purchase of computer software and vessel outboard motors. These commitments are as follows:

	Combined		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current Portion	57,459	-	57,459	-
Non-Current Portion	39,542	-	39,542	-
Total Finance Leases	<u>97,001</u>	<u>-</u>	<u>97,001</u>	<u>-</u>

(17) CAPITAL COMMITMENTS

There were no capital commitments outstanding at balance date (2009 nil).

(18) CONTINGENT LIABILITIES

Contingent liabilities outstanding at balance date amount to 100 shares unpaid capital relating to the investment in Rakiura Wildlife Experiences Limited (2009 nil).

AUDIT REPORT

To the Trustees of Rakiura Maori Land Trust

We have audited the financial report set out on pages 13 to 23. The financial report provides information about the past financial performance of the trust and its financial position as at 30 June 2010. This information is stated in accordance with the accounting policies set out on pages 15 to 16.

Trustees' Responsibilities

The Trustees are responsible for the preparation of a financial report which fairly reflects the financial position of the trust as at 30 June 2010 and of the results of its operations for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial report presented by the Trustees.

Basis of Opinion

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

- the significant estimates and judgements made by the trustees in the preparation of the financial report, and
- 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 report is 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 report.

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:

- proper accounting records have been kept by the trust as far as appears from our examination of those records; and
- the financial report set out on pages 13 to 23:
 - complies with generally accepted accounting practice in New Zealand
 - fairly reflects the financial position of Rakiura Maori Land Trust as at 30 June 2010 and the results of its operations for the year ended on that date.

Our audit was completed on 22 September 2010 and our unqualified opinion is expressed as at that date.

A handwritten signature in blue ink, appearing to read 'WHK South'.

WHK South NZ
Invercargill





RAKURA MAORI LAND TRUST

