SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2014

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SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP
DIRECTORY
FOR THE YEAR ENDED 31 MARCH 2014

Nature of Business:	Land Owner and Land Developer
Business Address:	C/- Tiedemann & Partners PO Box 84-101 Westgate, Auckland 0657
Registered Office	GECA Chartered Accountant Limited Level 2, Roche House 98 Carlton Gore Road Newmarket, Auckland 1023
Board of Directors:	Peter Bradney Bould Eoin Malcolm Miller Johnson Anthony Sydney Loveday Peter Tiedemann
IRD Number	57-129-751
Bankers:	Bank of New Zealand Auckland
Solicitors:	Claymore Partners Limited Auckland
Auditor:	KPMG Tauranga
Statutory Supervisor	Covenant Trustee Company Ltd Auckland

Independent auditor's report

To the Unitholders of Silverwood Forest Corporation Limited and Company Land Partnership

Report on the financial statements

We have audited the accompanying financial statements of Silverwood Forest Corporation Limited and Company Land Partnership ("the Partnership") on pages 3 to 21. The financial statements comprise the statement of financial position as at 31 March 2014, the statements of comprehensive income, changes in net assets attributable to partners and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Partnership's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Other than in our capacity as auditor we have no relationship with, or interests in, the Partnership.

Opinion

In our opinion the financial statements on pages 3 to 21:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Partnership as at 31 March 2014 and of its financial performance and cash flows for the year then ended.

Other matter

The financial statements of the Partnership, for the year ended 31 March 2013, were audited by another auditor who expressed an unmodified opinion on those statements on 9 August 2013 with an emphasis of matter paragraph.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Partnership, as far as appears from our examination of those records.

KPMG

28 August 2014
Tauranga

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 $	2013 *Restated $
Forestry Revenue		38,830	-
Total Revenue		38,830	-
Cost of Sales		(19,054)	-
Total Gross Margin		19,776	-
Realised Gain on Sale of Whitby Corporation Shares	15	36,373	-
Other Income		36,373	-
Administrative Expenses	1	71,657	84,478
Development & Marketing Costs		31,689	65,369
Directors Deferred Remuneration and Management Fees	9	(8,363)	(17,533)
Impairment of Land Stock	6	-	890,918
Other Operating Expenses	1, 11	45,270	41,205
Other Expenses		140,253	1,064,437
Operating Loss		(84,104)	(1,064,437)
Net Financing Income	2	16,478	22,988
Net Loss Before Tax		(67,626)	(1,041,449)
Income Tax Expense	3	-	-
Net Loss after tax and Total Comprehensive Income for the Year		(67,626)	(1,041,449)

* See Note 17

This Statement is to be read in conjunction with the notes to the financial statements.

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS
FOR THE YEAR ENDED 31 MARCH 2014

	2014	2013 *Restated
	$	$
Net Assets at the beginning of the Year	8,503,310	9,545,076
Net Loss after Tax and Total Comprehensive Income for the Year	(67,626)	(1,041,449)
Capital Distribution to Partners	(1,100,400)	-
Tax Credit transferred to Partners	(8,464)	(317)
Net Assets at the end of the Year	7,326,820	8,503,310

* See Note 17

This Statement is to be read in conjunction with the notes to the financial statements.

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Note	2014	2013 *Restated	1 April 2012 *Restated
		$	$	$
Current Assets				
Cash at Bank		729,205	1,813,945	1,068,172
Short Term Investments		-	1,250,000	-
Trade Receivables	8	93,581	279,938	141,333
Accrued Interest Receivable		-	9,178	-
Sundry Receivables		10,851	-	-
GST Receivable		3,653	13,577	-
Land Stock	6	3,213,232	3,841,873	3,881,020
Land Development	7	6,658,537	11,978,224	5,059,027
Total Current Assets		10,709,059	19,186,736	10,149,552
Non-Current Assets				
Property, Plant and Equipment		11,847	15,177	6,608
Future Access Purchase Options		40,000	40,000	40,000
Whitby Corporation Limited Shares	15	38,581	45,000	45,000
Total Non-Current Assets		90,429	100,177	91,608
Total Assets		10,799,488	19,286,913	10,241,160
Current Liabilities				
Trade Payables	3	59,731	10,666	76,515
Sundry Payables and Accruals	3	67,009	72,263	83,753
Deferred Income	8	125,670	-	-
Total Current Liabilities		252,411	82,929	160,268
Non-Current Liabilities				
Loans and Borrowings	5	2,710,336	10,182,391	-
Deferred Directors Remuneration and Management Fee	9	509,921	518,283	535,816
Total Non-Current Liabilties		3,220,257	10,700,674	535,816
Total Liabilities Excluding Net Assets Attributable to Partners		3,472,668	10,783,603	696,084
Net Assets Attributable to Partners		7,326,820	8,503,310	9,545,076
Total Liabilities		10,799,488	19,286,913	10,241,160

* See Note 17

For and on behalf of the Board of Directors:

Director: Director:

Date: 27-Aug-14 Date: 27-Aug-14

SILVERWOOD FOREST CORPORATION LIMITED AND COMPANY LAND PARTNERSHIP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 $	2013 *Restated $
Cash Flows from Operating Activities			
Cash was provided from:			
Share of JV Operations, net		5,171,554	3,604,050
Forestry sales		32,177	-
GST Received		28,717	12,430
WCL shares sold	15	42,792	-
Bank Interest Received		25,650	13,810
		5,300,890	3,630,290
Cash was applied to:			
Bank charges		140	169
GST Paid		-	7,485
RWT Tax paid		8,464	318
Payment to suppliers		201,609	200,827
		210,214	208,799
Net Cash from Operating Activities	12	5,090,676	3,421,491
Cash Flows from Financing Activities			
Cash was provided from:			
Share of JV Bank Borrowings Advanced		-	10,182,391
Cash was applied to:			
Capital Payment to SLP Unit holders	14	(1,100,400)	-
Share of JV Repayment of Bank Borrowings		(6,325,016)	
Share of JV Payments to Verplank		-	(11,608,109)
Net Cash used in Financing Activities		(7,425,416)	(1,425,718)
Net increase/(decrease) in Cash during the year		(2,334,740)	1,995,773
Opening cash balance		3,063,945	1,068,172
Ending Cash carried forward		729,205	3,063,945
Comprising:			
Cash at Bank		729,205	1,813,945
Short Term Investments	14	-	1,250,000
		729,205	3,063,945

* See Note 17

This Statement is to be read in conjunction with the notes to the financial statements.

KPMG

Reporting entity
Silverwood Forest Corporation Limited and Company - Land Partnership ("The Partnership") is a Special Partnership registered under the Partnership Act 1908. Pursuant to the Limited Partnerships Act 2008, the special partnership status will expire on 30 April 2015 and can not be renewed. Continuance will be achieved through conversion to a Limited Liability Partnership (see accounting policy i. Going Concern).

The Partnership is an issuer for the purpose of the Financial Reporting Act 1993. The financial statements of the Partnership have been prepared in accordance with the Financial Reporting Act 1993.

Silverwood Forest Corporation Limited and Company ("the Company") is the General Partner of the Partnership and is registered under the Companies Act 1993.

The financial statements of the Partnership for the year ended 31 March 2014 include the Partnership's share of the assets and liabilities of the Silverwood Joint Venture.

The Partnership is a land owner and develops land through the Silverwood Joint Venture.

The financial statements were authorised for issue by the Board of the Company on 27 August 2014.

Statement of compliance
The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and the requirements of the Financial Reporting Act 1993. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards, as appropriate for for-profit oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Presentation currency
The financial statements are presented in New Zealand Dollars (NZD) which is the Partnership's functional currency.

Measurement base
The financial statements have been prepared on a historical cost basis, unless highlighted in the specific accounting policies and notes. The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

Use of estimates and judgements
The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant assumptions and estimates is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Significant judgement or estimation is applied in the following areas: -
- Accounting for interest in the Silverwood Joint Venture. Judgement was applied in determining the type of joint arrangement (see Note 4); and
- Land Development. Estimation is made in determining the cost per section of land sold (see Note 7).

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Going concern

These financial statements have been prepared on the basis that the Partnership is a going concern. The Partnership's status as a 'special partnership' expires 30 April 2015 when its current registration expires. Pursuant to the Limited Partnerships Act 2008 it cannot be renewed. The partnership is in the process of being restructured to a Limited Liability Partnership subject to 100% of Partners signing the Restructure Form to be circulated in 2014.

It is intended that the entire existing Partnership business and net assets will be transferred into the new Limited Liability Partnership entity on or before the expiry date. The operations of the Partnership will carry on as normal, but under a different name and entity structure. On the basis that the business in substance is continuing into the future, and is essentially the same entity except under a different name, we believe that the going concern basis of preparing these financial statements is appropriate.

Specific accounting policies

a. Land Stock

Land Stock is held as inventory and measured at the lower of cost or net realisable value. Net realisable value is established by independent valuation.

b. Joint Arrangements

The Partnership's interests in Joint Arrangements solely comprise of an interest in a Joint Operation.
Joint Operations are Joint Arrangements with other parties where the Partnership has joint control of the Joint Arrangement and where the parties have direct rights to assets and obligations for liabilities of the arrangement. Joint Operations are accounted for by representing the Partnership's right to their share of the Joint Arrangement's assets, liabilities, revenues and expenses. When making this assessment, the Partnership considers the structure of the arrangement, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

c. Net Assets Attributable to Partners

These funds are used to finance the Partnership, which are subject to certain restrictions per the Deed of Participation.

d. Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Partnership and the revenue can be reliably measured. Revenue is measured at the fair value of consideration receivable.

Revenue on sales of Land Stock and Land Development is recognised when legal title to the land passes to the purchaser. Deposits received in respect of the sale of Land Stock and Land Development are included within Deferred Income until such time as the legal title to the land has passed to the purchaser. Where the sale of Land Stock and Land Development has been invoiced to the customer, but legal title to the land has not passed to the customer, GST already paid on behalf of the customer is included within Trade Receivables. The actual recognition of revenue and passage of legal title to the customer occurs simultaneously.

Revenue on forestry sales is recognised in profit or loss when the significant risks and rewards associated with the timber are transferred to the purchaser.

e. Financing Income

Interest income is recognised in profit or loss as it is earnt, using the effective interest method.

f. Income Tax

There is no tax payable by the Partnership. Each Partner is individually liable for the tax on their respective share of the income from the Partnership.

g. Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST where applicable.

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Specific accounting policies (continued)

h. Impairment

The carrying amounts of the Partnership's tangible and intangible assets other than Land Stock are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Estimated recoverable amount is the greater of their fair value less costs to sell and value in use. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in profit or loss.

Impairment losses are reversed when there is a change in the estimated recoverable amount of the asset concerned such that recoverable amount is in excess of current carrying amount. This reversal is also through profit or loss.

j. Financial instruments

Financial risk management objectives and policies

The Partnership classifies its financial instruments in the following categories: fair value through profit and loss, loans and receivables, held-to-maturity investments, available for sale financial assets, and other liabilities at amortised cost. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its instruments at initial recognition and re-evaluates this designation at each reporting date. At the reporting date, all financial assets were classified as "loans and receivables". All financial liabilities were classified as "other liabilities at amortised cost". Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities, and equity, are disclosed below.

Financial assets consist of cash at bank, short term investments, trade receivables and other receivables, and investments in unlisted shares. Financial liabilities consist of trade payables, other payables, and loans and borrowings. In addition, the Partnership is party to financial instruments to meet financing needs. These financial instruments may include guarantees of others' bank facilities.

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the financial instruments.At initial recognition, financial liabilities are measured at fair value and subsequently at amortised cost using the effective interest method. All gains or losses recognised on financial liabilities measured at amortised cost are reported in the profit or loss for the period.

Specific accounting policies (continued)

j. Financial instruments (continued)

(i) Cash and cash equivalents include cash in hand, deposits held on call with banks, short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(ii) Receivables and payables are initially recorded at fair value and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts).

(iii) Shares in unlisted companies cannot be reliably valued. They are therefore carried at cost less any impairment losses. Should any impairment losses be suffered they will not be reversed even if the circumstances leading to the impairment are resolved.

(iv) Borrowings are initially recorded at fair value net of transaction costs incurred, and subsequently at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period they are incurred.

k. Cash flows

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts. The relevant share of cash balances from, and cash flows within, the Silverwood Joint Venture have been recognised in the the Statement of Cash Flows. This is on a net basis for cash flows from operations, and a gross basis for the relevant share of cash flows related to independent financing activities. Where a change in percentage entitlement to assets and liabilities occurs between financial reporting periods, the impact this has on closing cash balances recognised is included within cash flows from operations.

l. Provisions

The Partnership recognises a provision for future expenditure of an uncertain amount or timing where there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

m. Segment information

The Partnership operates in one geographical segment, New Zealand, and one operating segment, land ownership. It has no reportable segments.

Changes in accounting policies

The Partnership has consistently applied the accounting policies set out above to all periods presented in these financial statements. Those noted below have changed from the prior period due to errors.

During the period management corrected the accounting policy for the recognition of revenue on the sale of Land Stock and Land Development by the Silverwood Joint Venture, such that the sale of the underlying land and costs attributable to said land are recognised in the Income Statments of the Silverwood Joint Venture when the legal title to land passes to the customer. See Note 17 for required disclosures.

Changes in accounting policies (continued)

During the previous period management early adopted NZ IFRS 11 - Joint Arrangements. In the prior year the Partnership's sole interest in a Joint Arrangement - the Silverwood Joint Venture - was accounted for as a Joint Venture. However, a review of the arrangement has indicated that it in fact meets the definition of a Joint Operation, and this error has been retrospectively corrected in the financial statements, as disclosed in Note 4 and Note 17. The Partnership has since changed its accounting policy for its interests in Joint Arrangements as shown in Specific accounting policy *b* . The Silverwood Joint Venture is now accounted for as a Joint Operation (where the Partnership has rights to the assets and obligations for the liabilities relating to an arrangement). An asterix (*) from hereon in refers to Note 4.

New standards adopted

The Partnership has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 April 2013:

NZ IFRS 13 - Fair Value Measurement - The standard establishes a single framework for measuring fair value and making disclosure about fair value measurements when required of permitted by other NZ IFRSs. The adoption of this standard has had no significant effect on the financial statements of the Partnership.

New standards and amendments to existing standards announced but not yet effective

The following new standard is effective for annual periods beginning after 1 July 2014, and has not been applied in preparing these financial statements:

NZ IFRS 9 - Financial Instruments - This standard becomes mandatory for the Partnership in 2018 and could change the classification and measurement of financial assets. The Partnership does not plan to adopt this standard early and the extent of its impact has not been determined.

KPMG

1. ADMINISTRATIVE AND OPERATING EXPENSES

Administrative and Operating Expenses include:	2014 $	2013 $
Auditor's Remuneration	15,000	17,000
Directors Fees and Expenses	45,270	41,205

2. NET FINANCING INCOME

	2014 $	2013 $
Interest Income	16,478	22,988

3. TRADE PAYABLES AND ACCRUALS

	2014 $	2013* $	2012* $
Trade Payables	34,699	5,062	-
Sundry Payables and Accruals	23,500	27,000	23,485
Share of Trade Payables of Silverwood Joint Venture	25,032	5,604	76,515
Share of Sundry Payables of Silverwood Joint Venture	43,509	45,263	60,268
	126,741	82,929	160,268

4. INVESTMENT IN JOINT OPERATION

The Partnership entered into an agreement (the "Joint Venture Agreement") with Verplank Limited and Verplank II Limited (together "Verplank") dated 17 September 2002, which governs the operations of a Joint Arrangement between both Verplank and the Partnership (the Silverwood Joint Venture). The Silverwood Joint Venture operates on Lot 1 and 2 of the Partnership's original land in Whitby, Poirirua. The Partnership jointly controls the Silverwood Joint Venture with Verplank, and other than through this relationship, is not related to Verplank.

Impact of change in accounting policy during the current year

The investment in the Silverwood Joint Venture was previously accounted for as a Joint Venture under NZ IFRS 11 - Joint Arrangements. However, the Partnership has re-assessed the classification of the Joint Arrangement and concluded that the Silverwood Joint Venture meets the definition of a Joint Operation, not that of a Joint Venture. This is as a result of the Joint Arrangement being established without a separate legal structure and the parties to the Joint Venture have direct rights to the assets and obligations for the liabilities of the arrangement.

The correction of this prior period error is disclosed in Note 17 after retrospectively restating the Statement of Financial Position and Statement of Cash Flows for the prior year, and presenting the opening Statement of Financial Position at 1 April 2012. The proportionate share of the assets and liabilities of the Silverwood Joint Venture attributable to the Partnership have been disclosed in this note, with the share of cash flows disclosed in Note 17. There was no impact of this prior period error on either the Statement of Comprehensive Income or the Statement of Changes in Net Assets Attributable to Partners, as a result of the profit sharing agreement in respect of the Silverwood Joint Venture noted below. There were no other significant impacts on the financial statements.

KPMG

4. INVESTMENT IN JOINT OPERATION (CONTINUED)

Impact of change in accounting policy during the current year (continued)

The following table shows the impact of the change in accounting policy on the Statement of Financial Position as at 1 April 2012 and 31 March 2013, and it also shows the share of assets and liabilities recognised as at 31 March 2014.

	At 31 March 2014	At 31 March 2013	At 1 April 2012*
Proportion of Silverwood Joint Venture assets and liabilities attributable to the Partnership	66.86%	95.15%	35.81%
	$	$	$
Share of Assets and Liabilities Recognised			
Cash at Bank	506,363	1,659,825	481,493
Land Stock (Note 6)	843,232	1,471,873	620,102
Land Development (Note 7)	6,658,537	11,978,224	5,059,027
Trade Receivables (Note 8)	(124,467)	224,793	86,188
Property, Plant and Equipment	11,847	15,177	6,608
Trade Payables (Note 3)	(25,032)	(5,604)	(76,515)
Sundry Payables and Accruals (Note 3)	(43,509)	(45,263)	(60,268)
Loans and Borrowings (Note 5)	(2,710,336)	(10,182,391)	-
Net Assets and Liabilities Recognised	5,116,635	5,116,635	6,116,635
Equity Accounted Investment de-recognised	N/A	5,116,635	6,116,635

Profit sharing agreement

Verplank initially provided the finance for the Silverwood Joint Venture, and the Partnership provided the land for development within the Joint Venture. Verplank and the Partnership have made net contributions to the Silverwood Joint Venture over time that are not in equal proportion as a result of this arrangement, despite their overall joint control of the operation evenly between Verplank and the Partnership.

Due to this the Partnership has entered into a profit sharing agreement with Verplank to facilitate the equalising of the proportion of assets and liabilities held by the parties respectively in the Silverwood Joint Venture. The entitlement to revenues, expenses, assets and liabilities will be agreed to by the parties each year until such time as the net contributions to the Silverwood Joint Venture by the parties equalise. It was previously determined by the parties that Verplank were entitied to an additional share of profits from the Silverwood Joint Venture totalling $6,387,778 to achieve this, which recognises the historic contributions to the Silverwood Joint Venture made by Verplank in excess of those contributed by the Partnership. The profit still attributable to Verplank as at 31 March 2014 is $2,580,283 (31 March 2013 $4,855,995). This has led to the proportion of assets and liabilities of the Silverwoood Joint Venture recognised by the Partnership varying over time, as is shown in the table above. The proportion of the Silverwood Joint Venture's assets and liabilities attributable to the Partnership as at 31 March 2014 stands at 66.86% (31 March 2013: 95.15%) as a consequence of the above.

5. LOANS AND BORROWINGS

	2014 $	2013* $	2012* $
Share of Loans and Borrowings of Silverwood Joint	2,710,336	10,182,391	-

Loans and Borrowings consist of the Partnership's share of Silverwood Joint Venture's loan payable to Westpac (the "Mortgage"). The Mortgage is secured by a registered first mortgage over the Land Stock and Land Development held by the Silverwood Joint Venture. Interest is currently chargeable at 5.7% per annum, and the Mortgage is due to mature in February 2016. The Mortgage is repaid on a regular basis on settlement of the sale of sections of land within the Silverwood Joint Venture.

6. LAND STOCK

	2014 $	2013* $	2012* $
Land Stock held solely by the Partnership	2,370,000	2,370,000	3,260,918
Share of Land Stock of Silverwood Joint Venture	843,232	1,471,873	620,102
	3,213,232	3,841,873	3,881,020

All land held for redevelopment and/or sale is classified as land stock and accounted for in accordance with NZ IAS 2 - Inventories. From the initial land held by the Partnership, Lots 1 & 2 were committed to the Silverwood Joint Venture at an agreed value of $1,500,000. The Partnership's share of Lots 1 & 2 which have not yet been sold by the Silverwood Joint Venture is shown above. The balance of the Partnership's land is separately disclosed and relates to Lots 3, 4 and 6. This was valued by Sheldons in its report dated 5 April 2013 at $2,370,000.

The NZTA landtake related to the Land Stock held solely by the Partnership, undertaken in June 2010, has not yet been reflected in the titles for Lots 3 and 4. This, together with the current loss of legal access to Lots 3 and 4 and the new PCC designation through Lots 4, 6 and 1 for its Waitangirua motorway feeder road, are the key reasons for the 31 March 2013 stock value reduction of $890,918.

Designated Land

	2014 $	2013 $
Designated Land - New Zealand Transport Authority (NZTA)	-	-

In 1995 the NZTA placed a designation across the land owned by the Partnership as part of its plans to build the Transmission Gully motorway. This meant that, in due course, the designated land and related severed land, would be taken by the Government for the development of a motorway. That Land Take was completed 30 June 2010 when the Partnership received $8,156,250, equating to $7,250,000 net of GST. This land was not part of the Partnership's Land Stock as it was subject to a legal Land Take and had been valued in prior periods at $849,555. The tax free Capital Gain to Unit Holders from the Land Take was $6,400,445.

Following storms in 2003, the NZTA Designated Land was replanted in Pinus Radiata and kept as a Fixed Asset until the Government Land Take was completed. The Partnership now have a right to lease this land from the Government for a pepper corn rental until further notice.

6. LAND STOCK (CONTINUED)

Designated Land - Porirua City Council (PCC)

In 2012 the NZTA received Environment Court consent to proceed with the Transmission Gully Motorway including it's PCC Link Roads. PCC subsequently placed the James Cook and the Waitangirua Link Roads on its District Plan effectively creating PCC Designations that affect the land of the Partnership and the Silverwood Joint Venture. The James Cook Link Road land was owned by Whitby Coastal Estate Limited and is now owned by PCC. This affects our Draft Plans for Lot 3 and will provide access sometime in the future replacing that taken by NZTA. The Waitangirua Link Road traverses Silverwood land and a process to provide the lost access to Lot 4 and compensation for land taken of Lots 4, 6 and 1 has started in the financial year to 31 March 2014.

7. LAND DEVELOPMENT

	2014	2013*	2012*
	$	$	$
Share of Land Development of Silverwood Joint Venture	6,658,537	11,978,224	5,059,027

Construction costs associated with the development of land in the Silverwood Joint Venture are accumulated within Land Development until such time as sale of developed land sections occurs. Upon sale, an estimate of the cost incurred on each section is expensed. Land Development is carried at original cost and assessed annually for impairment. No impairment has been recognised on the basis that the fair value of Land Development is in excess of its carrying value.

The cost of Land Development per section sold is estimated by management based on the overall costs of developing the land held by the Silverwood Joint Venture. The overall Development Costs remaining in the Statement of Financial Position of the Silverwood Joint Venture are apportioned to the individual section sold based on the selling price of the land as a proportion of the expected sales value of all remaining developed land sections combined.

8. TRADE RECEIVABLES AND DEFERRED INCOME

	2014	2013*	2012*
	$	$	$
Trade Receivables due solely to the Partnership	92,378	55,145	55,145
Share of Trade Receivables due to Silverwood Joint Venture	1,203	224,793	86,188
	93,581	279,938	141,333
Share of Deferred Income in Silverwood Joint Venture	125,670	-	-

Deferred Income arises when deposits due on the sale of Land Stock and Land Development have been paid by customers but the legal title to the underlying land has not yet passed to the customer.

9. DEFERRED DIRECTORS REMUNERATION AND MANAGEMENT FEE

Full provision has been made for the estimated liability for Directors Remuneration and Management Fees in the statement of financial position and income statement.

	2014	2013
	$	$
Opening balance	518,283	484,108
NZTA 2010-2012 WPTL Deferred Fees	-	51,708
Decrease during the year	(8,363)	(17,533)
Closing balance	509,920	518,283

A written remuneration agreement exists which determines the calculation of this liability, effective 1 April 2006. It was established in consideration for a reduction in Directors' remuneration and fees from that date, such that the Directors each accrue 1% of any increase in Partnership Funds from 31 March 2006, and in addition Peter Tiedemann specifically will receive an additional 7% of the same amount, after adjusting the increase in Partnership Funds for Capital Repayments to Unit Holders, Resident Witholding Tax, and before taking account of the deferred directors' remuneration and management fees. This agreement was reached following consultations with the Partnership's Solicitor and in agreement with the Statutory Supervisor and was subsequently approved by Unit Holders at an AGM.

The liability is therefore calculated as 11% of the difference between the 31 March 2006 Partnership Funds ($4,844,773) and the current periods Partnership Funds ($7,326,820) after adding back Capital Repayments made to Unit Holders in the period since 31 March 2006 ($524,000 and $1,100,400 in July 2010 and July 2013 respectively), Resident Witholding Tax distributed over recent years to Unit Holders ($19,272), and finally adding back the provision for these deferred Directors Remuneration and Management Fees.

The deferred fees are only payable once distributions to Unit Holders have exceeded the Partnership equity as at 31 March 2006, which amounts to $4,844,773 or $4,623 per unit. A distribution of $500 per unit was made in July 2010 resulting in a net cost per unit to unitholders of $1,050. A further distribution of $1,050 per unit was made in July 2013, meaning the effective cost per unit in the Partnership has now been returned to the Unit Holders. The cost price per unit is $1,550, calculated based on the initial investment of $2,200 per original unit in 1990, additional investment of $4,000 per unit in 2003, and a two for one Bonus Issue in 2003, meaning the overall cost of $6,200 represents investment in four units, i.e. $1,550 per unit.

For the year ended 31 March 2014 the Directors were paid $9,564 (2013: $9,304) each related to preparation for, and attendance of, the Partnership's Board Meetings. Directors fees paid have been adjusted for CPI increases during the period 2006 to 2013.

Over the years (including this year) $19,272 Resident Withholding Tax (RWT) has been returned to Unit Holders.

10. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2014 (2013 - Nil).

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11. RELATED PARTY TRANSACTIONS

i) Related Party Relationships

The Partnership considers the Directors to be related parties of the Partnership, along with any businesses in which the Directors of the Partnership (or close family relations thereof) have significant influence, including the parties whose transactions are noted below. The Partnership is also related to its Unit Holders (the ultimate owners of the Partnership). Of the Unit Holders, 50% of the units are owned by Whitby Corporation Limited - an entity directed by Tony Loveday and Peter Tiedemann. Other related parties include the General Partner (the Company) and the Silverwood Joint Venture.

ii) Related Party Transactions

During the year the Partnership obtained consultancy services and disbursements from suppliers who are related parties by virtue of common control and directorships. The values of the transactions were as follows:

Net Invoices received for the Partnership from:	Interested Party:	2014	2013
Aratas Consulting Services Limited	Malcolm Johnson	9,565	9,454
Peter Bould CA Limited	Peter Bould	9,649	11,344
Tiedemann & Partners for administration	Peter Tiedemann	25,251	24,696
Wholesale Products Trading Limited	Peter Tiedemann	23,692	20,141
Valley Management Services Limited	Tony Loveday	10,514	9,986
		78,670	75,621

Fees paid to the Directors can be seen in Note 9. Silverwood Joint Venture also paid $18,000 to Peter Tiedemann (2013: $18,000) in relation to administration of the Venture. During the year the Partnership incurred costs of $9,519 (2013: $Nil) from DST Services (independent from but related to Peter Tiedemann through a close family member). No balances were outstanding as at 31 March 2014 (31 March 2013: $Nil). Other transactions with related parties are disclosed as appropriate within these financial statements.

12. RECONCILIATION OF NET LOSS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2014	2013*
	$	$
Net Loss for the year	(67,626)	(1,041,449)
Adjustment for items included in Net Loss with no cash flow effect:		
Impairment of Land Stock	-	890,918
Deferred Directors' Remuneration and Management Fees	(8,363)	(17,533)
Realised Gain on Sale of Whitby Corporation Shares	(36,373)	-
	(112,362)	(168,064)
Adjustment for items having a cash flow effect not represented in Net Loss or working capital movements:		
Share of cash flows from operation of the Silverwood Joint	5,171,554	3,604,050
Sale of Whitby Corporation Limited Shares	42,792	-
	5,101,984	3,435,986
Impact of changes in working capital items under the sole control of the Partnership:		
(Increase)/decrease in GST Receivable	9,924	(13,577)
Increase in other Receivables	(38,905)	(9,178)
Decrease in GST Payable	-	(7,485)
Increase in RWT paid to IRD	(8,464)	(317)
Increase/(decrease) in Deferred Directors' Remuneration and Management Fees	(13,666)	(17,533)
Increase in other Payables and Accruals	39,803	33,595
Net cash used in operating activities	5,090,676	3,421,491

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13. FINANCIAL INSTRUMENTS

The Partnership has a number of financial instruments in the course of its normal activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the bases of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the accounting policies.

i) Fair Value

The estimated fair value of the Partnership's financial instruments equals the carrying values. This applies to all bank balances, receivables, payables and loans. Accordingly no comparison is made between the fair values and carrying values for any class of financial instrument.

ii) Liquidity Risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they fall due. The Partnership's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and adverse conditions, without incurring unacceptable losses or risking damaging the Partnership's reputation. The investment in Whitby Corporation Limited Shares are considered the only financial asset that may not be recoverable within 12 months, and are thus considered the main financial asset that poses a liquidity risk. Loans and Borrowings relate to the share of the Loans and Borrowings of the Silverwood Joint Venture, and have a maturity date in excess of 12 months from the reporting date (see Note 5).

iii) Credit Risk

Financial instruments that expose the Partnership to the most significant credit risk consist of Trade Receivables and Sundry Receivables. The maximum exposure to credit risk is the carrying value of each financial asset in the Statement of Financial Position which is net of any recognised provision for losses on those financial instruments.

iv) Interest Rate Risk

Interest rate risk is the risk that interest rate changes will adversely affect the Partnership's results. The Partnership is exposed to interest rate risk through it's share of the Mortgage, payable by the Silverwood Joint Venture (see Note 5). The loan has an interest rate which fluctuates monthly. This is currently 5.5% at the 31 March 2014 (31 March 2013: 5.3%).

v) Market Risk

The main market risk influencing the financial instruments of the Partnership is the value of unlisted shares. This value is determined by the underlying demand for the shares and the performance of the business in which the shares are held. The other risk, being the demand for and valuation of residential sections, does not significantly impact the Partnership's financial instruments.

14. DISTRIBUTION TO UNIT HOLDERS

In July 2010 Unit Holders were paid distributions of $500 per unit from funds received for the NZTA Land Take. A further $1,050 per unit was paid in July 2013. This brings total distributions to $1,550 per unit, equalling the prospectus prices paid for units in the Partnership. The return to Unit Holders to date is 0% on funds invested. In addition to this, Residents Withholding Tax (RWT) of $19,272 has been been returned to Unit Holders.

15. WHITBY CORPORATION LIMITED - UNLISTED SHARES

In 2011 Silverwood Land Partnership purchased 150,000 shares at 30 cents per share. In the 2014 financial year Whitby Corporation Limited bought back 21,396 at $2 per share (consideration of $42,792). This gain realised as a result of this buy back of $36,373 was recognised in 2014 as 'other income' (equating to $1.70 per share). In the 2014 Statement of Financial Position there remains 128,604 shares at 30 cents per share ($38,581).

16. COMMITMENTS

There are no capital and lease commitments as at 31 March 2014 (2013 - Nil).

17. PRIOR PERIOD ERRORS

a. During the prior period the Partnership early adopted NZ IFRS 11 and classified their interest in the Silverwood Joint Venture as a Joint Venture. However, on reconsidering the actual facts and circumstances surrounding the interest in the Silverwood Joint Venture, the Partnership has confirmed that the Silverwood Joint Venture in fact meets the criteria of a Joint Operation per NZ IFRS 11. This has resulted in the de-recognition of the investment previously recognised in the Statement of Financial Position, and recognition of the Partnership's share of the assets and liabilities of the Silverwood Joint Venture individually. This is referred to in the Specific accounting policies, the Changes in accounting policy, and recounted in detail in Note 4. The impact of this adjustment in retrospectively restating the Statement of Financial Position and Statement of Cash Flows is included within the summary below.

b. During the prior period an Equity Adjustment was recognised in the Statement of Comprehensive Income and the Statement of Financial Position in relation to the Investment in the Silverwood Joint Venture. This was done to bring the investment in the Silverwood Joint Venture in line with the actual amount invested. On further review, the adjustment was actually applicable to the opening Statement of Financial Position in the prior year, i.e. as at 01 April 2012. As a result of this fact, the Partnership has restated the Statement of Comprehensive income for the year to 31 March 2013, restated the Statement of Changes in Net Assets Attributable to Partners, and restated the Statement of Financial Position.

The impact of the above corrections of prior period errors is disclosed below, and included in the other notes to the financial statements where applicable, indicated by an asterix (*) throughout these financial statements.

c. The accounting policy for the recognition of revenue related to Land Stock and Land Development is considered to be inappropriate in prior periods. Revenue should only be recognised on transfer of the legal title for land to customers. As a result of the profit sharing agreement in relation to the Silverwood Joint Venture (refer to Note 4) this has had no effect on the financial statement information presented, other than a change in disclosure of the profit share attributable to Verplank disclosed in Note 4. In future periods this change in accounting policy will lead to a timing difference in any revenue recognisable in the Partnership on the sale of Land Stock and Land Development.

Statement of Comprehensive Income

	31 March 2013 (original)	Prior Period Error b)	31 March 2013 (restated)
	$	$	$
Joint Venture Equity Adjustment	895,785	(895,785)	-
Net Loss After Tax and Total Comprehensive Income for the Year	145,664	895,785	1,041,449

17. PRIOR PERIOD ERRORS (CONTINUED)

Statement of Changes in Net Assets Attributable to Partners

	31 March 2013 (original)	Prior Period Error b)	31 March 2013 (restated)
	$	$	$
Net Assets at the beginning of the Year	8,649,291	895,785	9,545,076
Net Loss after Tax and Total Comprehensive Income for the Year	(145,664)	(895,785)	(1,041,449)
Net Assets at the end of the year	8,503,310	-	8,503,310

Statement of Financial Position

	31 March 2013 (original)	Prior Period Error a)	31 March 2013 (restated)
Assets	$	$	$
Cash at Bank	154,120	1,659,825	1,813,945
Land Stock	2,370,000	1,471,873	3,841,873
Land Development	-	11,978,224	11,978,224
Trade Receivables	55,145	224,793	279,938
Property, Plant and Equipment	-	15,177	15,177
Share in Silverwood Joint Venture	5,116,635	(5,116,635)	-
Liabilities			
Trade Payables	5,062	5,604	10,666
Sundry Payables and Accruals	27,000	45,263	72,263
Loans and Borrowings	-	10,182,391	10,182,391
Net Assets Attributable to Partners	8,503,310	-	8,503,310

	1 April 2012 (original)	Prior Period Error a)	Prior Period Error b)	1 April 2012 (restated)
Assets	$	$		$
Cash at Bank	586,679	481,493	-	1,068,172
Land Stock	3,260,918	620,102	-	3,881,020
Land Development	-	5,059,027	-	5,059,027
Trade Receivables	55,145	86,188	-	141,333
Property, Plant and Equipment	-	6,608	-	6,608
Share in Silverwood Joint Venture	5,220,850	(6,116,635)	895,785	-
Liabilities				
Trade Payables	-	76,515	-	76,515
Sundry Payables and Accruals	23,485	60,268	-	83,753
Net Assets Attributable to Partners	8,649,291	-	895,785	9,545,076

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17. PRIOR PERIOD ERRORS (CONTINUED)

Statement of Cash Flows

	31 March 2013 (original)	Prior Period Error a)	31 March 2013 (restated)
Cash Flows from Operating Activities			
Share of JV Operations, net	-	3,604,050	3,604,050
Cash Flows from Investing Activities			
JV Loan Repayment	1,000,000	(1,000,000)	-
Cash Flows from Financing Activities			
Share of JV Bank Borrowings Advanced	-	10,182,391	10,182,391
Share of JV Payments to Verplank	-	(11,608,109)	(11,608,109)
Opening Cash Balance	586,679	481,493	1,068,172
Net increase in cash held	817,441	1,178,332	1,995,773
Closing Cash Balance	1,404,120	1,659,825	3,063,945

18. SIGNIFICANT EVENTS AFTER BALANCE DATE

In April 2014 NZTA notified Silverwood Land Partnership that they wish to take a further six hectares of land owned by the Partnership. An estimate of the financial effects of this cannot yet be determined, but it would in any event be in excess of the carrying amount of that land within Land Stock and Land Development in the financial statements.

There were no other significant events after balance date.

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SUPPLEMENTARY INFORMATION PROVIDED (UNAUDITED)

Income Tax Expense

Current Tax Expense	-	-

Reconciliation of Effective Tax Rate

Net Loss Before Tax	(67,626)	(1,041,449)
Non Deductible - Land Revaluation Decrease	-	890,918
Non Assessable Income Whitby Share Buy Back	(36,373)	-
Non Deductible - Directors Deferred Remuneration (Decrease)	(8,363)	(17,533)
Loss distributed to Partners	(112,362)	(168,064)

(Partners need to refer to the "Tax Letter" provided)

Non Taxable Income / (Loss)	44,736	(873,385)
Taxable Loss	(112,362)	(168,064)
Net Loss Before Tax	(67,626)	(1,041,449)