



TE HĀ O TĀNEMAHUTA
Forestry Emission Unit Trust

Annual Report

For the year ending

31st March 2014

**FORESTRY EMISSION UNIT TRUST
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014**

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**FORESTRY EMISSION UNIT TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 \$	2013 \$
INCOME			
Administration			
Grant Revenue for Administration		160,003	128,374
Administration Expenses	3	(128,344)	(113,289)
Operating Surplus		<u>31,659</u>	<u>15,085</u>
NZ Units			
Grant Revenue of NZ Units	8	-	6,235,593
NZ Units held in Trust		-	(6,235,593)
Total NZ Units		<u>-</u>	<u>-</u>
NZ Units			
Reversal of Impairment/(Impairment) of NZ Units	8	4,234,526	(10,009,743)
(Reversal of Impairment)/Impairment of NZ Units held in Trust		(4,234,526)	10,009,743
Total Impairment of NZ Units		<u>-</u>	<u>-</u>
Surplus before tax		31,659	15,085
Tax Expense	5	16,736	5,457
TOTAL SURPLUS FOR THE PERIOD		<u>14,923</u>	<u>9,628</u>
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE SURPLUS FOR THE PERIOD		<u>14,923</u>	<u>9,628</u>


**FORESTRY EMISSION UNIT TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	\$	\$	\$
		Trust Capital	Retained Earnings	Total Equity
Balance at 1 April 2012		10	42,626	42,636
Total comprehensive surplus for the period				
Surplus for the Period		-	9,628	9,628
Other Comprehensive Income		-	-	-
Total comprehensive surplus for the period		-	9,628	9,628
BALANCE AT 31 MARCH 2013		10	52,254	52,264
Total comprehensive surplus for the period				
Surplus for the Period		-	14,923	14,923
Other Comprehensive Income		-	-	-
Total comprehensive surplus for the period		-	14,923	14,923
BALANCE AT 31 MARCH 2014		10	67,177	67,187

**FORESTRY EMISSION UNIT TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014**

	Note	2014 \$	2013 \$
EQUITY			
Trust Capital		10	10
Retained Earnings		67,177	52,254
TOTAL EQUITY		67,187	52,264
Total Equity Represented by:			
CURRENT ASSETS			
Cash at Bank	6	67,835	65,228
NZ Units	8	6,176,547	4,341,948
GST Refundable		5,339	-
		6,249,721	4,407,176
NON CURRENT ASSETS			
NZ Units	8	5,922,099	4,392,956
Intangible Assets	7	1,979	6,726
		5,924,078	4,399,682
TOTAL ASSETS		12,173,799	8,806,858
CURRENT LIABILITIES			
Trade Payables		7,316	3,650
GST Payable		-	10,682
Current Taxation	5	650	5,358
Current NZ Units held in Trust	14	6,176,547	4,341,948
		6,184,513	4,361,638
NON CURRENT LIABILITIES			
Non Current NZ Units held in Trust	14	5,922,099	4,392,956
TOTAL LIABILITIES		12,106,612	8,754,594
NET ASSETS		67,187	52,264

These financial statements were approved on the 17th of June 2014. Signed for and on behalf of the Board of Trustees.



Angela Foukes
Chairperson
Forestry Emission Unit Trust



Alan Haronga
Trustee
Forestry Emission Unit Trust

**FORESTRY EMISSION UNIT TRUST
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014**

	Note	2014 \$	2013 \$
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Cash was provided from:			
Grant Income		160,003	128,374
Cash was applied to:			
Payment of Administration Expenses		(120,409)	(151,228)
Payment of Income Tax		(21,444)	(43,800)
Net GST		(15,543)	29,712
NET CASH FROM OPERATING ACTIVITIES	4	<u>2,607</u>	<u>(36,942)</u>
CASH FLOWS (USED IN) INVESTING ACTIVITIES			
Cash was applied to:			
Purchase of Intangible Assets (excluding NZUs)		-	-
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Trust Capital Received		-	-
NET CASH INFLOWS FROM FINANCING ACTIVITIES		<u>-</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH HELD		2,607	(36,942)
Cash at Beginning of the Period		65,228	102,170
CASH AT END OF THE PERIOD		<u>67,835</u>	<u>65,228</u>
Represented by:			
Cash at Bank		67,835	65,228
		<u>67,835</u>	<u>65,228</u>

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These financial statements are presented for the reporting entity Forestry Emission Unit Trust ("the Trust").

The financial statements have been prepared in accordance with the Trust Deed dated 19 April 2011 and the Financial Reporting Act 1993. The financial statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies are identified.

Statement of Compliance

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice. They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"), as appropriate for public benefit entities.

The Trust qualifies for Differential Reporting exemptions as it has no public accountability, does not have the coercive power to tax, rate, or levy and meets the relevant size criteria. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted, with the exception of:

- NZ IAS 7 - Statement of Cash Flows

Standards and Interpretations Issued But Not Yet Effective

At the date of authorisation of these financial statements there are no Standards and Interpretations, including those Standards or Interpretations issued by the International Accounting Standards Board ("IASB") or International Financial Reporting Interpretations Committee ("IFRIC") where an equivalent New Zealand Standard or Interpretation has not been approved, that could have a significant impact on the financial statements.

Basis of Preparation

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

The measurement base is historical cost.

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

Significant Accounting Policies

(i) Grant Revenue

Grant Revenue - For Administration

Government funding for administration is recognised based on the amount receivable for the financial year under the terms of the funding agreement

Grant Revenue - NZ Units ("NZUs")

NZUs are initially recorded at their fair value as a government grant and an intangible asset when they are allocated to the Trust. At the same time, an equal expense is recognised in the Statement of Comprehensive Income to record the liability the Trust has to transfer the NZUs to beneficiaries of the Trust.

(ii) Interest Revenue

Interest income on bank accounts is recognised under the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period (including all fees and points paid or received between the parties to the contract that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount of the financial instrument.

(iii) Income Tax

The income tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current period, adjusted for any differences between the estimated and actual income tax payable in prior periods.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

1 STATEMENT OF ACCOUNTING POLICIES (cont).

(iv) Goods and Services Tax

All amounts are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

(vi) Intangibles

Intangible assets excluding NZ Units are initially recorded at cost. The cost of an internally generated intangible asset represents expenditure incurred in the development phase of the asset only. The development phase occurs after the following can be demonstrated: technical feasibility; ability to complete the asset; intention and ability to sell or use; and development expenditure can be reliably measured.

Intangible assets with finite lives are subsequently recorded at cost less any amortisation and impairment losses, and are amortised on a straight-line basis over their useful lives as follows:

Asset Category	Expected Life	Rate	Method
Website Development	3 years	33%	Straight line

Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

Intangible assets with finite lives are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Income.

(vii) NZ Units and NZ Units Held on Trust

The NZ Units relating to forests that were Crown forest licensed land on 19th July 2010 are recorded when the NZ Units are registered in the name of the Trust. The NZ Units received are initially recorded at fair value in the Statement of Comprehensive Income and the Statement of Financial Position. As the NZ Units are held in trust on behalf of future claimants a corresponding liability is recorded within the Statement of Financial Position as the Trust has a contractual obligation to hold all NZUs in Trust on behalf of beneficiaries until the settlement is enacted under an Act of Parliament at which time the NZU's must be transferred to them.

Subsequent to initial recognition, the NZ Units are recorded at cost (being fair value at date of registration) less accumulated impairment losses.

(viii) Employee Benefits

The Employee entitlements to salaries and wages, annual leave, sick leave and other similar benefits are recognised in the Statement of Comprehensive Income when they accrue to employees. Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for any long term employee entitlements is reported as the present value of the estimated future cash outflows.

(ix) Other Liabilities and Provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond one month are recorded at their present value of those estimates.

(x) Financial Instruments

Non derivative financial assets are classified and measured at amortised cost when the asset is held within the Trust's business model where the objective is to collect the contractual cash flows and those contractual cash flows consist solely of payments of principal and interest on specified dates. Financial assets measured at amortised cost are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash held in bank accounts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash is recorded at amortised cost using the effective interest rate method.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

1 STATEMENT OF ACCOUNTING POLICIES (cont).

Accrued Interest

Accrued interest comprises the interest earned but not yet received on bank accounts. Accrued interest is recorded separately to the underlying bank accounts on the Statement of Financial Position.

Receivables

Receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method and are stated at their expected realisable value after providing for doubtful debts. Receivables issued with duration of less than 12 months are recognised at their nominal value, unless the effect of discounting is material. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired. Impairment losses are recognised in the Statement of Comprehensive Income.

Payables

Payables are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services.

(xi) Impairment

The carrying amount of the Trust's assets are reviewed at each balance date to determine whether there is any indication of impairment. If such indication exists, the assets recoverable amount is estimated.

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

(xii) Comparatives

Comparative figures represent the 12 month period ended 31 March 2013. Comparative information has been reclassified, where necessary, to achieve consistency in disclosure with the current year.

(xiii) Statement of Cash Flows

Operating activities include cash received from investment income and other income sources and cash payments to manage the day-to-day running of the Trust.

Investing activities are activities relating to the purchase and disposal of intangible assets (excluding NZUs).

Financing activities comprise the changes in Trust Capital.

(xiv) Changes in Accounting Policies

There has been a change in the methodology applied to how the impairment/impairment reversal is calculated when taking into account the value of units transferred from the Trust. The comparatives for the impairment reversal in 2013 has been updated to ensure consistency with the methodology applied in 2014. The change in policy has no impact on the reported net surplus or the net assets of the Trust.

There have been no other changes in accounting policy during this year.

2 NATURE OF ACTIVITIES

The Forestry Emission Unit Trust was established on 19 April 2011 to hold NZ Units issued in relation to Crown forest licensed land.

The NZ Units received from the Ministry for Primary Industries and are held in trust on behalf of future beneficiaries. They are recorded as a Trust asset with a corresponding liability to beneficiaries within the Statement of Financial Position.

The NZ Units of the Trust are distributed when the beneficiaries are confirmed and the settlement is enacted under an Act of Parliament.

3 ADMINISTRATIVE EXPENDITURE

Incorporated within the Trust's Statement of Comprehensive Income are the following operating expenditures:

Administrative Expenditure:	2014	2013
	\$	\$
Administrative and Office Support	69,021	68,320
Amortisation	4,747	4,747
Audit Fees	5,350	4,000
Communication Costs	40	873
Interest Expense	501	3,215
Technical Advice	15,000	-
Trustee Fees	31,500	30,875
Trustee Travel and Meeting Costs	1,897	239
Other	288	1,020
	128,344	113,289

FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

4 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO TOTAL COMPREHENSIVE SURPLUS

	2014 \$	2013 \$
TOTAL COMPREHENSIVE SURPLUS FOR THE PERIOD	14,923	9,628
Items Not Involving Cash		
Amortisation Expense	4,747	4,747
Impact of Changes in Working Capital		
Movement in Trade and Other Payables	3,666	(49,089)
Movement in GST Payable	(16,021)	36,115
Movement in Income Tax Payable	(4,708)	(38,343)
Net Cash Flow from Operating Activities	2,607	(36,942)

5 TAXATION

	2014 \$	2013 \$
Reconciliation of Effective Tax Rate		
Surplus before tax	31,659	15,085
Income tax using the Trust tax rate (33%)	10,448	4,978
Adjustments		
Non-assessable income	-	-
Non-deductible expenses	6,288	479
Income tax expense	16,736	5,457
Tax Payable per Statement of Financial Position		
Income tax expense	16,736	5,457
Income tax on other comprehensive income	-	-
Tax Paid	(16,086)	(99)
Tax Payable	650	5,358

6 FINANCIAL INSTRUMENTS

(a) *Foreign Exchange Risk*

The Trust has no exposure to foreign exchange risk.

(b) *Credit Risk*

Financial instruments, which are potentially subject to credit risk, consist primarily of bank accounts. The Trust may be subject to losses up to the value of \$67,835 as at 31 March 2014 in the event of non-performance by all counter-parties. The Trust does not expect losses to occur as these instruments are comprised of balances being held with registered banks. Consequently, no collateral is held by the Trust to support these financial instruments. No financial assets are either past due or impaired at 31 March 2014.

(c) *Interest Rate Risk*

The Trust's primary interest rate risk is on the Trust's bank account. The Trust only holds cash for meeting operational expenses.

(e) *Liquidity Risk Management*

Ultimate responsibility for liquidity risk management rests with the Board of Trustees, which has built an appropriate liquidity risk management framework for the management of the Trust's short, medium, and long term funding and liquidity management requirements. The Trust manages liquidity by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

(f) *Capital Risk Management*

The Trust manages its retained earnings to ensure that the Trust is able to continue as a going concern. There are no externally imposed capital requirements.

There have been no changes in the Trust's exposure to risk and the policies and processes in managing and measuring risk.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

7 INTANGIBLE ASSETS

Intangible Assets – Website Development	2014	2013
	\$	\$
Cost at Beginning of Year	14,242	14,242
Additions	-	-
Cost at End of Year	<u>14,242</u>	<u>14,242</u>
Amortisation at Beginning of Year	7,516	2,769
Annual Amortisation	<u>4,747</u>	<u>4,747</u>
Amortisation at End of Year	12,263	7,516
Net Intangibles	<u>1,979</u>	<u>6,726</u>

8 NZ UNITS

	2014	2013
	\$	\$
Cost at Beginning of Year	20,851,283	15,913,492
Transfers In	-	6,235,593
Transfers Out - 11 May 2012	-	(1,202,204)
Transfers Out - 3 September 2012	-	(95,598)
Transfers Out - 17 May 2013	(1,296,010)	-
Transfers Out - 15 July 2013	(743,392)	-
Transfers Out - 11 March 2014	(22,829)	-
Transfers Out - 24 March 2014	(58,997)	-
Cost at End of Year	<u>18,730,055</u>	<u>20,851,283</u>
Accumulated Impairment at Beginning of Year	12,116,379	2,240,335
Impairment/(Impairment Reversal)	(4,234,526)	10,009,743
Disposed NZUs	<u>(1,250,444)</u>	<u>(133,699)</u>
Accumulated Impairment at End of Year	6,631,409	12,116,379
Carrying Value	<u>12,098,646</u>	<u>8,734,904</u>
Current	6,176,547	4,341,948
Non-current	<u>5,922,099</u>	<u>4,392,956</u>
	<u>12,098,646</u>	<u>8,734,904</u>

NZ Units are emissions units used in New Zealand to comply with the emissions trading scheme. Each NZ Unit represents one metric tonne of carbon dioxide, or the equivalent of any other greenhouse gas.

9 TRUSTEE FEES AND KEY MANAGEMENT PERSONNEL

	2014	2013
	\$	\$
Trusteeship/Governance	<u>31,500</u>	<u>30,875</u>

The Trustee fees are determined by the Minister for the Environment. The fees for the first year for the Chairperson are set at an annual maximum of \$9,000, with other Trustees capped to an annual maximum of \$4,500.

The Trustees attend regular meetings during the period to deal with governance issues of the Trust.

Fees received by Trustees	2014	2013
	\$	\$
Ms Angela Foulkes (Chairperson)	<u>9,000</u>	<u>6,875</u>
Mr Paul Morgan (term ended 30 June 2012)	-	3,250
Hon Sir Taihākurei (Edward) Durie (appointed 1 July 2012)	4,500	2,250
Mr Alan Haronga	4,500	4,625
Mr Alexander (John) Wilson	4,500	4,625
Mr C Maanu Paul	4,500	4,625
Mr Guy Royal (term ended 30 June 2013)	1,500	4,625
Mr Rakihia Tau (appointed 1 July 2013)	<u>3,000</u>	<u>-</u>
	<u>31,500</u>	<u>30,875</u>

Key Management Personnel

The Trust maintains an active register which records potential conflicts of interest whereby both the Secretary and Trustees are required to disclose any interests associated with their lwi group or affiliations.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

10 RELATED PARTY TRANSACTIONS

Trustee Affiliations	Role	2014 \$	Provision for
All trustees	Trustees of Crown Forestry Rental Trust	54,000	Administration Services
Ministry for the Environment	Minister is the appointor of trustees	160,003	Grant Income

Trustee Affiliations	Role	2013 \$	Provision for
All trustees	Trustees of Crown Forestry Rental Trust	54,000	Administration Services
Ministry for the Environment	Minister is the appointor of trustees	128,374	Grant Income

All trustees are trustees of Crown Forestry Rental Trust which received \$54,000 during the period to 31 March 2014 (2013: \$54,000) for the provision of administration and secretarial services.

The Minister for Climate Change has the power to appoint and remove trustees of the Trust. The Minister for Climate Change is also the Minister for the Environment. The Ministry for the Environment provided \$160,003 in Grant Income to the Trust during the period to 31 March 2014 (2013: \$128,374).

A number of Trustees have affiliations to certain Iwi that may receive NZ Units from the Trust. As noted in Note 9 the Trust maintains an active register which records potential conflicts of interest and Trustees are required to disclose such potential interests at Board meetings in order to reduce risks surrounding their association with their Iwi group.

11 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2014 (2013: Nil).

12 COMMITMENTS

Capital Commitments

The Trust has no capital commitments at 31 March 2014 (2013: Nil).

13 DEEDS OF SETTLEMENT

Ngāti Toa Rangatira

On 7 December 2012, the Crown and Ngāti Toa Rangatira signed a Deed of Settlement. Legislation to give effect to the settlement came into force on 23 April 2014. Settlement date for the transfer of Crown Forest Licensed Land and NZUs is 70 working days after the legislation comes into force and will be 1 August 2014.

The impact of the settlement will be to distribute to Toa Rangatira Trust 50% of the NZUs held in Trust for all of the Te Tau Ihu licensed land.

As at 31 March 2014 the NZUs Held in Trust for each of these Te Tau Ihu Crown Forest Licensed lands were approximately: Golden Bay (\$17,604), Motueka (\$222,642), Golden Downs East (\$850,608), Golden Downs West (\$1,047,816), Waimea (\$193,698), Rai (\$432,810), Hira (\$214,542), Queen Charlotte (\$102,006), Wairau (\$464,076).

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

13 DEEDS OF SETTLEMENT (cont.)

Ngāti Tama ki Te Tau Ihu

On 20 April 2013, the Crown and Ngāti Tama ki Te Tau Ihu signed a Deed of Settlement. Legislation to give effect to the settlement came into force on 23 April 2014. Settlement date for the transfer of Crown Forest Licensed Land and NZUs is 70 working days after the legislation comes into force and will be 1 August 2014.

The impact of the settlement will be to distribute to Ngāti Tama ki te Waipounamu Trust 12.5% of the NZUs held in Trust for all of the Te Tau Ihu licensed land.

As at 31 March 2014 the NZUs Held in Trust for each of these Te Tau Ihu Crown Forest Licensed lands were approximately: Golden Bay (\$17,604), Motueka (\$222,642), Golden Downs East (\$850,608), Golden Downs West (\$1,047,816), Waimea (\$193,698), Rai (\$432,810), Hira (\$214,542), Queen Charlotte (\$102,006), Wairau (\$464,076).

Ngāti Rārua

On 13 April 2013, the Crown and Ngāti Rārua signed a Deed of Settlement. Legislation to give effect to the settlement came into force on 23 April 2014. Settlement date for the transfer of Crown Forest Licensed Land and NZUs is 70 working days after the legislation comes into force and will be 1 August 2014.

The impact of the settlement will be to distribute to Ngāti Rārua Settlement Trust 12.5% of the NZUs held in Trust for all of the Te Tau Ihu licensed land.

As at 31 March 2014 the NZUs Held in Trust for each of these Te Tau Ihu Crown Forest Licensed lands were approximately: Golden Bay (\$17,604), Motueka (\$222,642), Golden Downs East (\$850,608), Golden Downs West (\$1,047,816), Waimea (\$193,698), Rai (\$432,810), Hira (\$214,542), Queen Charlotte (\$102,006), Wairau (\$464,076).

Te Atiawa o Te Waka-a-Maui

On 21 December 2012, the Crown and Te Atiawa o Te Waka-a-Maui signed a Deed of Settlement. Legislation to give effect to the settlement came into force on 23 April 2014. Settlement date for the transfer of Crown Forest Licensed Land and NZUs is 70 working days after the legislation comes into force and will be 1 August 2014.

The impact of the settlement will be to distribute to Te Atiawa o Te Waka-a-Maui Trust 12.5% of the NZUs held in Trust for all of the Te Tau Ihu licensed land.

As at 31 March 2014 the NZUs Held in Trust for each of these Te Tau Ihu Crown Forest Licensed lands were approximately: Golden Bay (\$17,604), Motueka (\$222,642), Golden Downs East (\$850,608), Golden Downs West (\$1,047,816), Waimea (\$193,698), Rai (\$432,810), Hira (\$214,542), Queen Charlotte (\$102,006), Wairau (\$464,076).

Ngāti Kōata

On 21 December 2012, the Crown and Ngāti Kōata signed a Deed of Settlement. Legislation to give effect to the settlement came into force on 23 April 2014. Settlement date for the transfer of Crown Forest Licensed Land and NZUs is 70 working days after the legislation comes into force and will be 1 August 2014.

The impact of the settlement will be to distribute to Te Pātaka a Ngāti Kōata 12.5% of the NZUs held in Trust for all of the Te Tau Ihu licensed land.

As at 31 March 2014 the NZUs Held in Trust for each of these Te Tau Ihu Crown Forest Licensed lands were approximately: Golden Bay (\$17,604), Motueka (\$222,642), Golden Downs East (\$850,608), Golden Downs West (\$1,047,816), Waimea (\$193,698), Rai (\$432,810), Hira (\$214,542), Queen Charlotte (\$102,006), Wairau (\$464,076).

Raukawa

On 2 June 2012, the Crown and Raukawa signed a Deed of Settlement. Legislation to give effect to the settlement came into force on 19 March 2014. Settlement date for the transfer of Crown Forest Licensed Land and NZUs had not been determined as at 31 March 2014 but is expected to be mid-2014.

The impact of the settlement will be to distribute to Raukawa Settlement Trust a portion of the NZUs Held in Trust for Pureora North Crown Forest Licensed land. As at 31 March 2014, the NZUs Held in Trust for Pureora North Crown Forest Licensed land were approximately \$58,050.

Maungaharuru-Tangitu

On 25 May 2013, the Crown and Maungaharuru-Tangitu signed a Deed of Settlement. Legislation to give effect to the settlement came into force on 16 April 2014. Settlement date for the transfer of Crown Forest Licensed Land and NZUs is 20 working days after the legislation comes into force and will be 20 May 2014.

The impact of the settlement will be to distribute to Maungaharuru-Tangitu Trust a portion of the NZUs Held in Trust for Esk Crown Forest Licensed land. As at 31 March 2014, the NZUs Held in Trust for Esk Crown Forest Licensed land were approximately \$340,092.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

13 DEEDS OF SETTLEMENT (cont.)

Te Rarawa

On 28 January 2012, the Crown and Te Rarawa signed a Deed of Settlement and a deed to amend was signed on 12 March 2014. Legislation to give effect to the settlement was introduced on 16 April 2014 and expected to come into force in December 2014. Settlement date for the transfer of Crown Forest Licensed Land and NZUs is 60 working days after the legislation comes into force.

The impact of the settlement will be to distribute to Te Rūnanga o Te Rarawa 20% of the NZUs Held in Trust for Aupouri Crown Forest Licensed land. As at 31 March 2014, the NZUs Held in Trust for Aupouri Crown Forest Licensed land were approximately \$1,119,204.

Te Aupouri

On 28 January 2012, the Crown and Te Aupouri signed a Deed of Settlement and a deed to amend was signed on 14 December 2013. Legislation to give effect to the settlement was introduced on 16 April 2014 and expected to come into force in December 2014. Settlement date for the transfer of Crown Forest Licensed Land and NZUs is 60 working days after the legislation comes into force.

The impact of the settlement will be to distribute to Te Rūnanga Nui o Te Aupōuri 20% of the NZUs Held in Trust for Aupouri Crown Forest Licensed land. As at 31 March 2014, the NZUs Held in Trust for Aupouri Crown Forest Licensed land were approximately \$1,119,204.

Ngāti Kuri

On 7 February 2014, the Crown and Ngāti Kuri signed a Deed of Settlement. Legislation to give effect to the settlement is expected to be introduced on 16 April 2014 and expected to come into force in December 2014. Settlement date for the transfer of Crown Forest Licensed Land and NZUs is 60 working days after the legislation comes into force.

The impact of the settlement will be to distribute to Te Manawa O Ngāti Kuri 20% of the NZUs Held in Trust for Aupouri Crown Forest Licensed land. As at 31 March 2014, the NZUs Held in Trust for Aupouri Crown Forest Licensed land were approximately \$1,119,204.

Ngai Takoto

On 27 October 2012, the Crown and Ngāi Takoto signed a Deed of Settlement and a deed to amend was signed on 6 February 2014. Legislation to give effect to the settlement was introduced on 16 April 2014 and expected to come into force in December 2014. Settlement date for the transfer of Crown Forest Licensed Land and NZUs is 60 working days after the legislation comes into force.

The impact of the settlement will be to distribute to Te Rūnanga o Ngāi Takoto 20% of the NZUs Held in Trust for Aupouri Crown Forest Licensed land. As at 31 March 2014, the NZUs Held in Trust for Aupouri Crown Forest Licensed land were approximately \$1,119,204.

Te Kawerau ā Maki

On 22 February 2014, the Crown and Te Kawerau ā Maki signed a Deed of Settlement. Legislation to give effect to the settlement was introduced on 16 April 2014 and expected to come into force in December 2014.

The impact of the settlement will be to distribute to the Te Kawerau ā Maki a portion of the NZUs Held in Trust for Riverhead Crown Forest Licensed land. As at 31 March 2014 the NZUs Held in Trust for Riverhead Crown Forest Licensed land were approximately \$202,662.

Ngāti Kahu

Part 14 clause 797 of the Te Hiku Claims Settlement bill that was introduced on 16 April 2014 (Ngāti Kahu Accumulated Rentals Trust Bill) makes the necessary legislative provisions for the matters contained in the deed of trust to be entered into by the Crown and Public Trust to establish the Ngāti Kahu Accumulated Rentals Trust. The Crown's intention is to—

- preserve the Crown's ability, in relation to a proportion of the NZUs of the Peninsula Block (the NZUs), to provide for the settlement of Ngāti Kahu's historical Treaty of Waitangi claims that may be negotiated and entered into between Ngāti Kahu and the Crown; and
- provide for the transfer of a proportion of the NZUs as a consequence of any relevant recommendation made by the Waitangi Tribunal under section 8HB of the Treaty of Waitangi Act 1975 that becomes final under section 8HC(6) of that Act.

Legislation is expected to come into force in December 2014. Settlement date for the NZUs is 60 working days after the legislation comes into force.

The impact of this legislation will be to distribute to the Public Trustee, as confirmed beneficiary, 20% of the NZUs Held in Trust for Aupouri Crown Forest Licensed land. As at 31 March 2014, the Funds Held in Trust for Aupouri Crown Forest Licensed land were approximately \$1,119,204.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

13 DEEDS OF SETTLEMENT (cont.)

Ngai Tamanuhiri

On 5 March 2011, the Crown and Ngai Tāmanuhiri signed a Deed of Settlement. The Ngai Tāmanuhiri Claims Settlement Act 2012 gives effect to the settlement and came into force on 1 August 2012. Settlement date for the transfer of Wharerata Crown Forest Licensed Land and associated accumulated rentals to the Confirmed Beneficiary (Wharerata Forest Limited) is 20 working days after the legislation came into force. Accumulated rentals associated with Wharerata CFL land were transferred to Wharerata Forest Limited on 29 August 2012.

The impact of the settlement is that as soon as reasonably practicable after the Wharerata CFL land has been transferred to Wharerata Forest Limited, the Forestry Emission Unit Trust (FEUT) must determine the number of eligible New Zealand Units (NZUs) and transfer the NZUs to Wharerata Forest Limited, once FEUT has been advised of their NZ Emission Unit Register Holding Account.

As at 31 March 2014 the NZUs Held in Trust for Wharerata Forest Limited were approximately \$396,060.

Ngāti Makino

On 2 April 2011, the Crown and Ngāti Mākino signed a Deed of Settlement. The Ngāti Mākino Claims Settlement Act 2012 gives effect to the settlement and came into force on 1 August 2012. Settlement date for the transfer of Rotoehu West Crown Forest Licensed Land and associated accumulated rentals to the Confirmed Beneficiary (Ngāti Mākino Iwi Authority) is 20 working days after the legislation came into force. Accumulated rentals associated with Rotoehu West CFL land were transferred to Ngāti Mākino Iwi Authority on 29 August 2012.

The impact of the settlement is that as soon as reasonably practicable after the Rotoehu West CFL land has been transferred to Ngāti Mākino Iwi Authority, the Forestry Emission Unit Trust (FEUT) must determine the number of eligible New Zealand Units (NZUs) and transfer the NZUs to Ngāti Mākino Iwi Authority, once FEUT has been advised of their NZ Emission Unit Register Holding Account.

As at 31 March 2014 the NZUs Held in Trust for Ngāti Mākino Iwi Authority were approximately \$125,226.

Ngāti Whatua o Kaipara

On 9 September 2011, the Crown and Ngāti Whātua o Kaipara signed a Deed of Settlement. The Ngāti Whātua o Kaipara Claims Settlement Act 2013 gives effect to the settlement and came into force on 13 June 2013. The settlement provided for the transfer of Woodhill Crown Forest Licensed Land and associated accumulated rentals to the Confirmed Beneficiary (Ngā Maunga Whakahii o Kaipara Development Trust) at settlement date and for an election to purchase part Riverhead Crown Forest Licensed Land at a later settlement date.

Accumulated rentals associated with Woodhill CFL land were transferred to Ngā Maunga Whakahii o Kaipara Development Trust on 11 July 2013. On 17 December 2013, Ngāti Whatua o Kaipara issued a 'Notice Electing to Purchase' Unit 5 of Riverhead CFL pursuant to their Deed of Settlement. Accumulated rentals associated with Unit 5 Riverhead CFL land were transferred to Ngā Maunga Whakahii o Kaipara Development Trust on 5 February 2014.

The impact of the Ngāti Whātua o Kaipara settlement is that as soon as reasonably practicable after the transfer of Woodhill CFL land and Unit 5 Riverhead CFL land to Ngā Maunga Whakahii o Kaipara Development Trust, the Forestry Emission Unit Trust (FEUT) must determine the number of eligible New Zealand Units (NZUs) and transfer the NZUs to Ngā Maunga Whakahii o Kaipara Development Trust, once FEUT has been advised of their NZ Emission Unit Register Holding Account.

As at 31 March 2014 the NZUs Held in Trust for Ngā Maunga Whakahii o Kaipara Development Trust were approximately \$604,476.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

14 NZ UNITS HELD IN TRUST TO 31 MARCH 2014

	Forest No.	Opening Balance Units	Current Period		Closing Balance Units	Total held in Trust \$
			Additions Units	Disbursed Units		
Northland						
Aupouri *	1	373,068	-	-	373,068	1,119,204
Otangaroa	2	49,356	-	-	49,356	148,068
Waitangi	3	36,162	-	-	36,162	108,486
Glenbervie	4	130,176	-	-	130,176	390,528
Auckland						
Mangawhai	6	12,420	-	(12,420)	-	-
Woodhill *	7	192,546	-	-	192,546	577,638
Riverhead *	8	67,554	-	-	67,554	202,662
Maramarua	11	94,284	-	-	94,284	282,852
Whangapoua	12	154,890	-	-	154,890	464,670
Kauaeranga	13	5,220	-	-	5,220	15,660
Waihou	14	27,486	-	-	27,486	82,458
Tairua	15	189,558	-	-	189,558	568,674
Athenree	16	17,568	-	-	17,568	52,704
Whangamata	60	4,572	-	-	4,572	13,716
Central North Island						
Rotoehu *	17	41,742	-	-	41,742	125,226
Pirongia	24	4,914	-	-	4,914	14,742
Tawarau	25	24,264	-	-	24,264	72,792
Mangaokewa	26	13,590	-	-	13,590	40,770
Pureora North *	27	24,156	-	(4,806)	19,350	58,050
East Coast						
Ruatoria	32	133,441	-	(133,441)	-	-
Tokomaru	33	107,767	-	(107,767)	-	-
Mangatu	34	202,716	-	-	202,716	608,148
Wharerata *	35	132,030	-	-	132,030	396,090
Patunamu	36	70,632	-	-	70,632	211,896
Hawkes Bay						
Mohaka	37	156,497	-	(156,497)	-	-
Esk *	38	113,364	-	-	113,364	340,092
Kaweka	39	122,364	-	-	122,364	367,092
Gwavas	40	123,048	-	-	123,048	369,144

FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

14 NZ UNITS HELD IN TRUST TO 31 MARCH 2014 (cont.)

	Forest No.	Opening Balance Units	Current Period		Closing Balance Units	Total held in Trust \$
			Additions Units	Disbursed Units		
Southern North Island						
Erua	41	1,512	-	-	1,512	4,536
Karioi	42	174,582	-	-	174,582	523,746
Te Wera	43	58,428	-	-	58,428	175,284
Lismore Hill	44	84,186	-	-	84,186	252,558
Lismore Sand	45	17,064	-	-	17,064	51,192
Santoft	46	56,321	-	(31,625)	24,696	74,088
Tangimoana	47	14,724	-	-	14,724	44,172
Waitarere	48	36,126	-	-	36,126	108,378
Manakau	49	5,292	-	-	5,292	15,876
Ngaumu	51	223,884	-	-	223,884	671,652
Nelson						
Golden Bay *	52	5,868	-	-	5,868	17,604
Motueka *	53	74,214	-	-	74,214	222,642
Golden Downs East *	54	283,536	-	-	283,536	850,608
Golden Downs West *	54	349,272	-	-	349,272	1,047,816
Waimea *	55	64,566	-	-	64,566	193,698
Rai *	56	144,270	-	-	144,270	432,810
Hira *	57	71,514	-	-	71,514	214,542
Queen Charlotte *	58	34,002	-	-	34,002	102,006
Wairau *	59	154,692	-	-	154,692	464,076
Total NZ Units Held in Trust		4,479,438	-	(446,556)	4,032,882	12,098,646

* Forests or part of forests expected to be settled in the following financial year.
The NZ Units held in trust in relation to these forests are recognised as a current liability.

	2014 \$	2013 \$
Current/Non Current Split of NZ Units Held		
Current	6,176,547	4,341,948
Non Current	5,922,099	4,392,956
	12,098,646	8,734,904



INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF FORESTRY EMISSIONS UNIT TRUST

Report on the Financial Statements

We have audited the financial statements of Forestry Emissions Unit Trust on pages 2 to 16, which comprise the statement of financial position as at 31 March 2014, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Trustee's Responsibility for the Financial Statements

The Board of Trustees are responsible for the preparation and fair presentation of financial statements, in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

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

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

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

Other than in our capacity as auditor, we have no relationship with or interests in the Forestry Emissions Unit Trust.

Opinion

In our opinion, the financial statements on pages 2 to 16 present fairly, in all material respects, the financial position of the Forestry Emissions Unit Trust as at 31 March 2014, and its financial performance and cash flows for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.

A stylized, handwritten signature of the Deloitte firm, written in black ink.

Chartered Accountants
17 June 2014
Wellington, New Zealand

FORESTRY EMISSION UNIT TRUST

Directory

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Rakihia Tau

C Maanu Paul

Hon Sir Taihākurei (Edward) Durie

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