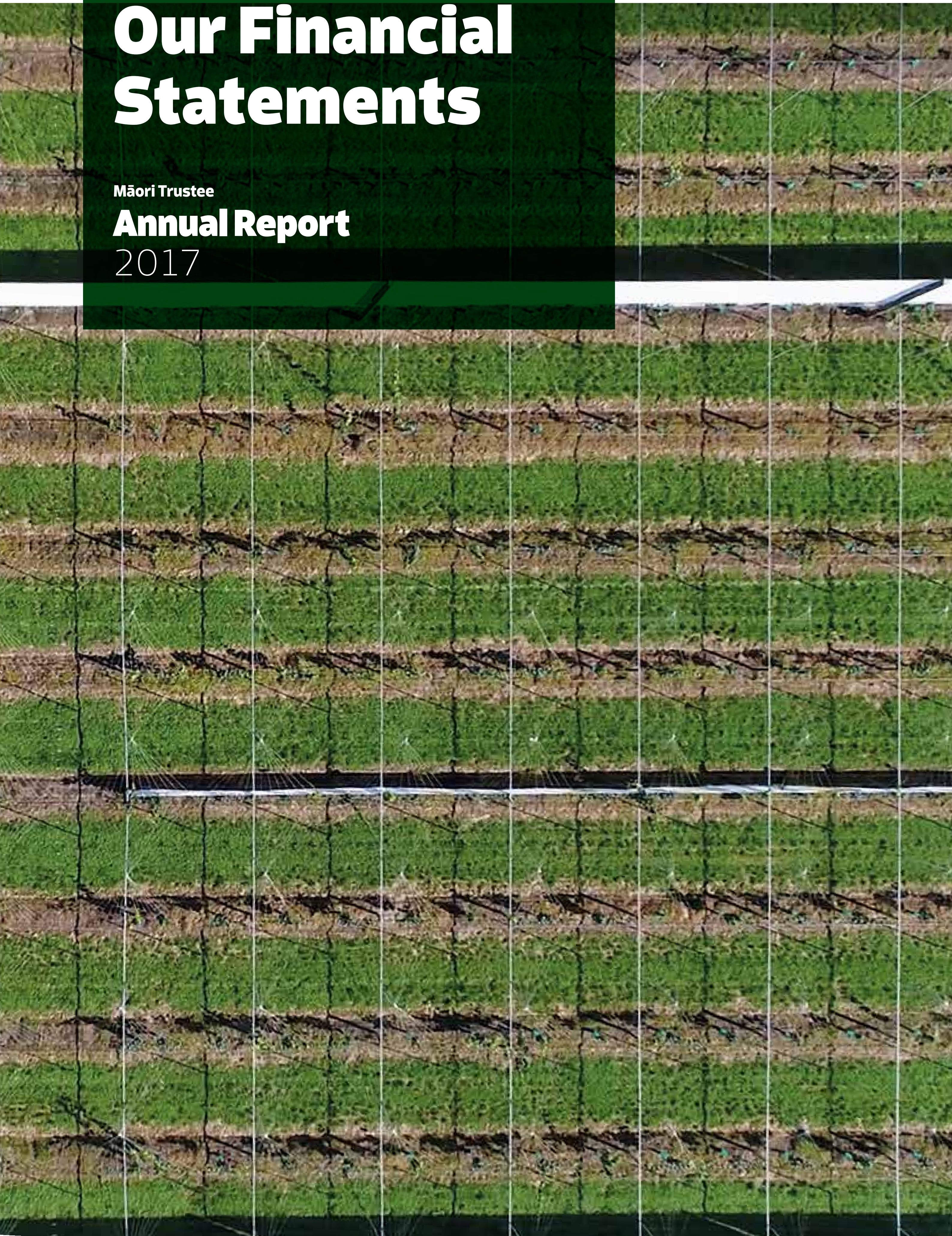
TE TUMU PAEROA

Our Financial Statements

Māori Trustee

Annual Report

2017



Statement of Comprehensive Revenue and Expense

For the year ended 31 March 2017

		Group			Parent	
	Notes	2017 Actual $000	2017 Budget $000	2016 Actual $000	2017 Actual $000	2016 Actual $000
Revenue						
Fees and commissions		4,758	4,834	4,283	4,779	4,298
Revenue from Crown	1	11,261	10,347	10,347	11,261	10,347
Interest revenue		4,333	3,965	4,730	4,409	4,495
Farm revenue		1,207	1,500	829	-	-
Dividends		16	405	5	16	5
Other revenue		524	258	226	733	436
Total Revenue	2	**22,099**	**21,309**	**20,420**	**21,198**	**19,581**
Expenses						
Employee benefits	3	9,574	10,231	9,174	9,145	8,752
Depreciation	15	254	202	193	167	167
Amortisation	16	398	460	354	380	352
Restructuring costs		35	-	-	35	-
Farm and land expenses	4	730	1,500	953	-	-
Other expenses	5	6,636	7,773	6,062	7,237	5,964
Total operating expenses		**17,627**	**20,166**	**16,736**	**16,964**	**15,235**
Net surplus/(deficit) from operations		**4,472**	**1,143**	**3,684**	**4,234**	**4,346**
Other gains/(losses)						
Reversal of impairment		4	-	198	4	675
Impairment of investment in associates		(36)	-	-	-	(390)
Gain on investment property revaluation		-	-	23	210	34
Gain on sale of non-current assets held for sale		-	-	9,791	-	11,488
Share of associates' net surplus/(deficit)	11	140	-	(156)	-	-
Total other gains/(losses)		**108**	**-**	**9,856**	**214**	**11,807**
Net surplus/(deficit) before tax		**4,580**	**1,143**	**13,540**	**4,448**	**16,153**
Income tax expense	6	-	-	-	-	-
Net surplus/(deficit) after tax		**4,580**	**1,143**	**13,540**	**4,448**	**16,153**
Net surplus/(deficit) attributable to:						
Māori Trustee		4,580	1,143	13,885	4,448	16,153
Non-controlling interest		-	-	(345)	-	-
Other comprehensive revenue and expense						
Share of associates' other comprehensive revenue/(expense)	11	112	-	(12)	-	-
Increase in financial assets at fair value		586	1,281	1,090	558	903
Gain on asset revaluation		437	282	430	226	419
Total comprehensive revenue and expense		**5,715**	**2,706**	**15,048**	**5,232**	**17,475**
Total comprehensive revenue and expense attributable to:						
Māori Trustee		5,715	2,706	15,393	5,232	17,475
Non-controlling interest		-	-	(345)	-	-

Explanations of major variances against budget are provided in note 27.
These financial statements should be read in conjunction with the accompanying notes.

Statement of Changes in Net Assets/Equity

For the year ended 31 March 2017

	Group			Parent	
	2017 Actual $000	2017 Budget $000	2016 Actual $000	2017 Actual $000	2016 Actual $000
Equity at beginning of year					
General Purposes Fund	143,244	144,798	125,739	144,456	124,671
Appropriation Account	3,834	1,405	7,466	3,834	7,466
Financial assets through other comprehensive revenue and expense	1,667	1,667	577	1,480	577
Asset revaluation reserve	513	513	83	502	83
Non-controlling interest	-	-	1,907	-	-
Total equity at beginning of year	**149,258**	**148,383**	**135,772**	**150,272**	**132,797**
Transfers from statement of comprehensive revenue and expense for the year					
General Purposes Fund	7,762	7,254	17,505	7,518	19,785
Appropriation Account	(3,070)	(6,111)	(3,632)	(3,070)	(3,632)
Financial assets through other comprehensive revenue and expense	586	1,281	1,090	558	903
Asset revaluation reserve	437	282	430	226	419
Non-controlling interest	-	-	(345)	-	-
Total comprehensive revenue and expense	**5,715**	**2,706**	**15,048**	**5,232**	**17,475**
Owner transactions					
Acquisition of non-controlling interest	-	-	(1,562)	-	-
Equity at end of year					
General Purposes Fund	151,006	152,052	143,244	151,974	144,456
Appropriation Account	764	(4,706)	3,834	764	3,834
Financial assets through other comprehensive revenue and expense	2,253	2,948	1,667	2,038	1,480
Asset revaluation reserve	950	795	513	728	502
Non-controlling interest	-	-	-	-	-
Total equity at end of year	**154,973**	**151,089**	**149,258**	**155,504**	**150,272**

Explanations of major variances against budget are provided in note 27.
These financial statements should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 31 March 2017

		Group			Parent	
	Notes	2017 Actual $000	2017 Budget $000	2016 Actual $000	2017 Actual $000	2016 Actual $000
Assets						
Current assets						
Cash and cash equivalents	7	1,382	4,387	3,499	959	3,290
Debtors and other receivables	8	4,107	1,488	5,362	4,013	5,317
Term deposits		71,806	18,000	69,292	71,806	69,292
Held-to-maturity investments	9	5,358	4,500	5,814	5,358	5,814
Loans and receivables	10	236	178	431	236	431
Biological assets	12	1,033	1,234	962	-	-
Equities		13,336	37,795	6,778	13,336	6,778
Investments in associates	11	3,127	-	-	2,831	-
Non-current assets held for sale	13	-	-	-	-	-
Total current assets		**100,385**	**67,582**	**92,138**	**98,539**	**90,922**
Non-current assets						
Held-to-maturity investments	9	35,398	53,164	35,305	35,398	35,305
Loans and receivables	10	1,867	1,896	2,167	3,484	2,569
Investments		1,141	927	1,113	-	-
Investments in subsidiaries		-	-	-	3,438	3,358
Investments in associates	11	2,319	13,086	6,109	2,026	5,736
Other financial assets		341	275	275	341	275
Investment property	14	-	12,127	-	10,728	10,801
Property	15	10,728	-	10,801	-	-
Plant and equipment	15	1,492	672	651	437	498
Intangible assets	16	4,111	4,496	3,681	3,748	3,658
Total non-current assets		**57,397**	**86,643**	**60,102**	**59,600**	**62,200**
Total assets		**157,782**	**154,225**	**152,240**	**158,139**	**153,122**
Liabilities and equity						
Current liabilities						
Payables	17	1,104	820	1,099	930	967
Employee benefits	18	844	646	732	844	732
Total current liabilities		**1,948**	**1,466**	**1,831**	**1,774**	**1,699**
Non-current liabilities						
Employee benefits	18	24	10	15	24	15
Other non-current liabilities	14	837	1,660	1,136	837	1,136
Total non-current liabilities		**861**	**1,670**	**1,151**	**861**	**1,151**
Total liabilities		**2,809**	**3,136**	**2,982**	**2,635**	**2,850**
Net assets/equity						
Total equity attributable to Māori Trustee		154,023	150,294	148,745	154,776	149,770
Reserves		950	795	513	728	502
Non-controlling interest		-	-	-	-	-
Total equity		**154,973**	**151,089**	**149,258**	**155,504**	**150,272**
Total liabilities and equity		**157,782**	**154,225**	**152,240**	**158,139**	**153,122**

Explanations of major variances against budget are provided in note 27.
These financial statements should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 31 March 2017

	Notes	Group 2017 Actual $000	Group 2017 Budget $000	Group 2016 Actual $000	Parent 2017 Actual $000	Parent 2016 Actual $000
Cash flows from operating activities						
Fees and commissions		4,843	5,279	4,163	4,864	4,178
Revenue from Crown		11,033	10,347	7,760	11,033	7,760
Investment revenue		4,485	4,720	4,640	4,486	4,302
Other revenue		186	903	235	319	405
Farm and land revenue		1,241	1,500	1,100	-	-
Employee benefits		(9,454)	(10,018)	(8,956)	(9,024)	(8,534)
Suppliers		(5,928)	(6,693)	(5,741)	(5,736)	(5,788)
Farm and land expenses		(745)	(1,500)	(1,079)	-	-
Restructure cost		(35)	-	-	(35)	-
Goods and services tax (GST)		103	(1,085)	(594)	91	(471)
Net cash flows from operating activities	19	**5,729**	**3,453**	**1,528**	**5,998**	**1,852**
Cash flows from investing activities						
Loans and receivables repaid		502	330	620	525	15,347
Held-to-maturity investments matured or sold		5,855	5,355	6,500	5,855	6,500
Term deposits matured/(invested)		(2,514)	56,200	(29,192)	(2,514)	(29,192)
Investment/cost recovered – Common Fund entities		708	-	(1,395)	708	(1,395)
Investment in funds and equities		(6,000)	(30,000)	(298)	(6,000)	(298)
Disposal of property, plant and equipment		-	-	33	-	33
Investment property purchased		-	(2,000)	-	(16)	(39)
Biological assets		(88)	-	-	-	-
Property, plant and equipment purchased		(1,114)	(160)	(471)	(108)	(422)
Intangible assets purchased		(869)	(1,240)	(684)	(511)	(659)
Loans and receivables advanced		(231)	-	(71)	(2,093)	(473)
Investment in subsidiaries		-	(1,000)	-	(80)	-
Investment in associates		(121)	(5,000)	(2,473)	(121)	(2,473)
Held-to-maturity investments purchased		(5,600)	(25,355)	(13,000)	(5,600)	(13,000)
Capital repayment from subsidiaries and associates		1,000	-	-	1,000	1,116
Other financial assets		(66)	-	10	(66)	10
Sale of carbon units		692	-	-	692	-
Non-current assets held for sale		-	1,394	24,371	-	23,031
Acquisition of non-controlling interest		-	-	(1,562)	-	(1,562)
Net cash flows from investing activities		**(7,846)**	**(1,476)**	**(17,612)**	**(8,329)**	**(3,476)**
Net increase/(decrease) in cash		**(2,117)**	**1,977**	**(16,084)**	**(2,331)**	**(1,624)**
Cash at beginning of year		**3,499**	**2,410**	**19,583**	**3,290**	**4,914**
Cash at end of year	7	**1,382**	**4,387**	**3,499**	**959**	**3,290**

GST has been presented on a net basis. Investment and maturity of term deposits have also been reported on a net basis.
Explanations of major variances against budget are provided in note 27.
These financial statements should be read in conjunction with the accompanying notes.

Statement of Trust Monies

For the year ended 31 March 2017

The Māori Trustee operates trust accounts under section 23 of the Māori Trustee Amendment Act 2009 (the Act).

The transactions through these accounts and the balances at 31 March 2017 are not included in the Māori Trustee's financial statements. Movements in these accounts were as follows:

		Common Fund		Special Investment Accounts	
	Notes	2017 $000	2016 $000	2017 $000	2016 $000
Account balances at beginning of year		101,160	97,549	2,577	2,662
Contributions		54,004	48,946	637	10,045
Distributions		(54,332)	(49,420)	(3,045)	(10,130)
Revenue		4,342	5,002	-	-
Expenses		(921)	(917)	-	-
Account balances at end of year		**104,253**	**101,160**	**169**	**2,577**

The Common Fund represents monies received by the Māori Trustee under sections 23 and 25 of the Act, in trust for persons entitled to receive them. All Common Fund monies are guaranteed by the Crown under section 27 of the Act.

Special Investment Accounts are investments made in accordance with section 24 of the Act.

Notes to the Financial Statements

For the year ended 31 March 2017

Statement of accounting policies

Reporting entity

The Māori Trustee is a corporation sole defined under the Māori Trustee Act 1953 (the Act) and is domiciled in New Zealand. The fundamental role of the Māori Trustee is to work with Māori landowners to protect and build their assets for now and for future generations. Accordingly, the Māori Trustee has designated itself as a public benefit entity (PBE) for financial reporting standards purposes.

These financial statements have been prepared in terms of section 23 of the Act for the General Purposes Fund and the Appropriation Account. The Māori Trustee operates and manages trust accounts on behalf of clients under section 23 of the Act. The trust account transactions and balances are not included in the Māori Trustee's financial statements. These are included in the statement of trust monies. These consolidated financial statements for the year ended 31 March 2017 comprise the controlling entity and its controlled entities referred to as the 'Group'.

The General Purposes Fund represents funds held by the Māori Trustee in its own right. The Appropriation Account was established on 1 July 2009 under the Māori Trustee Amendment Act 2009 to account for revenue received from the Crown.

The financial statements for the Māori Trustee are for the year ended 31 March 2017 and were approved by the Māori Trustee on 21 July 2017.

Basis of preparation

Statement of compliance

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

As the Māori Trustee in fulfilling it's role holds assets in a fiduciary capacity for Māori landowners as its primary business, the Māori Trustee is publicly accountable for the purposes of financial reporting.

The financial statements comply with PBE standards and have been prepared in accordance with Tier 1 PBE standards.

Functional and presentation currency

The financial statements and notes are presented in the Māori Trustee's functional currency, which is New Zealand dollars, and all values are rounded to the nearest thousand dollars ($000).

Standards issued and not yet effective and not early adopted

There are no standards, amendments and interpretations issued, but not yet effective, that have not been early adopted and that are relevant to the Māori Trustee.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Budget figures

The budget figures were approved by the Māori Trustee. The budget figures were prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the Māori Trustee for the preparation of the financial statements.

Measurement base

The financial statements have been prepared on a historical cost basis, except where modified by revaluation of certain items of property, plant and equipment, investment property, held-to-maturity investments and equities. The methods used to measure fair value are detailed in the specific accounting policies.

Basis of consolidation

Controlled entities

The consolidated financial statements comprise the financial statements of the Māori Trustee, its

wholly owned and controlled entities, Te Tumu Mīere Limited (100%), MTD1 Limited (100%), Te Tumu Paeroa Dairy Limited Partnership (100%), Matakana 9 Limited Partnership (100%) and M9 Limited (100%). Controlled entities are those entities over which the Māori Trustee has the power to govern the financial and operating policies to obtain benefits from their activities.

Te Tumu Mīere Limited is a wholly owned and controlled entity of the Māori Trustee. The nature of the business for Te Tumu Mīere Limited is that of collection and wholesaling of mānuka honey from Māori land blocks. Te Tumu Mīere Limited was incorporated in February 2015.

Te Tumu Paeroa Dairy Limited Partnership was originally created with the Māori Trustee as the only limited partner owning 100 partnership units. Subsequently, 50 of the 100 partnership units were transferred to the Māori Education Trust. During the 2016 financial year, the Māori Trustee bought back the 50 partnership units from Māori Education Trust, leaving the Māori Trustee as the only limited partner.

MTD1 Limited is a wholly owned and controlled entity of the Māori Trustee with no transactions for the year ended 31 March 2017 (2016 Nil). MTD1 Limited is the general partner for Te Tumu Paeroa Dairy Limited Partnership, which was created in May 2013. As the general partner, MTD1 Limited has responsibility for the management and control of the business and partnership.

Matakana 9 Limited Partnership was created with the Māori Trustee as the only limited partner. The partnership is engaged in developing a kiwifruit orchard and producing kiwifruit in New Zealand.

M9 Limited is a wholly owned and controlled entity of the Māori Trustee with no transactions for the year ended 31 March 2017 (2016 Nil). M9 Limited is the general partner for Matakana 9 Limited Partnership, which was created in April 2016. As the general partner, M9 Limited has responsibility for the management and control of the business and partnership.

The financial statements of the wholly owned and controlled entities are prepared for the same reporting period as the Māori Trustee, with the exception of Te Tumu Paeroa Dairy Limited Partnership, which has a 31 May balance date to align with farming practice.

Intercompany transactions, balances and unrealised gains on transactions between the controlled entities and the Group are eliminated. Investments in controlled entities are subject to annual review for impairment.

Leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Operating lease payments are recognised on a straight-line basis over the term of the lease in the statement of comprehensive revenue and expense.

Term deposits

Investments in term deposits are initially measured at fair value plus transaction costs. For term deposits, impairment is established when there is objective evidence that the Māori Trustee will not be able to collect amounts due according to the original term of the deposit.

Investments

Investments are stated at market value.

Equities

Equities are measured at fair value of the investment through quoted prices in the market through other comprehensive revenue and expense, which are initially measured at fair value plus transaction costs.

After initial recognition, these investments are measured at their fair value with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to surplus or deficit.

Other financial assets

Other financial assets are measured initially at cost as the Māori Trustee has little or no control over the investments. At the end of each reporting period, the Māori Trustee will assess if there's any objective evidence of impairment for its investments.

Goods and services tax (GST)

All items in the financial statements are exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST isn't recoverable as input tax, it's recognised as part of the related asset or expense.

The net amount of GST receivable or payable to the Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the Inland Revenue, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

» General Purposes Fund – funds held by the Māori Trustee in its own right
» Appropriation Account – established under the Māori Trustee Amendment Act 2009 to account for revenue received from the Crown
» Financial assets through other comprehensive revenue
» Asset Revaluation Reserve(s).

Statement of cash flows

The statement of cash flows has been prepared using direct approach subject to the netting of certain cash flows. The make-up of cash and cash equivalents in the statement of cash flows is the same as that for cash and cash equivalents in the statement of financial position.

Operating activities include cash received from all revenue sources and cash payments made for the supply of goods and services.

Investing activities include the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.

Financing activities include activities that result in changes to the size and composition of equity.

Critical judgements, accounting estimates and assumptions

In preparing these financial statements in conformity with PBE accounting standards, the Māori Trustee has made judgements, estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting estimates and assumptions

The useful lives of assets have been based on historical experience. In addition, the condition of the assets is assessed annually and considered against the remaining useful lives. Adjustments to useful lives are made when considered necessary.

Critical judgements in applying accounting policies

The Māori Trustee has exercised the following critical judgement in applying the accounting policies.

» *Impairment of financial and non-financial assets:* The Māori Trustee assesses the impairment of assets at each reporting date by evaluating conditions specific to the Māori Trustee and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined.
» *Revaluation of investment property:* The Māori Trustee assesses the fair value of its investment property at each reporting date by completing a property valuation, which evaluates market conditions at balance date.

- *Employee benefits:*
  The Māori Trustee makes assumptions in calculating employee benefits that are payable beyond 12 months of balance date, such as long service leave, which are calculated on an actuarial basis, taking into account years of service, years until entitlement, the likelihood that staff will reach the point of entitlement, and the net present value of the estimated cash flows.
- *Revenue:*
  The Māori Trustee makes judgement when recognising and categorising revenue as revenue from exchange and non-exchange transactions.

1. Revenue from Crown

The Māori Trustee received revenue from the Crown in accordance with the Funding Agreement dated 24 March 2016 and variation to the funding agreement between the Minister for Māori Development and the Māori Trustee. The revenue in the current financial year is $11,261,000 (2016 $10,347,000).

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Revenue from Crown	11,261	10,347	11,261	10,347
	11,261	**10,347**	**11,261**	**10,347**

2. Revenue

Accounting policy

The specific accounting policies for significant revenue items are explained below.

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it's probable that economic benefits will flow to the Māori Trustee and that the revenue can be reliably measured.

Revenue is composed of:

» Non-exchange transactions – Revenue from Crown, fees and interest revenue from lending

» Exchange transactions – Commissions, Common Fund management fees, interest revenue from investment, dividends, rent, farm revenue, director's fees and other revenue.

Fees and commissions

The Māori Trustee can only deduct commissions upon actual receipt of trust monies. Therefore, commissions are recognised on a cash basis and fees on an invoice basis.

Interest

Interest revenue is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated cash flows associated with a financial instrument over the expected life of the instrument.

Revenue from the Crown

Revenue from the Crown is recognised as revenue when the Māori Trustee is entitled to receive the funding.

Farm revenue

Farm revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it's probable that economic benefits will flow to the partnership and that the revenue can be reliably measured.

Dividends

Dividends are recognised when the Māori Trustee's right to receive payments is established.

	Group		Parent	
	2017 $000	**2016 $000**	**2017 $000**	**2016 $000**
Revenue from non-exchange transactions				
Fees	3,075	2,724	3,095	2,740
Less fees forgiven/written off	(384)	(415)	(384)	(415)
Revenue from Crown	11,261	10,347	11,261	10,347
Interest revenue from lending	58	104	133	121
Total revenue from non-exchange transactions	**14,010**	**12,760**	**14,105**	**12,793**
Revenue from exchange transactions				
Commissions	1,274	1,212	1,274	1,212
Common Fund management fees	793	762	793	762
Interest revenue from investment	4,275	4,626	4,275	4,373
Farm revenue	1,207	829	-	-
Dividends	16	5	16	5
Other revenue	524	226	735	436
Total revenue from exchange transactions	**8,089**	**7,660**	**7,093**	**6,788**
Total revenue	**22,099**	**20,420**	**21,198**	**19,581**

3. Employee benefits

Accounting policy

Superannuation schemes

Obligations for contributions to KiwiSaver and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are expensed in the statement of comprehensive revenue and expense as incurred.

	Group		Parent	
	2017 $000	**2016 $000**	**2017 $000**	**2016 $000**
Salaries and wages	9,041	8,613	8,612	8,191
Defined contribution plan employer contributions	227	213	227	213
Increase/(decrease) in employee entitlements	65	83	65	83
Recruitment related costs	241	265	241	265
Total employee benefits	**9,574**	**9,174**	**9,145**	**8,752**

4. Farm and land expenses

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Administration expenses	99	101	-	-
Aerial assessment	4	52	-	-
Feed	261	243	-	-
Lease payments	7	36	-	-
Repairs and maintenance	82	39	-	-
Realised loss on financial assets	-	53	-	-
Stock movement	(164)	90	-	-
Other farm expenses	441	339	-	-
Total farm and land expenses	**730**	**953**	**-**	**-**

5. Other expenditure

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Fees paid to auditors				
- Audit fees for Parent	154	151	154	151
- Audit fees for Subsidiary	25	15	-	-
Impairment of loans and receivables current year	282	22	282	23
Impairment of debtors and other receivables	683	-	683	-
Occupancy	788	775	788	775
Consultants' fees	1,895	2,216	1,860	2,165
Legal fees	29	34	25	27
Travel	528	596	512	578
Telecommunications	227	190	227	190
Printing and stationery	126	147	126	147
Insurance	66	73	66	73
Software licences and maintenance	793	712	783	712
Loss/(gain) on disposal/write-off assets	2	(33)	2	(33)
Bad debts – loans and receivables written off	-	72	700	72
Other operating costs	1,038	1,092	1,029	1,084
Total other expenditure	**6,636**	**6,062**	**7,237**	**5,964**

6. Taxation

Accounting policy

The Parent, the Māori Trustee, is exempt from income tax as a public authority. Accordingly, no provision has been made for income tax for the Parent. All controlled entities of the Parent are taxpayers. The accounting policies applied in respect of the controlled entities are as follows.

Income tax expense comprises both current and deferred tax. Income tax expense is charged or credited to the statement of comprehensive revenue and expense, except when it relates to items charged or credited directly to equity, in which case the tax is charged to equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date and any adjustments to tax in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at each reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised in the financial statements for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits only to the extent that it's probable that future taxable surpluses will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it's no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each balance sheet date.

	Group	
	2017 $000	**2016 $000**
Reconciliation between tax expense and accounting surplus		
Surplus before tax	4,580	13,540
Tax at 28% (2016 28%)	1,282	3,791
Tax effect of:		
Parent company income not taxable	(1,245)	(4,523)
Non-taxable income/(expense)	(37)	732
Tax expense/(benefit)	**-**	**-**

Figures above are presented only for the Group, as the Parent is exempt from tax.
There is zero tax expense (2016 $Nil) and there is no offsetting movements (2016 $Nil).

7. Cash and cash equivalents

Accounting policy

Cash and cash equivalents comprise cash on hand, cash at bank, and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

	Group		Parent	
	2017 $000	**2016 $000**	**2017 $000**	**2016 $000**
Cash at bank and on hand	521	363	98	154
Deposits at call	861	3,136	861	3,136
Short-term deposits				
Total cash and cash equivalents	**1,382**	**3,499**	**959**	**3,290**

The carrying value of cash at bank, deposits at call and short-term deposits with maturities of less than three months approximates their fair value.

8. Debtors and other receivables

Accounting policy

Debtors and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

A provision for impairment of debtors is established when there's objective evidence that the Māori Trustee won't be able to collect all amounts due according to the original terms of the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

The amount of the provision for impairment is the difference between an asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the statement of comprehensive revenue and expense. When a debt is uncollectable, it is written off against the provision account.

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Receivables from non-exchange transactions				
Trade debtors	231	304	231	304
Sundry receivables	2,815	2,587	2,815	2,587
Receivables from exchange transactions				
Interest receivable	706	803	706	803
Sundry receivables	355	1,668	261	1,623
Total debtors and other receivables	**4,107**	**5,362**	**4,013**	**5,317**

The carrying value of debtors and other receivables approximates their fair value. Trade debtors are non-interest bearing and are generally on monthly terms. An impairment loss is recognised when there's objective evidence that an individual trade debtor is impaired. All debtors including $33,000 (2016 $80,000) past due have been assessed for impairment.

The receivable associated with the development of the Omaio 39 orchard has been fully impaired ($683,000). This is on the basis that the process of establishing a lease over the land has not been finalised at balance date. We've received confirmation of the content and structure of the lease document from the Advisory Trustees of Omaio 39. However, before executing the lease, as an added protection to the owners of Omaio 39 a review of the process by the Māori Land Court is yet to be completed. This review process will be completed within the 2017/18 financial year. This is the only impairment that has been provided for during the year (2016 Nil). No other amounts have been written off as bad debt during the year (2016 Nil).

9. Held-to-maturity investments

Accounting policy

Non-derivative financial assets with fixed or determinable payments are classified as held-to-maturity investments when the Māori Trustee has the positive intention and ability to hold these investments to maturity. Held-to-maturity investments include bank bonds and corporate bonds. Investments intended to be held for an undefined period are not included in this classification.

Held-to-maturity investments are initially recorded at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest method less any impairment

losses. The amortisation is recorded in the statement of comprehensive revenue and expense as interest revenue/expense. Gains and losses are recognised in the statement of comprehensive revenue and expense when the investments are derecognised or impaired.

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Current portion				
Bank bonds	131	1,634	131	1,634
Corporate bonds	5,227	4,180	5,227	4,180
Total current portion	**5,358**	**5,814**	**5,358**	**5,814**
Non-current portion				
Bank bonds	15,055	13,581	15,055	13,581
Corporate bonds	20,343	21,724	20,343	21,724
Total non-current portion	**35,398**	**35,305**	**35,398**	**35,305**
Total held-to-maturity investments	**40,756**	**41,119**	**40,756**	**41,119**

10. Loans and receivables

Accounting policy

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables include loans and mortgages, Conversion Fund loans and other advances.

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rates of return for similar financial instruments. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of a loan is recognised in the net surplus or deficit as impairment.

These assets are initially recorded at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest method less provision for impairment.

A provision for impairment of loans and receivables is established when there's objective evidence that the Māori Trustee won't be able to collect all amounts due according to the original terms of the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

The amount of the provision for impairment is the difference between an asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the statement of comprehensive revenue and expense. When an asset is uncollectable, it's written off against the provision account.

Loans and mortgages are classified as current assets if principal repayments are due within 12 months of balance date or if the principal amount is overdue at balance date. All other amounts are classified as non-current assets.

	Group					
	2017			2016		
	Gross $000	Impairment $000	Net $000	Gross $000	Impairment $000	Net $000
Current portion						
Loans and mortgages	343	(232)	111	476	(242)	234
Conversion Fund loans	125	-	125	197	-	197
Total current portion	**468**	**(232)**	**236**	**673**	**(242)**	**431**
Non-current portion						
Loans and mortgages	1,048	(66)	982	1,000	(8)	992
Conversion Fund loans	2,832	(1,958)	874	2,855	(1,739)	1,116
Other advances	26	(15)	11	63	(4)	59
Total non-current portion	**3,906**	**(2,039)**	**1,867**	**3,918**	**(1,751)**	**2,167**
Total loans and receivables	**4,374**	**(2,271)**	**2,103**	**4,591**	**(1,993)**	**2,598**

	Parent					
	2017			2016		
	Gross $000	Impairment $000	Net $000	Gross $000	Impairment $000	Net $000
Current portion						
Loans and mortgages	343	(232)	111	476	(242)	234
Conversion Fund loans	125	-	125	197	-	197
Total current portion	**468**	**(232)**	**236**	**673**	**(242)**	**431**
Non-current portion						
Loans and mortgages	2,665	(66)	2,599	1,402	(8)	1,394
Conversion Fund loans	2,832	(1,958)	874	2,855	(1,739)	1,116
Other advances	26	(15)	11	63	(4)	59
Total non-current portion	**5,523**	**(2,039)**	**3,484**	**4,320**	**(1,751)**	**2,569**
Total loans and receivables	**5,991**	**(2,271)**	**3,720**	**4,993**	**(1,993)**	**3,000**

The carrying value of loans and receivables approximates their fair value. Movements in the provision for impairment of loans and receivables are as follows:

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Provision for impairment at 1 April	1,993	2,387	1,993	55,057
Additional provisions made during the year	282	4	282	4
Receivables written off during the year	(4)	(200)	(4)	(52,393)
Provisions reversed during the year	-	(198)	-	(675)
Provision for impairment at 31 March	**2,271**	**1,993**	**2,271**	**1,993**

All loans and receivables have been reviewed at balance date and impaired where necessary to approximate their fair value.

Conversion Fund loans were established under the Māori Affairs Act 1953. The Māori Trustee is either applying funds from distributions to the repayment of such loans or converting loans to interest-free loans with repayment terms.

During the 2016 year, Te Māori Lodges Limited repaid the Māori Trustee $14.7 million, being full and final settlement of advances from the Māori Trustee. Te Māori Lodges Limited was also wound up and deregistered last year. The loan was assessed for impairment annually.

The ageing profile of loans and receivables at year end is detailed below.

	Group					
	2017			2016		
	Gross $000	Impairment $000	Net $000	Gross $000	Impairment $000	Net $000
Not past due	1,201	(96)	1,105	1,293	(38)	1,255
Past due 1 – 30 days	1	(1)	-	8	-	8
Past due 31 – 60 days	-	-	-	8	-	8
Past due 61 – 90 days	-	-	-	8	-	8
Past due over 90 days	3,172	(2,174)	998	3,274	(1,955)	1,319
Total loans and receivables	**4,374**	**(2,271)**	**2,103**	**4,591**	**(1,993)**	**2,598**

	Parent					
	2017			2016		
	Gross $000	Impairment $000	Net $000	Gross $000	Impairment $000	Net $000
Not past due	2,817	(96)	2,721	1,695	(38)	1,657
Past due 1 – 30 days	1	(1)	-	8	-	8
Past due 31 – 60 days	-	-	-	8	-	8
Past due 61 – 90 days	-	-	-	8	-	8
Past due over 90 days	3,173	(2,174)	999	3,274	(1,955)	1,319
Total loans and receivables	**5,991**	**(2,271)**	**3,720**	**4,993**	**(1,993)**	**3,000**

Impairment in the 'not past due' category includes the fair value impairment of loans that have an interest rate of 0%.

11. Investments in associates

Accounting policy

Associates are entities over which the Māori Trustee has significant influence and that are neither controlled entities nor joint ventures. Significant influence is where the Māori Trustee has over 20% of the voting rights. The Māori Trustee investments in associates include Putake Limited, Putake Investments Limited Partnership, Rangihamama Dairy Limited Partnership, RDF1 Limited, Farm:Skills Limited Partnership and FGP1 Limited (the Māori Trustee exited the investment in November 2016), Mānuka Research Partnership (NZ) Limited, Opotiki Packing and Coolstorage Limited and Farm Data Accreditation Limited.

Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements. Under the equity method, investments in associates are carried at cost plus post-acquisition changes in the Māori Trustee's share of the net assets of the associate, less provision for impairment.

The Māori Trustee's share of post-acquisition surplus/(deficit) and other comprehensive revenue/(expense) is recognised in the statement of comprehensive revenue and expense. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Investments in associates are recorded at cost less any impairment losses in the Parent's financial statements and are accounted for using the equity method of accounting in the Group financial statements.

The financial statements of associates are prepared for the same reporting period as the Māori Trustee, with the exception of: Rangihamama Dairy Limited Partnership and RDF1 Limited, which have a 31 May balance date to align with farming practice and Farm:Skills Limited Partnership, FGP1 Limited and Opotiki Packing and Coolstorage Limited, which have a 31 December balance date. The financial statements of associates are prepared using consistent accounting policies.

		Group		Parent	
	Equity holding	**2017 Actual $000**	**2016 Actual $000**	**2017 Actual $000**	**2016 Actual $000**
RDF1 Limited	50% (2016 50%)	-	-	-	-
Rangihamama Dairy Limited Partnership	50% (2016 50%)	346	107	228	107
Putake Limited	50% (2016 50%)	1,438	1,401	1,248	1,248
Putake Investments Limited Partnership	50% (2016 50%)	1,689	2,224	1,583	2,083
Mānuka Research Partnership (NZ) Limited	6.78% (2016 9.94%)	-	-	-	-
Farm:Skills Limited Partnership	0% (2016 50%)	-	604	-	500
FGP1 Limited	0% (2016 50%)	-	-	-	-
Opotiki Packing and Coolstorage Limited	10.1% (2016 10.1%)	1,973	1,773	1,798	1,798
Farm Data Accreditation Limited	14.29% (2016 14.29%)	-	-	-	-
Total investments in associates		**5,446**	**6,109**	**4,857**	**5,736**

Movements in the carrying amounts of investments in associates are as follows:

	Group		Parent	
	2017 $000	**2016 $000**	**2017 $000**	**2016 $000**
Investments in associates at beginning of year	6,109	3,804	5,736	3,653
Share of associates' net surplus/(deficit)	140	(156)	-	-
Share of associates' other comprehensive revenue/(expenditure)	112	(12)	-	-
Capital repayment during the year	(500)	-	(500)	-
New investments during the year	121	2,473	121	2,473
Impairment of investments in associates	(36)	-	-	(390)
Disposal of investments during the year	(500)	-	(500)	-
Investments classified to assets held for sale	-	-	-	-
Balance at the end of year	**5,446**	**6,109**	**4,857**	**5,736**

Last year, Rangihamama Dairy Limited Partnership was impaired down to its fair value less cost to sell, based on the best information available that the Māori Trustee could obtain at the reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable and willing parties.

Summarised financial information of associates is as follows:

	Group	
	2017 $000	**2016 $000**
Assets	50,423	45,706
Liabilities	23,057	19,484
Net assets	**27,366**	**26,222**
Revenue	45,056	38,794
Total comprehensive revenue/(expenditure)	2,029	1,272
Share of associates' total comprehensive revenue		
Net surplus/(deficit) after tax	140	(156)
Other comprehensive revenue/(expenditure)	112	(12)
Total share of associates' comprehensive revenue	**252**	**(168)**

Putake Limited and Putake Investments Limited Partnership

Putake Investments Limited Partnership is a partnership between the Māori Trustee and the Taupō Moana Investments Limited to run a joint venture as a vehicle for investment in Māori business. Taupō Moana Investments Limited and the Māori Trustee have appointed Putake Limited as general partner to manage the partnership business. The company is 50% owned by Taupō Moana Investments Limited and 50% by the Māori Trustee.

The directors intend to wind up the two entities. The exact details and timeframes are not yet known and agreed.

Rangihamama Dairy Limited Partnership and RDF1 Limited

Created in December 2013, Rangihamama Dairy Limited Partnership is a partnership between the Māori Trustee and the Omapere Taraire E & Rangihamama X3A Ahu Whenua Trust to run a joint venture dairy farm. The Omapere Taraire E & Rangihamama X3A Ahu Whenua Trust and the Māori Trustee have appointed RDF1 Limited as general partner to manage the partnership business. The company is 50% owned by Omapere Taraire E & Rangihamama X3A Ahu Whenua Trust and 50% by the Māori Trustee.

Mānuka Research Partnership (NZ) Limited

Mānuka Research Partnership (NZ) Limited is a company formed purely for research and development purposes to develop and trial superior mānuka plant cultivars alongside the Government through the Primary Growth Partnership (PGP) programme. The Māori Trustee has purchased a block of 120 shares at $1 per share equivalent of 6.78% (2016 9.94%) of the shares on issue. The Māori Trustee contributed $120,000 over four years to Mānuka Research Partnership (NZ) Limited to be used for PGP-related research.

Farm:Skills Limited Partnership and FGP1 Limited

Farm:Skills Limited Partnership was a partnership between the Māori Trustee and Lincoln University Group to run a joint venture to sell primary sector educational services. Lincoln University Group and the Māori Trustee had appointed FGP1 Limited as general partner to manage the partnership business. In November 2016, Māori Trustee exercised the put option under the partnership agreement and exited the partnership.

Opotiki Packing and Coolstorage Limited

Opotiki Packing and Coolstorage Limited provides full orchard management, orchard services and post-harvest services to kiwifruit growers in eastern Bay of Plenty, Gisborne, Te Puke and Hawke's Bay. The Māori Trustee purchased 10.1% shares in Opotiki Packing and Coolstorage Limited in December 2015.

Farm Data Accreditation Limited

Farm Data Accreditation Limited provides New Zealand Farm Data Standards, which are a set of common data vocabularies that help the business and industry organisations that serve New Zealand farmers to develop efficient technology applications and integrations. The Māori Trustee is a 14.29% shareholder in Farm Data Accreditation Limited.

12. Biological assets

Accounting policy

Biological assets include livestock and kiwifruit bearer plants measured at fair value.

Livestock are measured at estimate of market value at reporting date. The estimated market return less selling cost is established by reference to current and expected sales returns when available, in the event market data is not available, an assessment is made based on historical data.

The method to determine the fair value of kiwifruit bearer plants depends on the degree of biological transformation (maturity of the fruit) at balance date.

When insufficient biological transformation has occurred, the fair value is the costs incurred at balance date to grow the crops (so long as the costs are considered recoverable).

When sufficient biological transformation has occurred, fair value is the estimated best market return less selling cost to market.

	Group		Parent	
	2017 $000	**2016 $000**	**2017 $000**	**2016 $000**
Biological assets as at 1 April	962	1,234	-	-
Increase due to purchases	-	22	-	-
Livestock losses	(36)	(32)	-	-
Reclassify kiwifruit bearer plants from property, plant and equipment	84	-	-	-
Change in fair value due to biological transformation	240	332	-	-
Change in fair value of livestock due to price changes	(76)	(423)	-	-
Decrease due to sale	(141)	(171)	-	-
Biological assets as at 31 March	**1,033**	**962**	**-**	**-**

PGG Wrightson Limited determines livestock market value by using sales that have taken place at the time of the valuation. Sales figures are based on similar types of stock that were being traded either through paddock sales or sold at auction.

Matakana 9 Limited Partnership holds kiwifruit bearer plants recorded at cost, in accordance with for profit accounting standard NZ IAS 16 Property, Plant and Equipment, as the bearer plants are exempt and excluded from the scope of accounting standard NZ IAS 41 Agriculture.

The Group applies PBE accounting standards for reporting and, hence, on consolidation, the kiwifruit bearer plants have been reclassified from property, plant and equipment to biological assets in accordance with PBE IPSAS 27 Agriculture. Since there has been insufficient biological transformation of the kiwifruit bearer plants at balance date, and the fair value cannot be reliability measured, the Group has initially recognised the kiwifruit bearer plants at its cost less accumulated depreciation.

13. Non-current assets held for sale

Accounting policy

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount or fair value less disposal costs.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in the fair value (less disposal costs) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale.

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Non-current assets held for sale as at 1 April	-	14,634	-	11,543
Impairment	-	-	-	-
Non-current assets sold during the year	-	(14,634)	-	(11,543)
Total non-current assets held for sale	**-**	**-**	**-**	**-**

The investment in Miraka Limited and the Mapuna farm, which was no longer operating, were both sold last year.

14. Investment property

Accounting policy

Investment properties are properties that are held either to earn rental revenue or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are measured at fair value at balance date determined annually by an independent qualified valuer.

Any gain or loss arising from a change in the fair value of investment property shall be recognised in surplus or deficit for the period in which it arises.

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Opening balance at 1 April	-	11,252	10,801	11,252
Additions at cost	16	39	16	39
Fair value adjustment	(89)	(490)	(89)	(490)
Transfer to property, plant and equipment	73	(10,801)	-	-
Closing balance at 31 March	**-**	**-**	**10,728**	**10,801**

The investment properties are dairy units located in the Ōtorohanga region. It's the Māori Trustee's policy that investment properties are valued at fair value based on an independent valuation. Fair value is based on market values, being the price that would be received for the sale of the property in an orderly transaction between market participants at the measurement date less expected costs incurred in selling the property. Movements in the valuation of investment property are reflected in the statement of comprehensive revenue and expense as a gain on investment property revaluation of $210,000 (2016

$34,000) and a non-current liability of $837,000 (2016 $1,136,000). The latter item reflects a gain sharing arrangement in place between the Māori Trustee and Māori Education Trust.

Since last year, the Māori Trustee is the only limited partner in Te Tumu Paeroa Dairy Limited Partnership. As a result, investment property is transferred to property, plant and equipment in the Group accounts as the dairy units are considered owner occupied from the Group's perspective.

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Rental revenue from investment property	-	-	216	216
Direct operating expenses (including repair and maintenance) arising from investment property that generated rental revenue during the period	-	-	-	-
Total amount recognised in profit and loss (excluding revaluations)	**-**	**-**	**216**	**216**

15. Property, plant and equipment

Accounting policy

Property, plant and equipment consists of land, information technology (IT) equipment, office equipment, furniture and fittings and motor vehicles.

Land is measured at fair value at balance date determined annually by an independent qualified valuer.

Property, plant and equipment is measured at historical cost, less accumulated depreciation and impairments.

Depreciation is charged to the statement of comprehensive revenue and expense on all property, plant and equipment, other than work in progress and land. Depreciation is calculated on a straight-line basis at rates estimated to allocate the cost of an asset over the estimated useful life. The estimated useful lives and associated depreciation rates of the asset classes are as follows:

IT equipment	3 years - 33%
Office equipment	5 years - 20%
Furniture and fittings	5 years - 20%
Motor vehicles	5 years - 20%

Additions

The cost of an item of property, plant or equipment is recognised as an asset only when it's probable that future economic benefits or service potential associated with it will flow to the Māori Trustee and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and it is not depreciated.

In most instances, an item of property, plant or equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it's recognised at its fair value as at the date of acquisition.

Disposals

Property, plant and equipment assets are derecognised when disposed of or when no further future economic benefits are expected from use of the assets. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the statement of comprehensive revenue and expense.

Revaluations

The carrying values of revalued assets are assessed annually to ensure that they don't differ materially from fair value. If there's evidence supporting a material difference, then the off-cycle asset classes are revalued.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance isn't recognised in other comprehensive revenue and expense but is in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in the value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then in other comprehensive revenue.

On subsequent sale of a revalued property, the attributed revaluation surplus remaining in the asset revaluation reserve is directly transferred to retained earnings.

	Group 2017							
	IT equipment	Office equipment	Furniture and fittings	Motor vehicles	Building	Land	Farm assets	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Cost at beginning of year	491	151	132	397	-	10,801	235	12,207
Additions	81	-	1	26	-	-	1,077	1,185
Transfer from investment property	-	-	-	-	-	(73)	-	(73)
Disposals	(23)	-	-	-	-	-	(6)	(29)
Bearer plants reclassified as biological assets	-	-	-	-	-	-	(88)	(88)
Cost at end of year	**549**	**151**	**133**	**423**	**-**	**10,728**	**1,218**	**13,202**
Accumulated depreciation at beginning of year	325	112	83	147	-	-	88	755
Depreciation	73	14	13	69	-	-	85	254
Depreciation on disposals	(20)	-	-	-	-	-	(3)	(23)
Bearer plants reclassified as biological assets	-	-	-	-	-	-	(4)	(4)
Accumulated depreciation at end of year	**378**	**126**	**96**	**216**	**-**	**-**	**166**	**982**
Net carrying value at end of year	**171**	**25**	**37**	**207**	**-**	**10,728**	**1,052**	**12,220**

	Group 2016							
	IT equipment	Office equipment	Furniture and fittings	Motor vehicles	Building	Land	Farm assets	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Cost at beginning of year	368	153	125	284	-	-	235	1,165
Additions	123	1	27	277	-	-	-	428
Transfer from investment property	-	-	-	-	-	10,801	-	10,801
Disposals	-	(3)	(20)	(164)	-	-	-	(187)
Cost at end of year	**491**	**151**	**132**	**397**	**-**	**10,801**	**235**	**12,207**
Accumulated depreciation at beginning of year	242	95	92	257	-	-	63	749
Depreciation	83	20	11	54	-	-	25	193
Depreciation on disposals	-	(3)	(20)	(164)	-	-	-	(187)
Accumulated depreciation at end of year	**325**	**112**	**83**	**147**	**-**	**-**	**88**	**755**
Net carrying value at end of year	**166**	**39**	**49**	**250**	**-**	**10,801**	**147**	**11,452**

	Parent 2017							
	IT equipment	Office equipment	Furniture and fittings	Motor vehicles	Building	Land	Farm assets	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Cost at beginning of year	485	151	131	397	-	-	-	1,164
Additions	81	-	1	26	-	-	-	108
Disposals	(22)	-	-	-	-	-	-	(22)
Cost at end of year	**544**	**151**	**132**	**423**	**-**	**-**	**-**	**1,250**
Accumulated depreciation at beginning of year	324	112	83	147	-	-	-	666
Depreciation	71	14	13	69	-	-	-	167
Depreciation on disposals	(20)	-	-	-	-	-	-	(20)
Accumulated depreciation at end of year	**375**	**126**	**96**	**216**	**-**	**-**	**-**	**813**
Net carrying value at end of year	**169**	**25**	**36**	**207**	**-**	**-**	**-**	**437**

	Parent 2016							
	IT equipment	Office equipment	Furniture and fittings	Motor vehicles	Building	Land	Farm assets	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Cost at beginning of year	368	153	124	284	-	-	-	929
Additions	117	1	27	277	-	-	-	422
Disposals	-	(3)	(20)	(164)	-	-	-	(187)
Cost at end of year	**485**	**151**	**131**	**397**	**-**	**-**	**-**	**1,164**
Accumulated depreciation at beginning of year	242	95	92	257	-	-	-	686
Depreciation	82	20	11	54	-	-	-	167
Depreciation on disposals		(3)	(20)	(164)	-	-	-	(187)
Accumulated depreciation at end of year	**324**	**112**	**83**	**147**	**-**	**-**	**-**	**666**
Net carrying value at end of year	**161**	**39**	**48**	**250**	**-**	**-**	**-**	**498**

There are no restrictions over the title to items of property, plant and equipment, nor are any property, plant and equipment assets pledged as security for liabilities.

16. Intangible assets

Accounting policy

Intangible assets consist of acquired computer software, software modified for use and carbon credits.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs incurred with development and maintenance of the Māori Trustee's website are recognised as an expense when incurred.

Acquired software and software modified for use are measured at historical cost less accumulated amortisation and impairments.

The estimated useful lives and associated amortisation rate of the asset class are as follows:

Acquired software	10 years	10%
Carbon credits (NZUs)	Indefinite	-

NZUs are initially measured at cost. Subsequently, at each reporting date, the NZUs are measured at fair value.

Any increase in the carrying amount is recognised in other comprehensive revenue and expense and accumulated in equity as revaluation reserve. The increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease is recognised in surplus or deficit. The decrease is recognised in other comprehensive revenue and expense to the extent of any credit balance in the revaluation reserve in respect of that asset.

Amortisation is charged to the statement of comprehensive revenue and expense on all intangible assets, other than work in progress. Amortisation is calculated on a straight-line basis at rates estimated to allocate the cost of an asset over the estimated useful life. The useful lives of the intangible assets have been assessed to be finite.

Impairment of non-financial assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised in the statement of comprehensive revenue and expense for the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use for non-cash generating assets is determined as the depreciated replacement cost where the future economic benefits are not dependent on the assets' ability to generate cash flows. Losses resulting from impairment are reported in the surplus or deficit.

Cash-generating assets and non-cash generating assets are distinguished by reviewing the assets' primary objective. Cash-generating assets are those assets held with the primary objective of generating a commercial return, and non-cash generating assets are those assets from which the Māori Trustee does not intend to realise a commercial return.

	Group					
	2017			2016		
	Carbon credits	Other intangible assets	Total	Carbon credits	Other intangible assets	Total
	$000	$000	$000	$000	$000	$000
Cost at beginning of year	1,201	3,602	4,803	297	3,399	3,696
Additions	-	826	826	485	153	638
Disposals	(682)	-	(682)	-	-	-
Revaluation increase/(decrease)	649	-	649	419	-	419
Work in progress	-	35	35	-	50	50
Cost at end of year	**1,168**	**4,463**	**5,631**	**1,201**	**3,602**	**4,803**
Accumulated amortisation at beginning of year	-	1,122	1,122	-	768	768
Amortisation	-	398	398	-	354	354
Accumulated amortisation at end of year	**-**	**1,520**	**1,520**	**-**	**1,122**	**1,122**
Net carrying value at end of year	**1,168**	**2,943**	**4,111**	**1,201**	**2,480**	**3,681**

	Parent					
	2017			2016		
	Carbon credits	Other intangible assets	Total	Carbon credits	Other intangible assets	Total
	$000	$000	$000	$000	$000	$000
Cost at beginning of year	1,201	3,577	4,778	297	3,399	3,696
Additions	-	468	468	485	128	613
Disposals	(682)	-	(682)	-	-	-
Revaluation increase/(decrease)	649	-	649	419	-	419
Work in progress	-	35	35	-	50	50
Cost at end of year	**1,168**	**4,080**	**5,248**	**1,201**	**3,577**	**4,778**
Accumulated amortisation at beginning of year	-	1,120	1,120	-	768	768
Amortisation	-	380	380	-	352	352
Accumulated amortisation at end of year	**-**	**1,500**	**1,500**	**-**	**1,120**	**1,120**
Net carrying value at end of year	**1,168**	**2,580**	**3,748**	**1,201**	**2,457**	**3,658**

There are no restrictions over the title to intangible assets nor are any intangible assets pledged as security for liabilities.

17. Payables

Accounting policy

Creditors and other payables represent liabilities for goods and services provided to the Māori Trustee before the end of the financial year.

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

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Payables under exchange transactions				
Creditors	286	380	286	380
Accrued expenses	582	609	400	460
Revenue in advance (rent)	25	-	25	-
Total payables under exchange transactions	**893**	**989**	**711**	**840**
Payables under non-exchange transactions				
GST payable	211	110	219	127
Revenue in advance (Crown appropriation)	-	-	-	-
Total payables under non-exchange transactions	**211**	**110**	**219**	**127**
Total payables	**1,104**	**1,099**	**930**	**967**

As payables are non-interest bearing and are normally settled on monthly terms, their carrying value approximates their fair value.

18. Employee benefits

Accounting policy

Employee benefits include accrued salaries and wages, annual leave earned, and retiring and long service leave entitlements.

Employee benefits expected to be settled within 12 months of balance date are measured at the undiscounted current rates of pay and the accrued entitlements.

Employee benefits that are payable beyond 12 months of balance date, such as long service leave, are calculated on an actuarial basis, which takes into account years of service, years until entitlement, the likelihood that staff will reach the point of entitlement, and the net present value of the estimated cash flows.

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Current portion				
Accrued salaries and wages	287	242	287	242
Annual leave	490	430	490	430
ACC liabilities	57	46	57	46
Retirement and long service leave	10	14	10	14
Total current portion	**844**	**732**	**844**	**732**
Non-current portion				
Retirement and long service leave	24	15	24	15
Total non-current portion	**24**	**15**	**24**	**15**
Total employee benefits	**868**	**747**	**868**	**747**

The present value of retirement and long service leave obligations are determined on an actuarial basis. These determining factors include: discount rate, salary inflation, years of service, years until entitlement, and the likelihood that staff will reach the point of entitlement. Any changes to these factors will affect the net present value of the estimated cash flows and the carrying amount of the liability.

Expected future payments are discounted using New Zealand government stock rates. A discount rate of 2.05% (2016 2.37%) and an inflation factor of 3% (2016 2.00%) were used based on historical salary inflation patterns.

19. Reconciliation of net operating surplus with net cash flows from operating activities

		Group		Parent	
	Notes	2017 $000	2016 $000	2017 $000	2016 $000
Net surplus		**4,580**	**13,540**	**4,448**	**16,153**
Add/(deduct) non-cash items					
Amortisation of premiums/discount		109	67	109	67
Depreciation	15	254	193	167	167
Amortisation of intangible assets	16	398	354	380	352
Impairment losses/(gains)		961	(103)	1,661	(580)
Share of associates' net deficit/(surplus)	11	(140)	156	-	-
Gain on investment property revaluation		-	(23)	(210)	(34)
Impairment of investments in associates		36	-	-	390
Add/(deduct) investing activities					
Gain on sale of non-current assets held for sale		-	(9,731)	-	(11,488)
Disposal of property, plant and equipment		2	(33)	2	(33)
Loss/(gain) on sale of carbon units		(433)	-	(433)	-
Kiwifruit bearer plants reclassified as biological assets		84	-	-	-
Add/(deduct) movements in working capital					
(Increase)/decrease in debtors and other receivables		(189)	(240)	(192)	(446)
(Increase)/decrease in stock		(71)	272	-	-
Increase/(decrease) in payables		138	(337)	66	(109)
(Increase)/decrease in Crown debtor		-	(2,587)	-	(2,587)
Net cash flows from operating activities		**5,729**	**1,528**	**5,998**	**1,852**

20. Commitments

Accounting policy

Commitments are future expenses and liabilities to be incurred on contracts entered into before balance date.

Cancellable commitments that have penalty or exit costs explicit in the agreement are reported at the minimum future payments, including the value of the penalty or exit cost. Commitments include:

» Non-cancellable operating leases for property, which are measured as the future payments due under the lease contract

» Other non-cancellable commitments for consulting contracts, which are measured as the future payments due under the contracts.

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Lease commitments as lessee				
Less than 1 year	599	596	592	596
1 year to 2 years	558	571	551	571
2 years to 5 years	1,377	1,436	1,356	1,436
Greater than 5 years	368	749	305	749
Total lease commitments as lessee	**2,902**	**3,352**	**2,804**	**3,352**

The Māori Trustee leases its head office and regional office premises. A significant portion of the non-cancellable operating lease expense relates to the lease of the Wellington head office, which has a November 2022 right of renewal and a termination date of 30 November 2028. The Māori Trustee does not have the option to purchase assets pursuant to any of the leases.

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Lease commitments as lessor				
Less than 1 year	41	27	257	243
1 year to 2 years	41	-	77	216
2 years to 5 years	27	-	27	36
Greater than 5 years	-	-	-	-
Total lease commitments as lessor	**109**	**27**	**361**	**495**

The Māori Trustee sub-leases a portion of its head office premises to other parties. Also, approximately 70% (2016 94.5%) of the commitment as lessor in the Parent figures relates to investment property.

21. Contingent assets and liabilities

Accounting policy

Contingent assets and contingent liabilities are disclosed at the point at which the contingency is evident.

Contingent assets are disclosed if it's probable that the benefits will be realised. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote.

Unclaimed monies (1963 to 1993)

A contingent liability of $7,644,000 (2016 $7,644,000) relates to beneficiary monies paid out by the Māori Trustee under section 30(9) of the Māori Trustee Act 1953 to the Māori Education Trust, the Māori Purposes Fund Board and the New Zealand Māori Council. This section was later substituted by section 2(1) of the Māori Trustee Amendment Act 1996, which became effective on 24 June 1996. The Māori Trustee will be liable to make payment to beneficiaries who establish an entitlement in the future.

Compensation leases

The Māori Trustee administers leases where compensation is payable to the lessee on expiry or resumption of a lease.

In some of these cases, the Māori Trustee is required by the Māori Vested Lands Administration Act 1954 to advance to owners monies required to meet compensation payments, where sums set aside during

the course of the lease prove to be insufficient. Advances that the Māori Trustee may be required to make upon resumption of such leases are not quantifiable at this time.

In other cases where the lease provides for compensation to be paid to the lessee, and there are insufficient funds held on behalf of the owners, the Māori Trustee is not required by statute to provide these funds. However, the Māori Trustee may be called upon to provide a loan from the General Purposes Fund to help owners to meet the obligations to lessees to pay for improvements. The value of such advances is not quantifiable at this time.

Land Overlay 3A

A number of Māori land trusts administered by the Māori Trustee as Responsible Trustee have received notification from the Gisborne District Council that parts of its land are subject to serious land erosion and have been classified as 'Land Overlay 3A' under the Council's Combined Regional Land and District Plan. Under the Combined Regional Land and District Plan a works plan must be developed for land classified as Land Overlay 3A, which provides, amongst other things, for the establishment of effective tree cover for the affected land by 2021.

As Land Overlay 3A obligations ultimately rest with the legal landowner, the Māori Trustee could, in the future, be required to cover compliance costs associated with the Land Overlay 3A requirements that are unable to be met by the affected trusts.

The potential costs (if any) are unable to be quantified at this time. Factors that would impact on quantification include the outcome of the discussions with the Gisborne District Council and other agencies, whether affected trusts are eligible to meet some of the compliance costs from the Erosion Control Funding Programme (East Coast) grant (and, if so, the amount of the grant), and the financial ability of individual trusts to meet compliance costs when called upon to do so.

Pre-1990 forest

A number of Māori land trusts administered by the Māori Trustee as Responsible Trustee or as Custodian Trustee own 'pre-1990 forest' (as defined under the Climate Change Response Act 2002). The Māori Trustee has the obligations of the legal land owner of 'pre-1990 forest' under the Act, associated legislation and rules.

If 'deforestation' (as defined under the Act) of any pre-1990 forest were to occur, the trusts concerned would need to meet the deforestation liability by the surrender of NZUs or Kyoto-compliant emissions units (except where the Environmental Protection Authority has determined that responsibility for the deforestation lies with a third party, for example, the holder of a forest right or lessee). If a land trust that the Māori Trustee administers as Responsible Trustee or Custodian Trustee did not have sufficient emissions units to meet a deforestation liability and did not have, or could not obtain, third party finance to acquire sufficient emissions units to meet the deforestation liability, the Māori Trustee as legal land owner would need to ensure that the affected trust acquired emissions units to meet the deforestation liability.

The potential costs (if any) are unable to be quantified at this time. Factors that would impact on quantification in the event of deforestation include the number of hectares subject to deforestation (and accordingly the number of emissions units that need to be surrendered), whether the emissions units held by an affected trust are sufficient to meet the deforestation liability and, if not, the cost to acquire additional emissions units at the time.

Other contingent liabilities

The Māori Trustee has received or is aware of potential claims totalling $388,000 (2016 $328,000). The Māori Trustee also received notice of a claim relating to a historical conveyancing transaction. The claim remains unquantified at the time of reporting. There have been no additional claims during the year (2016 Nil).

22. Financial instruments

Accounting policy

The Māori Trustee is party to financial instruments as part of its normal operations. Financial instruments include:

» Financial assets – cash and cash equivalents, debtors and other receivables, term deposits, held-to-maturity investments, loans and receivables, equities and non-current assets held for sale

» Financial liabilities – creditors and other payables, revenue in advance and employee benefits.

Purchases and sales of financial assets are recognised on the date when the Māori Trustee becomes party to a financial contract. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Financial instruments are initially recognised at fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification of the financial instrument.

The carrying amounts of each category of financial assets and financial liabilities are as follows:

		Group		Parent	
	Notes	2017 $000	2016 $000	2017 $000	2016 $000
Financial assets					
Cash and cash equivalents	7	1,382	3,499	959	3,290
Debtors and other receivables	8	4,107	5,362	4,013	5,317
Term deposits		71,806	69,292	71,806	69,292
Held-to-maturity investments	9	40,756	41,119	40,756	41,119
Loans and receivables	10	2,103	2,598	3,720	3,000
Equities		13,336	6,778	13,336	6,778
Total financial assets		**133,490**	**128,648**	**134,590**	**128,796**
Financial liabilities					
Payables	17	1,104	1,099	930	967
Employee benefits	18	868	747	868	747
Other non-current liabilities	14	837	1,136	837	1,136
Total financial liabilities		**2,809**	**2,982**	**2,635**	**2,850**

Fair value

The fair value of all loans and receivables is equivalent to the carrying amount disclosed in the Māori Trustee's statement of financial position.

The held-to-maturity investments had a fair value of $41,562,000 as at 31 March 2017 (2016 $42,402,000). The fair value is determined using quoted market prices.

Equities and shares are measured at fair value of the investment through quoted prices in the market through other comprehensive revenue and expense.

Financial instruments risk

The Māori Trustee's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Māori Trustee has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instrument risks.

Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Māori Trustee's equity investments are exposed to price risk because they are listed investments. The equity investments are publicly traded.

Sensitivity analysis

If the price at 31 March 2017 had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease other comprehensive revenue and expense by:

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
0.5% increase/(decrease) in price would increase/(decrease) the other comprehensive revenue and expense	72	39	67	34

Commodity analysis

Te Tumu Paeroa Dairy Limited Partnership is exposed to commodity price risk as a result of its agreement with Fonterra to supply milk products. In the 2017 year, Te Tumu Paeroa Dairy Limited Partnership supplied Fonterra with 200,774 kilograms (2016 198,661 kilograms) of milk with an average price of $6.12 (2016 $4.11). A 0.5% increase/(decrease) in the price of milk would increase/(decrease) the other comprehensive revenue and expense by $6,144 (2016 $4,083).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in interest rates. The Māori Trustee is exposed to interest rate risk on those financial instruments that have fluctuating interest rates.

The investments that have floating or variable interest rates are as follows:

		Group		Parent	
		2017 $000	2016 $000	2017 $000	2016 $000
Cash and cash equivalents sensitivity analysis					
Weighted average effective interest rate	%	0.85	1.29	0.60	1.29
1% increase/(decrease) in interest rates would increase/(decrease) interest revenue and equity	$000	13	33	10	33
Held-to-maturity investments sensitivity analysis					
Weighted average effective interest rate	%	2.56	3.32	2.56	3.32
1% increase/(decrease) in interest rates would increase/(decrease) interest revenue and equity	$000	30	45	30	45

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Māori Trustee, causing a loss to be incurred. Credit risk arises from the financial assets of the Māori Trustee, which comprise cash and cash equivalents, term deposits, debtors and other receivables, loans and receivables and held-to-maturity investments.

Cash, cash equivalents and term deposits

Cash, cash equivalents and term deposits are invested with registered banks.

Debtors and other receivables

There are no material concentrations of credit risk with respect to debtors and other receivables.

Held-to-maturity investments

The Māori Trustee maintains a diversified investment portfolio of bonds in order to minimise credit risk. The General Purposes Fund investment parameters are:

» The minimum rating of the portfolio will be at least BBB rated or better unless approved by the Investment and Credit Committee and the Māori Trustee
» For corporate issuers, no single issuer shall exceed 10% of the fixed revenue portfolio
» For bank issuers, no single issue shall exceed 25% of the fixed revenue portfolio.

Loans and receivables

The Māori Trustee has issued mortgages under section 32 of the Māori Trustee Act 1953 and section 248 of the Māori Affairs Act 1953, Conversion Fund loans and other advances.

Advances under section 32 of the Māori Trustee Act 1953 may or may not be secured.

Advances under section 248 of the Māori Affairs Act 1953 may or may not be secured. Where security is taken, the security is a memorial of charge over land.

The Conversion Fund was abolished by the Māori Affairs Amendment Act 1987, which effectively vested the Conversion Fund assets in the Māori Trustee. Conversion Fund loans are 'presumed advances' and are not secured, but the Māori Trustee owns shares in the land to which the Conversion Fund loans relate. The Māori Trustee has made impairment provisions for loans.

The following table analyses the credit quality of financial assets that are neither past due nor impaired, with reference to Standard and Poor's or equivalent credit ratings (if available) or to historical information about counter party default rates.

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Cash and cash equivalents and term deposits				
AA-	48,765	53,083	48,765	53,084
A+	24,423	19,500	24,000	19,500
A	-	209	-	-
Total cash and cash equivalents and term deposits	**73,188**	**72,792**	**72,765**	**72,584**
Held-to-maturity investments				
AAA to A	20,266	22,178	20,266	22,178
A- to BBB	20,490	18,941	20,490	18,941
Total held-to-maturity investments	**40,756**	**41,119**	**40,756**	**41,119**

Other than credit risks listed above, the Māori Trustee does not hold any collateral or other credit enhancements for financial instruments that give rise to credit risk.

Liquidity risk

Liquidity risk is the risk that the Māori Trustee will not have sufficient funds to meet commitments as they fall due.

Cash and cash equivalents and term deposits

The Māori Trustee monitors forecast cash requirements daily. Surplus funds are invested for terms appropriate for the expected cash requirements. A minimum buffer is maintained, which provides access to funds in excess of the forecast cash requirements.

The table below analyses the Māori Trustee's financial liabilities into maturity groupings based on the remaining period from end of year to the contractual maturity date.

Financial liabilities

	Group		Parent	
	2017 $000	2016 $000	2017 $000	2016 $000
Less than 6 months	1,104	1,099	930	967
6 - 12 months	844	732	844	732
Later than 12 months	861	1,151	861	1,151
Total financial liabilities	**2,809**	**2,982**	**2,635**	**2,850**

23. Capital management

The Māori Trustee's capital is its equity, which is composed of accumulated funds. Equity is represented by net assets. The Māori Trustee is subject to the financial management and accountability provisions of the Māori Trustee Act 1953.

The Māori Trustee manages its equity as a by-product of prudently managing revenues, expenses, assets and liabilities, investments and general financial dealings to ensure that the Māori Trustee effectively achieves its strategies and remains a going concern.

24. Related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Māori Trustee would have adopted in dealing with the party at arm's length in the same circumstances.

The Māori Trustee transacts with the related parties listed below.

Related entities	Nature of relationship
Te Tumu Mīere Limited	Wholly owned entity
Putake Limited	Investment in associate
Putake Investments Limited Partnership	Investment in associate
MTD1 Limited	Wholly owned entity
Te Tumu Paeroa Dairy Limited Partnership	Wholly owned entity
M9 Limited	Wholly owned entity
Matakana 9 Limited Partnership	Wholly owned entity
Rangihamama Dairy Limited Partnership	Investment in associate
RDF1 Limited	Investment in associate
Farm:Skills Limited Partnership	Investment in associate
Mānuka Research Partnership (NZ) Limited	Investment in associate
Opotiki Packing and Coolstorage Limited	Investment in associate
Farm Data Accreditation Limited	Investment in associate
Crown	Appropriation funding

The following transactions were entered into with related parties during the year.

Te Tumu Mīere Limited

Te Tumu Mīere Limited is a wholly owned subsidiary of the Māori Trustee. During the year, the Māori Trustee advanced $298,000 (2016 $385,000) to Te Tumu Mīere Limited. The Māori Trustee charged interest of $23,000 (2016 $18,000) at the rate of 9% per year. Te Tumu Mīere Limited repaid interest of $23,000 on the first anniversary of the advance in May 2016 (2016 $Nil).

During the year, the Māori Trustee approved forgiveness of $127,000 advance to Te Tumu Mīere Limited and converted $573,000 advance to equity in the financial statements for Te Tumu Mīere Limited.

In the parent financial statements, Māori Trustee fully impaired the equity and advances made to Te Tumu Mīere Limited including interest of $700,000 (2016 $Nil).

Intercompany transactions and balances have been eliminated in the Group financial statements.

Te Tumu Paeroa Dairy Limited Partnership

The Māori Trustee holds a 100% interest in the partnership. During the year, the Māori Trustee charged $216,000 rent for investment properties (2016 $216,000) and made an additional capital contribution of $80,000 (2016 $Nil).

During the past financial year, the Māori Trustee bought Māori Education Trust's 50% share in the partnership for $1,562,000 and received capital repayment of $1,116,000.

During the year, the Māori Trustee reimbursed $16,000 (2016 $39,000) to the partnership for development expenditure incurred on the farms. Intercompany transactions and balances have been eliminated in the Group financial statements.

Matakana 9 Limited Partnership

The Māori Trustee holds a 100% interest in the partnership. During the year, the Māori Trustee advanced $1,564,000 (2016 $Nil) to the partnership to cover initial setup costs and working capital requirements. The Māori Trustee also charged interest of $53,000 (2016 $Nil) on the advance.

Intercompany transactions and balances have been eliminated in the Group financial statements.

Rangihamama Dairy Limited Partnership

The Māori Trustee has a 50% interest in the partnership. During the year, the Māori Trustee paid $121,000 to the partnership as further capital contribution (2016 $174,000).

Mānuka Research Partnership (NZ) Limited

The Māori Trustee has a 6.78% (2016 9.94%) interest in the partnership. During the year, the Māori Trustee paid $30,000 (2016 $63,000) to the partnership as a contribution towards Primary Growth Partnership (PGP) related research and administration.

Farm:Skills Limited Partnership

The Māori Trustee had a 50% interest in the partnership. During the year, the Māori Trustee exercised the put option under the partnership agreement, received a full refund of the purchase price of $500,000 and exited from the partnership.

Opotiki Packing and Coolstorage Limited

The Māori Trustee has a 10.1% interest in the company. During the year, the Māori Trustee received $50,000 (2016 $Nil) as director's fees and paid no further funds as capital contribution (2016 $1,798,000).

Crown

The Crown is the major source of revenue for the Māori Trustee.

Appropriation revenue from the Crown of $11,261,000 (2016 $10,347,000) is provided according to a funding agreement dated 24 March 2016 and a variation to the funding agreement between the Māori Trustee and the Minister for Māori Development for a four-year term until 31 March 2020.

The funding provided by the Crown enables the Māori Trustee to fulfil statutory and other common law obligations. The statement of service performance reports against the outputs detailed in the funding agreement. Payment for these services is managed by Te Puni Kōkiri on behalf of the Crown.

Statutory role

The core function of the Māori Trustee is to hold land as Trustee or administer land as the agent for Māori landowners. The Māori Trustee also administers other entities under statute, for example, the Māori Soldiers Trust, which owns and operates Hereheretau Station.

The Māori Trustee charges fees and commissions for managing trusts, agencies and properties, providing accounting and tax services and taking instructions for special investments. For the year ended 31 March 2017, the Māori Trustee earned $4,370,000 in fees and commissions (2016 $3,952,000).

The Māori Trustee is able to lend monies under the Māori Trustee Act 1953. Loans made to trusts, agencies and landowners are generally at market interest rates. Loans advanced to replace Conversion Fund loans are non-interest bearing (Note 10).

Key management personnel compensation

	Group		Parent	
	2017 $000	**2016 $000**	**2017 $000**	**2016 $000**
Senior Management Team				
Remuneration	1,254	1,306	1,254	1,306
Full-time equivalent members	5.33	5.65	5.33	5.65
Total key management personnel remuneration	**1,254**	**1,306**	**1,254**	**1,306**
Total full time equivalent members	**5.33**	**5.65**	**5.33**	**5.65**

Key management personnel comprise the Māori Trustee, Deputy Māori Trustee, General Manager Commercial Investments (resigned October 2016), Chief Operating Officer, Chief Financial Officer and General Manager Trusts.

25. Remuneration of employees

Total remuneration paid or payable	Parent 2017	Parent 2016
$100,000 – $109,999	12	9
$110,000 – $119,999	3	4
$120,000 – $129,999	3	1
$130,000 – $139,999	4	5
$140,000 – $149,999	-	-
$150,000 – $159,999	2	1
$160,000 – $169,999	-	1
$170,000 – $179,999	2	1
$180,000 – $189,999	1	-
$190,000 – $199,999	1	-
$200,000 – $209,000	1	2
$210,000 – $219,999	-	1
$220,000 – $229,999	2	2
$230,000 – $239,999*	-	1
$240,000 – $249,999	-	-
$250,000 – $259,999	-	-
$260,000 – $269,999*	1	-
	32	**28**

During the year ended 31 March 2017, one (2016 one) employee received compensation and other benefits in relation to cessation totalling $35,000 (2016 $8,000).

*Remuneration in this band was paid to the Māori Trustee.

26. Events after the balance date

The following events occurred after 31 March 2017:

a) The Māori Trustee contributed $1,800,000 towards the kiwifruit mobilisation project

b) Tiaki Hunia, the Deputy Māori Trustee, resigned in May 2017.

There were no other significant events after the balance date.

27. Explanation of significant variances against budget

Statement of comprehensive revenue and expense

Revenue

Revenue from Crown is $914,000 higher than the budget due to receiving an increase in appropriation funding effective 1 July 2016.

Interest revenue is higher than the budget as more funds were invested as term deposits rather than equities and bonds as budgeted. This has resulted in a significant positive variance to budget, which is offset against a negative variance to budget for dividend income expected to be earned from investment in equities.

Other revenue is $266,000 higher than the budget mainly due to recognising gain on the sale of 40,000 carbon units.

Expenditure

Employee benefits were $657,000 less than the budget. This was mainly due to not recruiting all the staff budgeted for.

Restructuring costs relate to the restructure of investments team, which was not anticipated during the budget process.

Farm and land expenses were below budget, as Te Tumu Paeroa Dairy Limited Partnership and Te Tumu Mīere Limited costs were budgeted as a single line, wherelse the actual costs were consolidated at an account level.

Other expenditure was $1,137,000 below budget for the year. Main areas for under spend were consultants' fees, travel, training costs, software licences and maintenance, offset by overspend in impairment of debtors, loans and receivables ($965,000).

Other gains/(losses) and other comprehensive revenue and expenses

The share of associates' net surplus/(deficit) and other comprehensive revenue/(expense) was higher than budget as these movements were not budgeted for.

Financial assets at fair value were below budget by $695,000 as we only invested additional $6,000,000 in equities against a budget of $30,000,000.

Gain on asset revaluation is over budget by $155,000 resulting from a $210,000 asset revaluation relating to the investment property being classified as property in the Group accounts, which was not budgeted for.

Statement of financial position

Assets

Cash, term deposits, equities and held-to-maturity investments were all affected by the decision not to invest $30,000,000 in equities and $20,000,000 in bonds (Port Nicholson Block Settlement Trust). The legal structure for investment in Port Nicholson Block Settlement Trust is expected to be finalised in the next financial year.

Debtors and other receivables was higher than the budget due to recognising $2,815,250 Crown appropriation for April 2017 to June 2017 quarter as receivable at balance date. This was due to Crown appropriation allocated to the Māori Trustee through Te Puni Kōkiri for the period 1 July to 30 June.

Investment in associates is less than budget by $7,640,000. This was the result of a budget assumption to invest $3,400,000 in commercial projects and $1,600,000 investment in Matakana 9 Limited Partnership, which has been classified as loans and receivables ($1,617,000) in the Parent and eliminated in the Group accounts. Capital repayments were received from Farm:Skills Limited Partnership ($500,000) and Putake Investments Limited Partnership ($500,000), which were not budgeted for.

Investment property was less than budget at a group level due to reclassification of investment property to property, plant and equipment as the dairy units are considered owner occupied from a group perspective. Budget assumption was also to purchase land for $2,000,000, which did not occur due to lack of opportunity.

Plant and equipment were higher than budget due to the consolidation of Matakana 9 Limited Partnership as a subsidiary. The budget assumption for investment in Matakana 9 Limited Partnership was as an investment in associate.

Intangible assets are less than budget owing to the decision to defer expenditure on upgrade to the core systems to the next financial year.

Biological assets were higher than budget due to the consolidation of kiwifruit bearer plants for Matakana 9 Limited Partnership as a subsidiary. The budget assumption for investment in Matakana 9 Limited Partnership was as an investment in associate.

Liabilities

Other non-current liabilities are below budget by $823,000 as the budget assumed the liability would remain static in line with the value of the investment property.

Statement of cash flows

Net cash flows from investing activities varied from budget by $6,370,000 mainly due to variance in term deposits ($58,714,000), offset by investment in associates and subsidiaries, capital repaid, equities, held-to-maturity investments and investment property purchased ($53,134,000).

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