



*Rangitane o Manawatu
Investment Trust*

ANNUAL REPORT

2019



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1. Chairpersons Report

Ngā mihi nui, ngā mihi mahana, ngā mihi aroha. Tēnā koutou katoa

I am honoured to present this Annual Report for the Rangitāne o Manawatū Investment Trust. This financial year could be characterised as te pukumahi! It has been a year of hard work and honest endeavour with many frustrations. It has also been the year where we have been able to finally see some results.

There have been bright lights. The laying of Te Mauri Stone for the Quest Hotel Development in April and the beginning of construction in June felt like the real beginning of our aspirations.

The concluding of our purchase of the land at Awatapu College in June continued the theme in returning to Rangitāne o Manawatū a site of significance.

In both cases they also represented opportunities to begin serious revenue generation where the previous year seemed to consist entirely of paying expenses.

There also continued to be frustration. Our mahi on the sub-division at Stirling Crescent/Ashford Avenue continued to face major barriers in obtaining resource consents despite much work and the support of a lot of specialist advisors. As the 2018/2019 year ended we had made progress but the benefits will accrue in the following period.

Similarly we did conclude the negotiations and purchased the former Police Station but it presents challenges because its degraded condition presents badly. We are working towards demolition of all of the non-Heritage buildings to alleviate this. It will continue to be a challenge in finding the right project to develop the site.

The result of this activity is that the cash deposited in Term Deposits with the BNZ has reduced significantly. Our other major assets are now the properties which we are holding for development all of which have costs attached to their ownership. This is now being balanced somewhat by the rentals being received from Tangimoana Forest and more recently Awatapu College.



Chairman
Ngaruma Karaitiana

We continue to work closely with the Rangitāne o Manawatū Settlement Trust (RoMST) and to report to the beneficiaries alongside them. I attend RoMST Board meetings regularly to report to the trustees and ensure that there is transparency and accountability in place.

I acknowledge the open relationship with the RoMST trustees and the positive relationship between the two entities. Likewise, we are well supported by contracted services from the team at Tanenuiarangi Manawatu Incorporated and I would like to particularly acknowledge the fine work of Debbie Te Puni and Tina Murdie.

This report is brief, and our attached Financial Statements are modest. Along with my fellow trustees Roly Fitzgerald and Chris Whaiapu, I look forward to a breakthrough year in the next reporting period with much success to report.

Ka tō te rā, ka rere te rā

Nōreira, Ngā mihi kia kotou

A handwritten signature in black ink, appearing to read 'M. Whaitiana', with a stylized, cursive script.

Chair – Rangitāne o Manawatū Investment Trust

2. Strategic Priorities Guiding the Annual Plan

The Rangitāne o Manawatū Investment Trust (RoMIT) Strategic Plan was developed to align with the Rangitāne o Manawatū Settlement Trust Strategic (RoMST) Plan. The Directors have identified 5 key strategic priorities that will contribute to the vision of RoMIT “Future prosperity and wellbeing for Rangitāne Iwi, Hapu and whanau”.

The Five key strategic priorities are:

1. MAXIMISING OPPORTUNITIES AND RETURNS OF THE SETTLEMENT	
AIM	Understand the economic potential of Rangitāne o Manawatu assets.
2. BUILDING AN ECONOMIC FUTURE	
AIM	Increase Capital Growth Through Revenue
3. DISTRIBUTION STRATEGY	
AIM	Contribute to developing a strategy for enabling distribution in a structured way to achieve sustainable distribution requirements
4. ADMINISTRATION/POLICY	
AIM	Develop a process of reporting and measurement of progress.
5. PRESENCE	
AIM	Contributing to ensure that RoM public presence in the community is a positive one.

The 2018 – 2019 Annual Plan sets out to identify those aspects of the RoMIT Strategic Plan which the Trustees have identified as the priority aspects to tackle in this financial year. It is important to note that this will be the second full year of business since the Rangitāne o Manawatū settlement was effected. As such this plan presents a year of business which continues to be very much focused on establishment and the initiation of business which will carry on into future planning years.

3. Key Projects and Tasks

1 July 2018 to 30 June 2019

MAXIMISING OPPORTUNITIES AND RETURNS OF THE SETTLEMENT				
Project	Summary	Objectives	Key Tasks	OUTCOME
Develop and publish financial policies to align with a Statement of Investment Policy and Objectives (SIPO)	Develop financial policies and SIPO to specify: <ul style="list-style-type: none"> • The Trustees' Overall Investment Objectives. • RoMIT's Investment Strategy. • Roles and responsibilities of the parties involved in the Implementation of the SIPO • Principles and values that will underpin the way investment is undertaken. 	To document the decisions the Trustees have made regarding the investment management of RoMIT settlement assets.	<ul style="list-style-type: none"> • Review, update and adopt the SIPO if required to align with financial policies. • Set up monitoring and reporting against the SIPO 	ACHIEVED
Fitzherbert – Ranfurly Development	Providing revenue to at least cover costs of holding the asset while fully developing into a revenue generating long-term "hold"	Initiate development project.	<ul style="list-style-type: none"> • Quest Hotel Lease signed • Development Company formed & shareholder agreement signed • Development tender signed • Construction largely completed. 	ACHIEVED
Fitzherbert – Ranfurly Development		Plan use of site balance	<ul style="list-style-type: none"> • Seek development project for balance of Fitzherbert site • Begin housing plan for Ranfurly site 	IN PROGRESS
Stirling – Ashford Development	Development of site as sub-division and sell to deliver additional capital	Realisation of opportunity to increase capital base	<ul style="list-style-type: none"> • Develop site and infrastructure plans • Confirm borrowing arrangements • Achieve resource consent • Tender project • Complete development and prepare for sale 	IN PROGRESS
Former Police Station	Joint venture development of site in liaison with PNCC, Heritage NZ and potential investors.	Confirm development and plans for this site.	<ul style="list-style-type: none"> • Initiate negotiation for purchase • Confirm likely tenant/partner • Confirm potential borrowing arrangements • Make GO – NO GO decision 	INPROGRESS

Awatapu School Project	To begin the process to evaluate the opportunity	To build a business case and specifically understand the best timing for acquisition	<ul style="list-style-type: none"> • Set up evaluation process • Confirm valuation & yields • Model & confirm financials 	ACHIEVED
Balance of Deferred Selection Properties	Process to evaluate all remaining opportunities	To ensure that all potential is evaluated before options expire	<ul style="list-style-type: none"> • Set up evaluation process • Take a “fresh” look at each opportunity one by one • Deliberately make a clear decision to let go • Look for creative options 	ACHIEVED

Summary

The emphasis this financial year was to maximise opportunities represented by the Deferred Selection properties where the rights expired in March 2019. We ended the financial year by purchasing the final asset being the land occupied by Awatapu College. This had been preceded by the purchase of the former Police Station on Church Street.

The other major success was to gain consents and begin to build the Quest Hotel on Fitzherbert Avenue. Other projects such as the Stirling Crescent/Ashford Avenue sub-division and the balance of the Fitzherbert Avenue site have progressed slowly and were still in progress at the end of the period although both have made significant progress in the next financial year.

BUILDING AN ECONOMIC FUTURE				
Project	Summary	Objectives	Key Tasks	OUTCOME
Cash Management	Confirm best cash yield opportunities within parameters of SIPO		<ul style="list-style-type: none"> Investigate and understand options for investment Compare and analyse various bank and other returns and risk profiles Investigate lending cash to RoMIT development entities instead of external borrowing (margin gain) 	IN PROGRESS
Board Development and Process Improvement	Continually seek to improve RoMIT Board processes and performance	Achieving strong Board performance which is guided and driven by our values and Rangitāne tikanga	<ul style="list-style-type: none"> Explore and introduce digitally enabled processes Develop a skills matrix and conduct a gap analysis Review timing and style of Board meetings Identify training needs Carry out a formal self-review of the Board and its performance 	IN PROGRESS

Summary

The items in this category are very much “business as usual” and as such will always be ongoing. However, the Board continues to work diligently on ensuring that we continue to progress the objectives and ensure we are an efficient, prudent and high-performing entity.

DISTRIBUTION STRATEGY			
Project	Summary	Objectives	Key Tasks
Aim	Contribute to developing a strategy for enabling distribution in a structured way to achieve sustainable distribution requirements		
NOTE : Unlikely to be addressed in this planning period			

Summary

As anticipated our development focus has required rigorous management of capital precluding any distribution focus this period

ADMINISTRATION/POLICY				
Project	Summary	Objectives	Key Tasks	OUTCOME
Review Letter of Expectation	Letter of Expectation understood and signed in agreement	Clarity about the relationship between RoMIT and RoMST as well as the expectations	<ul style="list-style-type: none"> Agree and sign Letter of Expectation 	ACHIEVED
Develop and publish RoMIT Annual Plan 2018-2019	Set in place and communicate a plan to give effect to 12 months of Strategic Plan progress	Publish and communicate goals, objectives and key tasks to be achieved within a specific annualised period	<ul style="list-style-type: none"> Develop a draft and agree content Publish to RoMST for comment by 30 April 2019 Finalise and publish 	ACHIEVED
Develop and publish RoMIT Annual Budget 2018-2019	Set in place and communicate a budget to support the RoMIT Annual Plan 2018-2018	Prudent management of funds in a structure to provide the basis for reporting and decision making	<ul style="list-style-type: none"> Work with financial accountant to establish a financial model supported by an appropriate structure and chart of accounts Analyse and set draft budgets by line item by 30 April 2019. 	ACHIEVED

Summary

The items in this category are very much “business as usual” and as such will always be ongoing. However, the Board continues to work diligently on ensuring that we continue to progress the objectives and ensure we are an efficient, prudent and high-performing entity.

In the case of these items they are all essential to ensuring we are transparent in our actions and decisions and remain accountable to both RoMST and the beneficiaries.

4. ADMINISTRATION/POLICY (continued)				
Project	Summary	Objectives	Key Tasks	OUTCOME
Develop and publish the annual Board Workplan and Periodic Reporting Schedule	Set in place and communicate reporting to meet the requirements of the RoMST Letter of Expectation	Meet both best practice and RoMST requirements for regular good quality reporting	<ul style="list-style-type: none"> Develop a reporting process and appropriate templates Report to RoMST as per RoMST Work Plan 2018-2019. 	ACHIEVED
Develop a full set of policies and practices to appropriately support the effective operation of the RoMIT business	Set in place a full suite of policies and practices and regularly review them based on a work plan	Meet both best practice and RoMST requirements for the prudent and high quality operation of the business of RoMIT	<ul style="list-style-type: none"> Develop Policy Review plan to regularly review policies and practices Develop new policies and practices as appropriate and as identified as needed 	ACHIEVED

Summary

As noted above, the items in this category are very much “business as usual” and as such will always be ongoing. However, the Board continues to work diligently on ensuring that we continue to progress the objectives and ensure we are an efficient, prudent and high-performing entity.

In the case of these items they are all essential to ensuring we are transparent in our actions and decisions and remain accountable to both RoMST and the beneficiaries.

PRESENCE				
Project	Summary	Objectives	Key Tasks	OUTCOME
Aim	Contributing to ensure that RoM public presence in the community is a positive one.			
Ensure that all development projects add positively to the overall environment and economy of Palmerston North	Positive development principles	Development projects that are best practice and conform to regulation	<ul style="list-style-type: none"> Continue to build strategy (<i>unlikely to be in this period</i>). Design and develop all projects to best practice Adhere to positive environmental principles 	IN PROGRESS

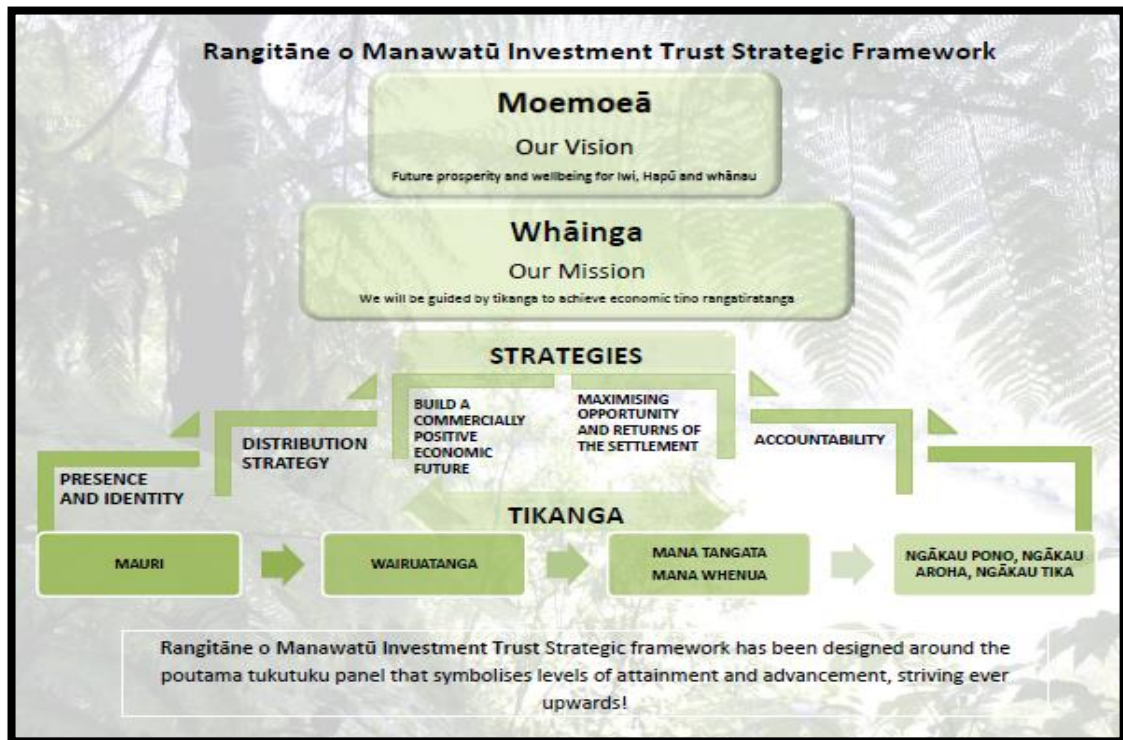
Summary

The Stirling Crescent/Ashford Avenue sub-division has progressed slowly mainly because we have been determined to implement best practice and apply strong environmental values. Similarly we have rejected projects for the balance of the Fitzherbert Avenue site because the tenant’s focus has not met our social policy values.

The former Police Station presents challenges because its degraded condition presents badly. We are working towards demolition of all of the non-Heritage buildings to alleviate this.

The Quest Hotel will eventually make a positive aesthetic and economic impact on the community.

4. Rangitāne o Manawatū Investment Trust Strategic Framework



5. Audited Annual Financial Statements



INDEPENDENT AUDITOR'S REPORT To the Trustees of the Rangitane o Manawatu Investment Trust Group

Opinion

We have audited the consolidated financial statements of Rangitane o Manawatu Investment Trust and its subsidiary Rangitane o Manawatu Kaitiaki Limited on pages 4 to 13, which comprise the statement of financial position as at 30 June 2019, the statement of financial performance and statement of cash flows for the year then ended, the statement of accounting policies and other explanatory information.

In our opinion, the consolidated financial statements on pages 4 to 13 present fairly, in all material respects, the financial position of the Rangitane o Manawatu Investment Trust as at 30 June 2019 and its financial performance, for the year then ended, in accordance with the requirements of Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board relevant to reporting financial position, financial performance and cash flows.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described below in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Rangitane o Manawatu Investment Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Rangitane o Manawatu Investment Trust.

Restriction on Responsibility

This report is made solely to the Trustees as a body. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Other Information

The Trustees are responsible for the other information. The other information comprises the entity information and statement of service performance but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based, on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Trustees Responsibility for the Financial Statements

The Trustees are responsible for the preparation of the financial statements in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) and for such internal control as the Trustees determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trustees either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trusts internal control.
- conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trusts ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trusts to cease to continue as a going concern.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

CKS Audit

**CKS Audit
10 March 2020**

Rangitane o Manawatu Investment Trust

PALMERSTON NORTH

Group Performance Report

For the Year Ended 30th June 2019



Rangitane o Manawatu Investment Trust
Group Performance Report
For the Year Ended 30th June 2019

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Rangitane o Manawatu Investment Trust
Group Directory
As at 30th June 2019



NATURE OF BUSINESS

Asset Management Entity

ADDRESS

140 -148 Maxwells Line
Palmerston North

TRUSTEES AND DIRECTORS

Ngaruma Mako Awapuni Karaitiana (Chair)
Rowland Prince Fitzgerald
Christopher Noel Whaiapu

BANKERS

Bank of New Zealand
Palmerston North

ACCOUNTANTS

Greer & Wong Limited
Chartered Accountants
Palmerston North

AUDITORS

CKS Audit
Chartered Accountants
Palmerston North

SOLICITORS

Innes Dean
Barrister & Solicitors
Palmerston North

Rangitane o Manawatu Investment Trust
Group Entity Information
As at 30th June 2019



LEGAL NAME OF ENTITY

Rangitane o Manawatu Investment Trust and its subsidiary Rangitane o Manawatu Kaitiaki Limited.

TYPE OF ENTITY AND LEGAL BASIS

Rangitane o Manawatu Investment Trust is a registered charity and is registered under the Charitable Trust Act 1957 and the Charities Act 2005. Rangitane o Manawatu Kaitiaki Limited is a company registered under the Companies Act 1993.

REGISTRATION NUMBER WITH DIA CHARITIES

CC54499

MISSION STATEMENT

The purpose of the Trust is to receive, use and administer the Trust's Funds exclusively for Charitable Purposes. The Trust was set up to manage and invest the assets of Rangitane o Manawatu Settlement Trust arising from the Treaty of Waitangi settlement with the Rangitane o Manawatu Iwi. The qualifying entities that distributions may be made include trusts and subsidiaries related to Rangitane o Manawatu.

ENTITY STRUCTURE

Trust Structure

The Trust Deed requires at least 3 trustees and no more than 5 trustees be appointed at one time - of which 2 trustees must be members of Rangitane o Manawatu. The Trust currently has 3 trustees, who also act as the board members. The Settlers of the Trust are the Trustees of Rangitane o Manawatu Settlement Trust.

Company Structure

The company was established under the Companies Act 1993. The constitution states that there must not be fewer than 3 directors and not more than 5 directors, 3 of whom must be members of Rangitane o Manawatu. The company currently has 3 directors.

MAIN SOURCES OF THE ENTITY'S CASH AND RESOURCES

Investment income from the investment of assets from Rangitane o Manawatu Settlement Trust arising from the Treaty of Waitangi settlement.

MAIN METHODS USED BY THE ENTITY TO RAISE FUNDS

Manage and invest the assets of Rangitane o Manawatu Settlement Trust arising from the Treaty of Waitangi settlement with the Rangitane o Manawatu Iwi.

ENTITY'S RELIANCE ON VOLUNTEERS AND DONATED GOODS & SERVICES

The Trust does not rely on volunteers or donated goods and services.

Rangitane o Manawatu Investment Trust
Group Statement of Service Performance
For the Year Ended 30th June 2019



DESCRIPTION OF THE ENTITY'S OUTCOMES

Manage and invest the assets of Rangitane o Manawatu exclusively for Charitable purposes that benefits Rangitane O Manawatu whether it relates to the relief of poverty, the advancement of education or religion or any other matter that is beneficial to the community and in particular is beneficial to Maori as a people and the community of Rangitane o Manawatu and all the members of Rangitane o Manawatu irrespective of where those members of Rangitane o Manawatu reside within NZ.

**DESCRIPTION AND QUANTIFICATION OF
THE ENTITY'S OUTPUTS**

	Targets	This Year	Last Year
Number of trustee meetings held	11	11	11
Number of properties surveyed for possible acquisition	8	8	8
Number of properties acquired for development	3	2	3
Number of reporting meetings with RoMST	4	4	4
Number of reporting hui with beneficiaries	2	2	2
Number of properties under development	-	1	-

Rangitane o Manawatu Investment Trust
Group Statement of Financial Performance
For the Year Ended 30th June 2019



	Note	2019 \$	2018 \$
REVENUE			
Revenue from providing goods or services	3	44,333	50,086
Interest, dividends and other investment revenue	3	185,660	289,243
Total Revenue		229,993	339,329
Less Expenses			
Volunteer and employee related costs	4	50,739	37,305
Costs related to providing goods or services	4	208,359	117,386
Other expenses	4	43,435	39,137
Total Expenses		302,533	193,828
SURPLUS/(DEFICIT) FOR THE YEAR		(\$72,540)	\$145,500

Rangitane o Manawatu Investment Trust
Group Statement of Financial Position
As at 30th June 2019



	Note	2019 \$	2018 \$
CURRENT ASSETS			
Bank accounts and cash	5	7,082,486	139,762
Debtors and prepayments	5	9,796	84,575
Total Current Assets		7,092,282	224,337
NON-CURRENT ASSETS			
Investments	5	-	8,252,334
Investment property held for development	5	5,578,420	4,997,000
Investments accounted for using the equity method	10	598,889	-
Total Non-Current Assets		6,177,310	13,249,334
TOTAL ASSETS		13,269,591	13,473,672
CURRENT LIABILITIES			
Creditors and accrued expenses	5	50,805	24,331
NON-CURRENT LIABILITIES			
Loans	5	13,198,797	13,303,840
TOTAL LIABILITIES		13,249,603	13,328,171
NET ASSETS		\$19,989	\$145,500
Represented by;			
ACCUMULATED FUNDS			
Accumulated surpluses or (deficits)	6	19,989	145,500
TOTAL ACCUMULATED FUNDS		\$19,989	\$145,500

For and on behalf of the trustees;

Trustee MH Xerantian

Trustee [Signature]

Trustee [Signature]

Date 10/03/2020

This statement is to be read in conjunction with the notes to the Performance Report and Independent Audit report



Rangitane o Manawatu Investment Trust
Group Statement of Cash Flows
For the Year Ended 30th June 2019



	Note	2019 \$	2018 \$
OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from providing goods and services		57,163	48,886
Interest, dividends and other investment receipts		262,815	211,404
		<u>319,978</u>	<u>260,290</u>
Cash was applied to:			
Payments to suppliers and employees		150,023	169,497
Net GST paid to IRD		907	5,537
		<u>150,930</u>	<u>175,034</u>
Net Cash Inflow (Outflow) from Operating Activities		<u>169,048</u>	<u>85,256</u>
INVESTING AND FINANCING ACTIVITIES			
Cash was provided from:			
Loan advances received		-	13,303,840
Proceeds from investments		8,252,334	-
		<u>8,252,334</u>	<u>13,303,840</u>
Cash was applied to:			
Loan repayments		158,098	-
Acquisition of investments		-	8,252,334
Acquisition of investment property		1,320,560	4,997,000
		<u>1,478,659</u>	<u>13,249,334</u>
Net Cash Inflow (Outflow) from Investing and Financing Activities		<u>6,773,676</u>	<u>54,506</u>
NET INCREASE (DECREASE) IN CASH HELD		<u>6,942,724</u>	<u>139,762</u>
Opening Cash and cash equivalents		139,762	-
Closing Cash and Cash Equivalents	5	<u>7,082,486</u>	<u>139,762</u>

Rangitane o Manawatu Investment Trust
Group Notes to the Performance Report
For the Year Ended 30th June 2019



1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The group financial statements of Rangitane o Manawatu Investment Trust and its subsidiary Rangitane o Manawatu Kaitiaki Limited are presented for the year ended 30th June 2019. Rangitane o Manawatu Investment Trust is domiciled in New Zealand and is a charitable organisation registered under the Charitable Trusts Act 1957 and the Charities Act 2005. Rangitane o Manawatu Kaitiaki Limited is an asset holding company and is a company incorporated in New Zealand registered under the Companies Act 1993.

BASIS OF PREPARATION

Rangitane o Manawatu Investment Trust has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not for Profit) as established by the External Reporting Board for registered charities, on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000.

Rangitane o Manawatu Kaitiaki Limited has prepared its special purpose financial statements in accordance with the policies of the company. There are no significant differences in accounting policies that have an effect on the consolidation of the financial statements into the Rangitane o Manawatu Investment Trust.

All transactions in the Statement of Financial Performance are reported using the accrual basis of accounting. The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Tier 2 PBE Accounting Standards Applied

Rangitane o Manawatu Investment Trust has opted up to PBE IPSAS 37, Joint Arrangements, as applicable to the Trust's circumstances and appropriate to PBE SFR-A (NFP). The trust has recognised its interest in a joint venture as an investment and has accounted for the investment using the equity method in accordance with PBE IPSAS 36, Investments in Associates and Joint Ventures.

Rangitane o Manawatu Investment Trust has opted up to PBE IPSAS 35, Consolidated Financial Statements, as applicable to the Trust's circumstances and appropriate to PBE SFR-A (NFP).

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Specific Accounting Policies

In the preparation of this Performance Report the specific accounting policies are as follows:

(a) Basis of consolidation

Controlled entities are those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. Controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases. In preparing the consolidated (group) financial statements, all inter entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity (being Rangitane o Manawatu Kaitiaki Limited) are consistent with the policies adopted by the Group and has the same (June) reporting date.

(b) Interest in Joint Venture

The joint venture company is accounted for in these financial statements using the equity method in accordance with PBE IPSAS 36, Investments in Associates and Joint Ventures.

The investment in the joint venture company is initially recognised at cost and the carrying amount is increased or decreased to recognise Rangitane o Manawatu Investment Trust's share of the surplus or deficit of the Joint Venture Company after the date of acquisition.

Rangitane o Manawatu Investment Trust's share of the joint venture company is recognised in the Statement of Financial Performance and the retained interest in the investment recorded in the Statement of Financial Position in the Performance Report per note 10.

(c) Goods & Services Tax

Rangitane o Manawatu Investment Trust is registered for GST. These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

(d) Investments

Investments comprise of bank term deposits and property & land purchased for development. Investments are recorded at the lower of cost and current market value. Costs that are considered capital in nature are capitalised when there is certainty around project continuing.

(e) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

Interest income is recognised as it accrues using the effective interest method.

Rangitane o Manawatu Investment Trust
Group Notes to the Performance Report
For the Year Ended 30th June 2019



(f) Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

2. AUDIT

These financial statements have been subject to audit, please refer to Auditor's Report.

3. ANALYSIS OF REVENUE

	2019	2018
	\$	\$
(a) Revenue from providing goods or services		
License Fee	24,867	37,300
Rent Received - 10 Ranfurly Street, PN	16,551	11,445
Rent Received - Carparking	2,916	1,341
Total	<u>44,333</u>	<u>50,086</u>
(b) Interest, dividends and other investment revenue		
Interest Received	<u>185,660</u>	<u>289,243</u>
Total	<u>185,660</u>	<u>289,243</u>
Total Operating Revenue	<u><u>229,993</u></u>	<u><u>339,329</u></u>

4. ANALYSIS OF EXPENSES

	2019	2018
	\$	\$
(a) Volunteer and employee related costs		
Trustee Fees - R Fitzgerald	12,000	8,559
Trustee Fees - R Karaitiana	25,000	20,033
Trustee Fees - C Whaiapu	13,739	8,713
Total	<u>50,739</u>	<u>37,305</u>
(b) Costs related to providing goods or services		
Surveyor & Land Transfer	-	37,220
Loss on Sale of 109 Fitzherbert Ave, PN	139,140	-
Electricity & Gas	-	91
Property Maintenance Fees - 10 Ranfurly Street, PN	1,875	1,670
Security	1,175	-
Consultancy	-	22,200
Legal Expenses	7,063	21,552
Rates	40,573	11,205

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Repairs & Maintenance	10,273	9,124
Valuation Fees	7,150	14,325
Share of net loss of JV using equity method - note 10	1,111	-
Total	208,359	117,386
(c) Other expenses		
Accountancy Fees	11,018	14,574
Administration	15,319	13,270
Audit Fees	5,950	4,000
Bank Charges	150	109
Banklink Charges	130	87
Technical Support	-	158
Koha	500	-
General Expenses	641	-
Hui Expenses	497	37
Insurance	7,636	5,921
Motor Vehicle Expenses	1,593	982
Total	43,435	39,137
Total Operating Expenses	302,533	193,828

5. ANALYSIS OF ASSETS AND LIABILITIES

	2019	2018
	\$	\$
(a) Bank accounts and cash		
BNZ Current Account - #00	680,556	139,762
BNZ Current Account - #25	6,401,930	-
Total bank accounts and cash	7,082,486	139,762
Net bank accounts and cash for the purpose of the Statement of Cash Flows	7,082,486	139,762
(b) Debtors and Prepayments		
Accounts Receivable	2,669	1,200
Interest Receivable	684	77,839
GST Receivable	6,443	5,537
Total	9,796	84,575
(c) Investments		
BNZ Term Deposits	-	8,252,334
Total	-	8,252,334
(d) Investment Property		
12 Ranfurly St, PN	828,032	-
109 Fitzherbert Avenue, PN	-	500,000

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Stirling Crescent/Ashford Ave, PN	2,932,560	2,862,000
113-117 Fitzherbert Ave, PN	567,828	1,350,000
375-379 Church Street, PN	1,250,000	-
10 Ranfurly St, PN	-	285,000
Total	<u>5,578,420</u>	<u>4,997,000</u>

There is also land at Tangimoana Forest which is due to be received from the Rangitane o Manawatu Settlement Trust. Rangitane o Manawatu Settlement Trust cannot transfer the title to Rangitane o Manawatu Investment Trust until it receives the title from the Crown. Until such time, the land will reside in the Rangitane o Manawatu Settlement Trust with the associated Licence fee income shown in the Rangitane o Manawatu Investment Trust

(c) Creditors and accrued expenses

Accounts Payable	36,507	24,331
Receipts in Advance	<u>14,298</u>	<u>-</u>
Total	<u>50,805</u>	<u>24,331</u>

(f) Loans

Rangitane o Manawatu Kaitiaki Ltd	-	8,744
Rangitane o Manawatu Settlement Trust	<u>13,198,797</u>	<u>13,295,096</u>
Total	<u>13,198,797</u>	<u>13,303,840</u>

There is no interest charged on the above loans and are repayable on demand. The lenders have confirmed they will not call the debt within 12 months of balance date and therefore the loans have been accounted for as term liabilities.

The loan to the Rangitane o Manawatu Settlement Trust is secured over the properties at:

- Stirling Crescent/Ashford Ave, Palmerston North
- 375-379 Church Street, Palmerston North

6. ACCUMULATED FUNDS

	2019	2018
	\$	\$
(a) Accumulated Surpluses or Deficits		
Opening Balance	145,500	-
Acquisition of subsidiary impact	(52,971)	-
Surplus/(Deficit)	<u>(72,540)</u>	<u>145,500</u>
Closing Balance	<u>19,989</u>	<u>145,500</u>

The impact of acquiring the subsidiary during the year (refer Note 8) is a reduction in equity of the Rangitane o Manawatu Investment Trust group financial statement's of \$52,971 as shown above.

7. COMMITMENTS AND CONTINGENCIES

(a) Contingent Liabilities

At balance date there are no known contingent liabilities (2018:\$0).

(b) Commitments

There are no commitments as at balance date (2018:\$0).

8. RELATED PARTIES

(a) Rangitane o Manawatu Kaitiaki Ltd - 100% Owned Subsidiary

On 20th March 2019, Rangitane o Manawatu Investment Trust acquired Rangitane o Manawatu Kaitiaki Limited from Rangitane o Manawatu Settlement Trust.

Rangitane o Manawatu Investment Trust purchased the 1 share in Rangitane o Manawatu Kaitiaki Limited for \$1 therefore making Rangitane o Manawatu Kaitiaki Limited a 100% owned subsidiary of Rangitane o Manawatu Investment Trust.

Ngaruma Karaitiana, Christopher Whaiapu and Rowland Fitzgerald are all trustees of Rangitane o Manawatu Investment Trust. They are also directors of Rangitane o Manawatu Kaitiaki Limited.

During the 2019 financial year, Rangitane o Manawatu Kaitiaki Limited loaned \$24 to Rangitane o Manawatu Investment Trust. During the 2018 financial year, Rangitane o Manawatu Kaitiaki Limited sold land of \$500,000 to Rangitane o Manawatu Investment Trust.

There is a loan owing to Rangitane o Manawatu Kaitiaki Limited per note 5(f) of the financial statements for the 2018 financial year.

(b) Rangitane o Manawatu Settlement Trust

Christopher Whaiapu is also a trustee of Rangitane o Manawatu Settlement Trust. During the 2018 financial year, assets were transferred to the Rangitane o Manawatu Investment Trust resulting in a loan between the Rangitane o Manawatu Settlement Trust and the Rangitane o Manawatu Investment Trust as per note 5(f) of the financial statements.

During the 2019 financial year, a repayment of \$158,122 was made to the Rangitane o Manawatu Settlement Trust.

Under the terms of the Treaty Settlement agreement, certain properties are available to the Rangitane o Manawatu Settlement Trust to purchase. During the year, a property at 375-379 Church Street, Palmerston North was purchased and immediately onsold to the Rangitane o Manawatu Investment Trust for the same price (\$1,250,000).

Rangitane o Manawatu Investment Trust purchased the 1 share in Rangitane o Manawatu Kaitiaki Limited for \$1 from Rangitane o Manawatu Settlement Trust per note 8(a).

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Rangitane o Manawatu Investment Trust
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(c) Tahi Property Company Limited

Ngaruma Karaitiana and Christopher Whaiapu are also directors of a joint venture entity named the Tahi Property Company Limited.

Rangitane o Manawatu Investment Trust hold a 50% interest in Tahi Property Company Ltd.

During the 2019 financial year, land was sold to the Tahi Property Company Limited for \$600,000. Rangitane o Manawatu Investment Trust accounts for it's investment in the joint venture company using the equity method per note 10.

9. SECURITIES AND GUARANTEES

Refer to note 5(f) for details of security.

10. JOINT VENTURE

Rangitane o Manawatu Investment Trust has a 50% interest in a joint venture entity named the Tahi Property Company Limited. The company was incorporated together with Wallace Development Company Limited to construct a building and lease it to Quest Limited.

The carrying amount of the investment in the joint venture company is:

Opening Balance	-	-
Capital Contributions	600,000	-
Share of net loss of JV using equity method - note 10	(1,111)	-
Closing Balance	<u>598,889</u>	<u>-</u>

11. EVENTS AFTER THE BALANCE DATE

On the 3rd July 2019, Rangitane o Manawatu Investment Trust aquired the Awatapu College site at 434 Botanical Road, Palmerston North for \$5,176,000.