

SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

Managed Investment Scheme SCH11747

FINANCIAL STATEMENTS **FOR THE YEAR ENDED** **31 MARCH 2017**

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SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

Managed Investment Scheme SCH11747

DIRECTORY FOR THE YEAR ENDED 31 MARCH 2017

General Partner:	Silverwood Corporation Limited (362973) NZBN 9429039548511
Nature of Business:	Land Owner
Business Address:	C/- Tiedemann & Partners PO Box 84-101 Westgate, Auckland 0657
Registered Office	Geoff Bowker CA Level 3, 142 Broadway Newmarket, Auckland 1023
Board of Directors:	Peter Bradney Bould Eoin Malcolm Miller Johnson Anthony Sydney Loveday Peter Tiedemann
IRD Number	119-590-858
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 Partners of Silverwood Land 2015 Limited Partnership

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Silverwood Land 2015 Limited Partnership (the partnership) on pages 4 to 21:

- i. Present fairly in all material respects the Partnership's financial position as at 31 March 2017 and its financial performance and cash flows for the year ended on that date; and
- ii. Comply with New Zealand Equivalents to International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- The statement of financial position as at 31 March 2017;
- The statements of comprehensive income, changes in net assets attributable to partners and cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the partnership in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report.

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



Use of this Independent Auditor's Report

This report is made solely to the partners as a body. Our audit work has been undertaken so that we might state to the partners those matters we are required to state to them in the Independent Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the partners as a body for our audit work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the financial statements

The Directors, on behalf of the partnership, are responsible for:

- The preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards);
- Implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the financial statements

Our objective is:

- To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- To issue an Independent Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx.

This description forms part of our Independent Auditor's Report.



KPMG
Tauranga

6 June 2017

SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017	2016
		\$	\$
Land Revenue	1a	3,322,281	4,049,514
Forestry Revenue		-	10,389
Total Revenue		<u>3,322,281</u>	<u>4,059,903</u>
Cost of Land		(2,065,894)	(3,581,566)
Total Direct Costs		<u>(2,065,894)</u>	<u>(3,581,566)</u>
Total Gross Margin		1,256,387	478,337
Administrative and Other Operating Expenses	1b	(301,042)	(394,980)
Marketing Costs	1b	(100,021)	(373,021)
Directors Deferred Remuneration and Management Fees Change	8	(94,751)	88,684
Total Expenses		<u>(495,814)</u>	<u>(679,318)</u>
Operating Profit / (Loss)		760,573	(200,981)
Net Financing Income	2	99,224	166,741
Net Profit / (Loss) Before Tax		<u>859,797</u>	<u>(34,240)</u>
Income Tax Expense		-	-
Net Profit / (Loss) after tax, and Total Comprehensive Income for the Year		<u><u>859,797</u></u>	<u><u>(34,240)</u></u>



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

SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017	2016
		\$	\$
Net Assets at the beginning of the Year		5,368,944	9,026,418
Net Profit / (Loss) after Tax and Total Comprehensive Income for the Year		859,797	(34,240)
Capital Distribution to Partners	13	(1,729,200)	(3,605,120)
Tax Credit transferred to Partners		(3,614)	(18,114)
Net Assets at the end of the Year		<u>4,495,927</u>	<u>5,368,944</u>



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

SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

		2017	2016
	Note	\$	\$
Current Assets			
Cash at Bank		883,356	1,619,284
Trade Receivables	7	4,057	-
Sundry Receivables		109,775	65,082
Land Stock	5	3,706,232	3,548,424
Land Improvements	6	419,725	2,051,597
Total Current Assets		<u>5,123,146</u>	<u>7,284,387</u>
Non-Current Assets			
Property, Plant and Equipment		-	7,278
Whitby Corporation Limited Shares		38,581	38,581
Total Non-Current Assets		<u>38,581</u>	<u>45,859</u>
Total Assets		<u><u>5,161,727</u></u>	<u><u>7,330,246</u></u>
Current Liabilities			
Trade Payables	3	75,365	250,760
Sundry Payables and Accruals	3	42,575	137,652
Deferred Income	7	52,250	51,196
Distribution to Partners Accrued	10(iii)	-	838,400
Deferred Directors Remuneration and Management Fee	8	495,610	683,295
Total Current Liabilities		<u>665,800</u>	<u>1,961,302</u>
Total Liabilities excluding Net Assets Attributable to Partners		<u>665,800</u>	<u>1,961,302</u>
Net Assets Attributable to Partners		<u>4,495,927</u>	<u>5,368,943</u>
Total Liabilities and Net Assets Attributable to Partners		<u><u>5,161,727</u></u>	<u><u>7,330,246</u></u>

For and on behalf of the Partnership and the Board of Directors



Director: [Signature] Director: [Signature]
 Date: 6 June 2017 Date: 6 June 2017

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

SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 \$	2016 \$
<u>Cash Flows from Operating Activities</u>			
<i>Cash was provided from:</i>			
Land revenue		3,319,326	4,177,389
Forestry Sales		-	10,387
Bank Interest Received		14,029	9,494
Interest Received		33	56,742
		3,333,388	4,254,012
<i>Cash was applied to:</i>			
Payments to Suppliers		(1,316,692)	(605,273)
RWT Tax paid		(3,614)	(18,114)
		(1,320,306)	(623,387)
Net Cash from Operating Activities	11	2,013,082	3,630,625
<u>Cash Flows from Investing Activities</u>			
<i>Cash was provided from:</i>			
Dividend Received		-	16,912
Deposits on land		(4,750)	-
Resource consent costs		(261,821)	-
Capital Payment Received		85,162	83,593
Net Cash from Investing Activities		(181,409)	100,505
<u>Cash Flows from Financing Activities</u>			
<i>Cash was applied to:</i>			
Capital Payment to Partners		(2,567,600)	(3,185,920)
Net Cash used in Financing Activities		(2,567,600)	(3,185,920)
Net increase/(decrease) in Cash during the year		(735,927)	545,210
Opening Cash balance		1,619,284	1,074,074
Ending Cash carried forward		883,357	1,619,284
Comprising:			
Cash at Bank		883,356	1,619,284
		883,356	1,619,284



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

SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

Managed Investment Scheme SCH11747

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Reporting entity

Silverwood Land 2015 Limited Partnership ("the Partnership"), previously known as Silverwood Forest Corporation Limited and Company - Land Partnership ("the Old Partnership"), is a Limited Partnership registered under the Limited Partnerships Act 2008.

The Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 ("the Acts") are effective for the Partnership. Silverwood Corporation Limited registered a Managed Investment Scheme SILVERWOOD LAND 2015 LIMITED PARTNERSHIP (SCH11747) on the 15th of December 2016 and received its Certificate of Registration of Managed Investment Scheme ('MIS') on that date under Clause 14, Schedule 2 of the Financial Markets Conduct Act 2013. On the 30th of November 2016 the 'Financial Markets Conduct (Silverwood Land 2015 Limited Partnership) Exemption Notice 2016' was received and on the 28th of February 2017 all Unit Holders were sent the required follow up document: 'Reliance on exemptions granted by the Financial Markets Authority' which includes the 'wind up plan' where Silverwood Corporation Limited undertakes to distribute net proceeds before winding up The Partnership on or before 31 March 2021. Silverwood Corporation Limited ("the Company") is the General Partner of the Partnership and is registered under the Companies Act 1993. Previously known as Silverwood Forest Corporation Limited, the Company is responsible for managing the affairs of The Partnership including preparing the financial statements of the Partnership.

The Partnership is a land owner. The financial statements of the Partnership for the year ended 31 March 2017 include the Partnership's share of the assets and liabilities of the Silverwood Joint Venture (the "Joint Venture"). In previous financial years the Joint Venture developed the Partnership owned Lot 2, however these activities ceased during the current financial year. In September 2016 the Joint Venture sold the last sections and now exists solely to receive monies on the final settlement of the land parcels sold, which is expected to be completed in the 31 March 2018 financial year.

The 2017 financial statements were authorised for issue by the Board of the Company on 31 May 2017.

Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). 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").



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

Managed Investment Scheme SCH11747

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Presentation currency

The financial statements are presented in New Zealand Dollars (NZD), 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 is provided in the relevant note.

The estimates and 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 area:

- Land Stock and Land Improvements: Estimation is used to determine the cost per lot of land still owned by the Partnership and Silverwood Joint Venture (see Notes 5 and 6).

Specific accounting policies

a. Land Stock and Joint Venture Land Improvements

Land Stock and Joint Venture Land Improvements are collectively held as inventory and measured at the lower of cost or net realisable value. Net realisable value is established by independent valuation where appropriate.

b. Joint Arrangements (Silverwood Joint Venture)

The Partnership's interests in Joint Arrangements solely comprised 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 considered 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 consist of Partner units in the Partnership that were used to finance the Partnership, which are subject to certain restrictions per the Silverwood Land 2015 Limited Partnership Deed of Participation.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

Managed Investment Scheme SCH11747

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Specific accounting policies (continued)

d. Revenue

Revenue is recognised to the extent that it is probable that 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 Land Stock is recognised when legal title to the land passed to the purchaser. Where the sale of Land Stock has been invoiced to the customer, but legal title to the land had not passed to the customer, GST already paid on behalf of the customer was included within Trade Receivables.

Revenue on forestry sales is recognised in profit or loss when the 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 earned, using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

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. Following the issue of The Partnership's audited Financial Statements, The Partnership issues its annual Tax Letter to its Unit Holders which sets out the relevant items to declare per unit.

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.

h. Impairment

The carrying amounts of the Partnership's tangible assets 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, and the reversal is limited to bringing the asset in question to its original cost.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

Managed Investment Scheme SCH11747

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Specific accounting policies (continued)

i. Financial instruments

Financial risk management objectives and policies

The Partnership classifies its financial instruments in the following categories: loans and receivables and other liabilities at amortised cost. 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 and financial liabilities, are disclosed below.

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

Recognition and measurement

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.

- (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 are measured 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.

j. Cash flows

For the purpose of the cash flow statement, cash and cash equivalents includes cash deposits held at call with banks, net of bank overdrafts. The relevant share of cash balances from, and cash flows within, the Silverwood Joint Venture have been recognised in the Statement of Cash Flows on a gross basis.

k. 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.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

Managed Investment Scheme SCH11747

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Specific accounting policies (continued)

Changes in accounting policies

The Partnership has consistently applied the accounting policies set out above to all periods presented in these financial statements, and no new standards or amendments to standards, including any consequential amendments to other standards, have been applied for the year ending 31 March 2017.

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

The following new standards are available for adoption but their application is not yet mandatory. As a result, they have 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.

NZ IFRS 15 - Revenue - This standard becomes mandatory for the Partnership in 2018 and could change how and when revenue is recognised. The Partnership does not plan to adopt this standard early and the extent of its impact has not been determined.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. a) LAND REVENUE	2017	2016
	\$	\$
NZTA/PCC Land Take	-	736,262
Land Sales (from Lot 2 / JV)	3,322,281	3,313,252
	<u>3,322,281</u>	<u>4,049,514</u>
1. b) TOTAL EXPENSES	2017	2016
	\$	\$
Auditor's Remuneration	18,500	18,500
Other assurance costs	1,000	-
Bad Debt Expense	-	47,952
Other Administrative Expenses	205,585	192,783
Administrative Expenses of Silverwood Joint Venture	75,957	135,745
Total Administrative and Other Operating Expenses	<u>301,042</u>	<u>394,980</u>
Marketing Costs	-	164,826
Marketing Costs of Silverwood Joint Venture	100,021	208,195
Total Marketing Costs	<u>100,021</u>	<u>373,021</u>
2. NET FINANCING INCOME	2017	2016
	\$	\$
Interest Income	10,984	47,789
Whitby Dividend	-	16,912
Whitby Capital Distribution	85,162	83,593
Share of Interest Income of Silverwood Joint Vent	3,078	18,447
	<u>99,224</u>	<u>166,741</u>
3. TRADE PAYABLES AND ACCRUALS	2017	2016
	\$	\$
Trade Payables	75,365	247,756
Share of Trade Payables of Silverwood Joint Venture	-	3,004
Total Trade Payables	<u>75,365</u>	<u>250,760</u>
Sundry Payables and Accruals	42,575	27,000
Share of Sundry Payables of Silverwood Joint Venture	-	110,652
Total Sundry Payables and Accruals	<u>42,575</u>	<u>137,652</u>



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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 land in Whitby, Porirua. The Partnership jointly controls the Silverwood Joint Venture with Verplank, and other than through this relationship, is not related to Verplank. The Partnership is entitled to 50% of the Silverwood Joint Ventures assets, liabilities, revenue and expenditure.

The following tables shows the share of the Silverwood Joint Venture's assets, liabilities, revenue and expenditure by the Partnership.

		2017	2016
		\$	\$
Share of Assets and Liabilities			
Cash at Bank		425,956	525,203
Land Stock	Note 5	38,660	147,423
Land Improvements	Note 6	419,725	2,051,597
Trade Receivables	Note 7	4,057	-
Property, Plant and Equipment		-	7,278
Deferred Income	Note 7	(52,250)	(51,196)
Trade Payables	Note 3	-	(3,004)
Sundry Payables and Accruals	Note 3	-	(110,652)
		836,148	2,566,648
Share of Revenue and Expenditure			
Land Revenue	Note 1a	3,322,281	3,313,252
Cost of Land		(1,777,995)	(1,782,448)
Administrative Expenses	Note 1b	(75,957)	(135,745)
Marketing Costs	Note 1b	(100,021)	(208,195)
Interest Income	Note 2	3,078	18,447
		1,371,386	1,205,311

Silverwood Joint Venture Agreement - key terms

The Partnership provided the land for improvement and Verplank initially provided the finance for the Silverwood Joint Venture.

All sections were sold in the first half of the 2017 financial year and it has been determined that the development, marketing and sales functions of the Joint Venture ceased as at 30 September 2016. The Joint Venture will continue to settle sold sections, with purchasers who have entered into agreed payment plans, net of costs, until all settlements have been completed which is envisaged to be by 30 September 2017.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5. LAND STOCK	2017	2016
	\$	\$
Land Stock held solely by the Partnership	3,667,572	3,401,001
Share of Land Stock of Silverwood Joint Venture	Note 4 38,660	147,423
	3,706,232	3,548,424

All land held by The Partnership is for sale and is classified as Land Stock and accounted for in accordance with NZ IAS 2 - Inventories. The land held by the Partnership since 1990 was subdivided into 6 large Lots following The Partnership's July 2005 Application for s176 and s94 Approval. Lot 1 and the non-designated part of Lot 2, 67.3 hectares in all, were committed to the Silverwood Joint Venture at an agreed value of \$1,500,000. The Partnership's independent valuer valued this land at \$2,010,000 at the time and therefore the related capital gain for Joint Venture, net of the \$5,000,000 loan and net of the related land costs is tax-free up-to \$2,010,000. The Partnership has received \$7,850,000 from its Joint Venture to-date, \$3,100,000 this financial year. The first \$5,000,000 repaid the 2010 loan from The Partnership to the Joint Venture. The balance of \$2,850,000 to-date is payment received for proceeds resulting from the land committed in 2002. In 2017 The Partnership's share of land on Lot 2 which had not yet been sold by the Silverwood Joint Venture is listed at cost of \$38,660.

All remaining Land Stock is currently carried at its deemed historic cost on transition to NZ IFRS, after allowance for the disposal of land that has occurred since that time. In 2017 the consultants' costs for the Resource Consent applied for for Lot 4, and worked on for Lot 3, has been capitalised.

The balance of the Partnership's land relates to Lots 1 (South), 3, 4, 6, and section 196 of Lot 2, carried at cost of \$3,667,572. Land reduction in the Partnership during the 2016 year had occurred due to a Land Take exercise by NZTA and PCC, for which advanced payment of \$736,262 has been received by the Partnership (note 1.a). The land taken by PCC and NZTA during 2015 was valued by Sheldon and Partners Limited, registered valuers, in their report dated 20 April 2016 at \$8,330,000 plus GST. Further compensation is therefore possible from PCC and NZTA in relation to this land taken, however the compensation amount is currently unknown and is dependent on future events.

In 2015 the Partnership received Affected Party status from PCC and subsequently signed an agreement with Todd Property Whitby Development Limited, a neighbour developing The Banks, for access into Lot 4 from Navigation Drive, at a maximum cost of \$127,500 plus GST. In 2016 Silverwood engaged consultants to apply for Resource Consent after which Lots 3 and 4 will be put up for sale.

<i>Designated Land Revenue</i>	2017	2016
	\$	\$
(a) Land Revenue - New Zealand Transport Authority (NZTA)	-	219,000
(b) Land Revenue - Porirua City Council (PCC)	-	517,262
	-	736,262

(a) 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. The designated land and related severed land, were taken by Government on 30 June 2010.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5. LAND STOCK (continued)

In 2012 the NZTA received Environment Court consent to proceed with the Transmission Gully Motorway including its PCC Link Roads. A Public Private Partnership (PPP) was created to manage the TGM and Link Roads developments and a plan review was undertaken. As a consequence of this review the NZTA placed a further designation over the Partnership land to enable the PPP to re-locate the TGM intersection with its James Cook and Waitangirua Link Roads. In December 2015 the Partnership received an unconditional advanced payment from LINZ for NZTA of \$219,000 for the land. Since that time The Partnership has provided The Property Group with its claim for the land taken and discussions are in progress to settle the differences.

(b) On receipt of the Environment Court consent to proceed with the Transmission Gully Motorway, and including the two PCC Link Roads, PCC placed both the James Cook extension and the Waitangirua Link Road on its District Plan effectively creating PCC Designations that affected the land of the Partnership. The land required for both link roads was taken during 2015, and in September 2015 the Partnership received an unconditional advance payment of \$135,000 for easements and release of easements, and an unconditional advanced payment of \$382,262 received in December 2015 for the land. The Partnership has provided Porirua City Council with its claim for what its valuer think the land taken is worth. A time table for evaluating the claim has been agreed.

6. JOINT VENTURE LAND IMPROVEMENTS

		2017	2016
		\$	\$
Silverwood Joint Venture Cost of Land Improvements	Note 4	419,725	2,051,597

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

7. TRADE RECEIVABLES AND DEFERRED INCOME

		2017	2016
		\$	\$
Trade Receivables due solely to the Partnership		-	-
Share of Trade Receivables due to Silverwood Joint Venture	Note 4	4,057	-
		4,057	-
Deferred Income due solely to the Partnership		-	-
Share of Deferred Income due from Silverwood Joint Venture	Note 4	52,250	51,196
		52,250	51,196



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

8. 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 Statement of Comprehensive Income.

	2017	2016
	\$	\$
Opening balance	683,295	771,979
Change during the year through profit and loss	94,751	(88,684)
Paid during the period	(282,436)	-
Closing balance	495,610	683,295

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 1/111th of any increase in Partnership Funds from 31 March 2006, and in addition Peter Tiedemann specifically will receive an additional 7/111th of the same amount, after adjusting the increase in Partnership Funds for Capital Repayments to Partners, Resident Withholding 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 Partners at the 2007 AGM.

The liability is therefore calculated as 11/111th of the difference between the 31 March 2006 Partnership Funds (\$4,844,773) and the current periods Partnership Funds (\$5,368,944) after adding back Capital Repayments Payable to Partners in the period since 31 March 2006, a total of \$7,416,396 (see Note 13), inclusive of Resident withholding Tax distributed over recent years to Partners, and also adding back the provision for these deferred Directors Remuneration and Management Fees of \$495,610 (2016: \$683,295). This amounts to a provision required of \$94,751 as at 31 March 2017.

The deferred fees are only payable once distributions to Partners have exceeded the Partnership equity as at 31 March 2006, which amounts to \$4,844,773 or \$4,623 per unit. The 6th Distribution added to earlier distributions and RWT distributed exceed the 31 March 2006 equity. 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.

	\$
Equity at 31 March 2017	4,495,927
Distributions (see Note 13)	7,416,396
Deferred fees provision added back	495,610
Deferred fees distributed added back	282,437
Total Equity before distributions and deferred fees	12,690,371
Less 1 April 2006 Equity	(4,844,773)
Amount subject to deferred fee calculation	7,845,597
100/111 of \$7,845,597 due to Partners	7,067,550
11% of \$ for future deferred fees	778,047
	7,845,597



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2017.

10. 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 Partners (the ultimate owners of the Partnership). Of the Partners, 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:	Director	2017	2016
Aratas Consulting Services Limited -dir fee	M Johnson	9,834	9,795
Aratas Consulting Services Limited -FMA & exp	M Johnson	12,957	311
Aratas Consulting Services Limited - Deferred Fee	M Johnson	25,676	-
Peter Bould CA Limited -dir fee	P Bould	9,834	9,795
Peter Bould CA Limited-FMA & exp	P Bould	1,884	176
Peter Bould CA Limited - Deferred Fee	P Bould	25,676	-
Tiedemann & Partners for administration	P Tiedemann	29,613	29,682
Wholesale Products Trading Limited -dir fee	P Tiedemann	9,834	9,795
Wholesale Products Trading Limited -FMA & exp	P Tiedemann	117,734	45,886
Wholesale Products Trading Limited - Deferred Fee	P Tiedemann	205,408	-
Valley Management Services Limited -dir fee	T Loveday	9,834	9,795
Valley Management Services Limited -FMA & exp	T Loveday	3,487	994
Valley Management Services Limited -Deferred Fee	T Loveday	25,676	-
		<u>487,447</u>	<u>116,230</u>

For the year ended 31 March 2017 the Directors were paid \$9,834 (2016: \$9,795) 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 2017.

Silverwood Joint Venture also paid \$18,000 to Peter Tiedemann (2016: \$18,000) in relation to management of the Joint Venture. During the year the Partnership incurred costs of \$43,319 (2016: \$17,092) from Finders Keepers Ltd (related to Peter Bould through a close family member). No balances were outstanding as at 31 March 2017 (31 March 2016: \$Nil). Other transactions with related parties are disclosed as appropriate within these financial statements.

iii) Distribution to Partners: In 2017 we declared two distributions and paid related deferred fees to directors as per note 10 ii) and note 13. On 31 March 2017 all unit holders had been paid all their distributions.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

11. RECONCILIATION OF NET PROFIT / (LOSS) WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Net Profit / (Loss) for the year	859,797	(34,240)
Adjustment for items included in Net Profit / (Loss) with no cash flow effect:		
Write-off of Property, Plant and Equipment	7,278	-
Capital payment and dividend received	(85,162)	(118,619)
	(77,884)	(118,619)
	-	-
Impact of changes in working capital items:		
Movement in Land Stock	1,695,895	3,417,583
Movement in Trade and Other Receivables	(4,057)	76,679
Movement in Trade Payables, Other Payables and Accruals	(272,984)	377,906
Deferred Directors' Remuneration and Management Fees	(187,685)	(88,684)
Net cash from operating activities	2,013,082	3,630,625

12. 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.

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. This is not considered to be significant to the Partnership.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

12. FINANCIAL INSTRUMENTS (continued)

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.

13. DISTRIBUTION TO PARTNERS

In the 1990 Prospectus the Old Partnership issued 262 units. In the 2003 Prospectus a further 262 units were issued followed by a one for one bonus issue. Currently 1,048 units have been issued. Over the life of the Partnership in its various forms, total distributions have been declared to-date of \$7,416,396, which is \$7,077 per unit as per table below and represents 4.5 times price paid per unit.

	Total (\$)	per Unit (\$)
No 9 Mar 2017 -Paid	681,200	650
No 8 Dec 2016 - Paid	1,048,000	1,000
No 7 Mar 2016 - Paid	838,400	800
No 6 Mar 2016 - Paid	1,089,920	1,040
No 5 Dec 2015 - Paid	1,310,000	1,250
No 4 Sep 2015 - Paid	366,800	350
No 3 Apr 2015 - Paid	419,200	400
No 2 Jul 2013 - Paid	1,100,400	1,050
No 1 Jul 2010 - Paid	524,000	500
RWT Distributed to 31 March 2016	34,862	33
RWT to distribute for the current year	3,614	3
Total distributed in cash and RWT	<u>7,416,396</u>	<u>7,077</u>

14. COMMITMENTS

Outside The Partnership's contribution to the Todd road for access to Lots 557 and 4, together with the purchase of Lot 557 (see note 5), there are no capital and lease commitments as at 31 March 2017.



SILVERWOOD LAND 2015 LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15. SIGNIFICANT EVENTS AFTER BALANCE DATE

a) Lot 3 and Scheme Plan

With Lot 3 title in place and access to come via the PCC James Cook Link Road, construction of which has been started, directors have agreed to complete a Scheme Plan and place the land in the hands of a reputable real estate agent to sell by tender.

b) Lot 4 and Resource Consent Application

The Todd / PCC road to Lots 557 and 4 is under construction and will be ready for use mid 2017. Directors have agreed to complete a Resource Consent Application and, following consent expected in April / May 2017, place these lots in the hands of a reputable real estate agent to sell by tender and negotiation.

c) Section 196

With the Transmission Gully motorway construction now well underway it has provided clarity re the future of Lot 196. Directors have agreed to proceed with a boundary change and to sell the residential building site when available after merging the land balance with Lot 3.

d) Section 557

With the road to section 557 under construction, it has been decided to prepare for a boundary change to ensure this section value to The Partnership is maintained.

