

## Port Nicholson Block Settlement Trust

Statement of Comprehensive Income  
For the Year Ended 31 March 2015

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

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

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## Port Nicholson Block Settlement Trust

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

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

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

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## Port Nicholson Block Settlement Trust

### Statement of Financial Position

As At 31 March 2015

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

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

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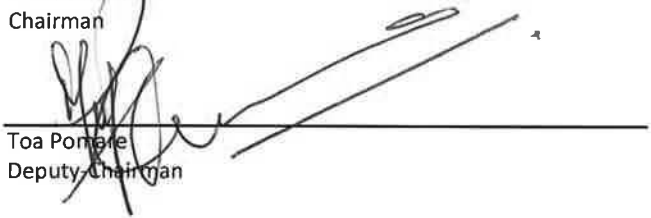
# Port Nicholson Block Settlement Trust

Statement of Financial Position  
As At 31 March 2015

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

On behalf of the Trustees:

  
Neville Baker  
Chairman

  
Toa Pomere  
Deputy Chairman

25/3/15  
Date

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

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## Notes to the Financial Statements

### Port Nicholson Block Settlement Trust

For the year ended 31 March 2015

#### 1. Reporting Framework:

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

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

#### 2. Basis of Consolidation:

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

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

The wholly owned subsidiaries of the Parent are:

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

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

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

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

**3. Basis of Preparation:**

**a. Statement of compliance**

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

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

**b. Basis of measurement**

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

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

**c. Presentation and currency**

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

**d. Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

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

**e. Changes in accounting policies**

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

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

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

**4. SIGNIFICANT ACCOUNTING POLICIES**

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

**a. Cash and cash equivalents**

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

**b. Trade debtors and other receivables**

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

**c. Trade creditors and other payables**

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

**d. Provisions**

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

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

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

**e. Financial Instruments**

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

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

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

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

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

Financial assets

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

Loans and Receivables

Financial assets that are non-derivative with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

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

Financial liabilities

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

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

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

Impairment of financial instruments

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

**f. Investments in subsidiaries**

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



## Notes to the Financial Statements

### Port Nicholson Block Settlement Trust

For the year ended 31 March 2015

#### g. Impairment of non-financial assets

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

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

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

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

#### h. Property, Plant and Equipment

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

##### Additions

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

##### Disposal

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

##### Depreciation

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

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

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

#### i. Employee entitlements

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



## Notes to the Financial Statements

### Port Nicholson Block Settlement Trust

For the year ended 31 March 2015

#### j. Finance income and expenses

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

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

#### k. Revenue

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

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

##### Crown Settlements

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

##### Koha

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

##### Rendering of Services

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

##### Interest

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

##### Rental income

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

##### Lease Premium

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



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

**l. Investment Property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised within profit and loss in the Statement of Comprehensive Income. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The properties are revalued every five years or earlier if there are indications revaluations are required.

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

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

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

**m. Taxation**

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

**n. GST**

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

**o. Grants**

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

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

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



## Port Nicholson Block Settlement Trust

### Notes to the Financial Statements

For the Year Ended 31 March 2015

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



## Port Nicholson Block Settlement Trust

### Notes to the Financial Statements

For the Year Ended 31 March 2015

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



## Port Nicholson Block Settlement Trust

### Notes to the Financial Statements

For the Year Ended 31 March 2015

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

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

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

## Port Nicholson Block Settlement Trust

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

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

### NOTE 11. CASH & CASH EQUIVALENTS

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

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

### NOTE 12. TRADE DEBTORS & RECEIVABLES

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

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

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

### NOTE 13. ACCRUED INCOME

#### Accrued Income and Interest

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

## Port Nicholson Block Settlement Trust

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

### NOTE 14. TRADE CREDITORS & OTHER PAYABLES

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

	Open Book Value \$	Additions / Disposals at Cost \$	Closing Book Value \$	Fair Value Movement \$
<b>NOTE 15. INVESTMENT PROPERTIES</b>				
<i>(at fair value)</i>				
<b>Reconciliation of Fair Value 2015</b>				
<b>Settlement Properties</b>				
<b>Parent</b>				
1 - 3 Thorndon Quay, Wellington	1,570,000	-	1,570,000	-
Whites Line East, Waiwhetu	435,000	-	435,000	-
Honiana Te Puni Reserve	205,000	-	205,000	-
Point Dorset Recreation Reserve	590,000	-	590,000	-
Wi Tako Ngatata Scenic Reserve	296,000	-	296,000	-
Dendroglyph Site	2,000	-	2,000	-
Bed of Lake Kohangapiripiri	37,000	-	37,000	-
Esplanade Land of Kohangapiripiri	29,000	-	29,000	-
Bed of Lake Kohangatera	66,000	-	66,000	-
Esplanade Land of Kohangatera	62,500	-	62,500	-
Makaro Scientific Reserve	1	-	1	-
Matiu Island	1	-	1	-
Mokopuna Scientific Reserve	1	-	1	-
Makara Property	1	-	1	-
<b>Total Fair Value Settlement Properties for Parent</b>	<b>3,292,504</b>	<b>-</b>	<b>3,292,504</b>	<b>-</b>
<b>Subsidiaries</b>				
<b>Lowry Bay Section One Limited</b>				
Wainuiomata College	1,160,000	-	1,160,000	-
Wainuiomata Intermediate	1,270,000	-	1,270,000	-
<b>PNBST Investments Limited Partnership</b>				
Petone College	380,000	-	380,000	-
<b>Total Fair Value Settlement Properties for Group</b>	<b>6,102,504</b>	<b>-</b>	<b>6,102,504</b>	<b>-</b>
<b>Purchased Properties</b>				
<b>Shelly Bay Limited</b>				
Shelly Bay Road	9,850,000	-	9,850,000	-
<b>Total Fair Value Purchased Properties for Group</b>	<b>9,850,000</b>	<b>-</b>	<b>9,850,000</b>	<b>-</b>



## Port Nicholson Block Settlement Trust

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

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

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

#### Valuation techniques and significant inputs.

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

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

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

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



## Port Nicholson Block Settlement Trust

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

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

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

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

#### Islands and Reserves

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

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

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

#### NOTE 16. SIGNIFICANT VALUATION ASSUMPTIONS

##### 1 - 3 Thorndon Quay

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

##### Shelly Bay Defence Land and Wharves

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

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

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

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

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

##### Petone College, Graham St Petone

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



## Port Nicholson Block Settlement Trust

### Notes to the Financial Statements

For the Year Ended 31 March 2015

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

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

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



## Port Nicholson Block Settlement Trust

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

#### NOTE 18. OTHER LOANS

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

#### NOTE 19. INTER-ENTITY LOANS

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

*The inter-entity loan comprises:*

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

*The inter-entity advance comprises:*

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

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

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

#### **The Lodge at Shelly Bay Limited**

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

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

## Port Nicholson Block Settlement Trust

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

### Port Nicholson Block Management Limited

#### Carrying value at cost

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

#### Impairment provision

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

Carrying value of investment in subsidiary

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

### Lowry Bay Section One Limited

#### Carrying value at cost

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

#### Impairment provision

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

Carrying value of investment in subsidiary

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

### Port Nicholson Block Properties Limited

#### Carrying value at cost

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

#### Impairment provision

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

Carrying value of investment in subsidiary

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



## Port Nicholson Block Settlement Trust

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

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

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

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

### NOTE 20. TRUSTEE REMUNERATION

Trustee remuneration during the year was as follows:

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

# Port Nicholson Block Settlement Trust

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

## NOTE 21. FINANCIAL INSTRUMENTS

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

### Financial Assets

Cash and Cash Equivalents  
Trade Debtors and Other Receivables  
Prepayments  
Investment in Related Parties

Group			
Carrying Amount 2015 \$	Fair Value 2015 \$	Carrying Amount 2014 \$	Fair Value 2014 \$
2,037,778	2,037,778	2,686,553	2,686,553
203,644	203,644	200,370	200,370
30,677	30,677	104,084	104,084
-	-	87,285	87,285
<u>2,272,099</u>	<u>2,272,099</u>	<u>3,078,292</u>	<u>3,078,292</u>

### Financial Assets

Cash and Cash Equivalents  
Trade Debtors and Other Receivables  
Prepayments  
Investment in Related Parties

Parent			
Carrying Amount 2015	Fair Value 2015	Carrying Amount 2014	Fair Value 2014
2,634,642	2,634,642	3,118,899	3,118,899
46,983	46,983	15,450	15,450
24,439	24,439	36,707	36,707
-	-	87,285	87,285
<u>2,706,063</u>	<u>2,706,063</u>	<u>3,258,341</u>	<u>3,258,341</u>

### Financial Liabilities

Trade Creditors and Other Payables  
Loans and Advances

Group			
Carrying Amount 2015	Fair Value 2015	Carrying Amount 2014	Fair Value 2014
49,284	49,284	239,526	239,526
900,657	900,657	938,574	938,574
<u>949,941</u>	<u>949,941</u>	<u>1,178,100</u>	<u>1,178,100</u>

### Financial Liabilities

Trade Creditors and Other Payables

Parent			
Carrying Amount 2015	Fair Value 2015	Carrying Amount 2014	Fair Value 2014
17,635	17,635	192,142	192,142
<u>17,635</u>	<u>17,635</u>	<u>192,142</u>	<u>192,142</u>



# Port Nicholson Block Settlement Trust

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

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

### *Credit Risk*

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

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

### *Liquidity Risk*

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

### *Interest Rate Risk*

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

### *Fair Value*

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

### *Capital Management*

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

## NOTE 22. RELATED PARTY TRANSACTIONS

### **a. Parent and ultimate controlling party**

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

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

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



## Port Nicholson Block Settlement Trust

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

#### b. Other related parties

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

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

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

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

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

#### d. Related Party Outstanding Debts

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

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

#### e. Related Party Transactions

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

#### f. Other Related Party Transactions

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

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

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



## Port Nicholson Block Settlement Trust

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

### NOTE 23. CONTINGENT LIABILITIES AND COMMITMENTS

#### Shelly Bay Limited - Potential Lessor Liability

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

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

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

### NOTE 24. SUBSEQUENT EVENTS

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

### NOTE 25. LEASE COMMITMENTS

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





## Independent Auditor's Report

### Audit

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### To the Members of Port Nicholson Block Settlement Trust & Group

#### Report on the financial statements

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

#### Trustees' responsibility for the financial statements

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

#### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

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

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

**Opinion**

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



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