



**SILVERWOOD  
FOREST**  
CORPORATION LIMITED AND COMPANY

**SILVERWOOD LAND PARTNERSHIP**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007**

PRINCIPAL ACTIVITY  
**Land Owner**

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## DIRECTORY

### DIRECTORS OF THE GENERAL PARTNER SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY

Peter Bradney BOULD  
Eoin Malcolm Miller JOHNSON  
Anthony Sydney LOVEDAY  
Peter TIEDEMANN

### BUSINESS ADDRESS

c/- Tiedemann & Partners  
300 Richmond Road, Grey Lynn  
PO Box 84 101, Westgate 0657  
AUCKLAND

### SOLICITORS

Castle Brown  
L4 19 Morgan Street, Newmarket  
AUCKLAND

### ACCOUNTANTS

Peter Bould CA Limited  
L1 408 Khyber Pass, Newmarket  
AUCKLAND

### BANKER

National Bank of New Zealand  
485 Great Sout Road, Penrose  
AUCKLAND

### AUDITOR

Cole-Baker and Company  
L10 203 Queen Street  
AUCKLAND

### STATUTORY SUPERVISOR

Prince & Partners Trustee Company Limited  
L9 50 Anzac Avenue  
AUCKLAND

**AUDITOR'S REPORT  
TO THE PARTNERS OF  
SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND  
PARTNERSHIP**

We have audited the financial statements on pages 3 to 10. The financial statements provide information about the past financial performance of the company and its financial position at 31 March 2007. The information is stated in accordance with the accounting policies set out in page 7 of the financial statements.

**Directors' Responsibilities**

The directors are responsible for the preparation of the financial statements, which give a true and fair view of the financial position of the company as at balance date and the results of operations and cashflows for the year ended 31 March 2007.

**Auditor's Responsibilities**

It is our responsibility to express an independent opinion on the financial statements presented by the Board and reporting our opinion to the partners.

**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:

- significant estimates and judgements made by the directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We have conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain 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 information in the financial statements.

We have no relationship with or interest in the Company other than in our capacity as auditors.

**Unqualified Opinion**

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

In our opinion:

- proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- the financial statements on pages 3 to 10:
  - comply with New Zealand accepted accounting practice; and
  - give a true and fair view in accordance with the accounting policies described in page 7 of the financial statements of the financial position of the company as at 31 March 2007 and the results of its operations and cashflows for the year ended on that date.

Our audit was completed on 18 July 2007 and our opinion is expressed as at that date.

AUCKLAND 18 July 2007

  
for COLE-BAKER AND COMPANY  
Chartered Accountants

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY  
SILVERWOOD LAND PARTNERSHIP  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 MARCH 2007

	2007	2006
	\$	\$
<b>OPERATING EXPENDITURE</b>		
<b>Administration Expenses</b>		
Accounting & Legal	1,135	6,626
Audit	1,485	2,205
Statutory Supervisor	675	-
Administration, Printing and Stationery	1,734	8,296
General Expenses	142	1,643
Travel	1,232	5,418
	6,403	24,188
<b>Land Ownership Expenses</b>		
Director's Fees	26,266	25,727
Cash Issue Expenses	1,619	-
Resource Consent	-	13,664
Valuations & Project Management	48,000	79,332
	75,885	118,723
<b>Interest Expense</b>		
Interest on Bradwood Loan	-	20,341
Interest Bank	-	2
Silverwood Forest P'ship Loan	63,877	3,063
	63,877	23,406
<b>TOTAL OPERATING EXPENDITURE</b>	146,166	166,317
<b>OTHER INCOME</b>		
<b>Interest &amp; Other</b>		
Interest Received	12,980	-
Sundry income / refund	-	444
<b>Revaluation of Land</b>		
Land at Whitby	(Note 6) 156,906	464,750
	169,886	465,194
<b>NET SURPLUS/ ( DEFICIT )</b>	(Note 8) 23,721	298,877

These financial statements are to be read in conjunction with the notes to the Financial Statements and the Audit Report.

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY  
SILVERWOOD LAND PARTNERSHIP  
STATEMENT OF MOVEMENTS IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2007

	2007	2006
	\$	\$
PARTNERSHIP EQUITY AT BEGINNING OF THE YEAR	4,844,773	4,545,896
SURPLUS/(DEFICIT)		
Net operating deficit (Note 3)	(133,185)	(165,873)
Movement in Asset Valuation	156,906	464,750
OTHER MOVEMENTS		
Contributions from Partners (Note 4)	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
TOTAL PARTNERSHIP EQUITY AT END OF THE YEAR	<u>4,868,494</u>	<u>4,844,773</u>

These financial statements are to be read in conjunction with the notes to the Financial Statements and the Audit Report.

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY  
 SILVERWOOD LAND PARTNERSHIP  
 STATEMENT OF FINANCIAL POSITION  
 AS AT 31 MARCH 2007

	2007	2006
	\$	\$
TOTAL PARTNERSHIP EQUITY	4,868,494	4,844,773
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade & Sundry Creditors	13266	27,147
Accrued Expenses		11,050
	<u>13,266</u>	<u>38,197</u>
<b>Short Term Loans</b>		
Loan from Silverwood Forest Partnership	765,729	331,237
Loan from Bradwood Forest Limited (Note 5)	-	-
Loan from Whitby Corporation Limited	-	-
	<u>765,729</u>	<u>331,237</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>765,729</b>	<b>331,237</b>
<b>TOTAL FUNDS INVESTED</b>	<b><u>5,647,489</u></b>	<b><u>5,214,207</u></b>
REPRESENTED BY:		
<b>Current Assets</b>		
GST Refund Due	1249	9,263
<b>General Partner - Funds Held in Trust</b>		
National Bank of New Zealand - Current A/c	7775	4,933
National Bank of New Zealand - Interest Bearing A/c	280038	11
Website	1520	14,207
	<u>290,582</u>	<u>14,207</u>
<b>Non Current Assets</b>		
<b>Land (Note 6)</b>		
Cost of Land	902,696	902,696
Revaluation	<u>4,414,209</u>	<u>4,257,304</u>
	<b>5,316,906</b>	<b>5,160,000</b>
<b>Intangible Assets</b>		
Future Access purchase Options (Note 7)	<u>40,000</u>	40,000
	<b>40,000</b>	<b>40,000</b>
<b>TOTAL ASSETS</b>	<b><u>5,647,488</u></b>	<b><u>5,214,207</u></b>

DIRECTOR.....

18/7/2007

DIRECTOR.....

18/7/2007

DIRECTORS OF THE GENERAL PARTNER (SILVERWOOD FOREST CORPORATION LIMITED)

These financial statements are to be read in conjunction with the notes to the Financial Statements and the Audit Report.

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY  
SILVERWOOD LAND PARTNERSHIP  
STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 MARCH 2007

	2007	2006
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash was provided from: Various	765	500
Net GST Received	19,723	14,016
Interest Received	12,966	-
	33,454	14,516
Cash was applied to:		
Interest Paid	-	30,632
Bank Charges Paid	93	-
Payments to Suppliers	122,864	215,605
Payments for SFP	10,189	-
	133,146	246,237
Net Cash used in Operating Activities (Note 8)	(99,692)	(231,721)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash was provided from: 1.4.06 trf of Investment A/c	175,572	-
SFP - Transfers into Investment A/c	325,000	330,000
	500,572	330,000
Cash was applied to:		
Transfers to SFP	118,000	-
	118,000	-
Net Cash from Investing Activities	382,572	330,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash was provided from:		
Loan Funds from Whitby Corporation Limited	-	-
	-	-
Cash was applied to:		
Loan Funds from Bradwood Forest Partnership	-	100,000
Loan Funds from Whitby Corporation Limited	-	100,000
	-	100,000
Net Cash from Financing Activities	-	(100,000)
Net Increase/(Decrease) in cash held	282,880	(1,721)
Plus Opening cash brought forward	4,934	6,655
<b>Ending Cash carried forward</b>	<b>287,814</b>	<b>4,934</b>
Represented by:		
National Bank of New Zealand Ltd - Current Account	7,775	4,934
National Bank of New Zealand Ltd - Interest Bearing A/c	280,038	-
	287,814	4,934

These financial statements are to be read in conjunction with the notes to the Financial Statements and the Audit Report



SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY  
SILVERWOOD LAND PARTNERSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007

**1. STATEMENT OF ACCOUNTING POLICIES**

**REPORTING ENTITY**

Silverwood Forest Corporation Limited, being the General Partner of Silverwood Forest Corporation Limited and Company - Land Partnership, is a company registered under the Companies Act 1993.

Silverwood Forest Corporation Limited and Company - Land Partnership is a Special Partnership registered under the Partnership Act 1908.

Silverwood Forest Corporation Limited is an issuer for the purpose of the Financial Reporting Act 1993. The Financial Statements of Silverwood Forest Corporation Limited and Company - Land Partnership have been prepared in accordance with the Financial Reporting Act 1993.

**MEASUREMENT BASE**

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the company subject to the periodic revaluation of the land.

**SPECIFIC ACCOUNTING POLICIES**

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

**(a) Non Current Assets**

Land value is stated at valuation as determined each year. The valuation is based on the independent valuations obtained in 2006 adjusted for SLP's interest in the Silverwood Verplank JV (Note 6). The changes in the value of land is reflected in the Statement of Financial Performance.

**(b) Goods and Services Tax**

These Financial Statements have been prepared exclusive of Goods and Services Taxation with the exception of creditors which are GST inclusive.

**(c) Changes in Accounting Policies**

Change in valuation of land is now reflected in the Statement of Financial Performance and then forms part of Revenue Reserves within Equity. Previously, changes in valuation were reflected directly within Equity as part of Capital Reserves. The change is effective from the 2004 year.

There are no other changes to accounting policies, all other policies have been applied on bases consistent with those used in previous years.

**These notes form part of and should be read in conjunction with the attached Financial Statements**

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY  
SILVERWOOD LAND PARTNERSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007

**2. GENERAL PARTNER**

The General Partner, Silverwood Forest Corporation Limited, conducts all the day to day operations of the Land Partnership.

**3. TAX LOSSES**

Up to and including 2005 tax losses are not allocated to individual partners as the loss remains within the Special Partnership. These losses are carried forward and will be available to off-set against future profits.

	\$	
Tax Losses brought forward from 2005		702,830
Current Year's Profit	23,721	
Less Valuation Adjustment	156,906	
Allocated to Partners	(133,185)	-
 Total Losses carried forward to 2008 subject to assessment.		702,830

**Note:** As per Note 1 ( a ) and ( c ) the gain on revaluation of the land is not included for taxation purposes.

**4. CAPITAL AND FUNDS CONTRIBUTED**

The initial capital of the Partnership was 262 units of \$2,200 each. All the capital was raised during the 1991 financial year.

As a result of a one for one issue at a cost of \$4,000 per unit, a further \$1,048,000 capital was raised in June 2003. After issue, a further one for one bonus issue was made bringing the total of units to 1,048 fully paid units. All capital is paid and no calls are outstanding.

		Units	\$ per Unit rec'd	TOTAL \$
1991	Initial Capital	262	\$ 2,200	\$ 576,400
2003	1 for 1 Cash Issue	262	\$ 4,000	\$ 1,048,000
2003	1 for 1 Bonus Issue	524	\$ -	\$ -
	<b>TOTALS</b>	1048	\$ 1,550	\$ 1,624,400

**5. SHORT TERM LOANS**

SLP entered into an agreement with SFP to borrow all SFP available funds at 10% p.a. reviewable annually.

**6. NON CURRENT ASSETS**

**Land**

The Partnership owns 211 hectares of land situated at Whitby, Wellington. This land is freehold and is subject, in part, to Transit New Zealand Transmission Gully Motorway Designation.

SLP has entered into a JV Agreement with Verplank Ltd to develop the non designated land into sections following Council zoning guidelines.

The 20 April 2006 valuation was carried out by Brian Stafford-Bush of Sheldons and partners Ltd, who valued the land, its additions and approved resource consents at \$8,185,000.

The bookvalue of \$5,160,000 reflects SLP's part net of our JV partner's interest.

	\$
Costs of Land including Lot 100	902,696
Directors Revaluation 31 March 2002	2,597,304
Directors Revaluation 31 March 2004	350,000
Valuers Revaluation 31 March 2005 \$4,735,000 less \$40,000 for intangible access options	845,000
Valuers Revaluation 31 March 2006 adjusted for our interest in JV	464,750
Valuers Revaluation dated 20 April 2006 adjusted for our interest in JV at 31.03.07	156,906
	5,316,656

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SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY  
SILVERWOOD LAND PARTNERSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007

7. INTANGIBLE ASSETS

The Directors have paid the sum of \$40,000 for options to purchase two sections that will provide future access. The options expire in 2021.

8. RECONCILIATION OF STATEMENT OF CASHFLOWS  
WITH OPERATING SURPLUS

	2007	2006
	\$	\$
Net operating Profit/(Loss)	23,721	298,877
Adjusted by items not involving cashflows		
Increase in Valuation of Land to revenue account	(156,906)	(464,750)
Accrued interest on intercompany loan	63,877	2,946
Website	(1,520)	-
RWT write off	11	-
	<u>(70,817)</u>	<u>(162,927)</u>
Impact of changes in working capital items		
(Increase)/Decrease in GST Refund Due	8,014	(5,828)
(Increase)/Decrease in receivables & Accruals	(10,757)	-
Increase/(Decrease) in accrued payables & Accruals	(26,131)	(62,965)
	<u>(28,874)</u>	<u>(68,793)</u>
Net cash received/(used) in operating activities	<u>(99,691)</u>	<u>(231,720)</u>

9. RELATED PARTY TRANSACTIONS

During the year the following amounts were paid to Aratas Consulting Services in which Malcolm Johnson, Director of the General Partner, has a controlling interest. There were no amounts outstanding at the end of the year.

Aratas Consulting Services \$7,531

During the year the following amounts were claimed by Peter Bould CA Limited in which Peter Bould, Director of the General Partner, has a controlling interest. An amount of \$883 was outstanding at the end of the year.

Peter Bould CA Limited \$6,305

During the year the following amounts were claimed by Valley Management Limited in which Tony Loveday, Director of the General Partner, has a controlling interest. An amount of \$213 was outstanding at the end of the year.

Valley Management Limited \$5,996

These notes form part of and should be read in conjunction with the attached Financial Statements

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY  
SILVERWOOD LAND PARTNERSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007

**9. RELATED PARTY TRANSACTIONS (...continued)**

During the year the following amounts were claimed by Wholesale Products Trading Limited in which Peter Tiedemann, Director of the General Partner, has a controlling interest, and by Tiedemann and Partners in which Peter Tiedemann is a partner. An amount of \$1693 was outstanding at the end of the year.

Wholesale Products Trading Limited	\$49,511
Tiedemann and Partners	\$5,800

**10. SILVERWOOD VERPLANK - JOINT VENTURE to develop Stages I & II**

All the 6 Lots of Silverwood Land Partnership (SLP) land at Whitby has been contracted to Joint Ventures (JV) with Verplank Limited (previously Seventh City Finance Limited) and Carrus Corporation Ltd, both of Tauranga. JV agreements for Lots 3,4,5, and 6 are yet to be completed.

The JV objective is to develop and sell residential and rural sections. SLP provides the land with Carrus Corp Ltd providing the management, expertise and supervision and Verplank Ltd providing the funding to pay for planning, consents, roads, infrastructure, marketing and administration.

Profits from development will be shared 50/50 between SLP and Verplank Ltd after Carrus has been paid for management and SLP for its land. The land remains in SLP ownership, and will be transferred as individual sections to the post-development's first purchaser.

The JV has purchased 68 Exploration Way and is currently in the process of completing a resource consent to development this block together with our Stage 1 (Lot 1)

The valuers report dated 20 April 2006 has taken this JV transactions into account.

There have been no material changes since that valuation, except that the JV development has progressed well. The accounts of the JV have not been audited.

**11. CONTINGENT LIABILITIES**

Partnership - Nil (2005 nil)

Joint Venture, Partnership Share - Nil (2005 nil)

**12. CAPITAL COMMITMENTS**

Partnership - Nil (2005 nil)

Joint Venture, Partnership Share - \$1,500,000 (2005 \$500,000)

**These notes form part of and should be read in conjunction with the attached Financial Statements**