

Statement of Accounting Policies

For the Year Ended 30 June 2009

1. Basis of preparation

1.1. Reporting entity

These Summary Group Financial Statements have been prepared for the purpose of giving information about the Group to the Ngāi Tahu Whānui.

The Summary Group Financial Statements for Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust include Te Rūnanga o Ngāi Tahu and its subsidiaries, including Ngāi Tahu Charitable Trust, Ngāi Tahu Holdings Corporation Limited and its subsidiaries and the trusts for which the company and its subsidiaries act as trustee, and the subsidiaries and associates of those trusts ("the Group"), adjusted to eliminate the effect of significant intra-group transactions.

1.2. Statement of Compliance

Te Rūnanga o Ngāi Tahu is responsible for the overall governance of Ngāi Tahu's affairs, the representation of the tribe's interests, the protection and advancement of the rights of the members of Ngāi Tahu Whānui, and delivering social, cultural and development programmes to Ngāi Tahu members and their communities. Ngāi Tahu Holdings Corporation manages the commercial activities and assets that have been placed in the Ngāi Tahu Charitable Trust, being primarily property investment, property development, tourism, fishing and investment activity in New Zealand. Te Rūnanga o Ngāi Tahu is a body corporate incorporated in New Zealand by section 6 of the Te Rūnanga o Ngāi Tahu Act 1996. It is a public benefit entity and is domiciled in New Zealand.

Te Rūnanga o Ngāi Tahu and the Ngāi Tahu Charitable Trust have common beneficiaries.

The Summary Group Financial Statements for the Group have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). They comply with the Financial Reporting Standard No.43 "Summary Financial Statements".

The financial statements were authorised for issue by Te Rūnanga o Ngāi Tahu on 19 September 2009.

1.3. Basis of Measurement

The Summary Group Financial Statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments.

Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented in these financial statements for the year ended 30 June 2008.

1.4. Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The full financial statements provide detail behind critical estimates and judgements. These summary group financial statements should be read in conjunction with the full financial statements.

The estimates and judgements are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised unless the revision impacts on future periods as well in which case it is recognised in current and future periods.

The following are the critical estimates and judgements management have made in the process of applying the Group's accounting policies and that have the most significant impact on the amounts recognised in the financial statements:

Impairment of Goodwill and Other Intangibles

The Group determines whether intangibles with an indefinite useful life are impaired at least on an annual basis. This requires the estimation of the recoverable amount of the cash generating units to which these intangibles are allocated.

Fair value of Investment Properties

Investment properties of the Group are valued at fair value at least on an annual basis. This requires the estimation of current market values by independent registered valuers.

Impairment of Quota

The Group determines whether fish quota is impaired at least on an annual basis. This requires the estimation of the recoverable amount of the cash generating units to which this quota is allocated.

Fair value of Derivatives

The Group holds a number of derivatives which are hedge accounted, with the fair value of these derivatives being determined at least on an annual basis. This is reviewed by management on a regular basis.

1.5. Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

Statement of Accounting Policies

For the Year Ended 30 June 2009

2. Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

2.1. Basis Of Combination

(a) Basis of Combination

The Summary Group's financial statements incorporate the financial statements of the Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust, and entities which they control (its subsidiaries). Control is achieved where the Entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The purchase method has been used in the combination of the results and financial position of subsidiaries and joint ventures, while the equity method has been adopted for use in the incorporation of the results and financial position of associate companies.

The trusts have been aggregated by combining on a line by line basis the financial statements of the trusts and their subsidiaries and associates with the consolidated financial statements of Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust and its subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the Summary Group Statement of Financial Performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on combination.

Minority interests in net assets (excluding goodwill) of subsidiaries are identified separately from the Group's interest therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Associate Companies

Associates are all entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting and are initially recorded at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Group's Statement of Financial Performance, and its share of post-acquisition reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying value of the investment.

When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Where an entity within the Group transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the associate.

(c) Joint Ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of joint venture's individual income and expenses, assets and liabilities on a line-by-line basis with similar items in the Group's financial statements.

Where an entity within the Group transacts with a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the joint venture.

2.2. Foreign Currency

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies are translated to New Zealand currency at exchange rates ruling at balance date. Realised and unrealised gains or losses due to movements in exchange rates are included in the Summary Group Statement of Financial Performance, except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

2.3. Inventories

Inventories have been valued at the lower of cost, on a standard or weighted average basis, and net realisable value after due allowance for damaged or obsolete inventory.

Costs include a systematic allocation of appropriate production overheads that relate to putting inventories in their present location and condition.

Inventories classified as unleased quota are the rights to catch fish that are attached to the fish quota shares.

Properties classified as inventories are properties intended for sale in the ordinary course of business or are in the process of being constructed or developed for such a sale.

Statement of Accounting Policies

For the Year Ended 30 June 2009

2.4. Property, Plant and Equipment

(a) Recognition and Measurement

Property, Plant and Equipment is stated at historical cost less accumulated depreciation and provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

(b) Subsequent costs

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Summary Group Statement of Financial Performance during the financial period in which they are incurred.

(c) Depreciation

Land and Investment Properties under development have not been depreciated. Depreciation on other assets is calculated on a straight line basis to allocate their cost to their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

(d) Disposal

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the Summary Group Statement of Financial Performance.

2.5. Investment Property

Investment Property includes properties held to earn rental income, or for capital appreciation. A property is also classified as an investment property if it does not have an operating lease in place, but is held with the intention of securing an operating lease.

Investment properties are stated at fair value. The fair value represents the market value determined annually by external valuers.

Any gains or losses arising from a change in fair value are recognised in the Summary Group Statement of Financial Performance.

When an item of property, plant and equipment is transferred to investment properties following a change of its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in the Summary Group Statement of Financial Performance.

2.6. Intangible Assets

(a) Goodwill

Goodwill arising on the acquisition of businesses or subsidiaries represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the business or subsidiaries recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not subject to amortisation, but is tested annually for impairment and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the Summary Group Statement of Financial Performance and is not subsequently reversed. Refer also to impairment of assets policy.

(b) Quota and Marine Farm Licences

Quota and marine farm licences are both indefinite life intangible assets. They are both recorded at cost less impairment.

(c) Other Intangible Assets

Brands, River Rights, Concessions and Consents

Brands, river rights, concessions and consents have an indefinite useful life and are recorded at cost less impairment.

Computer Software

Computer software and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific asset. These costs are amortised on a straight line basis over the assets estimated useful life of one to five years.

2.7. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, net of goods and services tax (GST), rebates, discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Rental Income

Rental income is recognised on a straight line basis over the lease term. Lease incentives and initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

(b) Sale of goods

Sale of goods are recognised when the Group has transferred the significant risks and rewards of ownership of the good sold.

Statement of Accounting Policies

For the Year Ended 30 June 2009

(c) Sale of services

Sale of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as proportion of the total services to be provided.

(d) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

The effective interest method allocates the interest income over the life of the contract or, when appropriate, a shorter period using the effective interest rate. The effective interest rate is the discount rate at which the present value of the future cash flows equals the net carrying amount of the financial asset. When calculating the effective interest rate the Group estimates the future cash flows considering all the contractual terms of the contract but does not include future credit losses. The calculation of the effective interest rate includes all fees, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(e) Dividend Income

Dividend income is recognised when the right to receive payment is established.

2.8. Taxation

Te Rūnanga o Ngāi Tahu is taxed on its business income at the Māori Authority rate. This taxation is accounted for on the comprehensive basis, using the liability method. No taxation is payable by Ngāi Tahu Charitable Trust and its subsidiaries as they all have charitable status for Income Tax purposes.

3. Changes In Accounting Policies

The Group has elected to early adopt NZ IAS 23 (Revised) Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009).

The adoption of NZ IAS 23 has resulted in a change in the Group's borrowing cost policy. Previously borrowing costs that were directly attributable to the acquisition, construction or production of qualifying assets were expensed. Under NZ IAS 23 (revised), entities are no longer permitted to expense borrowing costs relating to qualifying assets and must capitalise these costs.

NZ IAS 23 (revised) is to be applied prospectively to borrowing costs relating to qualifying assets. Therefore, no restatement of prior periods has been completed. Profit for the year ended 30 June 2009 has increased by \$1,875,503 as a result of the new policy with a corresponding reduction in finance costs. The qualifying assets, being Investment Properties under Development in Property, Plant and Equipment have increased in value by this same amount. The Group has early adopted several interpretations and amendments to standards and these did not have a significant impact on the Group Financial Statements.

There have been no other changes in accounting policies.