

FORESTRY EMISSION UNIT TRUST

FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2022



Financial Statements
For the 12 months ended 31 March 2022

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**Statement of Service Performance
For the Year Ended 31 March 2022**

About the Trust

Historical Context

The United Nations Framework Convention on Climate Change came into force on 21 March 1994.

The ability of the earth to support human life was at stake due to global warming.

The Kyoto Protocol (1997) and then the Paris Agreement (2015) were negotiated to operationalize that convention. Aotearoa and about 195 other countries have made commitments under the Paris Agreement, which came into force at the start of 2021.

This is designed to reduce the carbon emission of all greenhouse gases, of which carbon dioxide is the most important. Forestry is a major contributor to carbon dioxide emissions, through deforestation and harvesting, and can contribute to reducing climate change by removing carbon and storing it in trees and soils. Other greenhouse gases include methane and nitrous oxide.

These gases contribute to global warming with multiple effects including a rise in sea levels.

One method to help achieve reductions is to create a value on greenhouse gas emissions, by establishing emissions trading.

One tonne of carbon dioxide became the trading unit.

The idea being that once these units, or carbon credits, were being traded for a value, it would change corporate and governmental behaviours towards producing less carbon emissions and more carbon sinks, such as trees.

Establishment

New Zealand's emissions trading scheme (NZ ETS) is established under the Climate Change Response Act 2002.

Units were allocated free of charge to forest landowners for established (pre-1990) forestry under an allocation plan when the NZ ETS was established. Under the Climate Change Response Act 2002, the Minister of Climate Change appointed the Trustees of the Forestry Emission Unit Trust to apply for an allocation of NZ Units on behalf of the future owners of eligible pre-1990 Crown Forest Licence land, and to distribute these units to iwi.

The Forestry Emission Unit Trust was established on 19 April 2011 to hold NZ Units issued in relation to Crown forest licensed land, and to transfer them to iwi under the Treaty of Waitangi settlement legislation.

The NZ Units were allocated by the Crown in 2011 and 2012, 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.

Once all NZUs have been distributed to beneficiaries, the operations of the FEUT will cease.

How is the FEUT Funded

The FEUT is entirely funded from the Government.

How the Trust operates

The FEUT Trustees appoint a Secretary and they have engaged Crown Forestry Rental Trust (CFRT) to undertake the administration of the FEUT.

The CFRT has sufficient skills and experience operating within the Waitangi Tribunal Claims space to apply that to the FEUT. CFRT in turn charges Secretariat Fees for services undertaken running the FEUT.

The Trustees are the same Trustees as the Crown Forestry Rental Trust (CFRT).

The appointment process is different, however, and the Trustees are all appointed by the Minister of Climate Change.

The management of the Trust is undertaken by the Secretary, who is also the Chief Executive of CFRT.

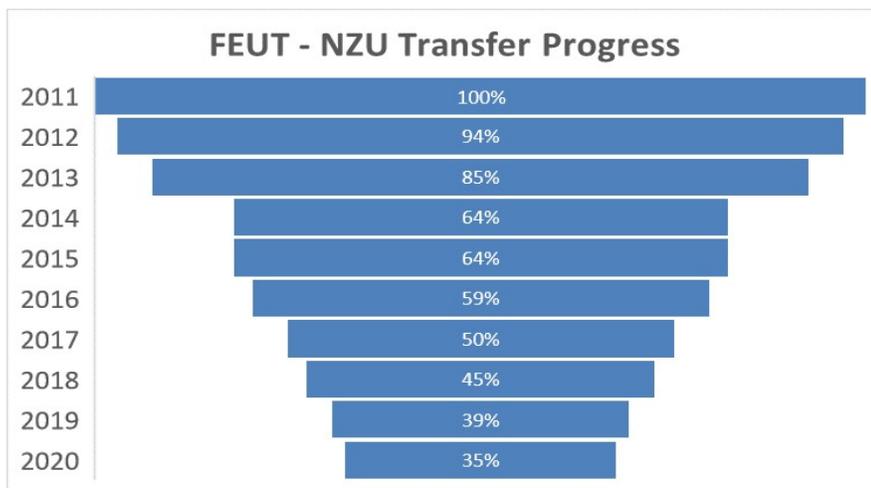
Achievements of the Trust

Transfers of NZUs

To date, the FEUT has transferred 64.7%, of the original NZUs allocated, to iwi beneficiaries.

The chart below shows the progression of this since the beginning of the Trust.

The percentages represent the amount of NZUs yet to be transferred from the original total allocation.



The NZU Transfer Process

Once the initial allocations were applied for and received, it was a relatively straight forward process of transferring the NZUs.

The NZ Emission Unit Register (NZEUR) controls the trading of the NZUs.

Each receiving beneficiary requires a Holding Account in the NZEUR in order to transfer the NZUs.

Once the FEUT has been advised of the Holding account, the NZUs are transferred.

For this to occur the title of the land needs to be transferred as per the FEUT Deed.

Key Challenges of the FEUT

One of the main challenges for the FEUT is for the land to be transferred in Fee Simple to the named Beneficiaries, and then for the Holding Account to be set up correctly within the NZ Emission Unit Register (NZEUR).

Often the Beneficiaries are unfamiliar with the workings of the NZEUR and the land title can take a long time to be transferred.

The transfer of the land is performed by Land Information NZ (LINZ) who have up to five years to undertake the work to enable the transfer to be made.

The high tradable value of NZUs in recent years has placed increased importance on beneficiaries having ownership access to the NZUs.

At the time of writing the FEUT are investigating several ways to facilitate a smooth and timely transfer of NZUs.

**Statement of Comprehensive Revenue and Expenses
For the Year Ended 31 March 2022**

		2022	2021
	Note	\$	\$
Income			
Grant Revenue for Administration		109,465	119,882
Total Income		109,465	119,882
Expenses			
Administration Expenses	2	118,883	112,910
Increase in NZ Units held in Trust due to impairment reversal	4	-	24,953
Reversal of Impairment of NZ Units	4	-	(24,953)
Operating Surplus (Deficit) Before Tax		(9,418)	6,972
Tax Expenses	3	(3,108)	8,758
Total Comprehensive Revenue and Expenses For The Period		(6,310)	(1,786)

**Statement of Net Assets/Equity
For the Year Ended 31 March 2022**

	Note	\$	\$	\$
	Trust Capital	Accumulated Revenue and Expense	Net Assets/Total Equity	
Opening Balance at 1 April 2020	10	125,204	125,214	
Surplus/Total Comprehensive Revenue and Expenses	-	(1,786)	(1,786)	
Balance at 31 March 2021	10	123,418	123,428	
Surplus/Total Comprehensive Revenue and Expenses	-	(6,310)	(6,310)	
Balance at 31 March 2022	10	117,108	117,118	

The above statement should be read in conjunction with the notes to the financial statements on pages 8 to 13.

**Statement of Financial Position
As At 31 March 2022**

		2022	2021
	Note	\$	\$
Net Assets			
Trust Capital		10	10
Accumulated Revenue and Expenses		117,108	123,418
Total Net Assets		117,118	123,428
Total Net Assets Represented by:			
Current Assets			
Cash & Cash Equivalents		138,175	118,522
GST Receivable		(9,613)	6,559
Accounts Receivable		9,145	8,800
Intangible Assets - NZ Units	4	3,208,694	73,484
		3,346,401	207,365
Non Current Assets			
Intangible Assets - NZ Units	4	4,676,142	7,811,352
		4,676,142	7,811,352
Total Assets		8,022,543	8,018,717
Current Liabilities			
Trade Payables		20,394	7,150
Current Taxation		195	3,303
NZ Units held in Trust	10	3,208,694	73,484
		3,229,283	83,937
Non Current Liabilities			
NZ Units held in Trust	10	4,676,142	7,811,352
Total Liabilities		7,905,425	7,895,289
Net Assets		117,118	123,428

These financial statements were approved on 21 July 2022. Signed for and on behalf of the Board of Trustees.



Bronwyn Koroheke
Chairperson
Forestry Emission Unit Trust



Lynell Huria
Trustee
Forestry Emission Unit Trust

The above statement should be read in conjunction with the notes to the financial statements on pages 8 to 13.

Statement of Cash Flows
For the Year Ended 31 March 2022

	2022	2021
Note	\$	\$
Cash flows from (used in) operating activities		
Cash was provided from:		
Grant Income	109,120	119,432
Interest Income	-	-
GST received	17,899	-
Cash was applied to:		
Payment of Administration Expenses	(107,366)	(114,623)
Payment of Income Tax	0	(450)
GST Paid	-	(677)
Net Cash (Outflows) from Operating Activities	19,653	3,682
Net Increase (Decrease) in Cash Held	19,653	3,682
Cash and Cash Equivalents at Beginning of the Year	118,522	114,840
Cash and Cash Equivalents at End of the Year	138,175	118,522
Represented by:		
Cash at Bank	138,175	118,522
	<u>138,175</u>	<u>118,522</u>

The above statement should be read in conjunction with the notes to the financial statements on pages 8 to 13.

FORESTRY EMISSION UNIT TRUST - NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2022

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 are 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 the 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 is not large (i.e. total expenses are under \$30 million).

These financial statements were authorised for issue by the Trustees on 21 July 2022.

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 is 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 are 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.

(ii) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue in respect of each reporting period after adjusting for any variances between estimated and actual income tax payable in the prior reporting period.

(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. The NZU's can only be transferred when a Holding Account in the NZ Emissions Trading Register has been established by the beneficiary.

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 as the Trust is only holding the NZ Units in trust for transfer to future claimants and the Trust is not the land owner. The NZUs are impairment tested against the market value each year to determine whether the value has been reduced during the year.

(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 that 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 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.

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 2021. 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:

Administrative Expenses	2022	2021
	\$	\$
Administrative and Office Support	81,883	71,223
Audit Fees	8,500	7,150
Mapping Services	-	3,037
Trustee Fees	28,500	31,500
	118,883	112,910

3 TAXATION

	2022	2021
	\$	\$
Income Tax Recognised in Revenue and Expenses		
Current tax	(3,108)	8,758
	(3,108)	8,758
Reconciliation of Effective Tax Rate		
Surplus before tax	(9,418)	6,972
Income tax using the Trust tax rate (33%)	(3,108)	2,301
Adjustments		
Non-deductible expenses	-	1,002
Prior period adjustment	-	5,455
Income tax expenses	(3,108)	8,758
Current Tax Liability/(Asset)		
Opening balance	3,303	(5,005)
Income tax expenses	(3,108)	8,758
Tax paid	-	(450)
Closing Balance	195	3,303

4 INTANGIBLE ASSETS - NZ UNITS

	2022	2021
	\$	\$
Cost at Beginning of Year	7,884,837	8,206,818
Transfers Out - 10 November 2020		(321,981)
Cost at End of Year	7,884,837	7,884,837
Accumulated Impairment at Beginning of Year	-	24,953
Impairment/(Impairment Reversal)	-	(24,953)
Accumulated Impairment/(Revaluation) at End of Year	-	-
Carrying Value	7,884,837	7,884,837
Current	3,208,694	73,484
Non-Current	4,676,142	7,811,352

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.

5 TRUSTEE FEES AND KEY MANAGEMENT PERSONNEL

	2022	2021
	\$	\$
Trusteeship/Governance	28,500	31,500

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.

	2022	2021
	\$	\$
Fees Received by Trustees		
Mr Paul Majurey	4,500	4,500
Hon Sir Taihākurei Durie (term completed as at 30 June 2021)	1,500	4,500
Mr Alexander (John) Wilson (term completed 5 July 2020)	0	3,000
Hon Tau Henare	4,500	4,500
Mr Rakihiā Tau	4,500	4,500
Mrs Bronwyn Koroheke (Chairperson from 6 July 2020)	9,000	7,500
Lynnell Huria (appointed 6 July 2020)	4,500	3,000
	28,500	31,500

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.

6 RELATED PARTY TRANSACTIONS

Trustee Affiliations	Role	2022	Provision For
All Trustees	Trustees of Crown Forestry Rental Trust	60,000	Administration Services
Ministry of Climate Change	Minister is the appointor of Trustees	109,465	Grant Income

Trustee Affiliations	Role	2021	Provision For
All Trustees	Trustees of Crown Forestry Rental Trust	60,000	Administration Services
Ministry of Climate Change	Minister is the appointor of Trustees	119,882	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 2022 (2021: \$60,000) for the provision of administration and secretarial services.

The Minister of Climate Change has the power to appoint and remove Trustees of the Trust. The Ministry for the Environment provided \$109,465 in Grant Income to the Trust during the period to 31 March 2022 (2021: \$119,882).

A number of Trustees have affiliations to certain Iwi that may receive NZ Units from the Trust. As noted in Note 5 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.

7 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2022 (2021: Nil).

8 COMMITMENTS

The Trust has no capital commitments at 31 March 2022 (2021: Nil).

9 SUBSEQUENT EVENTS

There have been no events subsequent to balance date.

10 NZ UNITS HELD IN TRUST AT 31 MARCH 2022

	2022	Forest No.	Opening Balance Units	Current Period Disbursed Units	Closing Balance Units	Total Held in Trust (\$)
Northland						
Aupouri		1	365,172		365,172 \$	1,942,152
Otagaroa		2	49,356		49,356 \$	219,141
Waitangi		3	36,162		36,162 \$	160,560
Glenbervie		4	130,176		130,176 \$	577,981
Auckland						
Woodhill		7	594		594 \$	3,193
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 (part) *		14	27,486		27,486 \$	122,038
Tairua		15	189,558		189,558 \$	1,018,875
Athenree (part)		16	17,568		17,568 \$	94,428
Whangamata		60	4,572		4,572 \$	24,575
Central North Island						
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
East Coast						
Mangatu		34	202,716		202,716 \$	900,059
Southern North Island						
Erua		41	1,512		1,512 \$	8,127
Karioi *		42	15,229		15,229 \$	30,771
Te Wera		23	58,428		58,428 \$	259,421
Lismore Hill		44	28,753		28,753 \$	60,379
Lismore Sand		45	8,414		8,414 \$	17,668
Santoft		46	24,696		24,696 \$	41,983
Waitarere		48	36,126		36,126 \$	160,400
Manakau		49	5,292		5,292 \$	28,445
Ngaumu		51	163,731		163,731 \$	726,966
Total NZ Units Held in Trust			1,678,881	0	1,678,881 \$	7,884,836

* Forests or part of forests expected to be settled in the following year.

Current/Non-Current Split of NZ Units Held

	2022	2021
Current	\$ 3,208,694	\$ 73,484
Non-Current	\$ 4,676,142	\$ 7,811,352
	\$ 7,884,836	\$ 7,884,836

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 2022, 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 5 to 13, present fairly, in all material respects, the financial position of the Trust as at 31 March 2022, 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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Trustee's 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

Wellington, New Zealand
21 July 2022

FORESTRY EMISSION UNIT TRUST

Directory

TRUSTEES

Hon Tau Henare

Paul Majurey

Bronwyn Koroheke (Chairperson)

Rakihia Tau

Lynnell Huria

Annette Sykes (appointed 20 June 2022)

TRUST SECRETARY

Andrew French

FORESTRY EMISSION UNIT TRUST

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