

**The Proprietors of Whangara B5  
Annual Report  
For the year ended 30 June 2009**

For and on behalf of the Committee of Management

*Ingrid Collins*

Chairperson  
25 September 2009

# **Annual report**

**The committee of management of the The Proprietors of Whangara B5 presents the annual report for the year ended 30 June 2009**

For and on behalf of the Committee of Management

*Ingrid Collins*

Chairperson  
25 September 2009



## **Contents**

|   |    |
|---|----|
| <i>Notice of annual general meeting</i>   | 1  |
| <i>Auditors report</i>                    | 2  |
| <i>Share valuation</i>                    | 3  |
| <i>2008 AGM minutes</i>                   | 4  |
| <i>Chairperson's report</i>               | 5  |
| <i>Financial Statements -</i>             |    |
| <b>Directory</b>                          | 6  |
| <b>Cattle tallies</b>                     | 7  |
| <b>Sheep tallies</b>                      | 8  |
| <b>Expenditure &amp; other income</b>     | 9  |
| <b>Statement of financial performance</b> | 11 |
| <b>Statement of movements in equity</b>   | 12 |
| <b>Statement of financial position</b>    | 13 |
| <b>Statement of cash flows</b>            | 14 |
| <b>Notes to the financial statements</b>  | 16 |



# 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)

## **THE PROPRIETORS OF WHANGARA B5** **2009 ANNUAL GENERAL MEETING AT THE WHANGARA MARAE**

Notice is hereby given that the Annual General Meetings for Whangara B5, Pakarae and the Pakarae/Whangara B5 Partnership are all being held on the 2 October 2009 at Whangara Marae. The timetable for the meetings is as follows:

Registration from **8:30am**.

**9:00 am** Pakarae/Whangara B5 Partnership

**11:00 am** Proprietors of Whangara B5

**11:00 am** 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. Election – for two positions caused by the retirement by rotation of Hemi Leach and Anati Toroa who being eligible offer themselves for re-election.

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 Friday 11 September 2009**.

(2) Proxy forms and Powers of Attorney must be lodged at the Incorporation's office by 11:00 am on **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, Kaumatua grants and donation fund
10. Scholarship – amend wording from “being a shareholder” to “being a shareholder or son or daughter of a shareholder”
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
2. Please notify and inform family members of educational scholarship available in October.

INGRID COLLINS MNZM

*Chairperson*





**ROBERTS & HARPER LTD**  
C H A R T E R E D   A C C O U N T A N T S

*Principal:* W G Roberts (ca)  
*Associates:* R D Hill (ca)  
A R Baldwin (ca)

**AUDITORS REPORT**

**To the Shareholders of Whangara B5.**

We have audited the financial statements on pages 7 to 22. The financial statements provide information about the past financial performance and financial position of the Incorporation as at 30 June 2009. This information is stated in accordance with the accounting policies set out on page 16.

**Committee of Management's Responsibilities**

The Committee of Management is 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 Incorporation as at 30 June 2009 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 of Management 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 of Management 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 Incorporation.

**Unqualified Opinion**

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

In our opinion:

- proper accounting records have been kept by the Incorporation as far as appears from our examination of those records; and
- the financial report on pages 7 to 22 :
  - \* complies with generally accepted accounting practice;
  - \* gives a true and fair view of the financial position of the Incorporation as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date.
  - \* complies with Section 276 (4) (c) of the Maori Land Act 1993
- the Share Register required by Section 263 of the above Act has been duly and correctly kept.

Our audit was completed on 25 September 2009 and our unqualified opinion is expressed as at that date.

**Roberts & Harper**

**GISBORNE**





## **CERTIFICATE AS TO VALUE**

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

### **The Proprietors of Whangara B5**

We, BDO SPICERS GISBORNE LTD 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 \$68.76.

This valuation does not include an estimated value for the forestry assets.

Dated this 25th day of September 2009.

*BDO Spicers Gisborne Ltd.*

CHARTERED ACCOUNTANTS



**THE PROPRIETORS OF WHANGARA B5**  
**MINUTES OF THE ANNUAL GENERAL MEETING**  
**HELD ON FRIDAY 17 OCTOBER 2008 AT WHANGARA MARAE**  
**COMMENCING AT 11.15AM**

**PRESENT:**

I Collins (Chairperson), H Taumaunu, T Toroa, B Leach, H Leach, D Te Kani, C Hawkins and shareholders (approx 78 in all).

Also in attendance R Scholefield, C Torrie.

**ACTION**

**WELCOME:**

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

**APOLOGIES:**

Apologies were received from T Glover, M Sinclair, J Nepia, A Koopu, K Wilson, A Tamepo, D Tamepo, U Te Kani, O Hildrew, L Te Kani, R Cooper, M Robson and M Leach.

Apologies were accepted by the meeting.

**MINUTES:**

The minutes of the meeting held on Friday 5 October 2007 were taken as circulated.

**MATTERS ARISING:**

N Haapu asked where we are at with regards to the sand mining. I Collins said that we are still mining. The archaeological report had been undertaken earlier on in the year and we are currently in the process of undertaking a new study.

N Haapu asked are we actively looking at a Maori CEO and Farm Manager. I Collins replied that we had advertised nationally for the position of the Farm Manager and selected from that listing.

B Tupara said he still had concerns about the sand mining, one from a financial aspect and another from an environmental aspect and he wanted it monitored closely. I Collins said that the sand mines were the only outside income for Whangara B5 now. I Collins said that a report was undertaken in 1984/85 on the sand mining activities and since then other reports have been undertaken. Culturally any taonga will be preserved. Environmentally Fulton Hogan has mined in a different way to previous contractors. I Collins confirmed that the current contract expires next year.

N Haapu said that with the profits the Partnership is currently making we do not need any more money. We have a choice to stop after this contract is up. N Haapu wanted any new contract to come back to shareholders. I Collins said that this matter is asked every year of shareholders. Every year support has been given to the Committee of Management to continue mining.

D Te Kani said that it was not only the Historic Places Trust looking at the sand but also environmental aspects needed to be considered. He said that he had spoken to Jeremy Gibbs a noted environmentalist in this matter. Jeremy had an article published in

the Gisborne Herald recently where he condoned the sand mining operations at Whangara. In discussions with Jeremy he said that he had not given the correct information for his article in the Gisborne Herald and he would like to do a report on the long term impact the mining would have on the sand dunes. D Te Kani had said he had asked the Committee to support the payment of such a study but he had not been successful.

D Te Kani asked how many people have been down to see what is happening in the sand mining area. He said that you needed to see this for yourself. I Collins said that although the sand mining was not part of the Partnership prior to the next field day of the Partnership we could go down and look at the sand mining operations prior to the field trip.

E Te Kani asked why the sand mining income had gone down over the previous year. I Collins said that in discussions with Fulton Hogan as a result of the earthquake in December 2007 a lot of the attention had gone into repair work rather than new buildings.

N Haapu said this is all about money and you cannot replace the sand dunes. Once they have gone, they have gone. She wanted the sand dunes available for future generations.

#### **NUMBER OF COMMITTEE MEMBERS:**

I Collins read out the resolution to reduce the number of Committee Members down from 7 to 6. I Collins then asked B Leach to speak to the meeting. B Leach advised the meeting he was going to resign at the AGM, however due to circumstances he is now withdrawing that resignation. I Collins informed the meeting on this basis there was now no need to put the recommendation to the vote. There was a show of hands from those present at the meeting and unanimously it was agreed that the resolution could be withdrawn.

E Te Kani asked what was the reason for the motion in the first place. The reduction in numbers would not give fair representation to the whanau. She was concerned that 6 would give the Chairperson a casting vote. I Collins replied to this that she has never exercised the casting vote and that the original motion was based on the reduced amount of work that the Committee Members now need to undertake.

#### **ELECTION:**

I Collins announced the candidates to the 3 positions available. Each of the candidates then addressed the meeting.

P Nikora and C Nikora were appointed scrutineers.

#### **CHAIRPERSON'S REPORT:**

I Collins read through her Chairperson's report to the meeting. At the end of the Chairperson's report H Leach asked to recognise 3 employees who had served for more than 25 years, these being J Love, C Ovenden and R Love Snr. In respect of how long term employees are recognised in the future the meeting was advised that these people are now employees of the Partnership and it is up to the Partnership to determine how and when this may or may not happen.

I Collins then thanked shareholders for their understanding in changing the date of the meeting due to the circumstances.

**FINANCIAL STATEMENTS:**

C Torrie took the meeting through the financial statements for the year. These were then approved by the meeting.

**RECOMMENDATIONS:**

It was the Committee of Management recommendation that a dividend of \$1 per share be paid. That a Kamatua grant of \$120 net be paid and that a donation fund of \$10,000 be set aside. The meeting approved the Committee's recommendation.

**RANGATAHI:**

C Hawkins then addressed the meeting about his term as the Rangatahi on the Committee of Management. He encouraged others to apply and believes that his time as Rangatahi has been a success for both him and the Incorporation. He informed the meeting that he had drafted a report for the Committee of Management which he believed could be a useful induction document for future Rangatahi and Committee of Management Members. He said that in his time on the Committee he had helped to establish a website. He said it was not a passive role being Rangatahi and he asked people to put their names forward for the role.

P Wilson asked if C Hawkin's report could be made available to shareholders. C Hawkins said it was still draft at this time and subject to Committee approval and then the Committee could decide what they wanted to do with it after that.

The meeting then closed at 12.30pm with a karakia from H Taumaunu.

**ELECTION RESULTS**

After the meeting C Torrie announced that Hone Taumaunu, Raniera Te Kani and John Mackey had been elected back on to the Committee of Management.

..... Chairperson

..... Date



**PROPRIETORS OF WHANGARA B5**  
**CHAIRPERSON'S REPORT TO SHAREHOLDERS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

Nau mai haere mai ki a hui mai nei o Whangara B5 Maori Incorporation

Nga mihi nui ki a koutou katoa

In presenting this annual report, I would like to acknowledge the importance of your ongoing support for the vision you shared with us five years ago in forming the Pakarae/Whangara B5 Partnership.

We reached the pinnacle of farming in winning the Ahu Whenua award for Excellence in Maori Farming.

It is this support that gives us the strength to continue. Striving for success is music that strikes deep into the soul. Your Partnership Board is committed to keep building our asset base that will generate sustainable growth and sufficient profit for you our shareholders.

Concentration is often diverted as the bigger nation wide projects are put to the committee for consideration:

- ETS Emission Trading Scheme.  
There are many myths of the climate change policy. The Partnership commissioned a report that showed our carbon footprint at just under 17,000NZU. We could be in for an annual carbon emissions cost of \$424,000 p.a. putting the date back from 2013 to 2015 gives the Government more time to work through the scenarios that will in the end benefit the back bone of New Zealand's top economic earner, agriculture. We have a watching brief.
- Wai Ariki Water Reform  
Government is initiating a new water reform process that focuses on water quality, water allocation and the development of water infrastructure. Maori water interests is fundamental to the ongoing success of the Maori economy which we have heard is growing faster than the general NZ economy. We have to ensure that we have guaranteed access to water. It is crucial to our farming operating.
- Whangara Sand Quarry  
After asking your permission at last years AGM to continue mining we have run into problems.  
Historic Places Trust granted a S18 to continue the operation.  
The terms and condition suited us.  
Unfortunately there is opposition.  
Mediation between Historic Places Trust, Whangara B5 and the objector.  
Amendments made.  
Management unwilling to accept the recommended amendments.  
Lodgment for hearing in Environmental Court. Pending.

**Website**

There was a presentation today of the long awaited web page. Thank you for your patience. It is designed to bring updated news as it happens.

**Pakarae/Whangara B5 Partnership**

Seeing the partnership blossom into a fully independent operation is a wee way off yet. I would like you to acknowledge the work that Richard and his team have achieved thus far. Preparation for the final field day before the Ahu Whenua was absolutely top notch. We all know the result of not only this preparation but the hard yards done by all involved and look forward to the next big challenge.

**Name change**

At the combined committee's of Management meeting we discussed changing the name of the Partnership so that it could be more encompassing should we have other Incorporations wanting to join us.

The name that we are putting forward is "*Whangara Farms*"

**Election**

This year there are two positions caused by the retirement by rotation of Hemi Leach and Anati Toroa who being eligible offer themselves for re-election. We have received a nomination for Carl Hawkins.

**Appoint Auditors and Share valuers**

The committee recommends the re-appointment of Roberts and Harper as auditors and BDO Spicers Gisborne as our share valuers.

**Kaumatua Grant**

We recommend a grant of \$120 net. This is now available from the 3<sup>rd</sup> of October until the 30<sup>th</sup> of September each year and is non-accumulative.

**Donation fund**

We recommend a donation fund of \$12,000.

**Distribution**

The Partnership Board has made a distribution to Whangara B5 Incorporation of \$470,605 this being our 61% share of \$775,297.

**Declare Dividend**

The committee recommends a dividend of \$1.10 per share.

We discussed at a Management meeting reducing the dividend to make more development funding available to the Partnership. Adopting the same principle as we did when purchasing Rototahi. It took six years of reduced dividends to repay the loan. We have allowed \$2.9m to bring the Partnership into pristine condition. This is budgeted out to 2015. We are well aware of the ever increasing cost associated with agriculture.

Would you please give this serious consideration for next year? The faster we develop, the faster the dividends may reach the \$2.00 mark.

This year of celebration has arisen through the efforts of a group of people actively pursuing a collective approach to sustainability. As your Management Committee the emphasis is to enhance the prosperity of the Incorporation for generations now and those to come.

Thank you Management Committee for believing in the kaupapa of the Partnership. You are the guardians of the land and with your dedication and sound judgment of decisions made, Whangara B5 are striding into the future with confidence to do more.

Richard, you have gathered the team around you, gained their confidence and lead by example. We are sampling the results of this leadership. Thank you so much.

Chris thank you and your staff for the help and patience you show throughout the year with any task requested. You and your staff are the best.

Noa rei ra

***Ingrid N Collins MNZM***  
Chairperson  
Whangara B5 Incorporation



**The Proprietors of Whangara B5  
Financial Statements  
For the year ended 30 June 2009**



## **Directory**

|                                |  |
|--------------------------------|--|
| <b>Nature of business</b>      | Farming - sheep and cattle (Partnership)   |
| <b>Location of property</b>    | Main Road<br>Whangara  |
| <b>Registered office</b>       | 1 Peel St, Gisborne  |
| <b>Committee of management</b> | Ingrid Collins (Chairperson)<br>Brian Leach<br>Hemi Leach<br>John Mackey<br>Hone Taumaunu<br>Raniera Te Kani<br>Tony Toroa |
| <b>Rangitahi</b>               | Tatai Kutia (from April 09)  |
| <b>Secretary</b>               | Chris Torrie, BDO Spicers Gisborne Ltd   |
| <b>Accountants</b>             | BDO Spicers Gisborne Ltd<br>Gisborne   |
| <b>Auditors</b>                | Roberts & Harper<br>Gisborne   |
| <b>Bankers</b>                 | Bank of New Zealand<br>Gisborne  |
| <b>Solicitors</b>              | Wilson Barber & Co<br>Gisborne   |

## Statement of financial performance

### Cattle tallies

|                 | On hand      |              | Market value |            | Total value      |                  | Holding gains/<br>(losses)<br>\$ | Income adjust<br>\$ |
|-----------------|--------------|--------------|--------------|------------|------------------|------------------|----------------------------------|---------------------|
|                 | 2008         | 2009         | 2008<br>\$   | 2009<br>\$ | 2008<br>\$       | 2009<br>\$       |                                  |                     |
| M A Cows        | 811          | 811          | 750          | 780        | 608,250          | 632,580          | 24,330                           | -                   |
| Rsg 2yr Heifers | 236          | 236          | 700          | 684        | 165,200          | 161,514          | (3,686)                          | -                   |
| Rsg 1yr Heifers | 330          | 330          | 400          | 570        | 132,000          | 188,100          | 56,100                           | -                   |
| Rsg 3yr Steers  | 101          | 101          | 850          | 900        | 85,850           | 90,900           | 5,050                            | -                   |
| Rsg 2yr Steers  | 322          | 322          | 750          | 800        | 241,500          | 257,600          | 16,100                           | -                   |
| Rsg 1yr Steers  | 332          | 332          | 450          | 470        | 149,400          | 156,040          | 6,640                            | -                   |
| Breeding Bulls  | 21           | 21           | 2,500        | 1,500      | 52,500           | 31,500           | (21,000)                         | -                   |
| Rsg 1yr Bulls   | 120          | 120          | 600          | 720        | 72,000           | 86,400           | 14,400                           | -                   |
| High Priced     | 3            | 3            | 2,500        | 1,500      | 7,500            | 4,500            | (3,000)                          | -                   |
|                 | <u>2,276</u> | <u>2,276</u> |              |            | <u>1,514,200</u> | <u>1,609,134</u> | <u>94,934</u>                    | <u>-</u>            |

## Statement of financial performance

### Sheep tallies

|                 | On hand       |               | Market value |            | Total value      |                  | Holding gains/<br>(losses)<br>\$ | Income adjust<br>\$ |
|-----------------|---------------|---------------|--------------|------------|------------------|------------------|----------------------------------|---------------------|
|                 | 2008          | 2009          | 2008<br>\$   | 2009<br>\$ | 2008<br>\$       | 2009<br>\$       |                                  |                     |
| Rsg 3&4 Yr Ewes | 9,540         | 9,540         | 60           | 95         | 572,400          | 906,300          | 333,900                          | -                   |
| 2th Ewes        | 3,500         | 3,500         | 65           | 110        | 227,500          | 385,000          | 157,500                          | -                   |
| Ewe Hoggets     | 3,898         | 3,898         | 50           | 95         | 194,900          | 370,310          | 175,410                          | -                   |
| Wether Hoggets  | 200           | 200           | 50           | 95         | 10,000           | 19,000           | 9,000                            | -                   |
| Breeding Rams   | 155           | 155           | 250          | 80         | 38,750           | 12,400           | (26,350)                         | -                   |
| Ram Hoggets     | 243           | 243           | 100          | 100        | 24,300           | 24,300           | -                                | -                   |
| Killers         | 72            | 72            | 40           | 55         | 2,880            | 3,960            | 1,080                            | -                   |
|                 | <u>17,608</u> | <u>17,608</u> |              |            | <u>1,070,730</u> | <u>1,721,270</u> | <u>650,540</u>                   | <u>-</u>            |



## **Statement of financial performance**

### **Expenditure & other income**

|                           | 2009          | 2008         |
|---------------------------|---------------|--------------|
|                           | \$            | \$           |
| <b>Operating expenses</b> |               |              |
| ACC Levies                | (5,644)       | 238          |
| Bank Fees                 | 635           | 714          |
| General Expenses          | 7,591         | 5,530        |
| Insurance                 | 3,988         | 3,350        |
| Wages                     | 11,433        | -            |
|                           | <u>18,003</u> | <u>9,832</u> |
| <b>Finance expenses</b>   |               |              |
| Interest - BNZ            | <u>2,273</u>  | <u>20</u>    |

## Statement of financial performance

### Expenditure & other income

|  | 2009<br>\$    | 2008<br>\$    |
|--|---------------|---------------|
| <b>Administration expenses</b>         |               |               |
| Accountancy - As quoted                | 22,970        | 19,470        |
| Accountancy - unquoted                 | 8,522         | 8,509         |
| Audit Fees                             | 1,125         | 1,827         |
| Committee Fees & Expenses              | 27,352        | 25,079        |
| Consultancy Fees                       | 650           | 493           |
| FOMA Expenses                          | 5,770         | 5,054         |
| Honorarium                             | 870           | -             |
| Legal Expenses                         | -             | 620           |
| AGM Expenses                           | 2,788         | 3,682         |
| MFOY 2009                              | 2,720         | -             |
|  | <u>72,767</u> | <u>64,734</u> |
| <b>Total cash expenses</b>             | <u>93,043</u> | <u>74,586</u> |
| Sand Royal (c/mtr 2009:5406 2008:5561) | <u>44,600</u> | <u>41,221</u> |

### Other income

### Tax credits

#### Interest receivable

|                                 |                  |               |               |
|---------------------------------|------------------|---------------|---------------|
| Westpac                         | -                | -             | 16,112        |
| Bank of New Zealand             | 2,563.12         | 13,144        | 17,284        |
| Inland Revenue Department       | -                | 630           | 7,108         |
| Pakarae/Whangara B5 Partnership | 8,295.61         | 42,542        | 47,915        |
|                                 | <u>10,858.73</u> | <u>56,316</u> | <u>88,419</u> |

#### Dividends receivable

|                                   |              |            |          |
|-----------------------------------|--------------|------------|----------|
| Ballance Agri-Nutrients Co-Op Ltd | 58.87        | 178        | -        |
| NZ Wool Services Ltd              | 16.70        | 51         | -        |
|                                   | <u>75.57</u> | <u>229</u> | <u>-</u> |

## Statement of financial performance

|   | 2009<br>\$            | 2008<br>\$            |
|---|-----------------------|-----------------------|
| <b>Income</b>   |                       |                       |
| Sundry income   | 44,600                | 41,221                |
| Share of Pakarae/Whangara B5<br>Partnership Profit/(Loss) | 895,762               | 602,224               |
|   | <u>940,362</u>        | <u>643,445</u>        |
| <b>Less expenses</b>                                      |                       |                       |
| Operating   | 18,003                | 9,832                 |
| Depreciation  | 26,490                | 26,636                |
|   | <u>44,493</u>         | <u>36,468</u>         |
| <b>Net surplus/(deficit)</b>                              | 895,869               | 606,977               |
| <b>Less other expenses</b>                                |                       |                       |
| Finance   | 2,273                 | 20                    |
| Administration  | 72,767                | 64,734                |
|   | <u>75,040</u>         | <u>64,754</u>         |
| <b>Net operating surplus/(deficit)</b>                    | 820,829               | 542,223               |
| <b>Plus other income</b>                                  |                       |                       |
| Dividends receivable                                      | 229                   | -                     |
| Interest receivable                                       | 56,316                | 88,419                |
|   | <u>56,545</u>         | <u>88,419</u>         |
| <b>Net surplus/(deficit)</b>                              | 877,374               | 630,642               |
| Provision for taxation                                    | 120,232               | 110,700               |
| <b>Net surplus/(deficit) after taxation</b>               | <u><u>757,142</u></u> | <u><u>519,942</u></u> |

## Statement of movements in equity

|  | 2009<br>\$        | 2008<br>\$        |
|--|-------------------|-------------------|
| <b>Opening equity</b>                                      | 27,506,752        | 27,341,602        |
| Net surplus/(deficit)                                      | 757,142           | 519,942           |
| Net livestock holding gains/(losses)                       | 704,212           | 104,395           |
| Revaluation of property to rateable value                  | (2,842,207)       | -                 |
| <b>Total recognised revenues and expenses for the year</b> | (1,380,853)       | 624,337           |
| Donations  | (1,902)           | (5,056)           |
| Scholarship  | (2,000)           | -                 |
| Kaumatua Grant   | (6,240)           | (4,920)           |
| Dividend Declared  | (374,342)         | (449,210)         |
|  | (384,484)         | (459,186)         |
| <b>Closing equity</b>                                      | <u>25,741,415</u> | <u>27,506,753</u> |

## Statement of financial position

|                                      |    | 2009<br>\$        | 2008<br>\$        |
|--------------------------------------|----|-------------------|-------------------|
| <b>Total equity</b>                  | 8  | <u>25,741,415</u> | <u>27,506,753</u> |
| <b>Current assets</b>                |    |                   |                   |
| Prepayments                          |    | 753               | 921               |
| Interest Accrued                     |    | -                 | 9,645             |
| Goods & Services Tax                 |    | 2,112             | -                 |
| Accounts receivable                  |    | 8,878             | 9,140             |
| Bank accounts                        | 2  | 57,798            | 286,250           |
| Pakarae/Whangara B5 Partnership      | 10 | 904,139           | 712,717           |
| Pakarae/Whangara B5 Partnership-Loan | 9  | 492,494           | 492,494           |
|                                      |    | <u>1,466,174</u>  | <u>1,511,167</u>  |
| <b>Livestock</b>                     |    |                   |                   |
| Cattle                               |    | 1,609,134         | 1,514,200         |
| Sheep                                |    | 1,721,270         | 1,070,730         |
|                                      |    | <u>3,330,404</u>  | <u>2,584,930</u>  |
| <b>Non current assets</b>            |    |                   |                   |
| Investments                          | 3  | 718,730           | 267,067           |
| Forestry Asset                       | 7  | 568,098           | 568,098           |
| Fixed assets                         | 6  | 20,105,542        | 22,974,239        |
|                                      |    | <u>21,392,370</u> | <u>23,809,404</u> |
| <b>Total assets</b>                  |    | <u>26,188,948</u> | <u>27,905,501</u> |
| <b>Current liabilities</b>           |    |                   |                   |
| Accounts Payable                     |    | 17,639            | 8,302             |
| Goods & Services Tax                 |    |                   | 401               |
| Inland Revenue Department            |    | 56,477            | 35,302            |
| Unclaimed Dividends                  |    | 373,417           | 354,743           |
|                                      |    | <u>447,533</u>    | <u>398,748</u>    |
| <b>Total liabilities</b>             |    | <u>447,533</u>    | <u>398,748</u>    |
| <b>Net assets</b>                    |    | <u>25,741,415</u> | <u>27,506,753</u> |

## Statement of cash flows

|  | 2009<br>\$       | 2008<br>\$       |
|--|------------------|------------------|
| <b>Cash flows from operating activities</b>                |                  |                  |
| Sundry farm income   | 1,300            | -                |
| Sand Royalties   | 44,778           | 40,563           |
| Dividends received   | 51               | -                |
| Distribution from Partnership                              | 364,200          | 242,800          |
| Taxation   | -                | 36,132           |
| Interest received  | 65,961           | 98,443           |
| Farm working & administration                              | (87,563)         | (80,799)         |
| Taxation   | (93,901)         | -                |
| GST  | (2,895)          | (1,186)          |
| Interest payable   | (2,273)          | (20)             |
| <b>Net cash inflow (outflow) from operating activities</b> | <b>289,658</b>   | <b>335,933</b>   |
| <b>Cash flows from investing activities</b>                |                  |                  |
| Working capital repayments from Partnership                | 892,290          | 743,575          |
| Working capital advances to Partnership                    | (892,290)        | (743,575)        |
| Capital Expenditure repayments from Partnership            | 299,210          | -                |
| Capital Expenditure advances to Partnership                | -                | (291,868)        |
| Investments matured  | -                | 670,994          |
| Interest bearing investment                                | (451,662)        | (72,136)         |
| <b>Net cash inflow (outflow) from investing activities</b> | <b>(152,452)</b> | <b>306,990</b>   |
| <b>Cash flows from financing activities</b>                |                  |                  |
| Donations  | -                | 1,649            |
| Dividends  | (355,668)        | (366,114)        |
| Kaumatua Grants  | (6,240)          | (4,920)          |
| Donations  | (1,750)          | -                |
| Scholarship expenses                                       | (2,000)          | -                |
| <b>Net cash inflow (outflow) from financing activities</b> | <b>(365,658)</b> | <b>(369,385)</b> |
| <b>Increase/(decrease) in cash</b>                         | <b>(228,452)</b> | <b>273,538</b>   |
| <b>Cash</b>  |                  |                  |
| Balance at beginning of year                               | 286,250          | 12,712           |
| Balance at end of year                                     | 57,798           | 286,250          |
| <b>Increase/(decrease) in cash</b>                         | <b>(228,452)</b> | <b>273,538</b>   |

## Statement of cash flows

|  | 2009                  | 2008                  |
|--|-----------------------|-----------------------|
|  | \$                    | \$                    |
| <b>Reconciliation</b>                                      |                       |                       |
| <b>Net surplus as per financial statements</b>             | 757,142               | 519,942               |
| <b>Add/(deduct) non-cash items</b>                         |                       |                       |
| Depreciation   | 26,490                | 26,636                |
| Dividends Received   | (178)                 | -                     |
| PPCS Ltd Shares  | -                     | (6,770)               |
| Pakarae/Whangara B5 Partnership                            | <u>(525,165)</u>      | <u>(348,827)</u>      |
|  | (498,853)             | (328,961)             |
| <b>Increase/(decrease) in working capital</b>              |                       |                       |
| Increase in accounts payable                               | 9,335                 | (6,718)               |
| Decrease in accounts receivable                            | 262                   | 1,769                 |
| Employee loans   | -                     | 64                    |
| Increase in taxation payable                               | 21,234                | 144,837               |
| Decrease in GST payable                                    | (2,513)               | (310)                 |
| Decrease in interest accrued                               | 9,645                 | 948                   |
| Decrease in Prepayments                                    | <u>168</u>            | <u>(38)</u>           |
|  | 38,131                | 140,552               |
|  |                       | 331,533               |
| <b>Plus item classified as financing activity</b>          |                       |                       |
| Accounts receivable classified as donations                | -                     | 4,400                 |
| Accounts payable classified as capital advances            | <u>(6,762)</u>        | <u>-</u>              |
|  | (6,762)               | 4,400                 |
| <b>Net cash inflow (outflow) from operating activities</b> | <u><u>289,658</u></u> | <u><u>335,933</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 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:

|                    |                  |
|--------------------|------------------|
| Land and Buildings | 1.0%SL - 31.2%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 & improvements retained in the partnership.

#### ***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.

#### ***Forestry***

The forestry asset has been revalued to the latest insurable value, plus permanent improvements since (at cost).

#### ***Taxation***

The income tax expense is equal to the income tax payable in the current year. 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. Bank accounts

|                                     | 2009          | 2008           |
|-------------------------------------|---------------|----------------|
|                                     | \$            | \$             |
| Bank of New Zealand Current Account | 10,080        | 914            |
| Bank of New Zealand On Call Account | 47,718        | 285,336        |
|                                     | <u>57,798</u> | <u>286,250</u> |

### 3. Investments

|                                     | 2009           | 2008           |
|-------------------------------------|----------------|----------------|
|                                     | \$             | \$             |
| <b>Interest bearing investments</b> |                |                |
| Bank of New Zealand term deposits   | 710,194        | 258,531        |
|                                     | <u>710,194</u> | <u>258,531</u> |
| <b>Shares in companies</b>          | <b>No</b>      |                |
| Ballance Agri-Nutrients Co-Op Ltd   | 1494           | 94             |
| Farmlands Trading Society Ltd       | 21             | 800            |
| NZ Wool Services International Ltd  | 3390           | 1,695          |
| NZ Wool Equities                    | 5947           | 5,947          |
|                                     | <u>8,536</u>   | <u>8,536</u>   |
| <b>Other</b>                        |                |                |
| <b>Total investments</b>            | <u>718,730</u> | <u>267,067</u> |

### 4. Maori Authority Credit Account

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

|   | 2009           | 2008           |
|---|----------------|----------------|
|   | \$             | \$             |
| Balance at beginning of year            | 431,810        | 465,947        |
| Plus taxation paid                      | 113,065        | 23,798         |
|   | <u>544,875</u> | <u>489,745</u> |
| Less Credits attached to dividends paid | -              | -              |
| Taxation refunded                       | 14,007         | 57,935         |
|   | <u>530,868</u> | <u>431,810</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

### 5. Exempt dividends

|                      | 2009<br>\$       | 2008<br>\$       |
|----------------------|------------------|------------------|
| Opening balance      | 1,797,421        | 2,251,551        |
| Less: Dividends paid | 374,342          | 449,210          |
| Kaumatua Grants      | 6,240            | 4,920            |
|                      | <u>1,416,839</u> | <u>1,797,421</u> |
| Closing balance      | <u>1,416,839</u> | <u>1,797,421</u> |

### 6. Fixed assets

|   | 2009<br>\$        | 2008<br>\$        |
|---|-------------------|-------------------|
| <b>Land &amp; Buildings - Whangara B5</b> |                   |                   |
| Revaluation and additions                 | 14,701,801        | 16,732,345        |
| Accumulated depreciation                  | <u>316,259</u>    | <u>307,459</u>    |
|   | 14,385,542        | 16,424,886        |
| <b>Land &amp; Buildings - Rototahi</b>    |                   |                   |
| Revaluation                               | 5,966,693         | 6,778,356         |
| Accumulated depreciation                  | <u>246,693</u>    | <u>229,003</u>    |
|   | 5,720,000         | 6,549,353         |
| <b>Plant &amp; vehicles</b>               |                   |                   |
|   | <u>20,105,542</u> | <u>22,974,239</u> |
| <b>Total fixed assets</b>                 | <u>20,105,542</u> | <u>22,974,239</u> |

### Rating valuation 1/09/08:

| Property   | Hectares        | Land              | Improvements     | Capital           |
|--|-----------------|-------------------|------------------|-------------------|
| <b>Freehold</b>  |                 |                   |                  |                   |
| <i>Whangara B5</i>   |                 |                   |                  |                   |
| Sec 1 SO4248, Secs 2-10 Blk VI Secs<br>6-8 12-16 Blk 1 Pt Whangara B2A BV1<br>Blks VI VII X XI Whangara SD | 1713.198        | 13,500,000        | 1,210,000        | 14,710,000        |
| <b>Rototahi</b>  |                 |                   |                  |                   |
| Sec 3 Kirikiriroa 12A 2B1 Pts T<br>Uawhata 1B1 2A 2B1A 2B2 2B3 4AB   | 805.707         | 4,930,000         | 790,000          | 5,720,000         |
|  | <u>2518.905</u> | <u>18,430,000</u> | <u>2,000,000</u> | <u>20,430,000</u> |

## Notes to the financial statements

### 6. Fixed assets (cont.)

#### Book value (Statement of Financial Position purposes)

|  | 2009<br>\$        | 2008<br>\$        |
|--|-------------------|-------------------|
| <b>Whangara B5</b>                     |                   |                   |
| Opening balance                        | 16,424,886        | 16,433,832        |
| Write down to rating valuation 1/9/08  | (2,030,544)       | -                 |
| Plus additions                         | -                 | -                 |
| Other assets part of property retained | -                 | -                 |
| Less depreciation since                | 8,800             | 8,946             |
|  | <hr/>             | <hr/>             |
| Closing balance                        | 14,385,542        | 16,424,886        |
|  | <hr/>             | <hr/>             |
| <b>Rototahi</b>                        |                   |                   |
| Opening balance                        | 6,549,353         | 6,567,043         |
| Write down to rating valuation 1/9/08  | (811,663)         | -                 |
| Plus additions                         | -                 | -                 |
| Less depreciation since                | 17,690            | 17,690            |
|  | <hr/>             | <hr/>             |
| Closing balance                        | 5,720,000         | 6,549,353         |
|  | <hr/>             | <hr/>             |
| <b>Total property</b>                  | <b>20,105,542</b> | <b>22,974,239</b> |
|  | <hr/>             | <hr/>             |

### 7. Forest asset

Whangara B5 has two blocks of forestry on its property.

(i) Rototahi

This forest is half owned by the Incorporation and half owned by the Shanks Family.

Whangara B5 is entitled to half the proceeds from the 40ha block of Pinus Radiata which is managed by Kohntrol Forestry. The trees were planted in 1984 and will be harvestable in approximately 2010.

(ii) Panikau Road

This covers 40ha of Pinus Radiata of which 20ha was planted in 1993 and 20ha was planted in 1994.

Total insurance value

Plus costs since

Insurance  
valuation

232,000

334,948

566,948

1,150

568,098

## Notes to the financial statements

### 8. Equity

|  | 2009<br>\$        | 2008<br>\$        |
|--|-------------------|-------------------|
| <b>Reserves</b>                                |                   |                   |
| Revaluation of property to Govt Valuation      |                   |                   |
| Opening balance                                | 18,121,946        | 18,121,946        |
| Revaluation 01/09/08                           | (2,842,207)       | -                 |
|  | <u>15,279,739</u> | <u>18,121,946</u> |
| Revaluation of forestry to Insurance Valuation | 396,818           | 396,818           |
|  | <u>15,676,557</u> | <u>18,518,764</u> |
| <b>Capital account</b>                         |                   |                   |
| Opening Balance                                | 5,291,002         | 5,186,607         |
| Livestock Gains/(Losses)                       |                   |                   |
| Cattle   | 130,008           | 33,880            |
| Sheep  | 574,204           | 71,365            |
| Goat   | -                 | 850               |
|  | <u>5,995,214</u>  | <u>5,291,002</u>  |
| <b>Profit and loss appropriation account</b>   |                   |                   |
| Opening Balance                                | 3,696,986         | 3,636,231         |
| Net Income                                     | 757,142           | 519,942           |
|  | <u>4,454,128</u>  | <u>4,156,173</u>  |
| Donations                                      | 1,902             | 5,056             |
| Scholarship                                    | 2,000             | -                 |
| Kaumatua Grant                                 | 6,240             | 4,920             |
| Dividend Declared                              | 374,342           | 449,210           |
|  | <u>384,484</u>    | <u>459,186</u>    |
| Closing balance                                | <u>4,069,644</u>  | <u>3,696,987</u>  |
| Total equity                                   | <u>25,741,415</u> | <u>27,506,753</u> |
| Shareholding                                   |                   |                   |
| Total shares =                                 | 374,342           |                   |

### 9. Pakarae/Whangara B5 Partnership

|   | 2009<br>\$     | 2008<br>\$     |
|---|----------------|----------------|
| Loan for plant, vehicles & shares sold to the partnership | <u>492,494</u> | <u>492,494</u> |

Interest payable at bank overdraft rates. Repayable on demand.

## Notes to the financial statements

### 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                 | 712,716            | 128,076            |
| Share of profit/(loss)          | 895,762            | 602,224            |
| Interest on advances            | -                  | (9,076)            |
| Distributions paid              | (364,200)          | (242,800)          |
| Livestock revaluation reserve   | (41,262)           | (56,055)           |
| Capital advances                | (292,448)          | 292,448            |
| Other transactions              | (1,332)            | (105)              |
|                                 | <hr/>              | <hr/>              |
| Share of RWT/Imputation Credits | 909,236<br>(5,097) | 714,711<br>(1,995) |
|                                 | <hr/>              | <hr/>              |
| Closing balance                 | 904,139            | 712,716            |
|                                 | <hr/> <hr/>        | <hr/> <hr/>        |

### 11. Fulton Hogan Ltd sand royalty agreement

The Proprietors of Whangara B5 have an agreement with Fulton Hogan Ltd to receive royalties of \$8.25/tonne of sand extracted from the Quarry site. The current agreement expires on the 30 June 2009.

### 12. Unclaimed dividends - Shareholders owed the most

Hori Tanara Smith  
Heni Pomare Kingi  
Richard Awatea Thompson Whanau Trust Thompson  
Nellie Rangiuia  
Harriet Morris  
Rutene Kuhukuhu Maitai  
Georgina Ripeka Gregory  
Est Mei Roto Hayes Rangi  
Hector Wairau Whanau Trust  
Kere Makarete Walker Meha  
Okeroa Peihana  
Bernard H Kingi  
David & Beverley Reed Whanau Trust  
Bernadine Clark  
Graceland Whanau Trust  
Elizabeth Jacqueline Te Kani  
Wikitoria Morell Hale  
Apirana Te Rauna Hape  
Morehu Tangata John Nikora  
Charles Brisbane Nikora

## Notes to the financial statements

### 13. Taxation

|   | 2009                  | 2008                  |
|---|-----------------------|-----------------------|
|   | \$                    | \$                    |
| Net surplus/(deficit) before taxation                       | 877,374               | 630,642               |
| Livestock adjustment per accounts reversed                  | -                     | -                     |
| Livestock adjustment for tax purposes                       | 61,516                | 21,465                |
|   | <u>938,890</u>        | <u>652,107</u>        |
| <b>Add credit adjustments -</b>                             |                       |                       |
| Pakarae/Whangara B5 Partnership<br>for tax purposes         | - 576,765             | 524,004               |
| Legal Expenses  | -                     | 620                   |
|   | <u>576,765</u>        | <u>524,624</u>        |
|   | <u>1,515,655</u>      | <u>1,176,731</u>      |
| <b>Less debit adjustments -</b>                             |                       |                       |
| Pakarae/Whangara B5 Partnership<br>as per accounts reversed | - 895,762             | 602,224               |
| Development Expenditure Claim                               | 2,815                 | 2,815                 |
|   | <u>898,577</u>        | <u>605,039</u>        |
|   | <u>617,078</u>        | <u>571,692</u>        |
| <b>Other deductions</b>                                     |                       |                       |
| Donations   | 502                   | 4,000                 |
|   | <u>502</u>            | <u>4,000</u>          |
| <b>Taxable income</b>                                       | <u><u>616,576</u></u> | <u><u>567,692</u></u> |
| <b>Donations to Maori Authorities -</b>                     |                       |                       |
| Total qualifying paid                                       | = \$502               |                       |
| Limited to net income before donations                      | = \$617,078           |                       |
| <b>Taxation liability</b>                                   |                       |                       |
| Tax on above  | 120,232               | 110,700               |
| Less: RWT   | 15,956                | 19,761                |
| Less: Imputation Credits                                    | 75                    | 37                    |
| Less: Provisional Tax Paid                                  | 47,724                | 55,600                |
|   | <u>56,477</u>         | <u>35,302</u>         |
| Taxation Payable/(Refundable)                               | <u><u>56,477</u></u>  | <u><u>35,302</u></u>  |

