

WHANGARA INCORPORATED BLOCKS

COMPRISING
PAKARAE/WHANGARA B5 PARTNERSHIP
PROPRIETORS OF:
WHANGARA B5
WHANGARA B20
PAKARAE A AND OTHER BLOCKS



SECRETARIES
McCULLOCHS
1 PEEL STREET, GISBORNE
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Proprietors of Pakarae A & Other Blocks Financial Statements For the year ended 30 June 2008

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Annual report

**The committee of management of the Proprietors of Pakarae A & Other Blocks
presents the annual report for the year ended 30 June 2008**

For and on behalf of the Committee of Management

John McGhee

Chairperson
26 September 2008

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THE PROPRIETORS OF PAKARAE A & OTHER BLOCKS **2008 ANNUAL GENERAL MEETING AT THE WHANGARA MARAE**

Notice is hereby given that the Annual General Meeting for Pakarae, Whangara B5 and the Pakarae/Whangara B5 Partnership are being held on 3rd October 2008 at Whangara Marae. The timetable for the meeting is as follows:

Registration from **8:30am**.

9:00am Pakarae/Whangara B5 Partnership

10:30am Proprietors of Whangara B5

11:30am Proprietors of Pakarae a & Other Blocks

Lunch to follow

BUSINESS

1. Welcome.
2. Apologies.
3. Confirmation of previous year's minutes.
4. Matters arising
5. Number of committee members – A current Committee of Management member passed away during his term. The Committee of Management recommends that the number of Committee members be decreased from seven to six.
6. **Election** – If the above recommendation is passed by the shareholders, there will be an election for two positions caused by the retirement by rotation of Patrick McGhee and Matire Kupenga-Wanoa who being eligible offer themselves for re-election. Should the above recommendation not be passed by shareholders, there will an additional position available which will be for the remaining one year term due to the passing of the late Apiata Hinaki.

Note – (1) Nominations duly completed by nominator and candidate must be lodged at the Incorporation's office, 1 Peel Street, Gisborne not later than **5pm Monday 29 September 2008**.

(2) Proxy forms and Powers of Attorney must be lodged at the Incorporation's office by 5:00 pm on **Tuesday 30 September 2008**.

7. Report from Chairperson.
8. Receive and adopt the annual accounts for the year ended 30 June 2008.
9. Appoint auditors and share valuers
10. Declare dividend, Donation fund
11. General Business

Note:

1. Copies of the 2008 Balance Sheet and Accounts will be available to shareholders at the office from Friday 26 September 2008.

JOHN MCGHEE
Chairperson



CERTIFICATE AS TO VALUE

In accordance with Section 278 of Te Ture Whenua Maori Act 1993

Proprietors of Pakarae A & Other Blocks

We, BDO SPICERS GISBORNE LIMITED of GISBORNE being the duly appointed share valuers of the above named Incorporation HEREBY CERTIFY that the value of each one share in the Incorporation as at 30th day of June 2008 is assessed by us in the manner provided by Section 278 of the Te Ture Whenua Maori Act 1993 at \$50.59.

Dated this 26th day of September 2008.

BDO Spicers Gisborne Ltd

CHARTERED ACCOUNTANTS

PROPRIETORS OF PAKARAE A & OTHER BLOCKS

MINUTES OF THE ANNUAL GENERAL MEETING

HELD AT THE WHANGARAE MARAE ON FRIDAY 5 OCTOBER 2007 AT 9AM

PRESENT:

J McGhee (Chairman), M Kupenga-Wanoa, P McGhee, I Noanoa, S Pardoe, W Amaru.

ACTION

In attendance: R Scholefield, C Torrie and shareholders (44 in total).

WELCOME:

J McGhee welcomed everyone to the meeting and thanked them for attending the Annual General Meeting. S Pardoe then opened the meeting with a karakia. J McGhee asked shareholders to note a minutes silence in respect of the late Apiata Hinaki.

APOLOGIES:

Apologies were received from G Amaru, R Paku, K & R Waipara, L & D Tamepo, S McDonald, K Mihaka.

Apologies were accepted. *Moved L Te Momo/Seconded J Kingi*
CARRIED

MINUTES:

Minutes of the meeting held on 6 October 2006 were confirmed.
Moved M Pardoe/Seconded F Noanoa
CARRIED

There were no matters arising.

ELECTION:

J McGhee advised that there was no election this year. With the recent passing of Committee Member Apiata Hinaki there was no time to advertise the vacancy. The Committee would operate as 6 members for the next financial year.

CHAIRPERSON'S REPORT:

J McGhee read this report to the meeting. L Te Momo asked about donations to maraes. L Te Momo was advised that the Incorporation was making \$1,500 donations to Te Rawheoro, Te Poho O Rawiri, and Hauiti Marae. Last year the Incorporation made a large donation to the Whangara Marae which was being treated as donations paid in advance.

FINANCIAL STATEMENTS:

C Torrie took the meeting through the financial statements for the Incorporation. These were the first Incorporation financial statements with the results of the Partnership in them. As a result of this they were different in format and all the detail of the operating activities would be covered in the Partnership's financial statements. It was then *Moved L Te Momo/Seconded J Mackey* that the financial statements be approved.
CARRIED

APPOINTMENT OF AUDITORS & SHARE VALUERS:

It was *Moved M Pardoe/Seconded J Kingi* that Roberts & Harper be appointed auditors and BDO Spicers Gisborne Ltd as share valuers.

DIVIDEND:

The meeting was informed it was the Committee of Management's recommendation that a dividend of 20 cents per share be paid.

Moved L Te Momo/Seconded J Mackey that the recommendation be accepted.

CARRIED

DONATION:

The meeting was informed that the Committee of Management's recommendation was for a donation fund of \$5,000 per annum.

Moved D McGhee/Seconded B Paku

CARRIED

WAIHAU BAY PROPERTY:

The meeting was informed that the Committee of Management would like to sell the Waihou Bay property. The meeting was informed that the Incorporation had tried to sell the property previously however the Historic Places Trust had effectively stopped this as they wanted sign off from Tangata Whenua that there were no issues in respect of that land prior to it being sold. Following full discussion on the matter it was *Moved M Pardoe/Seconded F Noanoa* that the Committee of Management be approved to sell the Waihou Bay property. This was *CARRIED UNANIMOUSLY*.

**Committee consented to sell
Waihou Bay property**

DEBT ON MATAKI PURCHASE:

J Mackey asked how much was the Incorporation still owing on the purchase of the Mataki property. The meeting was informed that the Incorporation still owed \$111,000.

RANGATAHI POSITION:

C Hawkins asked the question of whether or not the Incorporation would consider establishing a Rangatahi position on the Committee of Management. J McGhee advised that the Committee of Management would give it consideration.

**Committee to consider
Rangatahi position**

COMMITTEE OF MANAGEMENT MEMBERS:

N Haapu raised the question of the number of Committee of Management Members. The meeting was asked when would the Committee consider reducing the number of Committee Members now that the Partnership was effectively running the farm. J McGhee said this is a matter that could be looked at in the future, we are still only one year into the Partnership. J McGhee advised N Haapu that a resolution was put to the last AGM and it was defeated. W Amaru said he thought it was a good idea and that he also agreed with the Rangatahi position. C Torrie said if the shareholders agreed to reduce the number of Committee of Management Members it would probably be appropriate for all Committee Members to resign at that point in order for the new Committee of Management to come in.

J McGhee then thanked shareholders for attending and the

meeting was closed with a karakia from S Pardoe at 10.00am.

..... Chairman

..... Date

PROPRIETORS OF PAKARAE A & OTHER BLOCKS

CHAIRPERSON'S REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2008

On behalf of the Committee of Management I present this report to you the shareholders in Pakarae.

Farming operations

As reported previously, the farming operations of the Incorporation are now managed by the Pakarae/Whangara B5 Partnership Board. That Board consists of Ingrid Collins as Chairperson, myself, Stan Pardoe, Mike Petersen and James Brownlie.

Partnership Governance

The Partnership board continues to meet every two months to review progress against strategic plans, budgets, receive reports from the general manager. In addition to this the board operates within the agreed Terms of Reference as set out by the Pakarae and Whangara B5 committees of Management.

Pakarae Board activities

Last year I outlined the activities of the Board under the Partnership arrangement. These have not changed this year. The Pakarae board continues to monitor the activities of the Partnership, approves the annual budget of the Partnership, elects one member to the Partnership, monitors the financial position of the Incorporation, approves share transfers, makes recommendations to shareholders on distributions and donations funds and looks at other business opportunities.

Wind Farming

A business opportunity that the Committee is currently considering is the establishment of a wind farm on the hills of Pakarae. The Committee of Management have been in discussions with a company that has identified our lands as potentially suitable for the establishment of a wind farm. Currently we are still to sign any agreements with the company other than a confidentiality agreement. However should we do so, there would be a testing stage whereby they would test the suitability of sites for wind turbines. If this proved to be successful we would then work through the establishment of the wind farm. As I mentioned earlier, this is still very much in the infancy stage and it may or may not occur.

Number of committee members

You will see that item 5 on the agenda is to consider reducing the number of Committee members from seven to six. Unfortunately just before last years Annual General Meeting Committee member Api Hinaki passed away. We did not have time to advertise his position

for election. During the past financial year the committee has operated as six and has been effective as a board of six. As mentioned earlier the activities of the board have been reduced with the framing operation now being governed by the Partnership Board. The Committee therefore recommend that shareholders approve a reduction in the number of Board members to six. The Committee would also like to discuss with shareholders the possibility of reducing the number of Committee members to five. This might be put forward for consideration to next years Annual General Meeting.

Financial

The Partnership was established with no working capital. What the Partners agreed was to fund the working capital requirements of the Partnership each year. The Partnership would then repay that working capital during the year such that there was no outstanding balance due by the 30 June each year. This has occurred during the current financial year. Pakarae advanced up to \$420,000 which was all repaid.

In addition to this, the Partnership has not right to borrow money other then from Pakarae and Whangara B5. The Partnership has embarked upon a major capital development project. The Partners have agreed to fund the development costs. These advances are non interest bearing and repayable by the Partnership once their cash flows permit. At 30 June 2008 we had advanced \$189,000 for capital expenditure.

Both of these matters have resulted in the Incorporation reporting an increased interest cost to the bank to \$54,000 from \$26,000 last year. We have also had to increase our overdraft with the bank to accommodate this. The current budgets from the Partnership allow for some repayment of the capital advances this year.

Dividends and donations

The Committee of Management recommends that we pay a dividend at the rate of \$0.25 cents per share. This is a small increase on the previous year. The Partnership has reported a good result. However the cash flows are still being reinvested back into the farm.

As well as the dividend referred to above, we also recommend an allowance for donations of up to \$5,000.

We also ask that we maintain a share repurchase fund of \$2,500. The committee has not needed to use any of the share repurchase fund in the last financial year.

Conclusion

This has been a challenging year for the Partnership. We must remember that we came out of a drought from the previous year. My congratulations to Richard and his team on the progress that has been made on the farm.

We have had our own challenges as well this year. We had discussions with the Whangara B5 Committee of Management over where the wind farm opportunity would sit. Was it a Pakarae opportunity or a Partnership opportunity? In the end we agreed that the opportunity was Pakarae's. This was the first time that the Partnership agreement had to be referred to see what

should happen. We must remember that the Partnership Agreement was deliberately written in a general manner. We wanted the ability to address each issue as it arose rather than trying to second guess what they might be at the time of writing the Agreement.

To my fellow Board members, I would like to thank you for your continued support in making sure that we manage the assets of the shareholders as effectively as we can.

Reported on behalf of the Committee of Management

John McGhee

Chairperson

23 September 2008

Directory

Nature of business	Farming - sheep and cattle (Partnership)
Location of property	Pakarae Road Whangara
Registered office	1 Peel St, Gisborne
Committee of management	John McGhee (Chairperson) Wayne Amaru Apiata Hinaki (Deceased) Matire Kupenga-Wanoa Pat McGhee Ian Noanoa Stan Pardoe
Secretary	Chris Torrie
Accountants	BDO Spicers Gisborne Ltd Gisborne
Auditors	Roberts and Harper Gisborne
Bankers	Bank of New Zealand Gisborne
Solicitors	Nolans Gisborne

Statement of financial performance

Cattle tallies

	On hand		Market value		Total value		Holding gains/ (losses)	Income adjust
	2007	2008	2007	2008	2007	2008		
			\$	\$	\$	\$	\$	\$
M A Cows	524	524	770	750	403,480	393,000	(10,480)	-
Rsg 2yr Heifers	164	164	575	700	94,300	114,800	20,500	-
Rsg 1yr Heifers	221	221	370	400	81,770	88,400	6,630	-
Rsg 3yr Steers	27	27	850	850	22,950	22,950	-	-
Rsg 2yr Steers	200	200	750	750	150,000	150,000	-	-
Rsg 1yr Steers	225	225	470	450	105,750	101,250	(4,500)	-
Breeding Bulls	20	20	1,500	2,500	30,000	50,000	20,000	-
Rsg 2yr Bulls	56	56	600	600	33,600	33,600	-	-
Rsg 1yr Bulls	89	89	400	400	35,600	35,600	-	-
	<u>1,526</u>	<u>1,526</u>			<u>957,450</u>	<u>989,600</u>	<u>32,150</u>	<u>-</u>

Statement of financial performance

Sheep tallies

	On hand		Market value		Total value		Holding gains/ (losses)	Income adjust
	2007	2008	2007	2008	2007	2008		
			\$	\$	\$	\$	\$	\$
Rsg 3&4 Yr Ewes	6,155	6,155	55	60	338,525	369,300	30,775	-
2th Ewes	2,910	2,910	60	65	174,600	189,150	14,550	-
Ewe Hoggets	3,110	3,110	50	50	155,500	155,500	-	-
Wether Hoggets	394	394	30	50	11,820	19,700	7,880	-
Breeding Rams	54	54	80	250	4,320	13,500	9,180	-
Ram Hoggets	70	70	100	100	7,000	7,000	-	-
	<u>12,693</u>	<u>12,693</u>			<u>691,765</u>	<u>754,150</u>	<u>62,385</u>	<u>-</u>

Statement of financial performance

Expenditure & other income

	2008	2007
	\$	\$
Operating expenses		
ACC Levies	-	2,674
Bank Fees	394	276
General Expenses	3,720	2,701
Insurance	910	378
Shearing Wages	-	1,533
Wages	-	23,152
	<hr/>	<hr/>
	5,024	30,714
	<hr/>	<hr/>
Finance expenses		
Interest - BNZ	15,294	14,355
Interest - BNZ Loan	38,773	11,877
	<hr/>	<hr/>
	54,067	26,232
	<hr/>	<hr/>

Statement of financial performance

Expenditure & other income

	2008 \$	2007 \$
Administration expenses		
Accountancy - quoted	18,000	14,205
Accountancy - share reg	-	6,915
Accountancy - Special	2,074	138
Audit Fees	723	1,913
Committee Fees & Expenses	15,857	7,890
FOMA Expenses	315	280
Honorarium	-	1,000
Meeting Expenses	3,205	2,636
	<u>40,174</u>	<u>34,977</u>
Total cash expenses	<u>99,265</u>	<u>91,923</u>
Sundry farm income		
Rebates Received	-	1,652
Rent Received	500	500
	<u>500</u>	<u>2,152</u>
Other income		
Interest receivable		
Bank of New Zealand	180.62	927
Pakarae/Whangara B5 Partnership	3362.00	17,244
Inland Revenue Department	-	5
	<u>3542.62</u>	<u>18,176</u>
Dividends receivable		
NZ Wool Services International Ltd	-	105
PPCS Ltd	-	3,324
	<u>-</u>	<u>3,429</u>
Tax credits		

Statement of financial performance

	2008 \$	2007 \$
Income		
Mataki expenses	(511)	-
Share of Pakarae/Whangara B5		
Partnership Profit/(Loss)	389,907	104,989
Sundry farming income	500	2,152
	<hr/>	<hr/>
	389,896	107,141
Less expenses		
Operating	5,024	30,714
Depreciation	12,214	29,931
Depreciation recovered	-	(28,168)
	<hr/>	<hr/>
	17,238	32,477
Net farming surplus/(deficit)	<hr/>	<hr/>
	372,658	74,664
Less other expenses		
Finance	54,067	26,232
Administration	40,174	34,977
	<hr/>	<hr/>
	94,241	61,209
Net operating surplus/(deficit)	<hr/>	<hr/>
	278,417	13,455
Plus other income		
Dividends	-	3,429
Interest Receivable	18,176	14,575
Capital gain on sale of shares	-	2,966
Capital gain on sale of fixed assets	-	10,834
	<hr/>	<hr/>
	18,176	31,804
Net surplus/(deficit)	<hr/>	<hr/>
	296,593	45,259
Provision for Taxation	47,035	2,788
Net surplus/(deficit) after taxation	<hr/> <hr/>	<hr/> <hr/>
	249,558	42,471

Statement of movements in equity

	2008 \$	2007 \$
Opening equity	21,791,363	22,242,412
Net surplus	249,558	42,470
Net livestock holding gains/(losses)	58,243	(304,850)
Total recognised revenues and expenses for the year	<u>307,801</u>	<u>(262,380)</u>
	22,099,164	21,980,032
Donations	(4,819)	(4,500)
Paikea Whitireia Trust	-	(11,000)
Dividend declared	(86,584)	(173,168)
Closing equity	<u><u>22,007,761</u></u>	<u><u>21,791,364</u></u>

Statement of financial position

	Note	2008 \$	2007 \$
Equity	3	<u>22,007,761</u>	<u>21,791,364</u>
Current assets			
Bank accounts	2	40,526	-
Accounts receivable		3,525	-
Pakarae/Whangara B5 Partnership	10	646,272	261,360
Goods & Services Tax		2,376	953
Inland Revenue Department		-	40,874
		<u>692,699</u>	<u>303,187</u>
Livestock			
Cattle		989,600	957,450
Sheep		754,150	691,765
		<u>1,743,750</u>	<u>1,649,215</u>
Non current assets			
Investments	6	1,170	4,959
Fixed assets	8	20,511,531	20,523,745
		<u>20,512,701</u>	<u>20,528,704</u>
Total assets		<u>22,949,150</u>	<u>22,481,106</u>
Current liabilities			
Accounts Payable		17,248	5,746
Inland Revenue Department		17,950	-
Unclaimed Dividends		332,714	329,999
Bank accounts	2	-	242,409
		<u>367,912</u>	<u>578,154</u>
Non-Current liabilities			
Loans	5	573,477	111,588
Total liabilities		<u>941,389</u>	<u>689,742</u>
Net assets		<u>22,007,761</u>	<u>21,791,364</u>

For the year ended 30 June 2008

Statement of cash flows

	2008	2007
	\$	\$
Cash inflows (outflows) from operating activities		
Livestock & wool sales	-	117,745
Sundry farm income	500	500
Dividends received	-	105
Interest received	14,695	11,300
Livestock purchases	-	(40,800)
Farm working	(792)	(20,176)
Repairs & maintenance	-	(7,588)
Administration	(38,599)	(41,083)
Interest payable	(54,067)	(26,232)
GST	(876)	(40,995)
Taxation	13,079	(38,476)
Net cash inflows (outflows) from operating activities	(66,060)	(85,700)
Cash inflows (outflows) from investing activities		
Working capital repayments from Partnership	641,995	201,380
Investments matured	-	2,966
Working capital advances to Partnership	(670,770)	(191,380)
Net cash inflows (outflows) from investing activities	(28,775)	12,966
Cash inflows (outflows) from financing activities		
Dividends paid	(83,869)	(148,676)
Donations	(250)	(17,500)
Loan repayments	461,889	(33,193)
Net cash inflows (outflows) from financing activities	377,770	(199,369)
Increase/(decrease) in cash	282,935	(272,103)
Cash		
Balance at beginning of year	(Overdraft) (242,409)	29,694
Balance at end of year	40,526	(242,409)
Increase/(decrease) in cash	282,935	(272,103)

Statement of cash flows

	2008 \$	2007 \$
Reconciliation		
Net deficit as per financial statements after taxation	249,558	43,322
Add/(deduct) non-cash items		
Depreciation	12,214	1,763
Rebates received	(94)	(94)
PPCS Ltd shares		(3,789)
Pakarae/Whangara B5 Partnership	(388,615)	(104,173)
Holiday pay accrual		23,152
Capital gain on sale of fixed assets		(10,834)
Capital gain on sale of shares		(2,966)
Increase/(decrease) in working capital		
Accounts payable	11,502	(89,051)
Accounts receivable	(3,525)	134,270
Taxation payable	58,822	(41,723)
GST payable	(1,422)	(46,233)
Prepayments	-	8,656
Plus item classified as financing activity		
Accounts payable classified as donations	(4,500)	2,000
Net cash inflows (outflows) from operating activities	<u>(66,060)</u>	<u>(85,700)</u>

Notes to the financial statements

1. Statement of accounting policies

General accounting policies

The financial statements have been prepared in accordance with Te Ture Whenua Act 1993.

The measurement base adopted is that of historical cost except for the revaluation of certain assets as separately disclosed.

The Incorporation is a qualifying entity for differential reporting because it has no public accountability and is a small entity as defined in the framework for differential reporting. The Incorporation has taken advantage of all applicable differential reporting exemptions.

Depreciation

Depreciation has been charged in the financial statements at the maximum amount allowed by the Inland Revenue Department. This is as follows:

Land and Buildings	1.0%SL - 26.4%DV
--------------------	------------------

Fixed assets

Fixed assets are recorded at cost less accumulated depreciation except for land & buildings which are recorded at the most recent rating valuation plus permanent improvements since (at cost), less depreciation since. The Committee believe this to be a fair estimate of market value.

Livestock

Livestock is valued at estimated market values. These values are not those used for calculating taxable income. Changes in value of existing productive livestock are recorded as an unrealised holding gain or loss and are recorded in the livestock revaluation reserve. Changes in the numbers and/or the composition of the productive livestock are treated as revenue items.

Investments

Investments have been valued at cost unless otherwise stated. The Committee believe this to be a fair estimate of market value.

Accounts receivable

Accounts receivable are recorded at net realisable value.

Taxation

The income tax expense is equal to the income tax payable in the current year. Timing differences between accounting surplus and assessable income are not accounted for.

Goods and services tax

The financial statements have been prepared on a GST exclusive basis.

Changes in accounting policies

There have been no material changes in accounting policies. All policies have been applied on bases consistent with those used last year.

2. Bank accounts

	2008	2007
	\$	\$
BNZ Current Account	1,912	(243,067)
BNZ Call Account	38,614	658
	40,526	(242,409)
	40,526	(242,409)

Interest rate on borrowings is 10.55% per annum on all outstanding balances.

Notes to the financial statements

3. Equity

	2008 \$	2007 \$
Capital account		
Opening Balance	21,344,945	21,635,996
Capital Gains Transfer	-	13,800
Holding gains/(losses) - Cattle	12,300	(57,990)
Holding gains/(losses) - Sheep	46,493	(246,860)
Holding gains/(losses) - Goats	(550)	-
	<u>21,403,188</u>	<u>21,344,946</u>
Profit and loss appropriation account		
Opening Balance	446,418	606,416
Net Income	249,558	42,470
	<u>695,976</u>	<u>648,886</u>
Capital Gain Tfrd to Capital Account	-	13,800
Donations	4,819	4,500
Paikea Whitireia Trust	-	11,000
Dividend declared	<u>86,584</u>	<u>173,168</u>
	<u>91,403</u>	<u>202,468</u>
Closing balance	<u>604,573</u>	<u>446,418</u>
Total equity	<u>22,007,761</u>	<u>21,791,364</u>
Shareholding		
Total shares =	432,922	

4. Exempt dividends

	2008 \$	2007 \$
Opening balance	312,324	485,492
Less: Dividends paid	86,584	173,168
Closing balance	<u>225,740</u>	<u>312,324</u>

5. Term liabilities

	2008 \$	2007 \$
Secured loans -		
BNZ Loan 3010	500,000	-
BNZ Loan 3009	73,477	111,588
	<u>573,477</u>	<u>111,588</u>

The 3010 and 3009 loan is secured by first mortgage over the Mataki property as well as first stock mortgage over sheep and cattle. The 3009 interest rate is 8.95% with monthly repayments at \$3,880. Principal repayable within 12 months is \$41,433. This loan will mature 2nd March 2010. The 3010 interest rate is 9.57% with the principal repayable at the end of the period. This loan will mature 1st November 2010.

Notes to the financial statements

6. Investments

		2008 \$	2007 \$
Shares in Companies	No		
New Zealand Wool Services International Ltd	2,340	1,170	1,170
PPCS Ltd - Rebate shares	-	-	3,789
		<u>1,170</u>	<u>4,959</u>

7. Maori Authority Credit Account

Details of the Incorporation's Maori authority credit account are as follows:

	2008 \$	2007 \$
Balance at beginning of year	87,125	43,464
Plus taxation paid	14,835	43,663
	<u>101,960</u>	<u>87,127</u>
Less Credits attached to dividends paid taxation refunded	- 26,624	- 2
Balance at end of year	<u>75,336</u>	<u>87,125</u>

The closing balance represents the Maori authority credits available to be attached to any future dividend distributions from the Incorporation's reserves.

Notes to the financial statements

8. Fixed assets

	2008 \$	2007 \$
Land & Buildings		
Revaluation plus costs since	17,972,968	17,972,968
Accumulated depreciation	53,838	41,862
	17,919,130	17,931,106
Plant & vehicles		
Land & Buildings - Mataki		
Revaluation plus costs since	2,592,900	2,592,900
Accumulated depreciation	499	261
	2,592,401	2,592,639
Plant - Mataki		
Total fixed assets	20,511,531	20,523,745

9. Land and buildings

Rating valuation

Particulars of the rating valuation as at 01/09/05 are as follows:

	Hectares	Land	Improvements	Capital
Pakarae Property -				
Lot 3 DP 5317 Pt Puatai				
Valn No 8170/722000	2039.7974	15,650,000	1,580,000	17,230,000
Lot 1 DP 6761 Pt Tauwhatu				
Valn No 8170/71800	122.4474	660,000	40,000	700,000
Pt Puatai A1 Blk III				
Valn No 8170/72201	2.5580	16,000	2,000	18,000
	2164.8028	16,326,000	1,622,000	17,948,000
Mataki Property -				
Lot 3 DP 8358				
Valn No 8170/71215	0.4250	470,000	-	470,000
Lot 1 2 DP Mataki Stn				
Valn No 8170/71200	317.9597	1,990,000	130,000	2,120,000
	2483.1875	18,786,000	1,752,000	20,538,000

Notes to the financial statements

Book value (statement of financial position purposes)

	2008 \$	2007 \$
Pakarae		
Opening balance	17,931,106	17,936,453
Write up to rating valuation 1/9/05	-	-
Other assets part of property retained	-	7,014
	<u>17,931,106</u>	<u>17,943,467</u>
Less depreciation since	11,976	12,361
Closing balance	<u><u>17,919,130</u></u>	<u><u>17,931,106</u></u>
Mataki		
Opening balance	2,592,639	2,590,000
Write up to rating valuation 1/9/05	-	-
Other assets part of property retained	-	2,900
	<u>2,592,639</u>	<u>2,592,900</u>
Less depreciation since	238	261
Closing balance	<u><u>2,592,401</u></u>	<u><u>2,592,639</u></u>
Total property	<u><u>20,511,531</u></u>	<u><u>20,523,745</u></u>

10. Pakarae/Whangara B5 Partnership

A new Partnership has been formed between Pakarae A & Other Blocks and Whangara B5 starting on the 1st July 2006 called Pakarae/Whangara B5 Partnership. All plant and machinery was sold into this Partnership and the livestock and land were placed at the use of this Partnership.

	2008 \$	2007 \$
Opening balance	261,360	-
Share of profit/(loss)	389,907	104,989
Plant and vehicles sold	-	126,816
Shares sold	3,789	53,429
Holiday pay accrual	-	(23,152)
Livestock revaluation	(36,292)	-
Interest on advances	(3,275)	3,275
Distributions received	(157,200)	-
Capital advances	189,344	-
Other transactions	(69)	94
	<u>647,564</u>	<u>265,451</u>
Share of RWT/Imputation credits	1,292	4,091
Closing balance	<u><u>646,272</u></u>	<u><u>261,360</u></u>

Notes to the financial statements

11. Taxation

	2008	2007
	\$	\$
Net surplus/(deficit) before taxation	296,593	45,259
Livestock adjustment for tax purposes	1,445	24,890
	298,038	70,149
Add credit adjustments -		
Pakarae/Whangara B5 Partnership for tax purposes	- 339,268	37,750
Holiday Pay Accrual	-	23,152
	339,268	60,902
	637,306	131,051
Less debit adjustments -		
Pakarae/Whangara B5 Partnership as per accounts reversed	- 389,907	104,989
Development Expenditure Claim	1,692	1,804
Capital gain on sale of shares	-	2,966
Capital gain on sale of fixed assets	-	10,834
	391,599	120,593
	245,707	10,458
Special deductions		
Allowable donations (Sec DI2)	4,500	523
	4,500	523
Taxable income	241,207	9,935
Donations to Maori Authorities -		
Total qualifying paid	= \$ 4,500	
Limited to 5% of \$245,707 (taxable income)	= \$ 12,285	
Taxation liability		
Tax on above	47,035	1,937
Less: Imputation Credits converted to losses	-	851
Provision for taxation	47,035	2,788
Less:RWT	(4,812)	(5,146)
Less:Imputation Credits	(23)	(2,788)
Less:Provisional Tax Paid	(24,250)	(35,728)
Taxation Payable/(refundable)	17,950	(40,874)

