

**The Proprietors of Pakarae A & Other Blocks
Annual Report
For the year ended 30 June 2009**

For and on behalf of the Committee of Management

Matire Kupenga-Wanoa

Chairperson
25 September 2009

Annual report

**The committee of management of the Proprietors of Pakarae A & Other Blocks
presents the annual report for the year ended 30 June 2009**

For and on behalf of the Committee of Management

Matire Kupenga-Wanoa

Chairperson
25 September 2009

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WHANGARA INCORPORATED BLOCKS

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



SECRETARIES
McCULLOCHS
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THE PROPRIETORS OF PAKARAE A & OTHER BLOCKS **2009 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 2 October 2009 at Whangara Marae. The timetable for the meeting is as follows:

Registration from 8:30am.

9:00am Pakarae/Whangara B5 Partnership

11:00am Proprietors of Pakarae A & Other Blocks

11:00am Proprietors of Whangara B5

Lunch to follow

BUSINESS

1. Welcome.
2. Apologies.
3. Confirmation of previous year's minutes.
4. Matters arising
5. Election – for four positions caused by the retirement by rotation of Wayne Amaru, Ian Noanoa and Stanley Pardoe who being eligible offer themselves for re-election, also late John McGhee.

Note – (1) Nominations duly completed by nominator and candidate must be lodged at the Incorporation's office, 1 Peel Street, Gisborne not later than 11:00am Tuesday 29 September 2009.

(2) Proxy forms and Powers of Attorney must be lodged at the Incorporation's office by 11:00am Wednesday 30 September 2009.

6. Report from Chairperson.
7. Receive and adopt the annual accounts for the year ended 30 June 2009.
8. Appoint auditors and share valuers
9. Declare dividend, Donation fund
10. Discussion on the Incorporation's Committee of Management.

To discuss and if thought appropriate to pass the following two resolutions:

"That the Committee of Management be given the authority to co-opt an additional member to the Committee of Management in order for them to learn about the workings of the Committee. This person would have no voting rights but would have speaking rights. They would be appointed for a 12-month period and would receive a full committee member fee for attending meetings. They would be subject to the normal confidentiality rules and would have to be a shareholder or a child of a shareholder."

"Nominees for vacant Committee of Management positions and retirement by rotation to be put forward 3 weeks prior to an AGM (with C.V's) so shareholders can be informed of who they are voting for"

11. General Business

Notes

1. Copies of the 2009 Balance Sheet and Accounts will be available to shareholders at the office from 25 September 2009.

Matire Kupenga-Wanoa
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 2009 is assessed by us in the manner provided by Section 278 of the Te Ture Whenua Maori Act 1993 at \$45.72.

Dated this 25th day of September 2009.

BDO Spicers Gisborne Ltd

CHARTERED ACCOUNTANTS

PROPRIETORS OF PAKARAE A & OTHER BLOCKS

MINUTES OF THE ANNUAL GENERAL MEETING

HELD AT THE WHANGARA MARAE ON FRIDAY 17 OCTOBER 2008 AT 12.15PM

PRESENT:

M Kupenga-Wanoa (Deputy Chairperson), P McGhee, I Noanoa, S Pardoe, W Amaru (34 shareholders in attendance)

ACTION

In attendance: R Scholefield, C Torrie.

WELCOME:

M Kupenga-Wanoa welcomed everyone present and the meeting was opened with a karakia from S Pardoe

APOLOGIES

Apologies were received from R Cooper, G Amaru, G Thompson. The meeting accepted the apologies.

JOHN MCGHEE:

M Kupenga-Wanoa asked shareholders to stand in remembrance of the recent passing of the Incorporation's Chairman John McGhee.

MINUTES:

Minutes of the meeting held on 5 October 2007 were approved by the meeting as circulated.

MATTERS ARISING:

- M Kupenga-Wanoa said that the committee was still waiting to hear back from Bevan Turnpenny on the possibility of selling the Waihou Bay property.
- In respect to the Rangatahi position the Committee of Management needed to consider this matter further, in particular they needed to develop a policy that outlined the selection process and what the role entails. The committee supported succession planning but had concerns they might select the Rangatahi and then the shareholders might never vote them onto the Committee of Management. C Hawkins asked whether or not the policy would be finalised by next year's Annual General meeting which he was informed it would be.
- N Haapu asked about reducing the number of Committee Members. She said the shareholders have a right to put 7 up which is important and should be left at 7. Reducing the numbers reduces the shareholders rights.

NUMBER OF COMMITTEE MEMBERS:

The Committee of Management were again recommending that the number of Committee of Management be reduced from 7 to 6.

Then shareholders decided that the voting on this matter would be conducted by the number of shares held.

L Te Momo asked if our numbers matched the B5 Committee as she was concerned that the Pakarae owners would be out voted. The meeting

was informed that there have been a number of joint meetings already held. S Pardoe said that voting is by consensus so far, the only time that voting is not by consensus is the election of the third member of the Partnership Board.

C Hawkins asked if the number of members was reduced from 7 to 6 would the Chairperson have a casting vote. C Torrie read from the Maori Incorporation Regulations that stipulated that the Chairperson can have a casting vote.

Members were then asked to cast their vote on the recommendation when they cast their vote on the election.

ELECTION:

The meeting was informed that there were two positions caused by the rotation of Patrick McGhee and Matire Kupenga-Wanoa who being eligible offered themselves for re-election. Should the resolution on the reduction of members from 7 to 6 be unsuccessful then there would be another position available due to the passing of Apiata Hinaki. Candidates were then asked to address the meeting and voting was then held by way of shares.

Sid Crawford was appointed scrutineer.

CHAIRPERSON'S REPORT:

The Chairperson's report having been circulated previously was taken by the meeting as circulated.

ANNUAL FINANCIAL STATEMENTS:

C Torrie took the meeting through the annual financial statements for the year and the meeting then adopted those statements.

APPOINTMENT OF AUDITORS AND SHARE VALUERS:

The meeting approved the appointment of Roberts & Harper as auditors and BDO Spicers as share valuers.

DIVIDEND:

It was a Committee of Management recommendation that a dividend of 25 cents per share be paid which was approved by the meeting.

DONATIONS:

It was the Committee of Managements recommendation that a donation fund of \$5,000 be set aside which the meeting approved.

HAUITI MARAE:

M Tangohau thanked the Committee of Management for their donation to the Hauiti Marae during the year.

THE PUATAI CHURCH:

M Tangohau said the Trustees had made a decision to put the Church to rest and they planned to do this over the Christmas period this year. He asked that shareholders keep an eye out on the newspaper advertising when this was to happen for other people to assist with.

KAUMATUA GRANT:

J Weke asked does the Incorporation offer a Kaumatua grant. The Committee of Management said that they do not have a Kaumatua grant as they still have debt to pay and would like to reduce that debt first.

FORESHORE AND SEABED:

The meeting then discussed the issue of the foreshore and seabed. D McGhee said that we have 13½ miles of foreshore on Pakarae and we needed to control our own destiny. The meeting advised the shareholders to turn up to the organised meeting on 24 October to listen to what was happening through that meeting.

COLLECTION OF PROXIES:

C Hawkins raised on behalf of a shareholder concerns that proxy holders were being intimidated into signing proxies. He asked how the Committee would deal with that matter. M Kupenga-Wanoa said that the Committee of Management had received letters withdrawing a proxy and withdrawing a witness to a proxy. She confirmed that the Committee of Management do not condone such action and expects a certain level of behaviour from its shareholders.

W Amaru then spoke to the matter and advised in his opinion this did not happen however he was happy to sit down with the shareholder concerned and discuss the matter further. He gave examples of other Incorporations where he holds the proxy for this shareholder but those proxies were not removed as the Pakarae proxy had been.

FORESHORE AND SEABED:

J Weke wanted it noted that the Runanga does not own the foreshore and seabed, the Crown does. D McGhee said Ngati Porou had no mandate to agree with the Government. They had signed the deal then tried to get the mandate.

The meeting then closed with a karakia from S Pardoe at 1.45pm.

ELECTION RESULTS

Following the meeting C Torrie announced that the recommendation to reduce the number of Committee Members from seven to six had been passed.

That there were now two positions available on the Committee of Management and that the successful candidates were Patrick McGhee and Matire Kupenga-Wanoa.

..... Chairperson

..... Date

PROPRIETORS OF PAKARAE A & OTHER BLOCKS

CHAIRPERSON'S REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2009

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

John McGhee

Firstly, I would like to acknowledge the commitment, hardwork and contribution John McGhee made to Pakarae during his tenure as Chairman. It was a great loss to Pakarae and our whanau when John passed, however, he has left the committee in good shape to continue to work hard for our shareholders.

Ahuwhenua Trophy – Māori Excellence in Farming

As a result of the success of the combining of Pakarae and Whangara B5 to form the Pakarae/Whangara B5 Partnership the committee is delighted to report the winning of this years Māori Excellence in Farming award, the Ahuwhenua Trophy. This is a prestigious award that is a measure of the success of the Pakarae/Whangara B5 Partnership, and is a testament to our forebears who had the foresight to create such a competition that keeps us striving for excellence.

Further to this I would like to acknowledge the Pakarae/Whangara B5 Partnership Board, which consists of Ingrid Collins as Chairperson, myself, Stan Pardoe, Mike Petersen and James Brownlie. Also the hard work of the General Manager Richard Scholefield and his team who continue to be innovative with their farming practices which has a direct positive impact on the year end results from the Partnership.

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

The Pakarae board continues to monitor the activities of the Partnership, approves the annual budget of the Partnership, elects one member to the Partnership Board, 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.

Website Development

During the year a web designer was employed to provide a template for a website. We are increasingly aware of the communication methods of today, with the importance of keeping in

touch with our shareholders we believe that this medium is vital to ensure our shareholders are well informed. The website is in conjunction with the Partnership and Whangara B5. To date we have viewed the template and will be providing feedback to our web developer. We welcome any suggestions from shareholders during this process.

Emissions Trading Scheme

As you are all aware the legislation in regards to the Emissions Trading Scheme is currently going through parliament. This scheme has the potential to have a huge impact of the farming operations of the Partnership. Currently information is being bantered about and it seems that the cost to the farming community will be high. However, until clarity is received on the final rules that will pertain to the Act we can only speculate on the impact it will have on the Partnerships farming operations. This is a topic that is high on the watch list for the Partnership Board as they work hard to protect our farming asset.

Rangatahi Position & Nomination Deadlines

You will see that item 10 on the agenda asks shareholders to consider the introduction of a Rangatahi position onto the Pakarae committee. The committee needs to make sure that succession is being planned for and this position ensures that we are grooming the future generation to be able to step into the fold when needed. This will be an exciting opportunity for our youth and we hope that you the shareholders agree with our proposition.

We also recommend the bringing forward of the notice of nominees for vacant positions in the committee. This will give shareholders an opportunity to be better informed of who they will vote for. This does not change the process, but it brings forward the date that information is communicated to shareholders.

Financial

As previously explained the Partnership was established with no working capital. The Partners agreed 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 \$577,710 which was all repaid.

In addition to this, the Partnership has no right to borrow money other than from Pakarae and Whangara B5. The Partnership has embarked upon a major capital development projects of which the Partners 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 2009 we were repaid \$193,725 from the Partnership for capital expenditure loans.

The increase in interest costs to the bank of \$68,000 from \$54,000 last year is due to the funding of the Partnership. We have also had to borrow funds to continue to support the Partnership. The return from the Partnership has seen our profit after tax increase by \$159,000 on the 2008 financial results.

Dividends and donations

The Committee of Management recommends that we pay a dividend at the rate of \$0.25 cents per share. 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 successful year for the Partnership despite obstacles such as the drought . My congratulations to the Partnership Board and Richard and his team on the winning of the prestigious Ahuwhenua Trophy.

With the loss of John we have had our own challenges this year but have managed the transition successfully. This highlights the importance of making sure our Rangatahi are well prepared to take on Governance roles when called up. I am also excited about the development of our website which will provide easy access to information for our shareholders so you can keep in touch with the activities on the Whenua.

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

Matire Kupenga-Wanoa

Chairperson

23 September 2009

**Proprietors of Pakarae A & Other Blocks
Financial Statements
For the year ended 30 June 2009**

Directory

Nature of business	Farming - sheep and cattle (Partnership)
Location of property	Pakarae Road Whangara
Registered office	1 Peel St, Gisborne
Committee of management	Matire Kupenga-Wanoa (Chairperson) John McGhee (Deceased) Wayne Amaru 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
	2008	2009	2008	2009	2008	2009		
			\$	\$	\$	\$	\$	\$
M A Cows	524	524	750	780	393,000	408,720	15,720	-
Rsg 2yr Heifers	164	164	700	684	114,800	112,238	(2,562)	-
Rsg 1yr Heifers	221	221	400	570	88,400	125,970	37,570	-
Rsg 3yr Steers	27	27	850	900	22,950	24,300	1,350	-
Rsg 2yr Steers	200	200	750	800	150,000	160,000	10,000	-
Rsg 1yr Steers	225	225	450	470	101,250	105,750	4,500	-
Breeding Bulls	20	20	2,500	1,500	50,000	30,000	(20,000)	-
Rsg 2yr Bulls	56	56	600	720	33,600	40,320	6,720	-
Rsg 1yr Bulls	89	89	400	630	35,600	56,070	20,470	-
	<u>1,526</u>	<u>1,526</u>			<u>989,600</u>	<u>1,063,368</u>	<u>73,768</u>	<u>-</u>

Statement of financial performance

Sheep tallies

	On hand		Market value		Total value		Holding gains/ (losses)	Income adjust
	2008	2009	2008	2009	2008	2009		
			\$	\$	\$	\$	\$	\$
Rsg 3&4 Yr Ewes	6,155	6,155	60	95	369,300	584,725	215,425	-
2th Ewes	2,910	2,910	65	110	189,150	320,100	130,950	-
Ewe Hoggets	3,110	3,110	50	95	155,500	295,450	139,950	-
Wether Hoggets	394	394	50	95	19,700	37,430	17,730	-
Breeding Rams	54	54	250	80	13,500	4,320	(9,180)	-
Ram Hoggets	70	70	100	100	7,000	7,000	-	-
	<u>12,693</u>	<u>12,693</u>			<u>754,150</u>	<u>1,249,025</u>	<u>494,875</u>	<u>-</u>

Statement of financial performance

Expenditure & other income

	2009 \$	2008 \$
Operating expenses		
ACC Levies	(3,101)	-
Bank Fees	277	394
General Expenses	1,946	4,231
Insurance	500	910
	<u>(378)</u>	<u>5,535</u>
Finance expenses		
Interest - BNZ	7,020	15,294
Interest - BNZ Loan	60,765	38,773
	<u>67,785</u>	<u>54,067</u>

Statement of financial performance

Expenditure & other income

	2009 \$	2008 \$	
Administration expenses			
Accountancy - quoted	18,639	18,000	
Accountancy - Special	7,256	2,074	
Audit Fees	878	723	
Committee Fees & Expenses	16,155	15,857	
Consultancy Fees	2,188	-	
FOMA Expenses	500	315	
Honorarium	1,000	-	
Meeting Expenses	2,500	3,205	
MFOY 2009	825	-	
	<u>49,941</u>	<u>40,174</u>	
Total cash expenses	<u>117,348</u>	<u>99,776</u>	
Sundry farm income			
Rent Received	<u>500</u>	<u>500</u>	
Other income			
	Tax credits		
Interest receivable			
Bank of New Zealand	159.85	820	927
Pakarae/Whangara B5 Partnership	2967.31	15,217	17,244
Inland Revenue Department	-	610	5
	<u>3127.16</u>	<u>16,647</u>	<u>18,176</u>
Dividends receivable			
NZ Wool Services International Ltd	<u>11.53</u>	<u>35</u>	<u>-</u>

Statement of financial performance

	2009 \$	2008 \$
Income		
Sundry farming income	500	500
Share of Pakarae/Whangara B5 Partnership Profit/(Loss)	579,958	389,907
	<u>580,458</u>	<u>390,407</u>
Less expenses		
Operating	(378)	5,535
Depreciation	11,852	12,214
	<u>11,474</u>	<u>17,749</u>
Net farming surplus/(deficit)	568,984	372,658
Less other expenses		
Finance	67,785	54,067
Administration	49,941	40,174
	<u>117,726</u>	<u>94,241</u>
Net operating surplus/(deficit)	451,258	278,417
Plus other income		
Dividends	35	-
Interest Receivable	16,647	18,176
	<u>16,682</u>	<u>18,176</u>
Net surplus/(deficit)	467,940	296,593
Provision for Taxation	59,114	47,035
Net surplus/(deficit) after taxation	<u><u>408,826</u></u>	<u><u>249,558</u></u>

Statement of movements in equity

	2009 \$	2008 \$
Opening equity	22,007,761	21,791,363
Net surplus	408,826	249,558
Revaluation of property to rateable value	(2,954,175)	-
Net livestock holding gains/(losses)	541,928	58,243
Total recognised revenues and expenses for the year	<u>(2,003,421)</u>	<u>307,801</u>
	20,004,340	22,099,164
Donations	(5,098)	(4,819)
Dividend declared	(108,231)	(86,584)
Closing equity	<u><u>19,891,011</u></u>	<u><u>22,007,761</u></u>

Statement of financial position

	Note	2009 \$	2008 \$
Equity	3	19,891,011	22,007,761
Current assets			
Bank accounts	2	57,869	40,526
Accounts receivable		-	3,525
Pakarae/Whangara B5 Partnership	10	586,939	462,238
Pakarae/Whangara B5 Partnership-Loan	11	184,034	184,034
Goods & Services Tax		4,339	2,376
		833,181	692,699
Livestock			
Cattle		1,063,368	989,600
Sheep		1,249,025	754,150
		2,312,393	1,743,750
Non current assets			
Investments	6	301,170	1,170
Fixed assets	8	17,545,504	20,511,531
		17,846,674	20,512,701
Total assets		20,992,248	22,949,150
Current liabilities			
Accounts Payable		10,209	17,248
Inland Revenue Department		8,365	17,950
Unclaimed Dividends		332,663	332,714
		351,237	367,912
Non-Current liabilities			
Loans	5	750,000	573,477
Total liabilities		1,101,237	941,389
Net assets		19,891,011	22,007,761

For the year ended 30 June 2009

Statement of cash flows

	2009 \$	2008 \$
Cash inflows (outflows) from operating activities		
Sundry farm income	500	500
Dividends received	35	-
Interest received	20,128	14,695
Distribution from partnership	235,800	157,200
Farm working	(9,419)	(792)
Administration	(46,311)	(38,599)
Interest payable	(67,785)	(54,067)
GST	627	(876)
Taxation	(68,698)	13,079
Net cash inflows (outflows) from operating activities	64,877	91,140
Cash inflows (outflows) from investing activities		
Working capital repayments from Partnership	577,710	670,770
Working capital advances to Partnership	(577,710)	(670,770)
Capital Expenditure repayments from Partnership	193,725	-
Capital Expenditure advances to Partnership	-	(185,975)
New investments	(300,000)	-
Net cash inflows (outflows) from investing activities	(106,275)	(185,975)
Cash inflows (outflows) from financing activities		
New Loan - secured	250,000	-
Dividends paid	(108,282)	(83,869)
Donations	(9,500)	(250)
Loan repayments	(73,477)	461,889
Net cash inflows (outflows) from financing activities	58,741	377,770
Increase/(decrease) in cash	17,343	282,935
Cash		
Balance at beginning of year	40,526	(242,409)
Balance at end of year	57,869	40,526
Increase/(decrease) in cash	17,343	282,935

Statement of cash flows

	2009	2008
	\$	\$
Reconciliation		
Net surplus as per financial statements	408,826	249,558
Add/(deduct) non-cash items		
Depreciation	11,852	12,214
Rebates received	-	(94)
Pakarae/Whangara B5 Partnership	<u>(340,858)</u>	(231,415)
	(329,006)	
Increase/(decrease) in working capital		
Accounts payable	(7,039)	11,502
Accounts receivable	3,525	(3,525)
Taxation payable	(9,584)	58,822
GST payable	<u>(1,964)</u>	(1,422)
	(15,062)	
Less item classified as financing activity		
Accounts payable classified as donations	4,500	(4,500)
Accounts payable classified as capital advances	<u>(4,381)</u>	-
	119	
Net cash inflow (outflow) from operating activities	<u><u>64,877</u></u>	<u><u>91,140</u></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
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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 & improvements retained in the Partnership. 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

	2009 \$	2008 \$
BNZ Current Account	8,595	1,912
BNZ Call Account	49,274	38,614
	<u>57,869</u>	<u>40,526</u>

Interest rate on borrowings is 7.95% per annum on all outstanding balances.

Notes to the financial statements

3. Equity

	2009 \$	2008 \$
Capital account		
Opening Balance	21,403,188	21,344,945
Revaluation of property to rateable value	(2,954,175)	-
Holding gains/(losses) - Cattle	96,477	12,300
Holding gains/(losses) - Sheep	445,451	46,493
Holding gains/(losses) - Goats	-	(550)
	<u>18,990,941</u>	<u>21,403,188</u>
Profit and loss appropriation account		
Opening Balance	604,573	446,418
Net Income	408,826	249,558
	<u>1,013,399</u>	<u>695,976</u>
Donations	5,098	4,819
Dividend declared	<u>108,231</u>	<u>86,584</u>
	<u>113,329</u>	<u>91,403</u>
Closing balance	<u>900,070</u>	<u>604,573</u>
Total equity	<u>19,891,011</u>	<u>22,007,761</u>
Shareholding		
Total shares =	432,922	

4. Exempt dividends

	2009 \$	2008 \$
Opening balance	225,740	312,324
Less: Dividends paid	108,231	86,584
Closing balance	<u>117,509</u>	<u>225,740</u>

5. Term liabilities

	2009 \$	2008 \$
Secured loans -		
BNZ Loan 3010	750,000	500,000
BNZ Loan 3009	-	73,477
	<u>750,000</u>	<u>573,477</u>

The 3010 loan is secured by first mortgage over the Mataki property as well as first stock mortgage over sheep and cattle. The 3010 interest rate is 8.89% with the principal repayable at the end of the period. This loan will mature 1st November 2010.
 The 3009 loan was repaid in full December 2008.

Notes to the financial statements

6. Investments

		2009 \$	2008 \$
Interest bearing investments			
BNZ Term 161 @ 4.82% Mature 30/09/09		300,000	-
Shares in Companies			
	No		
New Zealand Wool Services International Ltd	2,340	1,170	1,170
		<u>301,170</u>	<u>1,170</u>

7. Maori Authority Credit Account

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

	2009 \$	2008 \$
Balance at beginning of year	75,336	87,125
Plus taxation paid	84,343	14,835
	<u>159,679</u>	<u>101,960</u>
Less Credits attached to dividends paid taxation refunded	-	-
	<u>15,645</u>	<u>26,624</u>
Balance at end of year	<u>144,034</u>	<u>75,336</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

	2009 \$	2008 \$
Land & Buildings		
Revaluation plus costs since	15,353,793	17,972,968
Accumulated depreciation	65,474	53,838
	15,288,319	17,919,130
Plant & vehicles		
Land & Buildings - Mataki		
Revaluation plus costs since	2,257,900	2,592,900
Accumulated depreciation	715	499
	2,257,185	2,592,401
Plant - Mataki		
Total fixed assets	17,545,504	20,511,531

9. Land and buildings

Rating valuation

Particulars of the rating valuation as at 01/09/08 are as follows:

	Hectares	Land	Improvements	Capital
Pakarae Property -				
Lot 3 DP 5317 Pt Puatai				
Valn No 8170/722000	2039.7974	13,500,000	1,340,000	14,840,000
Lot 1 DP 6761 Pt Tauwhatu				
Valn No 8170/71800	122.4474	595,000	39,000	634,000
Pt Puatai A1 Blk III				
Valn No 8170/72201	2.5580	18,000	2,000	20,000
	2164.8028	14,113,000	1,381,000	15,494,000
Mataki Property -				
Lot 3 DP 8358				
Valn No 8170/71215	0.4250	325,000	-	325,000
Lot 1 2 DP Mataki Stn				
Valn No 8170/71200	317.9597	1,790,000	140,000	1,930,000
	2483.1875	16,228,000	1,521,000	17,749,000

Notes to the financial statements

Book value (statement of financial position purposes)

	2009 \$	2008 \$
<i>Pakarae</i>		
Opening balance	17,919,130	17,931,106
Write down to rating valuation 01/09/08	(2,619,175)	-
Other assets part of property retained	-	-
	<u>15,299,955</u>	<u>17,931,106</u>
Less depreciation since	11,636	11,976
Closing balance	<u>15,288,319</u>	<u>17,919,130</u>
<i>Mataki</i>		
Opening balance	2,592,401	2,592,639
Write down to rating valuation 01/09/08	(335,000)	-
Other assets part of property retained	-	-
	<u>2,257,401</u>	<u>2,592,369</u>
Less depreciation since	216	238
Closing balance	<u>2,257,185</u>	<u>2,592,401</u>
Total property	<u>17,545,504</u>	<u>20,511,531</u>

10. Pakarae/Whangara B5 Partnership

A Partnership was 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.

	2009 \$	2008 \$
Opening balance	462,238	81,115
Share of profit/(loss)	579,958	389,907
Livestock revaluation	(26,715)	(36,292)
Interest on advances	-	(3,275)
Distributions received	(235,800)	(157,200)
Capital advances	(189,344)	189,344
Other transactions	(98)	(69)
	<u>590,239</u>	<u>463,530</u>
Share of RWT/Imputation credits	(3,300)	(1,292)
Closing balance	<u>586,939</u>	<u>462,238</u>

11. Pakarae/Whangara B5 Partnership - Loan

	2009 \$	2008 \$
Loan for plant, vehicles & shares sold to the Partnership	<u>184,034</u>	<u>184,034</u>

Interest payable at bank overdraft rates. Repayable on demand.

Notes to the financial statements

12. Taxation

	2009	2008
	\$	\$
Net surplus/(deficit) before taxation	467,940	296,593
Livestock adjustment for tax purposes	48,432	1,445
	<u>516,372</u>	<u>298,038</u>
Add credit adjustments -		
Pakarae/Whangara B5 Partnership for tax purposes	- 373,423	339,268
	<u>373,423</u>	<u>339,268</u>
	889,795	637,306
Less debit adjustments -		
Pakarae/Whangara B5 Partnership as per accounts reversed	- 579,958	389,907
Development Expenditure Claim	1,589	1,692
	<u>581,547</u>	<u>391,599</u>
	308,248	245,707
Special deductions		
Allowable donations (Sec D12)	5,098	4,500
	<u>5,098</u>	<u>4,500</u>
	303,150	241,207
Taxable income	<u><u>303,150</u></u>	<u><u>241,207</u></u>
Donations to Maori Authorities -		
Total qualifying paid	= \$5,098	
Limited to taxable income before donations	= \$308,248	
Taxation liability		
Tax on above	59,114	47,035
Less:RWT	6,427	4,812
Less:Imputation Credits	12	23
Less:Provisional Tax Paid	44,310	24,250
	<u>8,365</u>	<u>17,950</u>
Taxation Payable/(refundable)	<u><u>8,365</u></u>	<u><u>17,950</u></u>

