

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
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The Proprietors of Whangara B5 Annual Report For the year ended 30 June 2008

For and on behalf of the Committee of Management

Ingrid Collins

Chairperson
25 September 2008

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THE PROPRIETORS OF WHANGARA B5 **2008 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 3rd October 2008 at Whangara Marae. The timetable for the meetings is as follows:

Registration from 8:30am.

9:00am Pakarae/Whangara B5 Partnership

10:30am Proprietors of Whangara B5

11:30am Proprietors of Pakarae a & Other Blocks

Lunch to follow

BUSINESS

1. Welcome.
2. Apologies.
3. Confirmation of previous year's minutes.
4. Matters arising
5. Number of committee members – A current Committee of Management member has resigned. The Committee of Management recommends that the committee of seven be decreased to six.
6. Election – If the above recommendation is passed by the shareholders, there will be an election for three positions caused by the retirement by rotation of John Mackey, Hone Taumaunu and Raniera Te Kani who being eligible offer themselves for re-election. Should the above recommendation not be passed by shareholders, there will an additional position available which will be for the remaining term of two years.

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

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

Notes

1. Copies of the 2008 Balance Sheet and Accounts will be available to shareholders at the office from 26 September 2008
2. Please notify and inform family members of educational scholarship available in October.

INGRID COLLINS
Chairperson



ROBERTS & HARPER LTD
CHARTERED ACCOUNTANTS

Principal: *W D 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 25. The financial statements provide information about the past financial performance and financial position of the Incorporation as at 30 June 2008. This information is stated in accordance with the accounting policies set out on page 19.

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 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 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 25 ;
 - * complies with generally accepted accounting practice;
 - * gives a true and fair view of the financial position of the Incorporation as at 30 June 2008 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 2008 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 2008 is assessed by us in the manner provided by Section 278 of the Te Ture Whenua Maori Act 1993 at \$72.89.

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

Dated this 26th day of September 2008.

CHARTERED ACCOUNTANTS

THE PROPRIETORS OF WHANGARA B5

MINUTES OF THE ANNUAL GENERAL MEETING

HELD ON FRIDAY 5 OCTOBER 2007 AT THE WHANGARA MARAE

COMMENCING AT 11.30AM

PRESENT:

I Collins (Chairperson), H Taumaunu, J Mackey, T Toroa, B Leach, H Leach, D Te Kani, C Hawkins and shareholders (approx 55 in all).

ACTION

Also in attendance: R Scholefield, C Torrie.

WELCOME:

I Collins welcomed everyone present to the meeting.

APOLOGIES:

Apologies were received from E Koopu, R Paenga, L & D Tamepo, M Kutia, P King, U Te Kani, T Hempel, J Wilson.

Moved J Ripia/Seconded A Koopu

CARRIED

MINUTES:

Minutes of the meeting held 7 July 2006 were confirmed.

Moved W Amaru/Seconded J Te Kani

CARRIED

ELECTION:

I Collins informed the meeting that B Leach and I Collins retired by rotation and being eligible offered themselves for re-election. There being no further nominations B Leach and I Collins were re-appointed for a further 3 year period. B Leach then addressed the meeting thanking shareholders for support. I Collins spoke about the importance of the Rangatahi position and getting new young people onto the Committee of Management.

C Hawkins then addressed the meeting about his term as the Incorporation's first Rangatahi on the Committee of Management.

CHAIRPERSON'S REPORT:

The Chairperson's report was taken as circulated. *Moved J Kingi/Seconded D Ruru*

CARRIED

FINANCIAL STATEMENTS:

C Torrie took the meeting through the financial statements. These reported a small profit for the year. The meeting was informed that this was a combination of a 15 month period and a reduction in the profitability of the Partnership. It was *Moved D Haerewa/Seconded K Te Kani*

CARRIED

APPOINTMENT OF AUDITORS:

The Committee of Management recommended Roberts & Harper.

Moved J Kingi/Seconded K Te Kani

CARRIED

SHARE VALUERS:

The Committee of Management recommended the appointment of BDO Spicers. *Moved H Leach/Seconded D Te Kani*

CARRIED

DIVIDEND:

The Committee of Management recommended a dividend of \$1.20 per share. I Collins spoke about the possibility of a reduced dividend in the future should farming continue at its current levels of profitability. It was then *Moved B Mackey/Seconded J Ripia* that a dividend be accepted.

CARRIED

KAMATUA GRANT:

The Committee of Management recommended a Kaumatua grant of \$120 net for those over the age of 70 and to be collected by 30 June 2008. *Moved D Kutia/Seconded K Thompson*

CARRIED

DONATION FUND:

The Committee of Management recommended a donation fund of \$10,000 a year. *Moved P Wilson/Seconded J Kingi*

CARRIED

SAND MINES:

I Collins then spoke to the meeting about the sand mining operations. The meeting was informed that the Incorporation was currently discussing these operations with the Historic Places Trust and that a meeting would be held on 17 October 2007. I Collins said that there had been a lot of misinformation from the general public in respect of the sand mining operations. The Historic Places Trust was of the opinion that no homework had been done on the environmental impact. Whangara B5 had actually undertaken such a review and was available in a 35 page report. The Historic Places Trust was saying that there are places there that we should not be mining. I Collins said that she was happy to listen to the Historic Places Trust but this was our land and that we will not harm this land.

It was then *Moved H Kutia/Seconded W Amaru* that the Incorporation has the support of shareholders in its discussions with Historic Places Trust and its sand mining operations.

CARRIED

D Te Kani then spoke about the sand mines and said that the sand dunes were important to protect ourselves against global warming. A Koopu said that she supported the discussion on the sand mining and that the Paikea Whitireia Trust had written in support of the actions of the Incorporation. She said that we should not confuse global warming and sand mining as they are two separate issues. The issue was that if we are not sand mining correctly then why are we not correcting this.

P Wilson then spoke about the importance of having policies governing control over what is found on our lands.

MANAGEMENT:

T Nikora stated that he would like the next CEO and Farm Manager to be Maori and to be able to speak Maori.

PAIKEA WHITIREIA TRUST:

B Leach then thanked the Incorporation on behalf of the Paikea Whitireia Trust for the funding that had been made available to the Trust for alterations to the Marae.

REPRESENTATIVE ON THE PAIKEA WHITIREIA TRUST:

D Te Kani then addressed the meeting informing that he was the Incorporation's designated member to attend meetings of the Paikea Whitireia Trust.

The meeting then closed at 1pm with a karakia from H Taumaunu.

..... Chairperson

..... Date

Chairpersons Report 2008

To the Shareholders of Whangara B5 Incorporation

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

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 Puhi 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

I am pleased to present this annual report on behalf of the Committee of Management.

We have seen a strategic change in the make up of our Incorporation and that is the forming of the Pakarae/Whangara B5 Partnership.

The Management Committee sets the Strategic Plan for the farming Partnership and the Partnership Board develops the Business Plan and works to this through out the year. The budget is approved by the Management Committees. This year saw the Partnership Board make distribution to Whangara B5 Incorporation of \$364,200; this is our 61% share of \$600,000.

The policy for distribution is:

- Funds surplus to the farming partnerships' long term investment and operating requirements will be distributed annually to the committees of management of the shareholders.

The Board will determine the level of the surplus funds each year by reference to:

- The farming partnerships' medium term capital expenditure programme
- A sustainable financial structure for the farming partnership having regard to predictions of short and medium term economic conditions
- The farming partnerships' working capital requirements
- Agreement with the committees of management of the shareholders.

The Partnership Board is a business of its' own. In order for the Partnership Board to succeed, at times they have to borrow money from the Committees of Management until such time that the Partnership Board is in a position to be financially stable in its' own right and still pay distribution each year.

In order for Whangara B5 to be in a position to lend their share to the Partnership Board we may need to reduce our dividend distribution for a few years.

The Strategic Plan is out to 2012 and by then the Partnership Board should be well established and creating its' own wealth to not need borrowings from the Management Committees.

Your Management Committee has once again been dogged by controversy of the sand mining operation. Last year you gave your approval that we continue with this operation as it is the only income we receive directly from business operations. We have had Senior Archeologists on site to make sure there are no historical toanga being destroyed. To date they have not found anything. We are waiting for Historic Places Trust to grant us permission to continue mining in the original

site and extend into the future. This has been a very frustrating exercise, one where we believe the Historic Places Trust have been unreasonably difficult to deal with. Until this permission is granted, the contractors are carrying on and replanting coverage to the site.

This year has seen a comprehensive report for Massey University and Whangara B5 written by Carl Patrick Hawkins, our Rangatahi. He has just completed this report and it has some great historical reading that I am sure you will all be interested in.

On behalf of Whangara B5 I attended the select committee on the Emission Trading Scheme in Auckland. As reported in the partnership report there was a Maori contingent in attendance and we all presented at the same time. The Bill past into law on September 15th. Our submission was a joint one with the Iwi Leaders Group and FoMA. There was really no option but to put in our submission that if it should pass into law, we do not want to see the trading scheme run by “bureaucrats” in other words Cabinet Ministers.

The Minister of Finance has dropped the interest rate and I am still working with the FoMA executive to get the tax on Maori Incorporations and Trusts reduced to the 13.5% but as yet there has been no room on the Agenda. Tairawhiti made the suggestion that we should be taxed at the lowest rate as most of our shareholders are in the low tax bracket, at that time we were represented by Chris Torrie working for the Maori Land Development Group. It was stated that if the rate went up, then we would be taxed at that level and if it came down, then we should also reduce our contribution. Still work in progress.

Recently your committee has received a paper on the establishment of a website. The Committee has asked that this now be taken to the Partnership Board with the recommendation that the Partnership establish the website and Whangara B5 and Pakarae have separate pages on that website as well.

Thank you to the committee of management for your dedication and support during the year. And to BDO Spicers Gisborne for doing a wonderful job.

Election – shareholders are being asked to consider reducing the number of committee of management members from seven to six. We have been notified that one of our current members is resigning. With a significant proportion of our work now being conducted by the Partnership Board, we believe that the time is right to look at our Committee of Management and decide if we still require the seven members. If shareholders agree to reduce the number of members from seven to six, then we will have an election for three positions caused by the retirement by rotation of John Mackey, Hone Taumanau and Raniera Te Kani, who have all offered themselves for re-election. We have also received nominations from Carl Hawkins and Tatai Kutia II.

If the resolution to reduce the numbers does not get approved, then four of the above nominees will be appointed to the Committee of Management.

Appoint Auditors and Share valuers

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

Declare dividend

We recommend that a dividend of \$1.00 per share

Kaumatua grant

We recommend a grant of \$120 net. This is now available from the 3th of October until the 30th June each year and is non-accumulative.

Donation fund

We recommend a donation fund of \$10,000.

In the Partnership report the ending was time for the Partnership to **“Fly in Formation”**

I did not elaborate there as this belongs to you, the people who supported the formation of the partnership:

The report is such: Written by Tama Potaka: Time for Maori to **fly in formation**. He speaks about Maori Incorporations and Trust boards joining forces. Not just the large entities like Ngai Tahu and Tainui, who have joined forces to invest collaboratively by buying a significant stake in listed company Ryman Healthcare but all organisations and they could conceivably turn into a handful of wealthy, influential corporates.

Well done Whangara B5, you are once again punching above your weight by joining up with Pakarae A & Other blocks to increase your assets. There are other Incorporations that can be bought into the Partnership and whilst you may think there is not much future in farming, there is if we keep increasing our economies of scale.

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.

Ingrid N Collins MNZM
Chairperson
Whangara B5 Incorporation

Directory

Nature of business Farming - sheep and cattle (Partnership)

Location of property Main Road
Whangara

Registered office 1 Peel St, Gisborne

Committee of management Ingrid Collins (Chairperson)
Brian Leach
Hemi Leach
John Mackey
Hone Taumaunu
Raniera Te Kani
Tony Toroa

Rangitahi Carl Hawkins

Secretary Chris Torrie, BDO Spicers Gisborne Ltd

Accountants BDO Spicers Gisborne Ltd
Gisborne

Auditors Roberts & Harper
Gisborne

Bankers Bank of New Zealand
Gisborne

Solicitors Wilson Barber & Co
Gisborne

Statement of financial performance

Cattle

			2008 \$	2007 \$
	No.	Average price		
Sales				
Cows	-	-	-	64,592
Heifers	-	-	-	9,101
Steers	-	-	-	210,082
Bulls	-	-	-	3,636
	-----		-----	-----
	-		-	287,411
Less purchases				
Bulls	-	-	-	18,800
	-----		-----	-----
	-		-	18,800
			-----	-----
			-	268,611
Cattle on hand adjustment			-	(245,100)
			-----	-----
Cattle surplus/(deficit)			-	23,511
			=====	=====

Statement of financial performance

Cattle tallies

	On hand		Market value		Total value		Holding gains/ (losses) \$	Income adjust \$
	2007	2008	2007 \$	2008 \$	2007 \$	2008 \$		
M A Cows	811	811	770	750	624,470	608,250	(16,220)	-
Rsg 2yr Heifers	236	236	575	700	135,700	165,200	29,500	-
Rsg 1yr Heifers	330	330	370	400	122,100	132,000	9,900	-
Rsg 3yr Steers	101	101	850	850	85,850	85,850	-	-
Rsg 2yr Steers	322	322	750	750	241,500	241,500	-	-
Rsg 1yr Steers	332	332	470	450	156,040	149,400	(6,640)	-
Breeding Bulls	21	21	1,500	2,500	31,500	52,500	21,000	-
Rsg 1yr Bulls	120	120	400	400	48,000	48,000	-	-
High Priced	3	3	1,500	2,500	4,500	7,500	3,000	-
	<u>2,276</u>	<u>2,276</u>			<u>1,449,660</u>	<u>1,490,200</u>	<u>40,540</u>	<u>-</u>

Statement of financial performance

Sheep

			2008 \$	2007 \$
	No.	Average price		
Sales				
MA Ewes	-	-	-	4,758
Hoggets	-	-	-	172,308
Rams	-	-	-	1,134
				<u>178,200</u>
Sheep on hand adjustment			-	(175,334)
Sheep surplus			<u>-</u>	<u>2,866</u>

Wool

	Kg	@	2008 \$	Kg	@	2007 \$
Sales	-	-	-	50,786	\$2.59	131,514
Oddments	-	-	-	-	-	970
			<u>-</u>	<u>50,786</u>		<u>132,484</u>

Statement of financial performance

Sheep tallies

	On hand		Market value		Total value		Holding gains/ (losses) \$	Income adjust \$
	2007	2008	2007 \$	2008 \$	2007 \$	2008 \$		
Rsg 3&4 Yr Ewes	9,540	9,540	55	60	524,700	572,400	47,700	-
2th Ewes	3,500	3,500	60	65	210,000	227,500	17,500	-
Ewe Hoggets	3,898	3,898	50	50	194,900	194,900	-	-
Wether Hoggets	200	200	30	50	6,000	10,000	4,000	-
Breeding Rams	155	155	80	250	12,400	38,750	26,350	-
Ram Hoggets	243	243	100	100	24,300	24,300	-	-
Killers	72	72	35	40	2,520	2,880	360	-
High Priced	-	-			-	-	-	-
	<u>17,608</u>	<u>17,608</u>			<u>974,820</u>	<u>1,070,730</u>	<u>95,910</u>	<u>-</u>

Statement of financial performance

Goats

	No.	Average price	2008 \$	2007 \$
Sales				
Goat sales	-	-	-	3,629
Goat sales to Pakarae/Whangara B5 Partnership	-	-	-	13,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,629</u>
Goats on hand adjustment			-	(13,000)
Goats surplus/(deficit)			<u>-</u>	<u>3,629</u>

Goat tallies

	On Hand		Market Value		Total Value		Holding Gains/ (Losses)	Income Adjustment
	2007	2008	2007 \$	2008 \$	2007 \$	2008 \$	\$	\$
M A Does	-	-	-	-	-	-	-	-
M A Wethers	-	-	-	-	-	-	-	-
Breeding Bucks	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sales		-						
Unaccounted for		-						
	<u>-</u>	<u>-</u>						
	<u>-</u>	<u>-</u>						
Stock units	-	-						

Statement of financial performance

Expenditure & other income

	2008	2007
	\$	\$
Operating expenses		
ACC Levies	238	9,087
Animal health	-	20,557
Bank Fees	714	1,007
Electricity - Farm	-	1,990
Cartage	-	2,012
General Expenses	5,530	19,044
Horse and Dog Expenses	-	907
Insurance	3,350	4,876
Livestock identification	-	1,034
Rates	-	10,520
Rent	-	9,694
Shearing Wages	-	44,233
Shearing Expenses	-	2,560
Telephone & Tolls	-	1,061
Vehicle Expenses	-	7,363
Wages	-	185,987
	<u>9,832</u>	<u>321,932</u>
 Repairs and maintenance		
Dams & Tracks	-	13,843
Fencing Expenses	-	6,237
Fertiliser	-	1,226
Grass Seed	-	2,012
Building	-	18,098
General R & M	-	702
Weed & Pest Control	-	9,424
	<u>-</u>	<u>51,542</u>
 Finance expenses		
Interest - BNZ	<u>20</u>	<u>21</u>

Statement of financial performance

Expenditure & other income

	2008	2007
	\$	\$
Administration expenses		
Accountancy - As quoted	19,470	34,801
Accountancy - Secretarial	-	2,000
Accountancy - unquoted	8,509	4,189
Audit Fees	1,827	3,347
Committee Fees & Expenses	25,079	36,365
Consultancy Fees	493	-
FOMA Expenses	5,054	6,073
Legal Expenses	620	990
AGM Expenses	3,682	3,968
	<u>64,734</u>	<u>91,733</u>
Total cash expenses	<u><u>74,586</u></u>	<u><u>465,228</u></u>
Sundry farm income		
Hay Sales	-	13,462
	<u>-</u>	<u>13,462</u>
Lamb Leasing	-	11,618
Rebates Received	-	865
Sand Royal (c/mtr 2008:5561 2007:7232)	41,221	50,623
	<u>41,221</u>	<u>76,568</u>
Other income		
	Tax credits	
Interest receivable		
Westpac	5,088.91	16,112
Bank of New Zealand	3,370.32	17,284
Inland Revenue Department	-	7,108
Pakarae/Whangara B5 Partnership	9,342.71	47,915
	<u>17,801.94</u>	<u>88,419</u>
Dividends receivable		
NZ Wool Services Ltd	-	152
PPCS Limited	-	2,025
	<u>-</u>	<u>2,177</u>

Statement of financial performance

	2008 \$	2007 \$
Income		
Cattle	-	23,511
Sheep	-	2,866
Goats	-	3,629
Wool	-	132,484
Sundry farming income	41,221	76,568
	<hr/>	<hr/>
	41,221	239,058
Less expenses		
Operating	9,832	321,932
Repairs and maintenance	-	51,542
Depreciation	26,636	(4,723)
	<hr/>	<hr/>
	36,468	368,751
Net farming surplus/(deficit)	<hr/>	<hr/>
	4,753	(129,693)
Less other expenses		
Finance	20	21
Administration	64,734	91,733
	<hr/>	<hr/>
	64,754	91,754
Net operating surplus/(deficit)	<hr/>	<hr/>
	(60,001)	(221,447)
Plus other income		
Dividends receivable	-	2,177
Interest receivable	88,419	126,287
Capital gain on sale of fixed assets	-	125
Share of Pakarae/Whangara B5 Partnership Profit/(Loss)	602,224	162,160
	<hr/>	<hr/>
	690,643	290,749
Net surplus/(deficit)	<hr/>	<hr/>
	630,642	69,302
Provision for taxation	110,700	46,978
Net surplus/(deficit) after taxation	<hr/> <hr/>	<hr/> <hr/>
	519,942	22,324

Statement of movements in equity

	2008 \$	2007 \$
Opening equity	27,341,602	28,239,363
Net surplus/(deficit)	519,942	22,324
Net livestock holding gains/(losses)	104,395	(447,022)
	<hr/>	<hr/>
Total recognised revenues and expenses for the year	624,337	(424,698)
Donations	(5,056)	(5,850)
Paieka Whitireia Trust	-	(11,000)
Scholarship	-	(1,000)
Kaumatua Grant	(4,920)	(6,003)
Dividend Declared	(449,210)	(449,210)
	<hr/>	<hr/>
	(459,186)	(473,063)
	<hr/>	<hr/>
Closing equity	<u>27,506,753</u>	<u>27,341,602</u>

Statement of financial position

		2008 \$	2007 \$
Total equity	8	<u>27,506,753</u>	<u>27,341,602</u>
Current assets			
Prepayments		921	883
Interest Accrued		9,645	10,593
Inland Revenue Department		-	109,535
Pakarae/Whangara B5 Partnership	9	1,205,211	613,800
Accounts receivable		9,140	15,309
Bank accounts	2	<u>286,250</u>	<u>12,712</u>
		1,511,167	762,832
Livestock			
Cattle		1,514,200	1,449,660
Sheep		<u>1,070,730</u>	<u>974,820</u>
		2,584,930	2,424,480
Non current assets			
Investments	3	267,067	872,696
Forestry Asset	7	568,098	568,098
Fixed assets	6	<u>22,974,239</u>	<u>23,000,875</u>
		23,809,404	24,441,669
Total assets		<u>27,905,501</u>	<u>27,628,981</u>
Current liabilities			
Accounts Payable		8,302	15,021
Goods & Services Tax		401	711
Inland Revenue Department		35,302	
Unclaimed Dividends		<u>354,743</u>	<u>271,647</u>
		398,748	287,379
Total liabilities		<u>398,748</u>	<u>287,379</u>
Net assets		<u>27,506,753</u>	<u>27,341,602</u>

Statement of cash flows

	2008 \$	2007 \$
Cash flows from operating activities		
Cash was provided from:		
Livestock & Wool sales	-	718,308
Sundry farm income	-	92,274
Sand Royalties	40,563	-
Dividends received	-	152
Taxation	36,132	-
Interest received	98,443	111,091
	<hr/>	<hr/>
	175,138	921,825
Cash was applied to:		
Livestock purchases	-	18,800
Farm working & administration	80,799	381,601
Repairs & maintenance	-	66,068
Taxation	-	135,344
GST	1,186	13,599
Interest payable	20	21
	<hr/>	<hr/>
	82,005	615,433
Net cash inflow (outflow) from operating activities	<hr/>	<hr/>
	93,133	306,392
Cash flows from investing activities		
Cash was provided from:		
Working capital repayments from Partnership	743,575	311,037
Investments matured	670,994	386,069
	<hr/>	<hr/>
	1,414,569	697,106
Cash was applied to:		
Working capital repayments to Partnership	792,643	311,037
Plant purchases	-	488
Interest bearing investment	72,136	407,386
	<hr/>	<hr/>
	864,779	718,911
Net cash inflow (outflow) from investing activities	<hr/>	<hr/>
	549,790	(21,805)
Cash flows from financing activities		
Cash was provided from:		
Donations	1,649	-
	<hr/>	<hr/>
	1,649	-
Cash was applied to:		
Dividends	366,114	414,143
Kaumatua Grants	4,920	6,003
Donations	-	27,950
Scholarship expenses	-	1,000
	<hr/>	<hr/>
	371,034	449,096
Net cash inflow (outflow) from financing activities	<hr/>	<hr/>
	(369,385)	(449,096)
Increase in cash	<hr/>	<hr/>
	273,538	(164,509)
Cash		
Balance at beginning of year	12,712	177,221
Balance at end of year	286,250	12,712
Increase in cash	<hr/>	<hr/>
	273,538	(164,509)

Statement of cash flows

	2008 \$	2007 \$
Reconciliation of net profit to net cash inflow from operating activities		
Net Profit as per accounts after taxation	519,942	22,324
Plus non-cash items:		
Depreciation	26,636	(4,723)
Livestock on hand adjustment	-	433,434
Rebates received	-	(865)
PPCS Ltd Shares	(6,770)	(2,025)
Pakarae/Whangara B5 Partnership	(591,627)	(164,251)
Goat Sales	-	(13,000)
Holiday pay accrual	-	37,421
Capital gain on sale of fixed assets	-	(125)
	<u>(571,761)</u>	<u>285,866</u>
Plus movements in working capital		
Decrease in accounts payable	(6,718)	(27,561)
Decrease in accounts receivable	1,769	137,247
Employee loans	64	4,428
Increase in taxation payable	144,837	(95,351)
Decrease in GST payable	(310)	(26,655)
Decrease in interest accrued	948	(6,120)
Increase in Prepayments	(38)	626
	<u>140,552</u>	<u>(13,386)</u>
	88,733	294,804
Plus item classified as investing activity		
Accounts payable classified as fixed assets	-	488
	-	488
Plus item classified as financing activity		
Accounts payable classified as donations	-	100
Accounts receivable classified as donations	4,400	11,000
	4,400	11,100
Net cash inflow (outflow) from operating activities	<u><u>93,133</u></u>	<u><u>306,392</u></u>

Notes to the financial statements

1. Statement of accounting policies

General accounting policies

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

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

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

Depreciation

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

Land and Buildings	1.0%SL - 31.2%DV
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Fixed assets

Fixed assets are recorded at cost less accumulated depreciation except for land & buildings which are recorded at the most recent rating valuation plus permanent improvements since (at cost), less depreciation since.

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.

Comparatives

The 2007 comparative figures are for a period of 15 months whereas 2008 figures are for a period of 12 months.

Notes to the financial statements

2. Bank accounts

	2008	2007
	\$	\$
Bank of New Zealand Current Account	914	7,207
Bank of New Zealand On Call Account	285,336	5,505
	<u>286,250</u>	<u>12,712</u>

3. Investments

	2008	2007
	\$	\$
Interest bearing investments		
Bank of New Zealand term deposits	258,531	186,396
Westpac term deposits	-	670,994
	<u>258,531</u>	<u>857,390</u>
Shares in companies	No	
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
PPCS Limited - Rebate shares	-	6,770
		<u>15,306</u>
Other		<u>15,306</u>
Total investments		<u><u>872,696</u></u>

4. Maori Authority Credit Account

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

	2008	2007
	\$	\$
Balance at beginning of year	465,947	323,618
Plus taxation paid	23,798	142,329
	<u>489,745</u>	<u>465,947</u>
Less Credits attached to dividends paid	-	-
Balance at end of year	<u><u>489,745</u></u>	<u><u>465,947</u></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

	2008 \$	2007 \$
Opening balance	2,251,551	2,701,001
Less: Dividends paid	449,210	449,210
Kaumatua Grants	4,920	240
Closing balance	<u>1,797,421</u>	<u>2,251,551</u>

6. Fixed assets

	2008 \$	2007 \$
Land & Buildings - Whangara B5		
Revaluation and additions	16,732,345	16,732,345
Accumulated depreciation	<u>307,459</u>	<u>298,513</u>
	16,424,886	16,433,832
Land & Buildings - Rototahi		
Revaluation	6,778,356	6,778,356
Accumulated depreciation	<u>229,003</u>	<u>211,313</u>
	6,549,353	6,567,043
Plant & vehicles		
Total fixed assets	<u>22,974,239</u>	<u>23,000,875</u>

Rating valuation 1/09/05:

Property	Hectares	Land	Improvements	Capital
Freehold				
<i>Whangara B5</i>				
Sec 1 SO4248, Secs 2-10 Blk VI Secs 6-8 12-16 Blk 1 Pt Whangara B2A BV1 Blks VI VII X XI Whangara SD	1713.198	15,250,000	1,200,000	16,450,000
Rototahi				
Sec 3 Kirikiriroa 12A 2B1 Pts T Uawhata 1B1 2A 2B1A 2B2 2B3 4AB	805.707	5,820,000	750,000	6,570,000
	<u>2518.905</u>	<u>21,070,000</u>	<u>1,950,000</u>	<u>23,020,000</u>
	<u>2518.905</u>	<u>21,070,000</u>	<u>1,950,000</u>	<u>23,020,000</u>

Notes to the financial statements

6. Fixed assets (cont.)

Book value (Statement of Financial Position purposes)

	2008 \$	2007 \$
Whangara B5		
Opening balance	16,433,832	16,441,170
Write up to rating valuation 1/9/05	-	-
Plus additions	-	-
Other assets part of property retained	-	4,566
Less depreciation since	8,946	11,904
	<hr/>	<hr/>
Closing balance	16,424,886	16,433,832
	<hr/>	<hr/>
Rototahi		
Opening balance	6,567,043	6,589,155
Write up to rating valuation 1/9/05	-	-
Plus additions	-	-
Less depreciation since	17,690	22,112
	<hr/>	<hr/>
Closing balance	6,549,353	6,567,043
	<hr/>	<hr/>
Total property	22,974,239	23,000,875
	<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.

Insurance
valuation

232,000

334,948

Total insurance value

566,948

Plus costs since

1,150

568,098

Notes to the financial statements

8. Equity

	2008 \$	2007 \$
Reserves		
Revaluation of property to Govt Valuation		
Opening balance	18,121,946	18,121,946
Revaluation of forestry to Insurance Valuation	396,818	396,818
	<u>18,518,764</u>	<u>18,518,764</u>
Capital account		
Opening Balance	5,186,607	5,633,504
Capital gain transferred		125
Livestock Gains/(Losses)		
Cattle	33,880	57,370
Sheep	71,365	389,652
Goat	850	-
	<u>5,291,002</u>	<u>5,186,607</u>
Closing balance		
Profit and loss appropriation account		
Opening Balance	3,636,231	4,087,095
Net Income	519,942	22,324
	<u>4,156,173</u>	<u>4,109,419</u>
Donations	5,056	5,850
Paikea Whitireia Trust	-	11,000
Scholarship	-	1,000
Kaumatua Grant	4,920	6,003
Capital gain transferred	-	125
Dividend Declared	449,210	449,210
	<u>459,186</u>	<u>473,188</u>
Closing balance	<u>3,696,987</u>	<u>3,636,231</u>
Total equity	<u>27,506,753</u>	<u>27,341,602</u>
Shareholding		
Total shares =	374,342	

Notes to the financial statements

9. Pakarae/Whangara B5 Partnership

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

	2008	2007
	\$	\$
Opening balance	613,800	-
Share of profit/(loss)	602,224	162,160
Plant and vehicles sold	-	381,487
Shares sold	6,770	91,237
Goats sold	-	13,000
Holiday pay accrual	-	(37,421)
Interest on advances	(9,076)	9,076
Distributions paid	(242,800)	-
Livestock revaluation reserve	(56,055)	-
Capital advances	292,448	-
Other transactions	(105)	580
	<hr/>	<hr/>
Share of RWT/Imputation Credits	1,207,206	620,119
	1,995	6,319
	<hr/>	<hr/>
Closing balance	1,205,211	613,800
	<hr/> <hr/>	<hr/> <hr/>

10. Fulton Hogan Ltd sand royalty agreement

The Proprietors of Whangara B5 have an agreement with Fulton Hogan Ltd to receive royalties of \$7/tonne of sand extracted from the Quarry site. The current agreement expires on the 30th June 2009.

11. Unclaimed dividends - Shareholders owed the most

Hori Tanara Smith
Tokorua Te Kani
Heni Pomare Kingi
Tamaihikitia Hiki Te Kani
Richard Awatea Thompson Whanau Trust Thompson
Ethel Te Hau
Nellie Rangiua
Harriet Morris
Rutene Kohukohu Maitai
Hector Wairau Whanau Trust
Est Mei Roto Hayes Rangi
Harry Grant
Kere Makarete Walker Meha
Estate MV Kutia
Georgina Ripeka Gregory
Okeroa Peihana
Hinehou Tureia II
Bernadine Clark
Wikitoria Morell Hale
Bernard H Kingi

Notes to the financial statements

12. Taxation

	2008	2007
	\$	\$
Net surplus/(deficit) before taxation	630,642	69,302
Livestock adjustment per accounts reversed	-	433,434
Livestock adjustment for tax purposes	21,465	(176,070)
	<u>652,107</u>	<u>326,666</u>
Add credit adjustments -		
ACC	-	2,219
Holiday Pay Accrual	-	37,421
Pakarae/Whangara B5 Partnership for tax purposes	524,004	58,305
Legal Expenses	620	150
	<u>524,624</u>	<u>98,095</u>
	1,176,731	424,761
Less debit adjustments -		
Pakarae/Whangara B5 Partnership as per accounts reversed	602,224	162,160
Development Expenditure Claim	2,815	2,815
Capital gain on sale of fixed assets	-	125
	<u>605,039</u>	<u>165,100</u>
	571,692	259,661
Other deductions		
Donations to Maori Authorities	4,000	12,983
Kaumatua Grants	-	5,763
	<u>4,000</u>	<u>18,746</u>
Taxable income	<u>567,692</u>	<u>240,915</u>
Donations to Maori Authorities -		
Total qualifying paid	= \$4,000	
Limited to 5% of \$571,692 (Taxable Income)	= \$28,545	
Taxation liability		
Tax on above	110,700	46,978
Less: RWT	19,761	27,076
Less: Imputation Credits	37	3,281
Less: Provisional Tax Paid	55,600	126,156
	<u>35,302</u>	<u>(109,535)</u>

