

## 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  
P.O. BOX 169  
TELEPHONE (06) 869-1400  
FAX (06) 867-8533  
EMAIL [mbu@mccullochs.co.nz](mailto:mbu@mccullochs.co.nz)

## PAKARAE/WHANGARA B5 PARTNERSHIP

Annual Report  
For the year ended  
30 June 2008



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# **Annual report**

**2008**

**The Board of Pakarāe/Whangara B5 Partnership present the annual report for the year ended 30 June 2008**

For and on behalf of the Partners

***I Collins***

Chairperson  
25th September 2008

# **Pakarae/Whangara B5 Partnership Chairpersons report 2008**

Nau mai haere mai ki a hui mai nei o Pakarae/Whangara B5 Partnership

Nga mihi nui ki a koutou katoa

In presenting this second report to our shareholders it gives me great pleasure to repeat the words of my Nga Puhī Tupuna

Kua tawhiti ke to haerenga mai kia kore e haere tonu  
He tino nui rawa au mahi kia kore e mahi nui tonu  
Ta Hemi Henare

We have come too far not to go further  
We have done too much not to do more

The Partnership has been in operation for two full years. Whilst the road has had some corrugations to traverse, generally the journey has been smooth.

We meet two monthly and there is often vigorous debate as we battle the outside influences of farming in New Zealand today. If we had not formed this partnership we would be facing a very uncertain future.

The second field trip was held in January with about 100 shareholders taking the opportunity to see close up the new development and upgrading of existing infrastructure. These days are for you the shareholder and I would encourage as many as possible to come along. Just one word of warning, if you own a 4 wheel drive vehicle, please take some lessons in off road driving before attempting to drive over the farm. Just ask one of our committee members.

The financial position of the Partnership has shown considerable improvement this year. And the board has made a distribution of \$600,000 to it's shareholders Whangara B5 and Pakarae A & Other blocks.

## **Business Plan**

Our business plan is an important guiding document for Management, staff and the Board. The business plan has been taken out to 2012. This year under principal activities we added a bullet point that read, to seek out other primary sector opportunities that complement the Partnership.

Under "Objective" of the farming partnership that we include "to more actively pursue opportunities for asset growth"

## **Strategic Plan**

The Board reviewed the strategic plan and under the key focus of growing the business with more effective utilisation and resources seeks out other opportunities of growth for the shareholders. Under critical success factors that risk management is included and under key performance indicators that a carbon footprint report be prepared.

Of course we all know that this is a very hot topic at the moment. Well actually not at the moment, it has been in the making for the last 12 years. It was finally passed into law under the name ETS (Emission Trading Scheme) with the house sitting on or about the 15<sup>th</sup> September 2008.

In the report for the partnership, our footprint is just under 17,000NZU's. Once all transitional measures are complete the partnership could be in for an annual carbon emissions cost of around \$424,000.

The opportunity to reduce the impact of this cost could be through the establishment of forests using careful estate planning. These forests could reduce the carbon footprint and therefore the EST costs. This forest estate could include a range of species and age groups to best suit the Partnerships management objectives.

The world is starving and we are agriculturalists not foresters. We are food producers and suppliers. The submission put to the select committee in July by Whangara B5 stressed that should we face the prospect of being forced into forestry and trading in carbon credits, that "it not be run by bureaucrats"

We need to plan carefully for the impacts of ETS on farming beyond 2013 by keeping an ear open for emission reduction initiatives and technologies that will enable us to keep producing our high quality sheep and beef.

### **Ethics**

These ethics are what we expect of ourselves. In our dealing with our Partners, shareholders, employees and people we trade with:

- Respect and trust
- Be fair and honest
- Work together
- Do things with integrity.

### **Newsletter**

During the past year the Board has sent out two newsletters to shareholders. Our aim is to keep you more up to date with developments in the Partnership. This is one way we have elected to do this. We also are holding annual farm tours. We would appreciate any feedback you might have on the newsletters, whether it be good, bad or otherwise on content, frequency or anything else.

### **Conclusion**

On behalf of the board I would like to thank you for supporting us in the responsibilities to prudently leverage your asset base to improve the "mana" of our shareholders. To deliver sustainable returns and provide asset growth for inter-generational shareholders.

The Partnership has employed a general manager, who along with his staff has dared to make significant changes to the Partnership operation and has shown steady progress in a very difficult time. We pay great respect to them and support future development.

It is time for the Partnership to **"Fly in Formation"**

Ingrid N Collins MNZM  
Chairperson  
Pakarae/Whangara B5 Partnership





**ROBERTS & HARPER LTD**  
CHARTERED ACCOUNTANTS

*Principal:*  
*W D Roberts (ca)*

*Associates:*  
*R D Hill (ca)*  
*A R Baldwin (ca)*

**AUDITORS REPORT**

**To the Partners of Pakarae Whangara B5 Partnership.**

We have audited the financial statements on pages 6 to 24. The financial statements provide information about the past financial performance and financial position of the Partnership as at 30 June 2008. This information is stated in accordance with the accounting policies set out on page 21.

**Committee's Responsibilities**

The Committee are responsible for the preparation of financial statements which comply with generally accepted accounting practice and give a true and fair view of the financial position of the Partnership as at 30 June 2008 and of the results of their operations and cash flows for the year ended on that date.

**Auditors' Responsibilities**

It is our responsibility to express an independent opinion on the financial statements presented by the Committee and report our opinion to you.

**Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements.

It also includes assessing:

- the significant estimates and judgments made by the Committee in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the businesses circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of the information in the financial statements.

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

**Unqualified Opinion**

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Partnership as far as appears from our examination of those records; and
- the financial report on pages 6 to 24;
  - \* complies with generally accepted accounting practice;
  - \* gives a true and fair view of the financial position of the Partnership as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 25 September 2008 and our unqualified opinion is expressed as at that date.

**ROBERTS & HARPER**

**GISBORNE**

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**PAKARAE/WHANGARA B5 PARTNERSHIP**

**MINUTES OF THE ANNUAL GENERAL MEETING**

**HELD AT THE WHANGARA MARAE ON FRIDAY 5 OCTOBER 2007 AT 10.00AM**

**PRESENT:**

I Collins (Chairperson), J McGhee, S Pardoe, J Brownlie and shareholders (Pakarae 44 – Whangara B5 55).

**ACTION**

In attendance: C Torrie, R Scholefield.

**WELCOME:**

I Collins welcomed everyone present to the meeting and the meeting was opened with a karakia from T Nikora.

**WAI 940**

B Tupara then addressed the meeting on the current status of the Wai 940 and Wai 340 claims.

**INTRODUCTIONS:**

I Collins then introduced the Partnership Board, R Scholefield and C Torrie to shareholders.

**APOLOGY:**

Apology received from M Petersen.

**PRESENTATION:**

I Collins then presented to shareholders the Partnership Agreement, the terms of reference and the Strategic Plan.

I Collins said it was the intention of the Partnership Board to release a newsletter to shareholders every 6 months and that a newsletter would be released in February 2008. In February 2008 it is also the intention to hold a field day. A field day in February 2007 was very popular with shareholders.

V Mackey asked about any purchasing of land by the Partnership. He said that this was not mentioned in the terms of reference. I Collins said if the Partnership Board wanted to purchase any property it would need to get the support of its Partners.

**CHAIRPERSON'S REPORT:**

I Collins read her Chairperson's Report to the meeting.

**GENERAL MANAGER'S REPORT:**

R Scholefield went through his General Manager's Report and made a presentation on it. M Pardoe asked about the policy on cadets. R Scholefield said that the farm was big enough to take on cadets and currently had one. Additional cadets would be looked at on an as need basis.

T Nikora then said that it looked like the Partnership was going to be spending a lot of money and that it needed to be mindful of returns to shareholders.

V Mackey asked about the water system and would this guarantee

supply in a drought. R Scholefield said that the source of the water was from the Pakarae river. This water was to go into troughs for animal use. It was not an irrigation system.

**FINANCIAL STATEMENTS:**

C Torrie presented the financial statements for the Partnership. It was then *Moved A Koopu/Seconded B Taipana* that the financial statements be accepted.

*CARRIED*

**FUNDS FOR THE MARAE:**

K Nikora then spoke to the meeting about forming a fund for the marae upkeep and buildings.

**Board to consider**

**DONATIONS:**

D Kutia then addressed the meeting and requested the Partnership consider donating \$10,000 to C Company, \$5,000 on the Foreshore and Seabed issues and \$5,000 to the Whangara Church.

**Board to consider**

The meeting closed at 11.30am.

..... Chairperson

..... Date



## Directory

<b>Nature of business</b>	Farming (sheep and cattle) and forestry		
<b>Location of property</b>	Whangara Road Whangara		
<b>Partners</b>	Proprietors of Whangara B5		60.7%
	Proprietors of Pakarae A & Others		39.3%
			<hr/>
			100.0%
			<hr/> <hr/>
<b>Committee</b>	I Collins	(Chairperson)	Whangara B5
	J McGhee		Pakarae
	S Pardoe		Joint Appointee
	M Petersen		Independent
	J Brownlie		Independent
<b>General Manager Operations Manager</b>	Mr Richard Scholefield Mr Steve McHardy		
<b>Secretary</b>	Chris Torrie, BDO Spicers Gisborne Ltd		
<b>Accountants</b>	BDO Spicers Gisborne Ltd Gisborne		
<b>Auditors</b>	Roberts and Harper Gisborne		
<b>Bankers</b>	Bank of New Zealand Gisborne		
<b>Solicitors</b>	Nolans Gisborne		

## Farm analysis

	2008	2007	2006	2005
			<u>Combined*</u>	
<b>Area</b>				
Total hectares	5,444	5,444	5,444	5,444
Effective hectares	4,544	4,544	4,544	4,544
<b>Stock wintered (opening)</b>				
Cows	1,367	1,335	1,287	1,548
Total cattle	3,597	3,802	3,819	4,532
Ewes	21,765	22,105	23,310	22,681
Total sheep	27,496	30,301	36,731	36,782
<b>Stock units (opening)</b>				
Cattle (CSU)	18,374	19,028	19,449	23,164
Sheep (SSU)	25,777	27,842	32,705	32,552
Total stock units (SU)	44,151	46,870	52,154	55,716
Total SU per effective hectare	9.7	10.3	11.5	12.3
Percentage of SU in cattle	42%	41%	37%	42%
Percentage of SU in sheep	58%	59%	63%	58%
<b>Expenses per stock unit</b>				
Operating and administration	\$29.73	\$29.93	\$28.18	\$23.46
Repairs and maintenance	\$11.40	\$16.61	\$12.40	\$13.35
Finance	\$1.48	\$1.15	\$0.53	\$0.43
Total cash expenses	\$42.61	\$47.69	\$41.11	\$37.24
Depreciation	\$2.51	\$2.24	\$2.56	\$1.27
Total expenses	\$45.12	\$49.93	\$43.67	\$38.51
<b>Key expense items</b>				
Wages	\$570,144	\$503,087	\$525,089	\$462,708
Animal health	\$95,918	\$194,800	\$174,479	\$140,214
Fertiliser	\$273,462	\$355,664	\$351,043	\$359,069
Vehicles	\$79,864	\$64,240	\$65,180	\$58,332

## Farm analysis

	2008	2007	2006 Combined*	2005
<b>Cattle performance</b>				
Cattle surplus/(deficit) per CSU	\$60.86	\$47.85	\$47.57	\$24.45
Average price per head sold				
Cows	\$559.00	\$708.80	\$631.45	\$495.36
Steers	\$971.51	\$842.82	\$1,042.93	\$960.57
Overall average	\$878.12	\$735.09	\$894.26	\$720.88
Calving percentage	95%	89%	86%	84%
Deaths and missing percentage	1%	1%	0%	5%
<b>Sheep performance</b>				
Sheep surplus/(deficit) per SSU	\$50.76	\$44.59	\$40.04	\$47.32
Wool per SSU	\$14.17	\$11.55	\$12.57	\$14.14
Sheep and wool per SSU	\$64.94	\$56.15	\$52.60	\$61.47
Average price per head sold				
Lambs	\$59.90	\$56.66	\$61.88	\$74.56
Ewes	\$40.61	\$42.73	\$51.59	\$56.04
Overall average	\$55.77	\$55.62	\$65.23	\$70.36
Wool kg per SSU	5.8	5.2	5.1	5.2
Shearing expenses per SSU	\$6.94	\$7.08	\$6.74	\$6.78
Shearing expenses as percentage of wool	49%	61%	54%	48%
Lambing percentage	121%	110%	103%	104%
Deaths and missing percentage	4%	3%	4%	2%
<b>Income</b>				
Gross surplus/(deficit) per SU	\$67.37	\$54.98	\$54.06	\$49.17
Net surplus/(deficit) per SU	\$22.25	\$5.06	\$10.39	\$10.66
Net surplus/(deficit) per effective hectare	\$216.17	\$52.17	\$119.21	\$130.70

\* Results for Pakarae and Whangara B5 Incorporations have been combined to give comparatives for the 2005 & 2006yrs

<b>Stock unit conversion basis</b>			
	<b>Stock units per animal</b>		<b>Stock units per animal</b>
<b>Cattle</b>		<b>Sheep</b>	
M A Cows	6.0	M A Ewes	1.0
Rsg 2yr & 3yr Cattle	5.0	Hoggets	0.7
Rsg 1yr Cattle	4.0	Breeding Rams	0.7
Bullocks	5.0		
Breeding Bulls	5.0		

## Statement of financial performance

### Cattle

			2008 \$	2007 \$
	No.	Average price		
<b>Sales</b>				
M A Cows	301	559.00	168,259	251,624
Heifers	309	754.25	233,062	193,841
Steers	766	971.51	744,173	775,397
Bulls	638	970.23	619,009	60,311
Breeding Bulls	11	1243.73	13,681	57,429
	<hr/>			
	2,025		1,778,184	1,338,602
<b>Less purchases</b>				
Rsg 2yr Heifers	102	743.15	75,801	-
Steers	178	602.62	107,267	26,579
Bulls	949	604.74	573,902	275,961
Breeding Bulls	14	3608.86	50,524	90,000
	<hr/>			
	1,243		807,494	392,540
			<hr/>	<hr/>
			970,690	946,062
Cattle on hand adjustment			147,520	(35,660)
			<hr/>	<hr/>
<b>Cattle surplus/(deficit)</b>			1,118,210	910,402
			<hr/> <hr/>	<hr/> <hr/>

## Statement of financial performance

### Cattle tallies

	On hand		Bailed		Surplus/(deficiency)	
	2007	2008	2007	2008	2007	2008
M A Cows	1,367	1,225	1,335	1,335	32	(110)
Rsg 2yr Heifers	184	250	400	400	(216)	(150)
Rsg 1yr Heifers	476	657	551	551	(75)	106
Rsg 3yr Steers	51	9	128	128	(77)	(119)
Rsg 2yr Steers	355	301	522	522	(167)	(221)
Rsg 1yr Steers	502	430	557	557	(55)	(127)
Breeding Bulls	38	41	44	44	(6)	(3)
Rsg 3yr Bulls	-	12	-	-	-	12
Rsg 2yr Bulls	624	900	56	56	568	844
Rsg 1yr Bulls	-	213	209	209	(209)	4
Dairy Cows	-	-	-	-	-	-
High Priced	-	-	-	-	-	-
	<u>3,597</u>	<u>4,038</u>	<u>3,802</u>	<u>3,802</u>	<u>(205)</u>	<u>236</u>
Bred	1,300		95.10%			
Purchases	1,243					
Sales		2,025				
Killed - station		7				
Killed - private						
Known deaths		73	1.19%			
Unaccounted for		(3)	-0.05%			
	<u>6,140</u>	<u>6,140</u>				
Cows bred from	1,367					
Stock units	18,374	20,115				

### Stock on hand valuation

	Surplus/deficiency		Market value		Total value		Holding gains/ (losses)	Income adjust
	2007	2008	2007	2008	2007	2008		
			\$	\$	\$	\$	\$	\$
M A Cows	32	(110)	770	750	24,640	(82,500)	2,200	(109,340)
Rsg 2yr Heifers	(216)	(150)	575	700	(124,200)	(105,000)	(27,000)	46,200
Rsg 1yr Heifers	(75)	106	370	400	(27,750)	42,400	(2,250)	72,400
Rsg 3yr Steers	(77)	(119)	850	850	(65,450)	(101,150)	-	(35,700)
Rsg 2yr Steers	(167)	(221)	750	750	(125,250)	(165,750)	-	(40,500)
Rsg 1yr Steers	(55)	(127)	470	450	(25,850)	(57,150)	2,540	(33,840)
Breeding Bulls	(26)	(3)	1,500	2,500	(39,000)	(7,500)	(26,000)	57,500
Breeding Bulls	20		4,500	2,500	90,000	-	-	(90,000)
Rsg 3yr Bulls	-	12	-	2,500	-	30,000	-	30,000
Rsg 2yr Bulls	568	844	600	600	340,800	506,400	-	165,600
Rsg 1yr Bulls	(209)	4	400	400	(83,600)	1,600	-	85,200
Dairy Cows	-	-	-	-	-	-	-	-
High Priced	-	-	-	-	-	-	-	-
	<u>(205)</u>	<u>236</u>			<u>(35,660)</u>	<u>61,350</u>	<u>(50,510)</u>	<u>147,520</u>

## Statement of financial performance

### Sheep

				2008 \$	2007 \$
	No.	Average price			
<b>Sales</b>					
M A Ewes	5,787	40.61	235,000		221,119
2th Ewes	435	45.00	19,575		24,674
Hoggets	-	-	-		130,383
Lambs	18,413	59.90	1,102,959		1,075,434
Rams	-	-	-		46,493
Ram Hoggets	177	148.48	26,281		-
	<u>24,812</u>			1,383,815	1,498,103
<b>Less purchases</b>					
M A Ewes	2,407	37.52	90,300		90,362
Rams	116	280.17	32,500		54,975
	<u>2,523</u>			122,800	145,337
				<u>1,261,015</u>	<u>1,352,766</u>
Sheep on hand adjustment				47,473	(111,166)
<b>Sheep surplus/(deficit)</b>				<u>1,308,488</u>	<u>1,241,600</u>

### Wool

	Kg	@	2008 \$	Kg	@	2007 \$
<b>Sales</b>						
Oddments	149,499	\$2.37	354,881	143,743	\$2.19	315,079
	-	-	17,074	-	-	6,535
	<u>149,499</u>		<u>371,955</u>	<u>143,743</u>		<u>321,614</u>
Less opening wool on hand	-	-	6,612	-	-	-
	<u>149,499</u>	<u>\$2.44</u>	<u>365,343</u>	<u>143,743</u>	<u>\$2.24</u>	<u>321,614</u>

## Statement of financial performance

### Sheep tallies

	On hand		Bailed		Surplus/(deficiency)	
	2007	2008	2007	2008	2007	2008
Rsg 5&6 Yr Ewes	-	-	-	-	-	-
Rsg 3&4 Yr Ewes	16,834	16,671	15,695	15,695	1,139	976
2th Ewes	4,931	4,468	6,410	6,410	(1,479)	(1,942)
Ewe Hoggets	5,183	6,767	7,008	7,008	(1,825)	(241)
M A Wethers	-	-	-	-	-	-
Wether Hoggets	46	570	594	594	(548)	(24)
Breeding Rams	200	246	209	209	(9)	37
Ram Hoggets	205	-	313	313	(108)	(313)
Killers	97	43	72	72	25	(29)
Cull Ewes	-	-	-	-	-	-
High Priced	-	-	-	-	-	-
	<u>27,496</u>	<u>28,765</u>	<u>30,301</u>	<u>30,301</u>	<u>(2,805)</u>	<u>(1,536)</u>
Bred	26,350		121.07%			
Purchases	2,523					
Sales		24,812				
Killed - station		772				
Killed - private						
Known deaths		2,045	3.63%			
Unaccounted for		(25)	-0.04%			
	<u>56,369</u>	<u>56,369</u>				
Ewes bred from	21,765					
Stock units	25,777	26,477				

### Stock on hand valuation

	Surplus/deficiency		Market value		Total value		Holding gains/ (losses)	Income adjust
	2007	2008	2007	2008	2007	2008		
			\$	\$	\$	\$	\$	\$
Rsg 5&6 Yr Ewes	-	-	-	-	-	-	-	-
Rsg 3&4 Yr Ewes	1,139	976	55	60	62,645	58,560	4,880	(8,965)
2th Ewes	(1,479)	(1,942)	60	65	(88,740)	(126,230)	(9,710)	(27,780)
Ewe Hoggets	(1,825)	(241)	50	50	(91,250)	(12,050)	-	79,200
M A Wethers	-	-	-	-	-	-	-	-
Wether Hoggets	(548)	(24)	30	50	(16,440)	(1,200)	(10,960)	26,200
Breeding Rams	(108)	-	80	250	(8,640)	-	(18,360)	27,000
Breeding Rams	99	37	416	250	41,184	9,250	(6,142)	(25,792)
Ram Hoggets	(108)	(313)	100	100	(10,800)	(31,300)	-	(20,500)
Killers	25	(29)	35	40	875	(1,160)	(145)	(1,890)
Cull Ewes	-	-	-	-	-	-	-	-
High Priced	-	-	-	-	-	-	-	-
	<u>(2,805)</u>	<u>(1,536)</u>			<u>(111,166)</u>	<u>(104,130)</u>	<u>(40,437)</u>	<u>47,473</u>



## Statement of financial performance

### Goats

	No.	Average price	2008 \$	2007 \$
<b>Sales</b>				
Goat sales	211	23.49	4,957	10,452
	211		4,957	10,452
<b>Less purchases</b>				
Goat purchases from Whangara B5	-	-	-	13,000
	-		-	13,000
			4,957	(2,548)
Goats on hand adjustment			500	13,000
<b>Goats surplus/(deficit)</b>			<b>5,457</b>	<b>10,452</b>

### Goat tallies

	On Hand		Market Value		Total Value		Holding Gains/ (Losses) \$	Income Adjustment \$
	2007	2008	2007 \$	2008 \$	2007 \$	2008 \$		
M A Does	300	200	30	30	9,000	6,000	-	(3,000)
R1 Does	-	100	-	30	-	3,000	-	3,000
M A Wethers	100	-	25	-	2,500	-	-	(2,500)
R1 Wethers	-	100	-	30	-	3,000	-	3,000
Breeding Bucks	10	10	150	10	1,500	100	(1,400)	-
	<u>410</u>	<u>410</u>			<u>13,000</u>	<u>12,100</u>	<u>(1,400)</u>	<u>500</u>
Bred	200							
Purchases	-							
Sales		211						
Known Deaths		10						
Unaccounted for		(21)						
	<u>610</u>	<u>610</u>						
Stock units	<u>287</u>	<u>247</u>						

## Statement of financial performance

### Expenditure & other income

	2008 \$	2007 \$
<b>Operating expenses</b>		
ACC Levies	20,576	19,121
Animal Health	77,171	157,379
Animal Breeding	18,747	37,421
Bank Fees	642	608
Electricity	14,834	12,511
Freight & Cartage	15,659	18,708
General Expenses	14,633	30,319
Horse & Dog Expenses	10,757	15,238
Insurance	19,676	26,333
Livestock identification	3,131	2,844
Rates	90,889	89,217
Rent	70,974	63,554
Shearing expenses	6,200	7,987
Shearing wages	172,729	189,154
Stock Food	43	-
Telephone & Fax	9,111	11,765
Training	6,938	-
Vehicle Expenses	79,864	64,240
Wages	570,144	503,087
	<u>1,202,718</u>	<u>1,249,486</u>
 <b>Repairs and maintenance</b>		
Fencing	25,402	146,311
Fencing Wages	30,217	79,785
Fertiliser	273,462	355,664
Grass Seed	19,390	11,932
Fodder Crop	8,846	-
Building R & M	57,543	2,166
General R & M	11,048	58,463
Scrub Control	2,400	-
Roading & Tracks	15,463	52,491
Water Supply	3,449	1,452
Yards	334	-
Weed & Pest	55,988	70,049
	<u>503,542</u>	<u>778,313</u>
 <b>Finance expenses</b>		
Interest payable		
PGG Wrightsons	-	163
Proprietors of Pakarae A & Others	17,244	13,573
Proprietors of Whangara B5	47,915	40,083
	<u>65,159</u>	<u>53,819</u>

## Statement of financial performance

### Expenditure & other income

	2008 \$	2007 \$
<b>Administration expenses</b>		
Accountancy Fees - Secretarial	38,535	31,040
Accountancy Fees - Special	12,835	15,946
Audit Fees	1,530	-
Committee Fees & Expenses	41,826	35,621
Consultancy fees	-	2,850
Consultancy fees - Farmax	-	25,830
Legal Expenses	250	-
JV Setup Cost	-	13,797
	<u>94,976</u>	<u>125,084</u>
<b>Total cash expenses</b>	<u><u>1,866,395</u></u>	<u><u>2,206,702</u></u>

### Sundry farm income

Hay Sales	24,091	41,457
Hay Expense	14,955	28,287
	<u>9,136</u>	<u>13,170</u>
Insurance Claims	-	192
Rebates Received	68	9,555
Ravensdown Loyalty Payment	1,394	7,736
Rent	9,540	1,620
Contracting Income	1,824	4,620
Land Lease	54,300	26,400
Grazing	83,254	-
Airstrip Hire	2,568	1,400
	<u>162,084</u>	<u>64,693</u>

### Other income

### Tax credits

#### Interest receivable

Westpac Banking Corp	-	-	2,841
Bank of New Zealand	3228.01	8,277	14,439
Inland Revenue Department	-	-	11
	<u>3228.01</u>	<u>8,277</u>	<u>17,291</u>

#### Dividends receivable

Ballance Agri - Nutrients Co-Op Ltd	58.87	178	178
Ravensdown Corporation Ltd	-	-	12,627
	<u>58.87</u>	<u>178</u>	<u>12,805</u>

### Other income

Capital Gain on Sale of Fixed Assets	-	1,419	-
	<u>-</u>	<u>1,419</u>	<u>-</u>



## Statement of financial performance

	2008 \$	2007 \$
<b>Income</b>		
Cattle	1,118,210	910,402
Sheep	1,308,488	1,241,600
Goats	5,457	10,452
Wool	365,343	321,614
Sundry farming income	162,084	64,693
	<u>2,959,582</u>	<u>2,548,761</u>
<b>Less expenses</b>		
Operating	1,202,718	1,249,486
Repairs and maintenance	503,542	778,313
Depreciation	110,931	105,006
	<u>1,817,191</u>	<u>2,132,805</u>
<b>Net farming surplus/(deficit)</b>	<u>1,142,391</u>	<u>415,956</u>
<b>Less other expenses</b>		
Finance	65,159	53,819
Administration	94,976	125,084
	<u>160,135</u>	<u>178,903</u>
<b>Net operating surplus/(deficit)</b>	<u>982,256</u>	<u>237,053</u>
<b>Plus other income</b>		
Dividends Receivable	178	12,805
Interest Receivable	8,277	17,291
Capital Gain on Sale of Fixed Assets	1,419	-
	<u>9,874</u>	<u>30,096</u>
<b>Net surplus/(deficit)</b>	<u><u>992,130</u></u>	<u><u>267,149</u></u>
<b>Divided as follows</b>		
<b>Share of surplus/(deficit)</b>		
Proprietors of Pakarae A & Others	389,907	104,989
Proprietors of Whangara B5	602,224	162,159
	<u>992,131</u>	<u>267,148</u>
<b>Total</b>	<u><u>992,131</u></u>	<u><u>267,148</u></u>

## Statement of movements in equity

	2008 \$	2007 \$
<b>Opening equity</b>	875,159	-
Net surplus/(deficit)	992,131	267,148
Livestock revaluation	(92,347)	-
<b>Total recognised revenues and expenses</b>	<hr/> 899,784	<hr/> 267,148
	1,774,943	267,148
Net payments to partners	(400,000)	-
Contributions by partners	(5,254)	608,011
<b>Closing equity</b>	<hr/> <hr/> 1,369,689	<hr/> <hr/> 875,159

## Statement of financial position

	Note	2008 \$	2007 \$
<b>Equity</b>	2	1,369,689	875,159
<b>Current assets</b>			
Bank accounts	3	926,807	336,640
Accounts receivable		155,299	148,585
Prepayments		13,829	17,166
Wool on hand		-	6,612
Goods & Services Tax		-	32,129
		1,095,935	541,132
<b>Non current assets</b>			
Cattle		61,350	-
Goats		12,100	13,000
		73,450	13,000
Investments	6	167,500	153,904
Fixed assets	4	879,565	492,707
		1,120,515	659,611
<b>Total assets</b>		2,216,450	1,200,743
<b>Current liabilities</b>			
Accounts Payable		94,592	178,758
Goods & Services Tax		104,585	
Provision for Holiday Pay		41,819	
Capex loans - Pakarae		189,345	
Capex loans - Whangara B5		292,448	
		722,789	178,758
<b>Non current liabilities</b>			
Cattle			35,660
Sheep		104,130	111,166
Loans		19,842	-
		846,761	325,584
<b>Total liabilities</b>		846,761	325,584
<b>Net assets</b>		1,369,689	875,159

## Statement of cash flows

	2008 \$	2007 \$
<b>Cash inflows (outflows) from operating activities</b>		
Livestock & wool sales	3,547,735	3,036,710
Sundry farm income	149,445	91,360
Dividends received	178	178
Rents received	9,540	1,620
Interest received	8,277	17,291
Livestock purchases	(924,054)	(546,077)
Farm working & administration	(1,293,936)	(1,406,253)
Repairs & maintenance	(557,590)	(704,860)
GST	135,319	(38,596)
Interest payable	(64,972)	(50,827)
<b>Net cash inflows (outflows) from operating activities</b>	1,009,942	400,546
<b>Cash inflows (outflows) from investing activities</b>		
Plant & vehicle sales	20,984	1,778
Leasehold improvements	(392,464)	(9,519)
Plant & vehicle purchases	(131,079)	(75,169)
Share purchases	(13,596)	(778)
New Cattle Crush	19,842	-
<b>Net cash inflows (outflows) from investing activities</b>	(496,313)	(83,688)
<b>Cash inflows (outflows) from financing activities</b>		
Funds introduced by Proprietors of Whangara B5	292,448	-
Funds introduced by Proprietors of Pakarae A & Others	189,345	-
Distributions Paid to Proprietors of Pakarae A & Others	(157,200)	916
Funds Paid to Proprietors of Pakarae A & Others	(848)	-
Distributions Paid to Proprietors of Whangara B5	(242,800)	18,866
Funds Paid to Proprietors of Whangara B5	(4,407)	-
<b>Net cash inflows (outflows) from financing activities</b>	76,538	19,782
<b>Increase/(decrease) in cash</b>	590,167	336,640
<b>Cash</b>		
Balance at beginning of year	336,640	-
Balance at end of year	926,807	336,640
<b>Increase in cash</b>	590,167	336,640

## Statement of cash flows

	2008 \$	2007 \$
<b>Reconciliation</b>		
<b>Net surplus as per financial statements after taxation</b>	957,668	267,149
<b>Add/(deduct) non-cash items</b>		
Depreciation	110,931	105,006
Cattle on hand adjustment	(112,410)	
Sheep on hand adjustment	(48,121)	
Goats on hand adjustment	(500)	
Livestock on hand adjustment	(161,031)	133,826
Dividends received	-	(12,627)
Holiday pay accrual	41,819	(60,573)
<b>Increase/(decrease) in working capital</b>		
Accounts payable	(84,166)	178,758
Accounts receivable	(6,714)	(148,585)
GST payable	136,715	(32,130)
Wool on hand	6,612	(6,612)
Prepayments	3,337	(17,166)
<b>Plus item classified as investing activity</b>		
Accounts payable classified as fixed assets	5,878	(6,500)
Accounts receivable classified as fixed assets	311	-
Capital gain on sale of fixed assets	(1,418)	
<b>Net cash inflows from operating activities</b>	<u>1,009,942</u>	<u>400,546</u>

## **Notes to the financial statements**

### **1. Statement of accounting policies**

#### ***General accounting policies***

The financial statements have been prepared in accordance with the Partnership Agreement.

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

Pakarae/Whangara B5 Partnership 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. Pakarae/Whangara B5 Partnership has taken advantage of all applicable differential reporting exemptions except for FRS10 Statement of cash flows.

#### ***Depreciation***

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

Plant	8.0%DV - 67.0%DV
Vehicles	13.0%DV - 40.0%DV
Dev Expenditure	10.0%DV & 6.7%SL

#### ***Fixed assets***

Fixed assets are recorded at cost less accumulated depreciation.

#### ***Livestock***

Livestock is valued at estimated market values. These values are not necessarily 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.

#### ***Accounts receivable***

Accounts receivable are recorded at net realisable value.

#### ***Taxation***

Pakarae/Whangara B5 is a partnership, and therefore is not a tax-paying entity. All tax profits and losses are distributed to the partners, who are responsible for the payment of any income tax liabilities arising.

Timing differences between accounting profit 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.

## Notes to the financial statements

### 2. Equity

	2008 \$	2007 \$
<b>Current accounts</b>		
<b>Proprietors of Pakarae A &amp; Others</b>		
Opening Balance	261,360	-
Share of Income/(Loss)	389,907	104,989
Plant & vehicles introduced		126,816
Shares introduced	3,789	53,429
Interest payable		3,275
Working capital advances		94
	<hr/>	<hr/>
	655,056	288,603
Interest payable	3,275	-
Livestock revaluation	36,292	-
Holiday pay unpaid transferred	-	23,152
Donations	69	-
R W T	1,292	4,091
Distributions paid	157,200	-
	<hr/>	<hr/>
	198,128	27,243
Closing balance	<hr/> <hr/>	<hr/> <hr/>
	456,928	261,360
<b>Proprietors of Whangara B5</b>		
Opening Balance	613,799	-
Share of Income/(Loss)	602,224	162,159
Plant & vehicles introduced		381,487
Shares introduced	6,770	91,237
Goats introduced		13,000
Interest payable		9,076
Working capital advances		580
	<hr/>	<hr/>
	1,222,793	657,539
Interest payable	9,076	-
Livestock revaluation reserve	56,055	-
Holiday pay unpaid transferred	-	37,421
Donations	106	-
R W T	1,995	6,319
Distributions paid	242,800	-
	<hr/>	<hr/>
	310,032	43,740
Closing balance	<hr/> <hr/>	<hr/> <hr/>
	912,761	613,799
<b>Total equity</b>	<hr/> <hr/>	<hr/> <hr/>
	1,369,689	875,159

## Notes to the financial statements

### 3. Bank accounts

	2008	2007
	\$	\$
BNZ Current Account	2,327	4,832
BNZ CFS Account	924,480	331,808
	<u>926,807</u>	<u>336,640</u>

### 4. Fixed assets

		2008	2007
		\$	\$
<b>Property improvements</b>			
Cost	395,483		9,519
Accumulated depreciation	<u>13,221</u>		<u>-</u>
		382,262	9,519
<b>Plant</b>			
Cost	263,272		191,356
Accumulated depreciation	<u>68,168</u>		<u>34,928</u>
		195,104	156,428
<b>Vehicles</b>			
Cost	435,328		396,838
Accumulated depreciation	<u>133,129</u>		<u>70,078</u>
		302,199	326,760
<b>Total fixed assets</b>		<u>879,565</u>	<u>492,707</u>

### 5. Leasehold Property

Property		Hectares	Current Rent	Lease Review
Whangara A7B	C/T 118/58	124.2719	\$25,000	01/09/10
Whangara B14 C2	C/T 4A/801	172.9447)		
Part Whangara B24	C/T 5A/542	96.3332)	\$35,000	22/04/10
Sec 17-21 Blk X, Whangara S.D		0.6141)		
Panikau A2	C/T 1B/752	37.3449	\$3,500	01/01/09
Whangara B8				
Blk X, Whangara S.D		10.1171	rates/fencing	
		<u>441.6259</u>		

### 6. Investments

		2008	2007
		\$	\$
<b>Shares (NZ)</b>	<b>No</b>		
Ravensdown Corporation Ltd	153126	153,126	153,126
PPCS Ltd - Supplier shares	3490	3,815	778
PPCS Ltd - Rebate shares	10559	10,559	-
		<u>167,500</u>	<u>153,904</u>

## Notes to the financial statements

### 7. Taxation

	2008 \$	2007 \$			
Net surplus/(deficit) before taxation	992,130	267,149			
<b>Livestock accounting adjustment -</b>					
Cattle	(147,520)	35,660			
Sheep	(47,473)	111,166			
Goats	(500)	(13,000)			
<b>Livestock tax adjustment -</b>					
Cattle	157,274	(142,558)			
Sheep	35,644	(117,134)			
Goats	500	13,000			
	<u>990,055</u>	<u>154,283</u>			
<b>Add credit adjustments -</b>					
ACC	-	7,083			
Holiday Pay Accrual	41,819	-			
Donation	175	500			
	<u>49,077</u>	<u>2,916</u>			
	<u>1,039,132</u>	<u>157,199</u>			
<b>Less debit adjustments -</b>					
Development Expenditure Claim	174,445	571			
Holiday Pay Accrual	-	60,573			
Capital gain on sale of fixed assets	1,419	-			
	<u>175,864</u>	<u>61,144</u>			
<b>Taxable income/(loss)</b>	<u><u>863,268</u></u>	<u><u>96,055</u></u>			
<b>Classified as follows</b>					
Interest	8,277	17,291			
Dividends	178	12,805			
Farming income/(loss)	854,813	65,959			
	<u>854,813</u>	<u>96,055</u>			
<b>Shared as follows</b>					
	<b>IC/RWT</b>	<b>Dividends/ Interest</b>	<b>Business</b>	<b>Total</b>	<b>Total</b>
Whangara B5	1,995	5,132	518,872	524,004	58,305
Pakarae	1,292	3,323	335,941	339,264	37,750
	<u>3,287</u>	<u>8,455</u>	<u>854,813</u>	<u>863,268</u>	<u>96,055</u>



**Terms of Reference**

by the Committee of  
The farming partnerships principles  
to oversee the farming activities of the  
shareholders  
to develop the most efficient sheep and  
beef breeding and finishing systems  
suitable for the land, placed at the service  
of the farming partnership

0 - 12 - 2003

**Terms of Reference**

- Has a strategic plan
- Has a distribution policy
- Has a rearing policy

28/11/2004

**Pakarae/Whangara B5**

- Partnership agreement
- Terms of Reference
- Strategic plan
- Business plan

**Strategic plan**

Value

"Deliver sustainable ongoing returns for shareholders and provide asset growth for future generations."

**Strategic plan**

**Key focus areas:**

- Productivity/profitability of farming systems
- Develop skilled and motivated kaimahi (labour force)
- Grow the business with more effective utilisation of resources
- Clarity of communications to stakeholders (korero ki te kōwhiri)

**Pakarae/Whangara B5**

- Partnership agreement
- Terms of Reference
- Strategic plan
- Business plan

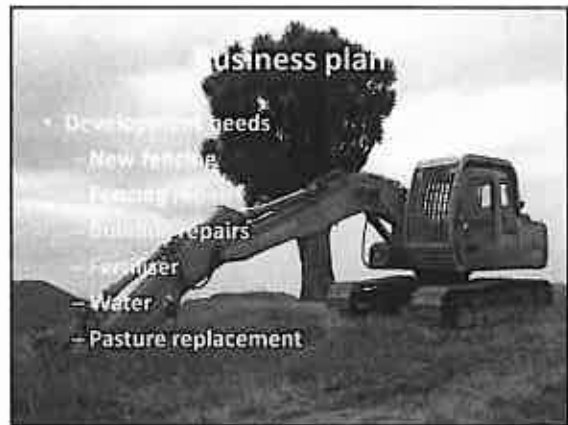
### Business plan

- Details how we are to achieve the strategic plan on an annual basis
- Goal is to achieve an economic farm surplus of \$350 per hectare by 2012



### Business plan

- Development needs
  - New fencing
  - Fencing repair
  - Building repairs
  - Fertiliser
  - Water
  - Pasture replacement



### Business plan

Capital requirements

	2008	2009	2010	2011	2012
Actual	\$523k				
Budget		\$420k	\$385k	\$240k	\$280k



### Business plan

- Investment for the year
  - New budgeting
  - Pasture management
  - Computer skills
  - Farnax



### Business plan

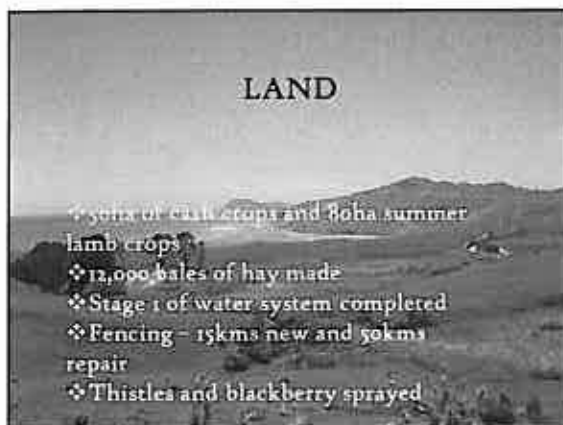
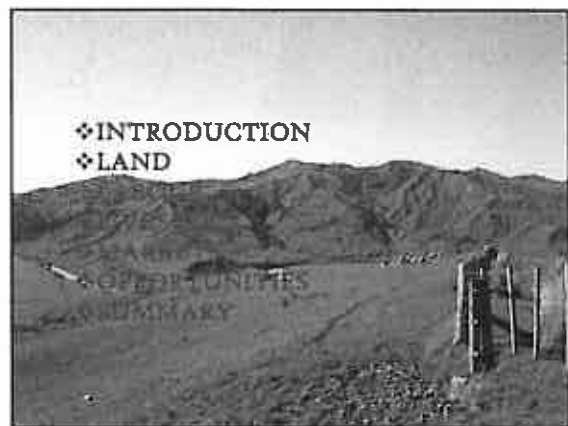
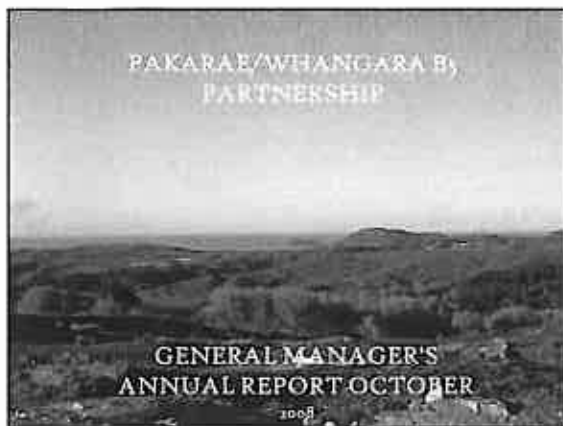
	2008 Actual	2012 Budget
Kilos meat sold	1,028,000	1,350,000
Economic Farm Surplus	\$1,057,000	\$2,163,000

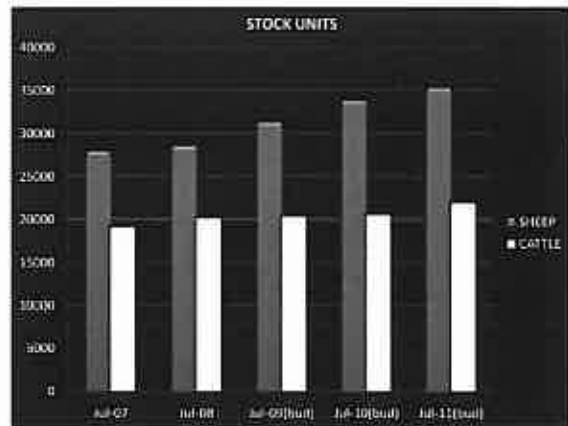
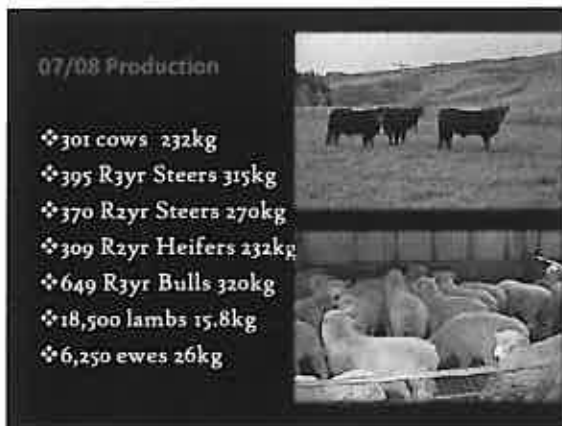
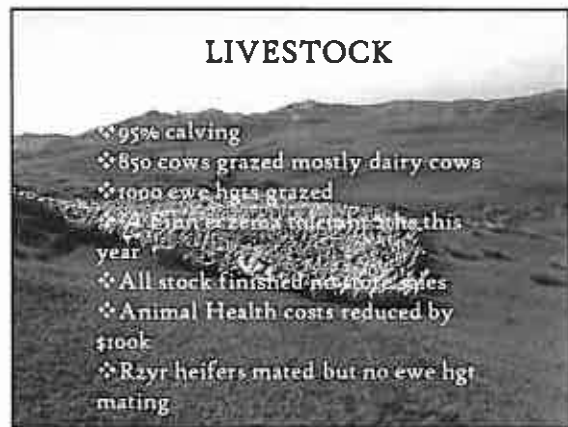
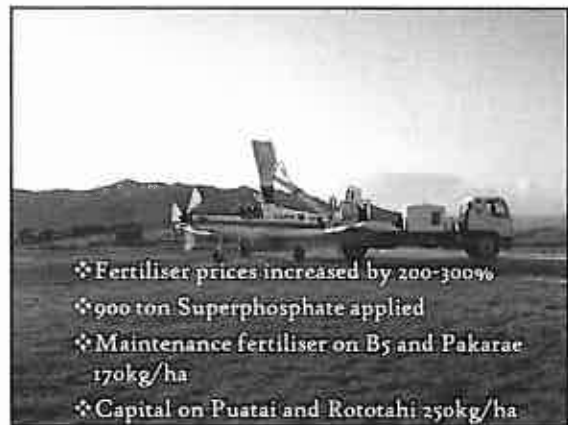
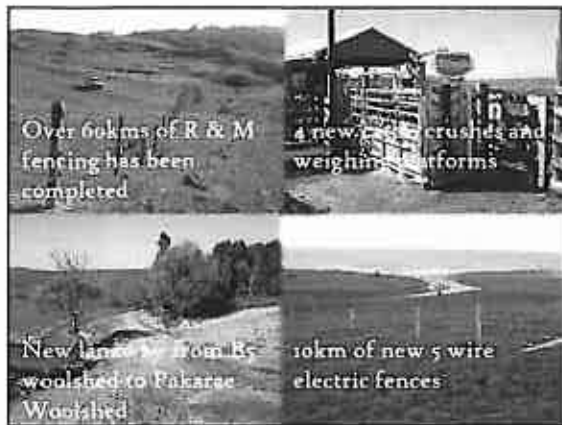


### Pakarae/Whangara BS Partnership

AGM  
3 October 2008

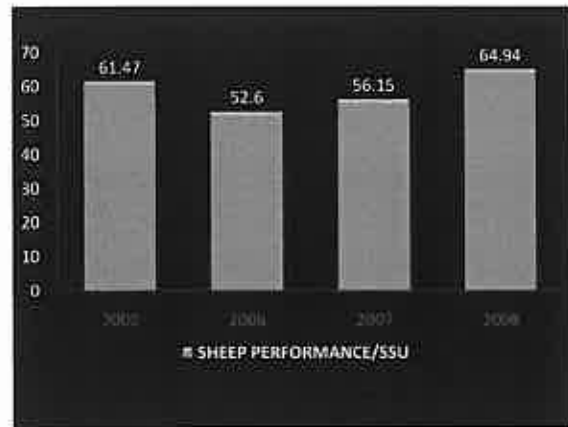
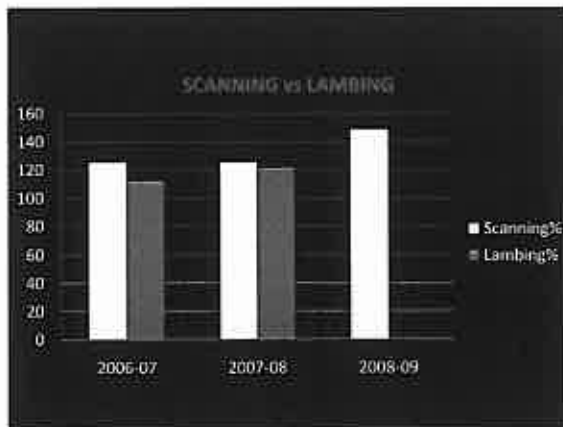
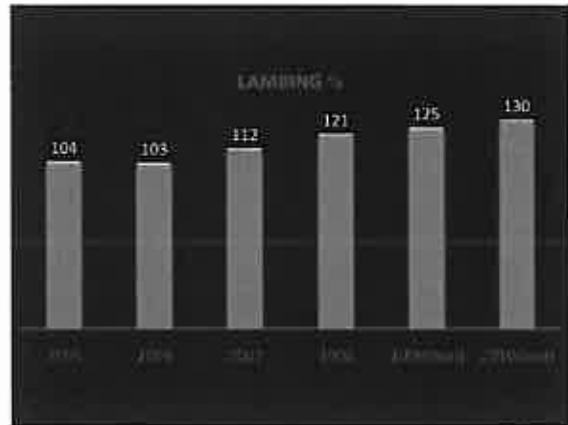







### SHEEP

- Early lambing ewes docked 97% (6,327 lambs)
- The ewes scanned 48% this year, 21% increase on last year.
- 8,300 lambs sold to the ag store
- Inland ewes purchased to replace dry ewes
- No drought rations or rangeland
- Summer crops used to finish lambs

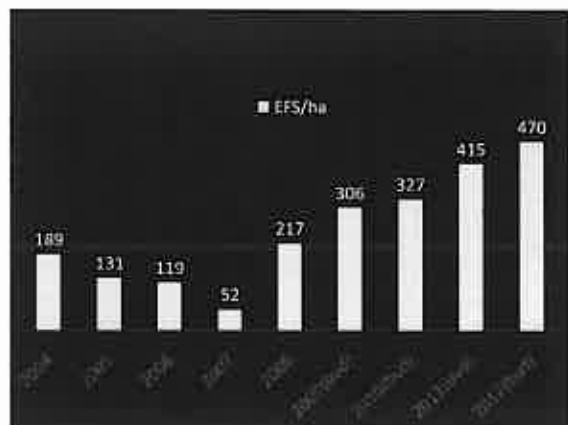
### CATTLE

- ◊ 97% calving 07/08
- ◊ Scanning 08 MA Cows 91% Rye Hfs 93% Rye Hfs 70%
- ◊ Calving 3 months later, 9<sup>th</sup> September
- ◊ Calving 2yr old heifers for first time
- ◊ Maintaining a 500 Angus cow maternal herd with terminal bulls used over the remaining cows



- ◊ Removed sheep from bull unit and increased numbers of bulls/steers
- ◊ Finished 85% of steers and 100% of heifers at 15 months
- ◊ Terminal male calves kept as bulls, HGP's used in steers
- ◊ Trading bulls/steers brought as Rye's.
- ◊ All trading cattle only kept one winter then finished
- ◊ 85% dairy and beef cows grazed.





### MARKETS

- ❖ Sheep and beef markets very strong moving into new season
- ❖ Demand for all classes of stock online and store
- ❖ Positive future outlook
- ❖ PGG Wrightsons/Silver Ferns Farms merger

### OPPORTUNITIES

- ❖ Increase stocking rate and production
- ❖ Manage increasing farm working expenses
- ❖ Dairy industry grazing cows/heifers/conversion
- ❖ Growth of Partnership through land purchase or leases
- ❖ Tapuwae Whitiwhiti joining Partnership

### DAIRY FARM CONVERSION

### SUMMARY

- ❖ Challenging but rewarding year for the Partnership
- ❖ Increasing production
- ❖ Progressing towards our goals
- ❖ Staff important part of the future success

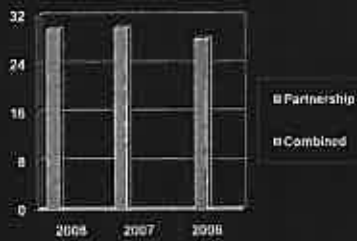
### SUMMARY

- ❖ Positive outlook for sheep and beef industry however costs are continuing to rise
- ❖ Sustainable management and good marketing are critical to future productivity
- ❖ The coming year promises to bring some new challenges but I feel the Partnership is well set up to overcome these and continue the progress we have made this year

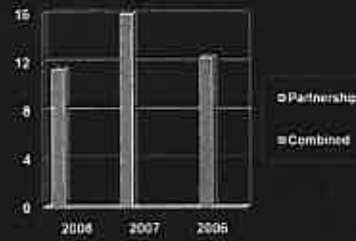
THANK YOU



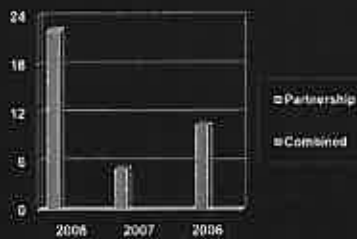
Operating and admin expenses per stock unit



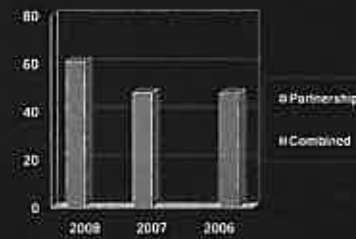
Repairs and maintenance expenses per stock unit

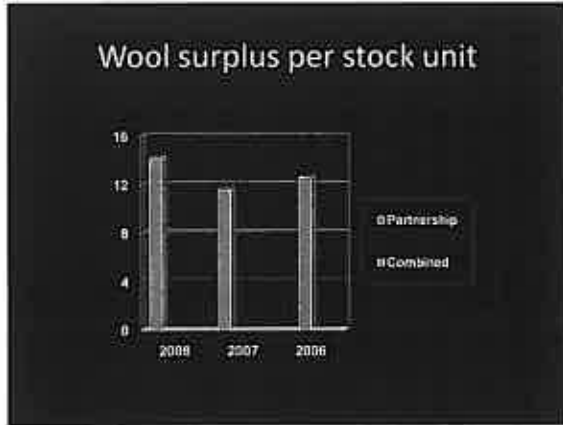
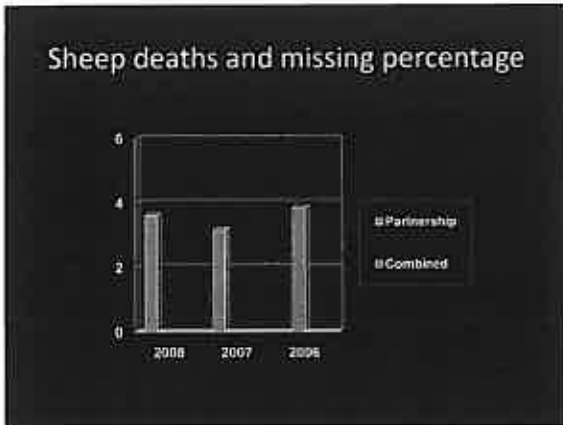
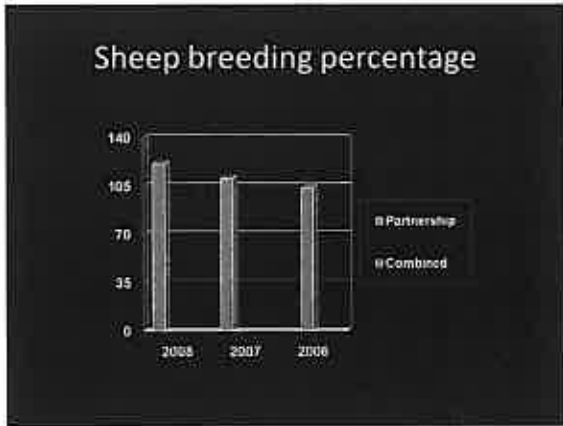
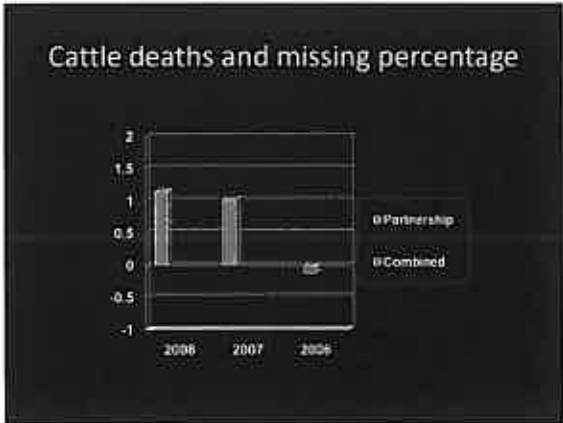
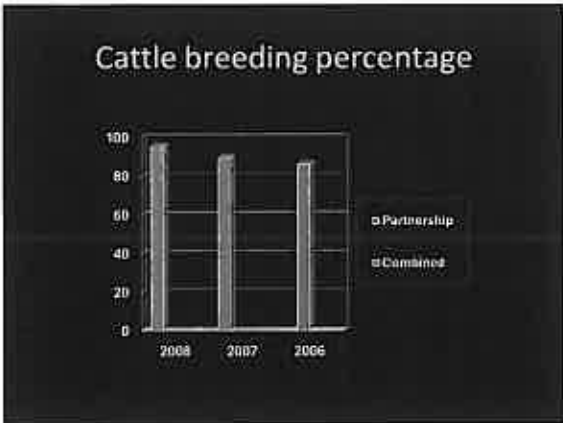


Profit before tax and interest per stock unit



Cattle surplus per stock unit





## Pakarae/Whangara B5 Partnership

	Partnership	Partnership	Combined
Cattle	2008	2007	2006
Number sold	2,025	1,821	1,083
Average price	\$878	\$731	\$804

## Pakarae/Whangara B5 Partnership

	Partnership	Partnership	Combined
Sheep	2008	2007	2006
Number sold	24,812	26,936	24,230
Average lamb price	\$59.90	\$56.66	\$61.88
Average weight	15.8 kg's	15.8 kg's	17.0 kg's

## Pakarae/Whangara B5 Partnership

	Partnership	Partnership	Combined
Wool	2008	2007	2006
Kilos sold	149,499	143,743	165,773
Average price	\$2.37	\$2.19	\$2.44

## Pakarae/Whangara B5 Partnership

	Partnership	Partnership	Combined
Expenses	2008	2007	2006
Operating	\$1,202,000	\$1,249,000	\$1,285,000
Repairs and maintenance	\$604,000	\$776,000	\$646,000
Admin	\$95,000	\$125,000	\$154,000

Pakarae/Whangara B5  
Partnership

AGM  
3 October 2008

