

**FORESTRY EMISSION UNIT TRUST
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2015**

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**FORESTRY EMISSION UNIT TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 \$	2014 \$
INCOME			
Administration			
Grant Revenue for Administration		177,000	160,003
Other Income		119	-
Administration Expenses	3	(144,984)	(128,344)
Operating Surplus		<u>32,135</u>	<u>31,659</u>
NZ Units			
Reversal of Impairment of NZ Units	8	3,693,112	5,484,970
Reversal of Impairment of NZ Units held in Trust		(3,693,112)	(5,484,970)
Total Impairment of NZ Units		<u>-</u>	<u>-</u>
Surplus before tax		32,135	31,659
Tax Expense	5	18,991	16,736
TOTAL SURPLUS FOR THE PERIOD		<u>13,144</u>	<u>14,923</u>
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE SURPLUS FOR THE PERIOD		<u>13,144</u>	<u>14,923</u>

**FORESTRY EMISSION UNIT TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	\$	\$	\$
		Trust Capital	Retained Earnings	Total Equity
Balance at 1 April 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
Total comprehensive surplus for the period				
Surplus for the Period		-	13,144	13,144
Other Comprehensive Income		-	-	-
Total comprehensive surplus for the period		-	13,144	13,144
BALANCE AT 31 MARCH 2015		10	80,321	80,331

**FORESTRY EMISSION UNIT TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	Note	2015 \$	2014 \$
EQUITY			
Trust Capital		10	10
Retained Earnings		80,321	67,177
TOTAL EQUITY		80,331	67,187
Total Equity Represented by:			
CURRENT ASSETS			
Cash at Bank	6	95,587	67,835
NZ Units	8	2,560,008	6,176,547
GST Refundable		6,195	5,339
		2,661,790	6,249,721
NON CURRENT ASSETS			
NZ Units	8	8,214,920	5,922,099
Intangible Assets	7	-	1,979
		8,214,920	5,924,078
TOTAL ASSETS		10,876,710	12,173,799
CURRENT LIABILITIES			
Trade Payables		14,176	7,316
Current Taxation	5	7,275	650
Current NZ Units held in Trust	14	2,560,008	6,176,547
		2,581,459	6,184,513
NON CURRENT LIABILITIES			
Non Current NZ Units held in Trust	14	8,214,920	5,922,099
TOTAL LIABILITIES		10,796,379	12,106,612
NET ASSETS		80,331	67,187

These financial statements were approved on the 23rd July 2015. Signed for and on behalf of the Board of Trustees.



Angela Foukes
Chairperson
Forestry Emission Unit Trust



Hinerangi Raumati-Tu'ua
Trustee
Forestry Emission Unit Trust

**FORESTRY EMISSION UNIT TRUST
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2015**

	Note	2015 \$	2014 \$
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Cash was provided from:			
Grant Income		177,000	160,003
Interest Income		119	-
Cash was applied to:			
Payment of Administration Expenses		(137,040)	(120,409)
Payment of Income Tax		(12,366)	(21,444)
Net GST		39	(15,543)
NET CASH FROM OPERATING ACTIVITIES	4	<u>27,752</u>	<u>2,607</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		27,752	2,607
Cash at Beginning of the Period		67,835	65,228
CASH AT END OF THE PERIOD		<u>95,587</u>	<u>67,835</u>
Represented by:			
Cash at Bank		95,587	67,835
		<u>95,587</u>	<u>67,835</u>

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

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 with the Ministry for the Environment.

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 2015**

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 2015**

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 2014. 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 have been no 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 and when the beneficiaries have advised FEUT of their NZ Emission Unit Register holding account.

3 ADMINISTRATIVE EXPENDITURE

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

Administrative Expenditure:	2015	2014
	\$	\$
Administrative and Office Support	80,755	69,021
Amortisation	1,978	4,747
Audit Fees	10,500	5,350
Communication Costs	-	40
Interest Expense	-	501
Technical Advice	16,860	15,000
Trustee Fees	31,500	31,500
Trustee Travel and Meeting Costs	3,053	1,897
Other	338	288
	144,984	128,344

FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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

	2015 \$	2014 \$
TOTAL COMPREHENSIVE SURPLUS FOR THE PERIOD	<u>13,144</u>	<u>14,923</u>
Items Not Involving Cash		
Amortisation Expense	1,978	4,747
Impact of Changes in Working Capital		
Movement in Trade and Other Payables	6,861	3,666
Movement in GST Payable	(856)	(16,021)
Movement in Income Tax Payable	6,625	(4,708)
Net Cash Flow from Operating Activities	<u>27,752</u>	<u>2,607</u>

5 TAXATION

	2015 \$	2014 \$
Reconciliation of Effective Tax Rate		
Surplus before tax	32,135	31,659
Income tax using the Trust tax rate (33%)	<u>10,605</u>	<u>10,448</u>
Adjustments		
Non-assessable income	-	-
Non-deductible expenses	8,386	6,288
Income tax expense	<u>18,991</u>	<u>16,736</u>
Tax Payable per Statement of Financial Position		
Income tax expense	18,991	16,736
Income tax on other comprehensive income	-	-
Tax Paid	(11,716)	(16,086)
Tax Payable	<u>7,275</u>	<u>650</u>

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 \$95,587 as at 31 March 2015 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 2015.

(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 2015**

7 INTANGIBLE ASSETS

Intangible Assets – Website Development	2015	2014
	\$	\$
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	12,263	7,516
Annual Amortisation	<u>1,978</u>	<u>4,747</u>
Amortisation at End of Year	<u>14,241</u>	<u>12,263</u>
Net Intangibles	<u>-</u>	<u>1,979</u>

8 NZ UNITS

	2015	2014
	\$	\$
Cost at Beginning of Year	18,730,055	20,851,283
Transfers In	-	-
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)
Transfers Out - 11 July 2014	(586,213)	-
Transfers Out - 29 August 2014	(3,607,944)	-
Transfers Out - 4 December 2014	(787,305)	-
Transfers Out - 26 March 2015	<u>(35,368)</u>	<u>-</u>
Cost at End of Year	<u>13,713,225</u>	<u>18,730,055</u>
Accumulated Impairment at Beginning of Year	6,631,409	12,116,379
Impairment/(Impairment Reversal)	<u>(3,693,112)</u>	<u>(5,484,970)</u>
Accumulated Impairment/(Revaluation) at End of Year	<u>2,938,297</u>	<u>6,631,409</u>
Carrying Value	<u>10,774,928</u>	<u>12,098,646</u>
Current	2,560,008	6,176,547
Non-current	<u>8,214,920</u>	<u>5,922,099</u>
	<u>10,774,928</u>	<u>12,098,646</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

	2015	2014
	\$	\$
Trusteeship/Governance	<u>31,500</u>	<u>31,500</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 and to approve transfer of NZUs to beneficiaries.

Fees received by Trustees	2015	2014
	\$	\$
Ms Angela Foulkes (Chairperson)	<u>9,000</u>	<u>9,000</u>
Mr Paul Majurey (appointed 1 January 2015)	1,125	-
Hon Sir Taihākurei (Edward) Durie (appointed 1 July 2012)	4,500	4,500
Mr Alan Haronga (term ended 31 December 2014)	3,375	4,500
Mr Alexander (John) Wilson	4,500	4,500
Mr C Maanu Paul (term ended 31 December 2014)	3,375	4,500
Mr Guy Royal (term ended 30 June 2013)	-	1,500
Ms Hinerangi Raumati-Tū'ua (appointed 1 January 2015)	1,125	-
Mr Rakihia Tau (appointed 1 July 2013)	<u>4,500</u>	<u>3,000</u>
	<u>31,500</u>	<u>31,500</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 Iwi group or affiliations.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

10 RELATED PARTY TRANSACTIONS

Trustee Affiliations	Role	2015 \$	Provision for
All trustees	Trustees of Crown Forestry Rental Trust	63,000	Administration Services
Ministry for the Environment	Minister is the appointor of trustees	177,000	Grant Income

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

All trustees are trustees of Crown Forestry Rental Trust which received \$63,000 during the period to 31 March 2015 (2014: \$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 \$177,000 in Grant Income to the Trust during the period to 31 March 2015 (2014: \$160,003).

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 2015 (2014: Nil).

12 COMMITMENTS

Capital Commitments

The Trust has no capital commitments at 31 March 2015 (2014: Nil).

13 DEEDS OF SETTLEMENT

Ngāti Māhino

On 2 April 2011, the Crown and Ngāti Māhino signed a Deed of Settlement. The Ngāti Māhino Claims Settlement Act 2012 gives effect to the settlement and came into force on 1 August 2012. Accumulated rentals associated with Rotoehu West Crown Forest Licensed Land were transferred to Ngāti Māhino 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 Māhino Iwi Authority, the Forestry Emission Unit Trust (FEUT) must determine the number of eligible New Zealand Units (NZUs) and transfer the NZUs to Ngāti Māhino Iwi Authority, once FEUT has been advised of their NZ Emission Unit Register Holding Account. As at 31 March 2015, 41,742 NZUs are held in Trust for Ngāti Māhino Iwi Authority.

Ngāti Whātua 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 part Woodhill Crown Forest Licensed Land at settlement date and an election to purchase Unit 5 of Riverhead Crown Forest Licensed Land and associated accumulated rentals to the Confirmed Beneficiary (Ngā Maunga Whakahii o Kaipara Development Trust) at a later settlement date.

Accumulated rentals associated with part Woodhill CFL land were transferred to Ngā Maunga Whakahii o Kaipara Development Trust on 11 July 2013. On 17 December 2013, Ngāti Whātua 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 part Woodhill CFL land and Unit 5 Riverhead CFL land has been transferred 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 2015, 191,952 NZUs for part Woodhill CFL land and 9,430 NZUs for Unit 5 Riverhead CFL are held in Trust for Ngā Maunga Whakahii o Kaipara Development Trust.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

13 DEEDS OF SETTLEMENT (cont.)

Te Kawerau ā Maki and Ngāti Whātua o Kaipara

The Te Kawerau ā Maki Claims Settlement bill provides that ownership of the remaining part of Woodhill Crown Forest Licensed land (Kopironui property) is to be determined by the Maori Land Court. The ownership of the Kopironui property may be vested in the relevant trustees of either, or both:

- a) Te Kawerau Iwi Settlement Trust;
- b) Nga Maunga Whakahii o Kaipara Development Trust.

The impact of the settlement legislation and subsequent vesting order of the Maori Land Court is that the Forestry Emission Unit Trust (FEUT) must determine the number of eligible New Zealand Units (NZUs) for the remaining part of Woodhill Crown Forest Licensed land (Kopironui property) and transfer the NZUs to the relevant owners, once FEUT has been advised of the NZ Emission Unit Register Holding Account(s).

As at 31 March 2015, 594 NZUs are held in Trust for the owners yet to be determined by the Maori Land Court.

Maungaharuru-Tangitū Hapū

On 25 May 2013, the Crown and Maungaharuru-Tangitū signed a Deed of Settlement. The Maungaharuru-Tangitū Hapū Claims Settlement Act 2014 gives effect to the settlement and came into force on 17 April 2014. Accumulated rentals associated with eastern part of Esk Crown Forest Licensed Land were transferred to the Confirmed Beneficiary (Maungaharuru-Tangitū Hapu Trust) on 20 May 2014.

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

As at 31 March 2015, 50,625 NZUs are held in Trust for Maungaharuru-Tangitū Hapu Trust .

Ngāti Tama ki Te Waipounamu

On 20 April 2013, the Crown and Ngāti Tama ki Te Tau Ihu signed a Deed of Settlement. The Ngāti Kōata, Ngāti Rārua, Ngāti Tama ki Te Tau Ihu, and Te Ātiawa o Te Waka-a-Māui Claims Settlement Act 2014 gives effect to the settlement and came into force on 23 April 2014.

Accumulated rentals associated with certain Te Tau Ihu Crown Forest Licensed Land (Golden Bay Forest, Golden Downs West 12A and 12C Forest, Rai 6 Forest) were transferred to the Confirmed Beneficiary (Ngāti Tama ki Te Waipounamu Trust) on 1 August 2014.

The impact of the settlement is that as soon as reasonably practicable after the relevant Te Tau Ihu CFL land has been transferred to the owner and Confirmed Beneficiary, the Forestry Emission Unit Trust (FEUT) must determine the number of eligible New Zealand Units (NZUs) and transfer the NZUs to Ngāti Tama ki Te Waipounamu Trust, once FEUT has been advised of their NZ Emission Unit Register Holding Account.

As at 31 March 2015, 98,774 NZUs are held in Trust for Ngāti Tama ki Te Waipounamu Trust.

Te Ātiawa o Te Waka-a-Maui

On 21 December 2012, the Crown and Te Ātiawa o Te Waka-a-Maui signed a Deed of Settlement. The Ngāti Kōata, Ngāti Rārua, Ngāti Tama ki Te Tau Ihu, and Te Ātiawa o Te Waka-a-Māui Claims Settlement Act 2014 gives effect to these settlements and came into force on 23 April 2014.

Accumulated rentals associated with certain Te Tau Ihu Crown Forest Licensed Land (Golden Downs West 14 Forest, Rai 5 Forest, and part Queen Charlotte Forest) were transferred to the Confirmed Beneficiary (Te Ātiawa o Te Waka-a-Maui Trust) on 1 August 2014.

The impact of the settlement is that as soon as reasonably practicable after the relevant Te Tau Ihu CFL land has been transferred to the owner and Confirmed Beneficiary, the Forestry Emission Unit Trust (FEUT) must determine the number of eligible New Zealand Units (NZUs) and transfer the NZUs to Te Ātiawa o Te Waka-a-Maui Trust, once FEUT has been advised of their NZ Emission Unit Register Holding Account.

As at 31 March 2015, 97,186 NZUs are held in Trust for Te Ātiawa o Te Waka-a-Maui Trust.

Ngāti Tama ki Te Waipounamu and Te Ātiawa o Te Waka-a-Maui Jointly

On 21 December 2012, the Crown and Te Ātiawa o Te Waka-a-Maui signed a Deed of Settlement. On 20 April 2013, the Crown and Ngāti Tama ki Te Tau Ihu signed a Deed of Settlement. The Ngāti Kōata, Ngāti Rārua, Ngāti Tama ki Te Tau Ihu, and Te Ātiawa o Te Waka-a-Māui Claims Settlement Act 2014 gives effect to these settlements and came into force on 23 April 2014.

Accumulated rentals associated with certain Te Tau Ihu Crown Forest Licensed Land (Golden Downs West 11 Forest, Motueka 15 Forest) were transferred to the two joint owners and Confirmed Beneficiaries (Ngāti Tama ki Te Waipounamu Trust and Te Ātiawa o Te Waka-a-Maui Trust) on 1 August 2014.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

13 DEEDS OF SETTLEMENT (cont.)

The impact of the settlement is that as soon as reasonably practicable after the relevant Te Tau Ihu CFL land has been transferred to the two joint owners, the Forestry Emission Unit Trust (FEUT) must determine the number of eligible New Zealand Units (NZUs) and transfer the NZUs to Ngāti Tama ki Te Waipounamu Trust and Te Atiawa o Te Waka-a-Maui Trust, once FEUT has been advised of their joint NZ Emission Unit Register Holding Account.
As at 31 March 2015, 118,398 NZUs are held in Trust for Ngāti Tama ki Te Waipounamu Trust and Te Atiawa o Te Waka-a-Maui Trust.

Ngāti Rarua and Te Atiawa o Te Waka-a-Maui and Ngāti Tama ki Te Waipounamu Jointly

On 13 April 2013, the Crown and Ngāti Rārua signed a Deed of Settlement. On 21 December 2012, the Crown and Te Atiawa o Te Waka-a-Maui signed a Deed of Settlement. 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 is expected to come into force on 23 April 2014. The Ngāti Kōata, Ngāti Rārua, Ngāti Tama ki Te Tau Ihu, and Te Atiawa o Te Waka-a-Māui Claims Settlement Act 2014 gives effect to the settlements and came into force on 23 April 2014.

Accumulated rentals associated with certain Te Tau Ihu Crown Forest Licensed Land (Motueka 16 and 17 Forest) were transferred to the three joint owners and Confirmed Beneficiaries (Ngāti Rārua Settlement Trust, Te Atiawa o Te Waka-a-Maui Trust and Ngāti Tama ki Te Waipounamu Trust) on 1 August 2014.

The impact of the settlement is that as soon as reasonably practicable after the relevant Te Tau Ihu CFL land has been transferred to the three joint owners, the Forestry Emission Unit Trust (FEUT) must determine the number of eligible New Zealand Units (NZUs) and transfer the NZUs to Ngāti Rārua Settlement Trust, Te Atiawa o Te Waka-a-Maui Trust and Ngāti Tama ki Te Waipounamu Trust, once FEUT has been advised of their joint NZ Emission Unit Register Holding Account.

As at 31 March 2015, 19,046 NZUs are held in Trust for Ngāti Rārua Settlement Trust, Te Atiawa o Te Waka-a-Maui Trust and Ngāti Tama ki Te Waipounamu Trust.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

14 NZ UNITS HELD IN TRUST TO 31 MARCH 2015

	Forest No.	Opening Balance Units	Current Period Disbursed Units	Closing Balance Units	Total held in Trust \$
Northland					
Aupouri	1	373,068	-	373,068	1,330,609
Otangaroa	2	49,356	-	49,356	193,229
Waitangi	3	36,162	-	36,162	141,575
Glenbervie	4	130,176	-	130,176	509,639
Auckland					
Woodhill *	7	192,546	-	192,546	686,748
Riverhead *	8	67,554	-	67,554	264,474
Maramarua	11	94,284	-	94,284	336,280
Whangapoua	12	154,890	-	154,890	606,395
Kauaeranga	13	5,220	-	5,220	18,363
Waihou	14	27,486	-	27,486	107,608
Tairua	15	189,558	-	189,558	676,091
Athenree	16	17,568	-	17,568	62,659
Whangamata	60	4,572	-	4,572	16,307
Central North Island					
Rotoehu #	17	41,742	-	41,742	163,420
Pirongia	24	4,914	-	4,914	17,527
Tawarau	25	24,264	-	24,264	86,542
Mangaokewa	26	13,590	-	13,590	48,472
Pureora North	27	19,350	(3,172)	16,178	34,299
East Coast					
Mangatu	34	202,716	-	202,716	793,633
Wharerata	35	132,030	(132,030)	-	-
Patunamu	36	70,632	-	70,632	276,524
Hawkes Bay					
Esk *	38	113,364	-	113,364	443,820
Kaweka	39	122,364	-	122,364	479,055
Gwavas	40	123,048	-	123,048	481,733

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

14 NZ UNITS HELD IN TRUST TO 31 MARCH 2015 (cont.)

	Forest No.	Opening Balance Units	Current Period Disbursed Units	Closing Balance Units	Total held in Trust \$
Southern North Island					
Erua	41	1,512	-	1,512	5,393
Karioi	42	174,582	-	174,582	352,752
Te Wera	43	58,428	-	58,428	228,746
Lismore Hill	44	84,186	-	84,186	115,280
Lismore Sand	45	17,064	-	17,064	65,033
Santoft	46	24,696	-	24,696	141,845
Tangimoana	47	14,724	-	14,724	52,516
Waitarere	48	36,126	-	36,126	141,434
Manakau	49	5,292	-	5,292	18,875
Ngaumu	51	223,884	-	223,884	876,506
Nelson					
Golden Bay #	52	5,868	-	5,868	20,929
Motueka #	53	74,214	(9,011)	65,203	206,125
Golden Downs East	54	283,536	(283,536)	-	-
Golden Downs West #	54	349,272	(245,377)	103,895	235,842
Waimea	55	64,566	(64,566)	-	-
Rai #	56	144,270	-	144,270	514,564
Hira	57	71,514	(71,514)	-	-
Queen Charlotte #	58	34,002	(19,834)	14,168	24,086
Wairau	59	154,692	(154,692)	-	-
Total NZ Units Held in Trust		4,032,882	(983,732)	3,049,150	10,774,928

* forests expected to be settled in following financial year and NZUs in relation to these forests are recognised as a current liability.

forests that have been settled but NZUs not yet transferred as NZ Emission Unit Register holding account not yet transferred to FEUT and NZUs in relation to these forests are recognised as a current liability.

	2015 \$	2014 \$
Current/Non Current Split of NZ Units Held		
Current (* and # forests)	2,560,008	6,176,547
Non Current	8,214,920	5,922,099
	10,774,928	12,098,646

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

Report on the Financial Statements

We have audited the accompanying financial statements of Forestry Emissions Unit Trust on pages 2 to 15, which comprise the statement of financial position as at 31 March 2015, and the 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 Trustees' Responsibility for the Financial Statements

The Board of Trustees are responsible for the preparation and fair presentation of these financial statements, in accordance with New Zealand Equivalents to International Financial Reporting Standards with Public Benefit Entity Modifications and Differential Reporting Recognition, Measurement and Disclosure Concessions and 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 Forestry Emissions Unit Trust.

Opinion

In our opinion, the financial statements on pages 2 to 15 present fairly, in all material respects, the financial position of Forestry Emissions Unit Trust as at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards with Public Benefit Entity Modifications and Differential Reporting Recognition, Measurement and Disclosure Concessions and generally accepted accounting practice in New Zealand.



Chartered Accountants
23 July 2015
Wellington, New Zealand

FORESTRY EMISSION UNIT TRUST

Directory

TRUSTEES

Angela Foulkes (Chairperson)
Rakihia Tau
Paul Majurey
Hon Sir Taihākurei (Edward) Durie
Hinerangi Raumati-Tu'ua
John Wilson

TRUST SECRETARY

Darrin Sykes

FORESTRY EMISSION UNIT TRUST

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