

**FORESTRY EMISSION UNIT TRUST  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

<b>INDEX</b>	<b>PAGE</b>
Statement of Comprehensive Revenue and Expenses	2
Statement of Net Assets/Equity	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-16
Auditor's Report	17
Directory	18

**FORESTRY EMISSION UNIT TRUST**  
**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 \$	2016 \$
<b>INCOME</b>			
Grant Revenue for Administration		141,159	157,033
Other Income		168	4
<b>Expenses</b>			
Administration Expenses	2	(129,180)	(121,547)
<b>Operating Surplus</b>		<b>12,147</b>	<b>35,490</b>
<b>NZ Units</b>			
Reversal of Impairment of NZ Units	5	-	2,913,344
Reversal of Impairment of NZ Units held in Trust	5	-	(2,913,344)
<b>Total Impairment of NZ Units</b>		<b>-</b>	<b>-</b>
<b>Surplus Before Tax</b>		<b>12,147</b>	<b>35,490</b>
Tax Expenses	4	7,597	11,911
<b>SURPLUS FOR THE PERIOD</b>		<b>4,550</b>	<b>23,579</b>
Other Comprehensive Revenue and Expenses		-	-
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE PERIOD</b>		<b>4,550</b>	<b>23,579</b>

**FORESTRY EMISSION UNIT TRUST  
STATEMENT OF NET ASSETS/EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	\$	\$	\$
		<b>Trust Capital</b>	<b>Accumulated Revenue and Expense</b>	<b>Net Assets/ Total Equity</b>
<b>OPENING BALANCE AT 1 APRIL 2015</b>		<b>10</b>	<b>84,464</b>	<b>84,474</b>
<b>Surplus/Total Comprehensive Revenue and Expenses</b>		-	23,579	23,579
<b>BALANCE AT 31 MARCH 2016</b>		<b>10</b>	<b>108,043</b>	<b>108,053</b>
<b>Surplus/Total Comprehensive Revenue and Expenses</b>		-	4,550	4,550
<b>BALANCE AT 31 MARCH 2017</b>		<b>10</b>	<b>112,593</b>	<b>112,603</b>

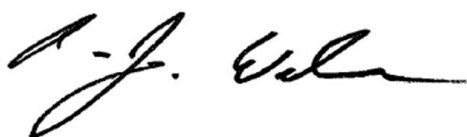
**FORESTRY EMISSION UNIT TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

	Note	2017 \$	2016 \$
<b>NET ASSETS/EQUITY</b>			
Trust Capital		10	10
Accumulated Revenue and Expenses		112,593	108,043
<b>TOTAL NET ASSETS/EQUITY</b>		<b>112,603</b>	<b>108,053</b>
Total Net Assets/Equity Represented by:			
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents		133,996	134,087
Intangible Assets - NZ Units	5	4,634,177	5,371,836
Current Taxation	4	12,746	-
		<b>4,780,919</b>	<b>5,505,923</b>
<b>NON CURRENT ASSETS</b>			
Intangible Assets - NZ Units	5	7,994,173	8,228,396
Deferred Tax Assets	4	2,310	2,310
		7,996,483	8,230,706
<b>TOTAL ASSETS</b>		<b>12,777,402</b>	<b>13,736,629</b>
<b>CURRENT LIABILITIES</b>			
Trade Payables		25,622	13,472
Current Taxation	4	-	873
GST Payable		10,827	13,999
NZ Units held in Trust	11	4,634,177	5,371,836
		<b>4,670,626</b>	<b>5,400,180</b>
<b>NON CURRENT LIABILITIES</b>			
NZ Units held in Trust	11	7,994,173	8,228,396
<b>TOTAL LIABILITIES</b>		<b>12,664,799</b>	<b>13,628,576</b>
<b>NET ASSETS</b>		<b>112,603</b>	<b>108,053</b>

These financial statements were approved on 22 June 2017. Signed for and on behalf of the Board of Trustees.



Hinerangi Raumati-Tu'ua  
Chairperson  
Forestry Emission Unit Trust



John Wilson  
Trustee  
Forestry Emission Unit Trust

**FORESTRY EMISSION UNIT TRUST  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 \$	2016 \$
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Cash was provided from:			
Grant Income		141,159	157,033
Interest Income		168	4
Cash was applied to:			
Payment of Administration Expenses		(118,615)	(122,159)
Payment of Income Tax		(21,216)	(16,480)
GST received (net)		(1,587)	20,102
<b>NET CASH FROM OPERATING ACTIVITIES</b>	3	<u>(91)</u>	<u>38,500</u>
<b>NET INCREASE IN CASH HELD</b>		<b>(91)</b>	<b>38,500</b>
Cash and Cash Equivalents at Beginning of the Period		134,087	95,587
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<u>133,996</u>	<u>134,087</u>
<b>Represented by:</b>			
Cash & Cash Equivalents		133,996	134,087
		<u>133,996</u>	<u>134,087</u>

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**1 STATEMENT OF ACCOUNTING POLICIES**

**Reporting Entity**

These financial statements are presented for the reporting entity Forestry Emission Unit Trust ("the Trust"). The Trust is a public benefit entity for the purposes of the Financial Reporting Act 2013. The Trust is domiciled in New Zealand and the Trustees perform their Trustee duties in accordance with the Trustee Act 1956.

The financial statements have been prepared in accordance with the Trust Deed dated 19 April 2011.

**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.

**Statement of Compliance**

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice. They comply with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR"), as appropriate for Tier 2 not-for-profit public benefit entities.

The Trust has elected to report in accordance with PBE Standards RDR and has applied disclosure concessions. The Trust is eligible to report in accordance with Tier 2 PBE Accounting Standards because it does not have public accountability and it not large (i.e. total expenses is under \$30 million).

These financial statements were authorised for issue by the Trustees on 22 June 2017.

**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, which is the Trust's presentation and functional currency, rounded to the nearest dollar.

**Significant Accounting Policies**

**Revenue**

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Trust, and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Trust's revenue streams must also be met before revenue is recognised.

**(i) Grant Revenue**

The recognition of non-exchange revenue from government grants depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Trust to return the inflow of resources received if they recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange 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. Revenue is recognised in line with the funding period to which the grant relates.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**1 STATEMENT OF ACCOUNTING POLICIES (cont.)**

**(ii) Income Tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the entity takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Trust believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the entity to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**(iii) Goods and Services Tax**

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

**(iv) Intangible Assets**

Intangible assets are initially measured at cost, except for intangible assets acquired through non-exchange transactions.

All of the Trust's intangible assets are subsequently measured in accordance with the cost model, being cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment.

The Trust does not have any goodwill or intangible assets with indefinite useful lives.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed intangible assets includes the following:

- The cost of materials and direct labour
- Costs directly attributable to bringing the assets to a working condition for their intended use, and
- Capitalised borrowing costs.

**Asset Category**

**NZ Units and NZ Units Held in 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.

As the NZ Units are held in trust on behalf of future claimants a corresponding liability is recorded 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). The NZ Units are not amortised and are not impairment tested as the Trust is only holding the NZ Units in trust for transfer to future claimants and the Trust is not the land owner.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**1 STATEMENT OF ACCOUNTING POLICIES (cont.)**

**(v) Other Liabilities and Provisions**

A provision is recognised if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

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 12 months are recorded at the present value of those estimates.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost within surplus or deficit.

**(vi) Financial Instruments**

The Trust initially recognises financial instruments when the Trust becomes a party to the contractual provisions of the instrument.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Trust classifies all its financial assets as loans and receivables, which comprise mainly of cash and cash equivalents and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

The Trust classifies all its financial liabilities at amortised cost.

Financial instruments are initially measured at fair value, plus directly attributable transaction costs.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset than can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Trust's on terms that the Trust would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Trust considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment the Trust uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.



**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**1 STATEMENT OF ACCOUNTING POLICIES (cont).**

**(vii) Financial Instruments (cont.)**

**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 with maturities of three months or less.

**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 a 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 surplus or deficit.

**Payables**

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

**(viii) Comparatives**

Comparative figures represent the 12 month period ended 31 March 2016. Comparative information has been reclassified where necessary to achieve consistency in disclosure with the current year.

**(ix) Changes in Accounting Policies**

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

**2 ADMINISTRATIVE EXPENSES**

Incorporated within surplus or deficit are the following operating expenditures:

<b>Administrative Expenses</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Administrative and Office Support	78,229	79,864
Audit Fees	7,350	7,000
Mapping Services	10,875	-
Trustee Fees	31,500	31,500
Trustee Travel and Meeting Costs	1,226	3,183
	<b><u>129,180</u></b>	<b><u>121,547</u></b>

**3 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO NET SURPLUS**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>NET SURPLUS FOR THE PERIOD</b>	<b><u>4,550</u></b>	<b><u>23,579</u></b>
<b>Items Not Involving Cash</b>		
Amortisation Expenses	-	-
Deferred Tax	-	1,833
<b>Impact of Changes in Working Capital</b>		
Movement in Trade and Other Payables	12,150	(704)
Movement in GST Payable	(3,172)	20,194
Movement in Income Tax Payable	(13,619)	(9,402)
<b>Net Cash Flow from Operating Activities</b>	<b><u>(91)</u></b>	<b><u>38,500</u></b>

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**4 TAXATION**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Income Tax Recognised in Revenue and Expenses</b>		
Current tax	7,597	10,078
Deferred tax	-	1,650
Deferred tax prior period adjustment	-	183
	<b><u>7,597</u></b>	<b><u>11,911</u></b>
<b>Reconciliation of Effective Tax Rate</b>		
Surplus before tax	12,147	35,490
Income tax using the Trust tax rate (33%)	<b><u>4,009</u></b>	<b><u>11,712</u></b>
<b>Adjustments</b>		
Non-deductible expenses	3,588	16
Prior period adjustment	-	183
Income tax expense	<b><u>7,597</u></b>	<b><u>11,911</u></b>
<b>Current Tax</b>		
Opening balance	873	7,275
Income tax expenses	7,597	10,078
Tax Paid	(21,216)	(16,480)
<b>Closing balance</b>	<b><u>(12,746)</u></b>	<b><u>873</u></b>
<b>Deferred Tax</b>		
Opening Balance	(2,310)	(4,143)
Deferred tax expenses	-	1,650
Prior period adjustment	-	183
<b>Closing Balance</b>	<b><u>(2,310)</u></b>	<b><u>(2,310)</u></b>

**5 INTANGIBLE ASSETS - NZ UNITS**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Cost at Beginning of Year	13,625,185	13,713,225
Transfers Out - 19 February 2016	-	(88,040)
Transfers Out - 25 July 2016	(414,335)	-
Transfers Out - 25 July 2016	(78,553)	-
Transfers Out - 23 August 2016	(503,336)	-
Transfers Out - 5 December 2016	(185,334)	-
Adjustment in relation to Santoft	209,676	-
Cost at End of Year	<b><u>12,653,303</u></b>	<b><u>13,625,185</u></b>
Accumulated Impairment at Beginning of Year	24,953	2,938,297
Disposed NZUs	-	-
Impairment/(Impairment Reversal)	-	(2,913,344)
Accumulated Impairment/(Revaluation) at End of Year	<b><u>24,953</u></b>	<b><u>24,953</u></b>
<b>Carrying Value</b>	<b><u>12,628,350</u></b>	<b><u>13,600,232</u></b>
<b>Current</b>	4,634,177	5,371,836
<b>Non-current</b>	7,994,173	8,228,396
	<b><u>12,628,350</u></b>	<b><u>13,600,232</u></b>

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.

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**6 TRUSTEE FEES AND KEY MANAGEMENT PERSONNEL**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
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.

<b>Fees received by Trustees</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Ms Angela Foulkes (term completed 30 September 2016)	5,250	9,000
Mr Paul Majurey	4,500	4,500
Hon Sir Taihākurei Durie	4,500	4,500
Mr Alexander (John) Wilson	4,500	4,500
Mr Tau Henare (appointed 1 Oct 2016)	1,875	-
Ms Hinerangi Raumati-Tu'ua (Chairperson)	6,375	4,500
Mr Rākihia Tau	4,500	4,500
	<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.

**7 RELATED PARTY TRANSACTIONS**

<b>Trustee Affiliations</b>	<b>Role</b>	<b>2017</b>	<b>Provision</b>
		<b>\$</b>	<b>for</b>
All Trustees	Trustees of Crown Forestry Rental Trust	60,000	Administration Services
Ministry for the Environment	Minister is the appointor of trustees	141,159	Grant Income
<b>Trustee Affiliations</b>	<b>Role</b>	<b>2016</b>	<b>Provision</b>
		<b>\$</b>	<b>for</b>
All Trustees	Trustees of Crown Forestry Rental Trust	60,000	Administration Services
Ministry for the Environment	Minister is the appointor of trustees	157,033	Grant Income

All Trustees of the Trust are also Trustees of Crown Forestry Rental Trust which received \$60,000 during the period to 31 March 2017 (2016: \$60,000) 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 \$141,159 in Grant Income to the Trust during the period to 31 March 2017 (2016: \$157,033).

A number of Trustees have affiliations to certain Iwi that may receive NZ Units from the Trust. As noted in Note 7 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.

**8 CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 March 2017 (2016: Nil).

**9 COMMITMENTS**

The Trust has no capital commitments at 31 March 2017 (2016: Nil).

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**10 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 2017, there were no NZUs 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 2017, 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.

**Te Kawerau ā Maki**

On 22 February 2014, the Crown and Te Kawerau ā Maki signed a Deed of Settlement. The Te Kawerau ā Maki Claims Settlement Act came into force on 15 September 2015. Accumulated rentals associated with Riverhead Crown Forest Licensed Land were transferred to the Confirmed Beneficiary (Te Kawerau Iwi Settlement Trust) on 11 November 2015.

The impact of the settlement is that as soon as reasonably practicable after the Riverhead CFL land has been transferred to Te Kawerau Iwi Settlement Trust, the Forestry Emission Unit Trust (FEUT) must determine the number of eligible New Zealand Units (NZUs) and transfer the NZUs to Te Kawerau Iwi Settlement Trust. The transfer of NZUs will occur once FEUT has been advised of the owner's NZ Emission Unit Register Holding Account.

As at 31 March 2017, 58,124 NZUs are held in Trust for Te Kawerau Iwi Settlement Trust.

**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 2017, no NZUs are held in Trust for Maungaharuru-Tangitū Hapu Trust .

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**10 DEEDS OF SETTLEMENT (cont.)**

**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 2017, 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 2017, 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.

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 Ātiawa o Te Waka-a-Maui Trust, once FEUT has been advised of their joint NZ Emission Unit Register Holding Account.

As at 31 March 2017, 118,398 NZUs are held in Trust for Ngāti Tama ki Te Waipounamu Trust and Te Ātiawa o Te Waka-a-Maui Trust.

**Ngāti Rārua and Te Ātiawa 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 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.

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 Ātiawa 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 Ātiawa 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 Ātiawa 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 2017, 19,046 NZUs are held in Trust for Ngāti Rārua Settlement Trust, Te Ātiawa 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 2017**

**10 DEEDS OF SETTLEMENT (cont.)**

**Te Aupouri**

On 28 January 2012, the Crown and Te Aupouri signed a Deed of Settlement and a deed to amend on 14 December 2013. Te Aupouri Claims Settlement Act 2015 gives effect to the Deed of Settlement and came into force on 23 September 2015.

The settlement provided for certain Aupouri Crown Forest Licensed Land (Waiparariki) to be transferred to the owner and Confirmed Beneficiary of accumulated rentals (Te Rūnanga Nui o Te Aupouri) on 17 December 2015.

The impact of the settlement is that as soon as reasonably practicable after the relevant Aupouri CFL land has been transferred to the owner, the Forestry Emission Unit Trust (FEUT) must determine the number of eligible New Zealand Units (NZUs) and transfer the NZUs to Te Rūnanga Nui o Te Aupouri. The transfer of NZUs will occur once FEUT has been advised of the owner's NZ Emission Unit Register Holding Account.

As at 31 March 2017, 819 NZUs are held in Trust for Te Rūnanga Nui o Te Aupouri.

**Te Rarawa, Te Aupouri, Ngāi Takoto, Ngāti Kuri jointly**

The Crown has signed Deeds of Settlement with four Te Hiku iwi:

- (a) On 28 October 2012, the Crown and Te Rarawa signed a Deed of Settlement and a deed to amend on 12 March 2014;
- (b) On 28 January 2012, the Crown and Te Aupouri signed a Deed of Settlement and a deed to amend on 14 December 2013;
- (c) On 27 October 2012, the Crown and Ngāi Takoto signed a Deed of Settlement and a deed to amend on 6 February 2014; and
- (d) On 7 February 2014, the Crown and Ngāti Kuri signed a Deed of Settlement.

Five Settlement Acts came into force on 23 September 2015 and give effect to the above four Deeds of Settlement, and provide for a future Deed of Settlement with Ngāti Kahu:

- (a) Te Rarawa Claims Settlement Act 2015;
- (b) Te Aupouri Claims Settlement Act 2015;
- (c) Ngāi Takoto Claims Settlement Act 2015;
- (d) Ngāti Kuri Claims Settlement Act 2015; and
- (e) Ngāti Kahu Accumulated Rentals Trust Act 2015.

Accumulated rentals associated with Aupouri Crown Forest Licensed Land were transferred to the following Confirmed Beneficiaries on 17 December 2015:

- (a) Te Rūnanga o Te Rarawa;
- (b) Te Rūnanga Nui o Te Aupouri;
- (c) Te Rūnanga of Ngāi Takoto;
- (d) Te Manawa o Ngāti Kuri; and
- (e) Ngāti Kahu Accumulated Rentals Trust.

The settlements provided for certain Aupouri Crown Forest Licensed Land (Peninsular Block) to be transferred to four joint owners and Confirmed Beneficiaries of accumulated rentals (Te Rūnanga o Te Rarawa, Te Rūnanga Nui o Te Aupouri, Te Rūnanga of Ngāi Takoto, and Te Manawa o Ngāti Kuri) on 17 December 2015.

The impact of the settlements is that as soon as reasonably practicable after the relevant Aupouri CFL land has been transferred, the Forestry Emission Unit Trust (FEUT) must determine the number of eligible New Zealand Units (NZUs) and transfer the NZUs to Te Rūnanga o Te Rarawa, Te Rūnanga Nui o Te Aupouri, Te Rūnanga of Ngāi Takoto, and Te Manawa o Ngāti Kuri. The transfer of NZUs will occur once FEUT has been advised of the joint owners' NZ Emission Unit Register Holding Account.

As at 31 March 2017 352,470 NZUs are held in Trust for Te Rūnanga o Te Rarawa, Te Rūnanga Nui o Te Aupouri, Te Rūnanga of Ngāi Takoto, and Te Manawa o Ngāti Kuri.

**Te Runanga o Ngāti Apa**

On 8 October 2008, the Crown and Te Runanga o Ngāti Apa signed a Deed of Settlement for part of Santoft, Lismore Hill and Lismore Sand CFLs. On 3 September 2012 and 17 May 2013 the Santoft forest NZUs were transferred. Due to a lack of registered title information from Land Information New Zealand (LINZ), there was a delay in determining the eligible forest hectares for Lismore Hill and Lismore Sand and therefore the amount of NZUs to be transferred.

On 25 July 2016 64,083 NZUs were transferred to Te Runanga o Ngati Apa.

As at 31 March 2017, no NZUs are held in Trust for Te Runanga o Ngati Apa.

FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

11 NZ UNITS HELD IN TRUST AT 31 MARCH 2017

	Forest No.	Opening Balance Units	Current Period Disbursed Units	Closing Balance Units	Total held in Trust \$
<b>Northland</b>					
Aupouri*	1	365,172		365,172	1,917,200
Otagaroa	2	49,356	-	49,356	219,141
Waitangi	3	36,162	-	36,162	160,560
Glenbervie	4	130,176	-	130,176	577,981
<b>Auckland</b>					
Woodhill *	7	192,546	-	192,546	1,034,935
Riverhead *	8	67,554	-	67,554	299,939
Maramarua	11	94,284	-	94,284	506,777
Whangapoua	12	154,890	-	154,890	687,712
Kauaeranga	13	5,220	-	5,220	22,423
Waihou	14	27,486	-	27,486	122,038
Tairua	15	189,558	-	189,558	1,018,875
Athenree	16	17,568	-	17,568	94,428
Whangamata	60	4,572	-	4,572	24,575
<b>Central North Island</b>					
Rotoehu *	17	41,742	(41,742)	-	-
Pirongia	24	4,914	-	4,914	26,413
Tawarau	25	24,264	-	24,264	130,419
Mangaokewa	26	13,590	-	13,590	73,047
Pureora North	27	16,178	-	16,178	40,883
<b>East Coast</b>					
Mangatu	34	202,716	-	202,716	900,059
Patunamu	36	70,632	-	70,632	313,606
<b>Hawkes Bay</b>					
Esk *	38	113,364	(113,364)	-	-
Kaweka	39	122,364	-	122,364	543,296
Gwavas	40	123,048	-	123,048	546,333
<b>Southern North Island</b>					
Erua	41	1,512	-	1,512	8,127
Karioi	42	174,582	-	174,582	352,752
Te Wera	43	58,428	-	58,428	259,421
Lismore Hill	44	84,186	(55,433)	28,753	60,379
Lismore Sand	45	17,064	(8,650)	8,414	17,668
Santoft	46	24,696	-	24,696	41,983
Tangimoana *	47	14,724	-	14,724	79,142
Waitarere	48	36,126	-	36,126	160,400
Manakau	49	5,292	-	5,292	28,445
Ngaumu	51	223,884	-	223,884	994,045

**FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**11 NZ UNITS HELD IN TRUST TO 31 MARCH 2017 (cont.)**

	<b>Forest No.</b>	<b>Opening Balance Units</b>	<b>Disbursed Units</b>	<b>Closing Balance Units</b>	<b>Total held in Trust \$</b>
<b>Nelson</b>					
Golden Bay *	52	5,868	-	5,868	31,540
Motueka *	53	65,203	-	65,203	298,428
Golden Downs West *	54	103,895	-	103,895	235,842
Rai *	56	144,270	-	144,270	775,452
Queen Charlotte *	58	14,168	-	14,168	24,086
<b>Total NZ Units Held in Trust</b>		<b>3,041,254</b>	<b>(219,189)</b>	<b>2,822,065</b>	<b>12,628,350</b>

\* 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.

	<b>2017 \$</b>	<b>2016 \$</b>
<b>Current/Non Current Split of NZ Units Held</b>		
Current	4,634,177	5,371,836
Non Current	7,994,173	8,228,396
	<b>12,628,350</b>	<b>13,600,232</b>



## Independent Auditor's Report

### To the Trustees of Forestry Emission Unit Trust

#### Opinion

We have audited the financial statements of Forestry Emission Unit Trust (the 'Trust'), which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, on pages 2 to 16, present fairly, in all material respects, the financial position of the Trust as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

We are independent of the trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Trustees' responsibilities for the financial statements

The Trustees are responsible on behalf of the Trust for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8>

This description forms part of our auditor's report.

#### Restriction on use

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

*Deloitte Limited*

## **FORESTRY EMISSION UNIT TRUST**

### **Directory**

#### **TRUSTEES**

Hon Sir Taihākurei Durie

Tau Henare

Paul Majurey

Hinerangi Raumati-Tu'ua (Chairperson)

Rakihia Tau

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#### **TRUST SECRETARY**

Darrin Sykes

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