



## ***About the Trust***

The Lake Taupo Forest Trust is located in Turangi and was established in December 1968 to represent the interests of the owners of close to 60 separate Maori land titles located on the eastern shores of Lake Taupo. In 1969 the Trust entered a 70-year lease agreement with the Crown to plant and manage a plantation forest on Trust land.

The lease agreement obliges the Crown to establish, manage, harvest, and sell forest produce in line with sound forestry principles. In doing so, it must also protect the land – taking into account both environmental and cultural perspectives. This has resulted in almost 30 per cent of the land being unplanted and set aside for conservation, amenity, power lines and water catchment purposes.

Profits from the venture are shared on the basis of the relative value of each party's inputs – the Trust's input being the land, and the Crown's being the cost of forest development and management. This results in the payment of a share of stumpage (rental) to the Trust that was originally set at 18.5 per cent in 1969, but was increased to 21.3 per cent in the 1989 review and further increased to 35 per cent in 2000 for the remainder of the lease.

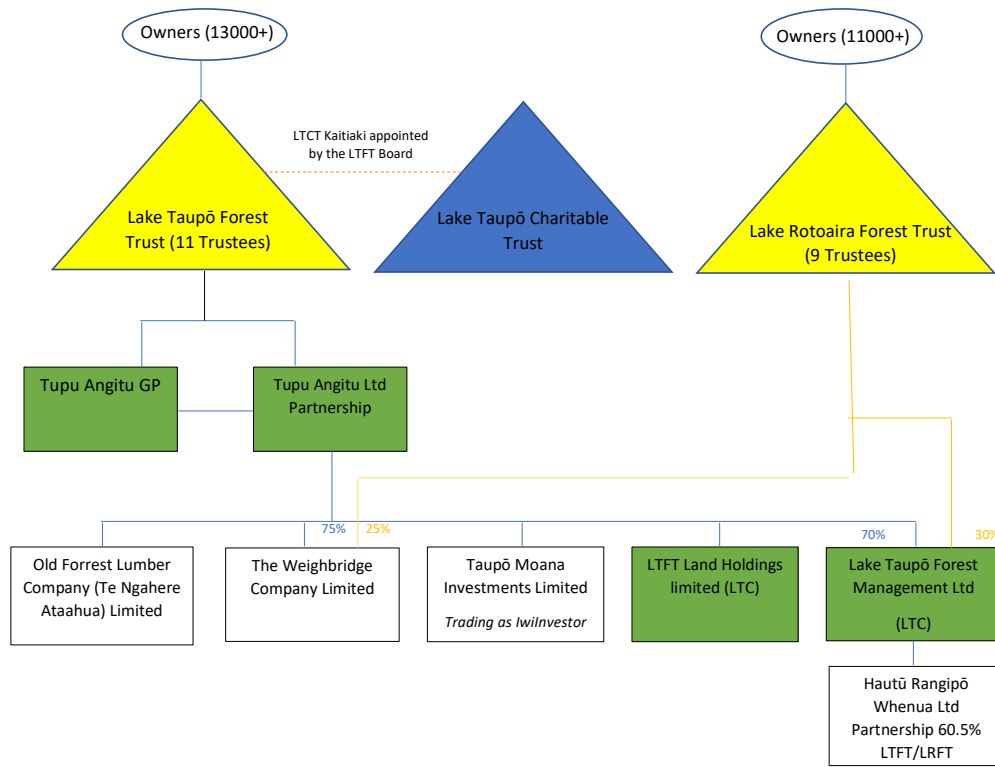
In early 2000 the Trust signed an agreement allowing the Crown to shorten the lease. This new arrangement sees harvested land handed back to the Trust for it to plant in its own right, and was initiated with the handing-over of 3,350 hectares of second-rotation stands to full Trust ownership. This has now increased to 33,733 hectares, and by 2022 the entire forest will be in full Trust ownership.

The first trees were harvested in 1995, and harvesting has now increased to its long-term sustainable level of around 540,000 m<sup>3</sup>/year.

A large part of the Trust's work is locating, keeping track of, and sending dividends to the owners. Because of ongoing successions, the Trust now acts on behalf of over 13,000 beneficial owners.

The structure of the Lake Taupo Forest Group is presented below.

Lake Taupō Forest Trust Organisational Structure and Connection with Lake Rotoaira Forest Trust



### Lake Taupo Forest Management Limited

To deal with its increasing share of ownership and control of Lake Taupo Forest, the Trust has established a wholly owned subsidiary company, Lake Taupo Forest Management Limited (“LTFM”). In 2011 Lake Rotoaira Forest Trust took 30% shareholding in LTFM. LTFM is charged with optimising the commercial success of the Trust’s forestry business, while maintaining recognition of the cultural and environmental requirements of the Trust Order. Day-to-day management of the forest will continue to be done under contract by Turangi-based New Zealand Forest Managers Limited. LTFM is based in the Trust offices, and reports back to the Trust in a manner similar to that of the Trust’s other subsidiaries. For tax purposes it is a look through company.

### Taupo Moana Investments Limited

Taupo Moana Investments (TMI) is a subsidiary of Lake Taupo Forest Trust that provides investment services and financial advice to Maori organisations, institutions, hapu, iwi, and whanau throughout Aotearoa.

Taupo Moana Investments provides the following services:

- Investment planning and advice
- Funds management
- Cash management
- Administration & custodial services
- Investment research/policy development

TMI is separately audited by Crowe NZ Audit Partnership.

#### Lake Taupo Forest Trust Land Holdings Limited

Lake Taupo Forest Trust Land Holdings Ltd was established in 2003. This company was created to “hold” properties owned by the Trust that fall outside the joint venture/lease land held by the Trust. In 2011 it was registered as a Look Through Company for tax purposes.

#### Lake Taupo Charitable Trust

In 1997 Lake Taupo Forest Trust established Lake Taupo Charitable Trust (LTCT) to apply funds for Maori community purposes that are charitable, for the benefit of owners and their descendants. The purposes include;

- The promotion of health, social cultural and economic welfare
- Provision of grants for kaumatua, education and forestry related vocational training (a total of \$490,000 was paid out in 2020 financial year)
- General advancement in the life of beneficiaries

Lake Taupo Charitable Trust has “Charitable’ status for tax purposes and is not a subsidiary of Lake Taupo Forest Trust. LTCT is funded by the income earned on unclaimed owner’s dividends. These are invested in a defensive/high yield portfolio with Taupo Moana Investments.

#### The Weighbridge Company Ltd

In 2005 Lake Taupo and Lake Rotoaira Forest Trusts constructed a weighbridge on land adjacent to State Highway 1 in the northern part of Lake Taupo Forest. This is jointly owned - 75 per cent LTFT: 25 per cent Lake Rotoaira Forest Trust (LRFT). All wood harvested in Lake Taupo and Lake Rotoaira Forests is nominally sold on volume (cubic metres) but in fact the volume is calculated from agreed formulae to convert the weight of the logs. To ascertain the weight, trucks have to go across a weighbridge. Prior to the construction of this weighbridge, we (the Crown and Trusts) were paying large sums to use a range of private weighbridges across the region. We now charge the forests to use the weighbridge – a cost which is shared between the Crown and the Trusts. The Weighbridge Company Ltd is a taxpayer at 28 per cent.

#### Tupu Angitu Limited Partnership

In line with the changes to the Trust Order that were approved in 2019, we have established a new entity Tupu Angitu Limited Partnership to grow our asset base to enable us to provide greater benefits to the owners. The formation of this entity is largely in the setup phase in 2021, but will be charged with investigating other commercial opportunities for the benefit of owners.

## Requirements - Specific

1. LTFT is an Ahu Whenua trust and is governed by Te Ture Whenua Maori Act 1993. Knowledge of Maori trusts and associated issues would be a significant advantage.
2. On site pre-audit collection and testing of data of financial transactions for the year.
3. The annual audit takes place on-site for the duration needed to satisfy audit requirements for testing and financial reporting preparations.
4. Close liaison between the Trust accountant and auditors to authorise consolidated accounts and financial statements as required.
5. The auditor will report to the audit committee a minimum of 2x per annum – audit planning February-April, audit findings and financial statements on completion, October each year.

## Audit Risk Committee

The Trust's audit committee consists of two trustees appointed by the Board, the Group Manager and Trust Accountant. The committee's role is to:

- Approve the audit plan and programme
- submit the audit fee to the main board for approval
- monitor the audit programme
- Address any issues of concern during the programme
- Receive the audit findings
- Approve the financial statements
- Report the audit findings and financial statements to the Board

## Entities to be Audited

	<b>Balance Date</b>
Lake Taupo Forest Trust Group – Audit Opinion	30 June
Lake Taupo Forest Management (LTFM) - Audit Opinion	30 June
Consolidated accounts include all above entities as well as	
- LTFT Land Holding Company -100%	30 June
-Taupo Moana Investments – 100% (separately audited by Crowe NZ)	30 June
-Hautu Rangipo Whenua Ltd – Inside LTFM (separately audited by EY)	30 June
-Old Forrest Lumber Company – closed for trading	
-Tupu Angitu Limited Partnership – 100%	30 June
Lake Taupo Charitable Trust (LTCT)- Audit Opinion	30 June

## Timetable

The AGM for Lake Taupo Forest Trust will be held in November 2021, therefore there is a very tight time-frame in which to prepare the annual accounts and complete the audit.

Below are the key deadlines we must meet in order for the Trustees to be able to hold the AGM in November, 2021.

### (Approximate Dates)

Pre-audit testing	9 May 2021
Close Accounts	6 August 2021
Field Audit Commences (2 weeks)	13 September 2021
Lake Taupo Forest Trust Consolidated accounts complete (Auditor liaison TMI Auditor)	30 September 2021
Financial Statements/Audit Complete (audit certificate issued)	30 September 2021
Audit Committee recommendation to Trustees signoff	12 October 2021
Words to Wordsmiths –Annual Report	12 October 2021
Final Annual Report to printers/website	29 October 2021
Annual Reports posted to Owners	31 October 2021
<b>Annual General Meeting</b>	<b>20 November 2021</b>